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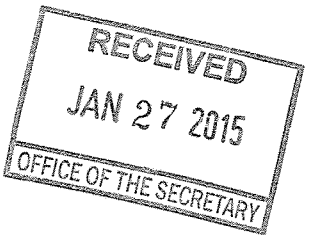

UNITED STATES OF AMERICA

Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16182

In the Matter of

PAUL EDWARD "ED" LLOYD, JR., CPA,

Respondent.

BRIEF IN SUPPORT OF DIVISION'S RESPONSE IN OPPOSITION TO RESPONDENT'S MOTION FOR SUMMARY DISPOSITION

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Pursuant to the Motion for Summary Disposition filed in this matter on January 16, 2015 by Respondent Paul Edward "Ed" Lloyd, Jr., CPA, the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission") hereby submits this brief in support of the Division's Response in Opposition to Respondent's Motion for Summary Disposition.

I. STATEMENT OF FACTS

Respondent Paul Edward "Ed" Lloyd, Jr., is a North Carolina-licensed certified public accountant ("CPA") and tax-planner and preparer. Lloyd is the sole owner of his tax-planning business, Ed Lloyd & Associates, PLLC. Between October 2006 and March 2013, he also was a registered representative and associated person of LPL Financial, LLC ("LPL"), a broker-dealer and investment adviser registered with the Commission.

Between August 2012 and December 2012, Lloyd induced seventeen of his tax-planning clients, including four who also were Lloyd's LPL investment advisory clients, to purchase a total of $632,500 of interests in a limited liability company and special purpose vehicle that Lloyd created and controlled, called Forest Conservation 2012, LLC ("Forest Conservation 2012").

Through Forest Conservation 2012, Lloyd pooled his clients' funds and purchased units in a private Regulation D offering (**See Exhibit 1**) of an unrelated entity called Piney Cumberland Holdings, LLC (hereafter, "Piney Cumberland") which had filed a Form D (Notice of Exempt Offering of Securities) (**See Exhibit 2**) with the Commission. Piney Cumberland planned to acquire a controlling interest in land that would later be evaluated for an investment development or for preservation through a conservation easement. The offering summary for Piney Cumberland noted on pages 34-35 that project managers had already conducted preliminary feasibility studies for investment and conservation options. However, the final decision as to whether to develop the land or preserve it would not be made until after the offering was closed and would require approval of the majority of Piney Cumberland investors.

Under Section 170(h) of the Internal Revenue Code, the owners of land that is set aside as a conservation easement may obtain a tax deduction equal to the difference between a hypothetical best-use of the preserved land (*e.g.*, use for a residential sub-division) and the lower existing value of the undeveloped land. Investing in a land-conservation easement occurs when an investor, for the purpose of obtaining the benefit of a tax deduction, acquires an interest in land that is then set aside for conservation purposes. The value of the tax deduction resulting from the easement is typically a multiple of the value of the ownership units purchased by the investor, thereby leading to a net profit in the form of tax savings for the investor that are greater than the funds used to acquire the ownership units.

Lloyd represented to his clients that an easement was the expected outcome of the Piney Cumberland offering and that once the easement took effect, Forest Conservation 2012 would obtain a singular tax deduction based on its pooled investment in Piney Cumberland. Lloyd explained that he would then allocate the tax deduction on a *pro rata* basis among those holding

interests in Forest Conservation 2012. Lloyd further told his clients that the value in terms of tax savings from the deduction that each would obtain as a result of the investment would exceed the initial amount that each invested through the offering. For example, Lloyd e-mailed Forest Conservation 2012 investor Ashley Shawn Hooks on November 15, 2012, writing: "A $35,000 contribution into the land trust reduces your taxes approximately $53,000. I will need a check sent to my office for $35,000 make payable to Forest Conservation 2012, LLC by November 26 as [sic] sooner if possible."**(See Exhibit 3)**. Hooks wrote her check for $35,000 on November 20, 2012, as Lloyd instructed, and Lloyd deposited the check six days later.

In fact, Lloyd's offering was a fraud. Although Lloyd sold to his clients $632,500 of interests in Forest Conservation 2012, he used only $502,500 of the clients' funds raised to purchase ownership units of Piney Cumberland and misappropriated the remainder of $130,000. The funds that Lloyd misappropriated were the aggregated investments of three of his tax-planning clients (Chris Brown, James Carson and Mike Malloy). Lloyd was required to identify the members of Forest Conservation 2012 and provide accredited investor paperwork for each investor to Strategic Financial Alliance ("SFA"), the broker-dealer sponsoring the Regulation D offering. **(See Exhibit 4)** However, in his communications with SFA registered representative Nancy Zak ("Zak"), Lloyd identified only fourteen of his clients (including the four who also were his advisory clients), along with himself, as investors and never confirmed any participation by the three clients whose money he stole.

At one point in early December 2012, Lloyd provided Carson's draft paperwork as a potential investor to Zak for review. This led Zak to email Lloyd on December 6, 2012 with various questions, including a request for Lloyd to indicate the amount Carson was investing. Lloyd responded to Zak by e-mail the next day on December 7, 2012—which was just three days

after depositing Carson's check into the Forest Conservation 2012 bank account—telling Zak that Carson was "OUT" [emphasis in original] of Forest Conservation 2012. Wanting to confirm that she understood what Lloyd meant, Zak then emailed Lloyd the same day for further clarification, writing, "Carson is not participating, correct?" To this, Lloyd responded promptly, writing back in an email to Zak: "Correct." **(See Exhibit 5)**

After receiving contribution checks from all seventeen clients whom Lloyd lured into participating in Forest Conservation 2012, Lloyd then drafted and signed an operating agreement on December 7, 2012 for Forest Conservation 2012 (hereafter, "Operating Agreement") to which he attached a schedule of only fifteen investors (fourteen nvestors plus himself), omitting the names of the three clients whose funds he misappropriated (Brown, Carson and Malloy) **(See Exhibit 6)**. Of the $130,000 from Brown, Carson and Malloy that Lloyd diverted to himself, he transferred $105,750 to other accounts that he or his current spouse controlled, and then claimed the remainder, $24,250, as part of his own fraudulently-inflated personal investment in Forest Conservation 2012 for a total of $41,052 **(See Exhibit 7)**, even though Lloyd himself only deposited a check to participate for $16,802. **(See Exhibit 8)**.

Lloyd took additional steps to conceal h s scheme. After Forest Conservation 2012 received its singular tax deduction based on its ownership interest in Piney Cumberland, and after the SEC examined Lloyd's office in March 2013 to inquire about the Forest Conservation entities, Lloyd prepared and distributed to all seventeen of his clients individual Internal Revenue Service ("IRS") Schedule K-1s that were fraudulently misstated **(See Exhibit 9**, noting each participant's "share of profit" from the Forest Conservation 2012 investment). To the three tax-planning clients whose money he stole, Lloyd gave Schedule K-1s allocating a tax deduction that none of the three clients had earned because their funds were not used in their names to purchase ownership interests

in Forest Conservation 2012, they were not listed on the Forest Conservation 2012 Operating Agreement as owning any interests in Forest Conservation 2012, and they were never identified to, or approved by SFA, as accredited investors. To the remaining fourteen clients, Lloyd sent Schedule K-1s that understated the deductions that they should have earned. This was the result of Lloyd trying to conceal his scheme by allocating across all seventeen clients on a *pro rata* basis a tax deduction that in actuality was based on his use of only fourteen clients' funds, plus his own investment, to purchase units in Piney Cumberland. Lloyd now argues that he was due a tax-planning fee from each client, which thereby reduced each client's amount of funds invested in Forest Conservation 2012. In fact, there is no written evidence of any such fee being disclosed by Lloyd to his clients at the time of the offering, unlike the other Forest Conservation entities he created, and is inconsistent with the client investment amounts that Lloyd provided to Zak.

Between December 2011 and December 2012, Lloyd also offered and sold interests to his tax and advisory clients in two other Lloyd-created special purpose vehicles similar to Forest Conservation 2012. Specifically, Lloyd pooled investor funds through Forest Conservation 2011, LLC in order to buy ownership units in an offering (**See Exhibit 10**) by Maple Equestrian, LLC ("Maple Equestrian") (which also filed a Form D with the Commission (**See Exhibit 11**)). Lloyd also pooled investor funds through Forest Conservation 2012 II, LLC in order to buy ownership units in an offering (**See Exhibit 12**) by Meadow Creek Holdings, LLC ("Meadow Creek") (which also filed a Form D with the Commission (**See Exhibit 13**)). When selling interests in these two offerings, Lloyd collected from each investor a fee, which he disclosed upfront – unlike in the Forest Conservation 2012 offering – ranging from $4,500 to $7,500 per investor. Lloyd never told LPL of any of the offerings of investments in the three Forest Conservation Entities, and LPL did not sponsor these offerings.

II. LEGAL ARGUMENT

A. There is a genuine issue of material fact as to whether the transactions at issue involving the Forest Conservation entities are securities under Section 2(a)(1) of the Securities Act of 1933, and, therefore, whether the Commission has jurisdiction over the transactions and any conduct in connection therewith.

Lloyd contends in his Motion for Summary Disposition that, since his conduct did not involve the "purchase and sale of a security", the proceedings against him should be dismissed. However, his Motion for Summary Disposition should be denied, because the Division will show ample evidence at the hearing that a material fact exists as to whether Respondent's conduct involved securities.

The touchstone of any analysis as to whether a particular instrument is a security under Section 2(a)(1) of the Securities Act of 1933 ("Securities Act") and Section 3(a)(10) of the Securities Exchange Act of 1934 ("Exchange Act") is the substance rather than the form of the transaction, with an emphasis on economic reality. SEC. v. W.J. Howey Co., 328 U.S. 293, 298-99 (1946); United Housing Foundation, Inc. v. Forman, 421 U.S. 837, 848 (1975). Investment schemes may fall within several of the categories of instruments included within the definition of a security. Tcherepnin v. Knight, 389 U.S. 332, 339 (1967). The Howey court, *supra*, defined an investment contract as a contract, transaction or scheme whereby a person: (1) invests his money; (2) in a common enterprise; and (3) is led to expect profits solely from the efforts of the promoter or a third party. See also Robinson v. Glynn, 349 F.3d 166, 170 (4th Cir. 2003).

The first element of the Howey test, that a person must invest money, means "that the investor must commit his assets to the enterprise in such a manner as to subject himself to financial loss." SEC v. Pinckney, 923 F. Supp. 76, 80 (E.D. N.C. 1996), quoting Hector v. Wiens, 533 F.2d 429, 432 (9th Cir. 1976). Here, the Division will show in its case in chief that Respondent solicited individuals to provide funds to the Forest Conservation entities, promising each individual would

receive his or her *pro rata* interest in the total ownership units that the Forest Conservation entities purchased through the real estate investment offerings sponsored by SFA. The offering summaries for the companies selling ownership units through SFA explained that the company manager would recommend to members of each entity whether to pursue either an investment proposal, or, in the alternative, a conservation easement proposal. Further, the offering summaries explained that the companies were under no obligation to grant a conservation easement for any interest in land the companies acquired. Because Lloyd's clients committed funds and subjected themselves to the risk of financial losses, the first prong of Howey is satisfied.

The second element of Howey – requiring a "common enterprise" – has been interpreted differently among the nation's circuit courts. The Fourth Circuit, where Respondent resides and from where he offered and sold securities to investors in various states, has held that "horizontal commonality," whereby profits are distributed on a *pro rata* basis to investors whose assets were pooled together, is sufficient to show a common enterprise. Teague v. Bakker, 35 F.3d 978, 986 n. 8 (4th Cir. 1994); see also SEC v. Merklinger, 489 Fed. Appx. 937, 940-941 (6th Cir. 2012) (holding that SEC sufficiently alleged that investments in an LLC constituted "securities" under federal securities fraud law where the SEC alleged that funds were pooled in a common bank account and used for the LLC's expenses and where the LLC principal represented the LLC as a passive investment for which investors could expect significant returns).

Here, the Division expects that its case in chief will show that there clearly is horizontal commonality between the various individuals who contributed funds to the Forest Conservation entities, as Lloyd's clients wrote checks to the bank accounts identified by Lloyd. Subsequently, Lloyd used those pooled funds to make purchases of ownership units in the Piney Cumberland, Maple Equestrian and Meadow Creek offerings, respectively. Lloyd's clients who held ownership

interests in the Forest Conservation entities were entitled, based on their *pro rata* purchases of ownership interests, to any profits or losses achieved through the ownership purchases in the offering entities, respectively. Further, investors in the Forest Conservation entities ultimately shared in the net profit they achieved through *pro rata* tax deductions that reduced their individual taxable income and led ultimately to a greater savings in taxes paid than the funds they initially invested.[1]

Finally, the third element of Howey, that investors expected profits to come solely from the efforts of others, requires a court to examine "(1) that the opportunity provided to offerees tended to induce purchases by emphasizing the possibili y of profits, (2) that the profits are offered in the form of capital appreciation or participation in earnings ..., and (3) that the profits offered would be garnered from the efforts of others." Teague, 35 F.3d at 987. Here, the Division will show there are two ways in which Respondent's clients reasonably expected profits from the efforts of others. First, the clients reasonably expected profits from their participation in the Forest Conservation entities because the offering summaries explained that the issuers intended to acquire a controlling interest in land which, under one scenario, could be developed for profit through the development and sale of residential lots. Separately, Lloyd's clients also reasonably expected profits from the efforts of others because Lloyd induced his clients to invest in the Forest Conservation entities by emphasizing that each client would receive a tax deduction and corresponding decrease in income taxes owed of greater value than each client's initial investment, *i.e.*, a net profit earned through participation in the anticipated conservation easements.

[1] Because the fortunes of Lloyd's clients were clearly interwoven with the efforts and successes of the Forest Conservation entities created, identified and managed solely by Lloyd, there also is vertical commonality. See, e.g., SEC v. Reynolds, 2010 WL 3943729, *3 (N.D. Ga. 2010) (finding vertical commonality established because investors "were dependent on [the promoter's] purported expertise in 'banking processes'," and the promoter claimed "the returns offered were possible because of [his] relationships with undisclosed banking partners").

Case law regarding the relationship between tax benefits and the existence of an investment contract has developed over the last several decades. In United Housing Foundation, Inc. v. Forman, 421 U.S. 837, 853-58 (1975), the Supreme Court held that residents of a government-financed co-op building who bought "shares" in the co-op in exchange for residential space did not purchase "securities" under the Howey test because the residents purchased the shares for "personal consumption or living quarters for personal use" and "were attracted solely by the prospect of acquiring a place to live, and not by financial returns on their investments." Further, the Court held that mortgage interest paid by the residents, while deductible for the residents' tax purposes, did not constitute a "security" because such "tax benefits are nothing more than that which is available to any homeowner who pays interest on his mortgage." Id. at 855.

In 1986, the Supreme Court, in Randall v. Loftsgaarden, 478 U.S. 647, 667 (1986), held that "tax benefits" from an investment in a tax shelter were not to be used in calculating "actual damages," *i.e.*, the court did not reduce the investor's recovery by the tax benefits actually received from a tax shelter investment which involved fraud in the offering terms. The Randall case was a dispute concerning whether tax benefits would reduce an investor's recovery under a theory of rescission. Despite Respondent's asserted reliance on Randall in his Motion for Summary Disposition, Randall did not address the Howey analysis *in any way*. Case law before and after Randall, however, has found that a "security" may exist in the form of tax benefits where promoters take sufficient steps to create the reasonable expectation of profits on the part of a purchaser. Newmyer v. Philatelic Leasing Ltd., 888 F.2d 385, 394 (6th Cir. 1989), cert. denied, 495 U.S. 930 (1990) (holding that tax benefits alone do not satisfy the "profit" element under Howey, but also finding a material question of fact existed as to whether a tax shelter involving leasehold interests of postage stamp printing plates was an investment contract under Howey, and

observing in *dicta* that a trier of fact would likely examine the promoter's appraisals, offering memorandum and "glowing" description of the popularity of stamp collecting in determining whether a reasonable expectation of profits existed); see also Investors Credit Corp. v. Extended Warranties, Inc., 1989 WL 67739 at * 28 (M.D. Tenn. 1989) ("As to profits, tax benefits which are the dominant inducement for investing are properly considered to be profits in satisfaction" of the Howey test).

Regardless of whether the third-party entities at issue in this matter ultimately chose to develop the land for profit or seek tax deductions through conservation easements, any such profits or tax deductions would be garnered by the efforts of others, *i.e.*, Lloyd, as manager of and investment adviser to the Forest Conservation entities, as well as by Piney Cumberland, Maple Equestrian and Meadow Creek. Any earnings expected, whether residential-lot sale profits or easement tax deduction net profits, would come from the efforts of others, as Lloyd's clients' only meaningful role was to write checks and wait for their *pro rata* profit. Once Lloyd's clients provided their investment funds to the Forest Conservation entities, they had no role in the success or failure of the ventures. They were passive investors relying on the efforts of others to generate their profits.

B. There is a genuine issue of material fact as to whether Respondent, in offering and selling the Forest Conservation entities to his tax-planning and investment advisory clients, acted as an unregistered broker-dealer in violation of Section 15(a) of the Securities Exchange Act of 1934.

Respondent's argument that the Commission lacks jurisdiction over this matter should be denied because the Division will show ample evidence that Lloyd was acting as an unregistered broker/dealer. Section 3(a)(4) of the Exchange Act defines a "broker" as "any person engaged in the business of effecting transactions in securities for the account of others." The phrase "engaged in the business" connotes a regular participation in securities transactions and can be evidenced by

such things as holding oneself out as a broker-dealer or receiving transaction-based compensation. See e.g. Massachusetts Fin. Servs., Inc. v. Sec. Investor Prot. Corp., 411 F. Supp. 411, 415 (D. Mass. 1976), aff'd, 545 F.2d 754 (1st Cir. 1976); SEC v. Hansen, 1984 WL 2413, at *10 (S.D.N.Y. 1984).

Section 15(a)(1) of the Exchange Act prohibits a broker or dealer from effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security without registering as, or associating with, a registered broker-dealer, unless such broker or dealer (1) is registered with the Commission in accordance with Section 15(b) of the Exchange Act; (2) in the case of a natural person, is associated with a registered broker-dealer; or (3) satisfies the conditions of an exemption or safe harbor. SEC v. Martino, 255 F. Supp. 2d 268, 283 (S.D.N.Y. 2003), aff'd, 94 F. App'x 871 (2d Cir. 2004). The registration exemption for associated persons is not available if an associated person engages in securities transactions that are not within the scope of his employment with the registered firm, and the registered firm is unaware of or has not approved of the associated person's involvement in the transactions. This practice is called "selling away." A registered representative who is selling away may be liable for violations of Section 15(a). See, e.g., SEC v. Ridenour, 913 F.2d 515, 517 (8th Cir. 1990) (bond salesman violated Section 15(a)(1) by engaging in a series of undisclosed, private securities transactions as part of private bond business of which registered firm had no knowledge or opportunity to supervise).

Lloyd, as a registered representative of LPL, was an associated person of a broker-dealer registered with the Commission at the time of the fraud. With regards to the Forest Conservation entities, Lloyd acted as a broker-dealer by: (1) actively soliciting and inducing individuals to invest in these Forest Conservation entities; (2) requiring investors to pay him transaction-based compensation for the offerings in the case of Forest Conservation 2011 and 2012 II, respectively,

while misappropriating client funds as his compensation for Forest Conservation 2012; (3) handling investor funds in bank accounts which Lloyd controlled; and (4) purchasing ownership units in the real estate offerings using the investors' pooled funds. Lloyd testified that he created and sold investments in the Forest Conservation entities in 2011 and 2012, and then used the funds raised to purchase ownership units in the real estate offerings without informing or seeking approval from LPL. **(See Exhibit 14 at pages 72-75)** As such, Lloyd was "selling away" from LPL in 2011 and 2012 and, therefore, was engaged in securities transactions that were not within the scope of his employment with the registered firm, and LPL was unaware and did not approve of Lloyd's involvement in these transactions. As a result, Lloyd violated Section 15(a) of the Exchange Act by acting as a broker-dealer without registration.

C. There is a genuine issue of material fact as to whether Respondent violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, thereunder, as well as the prohibited transac ion provisions of Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940, and Rule 206(4)-8, thereunder.

Lloyd contends that there were no violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 or Rule 10b-5 thereunder, and Sections 206(1), 206(2) or 206(4) of the Investment Advisers Act or Rule 206(4)-8 thereunder. Again, his Motion for Summary Disposition should be denied because the Division's case in chief will show there is a genuine issue of material fact as to whether Lloyd violated the antifraud and prohibited transaction provisions of the federal securities laws.

1. <u>Violations of the Antifraud Provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934.</u>

Section 17(a) of the Securities Act prohibits fraud in the offer or sale of a security by the use of interstate commerce or the mail. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit fraud in connection with the purchase or sale of securities by use of interstate

commerce or the mail. Specifically, Section 17(a), in the offer or sale of a security, prohibits: (1) employing any device, scheme or artifice to defraud; (2) obtaining money or property by means of making material misstatements of fact or omitting to state material facts; or (3) engaging in any transaction, practice or course of business which operates as a fraud or deceit.

Separately, Section 10(b) of the Exchange Act, in connection with the purchase or sale of securities, prohibits any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors. Rule 10b-5, thereunder, prohibits: (1) employing any device, scheme or artifice to defraud; (2) making any untrue statement of a material fact or omitting to state a material fact; or (3) engaging in any act, practice or course of business which operates as a fraud or deceit. Further, to establish a violation of Section 17(a)(1) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, the Commission must prove scienter, defined as "a mental state embracing intent to deceive, manipulate or defraud." Ernst & Ernst v. Hochfelder, 425 U.S. 185, 193 n. 12 (1976). Violations of Sections 17(a)(2) and (a)(3) of the Securities Act may be established by a showing of negligence. SEC v. Morgan Keegan & Co., Inc., 678 F.3d 1233, 1244 (11th Cir. 2012).

Lloyd established and operated a scheme or business through interstate commerce using Forest Conservation 2012 to offer or sell securities to individuals in different states, and fraudulently declaring that the funds would be used on the individuals' behalf in order to acquire ownership interests in the real-estate-related offerings. Lloyd never gave SFA finalized accredited investor paperwork for the three clients (Brown, Carson and Malloy) whose money he stole, and, therefore, Lloyd kept them from participating in the offering and from acquiring ownership interests in the Forest Conservation 2012 entity. As noted above, when Zak asked Lloyd whether

Carson was participating in the Forest Conservation 2012 offering, Lloyd responded to Zak that Carson was "OUT." Lloyd ultimately tried to cover up his scheme by issuing Schedule K-1s to all seventeen clients, thereby diminishing the ownership interests owed to the fourteen investors known to SFA. As such, Lloyd evidenced a mental state embracing an intent to deceive, manipulate or defraud.

Lloyd also made material misstatements and omissions to clients. He told Brown, Carson and Malloy, respectively, that their funds were being used to acquire ownership interests in Forest Conservation 2012, but instead, Lloyd misappropriated their funds. Lloyd also took steps to conceal that he had misappropriated $130,000 from these three tax-planning clients, deliberately hiding those individuals' funds from SFA. Lloyd's misstatements and omissions, described above, were material because they concerned the very nature of the investment offered and sold by the proposed respondent to individuals who gave funds to Forest Conservation 2012. SEC v. Research Automation Corp., 585 F.2d 31, 35-36 (2d Cir. 1978) (misleading statements and omissions concerning the use of money raised from investors are material as a matter of law).

Further, Lloyd, through emails, informed investors who were approved as accredited investors in Forest Conservation 2012 that their entire contribution amounts were going toward acquiring ownership interests in the real estate offerings, and Lloyd did not communicate in writing to these individuals, prior to their investing, that he would be claiming a portion of their contribution checks as his tax-planning fees. These statements were all material as there is a substantial likelihood that such information about the actual amount used for contribution purposes would have been significant in the deliberations of a reasonable investor. Reynolds, 201● WL 3943729 at *3. Again, Lloyd's actions evidence the requisite scienter that must be shown, as described above.

2. Violations of the Investment Advisers Act.

Section 206(1) of the Advisers Act makes it unlawful for an investment adviser to employ any device, scheme or artifice to defraud any client or prospective client. Section 206(2) makes it unlawful for an investment adviser to engage in any transaction, practice or course of business that operates as a fraud or deceit upon any client or prospective client. Both Sections 206(1) and 206(2) of the Advisers Act apply to all investment advisers meeting the statutory definition, regardless of their registration status. Section 206(1) requires a showing of scienter; Section 206(2) does not. SEC v. Steadman, 967 F.2d 636, 641 n.3, 643 n.5 (D.C. Cir. 1992).

An investment adviser is defined by Section 202(a)(11) of the Advisers Act as someone who in return for compensation, engages in the business of advising others as to the advisability of investing in, purchasing, or selling securities. Lloyd entered into advisory contracts with his LPL clients providing him with discretionary authority to trade securities for them. Further, Lloyd's individual role as an unregistered investment adviser – activity which was hidden from LPL – is evidenced by his creation, identification and recommendation of the Forest Conservation 2012 offering to his pre-existing advisory clients (*i.e.*, Lloyd alone advised his clients to invest in Forest Conservation 2012). Lloyd also served as an investment adviser to the Forest Conservation 2012 fund, advising the fund as to which securities to purchase and how much, resulting in his trading of the fund's assets in exchange for the purchase of ownership units in the real estate offering by Piney Cumberland. The subsequent misappropriation of investor funds by Lloyd served as his compensation for advising the Forest Conservation 2012 fund and his LPL clients.

The Division will show in its case in chief that Lloyd violated Sections 206(1) and (2) by misappropriating the assets of his client, the Forest Conservation 2012 fund, which he advised on how to invest. Instead of advising the fund to use all its assets to acquire ownership units in Piney

Cumberland, Lloyd misappropriated $130,000 which had been provided by Brown, Carson and Malloy, collectively, for Forest Conservation 2012 to use in the acquisition of Piney Cumberland ownership units. Further, Lloyd also violated Sections 206(1) and (2) by making misrepresentations and omissions of material fact to his four advisory clients participating in the Forest Conservation 2012, LLC concerning, among other things, the amount each individual was investing and the size of each individual's *pro rata* ownership interest in Forest Conservation 2012. As noted above, Lloyd acted with the required scienter to establish a charge under Section 206(1).

Section 206(4) of the Advisers Act prohibits investment advisers from engaging in any "act, practice or course of business which is fraudulent, deceptive, or manipulative." Rule 206(4)-8(a)(1) defines as a fraudulent practice an investment adviser's making false statements of material fact to any investor or prospective investor in a pooled investment vehicle, or failing to state material facts necessary to make statements made to such investors not misleading. Rule 206(4)-8(a)(2) further defines as a fraudulent practice an investment adviser's engaging in any act, practice, or course of business that is fraudulent, deceptive or manipulative, with respect to any investor or prospective investor in the pooled investment vehicle. Scienter is not required to find a violation of this Rule. See Vernazza v. SEC, 327 F.3d 851, 859-60 (9th Cir. 2003) ("It is undisputed that scienter is a required element for violations of ...Advisers Act § 206(1). Scienter is not required for the other violations of the Advisers Act."); see also Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles, Release No. IA-2628, 2007 WL 2239114 at *5 & n.38 (August 3, 2007) ("We read the language of section 206(4) as not by its terms limited to knowing or deliberate conduct").

Here, Lloyd and, through him, Forest Conservation 2012, pooled investor money in the Forest Conservation 2012 bank account in the name of, or for the benefit of, Lloyd's clients and

himself personally, purportedly for the purpose of investing or trading in securities (ownership unit offerings). As such, Forest Conservation 2012 meets the definition of an investment company under Section 3(a)(1)(A) of the Investment Company Act which defines an investment company as including an issuer which "is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities." Here, the Division will show in its case in chief that the primary purpose of Forest Conservation 2012, as Lloyd told his clients, was to pool investor funds in order to acquire ownership units in an entity that was expected to preserve land through a conservation easement, thereby generating profits through tax deductions which were larger than the individuals' initial investments.

However, Forest Conservation 2012 was not bound by its Operating Agreement to acquire units in Piney Cumberland or any other specific offering. Lloyd advised Forest Conservation 2012 as to which securities to acquire and how much to acquire. Lloyd's fraudulent misconduct as related to investors in Forest Conservation 2012 – consisting of misappropriating investor funds, making false statements and omissions to investors about the use of their funds, making false statements and omissions to SFA in connection with the transactions, and creating misstated Schedule K-1s – violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

3. **Evidence Showing Lloyd's Intent to Defraud Clients in Violation of Federal Securities Laws**

Respondent argues in his Motion for Summary Disposition that Wyoming law allows for an LLC operating agreement to be oral or implied and that failing to include Brown, Carson and Malloy on the Forest Conservation 2012 operating agreement was merely a clerical error and did not preclude their participation. Respondent is incorrect because more than a mere clerical error was afoot. For Lloyd's "clerical error" argument to be believed, one would have to accept that the "error" continued and lasted for months, from the fall of 2012 until the spring of 2013, including

the drafting of an Operating Agreement that failed to include Brown, Carson and Malloy and which incorrectly inflated the contribution amounts of the other fifteen individuals listed on the document. The error also would have to encompass Lloyd's emails to Zak noting only 15 investors in Forest Conservation 2012 and Lloyd's direct response to Zak that Carson was "OUT" of Forest Conservation 2012 and not participating, a mere four days after Lloyd deposited Carson's check into the Forest Conservation 2012 bank account. Further, the error would have to include Lloyd's assertion that he, a licensed CPA and professional tax-preparer, made a $24,250 clerical error when he initially claimed a personal investment of $41,052 in Forest Conservation 2012, but, after the SEC examined his office in March 2013, he later realized his mistake and only issued himself a tax deduction in May 2013 based on the $16,802 for which he actually wrote a check.

And the error would have to account for the fact that finalized accredited investor paperwork for Brown, Carson and Malloy never made its way from Lloyd to SFA. Further, the Division believes that Lloyd's motive for the fraud stemmed from his struggling financially in the months following his June 2012 wedding – when he was already paying child support and other monies to a prior spouse – and had to repeatedly tap a bank line of credit in the months leading up to the misappropriation from clients in December 2012. It strains credulity to argue that one could not have looked at the Forest Conservation 2012 Operating Agreement that Lloyd provided to Zak in 2012 and noticed whether 15 investors or 18 investors were listed as participating in Forest Conservation 2012. The operative document was the Operating Agreement listing only the 15 participants, not including Brown, Carson and Malloy, and should not be disregarded to excuse Lloyd's attempts to conceal his fraudulent scheme.

Furthermore, Lloyd's new version of the Operating Agreement (the "Amendment and Correction to Operating Agreement of Forest Conservation 2012, LLC") was prepared and signed

after the SEC's Wells Notice of June 17, 2014 to Lloyd. The document appears to reflect an attempt by Lloyd to convince investors to sign on to a version of events that they could not independently know is true.[2]

Wyoming Law allows for LLC records filed with the state to be corrected "if at the time of filing the record contained inaccurate information or was defectively signed." Wyo. Stat. Ann. § 17-29-206 (2010). However, Wyoming law does not condone after-the-fact corrections or implied readings of an LLC operating agreement to conceal a fraud. Further, the provision of fraudulent information to the state in LLC filings is grounds for the deeming of the LLC as defunct, transacting business without authority, and in forfeiture of its articles of organization. Wyo. Stat. Ann. § 17-29-705(c) (2010).

Though Lloyd argues an implied operating agreement might exist including Brown, Carson and Malloy, it should be noted that, as Tom Long, Esq. wrote on page 7 of his Report, filed as Exhibit 9 to Respondent's Motion, "Wyoming courts have in the past denied enforcement of various contractual provisions in furtherance of equitable principles involving a duty of good faith and fair dealing, honesty and reasonableness, unconscionability, materiality, commercial impracticability, and other factual circumstances leading a court to find enforcement to be inequitable." The final list of Forest Conservation 2012 participants was established on December 7, 2012, when Lloyd created the Operating Agreement listing the 15 investors and wired the entity's funds to Piney Cumberland's account to buy ownership units. The subsequent attempts to argue for implied Wyoming law remedies and the inclusion of Brown, Carson and Malloy as

[2] Further underscoring the lack of any written disclosure by Lloyd of any fee prior to the Forest Conservation 2012 offering, Lloyd testified under oath in this matter that after his clients received document subpoenas from the Commission concerning the offering, he "had to explain to them ... what the contribution amount was. I had to explain the whole process to them. It had been over a year or so. They don't remember those details." Lloyd Tr. at page 126.

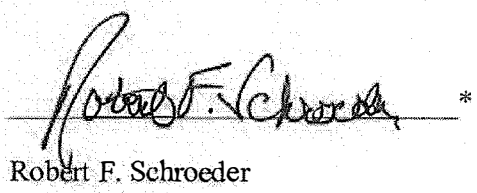
participants owning interests in Forest Conservation 2012 are just part of Lloyd's ongoing cover-up designed to conceal his fraud.

III. CONCLUSION

For the reasons set forth above, the Division respectfully requests that Respondent's Motion for Summary Disposition be denied.

This 26 day of January, 2015.

Respectfully submitted,



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*By my signature, I certify that this document complies with the length limitation of Rule 154. The word count of this brief and the accompanying response in opposition, excluding the table of cases, table of authorities, and certificates of service, is 6,783 words.

Division Exhibit 1

to Brief in Support of Response in Opposition

Summary No. 128 Name of Offeree: Forest Conservation 2012 and Ed Lloyd

CONFIDENTIAL PRIVATE OFFERING SUMMARY

PINEY CUMBERLAND HOLDINGS, LLC

Minimum Offering: 930 Common Units ($2,217,120)
Maximum Offering: 950 Common Units ($2,264,800)
$2,384 per Unit
Minimum Subscription Per Investor: 20 Common Units ($47,680)

Piney Cumberland Holdings, LLC, a Tennessee limited liability company (the "Company" "we" or "us"), is offering common units of membership interest in the Company (such common units referred to herein as the "Common Units", and all of the units of membership interest in the Company referred to as "Units") to **Accredited Investors Only** at an offering price of $2,384 per Unit (the "Offering Price"). Each Unit represents a pro rata ownership interest in the assets, profits, losses and distributions of the Company. A minimum of 930 Common Units (the "Minimum Offering"), representing a 97.68% ownership interest in the Company on a fully diluted basis and an aggregate 93% beneficial ownership interest in the Property Entity described below on a fully diluted basis following the completion of the events described below, and a maximum of 950 Common Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis and an aggregate 95% beneficial ownership interest in the Property Entity described below on a fully diluted basis following the completion of the events described below, are being offered (the "Offering") pursuant to this Confidential Private Offering Summary (this "Offering Summary"). No public market currently exists for any of our Units, and no such market will develop as a result of this Offering.

The Company has been formed and this Offering is being conducted for the primary purpose of raising money from investors (the "Investors") to acquire and own units of ownership interest (the "Purchased Interests") in Piney Cumberland Resources, LLC, a Tennessee limited liability company (the "Property Entity"), providing a minimum of a 95.204040% (the "Minimum Purchase") percentage ownership interest and a maximum of a 95.959596% percentage ownership interest (the "Maximum Purchase") in the Property Entity pursuant to a Membership Interest Purchase Agreement (the "MIPA") with the current owners of all of the issued and outstanding percentage interests of the Property Entity, (i) Mr. Jeffrey A. Pettit ("Mr. Pettit"), who currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Tonya K. Pettit ("Mrs. Pettit" and together with Mr. Pettit, the "Sellers"), who currently owns 5% of the units in the Property Entity. The Property Entity has as its principal asset approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property"). Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $661,792 (the "Minimum MIPA Purchase Amount"), which shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account to be established by the Company at the closing of this Offering (the "Closing") with an initial contribution of $150,000 to be used to pay the cost of any audits that may be initiated by the Internal Revenue Service (the "IRS") as discussed herein. The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company or the Property Entity in defense of any IRS audit that may be initiated in the five year period following the Closing and the remainder of which will be payable to the Sellers following the later of the expiration of such five year period or the conclusion of any such then ongoing audit (the "Audit Reserve Period"). The Company intends to close the MIPA contemporaneously with the Closing. The Company also has the right under the MIPA to acquire at the Closing units providing up to an additional 0.7556% percentage ownership interest in the Property Entity for the payment of an amount equal to $16,266 per whole unit of percentage ownership interest (the "Additional MIPA Purchase Amount" and together with the Minimum MIPA Purchase Amount, the "MIPA Purchase Price"), which the Company intends to do with proceeds in excess of the Minimum Offering.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING SUMMARY OR ANY OF THE OTHER INFORMATION AND MATERIALS PROVIDED TO PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Offering Summary is October 15, 2012.

An additional purpose of this Offering is to permit the Company, pursuant to that certain Redemption Agreement (the "Redemption Agreement") by and between the Company and the current owners of the Company, EcoVest Piney Cumberland, LLC, a Delaware limited liability company ("EPC"), and Mr. Pettit (the "Current Members"), to contemporaneously with the Closing redeem certain of the issued and outstanding preferred units of membership interest in the Company (collectively, the "Redeemed Units"), including (i) all of the 312,876 Class A Preferred Units (the "Class A Units") that are currently issued and outstanding, such that at the Closing of the Minimum Offering there will be no further issued and outstanding Class A Units, and (ii) potentially all of the 12.444 Class B Preferred Units (the "Class B Units") that are currently issued and outstanding, such that at the Closing of the Maximum Offering there will be no further issued and outstanding Class B Units and there will only be outstanding 959.596 Common Units, consisting of the 9.596 Common Units currently held by Mr. Pettit and the 950 Common Units purchased by Investors in the Offering, as described herein.

The minimum investment amount per investor is $47,680, or 20 Common Units, which we may waive in our sole discretion. **This is a Minimum/Maximum Offering.** We must receive and accept subscriptions for the Minimum Offering by December 21, 2012 (the "Termination Date"), for this Offering to Close. If subscriptions for less than the Minimum Offering are received and accepted and the conditions set forth in this Offering Summary are not satisfied by the Termination Date, the manager of the Company (the "Manager") shall terminate the Offering, and all subscription payments will be returned to the subscribers without interest or deduction. If subscriptions for at least the Minimum Offering but not in excess of the Maximum Offering are received and accepted and the conditions set forth in this Offering Summary are satisfied by the Termination Date, the Company will close the Offering and accept subscription funds for use in accordance with the terms of this Offering Summary.

We determined the offering price of the Common Units in our sole discretion, and it is not necessarily indicative of the actual fair market value of the Common Units, our assets, earnings, book value, or other recognized criteria of value. **AN INVESTMENT IN THE COMMON UNITS OR IN OUR COMPANY IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND SHOULD BE CONSIDERED ONLY BY INVESTORS WHO CAN BEAR THE ECONOMIC RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND WHO CAN AFFORD TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT.** Prospective investors should carefully consider all of the information set forth in this Offering Summary and, in particular, under the heading "Risk Factors" beginning on page 9 of this Offering Summary. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offering, including the merits and risks involved.

	Price to Offerees[1] [2] [3] [4]	Selling Commissions[5]	MIPA Purchase Price[6]	Redemption Price[7]	Net proceeds to Company[8]
Per Minimum Subscription of $47,680	$ 47,680	$ 5,722	$14,232	$ 6,729	$ 20,997
Total Minimum Offering	$ 2,217,120	$ 266,054	$661,792	$ 312,876	$ 976,399
Total Maximum Offering	$ 2,264,800	$ 271,776	$674,083	$ 342,542	$ 976,399

(1) The offering price per Common Unit has not been based on any objective valuation criteria, such as book value or earnings per share, but instead has been set at the discretion of the Manager of the Company and not as a result of arm's length negotiations. No representation is made that a Common Unit has a market value of $2,384 or could be sold at that price. There is no established market for any of the Company's Units, and no representation is made that there ever will be an established market. (See "RISK FACTORS" beginning on page 9.)

(2) The Offering will end on December 21, 2012. All proceeds from the sale of the Common Units (the "Subscription Funds") will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by Oakworth Capital Bank in Birmingham, Alabama ("Escrow Agent"), until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction.

(3) Upon the Closing of the Offering the Escrow Agent shall retain out of the proceeds of the Offering the amount of $150,000 for the establishment of an audit reserve (the "Audit Reserve") to comprise the initial Deferred Amount deposit. The Audit Reserve shall be retained by the Escrow Agent and released to the Company, during the five year period in which the Audit Reserve is maintained, only in the event that the Company receives notice from the IRS indicating that one or more of its or its affiliates' federal income tax returns are being audited. On the

fifth anniversary of the Closing, the Escrow Agent will release the Audit Reserve to the Company for its permitted use, together with the interest earned on such funds, unless an IRS audit is then ongoing, in which case the Audit Reserve shall continue until such time as such IRS audit has been concluded.

(4) A minimum of 930 Common Units and a maximum of 950 Common Units are being offered for sale in this Offering. The purchase price for the Common Units is payable in full at the time of subscription. To purchase a Common Unit an Investor must complete and execute the subscription documents (the "Subscription Documents") accompanying this Offering Summary, including the Subscription and Suitability Agreement and Confidential Investor Questionnaire. (See "HOW TO INVEST" beginning on page 6).

(5) The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA or one or more other broker-dealer firms selected by SFA certain compensation to effect offers and sales of the Common Units on a non-exclusive "best efforts" basis. SFA or such other firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the purchase price of Common Units placed through such person; (ii) a non-accountable marketing allowance of two percent (2.0%) of the purchase price of Common Units placed through such firm or firms; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the purchase price of Common Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Common Units to the Investors. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum offering amount, unless otherwise indicated.

(6) The MIPA permits the purchase by the Company of a minimum of a 95.204040% percentage ownership interest in the Property Entity for the payment of an aggregate of $661,792, which Minimum MIPA Purchase Amount is subject to upward adjustment by the unused portion of the Deferred Amount after the five year period following the Closing or the conclusion of any such then ongoing audit. The MIPA permits the purchase by the Company of an additional 0.7556% percentage ownership interest in the Property Entity, for a maximum percentage ownership interest of 95.959596%, for the payment of an additional amount equal to $16,266 per whole percentage ownership interest, all of which the Company intends to close with respect to and pay at Closing out of the proceeds of the Offering to the extent funds in excess of the Minimum Offering are available. The Deferred Amount is not reflected in any calculation herein due to its speculative nature.

(7) There are currently 9.596 Common Units, 312,876 Class A Units, and 12.444 Class B Units issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit (the "Class A Redemption Price"). A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,384 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price"), such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering.

(8) Net proceeds to the Company are calculated before deducting the expenses incurred in connection with this Offering to be paid by the Company, such as (i) fees payable to EcoVest Capital, LLC, a Delaware limited liability company and parent company to EPC, a current member of the Company, for performing conservation easement consulting and other related services ("EcoVest"), including general consulting fees, conservation easement consulting fees, and training fees; (ii) legal fees; (iii) accounting fees; (iv) surveying fees; (v) conservation easement investigation fees; (vi) amounts due for the purchase of certain mineral rights in the Property owned by a third party; (vii) reproduction costs; (viii) offering related filing fees; (ix) taxes; and (x) other miscellaneous items, all of which are estimated to be approximately $737,904. (See "SOURCE AND USE OF FUNDS" at page 21).

CONFIDENTIAL INFORMATION

This Offering Summary and any other information or documents delivered in connection with this Offering Summary are being furnished on a confidential basis solely for use by potential Investors in considering whether or not to purchase a Common Unit in this Offering. By accepting delivery of the Offering Summary and related documents and information you acknowledge and agree that (a) all of the information contained in this Offering Summary and any related documents and information is confidential and proprietary to us, (b) you will not reproduce this Offering Summary or any related documents or information, in whole or in part, (c) if you do not wish to participate in the Offering, you will return this Offering Summary to us as soon as practicable, together with any other material relating to the Company that you may have received, and (d) you will obtain our prior written consent before taking any proposed actions that are inconsistent in any manner with the foregoing statements.

GENERAL DISCLAIMERS ABOUT THIS OFFERING SUMMARY

This Offering Summary and the other information and materials provided in connection with this Offering constitute an offer only to the person whose name appears in the log to be maintained by or on behalf of the Company in connection with the distribution of such materials and who has represented to us in writing that he, she or it is an Accredited Investor, as defined in Regulation D as promulgated by the United States Securities and Exchange Commission. Delivery of such materials to anyone other than the person named or such person's designated representative is unauthorized, and any reproduction of such materials, in whole or in part, without our prior written consent is prohibited.

We are not giving legal, business or tax advice, and prospective Investors are not to construe the contents of this Offering Summary and the other information and materials provided in connection with this Offering as such. You should consult your attorney or business advisor as to the legal, business, tax, and related matters concerning your investment. You are urged to request any additional information that you may consider necessary in making an informed investment decision. If you have questions concerning the terms and conditions of the Offering or to obtain additional relevant information, we will provide the answers to the extent we possess such information or can acquire it without unreasonable effort or expense. All such additional information shall only be in writing and identified as such by us. Inquiries concerning such additional information should be directed to the Manager as set forth in this Offering Summary.

We are not making any representation to you regarding the legality of an investment in the Common Units under any applicable laws. No person has been authorized to give any information or to make any representations in connection with this Offering unless preceded or accompanied by this Offering Summary and the other information and materials provided and made available to you herewith, nor has any person been authorized to give any information or to make any representation other than that contained in this Offering Summary and the other information and materials provided and made available to you herewith and, if given or made, such information or representations must not be relied upon. This Offering Summary and the other information and materials provided in connection with this Offering do not constitute an offer or solicitation in any jurisdiction in which it is unlawful to make such offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Offering Summary and the other information and materials provided in connection with this Offering nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

GENERAL SECURITIES LEGEND

THE COMMON UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS PROVIDED BY THOSE ACTS. THE COMMON UNITS MAY NOT BE RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. PROSPECTIVE INVESTORS SHOULD PROCEED ON THE ASSUMPTION THAT THEY MUST BEAR THE ECONOMIC RISK ASSOCIATED WITH PURCHASING THE COMMON UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR SELLING LITERATURE. THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM REGISTRATION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE

SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO THIS OFFERING, AND THE COMMON UNITS BEING OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE COMMON UNITS ARE BEING OFFERED AND SOLD IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THE COMMON UNITS MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT. THE COMMON UNITS BEING OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING SUMMARY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION OF AN OFFER TO ACCEPT AND/OR MAKE SUBSCRIPTIONS FOR THE COMMON UNITS OR TO SELL AND/OR BUY THE COMMON UNITS. ACCEPTANCE OF A RECIPIENT'S SUBSCRIPTION FOR THE COMMON UNITS SHALL BE MADE ONLY AFTER IT HAS BEEN DETERMINED THAT SUCH RECIPIENT SATISFIES THE REQUIREMENTS FOR AN EXEMPTION FROM REGISTRATION AND THE FACTORS SET FORTH IN THE SECTION ENTITLED INVESTOR SUITABILITY. DELIVERY OF THIS OFFERING SUMMARY FOR INFORMATIONAL PURPOSES SHALL NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SECURITIES. THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE TO ANY PERSON TO WHOM SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

INVESTMENT IN THE COMMON UNITS IS SPECULATIVE AND INVOLVES A RISK OF LOSS. THE COMMON UNITS WILL NOT BE FREELY TRANSFERABLE AFTER THE OFFERING AND ANY TRANSFER OF SUCH SECURITIES WILL BE SUBJECT TO COMPLIANCE WITH APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE COMMON UNITS SHOULD BE PURCHASED ONLY BY PERSONS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY WITH RESPECT TO THIS INVESTMENT AND WHO CAN BEAR THE ECONOMIC RISK OF A TOTAL LOSS OF THEIR INVESTMENT. EACH OFFEREE SHOULD CAREFULLY CONSIDER THE INFORMATION UNDER "RISK FACTORS" AND "INVESTOR SUITABILITY."

THE COMPANY RESERVES THE RIGHT IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER TO MODIFY, AMEND OR WITHDRAW THIS OFFERING, TO ACCEPT OR REJECT IN WHOLE OR IN PART ANY SUBSCRIPTION FOR THE COMMON UNITS OFFERED HEREBY, OR TO ALLOT TO AN INVESTOR FEWER THAN THE NUMBER OF COMMON UNITS DESIRED TO BE PURCHASED. NEITHER THE COMPANY NOR THE MANAGER SHALL HAVE ANY LIABILITY WHATSOEVER TO YOU IN THE EVENT THAT ANY OF THE FOREGOING OCCURS.

ALL DOCUMENTS REFERRED TO IN THIS OFFERING SUMMARY BUT NOT ATTACHED AS EXHIBITS ARE AVAILABLE FOR INSPECTION BY A PROSPECTIVE INVESTOR OR HIS REPRESENTATIVE AT THE OFFICE OF THE COMPANY. THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED BY THIS OFFERING SUMMARY ARE DESCRIBED IN AND WILL BE GOVERNED BY THE DOCUMENTS ATTACHED AS EXHIBITS AND/OR REFERRED TO HEREIN. ALL STATEMENTS AND INFORMATION CONTAINED IN

THIS OFFERING SUMMARY ARE QUALIFIED IN THEIR ENTIRETY BY THOSE DOCUMENTS. CONSEQUENTLY, PROSPECTIVE INVESTORS ARE URGED TO READ CAREFULLY THE DOCUMENTS ATTACHED TO AND/OR REFERENCED IN THIS OFFERING SUMMARY.

RECIPIENTS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING SUMMARY OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS, WHETHER WRITTEN OR ORAL, FROM THE COMPANY OR ANY PERSON ASSOCIATED WITH THIS OFFERING AS LEGAL, TAX OR INVESTMENT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PERSONAL LEGAL COUNSEL, TAX ADVISOR, BUSINESS ADVISOR AND "PURCHASER REPRESENTATIVE" (AS SUCH TERM IS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT) AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING THIS INVESTMENT AND ITS SUITABILITY.

IN THE EVENT A PROSPECTIVE INVESTOR SUBSCRIBES FOR ANY COMMON UNITS, HE ACKNOWLEDGES THAT HE DOES NOT ANTICIPATE THAT HE WILL BE REQUIRED TO LIQUIDATE ANY PORTION OF SUCH INVESTMENT IN THE FORESEEABLE FUTURE AND THAT HE UNDERSTANDS OR HAS BEEN ADVISED WITH RESPECT TO THE RISK FACTORS ASSOCIATED WITH SUCH INVESTMENT. EACH INVESTOR WILL BE REQUIRED TO REPRESENT TO THE COMPANY IN WRITING IN THE SUBSCRIPTION AND SUITABILITY AGREEMENT AND INVESTOR REPRESENTATION AGREEMENT (FORMS OF WHICH ARE ATTACHED HERETO AS EXHIBITS E AND F) THAT (i) HE IS AN ACCREDITED INVESTOR, (ii) CERTAIN FACTS AND CIRCUMSTANCES REGARDING HIS FINANCIAL CONDITION AND RESOURCES ARE TRUE, AND (iii) HE IS PURCHASING THE COMMON UNITS FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TOWARD RESALE.

NO GENERAL SOLICITATION OR ADVERTISING WHATSOEVER WILL BE EMPLOYED IN THE OFFERING OF COMMON UNITS DESCRIBED IN THIS OFFERING SUMMARY. NO PERSON HAS BEEN AUTHORIZED BY THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OR THIS OFFERING OTHER THAN THE REPRESENTATIONS CONTAINED IN AND INFORMATION PROVIDED IN OR WITH THIS OFFERING SUMMARY, AND, IF GIVEN OR MADE, SUCH OTHER REPRESENTATIONS OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NEITHER THE DELIVERY OF THIS OFFERING SUMMARY NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY DESCRIBED HEREIN SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME AFTER THE DATE OF THIS OFFERING SUMMARY.

FORWARD LOOKING STATEMENTS

This Offering Summary contains, in addition to historical information, forward-looking statements. Forward-looking statements made in this Offering Summary are subject to risks and uncertainties. Forward-looking statements include statements that are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "believes," "plans," "anticipates," "estimates," "expects", "intends", "seeks" or similar expressions. In addition, any statements we may provide concerning future financial performance, ongoing business strategies or prospects, and possible future actions, including with respect to our strategy following completion of the Offering and our plans with respect to the Company, the Property Entity and the Property are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about the Company, the Property Entity and the Property, and the transactions contemplated by this Offering Summary, economic and market factors and the industry in which the Company does business, among other things. You should not place undue reliance on forward-looking statements, which are based on current expectations, since, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove accurate. This cautionary statement is applicable to all forward-looking statements contained in this Offering Summary and the material accompanying this Offering Summary. These statements are not guarantees of future performance. All forward-looking statements included in this Offering Summary are made as of the date on the front cover of this Offering Summary and, unless otherwise required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors.

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EXHIBITS:

EXECUTIVE SUMMARY

General

Piney Cumberland Holdings, LLC (the "Company" "we" or "us"), a Tennessee limited liability company, was formed on October 8, 2012. The Company's governing document, the Operating Agreement, is attached hereto as Exhibit B (the "Company Operating Agreement"), and divides the equity interests of the Company into Units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company. There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 312,876 Class A Units authorized for issuance by the Company, of which all 312,876 Class A Units are issued and outstanding; and (iii) 12.444 Class B Units authorized for issuance by the Company, of which all 12.444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit (the "Class A Redemption Price"). A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,384 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price"), such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. Mr. Arthur J. Goolsby, Jr., currently serves as the Manager of the Company. Mr. Goolsby does not have any ownership in the Company or the Property Entity, but is a business associate of Mr. Jeffrey A. Pettit, a current member of the Company and holder of all of the issued and outstanding Common Units in the Company, which will remain outstanding following the Closing. Mr. Pettit currently serves as the manager of the Property Entity.

The Offering

This is a Minimum-Maximum Offering. A minimum of 930 Common Units and a maximum of 950 Common Units will be offered for sale in this Offering. The Offering Price is $2,384 per Common Unit, and a minimum of twenty Common Units must be purchased by an Investor, absent the consent of the Manager to a lesser investment amount. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent, until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds less the Audit Reserve will be delivered to the Company and deposited in the Company's bank account to be used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction. Persons wishing to purchase Common Units must subscribe for Common Units by fully completing the Subscription Documents that accompany this Offering Summary.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND AN INVESTOR SHOULD NOT INVEST IN THE COMMON UNITS IF THE INVESTOR IS NOT FINANCIALLY CAPABLE OF TAKING THE RISK OF LOSING THE INVESTOR'S ENTIRE INVESTMENT (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Primary Purpose of the Offering

The primary purpose of the Offering is to raise funds to permit the Company to acquire and own units of ownership interest in the Property Entity constituting a minimum of a 95.204040% percentage ownership interest and a maximum of a 95.959596% percentage ownership interest. An additional purpose of the Offering is to permit the Company to pay the Redemption Price to redeem all of the Class A Units and up to all of the Class B Units held by the Current Members pursuant to the Redemption Agreement that has been entered into by the Current Members and the Company, a copy of which is attached hereto as Exhibit C (the

"Redemption Agreement"). The Redemption Agreement provides for the redemption by the Company of an aggregate minimum of all of the Class A Units in the event of the Closing of the Minimum Offering and all of the Class B Units in the event of the Closing of the Maximum Offering (collectively, the "Redeemed Units"), which number of Class B Units to be redeemed will correspond to the number of Common Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the Redemption Agreement at the Maximum Offering, there will be 959.596 Common Units issued and outstanding in the Company.

Risk Factors

The Common Units being offered hereby involve a high degree of risk, including risks associated with the ownership of real estate, as well as tax and financial risks associated with the transaction and the general economy. Investors should carefully review the information in the "Risk Factors" section of this Offering Summary starting on page 9 before purchasing Common Units.

The Property Entity

Piney Cumberland Resources, LLC (the "Property Entity"), is a Tennessee limited liability company that was formed on May 27, 2008. The Property Entity was originally wholly-owned by Mr. Jeffrey A. Pettit ("Mr. Pettit"). On March 5th, 2010, Mr. Pettit transferred 5% of the ownership interest in the Property Entity to Mrs. Tonya K. Pettit, his wife ("Mrs. Pettit" and together with Mr. Pettit, the "Sellers"). The Property Entity's governing document, the Amended and Restated Operating Agreement, is attached hereto as Exhibit J (the "Property Entity Operating Agreement"), and divides the equity interests of the Property Entity into units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Property Entity. There are currently 100 units authorized for issuance by the Property Entity, currently owed as follows: (i) Mr. Pettit owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Pettit owns 5% of the issued and outstanding units in the Property Entity. Mr. Pettit currently serves as the manager of the Property Entity.

The MIPA

The Company and the Sellers have entered into a Membership Interest Purchase Agreement (the "MIPA") a copy of which is attached hereto as Exhibit K. Pursuant to the MIPA, at Closing the Company would purchase from the Sellers a minimum of 95.204040% of the membership interests in the Property Entity and a maximum of 95.959596% of the membership interests of the Property Entity, in each case purchasing the entire 5% interest owned by Mrs. Pettit and the remaining interests from Mr. Pettit. The membership interests in the Property Entity being purchased by the Company under the MIPA are referred to as the "Purchased Interests." Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $661,792 (the "Minimum MIPA Amount"), which shall be subject to upward adjustment by the unused remaining portion of the $150,000 Deferred Amount.

Under the MIPA, the Sellers are making certain representations and warranties concerning the Purchased Interests, the Property Entity and the Property. The Company is also making usual and customary representations and warranties to the Sellers regarding the Company and its authority to enter into the MIPA. The MIPA provides for usual and customary terms related to indemnification by a party in the event of default or breach by another party. The closing of the MIPA is subject to certain closing conditions, such as the Company raising sufficient funds in an amount at least equal to the Minimum Offering Amount of $2,217,120. (See "DESCRIPTION OF THE MIPA" beginning on page 33, and the MIPA attached hereto as Exhibit K).

The Property

The Property Entity's principal asset is approximately 439.86 acres of unimproved real estate currently owned by it located in Van Buren County, Tennessee, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property"). The Property was originally acquired by the Property Entity by Quitclaim Deed from Southeastern Timberland Group, LLC, an affiliate of the Sellers

("STG"), on May 8, 2010. The Property is currently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $150,208. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to STG. The Second Mortgage relates to a Promissory Note from the Property Entity in favor of STG executed in connection with the acquisition of the Property. STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $583,737. The Mortgage and Second Mortgage are required to be fully satisfied and paid off by the Sellers out of the proceeds of the Offering payable to them at Closing, such that at the Closing, the Property will be owned by the Property Entity free and clear of any monetary liens, debts or other encumbrances. The Company shall withhold at Closing out of the aggregate MIPA Purchase Price and Redemption Price payable to the Sellers at Closing the amount necessary to satisfy the Mortgage and Second Mortgage in full, which applicable amounts the Company will directly remit to the Lender and STG, respectively.

The Property Entity has investigated the following possible uses for the Property, the selection of which, if any, would be made by the approval of a majority in interest of the holders of the Units in the Company (the "Majority") by virtue of the Company's then majority ownership interest in the Property Entity following the Closing: (1) Continuing to hold the Property for investment, which may involve the development of the Property into as many as one hundred sixteen (116) residential lots for sale to the public either by itself or in conjunction with others or the sale of the Property in the future; or (2) Granting a conservation easement (the "Conservation Easement") on all or some portion of the Property to achieve certain business and tax objectives.

A proposed Deed of Conservation Easement (the "DCE") has been prepared for the Property Entity and reviewed by the Manager, which DCE is preliminary and has not been adopted or approved by the Property Entity or the members of either the Company or the Property Entity (as applicable, the "Members"). A copy of such proposed DCE is available from the Manager upon request. None of the Property Entity, the Company or the Members is under any obligation to adopt the proposed DCE or any DCE at all. No DCE can be adopted by the Property Entity unless recommended by the Manager and approved by a majority of the equity interest in the Property Entity, and consequently by the Majority of the Company. (See "Summary of the Company Operating Agreement" beginning on page 25, the Company Operating Agreement, attached to this Offering Summary as Exhibit B, the "Summary of the Property Entity Operating Agreement" beginning on page 30, the Property Entity Operating Agreement, attached to this Offering Summary as Exhibit J,).

Neither the Property Entity nor the Company is under any obligation to do any of the foregoing. A Majority of the Members of the Property Entity, and consequently the Company, following the Closing is required to approve any significant plans for the Property Entity other than continuing to hold the Property for investment, such as granting a conservation easement on the Property or pursuing any future development of the Property.

General Information Regarding Holding the Property for Investment

The Property Entity acquired the Property for investment and continues to hold it for investment. The Manager has investigated the potential future development of the Property and believes that the Property could support the development of the Property into as many as one hundred sixteen (116) residential lots for sale to the public either by itself or in conjunction with others. Any future development of the Property by the Property Entity would likely require significant additional investment or borrowings by the Property Entity or the Company. Any decision to develop the Property either by the Property Entity or in conjunction with others would require the approval of the Majority of the Company. Alternatively, the Property could continue to be held by the Property Entity for investment. If the Majority does not approve any other course of action with respect to the Property, the Property Entity would likely continue to hold the Property for investment and later sale.

What is a Conservation Easement?

A conservation easement is a perpetual, bilateral contract between a land owner and a non-profit conservation organization (often called a "land trust" or "conservancy") or governmental agency regarding a distinct tract of real property in which the land owner agrees to restrict the development activity on the property as well as other activity on the property that might interfere with its scenic, environmental or other value as open space (including agricultural value where applicable). The restrictions of a conservation easement are enforceable by the conservation organization or governmental agency perpetually, are recorded in the deed records of the county court house and are considered to "run with the land." A conservation easement also gives the conservation organization or governmental agency a right of access for inspection and enforcement purposes. If the conservation easement complies with the requirements of Section 170(h) Code and Treasury Regulations, including the requirement that the restrictions accomplish one or more several specific "conservation purposes," the owner who donated the conservation easement will receive a federal income tax deduction. (See "The Conservation Easement" at page 41).

Company Operating Agreement

Each Investor should read the Company Operating Agreement of the Company attached hereto as Exhibit B. The management of the Company is to be conducted by a person appointed or elected as "Manager" in accordance with the Company Operating Agreement. Mr. Arthur J. Goolsby, Jr., is the current Manager of the Company. The Manager exercises all management authority and responsibility for the Company and the operation of the business activities of the Company. The Manager can only be removed for "Cause" as such term is defined in the Company Operating Agreement.

The Manager is granted broad authority in the Company Operating Agreement to manage the Company. Certain actions, such as entering into a contract or loan agreement that would commit or obligate the Company to expend more than $50,000.00 of Company funds, selling substantially all of the assets of the Company, except in compliance with Article XIII of the Company Operating Agreement, filing bankruptcy for the Company, settling or compromising any claim of the Company in excess of $10,000.00, or confessing a judgment against the Company, require the consent of a Majority of the Members of the Company. Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and obtain the consent of a Majority of the Members. If any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager.

Within two years of the adoption of the Property Entity Operating Agreement, the Manager is required to make a proposal to the Members to pursue either an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, to reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority of the Company has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal.

Tax Audit Reserve

The MIPA provides for the establishment of a special audit reserve upon Closing in the amount of $150,000 to be set aside during the initial five year period following the Closing for payment of any tax audit expenses incurred by the Property Entity or the Company in the event that the Property Entity or the Company is subject to an audit by the IRS (the "Audit Reserve"). The Escrow Agent will retain, from the proceeds of the Offering, an amount equal to the Audit Reserve in an interest bearing account for the benefit of the Company and the Property Entity. In the event that the Company or the Property Entity receives notice from the IRS during the existence of the Audit Reserve indicating that one or more of its federal income tax returns are being audited, the Company will instruct the Escrow Agent to release a portion of the Audit Reserve to the Company; provided however, that the Company's members have certain limited rights to dispute the release of the Audit Reserve. On

the termination of the Audit Reserve, any remaining funds held by the Escrow Agent in the Audit Reserve shall be released to the Company for distribution to the Sellers, pro-rata on the basis of their Purchased Interests as a deferred payment of the Purchase Price. (See the MIPA, attached to this Offering Summary as Exhibit K.)

Cash Distributions

Any cash available for distribution to the Members will be paid on a pro rata basis to each Member in accordance with the Member's respective ownership of Units. Distributions, other than with respect to the Audit Reserve, which are to be paid to the Sellers, if any, and any reserves to be retained by the Company or otherwise to be paid to the manager of the Property Entity upon the winding up, liquidation or distribution of assets of the Company, will be made at the discretion of the Manager. (See the Company Operating Agreement, attached hereto as Exhibit B.)

THE OFFERING

Primary Purpose of the Offering

This Offering is being made for the primary purpose of providing funds required to permit the Company to acquire and own the Purchased Interests. An additional purpose of the Offering is to permit the Company to pay the Redemption Price to redeem all of the Class A Units and up to all of the Class B Units held by the Current Members pursuant to the Redemption Agreement. The Redemption Agreement provides for the redemption by the Company of an aggregate minimum of all of the Class A Units in the event of the Closing of the Minimum Offering and, additionally, all of the Class B Units in the event of the Closing of the Maximum Offering, such that upon the completion of the Maximum Offering and the closing of both the MIPA and the Redemption Agreement, there will be 959.596 Common Units issued and outstanding in the Company of which 950 Common Units will be held by the Investors. Following the Closing of the Maximum Offering, the Company expects to pay approximately $271,776 in selling commissions to SFA or one or more other broker-dealer firms selected by SFA, an aggregate of approximately $674,083 to the Sellers under the MIPA, and an aggregate of approximately $342,542 to the Current Members of the Company. The remaining $976,398 raised in the Offering will be used by the Company to pay the expenses of the Offering, pay the consulting and other investigative fees associated with the potential Conservation Easement, fund the Company's operating costs, and establish certain reserves as described in this Offering Summary. (See "SOURCE AND USE OF FUNDS" at page 21).

If the Minimum Offering is reached, but no more, Mr. Pettit would continue to own 9.596 Common Units and 12.444 Class B Units, which would represent an aggregate of approximately 2.315% of the total issued and outstanding equity interest in the Company. If the Maximum Offering is satisfied, Mr. Pettit will own only 9.596 Common Units, representing approximately 1% of the total issued and outstanding equity interests in the Company.

Determination of Offering Price

The Offering Price of $2,384 for each Common Unit has been arbitrarily determined by the Manager in his sole discretion and is not a result of arm's length negotiations. The Offering Price is not based upon any direct relationship to asset value, net worth, earnings, cash flow, or any other established or measurable criteria of value. No outside party has established that the Offering Price is fair, or that the Company has used an accurate means to value the Common Units. The largest factor that the Manager of the Company considered in determining the Offering Price was the MIPA Purchase Price desired by the Sellers for their Purchased Interests and the Redemption Price desired by the Current Members for their Redeemed Units. We make no representations, whether express or implied, as to the value of the Common Units offered hereby. No assurances can be given that the Common Units could be resold for the Offering Price or for any amount.

Terms of Purchase

The Common Units will be sold only for cash and no deferred payment will be accepted. Payment must be made by wire transfer in the full amount of the Offering Price for the Common Units being purchased. If you desire to purchase a Common Unit, then you must purchase twenty whole Common Units, unless the Manager, in his sole discretion, waives this minimum purchase requirement. No fractional Common Units will be sold to any of the Investors unless the Manager, in his sole discretion, waives this restriction.

Offering Period

This Offering commences on the date hereof and terminates on the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering (the "Offering Period").

Escrow of Subscription Funds

Potential purchasers of the Common Units must complete the Subscription Documents prior to acceptance by the Company. After receipt of the Subscription Documents, the Company will determine, in its sole discretion, whether to accept the subscription in whole or in part. All potential purchasers must meet the minimum suitability requirements set forth below. The Manager has the option, in his sole discretion, after review of a potential purchaser's Subscription Documents, to reject, in whole or in part, the subscription of a proposed Investor by returning to him his payment for the Common Units, without interest. Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent during the Offering Period. If subscriptions for less than the Minimum Offering have been received and accepted prior to the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest and without deduction. Upon the closing of the Offering following the sale of at least the Minimum Offering prior to the Termination Date, the Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary; provided however, that the Escrow Agent shall retain the Deferred Amount for the establishment of the Audit Reserve. The Audit Reserve shall be retained in an interest bearing account and released to the Company by the Escrow Agent prior to the termination of the Audit Reserve only in the event that the Company or its affiliates receives notice from the IRS indicating that one or more of the federal income tax returns of the Company or its affiliates are being audited and delivers instructions to the Escrow Agent for release of the Audit Reserve (the "Demand Notice"). Following the delivery of the Demand Notice, the Company's Members have certain limited rights to dispute the release of the Audit Reserve to the Company. On the termination of the Audit Reserve, the Escrow Agent will release all amounts remaining in the Audit Reserve to the Company, together with the interest earned on such funds, for payment to the Sellers as deferred compensation under the MIPA. The Escrow Agent shall have no liability to any potential Investor. (See the Escrow Agreement, attached to this Offering Summary as Exhibit G.)

How to Invest

For a subscription to be accepted by the Company, the potential Investor must do all of the following prior to the Termination Date of the Offering Period:

1. **COMPLETE AND SIGN** all documents in the Execution Documents Package.

2. **RETURN THE ORIGINAL EXECUTION DOCUMENTS PACKAGE TO YOUR REGISTERED REPRESENTATIVE.**

3. **WIRE** the Subscription Funds payable to "Oakworth Capital Bank FFC Piney Cumberland Holdings, LLC" pursuant to the following wiring instructions:

Receiving Bank:	The Independent Bankers Bank
Address:	[redacted]
ABA Number:	[redacted]
Beneficiary Bank:	Oakworth Capital Bank
DDA Account #:	[redacted]
Address:	[redacted]
Special Instructions / Beneficiary / Bank to Bank Info:	FFC Piney Cumberland Holdings, LLC [redacted]
For Wire Assistance:	Please contact Susan Foster at (205) 263-4715 or Lindsay Ethridge at (205) 263-4714.

The Subscription Fund amount is determined by multiplying the number of Common Units desired to be purchased by the Offering Price of $2,384 per Common Unit. The minimum number of Common Units that may be purchased by an individual investor is twenty units (or $47,680), unless the Manager, in his sole discretion, waives this restriction. An Investor is permitted to purchase more than twenty Common Units.

Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

For further questions regarding how to invest or to confirm any receipt, please contact your registered representative.

WHO MAY INVEST

Investor Qualifications

THE PURCHASE OF THESE SECURITIES INVOLVES INVESTMENT RISKS. INVESTMENT IN THESE SECURITIES IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR AN IMMEDIATE CASH RETURN OR LIQUIDITY WITH RESPECT TO THEIR INVESTMENT. This is a private placement offering to certain **ACCREDITED INVESTORS ONLY.** Each Subscriber will be required to certify to the Company that he or she meets the foregoing requirements (see the Subscription and Suitability Agreement attached as Exhibit E). No public market for any of the Company's Units is expected and the sale or transfer of the Units may not be possible.

Each Investor must agree to abide by all applicable provisions of the Company's Articles of Organization, the Company Operating Agreement, the Company's rules and regulations and any other governing documents of the Company. The Company has further adopted, as a general suitability standard, the requirement that each Investor represent in writing in the Subscription and Suitability Agreement, among other things, that:

(a) the Investor is acquiring the Common Units for investment only, and not with a view toward the resale or other distribution of the Common Units;
(b) the Investor can bear the economic risk of losing the Investor's entire investment; and
(c) the Investor has adequate means of providing for the Investor's current needs and personal contingencies and has no need for liquidity of the Investor's investment in the Common Units.

These suitability standards represent minimum requirements for Investors, and the satisfaction of such standards does not necessarily mean that the Common Units are a suitable investment for such persons. The Company reserves the right, in its sole discretion, to reject any subscription even though the Investor may otherwise satisfy the above-described criteria.

Potential purchasers of the Common Units must complete the Subscription Documents. After receipt of the Subscription Documents, the Company will determine, in its sole discretion, whether to accept, in whole or in part, the subscription. All potential purchasers must meet the minimum suitability requirements set forth above. The Manager has the option, in his sole discretion, after review of a potential purchaser's Subscription Documents, to reject, in whole or in part, the subscription of a proposed Investor by returning to him his payment for the Common Units, without interest. Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

Exemptions from Registration

The Common Units will not be registered for sale under the Securities Act or under the securities laws of any state. The Common Units will be offered for sale in reliance on an exemption from registration under Federal law pursuant to Rule 506 of Regulation D. The Common Units are being offered in certain states in reliance on exemptions from registration under the securities laws of such states.

Restriction on Transfer

The transferability of the Units are severely limited by the Operating Agreement and by federal and state securities laws.

Additionally, the Common Units offered pursuant to this Offering have not been registered under Federal or state securities laws and, consequently, Common Units purchased pursuant to this Offering may not be transferred or sold by the purchaser without the approval of the Company and an opinion of counsel satisfactory to the Company that such transfer or sale will not contravene applicable federal and state securities laws. Therefore, the cover page of the Company Operating Agreement and any certificates that may be issued

evidencing the Common Units purchased by an Investor will bear a restrictive legend in effect similar to the following:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") PROVIDED BY SECTION 4(2) OF THE ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

> THE SALE OR TRANSFER OF THE MEMBERSHIP COMMON UNITS IN THE COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE OPERATING AGREEMENT OF THE COMPANY, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF THIS CERTIFICATE, THE HOLDER HEREOF AGREES TO BE BOUND BY THE TERMS OF THE OPERATING AGREEMENT.

RISK FACTORS

An investment in the Common Units is highly speculative, involves a high degree of risk and is suitable only for Accredited Investors, who understand and have financial resources sufficient to enable them to bear a number of risks, including but not necessarily limited to those described below. In addition to the other information contained in this Offering Summary, you should carefully consider the following risk factors in evaluating an investment in the Common Units and evaluating the Company and its business plans. If any of the following risks actually occur, the business, financial condition, and operating results of the Company may be materially and adversely affected. Prospective Investors should not consider an investment in the Common Units unless they are willing and able to sustain a complete loss on their investment. The foregoing Risk Factors reflect many, but perhaps not all, of the risks incident to a purchase of the Common Units. Each potential Investor must make an independent evaluation of the risks associated with a purchase of the Common Units.

Investment and Operating Risks

1. *Lack of Operating History.* The Company is a Tennessee limited liability company that was recently formed for the purpose of acquiring equity interests in the Property Entity. The Property Entity was formed on May 27, 2008, to hold real estate for investment. Neither the Property Entity nor the Company has engaged in any material business activities since the date of its respective formation, and neither entity has any operating history. The Manager currently plans to continue to cause the Property Entity to hold the Property for investment absent the approval of a Majority to take any other action with respect to the Property. If a Majority approves causing the Property Entity to grant a Conservation Easement on the Property, the Manager does not expect the Property Entity or the Company to have any material operations in the foreseeable future other than potentially causing the grant of such Conservation Easement. If a Majority decides that the Property should be developed, the Manager would need to develop a business plan for the Property Entity's use and disposition of the Property, the implementation of which would require significant capital, which neither the Property Entity nor the Company currently has. The Property Entity or the Company would have to raise additional capital or partner with another party to develop the Property, and such activities would be subject to all of the risks inherent in a business

enterprise that is commencing operations. It is impossible to predict whether the Property Entity or the Company will be successful, and there can be no assurance that the Property Entity or the Company will operate profitably.

2. *Primary Purpose May Not Be to Maximize Profits for Members.* One of the business plans that the Manager will propose to the Members for consideration following the completion of the Offering will be the granting of the Conservation Easement on the Property. Any such decision would be made by a Majority, which may not agree with your desires. Assuming a Majority approves the granting of the Conservation Easement, the principal asset of the Property Entity, the Property, would be encumbered and its future development would be restricted, which would diminish the value of the Property and severely hinder the ability of the Property Entity and the Company to maximize profits with respect to the Property. While the Conservation Easement may create a charitable tax deduction for the Members, the Company would not be in a position to maximize the profits that could be generated and distributions that could be made to the Members. If the Company's goal was to maximize profits and distributions, it could choose to cause the Property Entity to develop the Property or hold it for investment. Because of the possibility of the Property Entity granting the Conservation Easement on the Property, only Investors who are not focused on maximizing the potential cash return from an investment in the Common Units should consider purchasing the Common Units.

3. *Conservation Easement Deductions.* If approved by a Majority, a significant component of the Company's business plan would involve causing the Property Entity to grant a Conservation Easement to a qualified organization as defined under Section 170(h)(3) of the Code (a "Qualified Organization") during calendar year 2012. The potential benefits to you arising from any such Conservation Easement will be dependent upon the valuation of such Conservation Easement and the potential application of provisions in the Code and Regulations which lack a substantial body of interpretive case law. There is no assurance that the Property Entity or the Company will be able to achieve its business and tax objectives in connection with any Conservation Easement which may be granted to a Qualified Organization.

4. *Need for Additional Capital.* If a Conservation Easement is not granted and the Manager proposes to develop the Property, the Company and/or the Property Entity will need additional resources in the future to continue to operate. The proceeds of the Offering are estimated to be sufficient to allow the Property Entity to hold the Property for long term investment but would most likely not be sufficient to permit the Company to allow the Property Entity to attempt to develop the Property. Furthermore, the Company may be unable to sell the Property Entity and the Property Entity may be unable to sell the Property for an amount deemed reasonable to the Manager, or for an amount in excess of the aggregate amount of the Offering, or at all. Accordingly, if a Conservation Easement is not granted on the Property, the Company and/or the Property Entity may need additional capital to permit it to continue to operate. Neither the Company nor the Property Entity has any current commitments for additional financing, and the Manager has no current plans to pursue any other opportunities for additional financing of either entity. There can be no assurance that additional financing will be available in the future on acceptable terms or at all. If the Company or the Property Entity raises additional funds by issuing equity securities, the actual or beneficial percentage ownership of the Company's owners will be diluted. Additional securities issued by the Company or the Property Entity in the future could have rights, preferences and privileges senior to those of the Common Units.

5. *Determination of Offering Price.* The Offering Price of $2,384 per Common Unit has been determined solely by the Manager based on (1) the MIPA Purchase Price the Sellers are willing to accept for the Purchased Interests, (2) the Redemption Price the Current Members are willing to accept for the Redeemed Units, (3) the anticipated payment of certain fees and expenses associated with the Offering and the granting of the Conservation Easement, if proposed by the Manager and approved by a Majority, and (4) certain limited anticipated capital needs of the Company in the near future. (See "SOURCE AND USE OF FUNDS" at page 21). Such Offering Price is not an indication of the value of a Common Unit or the pro rata portion of the Company or the Property, and no assurance is given that any of the Common Units could be resold for the Offering Price or for any other amount.

6. *The Redemption Agreement is Not a Negotiated Agreement.* The Redemption Agreement and the amounts payable with respect thereto were not arrived at by a process of negotiation. There can be no assurance that the Redemption Amount is an appropriate amount for the redemption of the Redeemed Units. You should not

construe the willingness of the Current Members to have their Redeemed Units redeemed by the Company for the Redemption Price as an indication that the Offering Price is objectively determined or that your investment decision is shared by persons unaffiliated with the Company, as the Current Members are directly interested in the receipt of funds from the Offering. You should make your investment decision solely based upon your own evaluation of the merits and risk of the investment.

7. Representation and Warranties in MIPA and Redemption Agreement. The Manager negotiated on behalf of the Company with the Sellers for the protections contained in the MIPA and believes that the best agreement for the Company possible was obtained. The Redemption Agreement, however, was not a negotiated document. In both instances, there can be no assurance that the covenants, representations and warranties given by the Sellers in the MIPA or the Current Members in the Redemption Agreement are sufficient to protect the Investors from all loss in connection with the purchase of the Purchased Interests or the redemption of the Redeemed Units ancillary to the Investor's purchase of the Common Units. Each Investor is advised to read the MIPA and the Redemption Agreement carefully to make his or her own determination as to the sufficiency of the MIPA and the Redemption Agreement, as applicable, for his or her own purposes.

8. Cash Distributions. Assuming a Majority approve the granting of the Conservation Easement on the Property, neither the Property Entity nor the Company is likely to engage in business operations, and the Company would therefore not expect to realize any profits. If we do in fact cause the Property Entity to encumber the Property with the proposed Conservation Easement, the terms of such easement will materially limit our permitted uses of the Property and our prospects for future income and profits. We do not expect to make any cash distributions to you, and if you require a cash return from the Company on your investment, you are advised against this investment.

9. Illiquidity of Investment. The Common Units have not been registered under any federal or state securities laws and therefore cannot be resold or otherwise transferred unless they are subsequently registered under such laws, or unless an exemption from such registration is available. We do not intend to register the Common Units with the Commission, the Tennessee Securities Division, or any other state securities agencies, and you will have no right to require the Company or the Manager to register the Common Units. There is presently no public or other market for any of the Units, and it is highly unlikely that such a market will develop in the future. In addition, certain restrictions on transfer of the Units are contained in the Company Operating Agreement, and if the Members approve causing the Property Entity to encumber the Property with a Conservation Easement, such encumbrance will affect the value of the Property, the Property Entity, the Company and the Units in a materially adverse manner. Under the circumstances, you should consider the purchase of Common Units to be an investment lacking liquidity and involving substantial risk, and that, in the event the Property is ultimately encumbered by a Conservation Easement, you will be unable to recoup any amount of your original investment from the sale of a Common Unit, the Company's disposition of the Property Entity, the Property Entity's disposition of the Property, or the liquidation of the Company.

10. Absence of Securities Registration and Review. The Common Units have not been nor will they be registered under the Securities Act or any applicable state securities laws, and no federal, state or other agency has reviewed the terms of this Offering, recommended or endorsed the purchase of the Common Units or passed upon the adequacy or accuracy of any information disclosed to prospective Investors. Accordingly, prospective Investors must assess the fairness of the terms of this Offering on their own, or with aid of their advisors or representatives, and without the benefit of any prior review by any regulatory agency.

11. Manager's Involvement in Other Business Activities. Neither the Manager of the Company nor the manager of the Property Entity are expected to devote their full time to the business and affairs of the Company, and are involved in other business activities, including activities which may be competitive with the Company and the Property Entity. Both the Manager and the manager of the Property Entity currently own and are the manager of other entities that also own real estate in the vicinity of the Property. Certain of such other real estate may also be held for investment while other real estate may be held for development. Under the circumstances, the interests of the Manager and the manager of the Property Entity may conflict with the interests of the Company in various ways. The Manager and the manager of the Property Entity can only be removed for "Cause." The Investors will

have to rely upon both such managers for almost all decisions relating to the operation of the Company and the Property Entity.

12. Limitations on Manager's Liability. The Company Operating Agreement and the Property Entity Operating Agreement contain certain limitations of liability for the benefit of the Manager and the manager of the Property Entity, respectively, which are intended to have the effect of reducing the liability and obligations of the Manager to the Company and the manager to the Property Entity. The Company Operating Agreement and the Property Entity Operating Agreement also contain provisions for binding arbitration in the event of a dispute, controversy or claim asserted by a Member arising out of or relating to such respective Operating Agreement or to its alleged breach by its manager. In addition, the Company is required under the Company Operating Agreement and the Property Entity is required under the Property Entity Operating Agreement to indemnify and hold its respective manager and his affiliates harmless from and against certain liabilities or damages incurred by them. (See "DESCRIPTION OF THE COMPANY" beginning on page 24). Accordingly, your rights and remedies as a Member of the Company in connection with the actions or omissions of such managers or their affiliates may be more limited than would otherwise be the case absent such provisions in the Company Operating Agreement.

13. Limitation on Operating Expense Obligation. The obligation of the Manager and the Members under the Company Operating Agreement to bear operating expenses of the Company is limited to the amount of their respective contributions to the Company in the Offering. In the event that the Company incurs financial obligations in excess of such amounts reserved in the Offering, there can be no assurance that the Company will have funds to meet any such excess. Similarly, the obligation of the Manager and the Members under the Property Entity Operating Agreement to bear operating expenses of the Property Entity is limited to the amount of their respective contributions to the Property Entity. While the Company has established certain reserves to pay for certain anticipated expenses of the Property Entity, in the event that the Property Entity incurs financial obligations in excess of such amounts reserved for in the Offering, there can be no assurance that the Property Entity or the Company will have funds to meet any such excess.

14. Lack of Investor Control. Unless the approval of the Members is expressly required under the Company Operating Agreement or the Tennessee Revised Limited Liability Company Act, the Manager has full and complete authority, power and discretion to manage and control the business and operations of the Company. Similarly, unless the approval of the Members is expressly required under the Property Entity Operating Agreement or the Tennessee Revised Limited Liability Company Act, the Property Entity manager has full and complete authority, power and discretion to manage and control the business and operations of the Property Entity. The rights of the Members to participate in the management and control of the Company or the Property Entity, as applicable, are restricted to a limited number of specific circumstances, and the Members have no right or authority to act for or bind the Company or the Property Entity. Under the Company Operating Agreement and the Property Entity Operating Agreement, certain significant decisions may require the approval of a Majority of the Members, notwithstanding the fact that one or more prospective Investors may object thereto. Moreover, a Member may be deemed to have approved certain actions following notice from the Manager of the need to act with respect thereto if such notified Member fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice. With regard to any strategic proposal made by the Property Entity manager for use by the Property Entity of the Property for which notice is provided to the Members (e.g., a proposal to the Members to pursue an investment proposal or a conservation easement proposal with respect to the Property), a Member is required to reject the Manager's recommended proposal within five (5) calendar days after the deemed receipt of such notice or else such proposal would be deemed accepted by such Member. Accordingly, a prospective Investor should purchase Common Units only if such prospective Investor is willing to entrust all aspects of Company and Property Entity management to its respective manager, or to a Majority of the Members which may or may not include such Investor. (See "DESCRIPTION OF THE COMPANY" beginning on page 24).

15. Authority of Manager to Sell or Dispose of Property. In the event that a Conservation Easement is granted with respect to the Property and has been recorded for at least four (4) years, the manager of the Property Entity has been granted the authority pursuant to Section 13.8 of the Property Entity Operating Agreement to sell or otherwise dispose of the Property, in such manager's sole discretion, and such disposition may include, but is not limited to, donating the Property to charity.

16. Investment in the Property Entity and Real Estate. The Company intends to have as it sole asset the units of membership interest in the Property Entity, which in turn will have as its sole asset, the Property. Consequently, the purchase of the Common Units is essentially an investment in real estate. An investment in real estate is inherently speculative. Over the course of the life of the Company, the Company will experience certain transactional and carrying costs incident to the ownership of the Property. There is no assurance that the Property will operate with positive cash flow or appreciate sufficiently, if at all. The risks inherent in the ownership of real estate which may cause the Property to operate profitably or either to appreciate or depreciate are, in large part, beyond the control of the Company, the Property Entity or their respective managers. If the Company or the Property Entity have insufficient funds to pay expenses such as property taxes, then the Members would have to contribute additional capital, which would require unanimous consent of the Members pursuant to the Company Operating Agreement and the Property Entity Operating Agreement to require the contribution of additional capital, and/or the Company or the Property Entity may have to borrow additional funds, or risk foreclosure of the Property resulting in a loss of the Company's investment, an event which would trigger undesirable tax consequences for the Investors. In addition, certain operating expenses of the Property (e.g., real estate taxes, labor costs, and insurance, maintenance and repair expenditures) may increase as a result of inflation or other factors. Thus, the cost of owning the Property may exceed the amount of the Company's or the Property Entity's available funds and additional funds may have to be borrowed or invested in order to protect the Company's investment.

No representation or warranty is made as to future operations of the Property or as to the amount of profit, loss or cash flow from the operation of the Property Entity business or the Company business. Although the respective manager will endeavor to protect the interests of the Members, a prospective Investor should not view the Manager as a guarantor of the financial success of the Company, the Property Entity or the Property. The value of the Property is speculative and the offering price is not based in any way upon any appraised value of the Property. Pursuant to the Offering, Investors are subscribing to interests in the Company and not the Property Entity or the Property. The Purchase Price of the Common Units being offered herein is not based upon the value of the Property Entity or the Property.

17. Uninsured Losses. While the Property Entity may carry liability insurance for the Property, there are certain other types of catastrophic losses that are either uninsurable or not economically insurable. If our liabilities exceed the level of our insurance coverage or arise from the types of losses for which we are not insured, the Property Entity may be unable to fund such liabilities, which could threaten the viability of the Property Entity.

18. Hazardous Waste and Environmental Concerns. Federal and state statutes impose liability on property owners or operators for the cleanup of or removal of hazardous substances found on their property regardless of whether they had any involvement in placing the substance on the property. Additionally, such statutes allow the government to place liens for such liabilities against affected properties which liens will be senior in priority to other liens. State and federal laws in this area are constantly evolving, and the Company intends to monitor such laws and take commercially reasonable steps to protect itself from the impact thereof. However, there can be no assurance that the Company will be fully protected from the impact of such laws. While there has been no Phase I or other environmental study conducted on the Property, none of the Company, the Property Entity, the managers, or the Sellers are aware of any adverse environmental condition on the Property.

19. Taking of Property by Eminent Domain. It is possible that portions of the Property could be taken by governmental authority. Such a taking would result in a forced sale that could have adverse consequences on your investment. Even though condemning authorities must offer fair market value for property to be condemned, such a taking could materially and adversely affect an investment in the Company if the amount the Property Entity receives as compensation for taking is less than the perceived value of the condemned property.

20. Adverse General Economic Conditions. The value of real property often depends on the general state of the economy, and economic recessions can materially and adversely affect the viability of investments in real estate. Governmental, economic and tax policies may also render an additional element of uncertainty and risk in this as well as other investments.

21. Lack of Independent Legal Counsel. Sirote & Permutt, P.C., is legal counsel for the Company in connection with the Offering and is not acting as counsel for any of the prospective Investors. The use of the same

legal counsel may, at times, result in a lack of independent review. Thus, prospective Investors should not rely on such legal counsel to represent and protect their respective interests. Prospective Investors are accordingly urged to consult with their own legal advisors before investing in the Common Units.

Tax Risks

1. General Considerations. There are significant federal and state income tax risks associated with the purchase and ownership of Common Units. The tax aspects of owning Common Units are complex, and are not free from doubt. NEITHER THE MANAGER NOR THE COMPANY IS OFFERING ANY PROSPECTIVE INVESTOR TAX ADVICE. TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN THE UNITS WILL VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE UNITS AND VARIOUS RISK FACTORS ASSOCIATED THEREWITH.

2. No Ruling Requests. Neither the Manager nor the Company has requested nor do they intend to request any ruling or other guidance from the IRS with respect to any federal income tax consequences of an investment in the Common Units, or in connection with the Company's business and tax objectives.

3. Potential Changes in Law. There can be no assurance that the Code or existing Treasury regulations thereunder (the "Regulations") will not be amended in such a manner as to alter the present form of computing the federal income tax liability of Investors, or to otherwise change in a materially adverse way the potential tax consequences from an investment in the Common Units.

4. Risks of Conservation Easements. A significant component of one of the Company's contemplated business plans, which if approved by a Majority, involves the encumbrance of the Property with the Conservation Easement to a Qualified Organization in 2012. **You should be aware that Conservation Easements, the appraisal methodologies and techniques used in establishing the value thereof, and the tax law applicable thereto, have come under significant scrutiny and criticism by Treasury officials in recent years, and proposed legislative changes have been identified as a means of increasing the Treasury revenues which, if enacted, would have a material adverse effect on the tax benefits which might otherwise arise from an investment in the Common Units.** The granting of a Conservation Easement can have a significant federal and state income tax impact on the Members if granted. Nevertheless, this impact can vary substantially from Investor to Investor depending upon the Investor's particular tax circumstances. In addition, there are substantial risks associated with the granting of conservation easements, including but not limited to the valuation of the easement itself. Prospective Investors are advised that neither the Property Entity nor the Company is under any contractual obligation to grant a Conservation Easement. A Conservation Easement can only be granted upon a determination of the Manager and the approval of a Majority. Consequently, there can be no assurances that a Conservation Easement will be granted or that one will not be granted. Moreover, there is no assurance of the potential tax impact on a particular Investor in the event that such an easement is granted.

The Company has obtained a legal opinion from counsel for the Company addressing certain tax issues with respect to the proposed grant of the Conservation Easement by the Property Entity, a copy of which legal opinion is attached hereto as Exhibit H. Investors are encouraged to read the opinion, including the limitations described therein, for an explanation and appreciation of issues involved. It is important to note that such opinion has been issued to the Company only and has not been issued to any Investor, and no Investor may rely upon such opinion for any purpose whatsoever without the prior written consent of the opinion giver. It is also important to note that opinion is not a guaranty that the tax treatment will be sustained if challenged. Rather, it only represents counsel's opinion that it is more likely than not (i.e., a greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH AND RELY ONLY UPON THE ADVICE OF THEIR OWN TAX ADVISORS WITH REGARD TO ALL TAX ASPECTS OF INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION.

5. Charitable Contribution Limits. Current tax law limits the available charitable contribution deduction for calendar year 2012 relating to conservation easements to 30% of such individual's contribution base

or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Company. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2012 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to five (5) years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Company claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

6. *Increased Risk of Audit Due to Associated Persons.* Continuing recent scrutiny of Conservation Easement transactions, as well as recent and proposed changes to IRS forms and reporting requirements for such transactions, discussed beginning at page 41 of this Offering Summary, may increase the likelihood that the Company's return might be reviewed for possible audit. Moreover, the Property was originally acquired by the Property Entity from STG, which is an affiliate of the Sellers, on March 18, 2010. Sellers and STG have various other real estate holdings that could subject them to an increased risk of audit, which could result in an increased risk of audit for the Property Entity or the Company.

Additionally, the past and continuing activities of other persons associated with the Property Entity or the Company may increase the likelihood that the Company's return would be reviewed for possible audit. For example, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been audited by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, the broker-dealer firm selected by the Company, the land trust selected by the Property Entity, and various consultants to the Property Entity or the Company and their employees and contractors have all assisted other persons and entities who have subsequently imposed conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

The tax returns of several of the other persons and entities associated with the above group have previously been selected for audit by the IRS and others may continue to be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Property Entity or the Company in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements may increase the likelihood that the Company's return would be reviewed for possible audit as well.

In addition, if the Company or the Property Entity is audited, the Company or the Property Entity may not possess sufficient resources in order to successfully defend an audit. Although the SOURCE AND USE OF FUNDS section of this Offering Summary describes that money may be set aside for an Audit Reserve, there can be no assurance that such funds will be available or sufficient in order to defend an audit and any litigation resulting therefrom. For instance, even though the Audit Reserve is required to be maintained for the benefit of the Company and its affiliates for the period within which an audit of any of them can generally be legally commenced in the event the Members approve the grant by the Property Entity of a Conservation Easement within a certain period of time following the Closing, there are several events which could cause the statutory time period for assessing tax against the Members to be extended beyond the existence of the Audit Reserve, including, but not limited to, the following: (1) the filing of a fraudulent tax return by a Member, regardless of whether the fraudulent position is related to the Company, (2) a Member claiming the deductions attributable to a Conservation Easement contribution on an untimely filed return, and (3) a Member claiming the deductions attributable to a Conservation Easement contribution in a year subsequent to the year of the Closing. If the statutory time period for assessing tax against a Member has not expired for any reason, the IRS may be able to commence an audit of the Member through a partnership-level proceeding against the Company or the Property Entity.

Moreover, neither the Company Operating Agreement nor the Property Entity Operating Agreement requires additional capital contributions from its Members. The value of the Property after the granting of a Conservation Easement, if approved by a Majority and granted by the Property Entity, may also be insufficient to

permit the Property Entity or the Company to borrow against such Property. Accordingly, neither the Property Entity nor the Company may have sufficient funds or resources to allow it to provide an adequate defense to any such audit or litigation. In order to protect their interests in any such audit or litigation, each Member or Investor may determine that they need to use their own resources to protect their interests in the case of an audit or litigation.

CONSEQUENTLY, IF YOU ARE ADVERSE TO AN AUDIT BY THE IRS, YOU MAY NOT WANT TO INVEST IN THE COMPANY. FURTHERMORE, YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR CONCERNING WHETHER THE POTENTIAL CONTRIBUTION DEDUCTION, THE POTENTIAL TAX SHELTER REGISTRATION WITH RESPECT TO THE COMPANY, OR OTHER FEATURES OF THE COMPANY'S BUSINESS PLAN AND TAX OBJECTIVES MAY INVOLVE AN UNACCEPTABLE RISK OF AUDIT OR MAY OTHERWISE CAUSE AN INVESTMENT IN THE COMPANY TO BE INAPPROPRIATE GIVEN A PARTICULAR PROSPECTIVE INVESTOR'S INDIVIDUAL CIRCUMSTANCES.

7. *Potential Limitation of the Charitable Deduction if the Property Does not Constitute Long-Term Capital Gain Property.* In general, if a taxpayer makes a charitable contribution of property (including a conservation easement), the amount of the charitable deduction is the fair market value of the contributed property. However, if the property being contributed constitutes property held primarily for sale to customers in the course of a taxpayer's business (i.e., dealer or inventory property) or has a holding period of less than one year, the charitable deduction generally will be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the property. The Company believes that the Property constitutes long-term capital gain property in the hands of the Property Entity, as the Property Entity acquired the Property on March 18, 2010, and has not been associated with any development activities. Although the Manager of the Company and the manager of the Property Entity believe that the Property constitutes long-term capital gain property in the hands of the Property Entity, there is a risk that the IRS could take a contrary position, even though such a position by the IRS would be inconsistent with the intent of the Property Entity in acquiring the Property and other relevant evidence relating thereto which the Property Entity and the Company believes supports capital gain treatment.

8. *Partnership Anti-Abuse Rule and Common Law Tax Doctrines.* The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

The case of Historic Boardwalk Hall, LLC v. Commissioner, 136 T.C. No. 1 (2011), which was subsequently reversed by the United States Court of Appeals for the Third Circuit, demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the transaction and potential transactions described in this Offering Summary (the "Subject Transactions").

In Historic Boardwalk Hall, LLC, a partnership was formed for the purpose of allowing an investor to utilize tax credits generated by a partnership which were attributable to historic rehabilitation development activities undertaken by the partnership. The IRS argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the

investor, who only joined the partnership to obtain the tax credits, was never a "true" partner for federal income tax purposes, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's argument in Historic Boardwalk Hall, LLC, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

The IRS appealed the Tax Court's decision in Historic Boardwalk Hall, LLC to the Court of Appeals for the Third Circuit. The Third Circuit reversed the Tax Court's decision, determining that the investor in the transaction was not a bona fide partner in Historic Boardwalk, LLC. As a result, the investor was not allowed to utilize the tax credits allocated to it under the partnership agreement.

Although the facts of Historic Boardwalk Hall, LLC are distinguishable from the Subject Transactions, the decision of the Tax Court and the Third Circuit's reversal of that decision provide some insight into how the courts might analyze the Subject Transactions. First, the Tax Court's decision provides some support that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although Historic Boardwalk Hall, LLC involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions. For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event a Majority of the Members approve the Company granting the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in Historic Boardwalk Hall, LLC.

Under the "Golsen Rule," which was established in the Tax Court decision Golsen v. Commissioner, 54 TC 742 (1970), the Tax Court will follow a decision of the Circuit Court of Appeals to which the case could be appealed. Therefore, the Third Circuit's opinion in Historic Boardwalk, LLC will be followed by all courts, including the Tax Court, when an appeal would be to the Court of Appeals to the Third Circuit. Moreover, an appellate court's decision to reverse the Tax Court's decision might, in certain instances, inform the analysis applied by the Tax Court even in future cases not governed by the Golsen Rule. Accordingly, the Third Circuit's decision has some relevance to the Subject Transactions. The Third Circuit determined that the investor in Historic Boardwalk, LLC should not be treated as a bona fide partner because the investor did not have a "meaningful stake in the success or failure of the partnership." In so holding, the Third Circuit focused primarily on the following facts:

For a variety of reasons, including a "tax benefit guaranty," the court determined the investor had no meaningful downside risk in the partnership and that the investor was "for all intents and purposes, certain to recoup the contributions it had made" to the partnership.

The investor lacked meaningful upside potential in the profits of the partnership because the investor would only participate in partnership profits in the unlikely event certain primary payments were made by the partnership, leaving little potential for investor profit.

Unlike the facts in Historic Boardwalk, LLC, the Subject Transactions do not involve any type of tax benefit guaranty assuring the Investors that they will receive the tax benefits attributable to a conservation easement donation on the Property. Moreover, should the Member's decide to develop the Company Property, the Investors would each recognize their proportional share of the profits (or losses) attributable to such development activity, with no limitation on the upside (or downside) potential to an Investor.

9. Codified Economic Substance Doctrine. In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Common Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While counsel for the Company does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Common Units.

Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i), the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe any of the potential transactions that the Manager may propose is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Company's Holding Period" beginning on page 45.)

10. Substantial Valuation Misstatement Penalty. Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. Neither the Property Entity nor the Company has obtained (and neither plans to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity or Company were to seek one. Given the magnitude of the charitable contribution that the Property Entity would likely claim, there is a risk that the IRS could audit the Property Entity's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Property Entity and the Company, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are

significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Property Entity and the Company will not be enacted with an effective date prior to the date of such grants.

Because neither the Property Entity nor the Company can verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section 6664(c) provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on a qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Property Entity and the Company and the ability of the Property Entity and the Company to avoid the potential application of valuation penalties. Moreover, there is no reasonable cause exception available with respect to the 40% penalty. Accordingly, there can be no assurance that a valuation penalty will not be applied to an investor in connection with any valuation adjustment that may be made by the IRS against the Property Entity and the Company.

11. Assessment of Penalty Against Qualified Appraiser. The qualified appraiser selected by the Manager to assist the Property Entity and the Company in preparing a qualified appraisal for the Property Entity in the event that a Majority elects to cause the Property Entity to grant the Conservation Easement on the Property following the Closing has received notice from the IRS that it intends to recommend the assessment of a penalty against him pursuant to Section 6695A for substantial valuation misstatement under Section 6662(e) for an appraisal rendered by him on an unrelated project completed in December of 2007 which is currently the subject of audit. Further discussion of the role of the qualified appraiser and the relevant penalty provisions can be found on pages 41-44. The assessment of such a penalty against the appraiser should not, by itself, result in any material adverse effect on the Property Entity or the Company or any appraisal prepared on behalf of the Property Entity or the Company in the event that a Majority elects to cause the Property Entity to pursue the Conservation Easement following Closing. However, because such a penalty is assessed before an appraiser is afforded the opportunity to finally challenge such penalty assessment, such penalty assessment could have other effects, such as making the IRS more likely to audit the tax returns of the Property Entity or the Company and its Members claiming a Conservation Easement deduction, prejudicing the trier of fact as to the accuracy of the qualified appraisal submitted by the Property Entity, or increasing the costs to the Property Entity and/or the Company and/or its Members of any IRS audit defense.

We have been informed by such appraiser that he has engaged legal counsel to advise and assist him in challenging such assessment and that he does intend to challenge such assessment. However, there can be no assurance that he will be successful in such challenge or that the imposition of such assessment will not have a negative impact upon any subsequent audit that may be performed by the IRS on any Conservation Easement that may be granted by the Property Entity. There can also be no assurance that such assessment will not lead to further enforcement action against him, such as suspension or disqualification, both of which could have a material adverse effect on the ability of the Members of the Property Entity and the Company to claim a conservation easement deduction as contemplated at the time of the grant of any such Conservation Easement. While we do not believe that the assessment of such penalty will have a material adverse effect on the ability or right of the Property Entity and the Company to claim any such conservation easement deduction, there can be no assurance that such belief is correct. It is the Manager's belief that the abilities, qualifications, reputation, and background of such appraiser continues to make him the best person for the job in spite of such assessment, and the Manager intends to continue to engage and, if the Conservation Easement is approved by the Members, rely upon the appraisal prepared by such appraiser.

12. Further Assessments Against Qualified Appraiser. The assessment by the IRS of penalties under § 6695A and § 6701 are typically confidential pursuant to federal law and not subject to disclosure pending the suspension or disqualification of such appraiser. Consequently, the Company and its Members are unlikely to learn

of the outcome of the current penalty assessment or any further penalty assessment against this or any other appraiser absent the consent of such appraiser. The appraiser currently engaged by the Property Entity has consented (without being under any obligation to do so) to permit the disclosure of the existence of such current penalty assessment to the Investors in this Offering Summary. However, such appraiser is under no obligation to update the Company or its Members as to the status of such assessment or to otherwise make any disclosures of any other assessment that may be made in the future, if any. Consequently, in the event of the grant of the Conservation Easement by the Property Entity, the Members will have to trust that any penalty assessment that may be imposed upon the Property Entity's chosen appraiser will not result in any material adverse harm to the conservation easement deduction claimed in the event of any subsequent audit thereof by the IRS.

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SOURCE AND USE OF FUNDS

This is a "Minimum-Maximum Offering." Therefore, we must sell a minimum of 930 of the Common Units prior to the Termination Date before we can close the Offering and accept any subscriptions from Investors. We estimate that the net proceeds to the Company from the sale of the Minimum Offering will be approximately $238,495, after deducting the applicable initial net MIPA Purchase Price of $661,792, the applicable initial net Redemption Price of $312,876, and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $1,003,957. We estimate that the net proceeds to the Company from the sale of the Maximum Offering will be approximately $238,495, after deducting the applicable net MIPA Purchase Price of $674,083, the applicable initial net Redemption Price of $342,542, and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $1,009,680. Both of the foregoing estimated net proceeds includes the $150,000 Audit Reserve deposit that is payable to the Sellers upon the termination of the Audit Reserve to the extent not otherwise used by the Company to pay any actual costs incurred by the Company or the Property Entity in defense of any IRS audit that may be initiated during such period. Following the Closing, the remaining portion of the Offering Amount will be used for working capital, to establish reserves to cover the expected operating expenses of the Company or the Property Entity for at least one year and to fund the costs of granting the Conservation Easement by the Property Entity if approved by a Majority.

The following table illustrates our estimated use of proceeds from this Offering. It is emphasized that such estimated use of proceeds is subject to change based on actual costs and expenses incurred, changes in the plans of the Company or the Property Entity for the Property, and other factors.

Proceeds Used For	Minimum Offering [1]	Maximum Offering [2]
MIPA Purchase Price [3]	661,792	674,083
Redemption Price [4]	312,876	342,542
Estimated Sales Commissions [5]	266,054	271,776
Project Management /Consulting [6]	547,944	547,944
Legal Fees [7]	96,434	96,434
Trust Fees [8]	20,500	20,500
Appraisal [9]	10,000	10,000
Survey [10]	1,306	1,306
Other Estimated Closing Costs [11]	5,200	5,200
Mineral Rights Purchase [12]	43,986	43,986
Escrow Agent [13]	2,500	2,500
Property Taxes Due [14]	1,748	1,748
Liability Insurance [15]	786	786
Accounting [16]	7,500	7,500
Working Capital [17]	238,495	238,495
TOTAL	$ 2,217,120	$ 2,264,800
Reimbursement to the Sellers [18]	9,717	9,717

1 Assumes the sale of 930 Common Units in the Minimum Offering for a purchase price of $2,384 per Unit for aggregate gross proceeds to the Company from the Offering of $2,217,120.

2 Assumes the sale of 950 Common Units in the Maximum Offering for a purchase price of $2,384 per Unit for aggregate gross proceeds to the Company from the Offering of $2,264,800.

3 The aggregate net MIPA Purchase Price is based upon the Minimum Purchase at the Minimum Offering and the Maximum Purchase at the Maximum Offering, which purchase price for the Minimum Purchase is subject to upward adjustment upon the

termination or expiration of the Audit Reserve to the extent of any unused portion of the Deferred Amount.

[4] The aggregate net Redemption Price is based upon the purchase of all 312,876 Class A Units contemporaneously with the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit and the purchase of all 12.444 Class B Units contemporaneously with the Closing of the Maximum Offering for the payment of $2,384 per Class B Unit.

[5] The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA and one or more other firms that may execute similar agreements certain compensation to effect offers and sales of the Common Units on a non-exclusive "best efforts" basis. SFA or such firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the purchase price of Common Units placed through such person; (ii) a non-accountable marketing allowance of two percent (2.0%) of the purchase price of Common Units placed through such person; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the purchase price of Common Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Common Units to the Investors. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum Offering amount, unless otherwise indicated.

[6] The Company has entered into a Consulting Agreement with EcoVest for the performance of consulting services, pursuant to which EcoVest is expected to be paid an aggregate of $480,000 for certain consulting services. The Company has also entered into a Consulting Agreement with John Hetzler, pursuant to which Mr. Hetzler is expected to be paid an aggregate of $67,944 for certain consulting services for land planning with respect to the Property.

[7] The Company is expected to pay approximately $53,000 in the aggregate to Sirote & Permutt, P.C., for Offering related legal expenses, such as the costs of preparing the MIPA for the purchase of the Purchased Interests, the Redemption Agreement for the purchase of the Redeemed Units, drafting the Company Operating Agreement, representing the Company in the Offering, issuing a legal tax opinion with respect to the certain issues involving the proposed Conservation Easement, negotiation and preparing the Mineral Rights Option Agreement, management of certain required filings in connection with the Offering and related fees, and the estimated legal costs of exploring the feasibility of, negotiating the terms of and implementing the Conservation Easement, to be paid at Closing. The Company is also expected to pay approximately $35,000 to Looney, Looney & Chadwell, PLLC for real estate and title work, and approximately $8,434 to Mark Jendrek, P.C., the legal counsel for Foothills Land Conservancy ("FLC"), the proposed land trust to receive the Conservation Easement, for legal work performed by him in connection with the investigation and potential closing of the Conservation Easement, of which $4,717 has been paid to date and is subject to reimbursement to the Property Entity manager at Closing with $3,717 estimated to be remaining outstanding to be paid upon grant of the Conservation Easement, if applicable. If the Majority does not elect to pursue a Conservation Easement, the Company will not be obligated to pay all of the additional approximately $3,717, which will be available for use by the Company as additional working capital.

[8] The total cost to grant the Conservation Easement to FLC is approximately $20,500, of which $2,500 has already been paid by the Property Entity manager and is due to be reimbursed by the Company out of the proceeds from the Offering at the Closing. The total commitment of $20,500 includes all stewardship donations & associated fees that would be expected to be paid to FLC in connection with the imposition of the Conservation Easement and assumes that a Majority elects to pursue a Conservation Easement. If the Majority does not elect to pursue a Conservation Easement, the

Company will not be obligated to pay approximately $15,000, which will be available for use by the Company as additional working capital.

9 The Company has obtained an initial appraisal from Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers at a cost of $10,000, which includes the work necessary to complete the Conservation Easement, if elected by the Majority, of which $2,500 has already been paid by the Property Entity manager and is due to be reimbursed by the Company out of the proceeds from the Offering at the Closing.

10 The Company has engaged Vick Surveying, LLC, to perform surveying services on the Property at the total cost of approximately $1,306, to be paid out of the proceeds of the Offering.

11 The Company expects to incur approximately $5,200 in filing fees related to state and federal securities filings and document production and mailing expense related to the Offering.

12 The Company and the current owner of the mineral rights on the Property have entered into an agreement for the Company to acquire the mineral rights on the Property, such that at the Closing the Company will be the sole owner of the mineral rights on the Property. The Company expects that the purchase will be complete prior to or shortly after the closing of the Offering. The Manager or the Property Entity manager may advance the funds necessary to consummate the purchase of the mineral rights and would be reimbursed by the Company out of the proceeds of the Offering at the Closing.

13 Oakworth Capital Bank, Birmingham, Alabama is expected to be paid a total of approximately $2,500 for serving as the Escrow Agent for the Company in connection with the Offering and the administration of the Audit Reserve Escrow.

14 Property taxes due include $830 for 2012, and unpaid 2011 property taxes, penalties and interest of $918, if paid by October 31, 2012. If paid after such date, an additional incremental amount will also be due that will be paid out of working capital at Closing.

15 The Manager has obtained a quote from Auto Owners Liability Company for commercial general liability insurance with a total premium for the year beginning 2013 in the amount of $786.

16 The Manager expects to pay approximately $7,500 for accounting fees for the year ending 2012 for accounting related fees.

17 Following the payment by the Company of the other expenses stated above, the Company will retain approximately $238,495 out of the proceeds of the Offering at the Closing that the Company has budgeted and reserved for use during the term of the Company as follows, assuming that a Majority approves the grant of a Conservation Easement after Closing: (i) $4,565 as a reserve for future property taxes of the Company; (ii) $30,000 as a reserve for future accounting fees; (iii) $3,930 as a reserve for future liability insurance; (iv) $150,000 as the Audit Reserve; and (v) $50,000 as a reserve for potential Company management expenses and working capital.

18 The Property Entity manager has or will have paid approximately $9,717 of the expenses of the Offering that are due to be reimbursed from the Company out of the proceeds of the Offering at the Closing. In particular, the Property Entity manager has paid, or will have paid by the Closing: (i) $4,717 to Mark Jendrek, P.C. in connection with its investigation of the Conservation Easement; (ii) $2,500 to FLC for Conservation Easement investigation services; (iii) 2,500 to Clark ~ Davis, PC for appraisal services. This amount is included for clarity in the above expense amounts but such amount is not included in the Total of all expenses paid as a result of the previous inclusion of such total in other categories of expenses. The Manager or the Property Entity manager may advance for convenience after the date hereof other expenses outlined above for which it would be due to be reimbursed from the Company out of the proceeds of the Offering at the Closing.

DESCRIPTION OF THE COMPANY

General Overview

The Company is a Manager-managed limited liability company that was organized on October 8, 2012, in the state of Tennessee to acquire the units of membership interest in the Property Entity. A copy of the Articles of Organization is attached as Exhibit A to this Offering Summary. A copy of the Operating Agreement of the Company, the Company's governing document, is attached hereto as Exhibit B (the "Company Operating Agreement"), and divides the equity interests of the Company into units of membership interest that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company, consisting of Common Units, Class A Units and Class B Units.

There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 312,876 Class A Units authorized for issuance by the Company, of which all 312,876 Class A Units are issued and outstanding; and (iii) 12.444 Class B Units authorized for issuance by the Company, of which all 12.444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of the Class A Redemption Price of $1.00. A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of the Class B Redemption Price of $2,384 per Class B Unit, such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering.

The Current Members of the Company are (i) EPC, which owns 140,794 Class A Units and 5.600 Class B Units and (ii) Mr. Pettit, who owns 172,082 Class A Units, 6.844 Class B Units, and 9.596 Common Units. Mr. Goolsby currently serves as the Manager of the Company.

The current owners of the Company have entered into the Redemption Agreement attached hereto as Exhibit C pursuant to which they have agreed to the redemption by the Company on a pro rata basis of an aggregate minimum of all Class A Units owned by them upon the Closing of the Minimum Offering and an additional aggregate maximum of all Class B Units owned by them upon the Closing of the Maximum Offering, such that upon the completion of the Minimum Offering and the closing of the Redemption Agreement there will be 9.596 Common Units and 12.444 Class B Units issued and outstanding in addition to the Common Units to be issued by the Company to the Investors pursuant to the Offering. Upon the completion of the Maximum Offering and the closing of the Redemption Agreement there will only be 9.596 Common Units issued and outstanding in addition to the Common Units to be issued by the Company to the Investors pursuant to the Offering. At the Closing of the Minimum Offering, the Current Members will own approximately 2.315% of the Company, and at the Closing of the Maximum Offering, the Current Members will own approximately 1.000% of the Company.

At the Closing, the Company shall also simultaneously close the MIPA to acquire the Purchased Interests with a portion of the Offering proceeds, such that the Company's principal asset immediately following the Closing will be the Property Entity, which will in turn own the Property consisting of approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee as further described on the Survey and property description map attached hereto as Exhibit D. Neither the Company nor the Property Entity has any other material asset or interest in any other property or business interest.

The principal office of the Company is currently 577 Mulberry Street, Suite 1100, Macon, GA 31201. The telephone number of the Company is (478) 746-9421.

Objects and Purposes

The primary purpose of the Offering is to raise funds to permit the Company to acquire and own the Purchased Interests, thus acquiring a majority ownership interest in the Property Entity, and to cause the

Property Entity to continue to hold the Property for investment. The Majority may elect to continue to cause the Property Entity to hold the Property for investment or approve the taking of any other action with respect to the Property, including, without limitation, seeking to cause the Property Entity to preserve the Property in its natural state and promoting the conservation of the Property through a grant of the Conservation Easement to a Qualified Organization or developing the Property. Under the Company Operating Agreement the Company is authorized to engage in any lawful act or activity which the Manager shall deem appropriate, subject to the restrictions set forth in the Company Operating Agreement. (See "Summary of the Company Operating Agreement" beginning on page 25 and the Company Operating Agreement, attached to this Offering Summary as Exhibit B)).

WHILE THE MANAGER ANTICIPATES THAT THE MAJORITY WILL WANT TO CAUSE THE PROPERTY ENTITY TO ENCUMBER THE PROPERTY WITH THE CONSERVATION EASEMENT AT SOME POINT IN THE FUTURE, IT IS IMPORTANT TO NOTE THAT NEITHER THE MEMBERS, THE COMPANY OR THE PROPERTY ENTITY ARE UNDER ANY LEGAL OBLIGATION TO SO ENCUMBER THE PROPERTY, AND THE PROPERTY ENTITY MAY HOLD THE PROPERTY FOR LONG TERM INVESTMENT, DEVELOP (OR MAKE ARRANGEMENTS FOR) THE DEVELOPMENT OF THE PROPERTY, OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER IN THE EVENT THAT A MAJORITY OF THE MEMBERS DO NOT ELECT TO CAUSE THE PROPERTY ENTITY TO SO GRANT THE CONSERVATION EASEMENT. (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Summary of the Company Operating Agreement

1. Importance of Operating Agreement. The Company is governed by the Tennessee Revised Limited Liability Company Act, Tennessee Code Section 48-249-101, et seq. (the "LLC Act"), and all amendments to the LLC Act, and by provisions contained in its Operating Agreement (the "Company Operating Agreement"), a copy of which is attached hereto as Exhibit B, including provisions dealing with capital contributions, management, allocation of profits and losses, distributions, transfers of Units, dissolution and other matters. Each Investor will be required to execute the Subscription and Suitability Agreement in the form attached hereto as Exhibit E as a condition of investment, which Subscription and Suitability Agreement contains the agreement of the Investor to be bound by the terms and conditions of the Company Operating Agreement as a Member of the Company. The following is a summary of certain provisions of the Company Operating Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Company Operating Agreement and is qualified in its entirety by express reference to the Company Operating Agreement included in the Exhibits to this Offering Summary. You should carefully review the entire Company Operating Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

2. Member's Units. The owners of the Company are called Members. The equity interests in the Company are divided into and represented by Units. The Units are currently divided into three classes, consisting of Common Units, Class A Units and Class B Units and, except as otherwise provided in the Company Operating Agreement, have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Company will be determined by the number of all Units owned by such Member divided by the total number of all issued and outstanding Units (the Member's "Ownership Interest"). There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 312,876 Class A Units authorized for issuance by the Company, of which all 312,876 Class A Units are issued and outstanding; and (iii) 12,444 Class B Units authorized for issuance by the Company, of which all 12,444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit. A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,384 per Class B Unit, such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. Following the redemption of Class A Units and Class B Units, such Units will be cancelled and not available for further issuance by the Company absent the consent of the Manager and all of the Members of the Company.

3. *Term.* The term of the Property Entity is perpetual, subject to the earlier termination or dissolution in accordance with the terms of the Property Entity Operating Agreement or applicable law.

4. *Management.* The Company Operating Agreement provides for centralized management, in the form of one or more Managers. As of the date hereof, there is currently one Manager, Mr. Goolsby. Unless the approval of the Members is expressly required by the Company Operating Agreement or the LLC Act, the Manager has full and complete authority, power and discretion to manage and control the business operations of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Company's business operations. The Manager can only be removed for "Cause" as such term is defined in the Company Operating Agreement.

5. *Member Participation in Management.* The right of the Members to participate in the management and control of the Company's business operations is limited to a very small number of significant circumstances in which the ability of the Manager to take certain actions without the consent of a Majority is restricted, such as:

(i) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(ii) The sale of substantially all of the assets of the Company, except in compliance with Article XIII of the Company Operating Agreement;

(iii) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(iv) Make any loans of Company funds;

(v) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the LLC Act;

(vi) Take any action which would be likely to have an adverse effect on the Property or any other real property of the Company;

(vii) Authorize the Property Entity to sell, assign, convey, exchange, dispose, grant or otherwise transfer the Property or any other property of the Property, except in compliance with Article XIII of the Company Operating Agreement;

(viii) Authorize the Property Entity to mortgage, pledge, encumber, grant a security interest in, lease or sell the Property or any other real property of the Property Entity, except in compliance with Article XIII of the Company Operating Agreement;

(ix) Cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.01 of the Company Operating Agreement;

(x) Take any action in derogation of the decision of the Members under Article XIII of the Company Operating Agreement; or

(xi) The undertaking, generally, to do any act which is in contravention of the Company Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. A Member has no right or authority to act as an agent for or to bind the Company, unless that Member is also a Manager. Accordingly, a prospective Investor should purchase

Common Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Company.

6. Investment or Conservation Proposal. The Manager is required to pass through to the Members of the Company any proposal to the Members of the Property Entity to pursue an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of the Company of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members of the Company then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate, representing the beneficial ownership in the Property Entity that such Member of the Company has by virtue of his, her or its ownership of Common Units in the Company. In the event that a Majority has provided such a timely notice of rejection, the Company shall not consent to the pursuant by the Property Entity of the rejected proposal.

7. Manager's Fees and Obligations. The Manager is not entitled to any management fee generally. The Manager is however entitled to be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties as Manager.

8. Additional Capital Contributions. No Member will be obligated to make any Capital Contributions to the Company other than as initially made in this Offering.

9. Allocation Among Members. Any profits and losses of the Company will be allocated among the Members based upon their relative Unit ownership. Any Contribution Deduction will be allocated to the Members in accordance with their relative Unit ownership, as separately stated items under Section 702 of the Internal Revenue Code. The Manager may make distributions in the amounts and at the times he determines. After repayment of any loans advanced by the Manager or the manager of the Property Entity, any net cash flow (minus any reserves to be retained by the Company or otherwise to be paid to the Manager upon dissolution of the Company) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative Unit ownership. Because the Company will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members regardless of whether any distributions are made.

10. Admission of Additional Members. The consent of a Majority of the Members is required to admit an additional Member into the Company.

11. Permitted Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a Unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly-owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said Units, said the assignee of such Units shall continue to be bound by all of the terms and conditions of the Company Operating Agreement as it applied to the transferring Member and the assignee of such Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of the Company Operating Agreement.

12. Transfer of Units. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's Units without the consent of the Manager.

13. Withdrawal from Company. A Member may not voluntarily withdraw from the Company without the consent of the Manager or without the occurrence of certain specified events such as death of an individual Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

14. Books and Records. The Manager is required to keep the books and records of account of the Company, which books and records shall be available for inspection by the Members.

15. Dissolution. The Company is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the Members to dissolve the Company; (ii) there is an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Company; (iv) the disposition of all of the Property by the Property Entity; or (v) the expiration of the term of the Company. Upon dissolution of the Company in accordance with the Company Operating Agreement, or by law, the Managers shall undertake to liquidate the Company's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, shall be distributed to the members as provided in the Company Operating Agreement.

16. Waiver of Trial by Jury. All Members will have waived their right to a trial by jury with respect to any disputes under the Company Operating Agreement.

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DESCRIPTION OF THE PROPERTY ENTITY

General Overview

The Property Entity is a manager-managed limited liability company that was organized on May 27, 2008, in the state of Tennessee. The Property Entity was originally wholly-owned by Mr. Pettit. On March 5th, 2010, Mr. Pettit transferred 5% of the ownership interest in the Property Entity to Mrs. Pettit, his wife. A copy of the Articles of Organization of the Property Entity is attached as Exhibit I to this Offering Summary. A copy of the Amended and Restated Operating Agreement of the Property Entity, the Property Entity's governing document, is attached hereto as Exhibit J (the "Operating Agreement"), and divides the equity interests of the Property Entity into units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Property Entity. There are currently 100 units authorized for issuance by the Property Entity, currently owed as follows: (i) Mr. Pettit currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Pettit currently owns 5% of the units in the Property Entity. Mr. Pettit currently serves as the manager of the Property Entity. Mr. Goolsby currently serves as Manager of the Company.

The current owners of the Property Entity have entered into the MIPA attached hereto as Exhibit K pursuant to which they have agreed to acquisition by the Company on a pro rata basis of units constituting an aggregate minimum of a 95.204040% percentage ownership interest and a maximum of a 95.959596% percentage ownership interest, which amount of units to be purchased by the Company will correspond to the number of Common Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the MIPA and the Redemption Agreement, the Investors will acquire a 93% beneficial ownership interest in the Property Entity associated with their ownership of 930 Common Units and a 95% beneficial ownership interest in the Property Entity associated with their ownership of 950 Common Units in the Company. Pursuant to the MIPA, upon Completion of the Offering Mrs. Pettit will sell her entire outstanding interest in the Property Entity to the Company and the remaining percentage interests purchased will be acquired from Mr. Pettit.

The Property Entity's principal asset is the Property, approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee as further described on the Survey and property description map attached hereto as Exhibit D. The Property Entity does not have any other material asset or interest in any other property or business interest.

The principal office of the Property Entity is currently 817 College Street, Spencer, TN 38585. The telephone number of the Company is currently (931) 946-5263.

Objects and Purposes

The principal object and purpose of the Property Entity is to hold the Property for investment. The Majority of the Property Entity, which approval will be determined with respect to the Company by the Members of the Company based upon their beneficial ownership interest in the Property Entity, may elect to continue to hold the Property for investment or approve the taking of any other action with respect to the Property, including, without limitation, seeking to preserve the Property in its natural state and promoting the conservation of the Property through a grant of the Conservation Easement to a Qualified Organization or developing the Property. Under the Property Entity Operating Agreement the Property Entity is authorized to engage in any lawful act or activity which the manager of the Property Entity shall deem appropriate, subject to the restrictions set forth in the Property Entity Operating Agreement. (See "Summary of the Property Entity Operating Agreement" beginning on page 25 and the Property Entity Operating Agreement, attached to this Offering Summary as Exhibit J)).

WHILE THE MANAGER ANTICIPATES THAT THE MAJORITY WILL WANT TO ENCUMBER THE PROPERTY WITH THE CONSERVATION EASEMENT AT SOME POINT IN THE FUTURE, IT IS IMPORTANT TO NOTE THAT NEITHER THE MEMBERS NOR THE PROPERTY ENTITY ARE UNDER ANY LEGAL OBLIGATION TO SO ENCUMBER THE PROPERTY, AND MAY HOLD THE PROPERTY FOR LONG TERM INVESTMENT, DEVELOP (OR MAKE ARRANGEMENTS FOR) THE DEVELOPMENT OF THE PROPERTY, OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER IN

THE EVENT THAT A MAJORITY OF THE MEMBERS DO NOT ELECT TO SO GRANT THE CONSERVATION EASEMENT. (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Summary of the Property Entity Operating Agreement

1. Importance of Operating Agreement. The Property Entity is governed by the Tennessee Revised Limited Liability Company Act, Tennessee Code Section 48-249-101, et seq. (the "LLC Act"), and all amendments to the LLC Act, and by provisions contained in its Operating Agreement (the "Property Entity Operating Agreement"), a copy of which is attached hereto as Exhibit J, including provisions dealing with capital contributions, management, allocation of profits and losses, distributions, transfers of units, dissolution and other matters. The Company, like all other Members of the Property Entity will be required to execute and agree to be bound by the terms and conditions of the Property Entity Operating Agreement as a Member of the Company as a condition of the acquisition of units of membership interest in the Property Entity. The following is a summary of certain provisions of the Property Entity Operating Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Property Entity Operating Agreement and is qualified in its entirety by express reference to the Property Entity Operating Agreement included in the Exhibits to this Property Entity Offering Summary. You should carefully review the entire Property Entity Operating Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

2. Member's Units. The owners of the Property Entity are called Members. The equity interests in the Property Entity are divided into and represented by units. The units currently consist of only one class and, except as otherwise provided in the Property Entity Operating Agreement, have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Property Entity will be determined by the number of all units owned by such Member divided by the total number of all issued and outstanding units (the Member's "Ownership Interest"). There are currently 100 units authorized for issuance by the Property Entity, all of which are currently issued and outstanding to the Sellers.

3. Term. The term of the Property Entity is perpetual, subject to the earlier termination or dissolution in accordance with the terms of the Property Entity Operating Agreement or applicable law.

4. Management. The Property Entity Operating Agreement provides for centralized management, in the form of one or more managers. As of the date hereof, there is currently one manager, Mr. Pettit. Unless the approval of the Members is expressly required by the Property Entity Operating Agreement or the LLC Act, the manager has full and complete authority, power and discretion to manage and control the business operations of the Property Entity, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Property Entity's business operations. The manager can only be removed for "Cause" as such term is defined in the Property Entity Operating Agreement.

5. Member Participation in Management. The right of the Members of the Property Entity to participate in the management and control of the Property Entity's business operations is limited to a very small number of significant circumstances in which the ability of the manager to take certain actions without the consent of a Majority of the Property Entity is restricted, such as:

(i) Enter into a contract or loan agreement which would commit or obligate the Property Entity to expend more than $50,000.00 of Property Entity funds;

(ii) The sale of substantially all of the assets of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(iii) File bankruptcy for the Property Entity, settle or compromise any claim of the Property Entity in excess of $10,000.00, or confess a judgment against the Property Entity;

(iv) Make any loans of Property Entity funds;

(v) Cause the Property Entity to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the LLC Act;

(vi) Take any action which would be likely to have an adverse effect on the Property or any other property of the Property Entity;

(vii) Sell, assign, convey, exchange, dispose, grant or otherwise transfer the Property or any other property of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(viii) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Property or any other real property of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(ix) Cause the Property Entity to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.01 of the Property Entity Operating Agreement;

(x) Take any action in derogation of the decision of the Members under Article XIII of the Property Entity Operating Agreement; or

(xi) The undertaking, generally, to do any act which is in contravention of the Property Entity Operating Agreement or which would make it impossible to carry on the ordinary business of the Property Entity.

Should the manager desire to take any of such restricted actions, the manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the manager within five (5) days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the manager. A Member has no right or authority to act as an agent for or to bind the Property Entity, unless that Member is also a manager. Accordingly, a prospective Investor should purchase Common Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Property Entity.

6. Investment or Conservation Proposal. The manager is required to make a proposal to the Members of the Property Entity to pursue an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal.

7. Manager's Fees and Obligations. The manager is not entitled to any management fee generally. However, upon any winding up, liquidation or distribution of assets of the Company, the manager of the Property Entity is entitled to receive any funds remaining in the operating reserve of the Company, if any, as a "guaranteed payment" for services rendered as the manager of the Property Entity and in safeguarding the Property. Such operating reserve is expected to contain a maximum of $50,000, consisting of the unallocated general working capital of the Company if no funds are required to be spent out of such reserves. The manager is also entitled to be reimbursed for all reasonable expenses incurred in managing the Property Entity and carrying out his duties as manager, which would reduce the operating reserve to the extent paid by the Company.

8. Additional Capital Contributions. No Member will be obligated to make any Capital Contributions to the Property Entity, however, the Company is required pursuant to the MIPA to make certain capital contributions to the Property Entity in the event that a Majority elects to cause the Property Entity to impose a Conservation Easement to cover the expected costs of such action. The Company has established reserves that the Manager believes sufficient to permit the Company to satisfy such capital contribution obligations.

9. Allocation Among Members. Any profits and losses of the Property Entity will be allocated among the Members of the Property Entity based upon their relative unit ownership. Any Contribution Deduction will be allocated to the Members in accordance with their relative unit ownership, as separately stated items under Section 702 of the Internal Revenue Code. The manager may make distributions in the amounts and at the times he determines. After repayment of any loans advanced by the manager, any net cash flow (minus a reserve) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative unit ownership. Because the Property Entity will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members of the Property Entity and thereafter passed through to the Members of the Company regardless of whether any distributions are made.

10. Admission of Additional Members. The consent of a Majority of the Members is required to admit an additional Member into the Property Entity.

11. Permitted Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly-owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said units, said the assignee of such units shall continue to be bound by all of the terms and conditions of the Property Entity Operating Agreement as it applied to the transferring Member and the assignee of such units shall execute such documents as are deemed reasonably necessary by the attorneys for the Property Entity to bind said assignee to the provisions of the Property Entity Operating Agreement.

12. Transfer of Units. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's units without the consent of the manager.

13. Withdrawal from Company. A Member may not voluntarily withdraw from the Property Entity without the consent of the manager or without the occurrence of certain specified events such as death of an individual Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

14. Books and Records. The manager is required to keep the books and records of account of the Property Entity, which books and records shall be available for inspection by the Members.

15. Dissolution. The Property Entity is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the Members to dissolve the Property Entity; (ii) there is an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Property Entity; or (iv) the disposition of all of the Property. Upon dissolution of the Property Entity in accordance with the Property Entity Operating Agreement, or by law, the managers shall undertake to liquidate the Property Entity's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, shall be distributed to the members as provided in the Property Entity Operating Agreement.

16. Waiver of Trial by Jury. All Members will have waived their right to a trial by jury with respect to any disputes under the Property Entity Operating Agreement.

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DESCRIPTION OF THE MIPA

General Description

The Company and the Sellers have entered into a Membership Interest Purchase Agreement ("MIPA") a copy of which is attached hereto as Exhibit K. Pursuant to the MIPA, at Closing the Company would purchase from the Sellers a Minimum Purchase of 95.204040% of the membership interests in the Property and a Maximum Purchase of 95.959596% of the membership interests of the Property Entity, in each case acquiring all of the membership interests held by Mrs. Pettit with the remainder being acquired from Mr. Pettit. The membership interests in the Property Entity being purchased by the Company under the MIPA are referred to as the "Purchased Interests." Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $661,792 (the "Minimum MIPA Amount"), which shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account to be established by the Company at the Closing of the Offering with an initial contribution of $150,000 to be used to pay the cost of any audits that may be initiated by the IRS as discussed herein. The Deferred Amount shall be subject to reduction to the extent of any actual costs incurred by the Company or its affiliates in defense of any IRS audit that may be initiated during the period of the Audit Reserve, and the remainder of which will be payable to the Sellers following the termination or expiration of the Audit Reserve.

Representation and Warranties

Under the MIPA, the Sellers are making certain representations and warranties concerning the Purchased Interests, the Property Entity and the Property. For example, the Sellers are making representations and warranties to the Company that: (i) the Property Entity has been duly formed and is in good standing, (ii) the MIPA does not conflict with any agreements, laws or orders to which the Sellers, the Property Entity or the Property are subject or bound; (iii) the Sellers own all of the membership interests in the Property Entity and have marketable title to the Purchased Interests; (iv) the only asset of the Property Entity is the Property; (v) the Property Entity has good and marketable title to the Property subject only to those matters set forth in the Title Report; (vi) the Property has a more than one year holding period in the Property for income tax purposes; (vii) the Property has been reported by the Property Entity and its predecessor in title STG as being a capital asset for federal income tax purposes; (viii) the Property Entity is not a party to any undisclosed agreements; (ix) to the knowledge of the Sellers, there are no adverse environmental conditions affecting the Property. Under the MIPA, the Company is also making usual and customary representations and warranties to the Sellers regarding the Company and its authority to enter into the MIPA. The MIPA also provides for usual and customary terms related to indemnification by a party in the event of default or breach by another party.

Closing Conditions

The closing of the MIPA is subject to certain closing conditions, such as the Company raising sufficient funds in an amount equal to or greater than the Minimum Offering Amount of $2,217,120 on or before the Termination Date.

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DESCRIPTION OF THE PROPERTY

General Description

The Property Entity's principal asset is approximately 439.86 acres of unimproved real estate (the "Property") located in Van Buren County, Tennessee, as shown on the Survey as further identified on the survey and property description map attached hereto as attached hereto as Exhibit D. The Property Entity obtained the Property by Quitclaim Deed from STG on March 18, 2010 (the "Quitclaim Deed"). The Property is currently encumbered by the Mortgage and Second Mortgage, each of which will be fully satisfied at the Closing by the Sellers out of the aggregate MIPA Purchase Price and Redemption Price payable to them. The Manager obtained a copy of a recent Attorney's Preliminary Report on Title with respect to the Property that was prepared by the law firm of Looney, Looney & Chadwell, PLLC, in Crossville, Tennessee (the "Title Report"). A copy of the Quitclaim Deed and Title Report are available from the Manager upon request.

The Property is situated in the Tennessee Cumberland Plateau in Van Buren County, Tennessee, and within two miles of the Northeastern edge of the Property is Fall Creek Falls State Park, a popular area for tourists from throughout the southeast. Southern Living Magazine ranked Fall Creek Falls State Park as the best state park in the Southeast, and is one of the most visited Natural-Scientific Areas in Tennessee. Fall Creek Falls was identified by the Tennessee Department of Environment and Conservation as a Class II Natural-Scientific State Natural Area. The Park itself is nearly 20,000 acres, and includes 34 miles of hiking trails, 228 campsites, and 345-acre Fall Creek Falls Lake. The Property is visible from the Park.

The forests in the Property are dominated by oaks and would be best classified as Southern Interior Low Plateau Dry-Mesic Oak community type. The Property contains a branch of Piney Creek and associated tributaries of Cane Creek, which flows into nearby Fall Creek Falls State Park and supports Cane Creek Falls, a popular destination in the park.

The Property is not hampered by historic district guidelines. The Manager believes that the Property will successfully support the construction of at least one hundred sixteen (116) separate home sites.

Mineral rights have been severed from the Property and are not currently owned by the Company. However, the Company has obtained the right to acquire such mineral rights from their current owner for $100 per acre and the Company plans to acquire such mineral rights out of the Offering proceeds at Closing.

No hazardous materials or environmental problems are known to exist on or about the Property. Neither the Property Entity nor the Company has not commissioned or obtained any environmental site assessment or other third party report with respect to such matters.

The Property consists of one parcel for tax purposes, reported at 439.86 acres. The ad valorem taxes for the 2012 tax year for such entire parcel are assessed at approximately $830.00. Ad valorem taxes are past due for the 2009-2011 tax years but are due to be paid out of the proceeds of the Offering.

Potential Uses of the Property

The Property Entity has investigated several possibilities for the Property, including all of the following, the selection of which, if any other than continuing to hold the Property for investment, would require the approval of a majority in interest of the holders of the Units following the Closing (the "Majority"):

(1) Continuing to Hold the Property For Investment. The Property Entity could continue to hold the Property for investment purposes. If a majority of the Members of the Company following the Closing do not approve causing the Property Entity to grant a Conservation Easement on the Property, pursuing the future development of the Property, or taking some other significant action with respect to the Property requiring the approval of the Members, the Property Entity would continue to hold the Property for investment.

Residential development has occurred in proximity to the Property. The Property Entity has investigated the feasibility of the future development of the Property into as many as one hundred sixteen (116) residential lots for sale to the public either by itself or in conjunction with others. The Property is located in Van Buren County, Tennessee, with a significant portion of the surrounding real property perpetually preserved in its natural state as part of the 20,000 acre Fall Creek Falls State Park. The Manager believes that the proximity of the Property to other residential developments and preserved natural habitats could support the development and sale of the Property in this fashion. However, the development of the Property in this fashion would likely require the Property Entity and/or the Company to incur significant indebtedness that would likely need to be guaranteed by some or all of the members or the members of the Company to make significant additional capital contributions to the Company. The Property Entity will not pursue the future development of the Property without the approval of a majority of the Members of the Company following the Closing. No Member is required to guarantee any indebtedness of the Company or the Property Entity or otherwise make any additional capital contributions to the Company or the Property Entity.

(2) Granting a Conservation Easement on a Portion of the Property. The Property Entity has investigated the feasibility of granting a conservation easement (the "Conservation Easement") on the Property to achieve certain business and tax objectives. While neither the Company nor the Property Entity is under any legal obligation to pursue the Conservation Easement, the Property Entity has preliminarily negotiated with Foothills Land Conservancy ("FLC"), a Qualified Organization, to accept the Conservation Easement in accordance with applicable law to permit the Property Entity to receive a charitable contribution deduction pursuant to Section 170(h) of the Code as described in this Offering Summary.

Based upon the preliminary appraisal received by the Property Entity, the Manager expects that the grant of the Conservation Easement would generate a charitable contribution easement deduction in the approximate amount of Ten Million, One Hundred Thirty Two and 00/100 Dollars ($10,132,000), which would inure to the Members based upon their relative ownership percentage in the Company. However, there can be no assurance that this or any amount will ultimately be available to the Members as a charitable contribution easement deduction. (See "RISK FACTORS" beginning on page 9 and "THE PROPOSED CONSERVATION EASEMENT" beginning on page 41).

Under the Property Entity Operating Agreement and the Company Operating Agreement, the approval of the Majority of the Members of the Company is required to cause the Property Entity to grant any conservation easement on the Property, which approval may be deemed to have been given by any particular Member to the extent that such Member, once notified, fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice.

Conservation Purposes

Preliminary studies have been undertaken by FLC to indicate that the Property will satisfy one or more of the "conservation purposes" defined under Treasury Regulations Section 1.170A-14(d). A copy of such baseline study is available for inspection from the Manager upon request. Among other things, the Property is located within The Cumberland Plateau, which cuts a broad, diagonal, 450-mile-long swath through Tennessee between Nashville and Knoxville, and is the world's longest hardwood-forested plateau. The Property is in close proximity to Fall Creek Falls State Park.

FLC has further informed the Property Entity that the Property (i) protects a branch of Piney Creek and associated tributaries, (ii) helps to protect land associated with rare species, including a population of worthy shield lichen with Federal Species of Concern status, (iii) supports a fish-free aquatic habitat valuable for amphibian reproduction, (iv) provides habitat for a total of at least one hundred twenty-one plant species, and (v) is proximal to to Fall Creek Falls State Park and therefore has the potential to contribute to the ecological viability of this popular natural area.

Title Encumbrances

The Company is in possession of a Attorney's Preliminary Report on Title (the "Title Report") on the Property dated as of August 28, 2012 performed by the law firm of Looney, Looney & Chadwell, PLLC, in Crossville, Tennessee, which discloses that the Property is subject to a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $150,208. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to STG. The Second Mortgage relates to a Promissory Note from the Property Entity in favor of STG executed in connection with the acquisition of the Property. STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $583,737. The Mortgage and Second Mortgage are required to be fully satisfied and paid off by the Sellers out of the proceeds of the Offering payable to them at Closing, such that at the Closing, the Property will be owned by the Company free and clear of any monetary liens. The Title Report further discloses that the Property is subject to certain other recorded instruments that should not materially affect or impair the value of the Property or its potential development.

The Appraisal

The Company has reviewed a copy of a preliminary summary appraisal report for the Property prepared by Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers, estimating the market value of the fee simple interest of the Property as of August 28, 2012, and before the Property is encumbered by any Conservation Easement, at $10,352,165, which appraisal is preliminary and stated as being subject to all of the assumptions, limitations, qualifications and other terms and provisions set forth therein. A copy of such appraisal report is available from the Manager upon request. The Manager has not reviewed or commissioned any other appraisal of the Property and does not intend to do so prior to Closing. Such appraisal would have to be updated prior to any grant of a Conservation Easement, which the Manager would expect to occur within 60 days of any such grant.

The Manager has reviewed such summary appraisal in connection with the Company's investigation of the feasibility of causing a Conservation Easement to be imposed on the Property. HOWEVER, NONE OF THE PROPERTY ENTITY, THE COMPANY, OR THE COMPANY'S COUNSEL EXPRESS ANY OPINION WHATSOEVER CONCERNING THE VALUE OF THE PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, THE VALUE OF THE PROPERTY FOR PURPOSES OF COMPUTING ANY CONTRIBUTION DEDUCTION WHICH MAY BE AVAILABLE TO THE MEMBERS OF THE COMPANY IN THE EVENT THAT A CONSERVATION EASEMENT IS GRANTED TO A QUALIFIED ORGANIZATION WITH RESPECT TO THE PROPERTY.

MANAGEMENT

The management of the Company will be conducted by Mr. Goolsby, who is a business associate of Mr. Pettit. The Manager will have exclusive authority to manage the business of the Company subject to the limitations set forth in the Company Operating Agreement. Investors will have to entrust all aspects of the management of the Company's business to the Manager. The Company Operating Agreement attached hereto and details the powers of the Manager and the few limitations on his authority. Each Investor is strongly encouraged to read the Company Operating Agreement in detail as it controls the management and operation of the Company.

Arthur J. ("Jimmy") Goolsby, Jr., age 69, was employed in the kaolin industry for several years working in General Refractories and U.S. Borax. In the late 1960s and early 1970s he was employed by the State Environmental Division and Reynolds Aluminum. He has been self-employed in the land and timber business since the late 1970s. Mr. Goolsby is the beneficial owner or principal of several other entities that own, lease, manage or otherwise have an interest in real estate, including Penmain Head, LLC, Water Tower Investments, LLC, Baker Mountain, LLC, Jones Central, LLC, James Emory, Inc., Coastal States, LLC, Young Cane, LLC, IRU, LLC and Dry Branch, LLC.

From 2002 to 2010, Mr. Goolsby served as a member of the Board of Directors of Piedmont Community Bank Group, Inc., a bank holding company, and Piedmont Community Bank, a Georgia state chartered banking

institution in Gray, Georgia that was wholly-owned by Piedmont Community Bank Group, Inc. During a portion of such time, Mr. Goolsby served on the Audit Committee of the bank, as well as other committees of the Board of Directors of both entities. Mr. Goolsby resigned as a member of the Board of Directors of both entities in 2010 for family health problems. Following Mr. Goolsby's resignation, in October 2011, Piedmont Community Bank was closed by the Georgia Department of Banking and Finance, and the Federal Deposit Insurance Corporation (the "FDIC") was named as the receiver. All deposit accounts, including brokered deposits, were subsequently transferred to State Bank and Trust Company, Macon, GA, in a government assisted merger, and all former Piedmont Community Bank locations were reopened as branches of State Bank and Trust Company. Mr. Goolsby's ownership interest in Piedmont Community Bank Group, Inc. at the time of such bank seizure was in excess of 5%. To the knowledge of Mr. Goolsby, no litigation is pending or threatened against him in connection with his prior service as a director of either entity.

Mr. Goolsby or one or more of the entities in which he has a beneficial interest or is a principal are involved from time to time in litigation and in some cases governmental action relating to the collection of taxes due on real estate owned, leased or managed by them. Mr. Goolsby does not believe that any such actions are material in nature, and they are handled by Mr. Goolsby or one of the entities in which he has an interest in the ordinary course of business or are otherwise addressed by them as promptly as they are brought to their attention.

Mr. Goolsby attended Middle Georgia College (junior college) in Cochran, Georgia where he received a BA in 1962, and then the University of Georgia where he earned his Bachelor of Science degree in Geology in 1965. Mr. Goolsby is active in the Lion's Club of Jones County and is a member of Old Clinton Methodist Church. Mr. Goolsby currently resides in Gray, Georgia.

The following provides certain biographical information on Mr. Pettit, the manager of the Property Entity, who will oversee the Property:

Jeffrey Alan Pettit, age 31, started work with his father initially at Pettit Construction Company, a masonry construction company, shortly after graduation from high school. In 1998, Mr. Pettit went to work for Covenant Resources, Inc., a land development company, as a salesman and later as its sales manager. In 2003, Mr. Pettit started Piney Creek Properties, a land development company, a company that he continues to own. Mr. Pettit has also owned A&H Express Trucking, which was formed in 2008 and sold earlier this year. Mr. Pettit is also currently a member of Southeastern Timberland Group, LLC, a land ownership company that has other real estate interests in the state of Tennessee. Mr. Pettit is a member of Mountain Lodge Masonic Lodge and the Church of Christ at Bethlehem, both in Spencer, Tennessee. He has been married to his wife, Mrs. Pettit, since 1997, and they live in Spencer, Tennessee with their two children, ages 13 and 18.

MANAGER'S INVOLVEMENT IN OTHER PROJECTS

The Property was originally acquired by the Property Entity on March 18, 2010 from STG, an affiliate of the Sellers. Messrs. Goolsby and Pettit and STG are also members of, or have financial interests in, various other legal entities that own other real property both within and outside of the state of Tennessee, some of which have been held for investment and some of which have been held for development. The Manager is also the manager of Meadow Creek Holdings, LLC, a Tennessee limited liability company ("MC Holdings"), which has been formed for the purpose of acquiring a majority interest in Meadow Creek Investments, LLC ("Meadow Creek"), which retains approximately 466.40 acres of real property located in Van Buren and Bledsoe Counties in Tennessee contiguous with the Property. Mr. Pettit is also the manager of Meadow Creek. MC Holdings intends to conduct an offering substantially similar to the Offering for the purpose of acquiring such interests in Meadow Creek and redeeming a portion of the ownership interests of the Sellers and others in MC Holdings. Mr. Goolsby is expected to remain the manager of MC Holdings as well following the closing of such offering, and Mr. Pettit is expected to remain the manager of Meadow Creek following the closing of such offering.

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FEDERAL INCOME TAX CONSIDERATIONS

You are urged to consult with your personal tax advisor regarding the federal, state and local tax considerations and reporting consequences of the purchase of a Common Unit.

This section is provided for general information only and is a summary of certain federal income tax considerations of an investment in the Company and is based upon the Code and the Regulations, published rulings and practices of the IRS and court decisions. The tax risks and summary are not intended to be an exhaustive list of the general or specific tax risks and rules relating to ownership of Common Units. This summary is based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not significantly modify the law regarding the matters described herein. Further amendments to the Code are likely in the future. Prospective Members should recognize that it is possible that the present federal income tax treatment of investments in limited liability companies may be modified by legislative, judicial or administrative action at any time, and such action may be applied retroactively or prospectively or otherwise in a manner which may adversely affect investments and commitments previously made.

In addition to the federal income tax considerations discussed below, ownership of Common Units may subject a Member to state, local, estate, inheritance or intangibles taxes that may be imposed by various jurisdictions. Except as specifically indicated below, the following discussion does not address the various tax implications of an investment in the Company by any corporations, partnerships, tax-exempt entities, trusts, and other non-individual taxpayers. All references herein to the tax return of the Company or the tax treatment of the Company should be read to refer to the tax return of the Property Entity or the tax treatment of the Property Entity, as applicable, as well.

THE COMPANY HAS SOUGHT AN OPINION OF COUNSEL ON FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY WHICH IS ATTACHED HERETO AS EXHIBIT H. However, this tax opinion is not a guaranty of any particular tax treatment. Accordingly, you may wish to seek and rely on your own professional tax advisor in evaluating the tax consequences of an investment in the Company.

The Company will make a number of decisions with respect to the tax treatment of particular transactions on the Company's tax return. There can be no assurance that all of the positions taken by the Company will be accepted by the IRS. Such non-acceptance could adversely affect the Members.

YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE COMPANY'S TAX RETURN, AND THAT SUCH AN AUDIT COULD RESULT IN THE LOSS OF SOME OR ALL OF THE TAX BENEFITS ANTICIPATED TO BE DERIVED FROM AN INVESTMENT IN THE COMPANY. YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE PROPERTY ENTITY'S TAX RETURN AS WELL. MOREOVER, THE POTENTIAL TAX BENEFITS TO YOU ARISING OUT OF ANY CONTRIBUTION DEDUCTION WILL DEPEND UPON YOUR INDIVIDUAL TAX CIRCUMSTANCES, INCLUDING YOUR EFFECTIVE MARGINAL TAX BRACKET AND OTHER CHARITABLE CONTRIBUTIONS MADE BY YOU OR AVAILABLE TO BE CARRIED FORWARD FROM PRIOR YEARS. ACCORDINGLY, YOU SHOULD REVIEW CAREFULLY THE TAX RISKS DESCRIBED IN THIS OFFERING SUMMARY AND YOU ARE URGED TO CONSULT WITH AND RELY UPON YOUR OWN PERSONAL TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES ARISING FROM THE PURCHASE OF THE COMMON UNITS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.

General

Taxation as a Partnership

The Members will realize certain tax advantages from owning Units only if the Company is treated as a partnership for federal income tax purposes, and is not treated as an association which is taxable as a corporation. So long as the Company does not affirmatively elect to be taxed as a corporation, the Company will be considered a partnership for federal income tax purposes. As a partnership for federal income tax purposes, the Company will not be subject to any federal income tax, and each Member will be required to take into account his allocable share of the Company's taxable income, gains, losses and deductions in computing his federal income tax liability.

Member's Basis in Units

Your basis in your Unit is determined initially by the adjusted basis of property and the amount of cash you have contributed to the Company. This basis will be increased by (i) additional capital contributions; (ii) your allocable share of the Company's liabilities; and (iii) your distributive share of the Company's taxable income. Your basis in Units is decreased by (a) the amount of cash or the basis of any property distributed to you and (b) your allocable share of the Company's taxable losses and nondeductible expenditures. Likewise, the Company's adjusted basis in its interests in the Property Entity will be determined in a similar manner.

Neither the Company nor the Property Entity presently intends to incur significant indebtedness. However, if the Company does incur significant indebtedness later, such indebtedness could have an effect on a Member's basis in his or her Units. Different rules apply depending upon whether such indebtedness will be considered recourse or nonrecourse indebtedness.

Allocation of Company Profits and Losses

Your distributive share of the Company's income, gain, loss and deduction will be determined by the Operating Agreement, unless an allocation is determined not to have "substantial economic effect" or is not in accordance with the "partners' interests in the partnership," both of which are determined under Section 704(b) of the Code and the Regulations thereunder (the "Allocation Regulations"). The Allocation Regulations contain complex provisions which deal with numerous issues that should not be a problem for the Company. All items of income, gain, loss and deduction will be allocated among the Members in accordance with their relative Unit ownership. Likewise, the Property Entity's distributive share of income, gain, loss and deduction will be determined in a similar manner.

Limitations on Losses

Your ability to claim any losses attributable to the Company is subject to various limitations relating to your adjusted basis in the Company, passive activity losses, and at-risk limitation in the Company. If your distributive share of Company losses is greater than your available adjusted basis, the excess loss can't be claimed in that year but must instead be carried forward until you once again have adjusted basis available to offset the loss.

Neither the Company nor the Property Entity expects to generate any significant losses. The Contribution Deduction, discussed below, is a separately stated item, which would be passed through from the Property Entity to the Company and ultimately to you as a Member of the Company and is not considered an expense at either the Property Entity or the Company level for purposes of calculating income or loss.

Cash Distributions

Cash distributions by the Company will be taxable to Members only to the extent such distributions or amounts received exceed a Member's adjusted tax basis in his Units. Similarly, in the case of distributions other than pursuant to a complete liquidation of a Member's Units, the Member's adjusted tax basis in his Units will be reduced by the amount of the cash distribution.

Sale or Disposition of Units

Upon a sale of Units, the gain or loss recognized for federal income tax purposes by the selling Member will be, in general, equal to the difference between the adjusted tax basis in such Member's Units and the amount realized by him on such sale. For purposes of computing such gain or loss, the amount realized on the sale includes not only the cash and the value of any other property received but also the selling Member's share (if any) of Company liabilities included in the basis of his Units. If a Member's basis in his Units has been reduced below his share of Company liabilities (by, for example, the allocation of losses), the amount of his taxable gain (and possibly even tax liability) on the disposition may exceed the amount of cash that is received. In addition to the recognition of gain or loss from the disposition, any Company losses of the selling Member that had been suspended pursuant to the limitations on "passive losses" may also be used upon certain dispositions of Units.

There are special rules with respect to a Member's share of the potential "depreciation recapture", "unrealized receivables" or "substantially appreciated inventory items" of the Company, as defined in section 751(c) and (d) of the Code. A Member will realize ordinary income as a result of the deemed disposition of such items. In the case of the Company, however, so long as the Company does not authorize the Property Entity to pursue the Investment Proposal substantially all the assets of the Company are expected to consist of the Purchased Interests in the Property Entity. Substantially all of the Property Entity's assets, in turn, are expected to consist of real property, which is not depreciable. Accordingly, so long as the Company does not cause the Property Entity to pursue the Investment Proposal depreciation recapture is not likely to occur as a result of the sale or exchange of the Company's assets.

Dissolution or Liquidation of the Company

Upon the dissolution and liquidation of the Company, a Member will recognize gain only to the extent that a liquidating distribution of money exceeds his adjusted tax basis in his Units immediately before the distribution. Section 731(a) of the Code. No gain will be recognized to a recipient Member as a result of a distribution of property other than money (which term includes marketable securities), and the Member's basis for the distributed property will be the same as his basis in his Units, reduced by the amount of any money distributed to him in liquidation. Section 732(b) of the Code. Furthermore, gain will be recognized to a recipient Member only to the extent that any money distributed exceeds the adjusted basis of such Member's interest in the Company immediately before the distribution and loss will be recognized in a liquidating distribution only if such distribution is limited to money, unrealized receivables and substantially appreciated inventory items, and the amount of money plus the Member's basis in the unrealized receivables and substantially appreciated inventory items is less than his adjusted tax basis for his Units. Section 731(a)(2) of the Code. Such gain or loss will be considered gain or loss arising from the sale or exchange of Units. Section 731(a) of the Code.

Tax Shelter Disclosure

Treasury Regulations promulgated under Section 6011 of the Code require every taxpayer (defined to include any corporation, partnership, individual or trust) that has participated in a "reportable transaction" and who is required to file a tax return, to file with its tax return a disclosure on From 8886. A "reportable transaction" is any transaction described in any one of six categories set forth in the Treasury Regulations.

At the present time, we do not believe that any of the transactions contemplated involving the Company constitute reportable transactions under existing Treasury Regulations and administrative rulings. However, we cannot predict with certainty whether any such transaction will constitute a reportable transaction in the future as a result of (i) published guidance designating the same or similar transaction as a listed transaction, (ii) satisfaction of the thresholds for a loss transaction, or (iii) new legislation or differing interpretations of existing law resulting in

the classification of any transaction as a reportable transaction. Each prospective Member should consult with his or her own tax advisor regarding the disclosure requirements resulting from an investment in the Company.

Investors are urged to consult with their tax advisors regarding the tax consequences of purchasing Units prior to making an investment

The Conservation Easement

Current Intention

The Manager intends to propose to the Members that they consider causing the Property Entity to encumber the Property by conveying a Conservation Easement to a Qualified Organization at some point in the future. However, the Manager may determine the Investment Proposal is the best alternative for the Property Entity and/or the Company. Further, neither the Company nor the Property Entity is under any legal obligation to encumber or otherwise cause the encumbrance of the Property with a Conservation Easement, and the Members are under no legal obligation to approve the encumbrance of the Property with a Conservation Easement.

Specific Requirements Under Code and Regulations

The charitable contribution deduction allowed under Section 170(h) of the Code represents a particular and specific type of the charitable contributions for which deductions are more generally allowed. In the case of a Conservation Easement, the Property Entity, as the grantor, is permitted to retain and reserve certain rights that are not inconsistent with the conservation purposes which such a Conservation Easement is intended to serve. As such, the federal tax deduction for a qualified conservation easement constitutes a limited exception to the more general rule restricting charitable contributions of partial interests in property. It is important for prospective Members to be aware that the Property Entity's proposed Conservation Easement with respect to the Property must meet the specific requirements outlined in the Code and Regulations in order for the Property Entity, and ultimately the Company, to successfully claim and sustain any Contribution Deduction.

Nature of Restrictions

Any Conservation Easement would impose substantial restrictions granted in perpetuity on the uses which may be made of the Property. Such restrictions would be enforceable under the terms of the Tennessee Conservation Easement Act of 1981, T.C.A §§ 66-9-301 to 66-9-309.

The following covenants and restrictions are among the limitations which likely would be applicable to the Property in perpetuity in the event that the Property Entity encumbers it with a Conservation Easement: (1) the Property could not be used for any residence or for any commercial, institutional, or industrial purpose or purposes; (2) the nature of any structures which may be built on the Property would be severely limited; (3) the cutting, removal or destruction of living trees would be restricted but not prohibited; (4) signage, billboards or outdoor advertising structures would be limited; (5) filling, excavation, surface mining, drilling, dumping and material changes in the topography would be precluded; (6) generally no livestock grazing on the Property would be allowed, but some small scale agricultural use would be permitted, and; (7) any other use or activity, not expressly reserved under the Conservation Easement, which would be inconsistent with or materially threaten the conservation purposes would be prohibited. While certain rights would be reserved to the Property Entity under the Conservation Easement which are considered to be consistent with the conservation purposes, the Property Entity, or future owners of the Property, would be required to notify the Qualified Organization as defined below in writing before exercising any such rights, and the Qualified Organization must be satisfied that the proposed use or activity will have no material adverse effect on the conservation purposes or on the significant environmental features of the Property established under the reports, plans, photographs, documentation and exhibits assembled by the Qualified Organization which describe the Property's present significant ecological and scenic features.

Qualified Organization

The likely Qualified Organization under any Conservation Easement with respect to the Property would be FLC, a Tennessee non-profit corporation. FLC was founded in 1985 as a public charity with the mission to protect and preserve the natural landscape of East Tennessee. The Property Entity is aware that FLC has received a determination from the IRS of its status as a publicly supported organization under Code § 501(c)(3) as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. FLC will be required to represent to the Property Entity in any such Conservation Easement, if and when it is executed, delivered and filed, that FLC constitutes a "qualified organization" under Section 170(h)(3) of the Code, which is one of the Property Entity's prerequisites to claim and maintain any Contribution Deduction.

Conservation Purposes

Any qualified conservation contribution must be exclusively for conservation purposes. The recognized conservation purposes are limited to the following: (1) preservation of land areas for outdoor recreation by, or the education of, the general public; (2) protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (3) the preservation of open space for the scenic enjoyment of the general public or pursuant to a clearly delineated federal, state or local governmental conservation policy, yielding a significant public benefit; or (4) the preservation of an historically important land area or a certified historical structure.

The conservation purposes which are expected to be served if a Conservation Easement is granted with respect to the Property would include (1) Preservation of the viewshed from the Fall Creek Falls State Park for the scenic enjoyment of the general public, which will yield a significant public benefit; (2) Protection of a relatively natural habitat for fish, wildlife, plants, and the ecosystems in which they function which will yield a significant public benefit; (3) Preservation of open space (including farm land and forest land) for the scenic and other enjoyment, and for the education of the general public, pursuant to clearly delineated government conservation policies which provide a significant public benefit.

Because each tract of land possesses a unique mix of conservation values, the determination of whether a particular contribution satisfies a specific conservation purpose can be subject to some uncertainty. Therefore, it would be important that the Property Entity attempt to ensure that the Property and any such proposed Conservation Easement will satisfy one or more of the required conservation purposes.

Treatment of Charitable Contributions

Section 170(a)(1) of the Code allows a deduction with respect to a contribution or gift to or for the use of a corporation, trust, community chest, fund or foundation organized and operated exclusively for charitable or educational purposes. For individual taxpayers, charitable deductions are limited under §170(b)(1) to certain percentages of the contribution base (defined to mean adjusted gross income computed without regard to any net operating loss carry back). Such percentages vary depending upon the type of charitable organization to which the gift or contribution is made and the type of property which is the subject of the gift or contribution.

A charitable contribution of property generally entitles a donor to a deduction in an amount equal to the fair market value of the property contributed. If the contributed property is not a capital asset held for more than one year by the donor, then the amount of the deduction is limited to the lesser of the value of the property or the adjusted basis in the property contributed. The Property was acquired by the Property Entity from STG on March 18, 2010. Accordingly, the Manager believes that the Property constitutes a capital asset held for more than one year in the hands of the Property Entity.

Current tax law limits the available charitable contribution deduction for calendar year 2012 relating to conservation easements to 30% of an individual's contribution base or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Property Entity. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2012 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to five (5) years. If

you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Property Entity claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

Under Code §170(f)(3)(A), a donor may take a charitable deduction for a contribution of land only if the donor conveys the entire interest in the land to a qualified organization. However, a deduction is permitted in the case of a contribution of a "partial" interest in very limited circumstances; namely, (i) a remainder interest in a personal residence or farm; (ii) an undivided portion of the taxpayer's entire interest in the property; (iii) a partial interest transferred to certain trusts; and (iv) a qualified conservation easement.

The Contribution Deduction

In the event that the Property Entity does in fact encumber some or all of the Property with a Conservation Easement, the Property Entity will claim a Conservation Deduction on account thereof on its federal tax return for the year in which such Conservation Easement is granted that would flow through and be similarly claimed by the Company on its federal tax return. Under Section 702(a)(4) of the Code, each Member will take into account separately his, her or its distributive share (determined in accordance with their percentage interests) of the Company's share of the Property Entity's Contribution Deduction. The amount of the Contribution Deduction will be determined in accordance with an appraisal that would be obtained by the Property Entity valuing the Property for these purposes.

Substantiation of Value of Conservation Easement

Under Section 1.170A-14(h) of the Regulations, where no substantial record of marketplace sales of comparable easement rights is available, the fair market value of a perpetual conservation restriction (i.e., the allowable amount of the Contribution Deduction) is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction the "Before Value") and the fair market value of the encumbered property after the granting of the restriction (the "After Value"). Under Section 1.170A-14(h)(3)(ii) such "before-and-after" valuation must take into account not only the current use of the property in question, but also an objective assessment of how immediate or remote the likelihood is that such property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation or historic preservation laws that already restrict the property's potential highest and best use.

If the amount claimed or reported as a charitable contribution deduction exceeds $5,000, the deduction must be substantiated through a "qualified appraisal" by a "qualified appraiser" under Section 1.170A-13(c) of the Regulations. Prior to the grant of any such easement, the Property Entity would obtain a supportable qualified appraisal to estimate the difference between the fair market value of the Property before the Conservation Easement would be granted and the fair market value of the Property afterwards. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THAT THE VALUATION OF CONSERVATION EASEMENTS MAY BE CONSIDERED ESPECIALLY PROBLEMATIC AND HIGHLY SPECULATIVE, CONSIDERING THAT IN GENERAL THERE IS LIMITED MARKET OR COMPARABLE SALES DATA TO SUPPORT SUCH VALUATIONS, SO THAT THE VALUATION ANALYSIS IS DEPENDENT UPON ASSUMPTIONS MADE BY THE APPRAISER. Qualified appraisals are not to be construed as a guaranty of value, or as an assurance that the value could be maintained on any audit by the IRS.

The valuation of a qualified conservation easement or other charitable gift of real estate has been contested in at least 49 reported decisions which have come to the attention of the Property Entity's legal counsel. As the following table indicates, the results have been highly variable, ranging from court approval of deductions greater than the taxpayer's deduction as claimed, to a complete disallowance of the contribution as claimed. (The percentage figure shown in column 3 represents the difference between columns 1 and 2, divided by the amount in column 1. The percentage figure shown in column 5 represents the difference between columns 1 and 4, divided by the amount in column 1.)

	(1)	(2)	(3)	(4)	(5)
CASE	TAXPAYER	IRS	ASSERTED REDUCTION	COURT	FINAL REDUCTION
Foster v. CIR (2012)	$98,500	$0	100.0%	$0	100%
Wall v. CIR (2012)	$400,000	$0	100.0%	$0	100%
Carpenter v. CIR (2012)	$2,784,341	$0	100.0%	$0	100%
Cohan v. CIR (2012)	$2,068,245	$0	100.0%	$0	100%
Esgar Corp. v. CIR (2012)	$2,274,500	$0	100.0%	$99,276	96%
Butler v. CIR (2012)	$5,486,000	$0	100.0%	3,950,400	28%
Mitchell v. CIR (2012)	$504,000	$0	100.0%	$0	100%
Bruce v. CIR (2011)	$1,870,000	$0	100.0%	$0	100%
1982 East LLC v. CIR (2011)	$6,570,000	$0	100.0%	$0	100%
Boltar LLC v. CIR (2011)	$3,245,000	$42,400	98%	$42,400	98%
Kaufman v. CIR (2011)	$103,377	$0	100.0%	$0	100%
Schrimsher v. CIR (2011)	705,000	$0	100.0%	$0	100%
Trout Ranch LLC v. CIR (2010)	$2,179,849	$0	100.0%	$560,000	74.3%
Evans v. CIR (2010)	$154,350	$0	100.0%	$0	100%
Lord v. CIR (2010)	$242,500	$0	100.0%	$0	100%
Scheidelman v. CIR (2010)	$115,000	$0	100.0%	$0	100%
Herman v. CIR (2009)	$21,850,000	$0	100.0%	$0	100%
Kiva Dunes v. CIR (2009)	$30,588,235	$0	100.0%	$28,656,004	6.3%
Hughes v. CIR (2009)	3,100,000	$0	100.0%	$1,992,375	35.7%
Simmons v. CIR (2009)	2,095,000	$0	100.0%	$98,500	95.3%
Whitehouse Hotel v. CIR (2008)	$7,445,000	$0	100.0%	$1,792,301	75%
Turner v. CIR (2006)	$342,781	$0	100.0%	$0	100.0%
Glass v. CIR (2005)	$340,800	$0	100.0%	$340,800	-0-
Strasburg v. CIR (2000)	$1,080,000	$275,000	74.5%	$800,000	30.0%
Strasburg v. CIR (2) (2000)	$290,000	$0	100.0%	$290,000	-0-
Johnston v. CIR (1997)	$960,000	$407,000	57.6%	$1,131,438	-0-
Browning v. CIR (1997)	$254,000	$0	100.0%	$209,000	17.7%
Schwab v. CIR (1994)	$900,000	$0	100.0%	$544,000	39.6%
McMurray v. CIR (1993)	$1,417,500	$64,450	95.5%	$64,450	95.5%
Dennis v. U.S. (1992)	$50,610	$7,700	84.8%	$50,610	-0-
Clemens v. CIR (1992)	$910,000	$110,000	87.9%	$703,000	22.7%
McLennan v. U.S. (1991)	$430,600	$70,000	83.7%	$233,260	45.8%
Schapiro v. CIR (1991)	$595,031	$388,000	23.1%	$595,031	-0-
Dorsey v. CIR (1990)	$245,000	$46,000	81.2%	$153,422	37.4%
Higgins v. CIR (1990)	$110,000	$50,150	54.4%	$103,000	6.4%
Griffin v. CIR (1989)	$195,000	$35,000	82.1%	$70,000	64.1%
Nicoladis v. CIR (1988)	$350,000	$86,000	75.4%	$168,700	51.8%
Richmond v. U.S. (1988)	$150,000	$59,000	60.7%	$59,000	60.7%
Losch v. CIR (1988)	$235,000	$70,000	70.2%	$130,000	44.7%
Stotler v. CIR (1987)	$1,065,000	$427,500	59.9%	$1,065,000	-0-
Tidler v. CIR (1987)	$2,267,000	$0	100.0%	$0	100.0%
Akers v. CIR (1986)	$789,000	$114,000	85.6%	$114,000	85.6%
Fannon v. CIR (1986)	$236,752	$0	100.0%	$90,956	61.6%
Garrison v. CIR (1986)	$290,750	$17,000	94.2%	$17,000	94.2%
Stanley Works v. CIR (1986)	$12,000,000	$0	100.0%	$4,970,000	58.6%
Symington v. CIR (1986)	$150,000	$0	100.0%	$92,370	38.4%
Todd v. CIR (1985)	$353,000	$31,000	91.2%	$31,000	91.2%
Great Northern Nekoosa v. U.S. (1983)	$1,000,000	$26,240	97.4%	$26,240	97.4%
Thayer v. CIR (1977)	$146,000	$0	100.0%	$113,000	22.6%

The foregoing table is background information submitted for illustrative purposes only. The resolution of each valuation issue would depend entirely on the characteristics and conditions of the property under consideration in the particular reported case. In addition, the foregoing summary of reported decisions may not be representative of the manner in which any valuation disputes concerning qualified conservation easements may have been resolved through settlement or administrative proceedings.

In the majority of the cases involving the most substantial court-ordered reductions of a taxpayer's claim, the "highest and best use" cited in support of the taxpayer's value was found to be not feasible or viable, was subject to a development moratorium or even prohibited. (See *Tidler, Great Northern Nekoosa, McMurray, Garrison, Todd, Akers and Stanley Works.*) Substantial reductions also have arisen in the valuation of "facade" easements. (See *Griffin, Richmond and Nicoladis*).

Under Section 1.170A-13(c)(3), the qualified appraisal substantiating any Conservation Easement by the Property Entity must be made no earlier than sixty (60) days prior to the date of contribution. **BECAUSE NEITHER THE PROPERTY ENTITY NOR THE COMPANY WILL LIKELY OBTAIN A FINAL QUALIFIED APPRAISAL UNTIL CLOSER TO THE DATE OF ANY CONTRIBUTION, THE AMOUNT OF ANY FINAL APPRAISAL IS NOT KNOWN AT THE CURRENT TIME. THERE CAN BE NO ASSURANCE THAT THE AMOUNT OF ANY SUCH CONTRIBUTION DEDUCTION WOULD NOT BE REDUCED ON AUDIT BASED ON IRS EXPERT APPRAISAL REPORTS AND TESTIMONY INVOLVING EVEN MORE CONSERVATIVE ASSUMPTIONS.**

Enhancement Issues

Under Regulation § 1.170A-14(h)(3)(i) if the Property Entity's grant of a Conservation Easement has the effect of increasing the value of any other property owned by the Property Entity or a related person, the amount of the Contribution Deduction must be reduced by the amount of the increase in the value of the other property, whether or not such property is contiguous. In the event that the Property is contiguous with any real property owned by the members or Manager, the amount of any Contribution Deduction may be reduced by the amount of the increase in the value of such continuous property. **YOU ARE ENCOURAGED TO CONSULT YOUR OWN TAX ADVISOR WITH REGARD TO SUCH MATTERS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.**

The Property Entity's Holding Period

Under Section 170(e)(1)(A) of the Code, the amount of any charitable contribution of property otherwise taken into account is to be reduced by the amount of any gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution). As a consequence, if the Property Entity were to grant the Conservation Easement before the Property Entity's holding period in the property exceeded one (1) year, any Contribution Deduction would in general be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the Property, notwithstanding the fact that the value established under any final appraisal might substantially exceed such amount.

The Property was acquired by the Property Entity from STG on March 18, 2010. Accordingly, the Property Entity should be deemed to have held the Property for in excess of one (1) year.

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Under the proposed and withdrawn Section 1.707 Regulations, Section 708(b)(1)(B) would apply to disguised sales of partnership interests. When a partnership is terminated pursuant to section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction). There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision. This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership, and there is no revaluation of capital accounts. Upon the occurrence of a termination of a partnership pursuant to section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the

date the partnership terminates, and separate partnership returns would be required for the periods before and after termination under section 708(b)(1)(B).

Therefore, the holding period, adjusted basis and character of the assets of the Property Entity (including the Property) should be unaffected as a result of this termination of the Property Entity pursuant to section 708(b)(1)(B) of the Code. Because the Conservation Easement, if approved by the Members, would be granted to FLC after the termination of the Property Entity under section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement would appear on the short-year partnership tax return (Form 1065) for that portion of 2012 following the Closing. See Tax Opinion included at Exhibit H. See Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); see also FSA 200132009. Because the Company is buying the Purchased Interests from the Sellers, the holding period of the Property by the Property Entity should not be affected and the amount of any charitable contribution attributable to the Conservation Easement should not be reduced under Section 170(e)(1)(A) of the Code.

Charitable Contributions by Partnerships

Under Section 702(a)(4) of the Code, in determining his, her or its income tax liability for a year a qualified contribution easement is granted by the Property Entity, each Member of the Property Entity will take into account separately a distributive share of the Property Entity's charitable contributions, based on the respective beneficial ownership interest of the Members of the Company in the Property Entity. Assuming that the Maximum Offering of 950 Common Units is sold in the Offering, the Investors are expected to receive at Closing a beneficial ownership interest in the Property Entity of approximately 95%. Since charitable contributions are excluded from the computation of partnership income or loss under Section 703(a)(2)(C) of the Code, and are taken into account separately by the Members, it is likely that the Company's allocable share of the Contribution Deduction will not be limited to the Company's adjusted basis in the Purchased Interests and that a prospective Member's allocable share of any Contribution Deduction will not be limited to that Member's adjusted basis of his Units. Stated differently, subject to the conservation purpose, valuation, and other issues described in this Offering Summary, a Member's allocable share of any Contribution Deduction would not be limited to the amount of such Member's investment in the Property Entity. See PLR 8405084 (11/3/83).

Ordinary Income Property

Property which is held by the donor primarily for sale to customers in the ordinary course of his trade or business constitutes "ordinary income property." All charitable contributions of "ordinary income property," regardless of the charitable donees identity, are required to be reduced by the amount of ordinary income which would have resulted had the contributed property been sold at its fair market value as determined at the time of contribution. In effect, the charitable contribution deduction for the donation of ordinary income property is limited to the donor's tax basis in such property. The determination of whether property is held by the donor primarily for sale to customers in the ordinary course of his trade or business (i.e., ordinary income property) is based on a number of factors including number, frequency and continuity of sales, duration of ownership, and purpose for acquisition.

Property that has been held by the Property Entity for less than one year can be deemed to be ordinary income property. Furthermore, to the extent that it is determined that the Property Entity's development and other activities with respect to the Property are significant enough to characterize the Property Entity as a "dealer" of subdivided real estate parcels, the Property would be considered ordinary income property. In either such case, the charitable contribution for a Conservation Easement would be limited to the Property Entity's basis in the Conservation Easement with respect to that property. Additionally, any gain or loss realized by the Property Entity on the sale of such property would be treated as ordinary income or loss for federal income tax purposes. Currently, it is not anticipated that the basis limitations applicable to ordinary income property treatment will have a material adverse effect on the amount of any Contribution Deduction.

Basis Reduction

Following the contribution of the Conservation Easement, if approved by the Members, the Property Entity's tax basis in the Property must be reduced by that part of the total basis that is allocable to the Conservation Easement. The amount of the basis that is allocable to the Conservation Easement bears the same ratio to the total basis of the Property as the value of the Conservation Easement bears to the fair market value of the Property before the granting of the Conservation Easement. Additionally, the Company's basis in its Purchased Interests is decreased (but not below zero) by the Company's allocable share of the Property Entity's basis in the Conservation Easement. As a result, each Member's basis in the Units shall ultimately decreased (but not below zero) by the Member's allocable share of the Company's reduced basis. It is not anticipated that such basis reductions will have a material adverse effect on a Member's ability to take a charitable contribution deduction for his or her allocable share of any Conservation Easement granted.

IRS Scrutiny and Criticism of Conservation Easements

A "census of progress" released on November 16, 2011 by the Land Trust Alliance ("LTA"), a national association representing land trusts since 1982, reflects a dramatic growth in land trusts and acres protected under private conservation initiatives during recent years. As of December 31, 2010, some 47 million acres were protected through arrangements with state, local and national land trusts, an increase of about 10 million acres since 2005 and 23 million acres since 2000, which represents an aggregate acreage more than twice the size of all the national parks in the contiguous United States combined. According to the LTA census, the number of local and regional land trusts in operation increased from 1,213 in 1998 to 1,723 at the end of 2010, 1,699 state and local groups and 24 organizations categorized as national land trusts.

One main reason for this growth is the increased public awareness of the tax benefits associated with the grant of qualified conservation easements. With the potential for tax benefits of the magnitude frequently associated conservation easement deductions necessarily comes the possibility of abuse. Published reports and statements of persons both within and outside of the IRS in the past have been very critical of the practices, structure and technique in certain "abusive" conservation easement transactions. While such transactions are believed to represent a small percentage of the overall number of conservation easements which are established each year, the IRS nevertheless carefully scrutinizes claimed conservation easement deductions in the event of any audit. Furthermore, the IRS has appeared to be fairly critical of such deductions in the past based upon their experience with those who have chosen to abuse such transactions. The IRS has repeatedly stated that it intends to disallow charitable contribution deductions for transfers of certain easements on real property to charitable organizations that it deems improper, and that, in appropriate cases, it may impose applicable penalties and excise taxes.

The IRS has a long history of auditing returns claiming charitable contribution deductions and has developed specific procedures based upon its extensive experience to educate and guide its auditors, appraisers and others in their examination of such returns and the valuation of any such claimed deductions. The development of such procedures has necessarily resulted in an increase in the knowledge and sophistication of the individuals participating on behalf of the IRS in the review of such returns and claimed deductions. For example, on January 3, 2012, the IRS further revised its Conservation Easement Audit Technique Guide (ATG), which provides extensive insight into the statutory requirements for qualified conservation contributions, valuation issues, IRS examination procedures, penalties, and state tax credits associated with such contributions. While the ATG is not an official pronouncement of the law or position of the IRS and cannot be used, cited, or relied upon as such, it is useful in better understanding some of the various issues involved in the IRS review of any claimed conservation easement deduction and some of the issues frequently cited in rejecting any such claimed deduction. The ATG identifies a number of issues frequently associated with deficient conservation easement contribution claims, including the following: ... failure to meet charitable contribution rules; ... noncompliance with substantiation requirements; ... inadequate documentation or lack of conservation purpose; ... failure to provide the donee organization with a right to proceeds in the event of termination; ... use of improper appraisal methodologies and overvalued conservation easements; and ... failure to report income from the sale of state tax credits. A copy of such ATG can be found online at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Conservation-Easement-Audit-Techniques-Guide. A copy is also available upon request of the Manager.

The ATG makes it clear that IRS scrutiny of audited returns claiming a conservation easement deduction involves an in-depth development of facts to ensure that such claimed deduction meets all statutory and regulatory requirements, including specific substantiation requirements. An IRS audit of a return claiming a conservation easement deduction will likely involve specific scrutiny to ensure such compliance. Each return filed claiming such a deduction is required to be identified by the filing of a Form 8283. All donors of conservation easements are required to complete Form 8283 and file it with their tax return for each applicable year in which a charitable deduction in excess of $500 is claimed on noncash contributed property. Form 8283 requires each donor to attach a statement that: (1) identifies the conservation purposes furthered by such donation, (2) shows, if before and after valuation is used, the fair market value of the underlying property before and after the gift; (3) states whether the donor made the donation in order to get a permit or other approval from a local or other governing authority and whether the donation was required by a contract, and (4) if the donor or a related person has any interest in other property nearby, and describes that interest. The Property Entity will be required to complete this form in filing its tax return in the year in which a contribution easement of the Property is made, and each investor should attach it to his or her individual income tax return in which such a deduction is claimed. Consequently, a return claiming a conservation easement deduction that is selected for audit could be readily identified and is likely to be very carefully scrutinized by the IRS for compliance with all such statutory or regulatory requirements.

The discovery by the IRS of a deficiency on a Form 8283 filed by another taxpayer or any other issue deemed to exist by the IRS on the return of such taxpayer for which a person associated with the Company was associated, could result in the increased likelihood of audit of the return of the Company or any of its members in the future. Various persons associated with the Company have previous and/or continuing association with other taxpayers who have already or who may in the future grant a conservation easement on property owned by them that could come to the attention of the IRS. For example, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been selected for audit by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, the broker-dealer firm selected by the Company, the land trust selected by the Company, and various consultants to the Company and their employees and contractors have all assisted other persons and entities who have subsequently imposed conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

The tax returns of several of the other persons and entities associated with one or more of the above persons have previously been selected for audit by the IRS, and others may continue to be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Company or the Property Entity in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements may increase the likelihood that the Company's or the Property Entity's tax return would be reviewed for possible audit as well.

Potential Legislative Changes

In recent years, a number of potential legislative changes affecting qualified conservation easements have been proposed or discussed which could materially affect the Company and prospective Members. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THE RISK THAT LEGISLATIVE CHANGES OCCURRING SUBSEQUENT TO THE PURCHASE BUT PRIOR TO THE GRANT OF ANY CONSERVATION EASEMENT COULD HAVE A MATERIAL ADVERSE AFFECT ON THE COMPANY AND PROSPECTIVE MEMBERS.

Partnership Anti-Abuse Rule and Common Law Tax Doctrines.

The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a

transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

Codified Economic Substance Doctrine.

In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While the Manager, based upon the Tax Opinion, does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Units.

Additionally, under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction that is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Common Law Tax Doctrines or the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe the situation is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Property Entity's Holding Period" beginning on page 45).

Substantial Valuation Misstatement Penalty.

Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A

substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. Neither the Property Entity nor the Company has obtained (and does not plan to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity were to seek one. Given the magnitude of the charitable contribution that the Property Entity would likely claim, there is a risk that the IRS could audit the Property Entity's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Property Entity, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Property Entity will not be enacted with an effective date prior to the date of such grants.

Because the Property Entity cannot verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section 6662A provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Property Entity and the ability of the Property Entity to avoid the potential application of valuation penalties; accordingly, there can be no assurances that a valuation penalty will not be applied against the Company. Moreover, Section 6662A does not provide a reasonable cause exception for a Gross Valuation Statement under Section 6662.

Discussion of the Role of a Qualified Appraiser

Code Section 170(f)(11)(C) requires every donor of a conservation easement to obtain a qualified appraisal for contributions of property for which a deduction of more than $5,000 is claimed. Section 170(f)(11)(E) of the Code defines "qualified appraisal" in part as an appraisal prepared by a qualified appraiser. A qualified appraiser is an appraiser that has received an "appraiser designation from a recognized professional appraiser organization (i.e., a licensed appraiser) and an individual that regularly performs appraisals for compensation. Section 170(f)(11)(E)(ii)(III) of the Code authorizes the Secretary to prescribe other requirements in the regulations that an appraiser must meet to be deemed a "qualified appraiser."

IRS Notice 2006-96, 2006-2 C.B. 902 and Treas. Reg. § 1.170A-13(c)(5) expound on the requirements of a qualified appraiser. The qualified appraiser must include, in an appraisal summary, that the individual holds himself or herself out to the public as a practicing appraiser, that the appraiser's qualifications make the appraiser a "qualified appraiser," that the appraiser is not an "excluded appraiser" (e.g., a party to the transaction giving rise to the claimed deduction or related to such party), and a statement that the appraiser understands that an intentionally false or fraudulent overstatement of value may subject the appraiser to civil penalties under Section 6701 of the Code.

Treasury Regulation § 1.170A-13(c)(3)(ii) requires a qualified appraisal to contain several specific pieces of information, including, among others, (i) the date (or expected date) of contribution to the donee; (ii) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (iii) the date (or dates) on which the property was appraised; (iv) the appraised fair market value (within the meaning of § 1.170A-1(c)(2)), of the property on the date (or expected date) of contribution; (v) the method of valuation used to determine the fair market

value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (vi) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed. In addition, the qualified appraisal must be made no earlier than 60 days before the contribution and no later than the due date of the tax return. The qualified appraiser must sign and date the appraisal, and the appraiser must not have received a prohibited appraisal fee, which is a fee based on a percentage of the appraised value of the property. See Treas. Reg. § 1.170A-13(c)(3)(i); Treas. Reg. § 1.170A-13(c)(6)(i).

There are several Tax Court cases where the appraisal was found not to be a qualified appraisal. Such a finding may lead not only to the taxpayer being denied a deduction, but may also lead to the IRS assessing penalties against the appraiser. In *Lord v. Commissioner*, T.C. Memo 2010-196 (2010), the court held that the taxpayer's appraisal was not a qualified appraisal because the appraisal did not include significant information required by the Treasury regulations, including the contribution date, the date the appraisal was performed, and the appraised fair market value of the easement contribution on the contribution date.

In *Scheidelman v. Commissioner*, T.C. Memo 2010-151 (2010), the taxpayers failed to obtain a qualified appraisal for a contributed façade easement. The appraiser purported to use the "before and after" method as sanctioned by the regulations and the courts. However, the appraiser mechanically applied an 11.33% deduction to the "before" value based solely on the IRS's acceptance of similar figures in prior controversies. The appraisal was found unreliable because it contained an unrecognized methodology in valuing architectural façade easements. Other aspects of the appraisal failed to satisfy certain requirements of Treas. Reg. § 1.170A-13(c)(3)(ii), such as the lack of a description of the contributed property, the lack of the terms of the easement deed, and the lack of a statement that the appraisal was prepared for income tax purposes.[1]

In a very recent Tax Court case, *Boltar, L.L.C. v. Commissioner*, 136 T.C. No. 14 (2011), the taxpayer's expert report (i.e., the taxpayer's appraisal) was ruled inadmissible into evidence. The court found the appraisal to be unreliable because of the "peculiar methodology" used instead of the before and after methodology. The court explained that "there may be cases in which the before and after methodology is neither feasible nor appropriate, [but] petitioner has not provided any persuasive reason for not applying it in this case." *Id.* at 4. As mentioned above, the defective appraisals in *Lord*, *Scheidleman*, and *Boltar*, as well as an alleged overvaluation of the property, may cause the IRS to assess penalties against the appraiser and the taxpayer. The failure of a taxpayer to obtain a qualified appraisal or the failure of a qualified appraisal to be admissible in connection with any audit of a return of a taxpayer associated with the grant of a conservation easement could have a material adverse effect on the grant of any such conservation easement for the reasons specified below.

Discussion of Certain Penalty Provisions Applicable to Qualified Appraisers

The Code contains two notable penalty provisions that are applicable to Qualified Appraisers: the § 6695A penalty and the § 6701 penalty.

A. Section 6695A. Section 6695A is directly applicable to qualified appraisers. The Section 6695A penalty was added by Section 1219 of the Pension Protection Act of 2006, Pub. L. No. 109-280, 120 Stat. 780 (2006) (the "PPA") and applies to all appraisals prepared for returns or submissions filed after August 17, 2006 and imposes a penalty against an appraiser if such appraiser knows or reasonably should have known that the appraisal prepared by him would be used in connection with a return or a claim for refund and the claimed value of the property on such return or claim for refund which is based on such appraisal results in a "substantial valuation misstatement" or a "gross valuation misstatement" with respect to such property. The penalty amount is the lesser of (1) the greater of 10% of the amount of the underpayment or $1,000, or (2) 125% of the gross income received by the appraiser in exchange for preparing the appraisal. I.R.C. § 6695A(b). The penalty does not apply if the appraiser establishes that the value established in the appraisal "was more likely than not the proper value." I.R.C. § 6695A(c).

[1] The Tax Court decision in *Scheidelman* was subsequently reversed and remanded by the Second Circuit Court of Appeals. *See Scheidelman v. Commissioner*, 682 F.3d 189 (2d Cir. 2012). The case is currently before the Tax Court for purposes of determining the value of the conservation easement.

However, the § 6695A penalty does not require that the appraiser have knowledge of any resulting understatement of tax.

A "substantial valuation misstatement" generally occurs if the value of property is 150 percent or more of the amount determined to be the correct amount of such valuation. A "gross valuation misstatement" occurs when the claimed value of the property is 200 percent or more of the correct amount of such valuation. If a taxpayer that has relied on an appraiser's appraisal in connection with filing a return is under examination, the examiner has the responsibility to assert the penalty and will make the determination of whether the I.R.C. § 6695A penalty is warranted. I.R.M. 20.1.12.2 and I.R.M. 20.1.12.6 (08-27-2010). Following an examination by the IRS of the auditor, if the appraiser cannot satisfy the "more likely than not" exception under I.R.C. § 6695A(c), the examiner must propose a § 6695A penalty. I.R.M. 20.1.12.6 (08-27-2010). If the penalty is proposed, the examiner prepares a Form 8278, *Assessment and Abatement of Miscellaneous Civil Penalties*, and Form 886-A, *Explanation of Items*, or its equivalence. *Id.*

Appraisers are also subject to oversight by the Office of Professional Responsibility (OPR), and examiners "should exercise discretion" when referring an appraiser to the OPR. I.R.M. 20.1.12.7 (08-27-2010). Review in the OPR is discussed below. Code Section 6695A penalties have post-assessment (but prepayment) penalty appeal rights. I.R.M. 20.1.12.10 (08-27-2010). First, the appraiser may file a claim for refund or request for abatement utilizing Form 843, *Claim for Refund and Request for Abatement*. *Id.* If the claim or request is denied, and the appraiser has not had post-assessment Appeals consideration, administrative appeals rights will be granted. *Id.* If the penalty has been paid in full, the appraiser may bring a refund suit in either the U.S. Court of Federal Claims or in a district court immediately upon denial of the claim or after the expiration of six months after the date of filing the claim if the IRS has not acted within that time frame. The appraiser's suit must be within two years of the date of denial of the claim. I.R.M. 20.1.12.10.

B. Section 6701. Section 6701 imposes a penalty of $1,000 on any person (1) who aids or assists in, procures, or advises with respect to the preparation or presentation of any portion of a return, affidavit, claim or other document, (2) who knows, or has reason to believe, that such portion will be used in connection with any material matter arising under the internal revenue laws, and (3) who knows that such portion, if so used, would result in an understatement of the tax liability of another person.

In the context of appraisers, the first two requirements are typically satisfied. The appraisal is a "document" prepared by the appraiser, and because the appraiser must fill out the appraisal summary on the Form 8283, *Noncash Charitable Contributions*, filed by the donor, the appraiser knows that the client will use the appraisal in connection with the valuation of a charitable gift, which is a material matter. Therefore, the element of proof is in applying the third requirement, which is that the appraiser knows that such portion (if so used) would result in an understatement of the tax liability of another person.

Like the § 6695A penalty, the § 6701 penalty is normally assessed by revenue agents and office auditors at a IRS area office as a result of an examination of a tax return or document or in connection with a tax shelter registration examination. I.R.S. CCA 200512016 (2005). The appraiser has many avenues to challenge the § 6701 penalty, and I.R.S. CCA 200512016 (2005) elaborates on these avenues. Like the § 6695A penalty, the appraiser has post-assessment Appeals rights. However, unlike the § 6695A penalty, Appeals rights are post-payment rights.

The penalty is subject to the special administrative provisions of § 6703. Under that section, if within 30 days, the appraiser pays 15% of the imposed penalty, the appraiser is entitled to administrative (by filing a claim for refund) and judicial review. A suit for refund must be brought in district court. If the appraiser initiates suit, the IRS is prohibited from collecting the penalties imposed under § 6701 until there has been a final resolution of the § 6703 proceeding. The appraiser can also bring refund actions under § 7422 in district court or the United States Court of Federal Claims. To bring suit, the appraiser must make some payment of the assessed taxes due before the matter may be adjudicated. To successfully challenge the assessed penalty, the appraiser must show that there was a reasonable basis for the valuation.

Discussion of the Consequences to a Qualified Appraiser of Having Penalties Assessed

Appraisers are subject to oversight by the OPR, which administers and enforces the regulations governing practice before the IRS. These governing regulations are found in title 31, Code of Federal Regulations, part 10, and are published in pamphlet form known as "Circular 230." As a result of 1985 amendments, Circular 230 authorizes the OPR Director (by delegation as explained below) to disqualify appraisers who provide supporting valuations for internal revenue matters. As explained in I.R.S. CCA 200512016 (2005), "In 1985, the IRS amended Circular 230 to conform to legislative changes requiring the disqualification of an appraiser who is assessed a penalty under section 6701 of the Code for aiding and abetting the understatement of a tax liability. 50 Fed. Reg. 42014."

Section 10.60(b) of Circular 230 provides that "the Director of the Office of Professional Responsibility may reprimand . . . [or] institute a proceeding for disqualification of the appraiser" if the Director is advised of or becomes aware that a § 6701 penalty has been assessed against the appraiser. Whether or not such a proceeding is instituted, the Director may confer with the appraiser concerning allegations of misconduct. Circular 230, § 10.61. The Director may institute proceedings to suspend the appraiser for a certain period of time. *Id.* at § 10.62. Whether disqualification or suspension is sought, an Administrative Law Judge presides over the proceeding. *Id.* at § 10.72. An allegation of fact that is necessary for a finding of disqualification against an appraiser must be proved by clear and convincing evidence in the record. *Id.* at § 10.76.

If the ALJ decides in favor of the Director and thus suspends or disqualifies the appraiser, the Director of the Office of Professional Responsibility "may give notice of the . . . suspension . . . or disqualification to appropriate officers and employees of the Internal Revenue Service and to interested departments and agencies of the Federal government. The Director of the Office of Professional Responsibility may determine the manner of giving notice to the proper authorities of the State by which the . . . suspended or [disqualified] person was licensed to practice." *Id.* at § 10.80. The appraiser may petition the OPR for reinstatement after the expiration of 5 years following disqualification, and such reinstatement is at the discretion of the Director of OPR. *Id.* at § 10.81.

Given the above procedures and rules governing appraiser suspension and disqualification, the imposition or assessment of a penalty against an appraiser does not by itself affect the appraiser's ability to prepare an appraisal for use in connection with the filing of a tax return. The Director of OPR must file a complaint and thus begin formal administrative proceedings against the appraiser.

Independent of the assertion of penalties, the accusation of appraiser misconduct can lead to disqualification of the appraiser. 31 C.F.R. § 10.50. Specifically, the Secretary of the Treasury, or his delegate, after due notice and opportunity for hearing, may disqualify any appraiser for a violation of these rules as applicable to appraisers. 31 C.F.R. § 10.50(b). Any appraiser thus disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS, unless and until authorized to do so by the Director of the OPR, regardless of whether the evidence or testimony would pertain to an appraisal made prior to or after the effective date of disqualification. *Id.* Appraisals made by a disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Department of the Treasury or the IRS. An appraisal otherwise barred from admission into evidence pursuant to the foregoing may be admitted into evidence solely for the purpose of determining the taxpayer's reliance in good faith on such appraisal. *Id.*

While a qualified appraisal rendered by a qualified appraiser prior to suspension or disqualification should remain a qualified appraisal for purposes of supporting a conservation easement deduction, a subsequent suspension or disqualification could have the effect of reducing the probative value of any such previously rendered appraisal in an audit or challenge. Because a disqualified appraiser cannot present evidence or testimony in any administrative proceeding before the IRS, *regardless of whether the appraisal was performed before or after the effective date of the disqualification*, reliance by a taxpayer upon an appraisal performed by a disqualified appraiser is effectively barred by regulation. While no such statute or regulation bars a disqualified appraiser from presenting evidence or testimony in a proceeding before the Tax Court in an audit challenge, a court could take such disqualification before the IRS into account when the judge is deciding whether to qualify the expert as an expert witness in court. Consequently, the suspension or disqualification of an appraiser by the OPR could have an adverse effect on the ability of such appraiser to testify in court in connection with a taxpayer challenge of an adverse audit by the IRS. Such suspension or disqualification could result in increased audit defense costs by the Company or its Members as

a result of having to analyze the effects of such suspension or disqualification upon such defense, having to engage additional appraisal experts to assist in such defense, or otherwise having to alter the Company's audit defense strategy.

State and Local Taxes

In addition to the federal tax consequences described above, prospective Members should consider potential state and local tax consequences of an investment in the Company. Each prospective Member is advised to consult his own tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Company.

Professional Advice

Prior to purchasing an Interest, each prospective Member should discuss with his or her tax advisor the tax provisions mentioned above, as well as all other tax provisions. No attempt is made here to identify all aspects of the tax laws with which each investor in the Company should be familiar or to analyze in full detail those tax aspects which are mentioned.

THE SUMMARY OF FEDERAL TAX CONSIDERATIONS SET FORTH ABOVE IS NOT INTENDED TO BE A COMPLETE SUMMARY OF THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. EACH PROSPECTIVE MEMBER IS ADVISED TO CONSULT WITH HIS OWN TAX ADVISOR CONCERNING THE TAX CONSIDERATIONS OF AN INVESTMENT IN THE COMPANY.

CONFLICTS OF INTEREST

1. The primary purpose of the Offering is acquire the Purchased Interests from the Sellers pursuant to the MIPA and to redeem substantially all of the current equity interests of the Current Members in the Company by the Company's redemption of the Redeemed Units for the Redemption Price pursuant to the Redemption Agreement. Consequently, the interests of the Sellers and the Current Members may not be aligned with that of the Investors.

2. The Manager and the current Members and certain of their affiliates own interests in other real property in close proximity to the Property. For example, the Sellers own an equity interest in Meadow Creek Investments, LLC, a Tennessee limited liability company ("Meadow Creek"), which has as its sole asset approximately 466.4 acres of unimproved real estate located in Van Buren County and Bledsoe County, Tennessee. On or prior to the date hereof, Meadow Creek Holdings, LLC, a Tennessee limited liability company ("MC Holdings"), has initiated a private offering of a portion of its units for the purpose of acquiring a majority interest in Meadow Creek and redeeming a portion of the ownership interest of its members in a manner substantially similar to the Offering. If such offering is successfully closed, the members of MC Holdings may elect to cause Meadow Creek to grant a conservation easement on all or substantially all of the 466.4 acres of real estate owned by Meadow Creek. Mr. Pettit will retain approximately a 5% beneficial ownership position in Meadow Creek through his combined ownership of interests in MC Holdings and Meadow Creek, and will continue to serve as the manager of MC Holdings, Meadow Creek and the Property Entity. To the extent that the ownership of the Property or the beneficial ownership of such other real property has any impact on the ownership of the Property or plans of the Property Entity with respect thereto, such relationship could constitute a conflict of interest.

3. In connection with the acquisition of the Property by the Property Entity from STG, Mr. Pettit entered into a Guarantee, dated March 18, 2010, in favor of STG, wherein Mr. Pettit guaranteed the full payment of the Promissory Note executed in connection with the Second Mortgage. At the Closing of the Offering, the Company is required to satisfy the Second Mortgage in full, thus eliminating Mr. Pettit's obligations under the guarantee. Consequently, the interests of Mr. Pettit may not be aligned with that of the Investors.

4. Neither the manager of the Property Entity nor the Manager of the Company can be removed as manager of either such entity except for Cause, as defined in each such respective entity's Operating Agreement; provided however, that following the five year anniversary of the Effective Date of the Property Entity Operating Agreement, the manager of the Property Entity may be removed by a Majority vote of the Members. The applicable Operating Agreement of the Company and/or the Property Entity grants to its respective manager all management authority for the Company and the Property Entity, as applicable, including the right to declare any distributions to the Members and to authorize the sale of, or to sell or otherwise dispose of the Property after four years in the event that a Conservation Easement is granted on the Property. As a result, certain conflicts may exist with respect to the managers of the Company or the Property Entity and the other Members.

5. Sirote & Permutt, P.C. has acted as legal counsel for the Company in connection with the Offering and has acted for the benefit of the Sellers. The use of the same legal counsel may, at times, result in a lack of independent review, and legal counsel is not acting as counsel for the investors in connection with this Offering. Thus, the prospective investors should not rely on Sirote & Permutt, P.C. to represent and protect their interests. Prospective investors are urged to consult with their own advisors before investing in the Common Units.

ERISA

In considering an investment in the Company, a fiduciary of a tax-exempt investor should consider, among other things: (i) the definition of plan assets under ERISA and the status of Department of Labor Regulations regarding such definition (including the proposed regulations); (ii) the possibility that an investment in the Company may result in a tax-exempt investor having unrelated business taxable income; (iii) whether the investment satisfies the diversification requirements of section 404(a)(1)(C) of ERISA; and (iv) whether the investment is prudent, since it is not anticipated that there will be a market created in which the fiduciary can sell or otherwise dispose of the tax-exempt investor's interest in the Company, and since the Company does not have any operating history.

WHERE YOU CAN OBTAIN MORE INFORMATION

This is an offering to investors who accept the responsibility for conducting their own investigation, for consulting with their professional advisors in connection with their investment, and who meet certain investor suitability requirements. Statements contained in this documents as to the contents of any agreements or documents are not necessarily complete, and in each instance reference is made to such agreement or document and each such statement is qualified in all respects by such reference. Copies of all agreements and documents referred to in this will be furnished to any prospective Investor upon request. Prospective Investors may be required to execute nondisclosure agreements as a prerequisite to reviewing documents determined by the Manager to contain proprietary, confidential, or otherwise sensitive information. Authorized representatives of the Company are also available to answer questions regarding the terms and conditions of the transaction and any prospective Investor (or his or its authorized representative) who wishes to discuss the Offering or to obtain any additional information to verify the accuracy of the information contained in this Offering Summary should contact Arthur J. ("Jimmy") Goolsby, Jr., the Manager of the Company, at ajgoolsby@fickling.com.

[END OF OFFERING SUMMARY]

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
[redacted]

PINEY CUMBERLAND HOLDINGS LLC
[redacted]

October 8, 2012

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	[redacted]	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	10/08/2012
Filing Date:	10/08/2012 1:16 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2013
Duration Term:	Perpetual	Image # :	[redacted]
Managed By:	Manager Managed		
Business County:	CUMBERLAND COUNTY		

Document Receipt

Receipt # : [redacted]	Filing Fee:	$300.00
Payment-OSBR - KENNETH M CHADWELL, CROSSVILLE, TN		$300.00

Registered Agent Address:
KENNETH M CHADWELL
[redacted]

Principal Address:
[redacted]

Congratulations on the successful filing of your **Articles of Organization** for **PINEY CUMBERLAND HOLDINGS LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Danielle Crocker

Phone (615) 741-2286 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

State of Tennessee

Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF ORGANIZATION (LIMITED LIABILITY COMPANY)

For Office Use Only

FILED

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act and the Tennessee Revised Nonprofit Limited Liability Company Act.

1. The name of the Limited Liability Company is: PINEY CUMBERLAND HOLDINGS LLC
*(**NOTE:** Pursuant to the provisions of TCA § 48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")*

2. The name and complete address of the LLC's initial registered agent and office located in the State of Tennessee is:

KENNETH CHADWELL
(Name)

[redacted] *(Street Address)* [redacted] *(City)* [redacted] *(State/Zip Code)*

[redacted] *(County)*

3. The Limited Liability Company will be: Manager Managed

4. Number of members at the date of filing, if more than six: Not Applicable

5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time are:

(Date and Time) (Not to exceed 90 days.)

6. The complete address of the Limited Liability Company's principal executive office is:

[redacted] *(Street Address)* [redacted] *(City)* [redacted] *(State/County/Zip Code)*

7. Period of Duration if not perpetual:

8. Other Provisions:

10/08/2012
Signature Date

I Certify - Electronic Signature
Signature

N/A
Signer's Capacity (if other than individual capacity)

KENNETH CHADWELL
Name

OPERATING AGREEMENT
OF
PINEY CUMBERLAND HOLDINGS, LLC
a Tennessee Limited Liability Company

INVESTING IN THIS COMPANY IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR'S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE MEMBERSHIP UNITS (THE "SECURITIES") OF THE COMPANY ARE IMPOSED BY THIS OPERATING AGREEMENT.

THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") PROVIDED BY SECTION 4(2) OF THE 1933 ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE 1933 ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF SECURITIES, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS OPERATING AGREEMENT.

THE SECURITIES EVIDENCED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE AND SUCH REGISTRATION IS NOT CONTEMPLATED. THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT MAY NOT BE TRANSFERRED IN WHOLE OR IN PART IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

OPERATING AGREEMENT
OF
PINEY CUMBERLAND HOLDINGS, LLC

a Tennessee Limited Liability Company

WITNESSETH:

THIS OPERATING AGREEMENT OF PINEY CUMBERLAND HOLDINGS, LLC, a limited liability company organized pursuant to the Tennessee Revised Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Company and the Persons executing this Agreement as Members, and shall supersede any and all prior operating agreements and any amendments thereto.

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4)-(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 "Affiliate" means (a) in the case of an individual, any relative of such Person, (b) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (c) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (d) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

1.3 "Articles of Organization" means the Articles of Organization of Piney Cumberland Holdings, LLC, as filed with the Secretary of State of Tennessee, as the same may be amended from time to time.

1.4 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this Agreement, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.5 "Capital Contribution" means any contribution, as determined in accordance with T.C.A. §48-249-301, et seq., to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.7 "Company" means Piney Cumberland Holdings, LLC.

1.8 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(h)(2) and 1.704-2(d).

1.9 "Conservation Easement" has the meaning ascribed to said term in Section 13.1 hereof.

1.10 "Conservation Proposal" has the meaning ascribed to said term in Section 13.2(b) hereof.

1.11 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

1.12 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all principal and interest payments on indebtedness of the Company, if any, to Members; (c) all cash expenditures incurred incident to the normal operation of the Company's business; (d) such reserves as the Manager deems reasonably necessary for the proper operation of the Company's business, including but not limited to the Operating Reserve.

1.13 "Economic Interest" means a Member's share of the Company's Profits, Losses and distributions of the Company's property pursuant to the Agreement and the Tennessee Act, including, without limitation, a Member's "Financial Rights" as defined at T.C.A. §48-249-102(11). A Member's Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Tennessee Act. A Member's Economic Interest percentage shall be the same as his Ownership Interest percentages.

1.14 "Effective Date" means, for purposes of this Operating Agreement, the date noted on the signature page hereto.

1.15 "Entity" means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.16 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.17 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in

exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-l(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant hereto is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.18 "Initial Capital Contribution" means the initial contributions to the capital of the Company made by a Member pursuant to this Operating Agreement.

1.19 "Investment Proposal" has the meaning ascribed to said term in Section 13.2(a) hereof.

1.20 "Majority" means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.21 "Manager" means one or more managers designated pursuant to this Agreement. Specifically, Manager shall mean Arthur J. ("Jimmy") Goolsby, Jr., or any other Persons that succeed him, in his capacity as Manager. The number of Managers may be increased or decreased from time to time by the unanimous approval of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.22 "Member" means each of the parties who execute this Operating Agreement or a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager.

1.23 "Member Nonrecourse Debt" has the meaning given the term "partner nonrecourse debt" set forth in Section 1.704-2(b)(4) of the Regulations.

1.24 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(0(3) of the Regulations.

1.25 "Member Nonrecourse Deductions" has the meaning given the term "partner nonrecourse deductions" as set forth in Section 1.704-2(i)(2).

1.26 "Membership Interest" means a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. A Member's Membership Interest shall be designated in Units.

1.27 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(l) of the Regulations.

1.28 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.29 "Operating Agreement" or "Agreement" means this Operating Agreement as originally executed and as amended from time to time.

1.30 "Operating Reserve" means the reserve account for the Company established by the Manager for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases, as well as the expenses more particularly described in Subsection 13.2(d) of this Agreement. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company's business and any funds advanced or lent by the Manager to the Company for inclusion in the Operating Reserve.

1.31 "Ownership Interest" means the proportion that a Member's Units bear to the aggregate Units owned by all Members from time to time.

1.32 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.33 "Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for the purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the

Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.34 "Property" means all that real and personal property owned by the Company, including its ownership of membership interests in the Subsidiary, and shall include both tangible and intangible property.

1.35 "Real Property" means that certain real property owned by the Subsidiary and more particularly described on Exhibit A attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.36 "Subsidiary" means Piney Cumberland Resources, LLC, a Tennessee limited liability company that owns approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee, in which the Company will initially acquire a minimum of 95.204040% and a maximum of 95.959596% of the issued and outstanding membership interests in such Subsidiary.

1.37 "Tennessee Act" means the Tennessee Revised Limited Liability Company Act at T.C.A. §§48-249-101, et seq.

1.38 "Transferring Member" means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest or Economic Interest.

1.39 "Treasury Regulations" or "Regulations" means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.40 "Unit" means the Membership Interests of the Company which shall be denominated in unit increments (each, a "Unit") with each Unit representing a Member's entire interest in the Company, including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. There

shall be three (3) classes of Units in the Company: (i) Class A Units, (ii) Class B Units, and (iii) Common Units. Each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 312,876 Class A Units, 12.444 Class B Units, and 1,000.000 Common Units authorized for issuance by the Company.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Tennessee Limited Liability Company by executing and delivering Articles of Organization to the Secretary of State of Tennessee in accordance with the provisions of the Tennessee Act.

2.2 Name. The name of the Company is Piney Cumberland Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company is 817 College Street, Spencer, Tennessee 38585. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 156 Rector Avenue, Crossville, Tennessee 38555, and the name of its registered agent at such address is Kenneth Chadwell. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Tennessee pursuant to the Tennessee Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Articles of Organization was filed with the Secretary of State of Tennessee and shall continue for a period of five (5) years from the Effective Date, unless otherwise extended by the vote of a Majority, and further unless sooner terminated and dissolved in accordance with the provisions of this Operating Agreement or the Tennessee Act.

ARTICLE III
BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be:

(a) To purchase membership interests in the Subsidiary;

(b) In the event the Investment Proposal is selected by the Members under Article XIII hereof, then to vote its interest in the Subsidiary to cause the Subsidiary to invest in, improve, sell, use and operate the Real Property, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto;

(c) In the event the Conservation Proposal is selected by the Members under Article XIII hereof, then to vote its interest in the Subsidiary to cause the Subsidiary to promote conservation through the grant of the Conservation Easement, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto, subject to the terms and conditions of the Conservation Easement, which may include utilizing the Real Property for passive recreation, wildlife management and hunting;

(d) Until such time as either the Investment Proposal or the Conservation Proposal is selected, to cause the Subsidiary to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental to the selection process described in Article XIII hereof;

(e) To cause the Subsidiary to manage the use, operation and disposition of the Real Property in accordance with the terms hereof, depending on which proposal is selected;

(f) To cause the Subsidiary to promote the enhancement and/or exploitation of the Real Property not in violation of its or this Operating Agreement, including but not limited to harvesting timber from the Real Property and using the Real Property for hunting; and

(g) To, subject to the terms of this Operating Agreement, engage in any other lawful act or activity which a Majority of the Members consent to in writing.

ARTICLE IV
NAMES, ADDRESSES AND UNITS OF MEMBERS

4.1 Members. The names, addresses and number of Units owned for each of the Members is as set forth on Exhibit B attached hereto, which exhibit shall be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

4.2 Class A Units. Class A Units shall be redeemable by the Company upon the approval of Majority of the Class A Units and the approval of a Majority of all Units. The redemption price for Class A Units shall be One and No/100 Dollar ($1.00) per Class A Unit. Once a Class A Unit has been redeemed by the Company, such Class A Unit shall be cancelled and shall not be reissued by the Company.

4.3 Class B Units. Class B Units shall be redeemable by the Company upon the approval of Majority of the Class B Units and the approval of a Majority of all Units. The redemption price for Class B Units shall be Two Thousand Three Hundred Eighty-Four and 00/100 Dollars ($2,384) per Class B Unit. Once a Class B Unit has been redeemed by the Company, such Class B Unit shall be cancelled and shall not be reissued by the Company.

ARTICLE V
RIGHTS AND DUTIES OF THE MANAGER

5.1 Management. The business and affairs of the Company shall be managed by its Manager. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Manager.

5.2 Certain Powers of the Manager. Without limiting the generality of Section 5.1 and subject to Sections 5.3 and 5.11 hereof, the Manager shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property outside of the ordinary course of business from any Person as the Manager may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Manager deems appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or to the extent permitted under the Tennessee Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager.

(c) To purchase liability and other insurance to protect the Company's property and business.

(d) To hold and own any Company real and/or personal properties in the name of the Company and sell or dispose of the Company's assets in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; deeds; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve.

(i) To do and perform all other acts as may be necessary or appropriate of the conduct of the Company's business.

(j) To vote the membership or other ownership interests the Company has in any other company or entity including, but not limited to, the membership interests the Company owns or subsequently obtains in the Subsidiary.

Unless authorized to do so by this Operating Agreement or by the Manager, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniary for any purpose.

5.3 Liability for Certain Acts. The Manager shall act in a manner he, she or it believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he, she or it performs the duty of his, her or its office in compliance with the standard contained in this Section. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or

knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data prepared or presented in accordance with the provisions of the Tennessee Act.

5.4 Manager Has No Exclusive Duty to Company. The Manager shall not be required to manage the Company as their sole and exclusive function and he may have other business interests and may engage in other activities in addition to those relating to the Company. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager shall be the sole signatories thereon, unless the Managers determine otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Manager. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by a Manager or by such other persons as the Manager may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under the Tennessee Act, the Company shall indemnify the Manager and make advances for expenses to him with respect to his duties (including fiduciary duties) and liabilities arising out of or connected with his capacity as Manager. The Company shall indemnify its employees and other agents who are not Manager (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company.

5.7 Term. Each Manager shall serve at the discretion of the Members. Such Manager's term (subject to removal at the discretion of the Members in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time with Cause by the vote of a Majority of the Members. For purposes of this Section 5.9, with Cause shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Operating Agreement, which is not cured within thirty (30) days following written notice provided by the Majority of the Members. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Manager's Authority. Notwithstanding anything to the contrary contained herein, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority of the Members, or as otherwise permitted in this Agreement:

(a) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(b) The sale of substantially all of the assets of the Company, except in compliance with Article XIII hereof;

(c) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(d) Make any loans of Company funds;

(e) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in the Tennessee Act;

(f) Take any action which would be likely to have an adverse effect on the Real Property or any other Property of the Company;

(g) Sell, assign, convey, exchange, dispose, grant or otherwise transfer the Real Property or any other Property of the Company, whether owned directly or indirectly, except in compliance with Article XIII hereof;

(h) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(i) Cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.1 hereof;

(j) Take any action in derogation of the decision of the Members under Article XIII hereof;

(k) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company; or

(l) Cause the Subsidiary to take any action outlined in subsection (a)-(k) above.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding the foregoing, in the event of the death of any of the individual Members, the deceased Member's estate holding an Economic Interest in the Company shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Manager shall not be entitled to any compensation for carrying out his duties or acting as Manager, except as provided in Article 14.4(b)(iv) hereof with respect to any amount

remaining in the Operating Reserve at liquidation. However, the Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS: MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited as set forth in the Tennessee Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding T.C.A. §48-249-402,-403, or any contrary rule of law or equity, no Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of the Tennessee Act.

6.3 Indemnity of Members. To the fullest extent permitted under the Tennessee Act, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Manager shall provide a list showing the names, addresses and Membership Interest of all Members and Manager and the other information required by the Tennessee Act and maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by Members holding a Majority, the Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. In such event, the Members shall have the opportunity (but not the obligation) to participate in such Member loans on a pro rata basis in accordance with their Ownership Interests, and the security (if any) for such Member loans shall be as nearly equal as possible among the lending Members based upon the respective amounts lent by each Member. The making of any loan by a Member shall not create any additional fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law.

6.8 No Annual or Other Meetings Required. Notwithstanding the Tennessee Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby waived, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Manager may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Manager, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Contributions. The Members' capital accounts shall be set and maintained in accordance with the Treasury Regulations.

7.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a unanimous vote of the Members, the Members may be permitted to make additional Capital Contributions if and to the extent they so approve.

7.3 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of such Member's Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company (exclusive of Reserves) sufficient to pay them.

(b) A Member, irrespective of the nature of such Member's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution.

7.4 Effect of Disposition of Membership Interest. In the event of an authorized disposition of a Membership Interest pursuant to Article XI hereof, the Capital Account of the Member making such disposition shall become the Capital Account of the Transferee, to the extent it relates to the Membership Interest the subject of such disposition.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Manager, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Economic Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by the Tennessee Act.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any fiscal year shall be allocated in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(b) The Losses allocated pursuant to Section 9.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have an Adjusted Capital Account Deficit as a consequence the allocation of Losses pursuant to Section 9.2(a) hereof, the limitations set forth in this Section 9.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 9.2(b) shall be allocated to the Members on a pro rata basis in accordance with their Ownership Interests as set forth herein.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for that fiscal year (and, if necessary subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during a fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially alloeated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to

comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-1 (b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(1).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-l(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704- l(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-I(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(h) Allocations Relating to Taxable Issuance of Membership Interest. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together will all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b), 9.3(a), 9.3(b), 9.3(c), 9.3(d), 9.3(e), 9.3(f), and 9.3(g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the regulations. It is the intent of the Members that, to the extent possible, all regulatory allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore,

notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the agreement and all Company items were allocated pursuant to Sections 9.1, 9.2(a), and 9.3(h). In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations under Sections 9.3(a) and 9.3(b), that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 9.3(e) and 9.3(g).

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using the permissible method under Code Section 706 and the Regulations thereunder.

(b) All allocations to the Members pursuant to this Article IX shall, except as otherwise provided, be divided among them in proportion to the Ownership Interests held by each.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

(d) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their shares of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith).

In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Operating Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records. Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member;

(b) Copies of records to enable a Member to determine the relative voting rights, if any;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(c) Copies of the Company's written Operating Agreement, together with any amendments thereto;

(f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE XI
TRANSFERABILITY

11.1 General. Without the prior written approval of the Manager and compliance with the provisions of this Article XI, no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (collectively, "Sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (collectively, "Gift"),

(c) all or part of his or her Membership Interest, Economic Interest or Ownership Interest. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining a approval of a Majority, transfer all, but not less than all, of his, her or its Membership Units in the Company to: (A) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (B) the estate of a Member who is a natural person upon such Member's death, or (C) an entity wholly-owned by the Member. Provided, however, that upon the transfer of said Membership Units, said

assignee of such Membership Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Operating Agreement.

11.2 Transferee Not Member in Absence of Unanimous Consent.

(a) Notwithstanding anything contained herein to the contrary, if the Manager has not approved the proposed Sale or Gift of the Transferring Member's Membership Interest or Ownership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be the owner of an Economic Interest. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by unanimous written consent of the Members) shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-transferring Member(s).

(b) Upon and contemporaneously with any sale or gift of a Transferring Member's Economic Interest in the Company which does at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of $100.00, all remaining rights and Membership Interest retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

(c) Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Interest herein, if such purchase would terminate the Company's status as an association taxable as a partnership as determined by the Internal Revenue Service. If such purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such interest in accordance with the terms of this Agreement, and such third party would only be a Member owning an Economic Interest and would have no right to participate in the management of the Company, unless otherwise determined by the Manager.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Members, by a vote of a Majority, shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that the Subsidiary (a) has obtained a yield plan (the "Development Plan"), reflecting the proposed development of the Real Property with a single family residential development; and (b) has contacted the Foothills Land Conservancy (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement") by the Subsidiary.

13.2 Certain Obligations.

(a) It is anticipated that the Manager of the Subsidiary shall review and analyze the Development Plan, and shall develop a proposal (the "Investment Proposal") to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Subsidiary, the Company and the Members in connection therewith, a plan for the sale of the Real Property by the Subsidiary, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering proposal preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(b) It is anticipated that the Manager of the Subsidiary shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop a proposal (the "Conservation Proposal") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax benefits to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including proposal preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) Under the Operating Agreement of the Subsidiary, the manager of the Subsidiary is required to make a determination, within two (2) years from the Effective Date, as to whether the Subsidiary should pursue the Investment Proposal or pursue the Conservation Proposal and to deliver such recommendation to its Members, including the Company. Upon receipt of such recommendation, the Manager shall determine whether to vote in favor of causing the Subsidiary to pursue the Investment Proposal or the Conservation Proposal.

13.3 Right of the Members. When the Manager determines that the Company should cause the Subsidiary to pursue either the Investment Proposal or the Conservation Proposal, he shall promptly provide written notice thereof to each of the Members pursuant to the provisions of Section 15.13 of this Agreement. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he, she or it may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not approve the taking of the rejected proposal.

13.4 Duty of Managers to Implement Selected Proposal.

(a) Investment Proposal. If the Investment Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall vote the Company's interests in the Subsidiary in favor thereof, and shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Proposal. If the Conservation Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall vote the Company's interests in the Subsidiary in favor thereof, and shall take such actions as may be necessary or appropriate in connection with the Company's contribution deduction as a result thereof.

13.5 Right of Members to Implement. If the Conservation Proposal is selected as provided above, and the Company or the Subsidiary fails or refuses to execute, deliver or record the Conservation Easement, then any Member shall have the right and authority to execute, deliver and record the Conservation Easement. If the Investment Proposal is selected as provided above, and the Company or the Subsidiary fails or refuses to commence pursuit of the Development Plan, then any Member shall have the right and authority to execute and deliver the necessary documents to consummate the sale or disposition of the Real Property pursuant to the Investment Proposal.

13.6 Access and Encumbrances. If the Conservation Proposal is selected as provided above, the Manager shall have the right to cause the Subsidiary to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

13.7 Rights of Members to Use Property. So long as the Company owns, directly or indirectly, the Real Property, the Members shall have the individual right to use and enjoy the Real Property, subject to: (a) all legal restrictions, (b) any rules and regulations established by the Manager, (c) the terms and conditions of the Conservation Easement (if one shall be granted), (d) the requirement that such use or enjoyment does not impose additional financial or legal burdens on the Company or the Subsidiary, or (e) the prohibition against Member use during any periods in time in which the Company, directly or indirectly, is exploiting the Real Property pursuant to this Agreement.

ARTICLE XIV
DISSOCIATION. DISSOLUTION AND TERMINATION

14.1 Dissociation.

(a) Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, except for T.C.A. §48-249-601(a)(5), a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) the Member assigns all of his Membership Interest or Economic Interest in accordance with Article 11 herein;

(ii) the Member's entire Membership Interest in the Company is purchased or redeemed by the Company; or

(iii) the Member dies.

(b) Notwithstanding T.C.A. §48-249-503, except as otherwise expressly permitted in this Agreement, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such distributions shall be distributable to such Member only at the time (if any) such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, et seq., the Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The expiration of the term of the Company pursuant to Section 2.5 above;

(b) the unanimous written agreement of all of the Members to dissolve the Company;

(c) there is an administrative or judicial decree of dissolution;

(d) the sale of all of the assets of the Company;

(e) the expiration of the term of the Company as set forth in Section 2.5 hereof; or

(f) the disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by T.C.A. §48-249-610. Upon dissolution, the Managers shall file a Notice of Dissolution pursuant to T.C.A. §48-249-609.

14.4 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company,

(iv) Any funds remaining in the Company's Operating Reserve shall be paid to the manager of the Subsidiary for their services rendered in connection with the Property; and

(v) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, a Certificate of Cancellation may be executed and filed with the Secretary of State of Tennessee in accordance with the Tennessee Act.

14.6 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.1 Application of Tennessee Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Tennessee, and specifically the Tennessee Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Operating Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute one Operating Agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Operating Agreement and attached all to one counterpart which shall represent the one final Operating Agreement.

15.12 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Manager as determined in its sole discretion. For all purposes permitted or required by the Code, the Members constitute and appoint Jeffrey A. Pettit as Tax Matters Partner or such other Member as shall be designated by a Majority of the Members.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second (2nd) business day (which

term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Nashville, Tennessee) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Manager shall have the right to amend the Articles of Organization and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or Substituted Member of the Company as authorized herein; or (ii) to change the name or address of a Member; or (iii) to change the name of the registered office or registered agent of the Company; or (iv) in the opinion of the Manager, there is an inconsistent, ambiguous, false or erroneous provision in this Agreement provided the amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate or this Agreement not otherwise expressly addressed in this Article 15 shall require the approval of a Majority of the Members.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Tennessee Act, the Tennessee Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (a) the Member's address, (b) United States taxpayer identification number, and (c) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Manager to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.17 Determination of Matters Not Provided For In This Agreement. The Members shall jointly decide any questions arising with respect to the Company and this Agreement which are not specifically or expressly provided for in this Agreement.

15.18 Captions. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions and in no way are to be construed to affect the meaning or construction of this Agreement or any of its provisions.

15.19 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

ARTICLE XVI
LOAN AND ADVANCES BY MEMBERS

16.1 Loans to Company. In the event the Company shall determine that funds in addition to the Capital Contributions are reasonably necessary for maintaining and protecting the Property of the Company or conducting its business, the Manager shall be authorized to borrow funds on behalf of the Company on commercially reasonable terms from a commercial lending institution or from one or more of the Members without notification to any of the other Members, and all or a portion of the Property of the Company may be conveyed as security for any such indebtedness; provided, however, that the borrowing of funds by the Company and conveyance of Property as security therefor shall be made only to the extent allowed by applicable law.

16.2 Priority of Loans by Members. In the event that any Member shall lend money to the Company, the principal and interest with respect to such loans shall be fully paid prior to any distribution of funds to the Members under the terms of this Agreement unless such loan contains a specific provision to the contrary. Any Member who shall lend money to the Company under the terms of this Article XVI shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law. All payments of interest and principal on Member loans shall be made on a pro rata basis based upon the amount due each Member. All Member loans shall be in pari passu with each other.

[Signatures on following page]

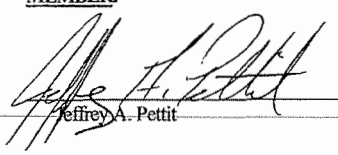
IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective by the undersigned Manager as of the ___ day of October, 2012.

MANAGER:

_____ (SEAL)
Arthur J. ("Jimmy") Goolsby, Jr.

IN WITNESS WHEREOF, this undersigned Member has signed, sealed and delivered this counterpart signature page to this Operating Agreement effective as of the ____ day of October, 2012.

MEMBER:



_____ (SEAL)
Jeffrey A. Pettit

IN WITNESS WHEREOF, this undersigned Member has signed, sealed and delivered this counterpart signature page to this Operating Agreement effective as of the ____ day of October, 2012.

MEMBER:

ECOVEST PINEY CUMBERLAND, LLC

By: **ECOVEST CAPITAL, LLC**

By: _____ (SEAL)
Name: Jeffrey Blau
Title: Manager

Exhibit A

Description of Real Property

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING a part of the same property conveyed to the Grantor herein by deed of record in Book RB 63, Page 837 in the Register of Deeds Office for Van Buren County, Tennessee.

FOR FURTHER REFERENCE, see deed of record in Book RB 56, Page 45 in the Register of Deeds Office for Van Buren County, Tennessee.

Exhibit B

MEMBERS

Name	Class A Units	Address
Jeffrey A. Pettit	172,082	[redacted]
EcoVest Piney Cumberland, LLC	140,794	[redacted]

Name	Class B Units	Address
Jeffrey A. Pettit	6.844	[redacted]
EcoVest Piney Cumberland, LLC	5.600	[redacted]

Name	Common Units	Address
Jeffrey A. Pettit	9.596	[redacted]

REDEMPTION AGREEMENT
(Piney Cumberland Holdings, LLC)

THIS REDEMPTION AGREEMENT (this "Agreement"), made and entered into effective as of the ___th day of October, 2012, by and between **PINEY CUMBERLAND HOLDINGS, LLC**, a Tennessee limited liability company (the "Company"), **ECOVEST PINEY CUMBERLAND, LLC**, a Delaware limited liability company ("EcoVest"), **JEFFREY A. PETTIT**, an individual resident of the State of Tennessee ("Mr. Pettit" and, together with EcoVest, the "Sellers") (Sellers and the Company are collectively referred to herein as the "Parties" and singularly as a "Party"), as follows:

W I T N E S S E T H:

WHEREAS, the Company currently has outstanding (i) 9.596 Common Units of membership interest in the Company, (ii) 312,876 Class A Units of membership interest in the Company, and (iii) 12.444 Class B Units of membership interest in the Company;

WHEREAS, the Company proposes to offer (the "Offering") a minimum of 930 Common Units of membership interest in the Company (the "Minimum Offering") and a maximum of 950 Common Units of membership interest in the Company (the "Maximum Offering") at an offer price of $2,384 per Common Unit (the "Offering Price") pursuant to a Confidential Private Offering Summary to be dated in October of 2012;

WHEREAS, Sellers have agreed to the redemption by the Company of all of the Class A Units owned by them for the payment of $1.00 per Class A Unit (the "Class A Redemption Price") upon the closing of the Minimum Offering, and the redemption by the Company of all of the Class B Units owned by them for the payment of $2,384 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price") with any proceeds of the Offering in excess of the Minimum Offering, such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. The Class A Units and the Class B Units to be redeemed hereby are collectively referred to herein as the "Redeemed Units";

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, faithfully to be kept by the Parties hereto, it is agreed as follows:

1. **Sale to the Company**. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2), Sellers shall sell, convey, transfer and assign unto the Company the Redeemed Units, and the Company shall purchase and redeem the Redeemed Units, for the applicable Redemption Price. Unless otherwise agreed by Sellers and reflected on the Assignment to be delivered pursuant to Section 3(a) below, the Class B Units to be redeemed upon the closing by the Company of an amount of Common Units in excess of the Minimum Offering but not meeting the Maximum Offering shall be apportioned among Sellers pro rata to their collective ownership on the date hereof.

2. **Closing Date**. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place as soon as practicable after the satisfaction of the conditions set forth in Section 7 hereof, at such place and time as shall be agreed between Sellers and the Company. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date".

3. **Mortgage Satisfaction**. The Parties acknowledge that the principal asset to be acquired by the Company with the proceeds of the Offering pursuant to a Membership Interest Purchase Agreement (the "MIPA") by and between the Company, as the Buyer, and Jeffrey and Tonya K. Pettit

("Mrs. Pettit"), as the Sellers, is a majority ownership interest in Piney Cumberland Resources, LLC, a Tennessee limited liability company ("Partners"), which has as its principal asset approximately 439.86 acres of unimproved real estate owned by it that is located in Van Buren County, Tennessee (the "Property"). The Property is presently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $150,208. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to Southeastern Timberland Group, LLC ("STG"). STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $583,737. As a condition of the closing of the MIPA, Mr. Pettit and Mrs. Pettit have agree to cause the release of the Mortgage and the Second Mortgage, and have authorized the Company to retain and pay over to the Lender and STG out of the proceeds of the MIPA payable to them such funds as are necessary to cause such release of the Mortgage and Second Mortgage. Mr. Pettit hereby further agrees, as condition of the Closing hereunder, that if the proceeds to be paid to Mr. Pettit under the MIPA are insufficient to cause the full release of the Mortgage and Second Mortgage, that the Company shall be authorized to satisfy in full the remaining release amounts by withholding from any amounts due to Mr. Pettit hereunder at Closing the amount necessary to satisfy in full the Mortgage and Second Mortgage release amounts (the "Mortgage Satisfaction Amount"). The Company shall pay at Closing the remaining balance of the Mortgage Satisfaction Amount, if any, to the Lender and/or STG (as applicable) as directed by such entity in a payoff letter provided to the Company by such entity. The Company shall be permitted to rely on the statement of the Mortgage Satisfaction Amount disclosed in any payoff letter relating to the Mortgage received from the Lender or the Second Mortgage received from STG.

4. **Transactions to be Effected at a Closing**. At the Closing: (a) Sellers shall deliver to the Company an assignment signed by each Seller indicating the number and ownership of the Redeemed Units to be redeemed hereby and assigning such Redeemed Units to the Company; and (b) the Company shall deliver to Sellers payment, by wire transfer to a bank account designated in writing by Sellers, of immediately available funds in an amount equal to the Redemption Price per number of Redeemed Units to be redeemed hereby, less the Mortgage Satisfaction Amount with respect to Mr. Pettit.

5. **Warranties of Sellers**. Each of Sellers hereby severally and separately represents and warrants to the Company, as of the date of this Agreement and as of the Closing Date, as follows:

(i) Authority; Execution and Delivery; Enforceability. Seller has full power and authority to execute this Agreement and to consummate the transactions contemplated hereby. Seller has duly executed and delivered this Agreement, and, assuming due execution and delivery by the Company, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(ii) No Conflicts; Consents. The execution and delivery by Seller of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance by Seller with the terms hereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any lien, mortgage, security interest, option, claim, restriction or encumbrance of any kind (each, a "Lien") upon any of the properties or assets of Seller or the Company under, any provision of (i) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (each, a "Contract") to which Seller or the Company is a party or by which any of their respective properties or assets is bound or (ii) any judgment, order or decree ("Judgment") or statute, law, ordinance, rule or regulation ("Applicable Law") applicable to Seller or the Company or their respective properties or assets. No consent, approval, license, permit, order or

authorization ("Consent") of, or registration, declaration or filing with, any United States Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "Governmental Entity") is required to be obtained or made by or with respect to Seller in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

(iii) The Redeemed Units. Seller has good and valid title to the Redeemed Units to be redeemed hereby, free and clear of all Liens. Upon delivery to the Company at the Closing of the assignment referenced in Section 4 hereof, and upon Sellers' receipt of the portion of the Redemption Price to be paid at Closing with respect thereto, good and valid title to the Redeemed Units will pass to the Company, free and clear of any Liens, other than those arising from acts of the Company.

(iv) Brokers/Finders. No broker, finder or investment banker, is entitled to any brokerage, finder's or other fee or commission in connection with the sale and purchase of the Redeemed Units contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

6. **Covenants**.

(a) Reasonable Best Efforts. On the terms and subject to the conditions of this Agreement, each Party shall use its reasonable best efforts to cause the Closing to occur, including taking all reasonable actions necessary to comply promptly with all legal requirements that may be imposed on it or any of its affiliates with respect to the Closing.

(b) Expenses. Whether or not the Closing takes place, and except as set forth in Section 9(e), all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expense, including all costs and expenses incurred pursuant to Section 6(a).

(c) Further Assurances. From time to time, as and when reasonably requested by any Party, the other Party shall execute and deliver, or cause to be executed and delivered, all such reasonable documents and instruments and shall take, or cause to be taken, all such reasonable further or other actions (subject to Section 6(a), as the requesting Party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

7. **Conditions Precedent**.

(a) Conditions to Obligation of the Company. The obligation of the Company to purchase and redeem any Redeemed Units hereunder at the Closing is subject to the satisfaction (or waiver by the Company) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have sold at least the Minimum Offering.

(ii) Representations and Warranties. The representations and warranties of Sellers in this Agreement relating to Sellers shall be true and correct and those that are not so qualified shall be true and correct in all material respects, in each case, when made and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, on and as of such earlier date).

(iii) Delivery of Assignment. Sellers shall have delivered to the Company the Assignment referenced in Section 4(a).

(iv) Performance of Obligations of Sellers. Sellers shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Sellers by the time of or concurrently with the Closing.

(v) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(b) Conditions to Obligation of Sellers. The obligation of Sellers to sell the Redeemed Units is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have at least sold at least the Minimum Offering.

(ii) Performance of Obligations of the Company. The Company shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by the Company by the time of or concurrently with the Closing.

(iii) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

8. Termination, Amendment and Waiver

(a) Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by mutual written consent of Sellers and the Company;

(ii) by Sellers if any of the conditions set forth in Section 7(a) shall have become incapable of fulfillment, and shall not have been waived by Sellers;

(iii) by the Company if any of the conditions set forth in Section 7(b) shall have become incapable of fulfillment, and shall not have been waived by the Company; or

(iv) by Sellers or the Company, if the Closing shall not have occurred on or prior to December 21, 2012 (the "Termination Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 8(a)(iv) shall not be available to any party whose failure to perform in any material respect any obligations under this Agreement has been the cause of or resulted in the failure of the Closing Date to occur prior to the Termination Date;

provided, however, that the party seeking termination pursuant to clause (i), (ii) or (iii) is not then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement.

(b) Notice of Termination. In the event of termination by Sellers or the Company pursuant to this Section 8(a), written notice thereof shall forthwith be given to the other and the transactions contemplated by this Agreement shall be terminated, without further action by any Party.

(c) Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 8(a), this Agreement shall become null and void and of no further force and effect, except for the provisions of Section 6(b) relating to certain expenses, and this Section 8. Nothing in this Section 8 shall be deemed to release any party from any liability for any willful and material breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

9. **Miscellaneous**.

(a) Amendments and Waivers. This Agreement may not be amended, modified or waived except by an instrument in writing signed on behalf of each of the Parties hereto.

(b) Successors and Assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers, irrespective of their desire to sell such Redeemed Units, who shall be bound to carry out the provisions of this Agreement and to sell and transfer the certificates evidencing ownership of such Redeemed Units to the Company in full compliance with the terms and provisions of this Agreement. This Agreement shall be binding upon the successors and assigns of the Company which shall be bound to carry out the provisions of this Agreement in full compliance with the terms and provisions of this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers and to the successors and assigns of the Company.

(c) Governing Law. This Agreement will be governed by and interpreted pursuant to the laws of the State of Tennessee.

(d) Acknowledgment. All Parties represent and acknowledge that they have carefully read this Agreement, have been given a reasonable period of time in which to consider the terms and provisions herein and had the opportunity to consult with their legal counsel regarding the provisions of this Agreement and understand the terms and provisions contained therein.

(e) Attorney Fees. A Party in breach of this Agreement shall indemnify, on demand, and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other Party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other Party may be entitled.

(f) Counterparts. The Parties specifically agree that this document may be executed in counterparts, each of which shall be considered part of one written document.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

PINEY CUMBERLAND HOLDINGS, LLC

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

ECOVEST PINEY CUMBERLAND, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: _____
Its: _____

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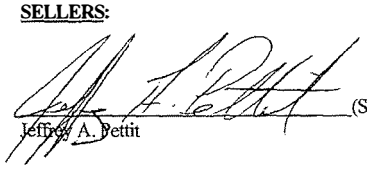
COMPANY:

PINEY CUMBERLAND HOLDINGS, LLC

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:



(SEAL)
Jeffrey A. Pettit

ECOVEST PINEY CUMBERLAND, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: _____
Its: _____

DOCSBHM\1891414\1

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

PINEY CUMBERLAND HOLDINGS, LLC

_____

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

ECOVEST PINEY CUMBERLAND, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: Jeffrey Board
Its: Manager

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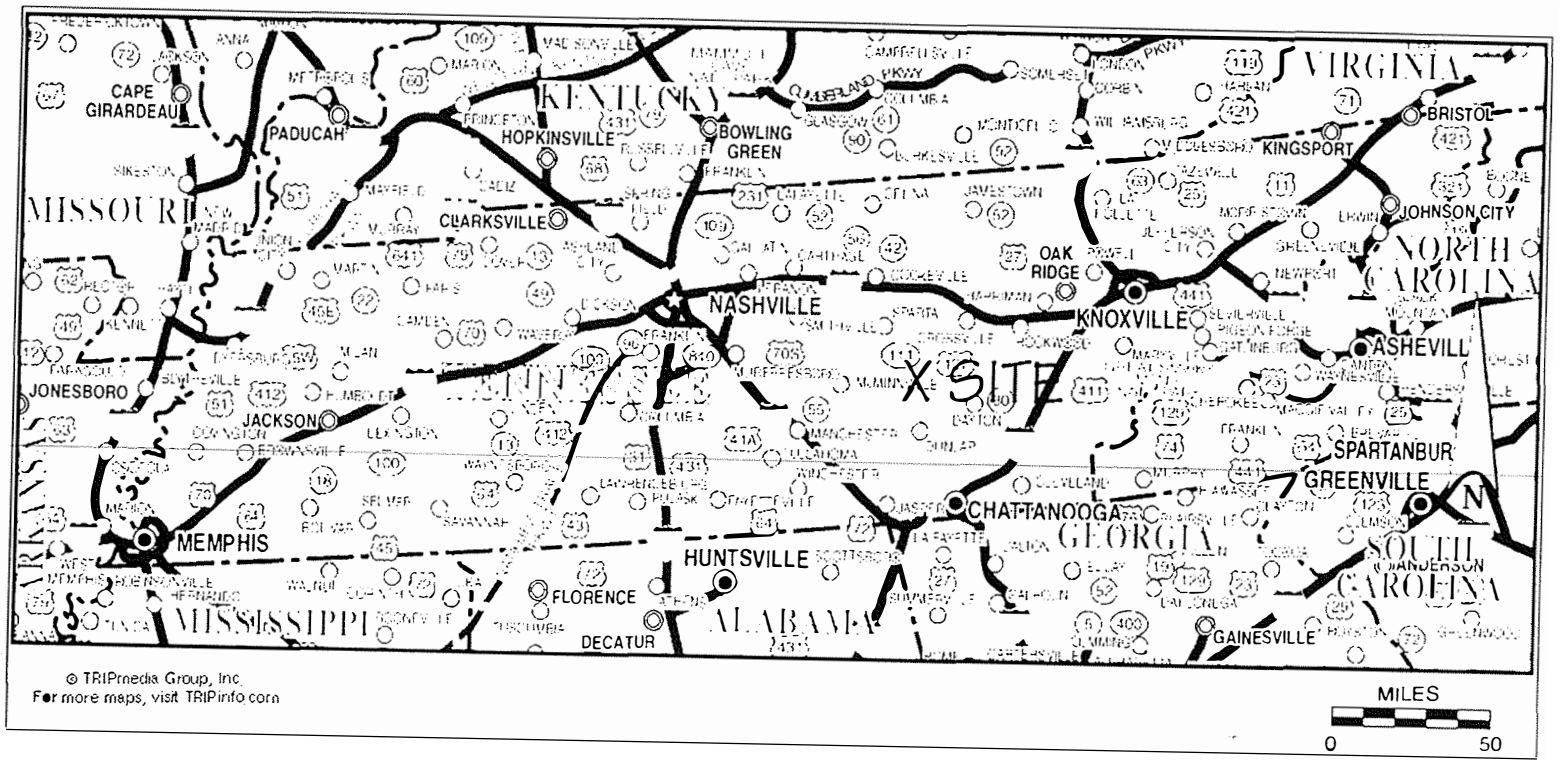

Confidential Treatment Requested by SFA

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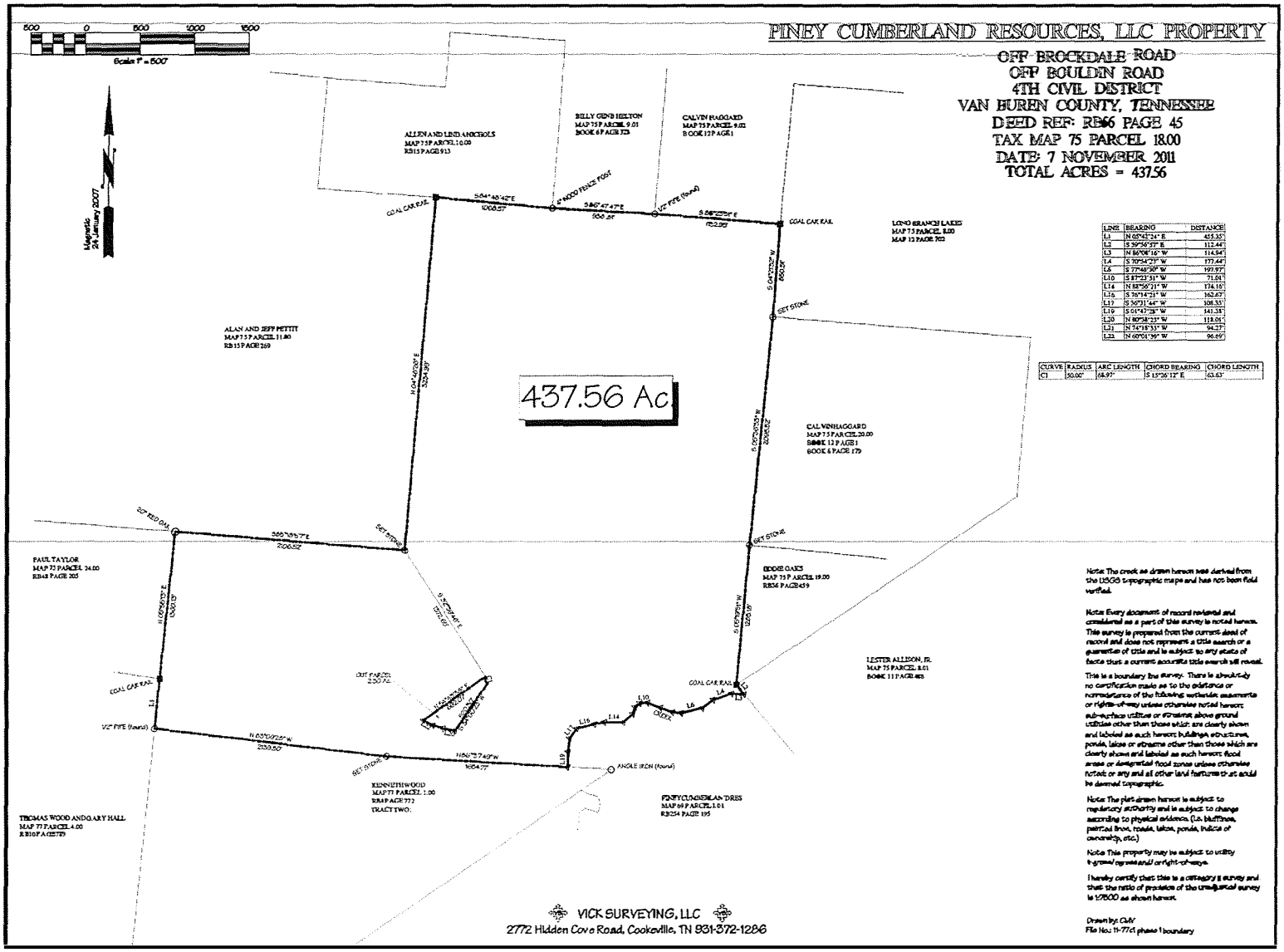
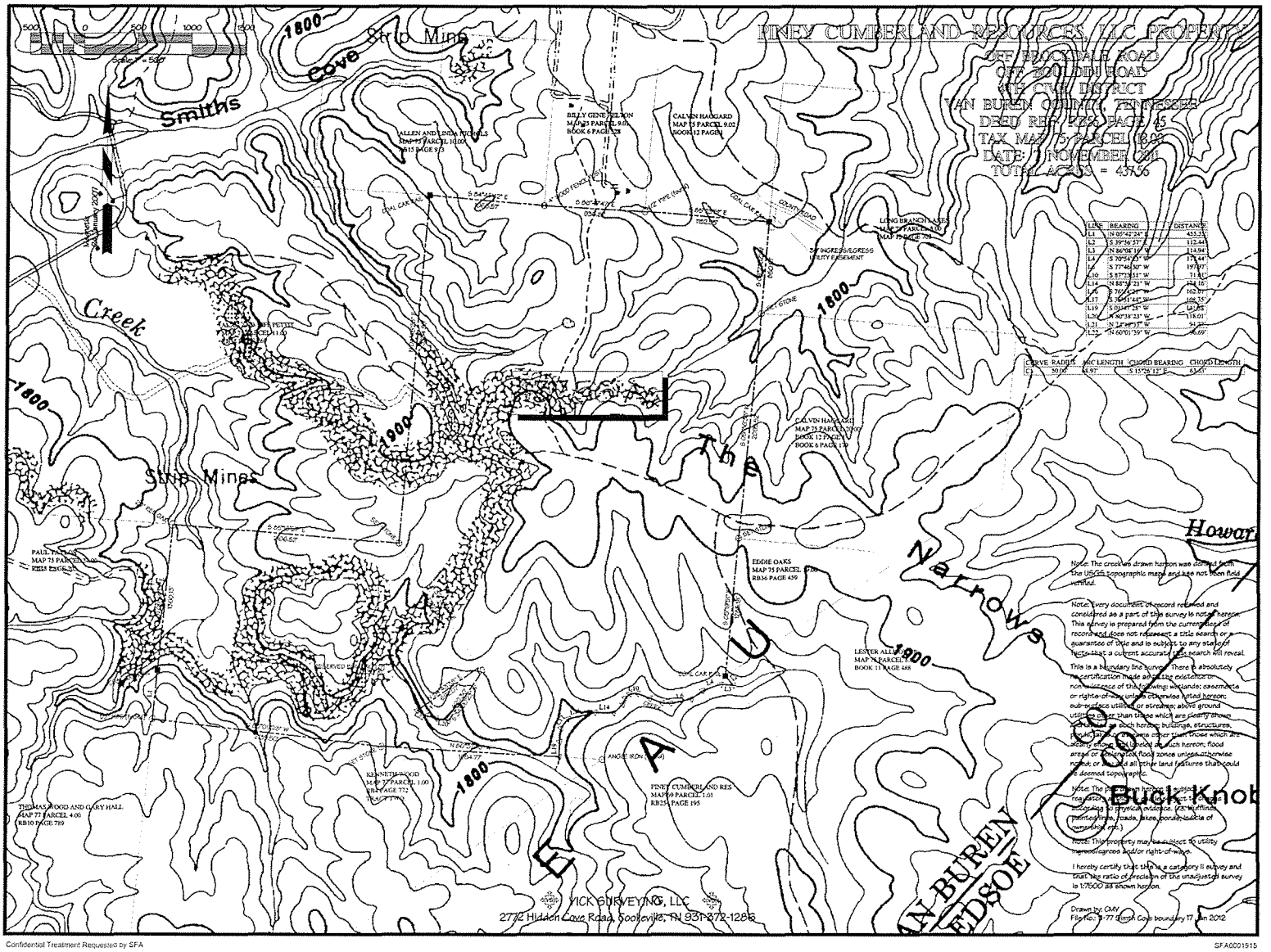




SUBSCRIPTION AND SUITABILITY AGREEMENT

UNITS OF MEMBERSHIP INTEREST IN PINEY CUMBERLAND HOLDINGS, LLC

Piney Cumberland Holdings, LLC
[redacted]

Re: Piney Cumberland Holdings, LLC Common Units

Ladies and Gentlemen:

1. Subscription for Piney Cumberland Holdings, LLC Common Units. The undersigned (the "Subscriber") intending to be legally bound hereby agrees to purchase from Piney Cumberland Holdings, a Tennessee limited liability company (the "Company"), the number of Common Units of membership interest in the Company (the "Units") set forth on the signature page hereof, which are being offered by the Company pursuant to the Confidential Private Offering Summary, dated as of October __, 2012 (the "Offering Summary"), with respect to a minimum of a minimum of 930 Units (the "Minimum Offering"), representing a 97.68% ownership interest in the Company on a fully diluted basis and an aggregate 93% beneficial ownership interest in Piney Cumberland Resources, LLC, a Tennessee limited liability company (the "Property Entity"), on a fully diluted basis following the completion of the events to be completed simultaneously with the acceptance of this subscription by the Company, and a maximum of 950 Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis and an aggregate 95% beneficial ownership interest in the Property Entity on a fully diluted basis following the completion of the events to be completed simultaneously with the acceptance of this subscription by the Company, at a subscription price of $2,384 per Unit (the "Offer Price"). The minimum investment amount per investor is $47,680, or 20 Units, unless otherwise permitted by the Manager of the Company in his sole discretion. Units in excess of the 20 Unit minimum may be purchased in single Unit lots. All capitalized terms that are not defined in this Subscription and Suitability Agreement shall have the meanings set forth in the Offering Summary.

2. Payment of Subscription Price. The Subscriber tenders herewith in payment for the Units subscribed for in paragraph 1 the Subscriber's wire transfer of funds payable to "Oakworth Capital FBO Piney Cumberland Holdings, LLC" in the amount indicated on the signature page hereof based upon the Offer Price. Such wire transfer should be made pursuant to the wire transfer instructions accompanying this Subscription and Suitability Agreement.

3. Access to Information. The Subscriber has received a copy of the Offering Summary; the Subscriber has read the Offering Summary, including the Exhibits thereto; and the Subscriber has consulted with such legal and financial advisors (the "Advisors") as the Subscriber deemed necessary to evaluate the information in the Offering Summary. The Subscriber and the Advisors have received such other information from the Company as they deem necessary and appropriate for a prudent and knowledgeable investor to verify the accuracy of the information in the Offering Summary and to otherwise evaluate the merits and risks of an

investment in the Units. The Subscriber further acknowledges that the Subscriber and the Advisors have had the opportunity to ask questions of the Manager and other agents of the Company and that all such questions have been answered to the full satisfaction of the Subscriber. All documents, records and books pertaining to this investment that the Subscriber has requested have been made available for inspection by him/her/it and/or his/her/its attorney, accountant and other advisor(s). The Subscriber acknowledges that, except as set forth herein, no representations or warranties have been made to the Subscriber by the Company or others with respect to the business plans of the Company and its financial prospects.

4. Sole Party In Interest. Subscriber is purchasing the Units solely for Subscriber's own account, and not with a view toward the transfer, sale, fractionalization, subdivision or other disposition of the Units or the securities included therein. Unless specified herein, Subscriber is not acting in a fiduciary capacity or for any person who directly or indirectly supplied all or part of the funds for the purchase of the Units.

5. Representations. Warranties and Covenants of Subscriber. By executing this Subscription and Suitability Agreement, Subscriber makes the following representations, declarations, warranties and covenants to the Company, with the intent and understanding that the Company will rely thereon:

(a) THE SUBSCRIBER ACKNOWLEDGES THAT THE UNITS HAVE NOT BEEN REGISTERED UNDER THE ACT IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION, NOR HAVE THEY BEEN REGISTERED WITH ANY STATE REGULATORY AUTHORITIES. THE UNITS ARE ALSO BEING SOLD HEREUNDER IN RELIANCE UPON EXEMPTIONS FROM APPLICABLE STATE SECURITIES LAWS. SUBSCRIBER UNDERSTANDS THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR THE SECURITIES COMMISSION OF EACH OF THE STATES IN WHICH THESE UNITS ARE BEING OFFERED, HAVE PASSED UPON THE ADEQUACY OR THE ACCURACY OF THIS OFFERING OF SECURITIES.

(b) The Subscriber (i) has such knowledge and experience in financial and business matters that Subscriber is capable of evaluating the merits and risks of an investment in the Units and the proposed activities of the Company, and (ii) has carefully considered the suitability of an investment in Units for the Subscriber's particular financial and tax situation and has determined that the Units are a suitable investment for Subscriber. The Subscriber has read and satisfies the suitability standards set forth in the Offering Summary under the heading "WHO MAY INVEST," and understands and agrees that the Company intends to rely on the information set forth in the Confidential Investor Questionnaire as completed and executed by Subscriber and delivered to the Manager in their acceptance or rejection of this Subscription and Suitability Agreement.

(c) The Subscriber recognizes that the Company has limited operating history and that the Company's principal asset will be its ownership of a majority interest in the Property Entity, which entity owns approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee (as further identified in the Offering Summary). The Company intends to have as it sole asset the units of membership interest in the Property Entity, which in turn will have as its sole asset, the Property. Consequently, the purchase of the Units is essentially an

investment in real estate. Real estate prices could decline in value. Therefore, an investment in the Units involves significant risks. Subscriber is familiar with the nature of risks attending investments of this type, and has determined that a purchase of the Units is consistent with Subscriber's investment objectives.

(d) The Subscriber is not subscribing for the Units as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting.

(e) If the Subscriber is a natural person, the Subscriber is at least 21 years of age.

(f) The address set forth below is the Subscriber's true and correct residence (or, if not an individual, domiciliary) address.

(g) If the Subscriber is a corporation, partnership, limited liability company or partnership, trust or other entity, it represents that: (i) it is duly organized, validly existing and in good standing in its jurisdiction of incorporation or organization and has all requisite power and authority to invest in the Units as provided herein; (ii) such investment does not result in any violation of, or conflict with, any term or provision of the charter, bylaws or other organizational documents of the undersigned or any other instrument or agreement to which the undersigned is a party or is subject; (iii) such investment has been duly authorized by all necessary action on behalf of the undersigned; and (iv) this Agreement has been duly executed and delivered on behalf of the undersigned and constitutes a legal, valid and binding agreement of the undersigned.

(h) If the Subscriber is a corporation, partnership or limited liability company or partnership, the person signing this Subscription and Suitability Agreement on its behalf hereby represents and warrants that the information being provided by signing this Subscription and Suitability Agreement is true and correct with respect to such corporation, partnership or limited liability company or partnership, as the case may be.

(i) If the Subscriber is purchasing the Units subscribed for hereby in a representative or fiduciary capacity, the representations and warranties contained herein (and in any other written statement or document delivered to the Company in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom such Units are being purchased.

(j) The Subscriber has sufficient liquid assets to pay the Purchase Price for the Units subscribed for hereby, has adequate net worth and means of providing for his or her current financial needs and possible personal contingencies, is able to bear the substantial economic risks of an investment in the Units for an indefinite period of time and has no present or anticipated need for liquidity of an investment in the Company and, at present time, could afford a complete loss of such investment. The investment of the Subscriber in the Company is reasonable in relation to his or her net worth and financial needs.

(k) The Subscriber understands that the price per Unit has been arbitrarily determined by the Company and not by an independent accountant or auditor, and that no assurances have been given about the increase in value, if any, of such Units.

(l) The Subscriber understands that he, she or it must bear the economic risk of an investment in the Units for an indefinite period. The Subscriber has been advised and is aware that: (i) there is no public market for the Units purchased and it is highly unlikely that any public market will develop; and (ii) the Units have not been registered under the Act or the securities laws of any state or other jurisdiction, and, therefore, cannot be sold, AND THE SUBSCRIBER AGREES NOT TO SELL OR OTHERWISE DISPOSE OF THE UNITS ACQUIRED BY THE SUBSCRIBER, except as permitted by the Operating Agreement of the Company dated as of October ___, 2012 (as may be amended and/or restated, the "Operating Agreement") and unless such securities are subsequently registered under the Act and such state securities laws as are applicable or unless there are available exemptions from such registration that are supported by an opinion of counsel for Subscriber, which opinion is satisfactory to the Company in its sole discretion.

(m) The Subscriber recognizes that the information furnished by the Company does not constitute investment, accounting, legal or tax advice. The Subscriber is not relying on the Company with respect to the economic or tax considerations of the Subscriber relating to this investment, in particular the possibility of the Company receiving a charitable deduction in the event that a majority of the members votes to cause the Property Entity to place one or more conservation easements on the Property. In regard to such considerations, the Subscriber has relied on the advice of, or has consulted with, only his or her own advisor(s). The Subscriber has had the opportunity to review this Subscription and Suitability Agreement and the Operating Agreement with an attorney and understands the meaning and legal consequences of the foregoing representations and warranties and the provisions of the Operating Agreement.

(n) All information that the Subscriber has heretofore furnished and furnishes herewith to the Company is true, correct and complete as of the date of execution of this Agreement, and if there should be any material change in such information prior to the closing of the sale of the Units (the "Closing"), Subscriber will immediately furnish such revised or corrected information to the Company. The Subscriber understands and acknowledges that the Company is relying on the representations, warranties and agreements of the Subscriber for the offering and sale the Units hereunder to be exempt from registration under the Act and applicable state securities laws. The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the Closing as if made on and as of such date and shall survive such date. If more than one person is signing this Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

6. Authority. The undersigned Subscriber is either:

(a) An individual of legal age and is legally competent to execute this Subscription and Suitability Agreement; or

(b) A corporation, partnership, limited liability company or other business organization that is duly organized and validly existing under the laws of its state of its organization and has the power and authority to execute this Subscription and Suitability Agreement and to perform the obligations contemplated hereunder. Subscriber has taken all corporate actions and proceedings necessary to authorize the execution of this Subscription and Suitability Agreement.

7. Acceptance or Rejection of Subscription. This Agreement shall not be binding on the Company until accepted by the Company, such acceptance to be indicated by the execution of this Agreement by the Company in the place provided on the signature page. If this Agreement shall not be accepted, then this Agreement shall be deemed to be rejected and canceled, and all monies received, without interest, along with the executed signature page, shall be promptly returned to the Subscriber. THE SUBSCRIBER UNDERSTANDS AND AGREES THAT THIS SUBSCRIPTION IS MADE SUBJECT TO THE CONDITION THAT THE COMPANY SHALL HAVE THE RIGHT TO ACCEPT OR REJECT IT IN WHOLE OR IN PART, OR TO MODIFY THE OFFER CONTAINED HEREIN AT ANYTIME, WITHOUT PRIOR NOTICE.

8. Indemnity. The Subscriber hereby agrees to indemnify and hold harmless the Company and the Company's Manager and Members from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, attorneys' fees and disbursements) suffered, incurred, arising out of or as a result of any misrepresentation or breach of any representation, warranty, covenant or agreement made by the Subscriber in this Agreement or in any other document furnished by the Subscriber in connection with this transaction.

9. No Assignment or Transfer. The Subscriber agrees not to transfer or assign this Agreement, or any interest of the Subscriber herein.

10. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee, without regard to conflict of law principles.

11. Additional Information. The Subscriber hereby acknowledges and agrees that the Company may make or cause to be made such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the Subscriber as an investor in the Units.

12. Miscellaneous.

(a) Captions of this Agreement are for convenience of reference only and shall not limit or otherwise affect the interpretation or effect of any term or provision hereof.

(b) This Agreement and the rights, powers and duties set forth herein, except as otherwise herein set forth, shall bind and inure to the heirs, executors, administrators, legal representatives and successors of the parties hereto.

(c) This Agreement may be executed in counterparts, all of which, when taken together, shall be deemed to be one original.

13. Admission and Agreement to be Bound. The Subscriber does hereby acknowledge receipt of a copy of the Operating Agreement and has read, understands and fully agrees to the terms and conditions of the Operating Agreement effective upon acceptance by the Company of this Subscription and Suitability Agreement. Pursuant to the Operating Agreement, by the execution of this Subscription and Suitability Agreement, upon acceptance by the Company hereof, the undersigned is hereby admitted to the Company as an additional Member and agrees to be bound by all of the terms and conditions of the Operating Agreement.

14. Consent as a Member. The Subscriber understands and agrees that all of the Members of the Company have heretofore given their consent to the admission as Members of the Company of such persons as are approved and selected by the Manager in the Manager's sole discretion upon the payment by such persons of the Offer Price as set forth in and on the terms of the Offering Summary. Upon the acceptance by the Company hereof, the Subscriber hereby gives the Subscriber's consent under the Operating Agreement for the Manager to admit such persons as are approved by the Manager as Members of the Company on the terms set forth in the Offering Summary, which consent shall be continuing during the term of the Offering and not subject to termination, revocation or other lapse except in accordance with the terms of the Offering Summary.

[SIGNATURES ON FOLLOWING PAGE]

To be completed and executed by the Subscriber:

1. Number of Units to be purchased: _____
2. Purchase price per Units: x $ 2,384
3. Total purchase price for Units to be purchased: _____

Manner is which Title to Units is to be held:

___ Individual(s) ___ LLC ___ Corporation ___ Trust ___ Profit Sharing Plan ___ Partnership

If a Profit Sharing Plan is the purchaser, is the Profit Sharing Plan self-directed? _____

If joint ownership, please designate one of the following:

___ Joint Tenants with Right of Survivorship ___ Community Property ___ Tenants in Common

Individual(s):	**Business Entities**
_____ Name SSN #	_____ Name
_____ Spouse's Name (if held jointly) SSN #	_____ Tax Identification Number
_____ Street Address	_____ Street Address
_____ City State Zip	_____ City State Zip
( ) _____ Telephone Number	( ) _____ Telephone Number
_____ Signature	_____ Signature
_____ Spouse's Signature (if held jointly)	_____ Title
_____ Date	_____ Date

Accepted on behalf of the Company:
PINEY CUMBERLAND HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Manager of the Company

PINEY CUMBERLAND HOLDINGS, LLC

CONFIDENTIAL INVESTOR QUESTIONNAIRE

THIS QUESTIONNAIRE DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY A SECURITY. The sole purpose of this questionnaire is to establish whether the individual on whose behalf this questionnaire is completed (the "Subscriber") is qualified to invest in securities of Piney Cumberland Holdings, LLC, a Tennessee limited liability company (the "Company"), which may be offered and sold under applicable Federal and state securities laws.

IMPORTANT: This form of Confidential Investor Questionnaire has been prepared for use by individuals and by entities such as partnerships, corporations and trusts. If the Subscriber is an entity, the Subscriber should provide information regarding the entity itself and not particular partners, officers, directors, trustees or beneficiaries of the entity, unless specifically requested. Notwithstanding the foregoing, in the case of partnerships, corporations and trusts formed specifically for the purpose of participating in this investment, a questionnaire must be completed by each partner, shareholder, and beneficiary.

1. IF THE SUBSCRIBER IS ONE OR MORE INDIVIDUALS:
   a. Name(s) of individual(s):_____
   b. Address(es) of individual(s):_____
      _____
      _____
   c. Telephone number(s) of individual(s):_____
   d. Fax number(s) of individual(s): _____
   e. E-mail address(es) of individual(s): _____
   f. Occupation(s) of individual(s):_____
   g. Name(s) of employer(s):_____
   h. Address(es) of employer(s):_____
2. IF THE SUBSCRIBER IS AN ENTITY:
   a. Name of entity:_____
   b. Form of entity:_____
      (partnership, corporation, trust, etc.)
   c. Date of organization of entity:_____
   d. Address of entity:_____
   e. Telephone number of entity:_____

f. Please name the authorized representative(s) of the entity who will be acting for the entity in connection with its potential investment in the Company:

_____

g. E-mail address of authorized representative: _____

h. Type of business entity is engaged in: _____

3. The Subscriber is one or more of the following (if yes, check appropriate lines):

Yes_____ No_____

_____ a director or executive officer of the Company;

_____ a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase (***excluding*** the value of that person's primary residence, but including the debt on the primary residence only to the extent the debt is greater than the value of the primary residence), exceeds $1,000,000;

_____ a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with a spouse in excess of $300,000 in each of those years and who reasonably expects to reach the same income level in the current year;

_____ a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment;

_____ an entity in which all of the equity investors is a person described above;

_____ a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (the "Act") or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity;

_____ a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

_____ an insurance company as defined in Section 2(13) of the Act;

_____ an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940;

_____ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

_____ a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, where such plan has total assets in excess of $5,000,000;

_____ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, where the investment decision is made

by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or an employee benefit plan that has total assets in excess of $5,000,000, or if a self-directed plan the investment decisions are made solely by persons that are accredited investors;

_____ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

_____ an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

4. In furnishing the above information, the Subscriber, and if the Subscriber is an entity, the individual executing and delivering this questionnaire on behalf of entity, acknowledge that the Company will be relying thereon in determining, among other things, whether there is reasonable grounds to believe that the Subscriber qualifies as an Subscriber of shares of the Company's securities. To the best of the Subscriber's information and belief, the above information supplied by the Subscriber is true and correct in all respects and the Subscriber represents and warrants to the Company as follows:

a. The answers to the above questions may be relied upon by the Company in determining whether the offering in which the Subscriber proposes to participate is exempt from registration under the Act and from registration or qualification under the securities laws of various states.

b. The Subscriber will notify the Company immediately of any material change in any statement made herein occurring prior to the closing of any purchase by the Subscriber of securities of the Company.

c. The Subscriber understands and agrees that, although the Company will use is best efforts to keep the information in this Investor Questionnaire strictly confidential, the Company may present this Investor Questionnaire and the information provided herein to such parties as it deems advisable if called upon to establish the availability of an exemption from registration of the securities of the Company under any federal or state securities laws or if the contents hereof are relevant to any issue in any action, suit or proceeding to which you are a party or by which you are or may be bound.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Investor Questionnaire as the ____ day of _____, 2012.

IF SUBSCRIBER IS AN ENTITY:

_____
(Name of Entity-Please Print)

By_____

Name_____

Title_____

IF SUBSCRIBER IS ONE OR MORE INDIVIDUALS (all individuals must sign)

_____
(Name-Please Print)

_____
Signature

_____
(Name-Please Print)

_____
Signature

SUBSCRIPTION ESCROW AGREEMENT

THIS SUBSCRIPTION ESCROW AGREEMENT (this "Escrow Agreement"), dated as of October __, 2012, is entered into by and between **PINEY CUMBERLAND HOLDINGS, LLC**, a Tennessee limited liability company (the "Company"), and **OAKWORTH CAPITAL BANK**, as escrow agent (the "Escrow Agent").

WHEREAS, the Company intends to raise funds from investors (the "Investors") pursuant to a private offering (the "Offering") of common units of membership interest in the Company (the "Units" or "Securities"), specifically a minimum of 930 Units (the "Minimum Offering"), representing an aggregate 97.68% ownership interest in the Company on a fully diluted basis, and a maximum of 950 Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis, at a subscription price of $2,384 per Unit, for a total aggregate Minimum Offering amount of $2,217,120 (the "Minimum Amount") and a total aggregate Maximum Offering amount of $2,264,800 (the "Maximum Amount").

WHEREAS, the Company desires to deposit funds paid by the Investors with the Escrow Agent, to be held for the benefit of the Investors and the Company until such time as subscriptions for the Minimum Amount of the Securities have been deposited into escrow in accordance with the terms of this Escrow Agreement.

WHEREAS, in the event that at least the Minimum Amount is received and there is a Closing of the Offering (as defined below), the Company desires to have the Escrow Agent retain $150,000 of the deposit funds paid by the Investors to the Escrow Agent (the "Supplemental Escrow Amount"), to be held in accordance with the terms of this Escrow Agreement.

WHEREAS, the Escrow Agent is willing to accept the appointment as escrow agent upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Escrow of Investor Offering Funds.

(a) On or before the commencement of the Offering, the Company shall establish an escrow account with the Escrow Agent (the "Offering Escrow Account"). All funds received from Investors in payment for the Securities ("Investor Funds") will be delivered to the Escrow Agent within two (2) business days following the day upon which such Investor Funds are received by the Company (if received by the Company), and shall, upon receipt of good and collected funds by the Escrow Agent, be retained in the Offering Escrow Account by the Escrow Agent and invested as stated below. During the term of this Escrow Agreement, the Company shall cause all checks received by and made payable to it in payment for the Securities to be endorsed in favor of the Escrow Agent and delivered to the Escrow Agent for deposit in the

Offering Escrow Account. Investor Funds also may be wired directly to the Offering Escrow Account using wire instructions provided by the Escrow Agent.

(b) Escrow Agent shall have no duty to make any disbursement, investment or other use of Investor Funds until and unless it has good and collected funds. In the event that any checks deposited in the Offering Escrow Account are returned or prove uncollectible after the funds represented thereby have been released by the Escrow Agent, then the Company shall promptly reimburse the Escrow Agent for any and all costs incurred for such, upon request, and the Escrow Agent shall deliver the returned checks to the Company. The Escrow Agent shall be under no duty or responsibility to enforce collection of any check delivered to it hereunder. The Escrow Agent reserves the right to deny, suspend or terminate participation by an Investor to the extent the Escrow Agent deems it advisable or necessary to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Offering.

2. Identity of Subscribers. A copy of the Offering document has been provided to the Escrow Agent. The Company shall furnish to the Escrow Agent with each delivery of Investor Funds or shortly thereafter for funds wired directly from an investor, a list of the Investors who have paid for the Securities showing the name, address, tax identification number, amount of Securities subscribed for and the amount paid and deposited with the Escrow Agent. This information comprising the identity of Investors shall be provided to the Escrow Agent in the form of the Subscription Agreement executed by each such Investor to evidence such Investor's subscription for the Units (the "List of Investors"). All Investor Funds so deposited shall not be subject to any liens or charges by the Company or the Escrow Agent, or judgments or creditors' claims against the Company, until released to the Company as hereinafter provided. The Company understands and agrees that the Company shall not be entitled to any Investor Funds on deposit in the Offering Escrow Account and no such funds shall become the property of the Company except when released to the Company pursuant to Section 3 of this Escrow Agreement. The Company and the Escrow Agent will treat all Investor information as confidential. The Escrow Agent shall not be required to accept any Investor Funds which are not accompanied by the information on the List of Investors.

3. Disbursement of Investor Offering Funds.

(a) In the event the Escrow Agent receives written notice from the Company that the Company has rejected an Investor's subscription, the Escrow Agent shall pay to the applicable Investor, within ten (10) business days after receiving notice of the rejection, by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all collected sums paid by the Investor for Securities and received by the Escrow Agent; provided, however, that such Investor has not otherwise provided written instructions to Escrow Agent in form and substance acceptable to Escrow Agent requesting an alternative disbursement of such sums.

(b) Once the Escrow Agent is in receipt of good and collected Investor Funds totaling at least the Minimum Amount, the Escrow Agent shall notify the Company of the same in writing. If the Minimum Amount or more is received into the Offering Escrow Account at any

time before the Termination Date (as defined in Section 4 of this Escrow Agreement) and the Company shall have notified the Escrow Agent that the Offering is closing ("Closing"), then the Escrow Agent shall pay out the Investor Funds and all earnings thereon when and as directed in writing by the Company except that the Supplemental Escrow Amount shall be retained by the Escrow Agent and placed in the Supplemental Escrow Account and disbursed only in accordance with Section 4 below.

(c) If the Minimum Amount has not been received by the Escrow Agent before the Termination Date, the Escrow Agent shall, within ten (10) business days after the Termination Date, refund to each Investor by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all sums paid by the Investor for Securities and received by the Escrow Agent, and shall then notify the Company in writing of such refunds.

4. Supplemental Escrow Funds.

(a) Certain Definitions.

(i) "Audit Receipt" shall mean a written notice from the Company or the Majority Members delivered to the Escrow Agent that an audit of the Company or its affiliates has been commenced accompanied by an IRS Audit Notice.

(ii) "IRS Audit Notice" means a copy of written notice from the United States Internal Revenue Service indicating that one or more federal tax returns of the Company or its affiliates are being audited.

(iii) "Majority Members" shall mean Members of the Company owning in the aggregate at least a majority of the issued and outstanding voting equity interests in the Company.

(iv) "Supplemental Escrow Account Termination Date" shall mean the later of (i) the fifth (5th) anniversary of the date of the Closing, or (ii) in the event the Escrow Agent shall have received an Audit Notice prior to the expiration of the fifth (5th) anniversary of the date of the Closing, the thirtieth (30^{th}) day following the receipt by the Escrow Agent of notice that all audits of the Company or its affiliates referenced in an Audit Notice have been completed, withdrawn or otherwise concluded by the IRS.

(b) Establishment of Supplemental Escrow Account. In the event that at least the Minimum Amount is received and there is a Closing of the Offering, the Escrow Agent shall establish for the benefit of the Company an interest bearing escrow account with the Escrow Agent (the "Supplemental Escrow Account") into which the Supplemental Escrow Amount shall be placed, retained and invested as stated below.

(c) Term of Supplemental Escrow Account. On the Supplemental Escrow Account Termination Date, the Escrow Agent shall pay and deliver to the Company all remaining

Supplemental Escrow Amounts, together with the interest earned on such funds in the Supplemental Escrow Account (the "Supplemental Escrow Funds").

(d) Demand Notices. At any time prior to the Supplemental Escrow Account Termination Date, the Company may deliver to Escrow Agent a written notice (a "Demand Notice"), with a copy thereof to all of the then current Members of the Company, which specifically (x) instructs Escrow Agent to deliver a specific amount of the Supplemental Escrow Funds (the "Release Amount"), and (y) an IRS Audit Notice, and (z) certifies that a copy of the Demand Notice has been delivered to each of the Members of the Company.

(e) If the Majority Members dispute the release of all or any part of the Release Amount, or the accuracy, genuineness or timeliness of, such Demand Notice, such Members may, within ten (10) days after receipt of such Demand Notice, deliver to Escrow Agent a Dispute Notice (as defined in subsection (g) below), with a copy thereof to the Company, specifying each such objection. If no Dispute Notice is delivered with respect to any Demand Notice within such 10-day period, then Escrow Agent shall deliver the Release Amount stated therein in accordance with the instructions of the Company in the Demand Notice.

(f) Escrow Agent shall release all requested Supplemental Escrow Funds in any manner specified in written instructions jointly executed by the Company and the Majority Members.

(g) In the event that Escrow Agent receives from the Majority Members any written instructions or notice which disputes the Demand Notice or the Release Amount in, or the accuracy, genuineness or timeliness of, any Demand Notice (a "Dispute Notice"), Escrow Agent shall refuse to comply with the Demand Notice and shall refrain from taking any action other than to retain possession of the Supplemental Escrow Funds until either (a) the propriety of the Demand Notice shall have been fully and finally adjudicated by a court (or arbitrator) of competent jurisdiction, or (b) all differences shall have been adjusted and all doubt resolved by agreement among the Company and a group constituting the Majority Members, and Escrow Agent shall have been so notified thereof in a written instrument signed by all such parties. In any such event, Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act.

5. Term of Offering Escrow. The "Termination Date" shall be the earlier of (i) December 21, 2012, (ii) such time as the Company has received the Minimum Amount and delivered notice to the Escrow Agent of the Company's desire to terminate the Offering, (iii) the date the Escrow Agent receives written notice from the Company that it is abandoning the sale of the Securities; (iv) the date the Escrow Agent receives notice from the Securities and Exchange Commission or any other federal or state regulatory authority that a stop or similar order has been issued with respect to the Offering, or (v) the date the Escrow Agent institutes an interpleader or similar action. After the Termination Date, the Company shall not deposit, and the Escrow Agent shall not accept, any additional amounts representing payments by prospective Investors.

6. Duty and Limitation on Liability of the Escrow Agent.

(a) The Escrow Agent's rights and responsibilities shall be governed solely by this Escrow Agreement. The Escrow Agent is not a party to and is not bound by any agreement with the Company except this Escrow Agreement. Neither the Offering document, nor any other agreement or document shall govern the Escrow Agent even if such other agreement or document is referred to herein, is deposited with, or is otherwise known to, the Escrow Agent.

(b) The duties of the Escrow Agent hereunder are only such as are herein specifically provided, being purely ministerial in nature, and it shall have no responsibility in respect of any of the Investor Funds or Supplemental Escrow Funds deposited with it other than faithfully to follow the instructions herein contained. The Escrow Agent shall be under no duty to determine whether the Company is complying with the requirements of the Offering or applicable securities or other laws in tendering the Investor Funds to the Escrow Agent. The Escrow Agent shall not be responsible for, or be required to enforce, any of the terms or conditions of any Offering document or other agreement between the Company and any other party.

(c) The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice, request, consent, order or other document. Upon or before the execution of this Escrow Agreement, the Company shall deliver to the Escrow Agent an authorized signers list in the form of **Exhibit A** to this Escrow Agreement.

(d) The Escrow Agent shall be under no obligation to institute and/or defend any action, suit or proceeding in connection with this Escrow Agreement unless first indemnified to its satisfaction.

(e) The Escrow Agent is authorized to and may consult with, and obtain advice from, legal counsel of its own choice in the event any dispute, conflict or question arises as to the construction of any of the provisions hereof of its duties hereunder. The Escrow Agent shall be reimbursed from the Company for all costs so incurred and shall incur no liability and shall be fully protected for acting in good faith in accordance with the written opinion and instructions of such counsel. Copies of all such opinions shall be made available to the other parties hereto upon request. The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(f) The Escrow Agent shall not be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of loss.

(g) The Escrow Agent is acting solely as escrow agent hereunder and owes no duties, covenants or obligations, fiduciary or otherwise, to any person by reason of this Escrow

Agreement, except as otherwise explicitly set forth in this Escrow Agreement, and no implied duties, covenants or obligations, fiduciary or otherwise, shall be read into this Escrow Agreement against the Escrow Agent.

(h) In the event of any disagreement between any of the parties to this Escrow Agreement, or between any of them and any other person, including any Investor, resulting in adverse or conflicting claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, if at any time Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects Escrow Funds (including but not limited to orders or attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrow Funds), Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(i) In the event that any controversy should arise with respect to this Escrow Agreement, the Escrow Agent shall have the right, at its option, to institute an interpleader action in the Circuit Court for Jefferson County, Alabama to determine the rights of the parties.

(j) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(k) The parties agree that the Escrow Agent had no role in the preparation of the Offering Documents, has not reviewed any such documents, and makes no representations or warranties with respect to the information contained therein or omitted therefrom.

(l) The Escrow Agent shall have no obligation, duty or liability with respect to compliance with any federal or state securities, disclosure or tax laws concerning the Offering documents or the issuance, offering or sale of the Securities.

(m) The Escrow Agent shall have no duty or obligation to monitor the application and use of the Investor Funds once transferred to the Company, that being the sole obligation and responsibility of the Company.

7. Escrow Agent's Fee. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as **Exhibit B**, which compensation shall be paid by the Company. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation relating to this Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including attorney's fees and expenses, occasioned by any delay, controversy, litigation or event, and the same shall be paid by the Company. The Company's obligations under this Section 7 shall survive the resignation or removal of the Escrow Agent and the assignment or termination of this Escrow Agreement. In the event that any and all charges payable under this Section 7 shall not be paid in full within the thirty (30) day period following receipt by the Company of an invoice therefor; then the Escrow Agent shall have the right to pay itself the full amount owed under this Section 7 from the interest and earnings resulting from the investment of the Investor Funds, provided that the Escrow Agent, at least five (5) business days in advance of such action, shall have delivered written notice to the Company of the Escrow Agent's intent to do so.

8. Investment of Investor Funds and Supplemental Escrow Funds; Income Allocation and Reporting.

(a) The Company acknowledges that no interest shall be paid on the Investor Funds due to the short nature of the expected duration of the Offering Escrow Account. Accordingly, the Escrow Agent shall have no obligation to invest all or any part of the Investor Funds, including any interest or investment income that may be attributable thereto, in any form of interest-bearing account or to otherwise pay any interest on the Investor Funds. Nevertheless, if Escrow Agent, in its sole discretion, elects to invest such Investor Funds in an interest bearing account, any such interest received by the Escrow Agent with respect to such Investor Funds, including reinvested interest shall become part of the Investor Funds, and shall be disbursed pursuant to Section 3 of this Escrow Agreement. The Company agrees that, for tax reporting purposes, all interest or other taxable income earned on the Investor Funds, if any, in any tax year shall be taxable to the Company.

(b) During the duration of the existence of the Supplemental Escrow Account, Escrow Agent shall, unless otherwise directed by the Company, maintain the Supplemental Escrow Funds, without distinction between principal and income, in an interest bearing account(s) guaranteed within the limits of the Federal Deposit Insurance Corporation.

(c) To the extent any interest is paid on the Investor Funds or the Supplemental Escrow Funds, the Company shall promptly provide the Escrow Agent with certified tax

identification numbers by furnishing appropriate IRS forms W-9 or W-8 and other forms and documents that the Escrow Agent may reasonably request. The Company understands that if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the Investor Funds pursuant to this Escrow Agreement. The Company shall also provide tax reporting documentation for the Investors as the Escrow Agent may reasonably request.

(c) The Company agrees to indemnify and hold the Escrow Agent harmless from and against any and all taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to the Investor Funds or the Supplemental Escrow Funds unless any such tax, addition for late payment, interest, penalties and other expenses shall be determined by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's gross negligence or willful misconduct. The terms of this paragraph shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

9. Notices. All notices, requests, demands, and other communications under this Escrow Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day of transmission if sent by facsimile to the facsimile number given below, with written confirmation of receipt, (c) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service, or (d) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed, return receipt requested, to the party as follows:

If to the Company:	If to Escrow Agent:
Piney Cumberland Holdings, LLC [redacted] Attention: Arthur J. ("Jimmy") Goolsby, Jr.	Oakworth Capital Bank [redacted] Attention: Janet Ball, Managing Director

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

10. Indemnification of Escrow Agent. The Company hereby indemnifies, defends and holds harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees and expenses, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates unless such loss, liability, cost, damage or expense is finally determined by a court of competent jurisdiction to have been primarily caused by the willful misconduct of the Escrow Agent. The terms of this Section 10 shall survive the

assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

11. Resignation. The Escrow Agent may resign upon thirty (30) days' advance written notice to the Company. If a successor escrow agent is not appointed within the thirty (30) day period following such notice, the Escrow Agent may petition the Circuit Court for Jefferson County, Alabama to name a successor escrow agent or interplead the Investor Funds with such court, whereupon the Escrow Agent's duties hereunder shall terminate.

12. Successors and Assigns. Except as otherwise provided in this Escrow Agreement, no party hereto shall assign this Escrow Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Escrow Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets in whole or in part, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance any further act.

13. Governing Law; Jurisdiction. This Escrow Agreement shall be construed, performed, and enforced in accordance with, and governed by, the internal laws of the State of Alabama, without giving effect to the principles of conflicts of laws thereof.

14. Severability. In the event that any part of this Escrow Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Escrow Agreement shall remain in full force and effect.

15. Amendments; Waivers. This Escrow Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation, or warranty of this Escrow Agreement. The Company agrees that any requested waiver, modification or amendment of this Escrow Agreement shall be consistent with the terms of the Offering.

16. Entire Agreement. This Escrow Agreement contains the entire understanding among the parties hereto with respect to the escrow contemplated hereby and supersedes and replaces all

prior and contemporaneous agreements and understandings, oral or written, with regard to such escrow.

17. **References to Escrow Agent.** No printed or other matter in any language (including, without limitation, the Offering document, any supplement or amendment relating thereto, notices, reports and promotional material) which mentions the Escrow Agent's name or the rights, powers, or duties of the Escrow Agent shall be issued by the Company or on the Company's behalf unless the Escrow Agent shall first have given its specific written consent thereto.

18. **Section Headings.** The section headings in this Escrow Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Escrow Agreement.

19. **Counterparts.** This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

PINEY CUMBERLAND HOLDINGS, LLC

By: _____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

OAKWORTH CAPITAL BANK, AS ESCROW AGENT

By: _____
Janet Ball
Managing Director

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

PINEY CUMBERLAND HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

OAKWORTH CAPITAL BANK, AS ESCROW AGENT

By: Janet Ball
Janet Ball
Managing Director

EXHIBIT A

Certificate as to Authorized Signatures

The specimen signatures shown below is the specimen signature of the individual who has been designated as the authorized representative of Piney Cumberland Holdings, LLC, a Tennessee limited liability company, and who is authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit A is attached, on behalf of Piney Cumberland Holdings, LLC.

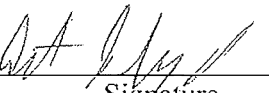
Name / Title	***Specimen Signature***
Arthur J. ("Jimmy") Goolsby, Jr.	 Signature

EXHIBIT B

SCHEDULE OF FEES
Private Placement Escrow

Acceptance Fee: **$ 250.00**

Initial Fees as they relate to Oakworth Capital Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the Escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s).

Acceptance Fee is payable at the time of Escrow Agreement execution.

Escrow Agent Annual Administration Fee: **$ 1,250.00**

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Escrow Agreement execution. The Annual Fee covers a full year or any part thereof, and therefore will not be prorated or refunded in the year of early termination. The Annual Administration Fee shall not be payable for any year subsequent to the first payment hereof if the Supplemental Escrow Agent Administration Fee (as described below) is paid with respect to the Supplemental Escrow Account.

Transaction Charges:

Return of funds to Individual Subscribers (if required): .....$ 20.00/per subscriber

Tax reporting (if required): .....S 50.00/per subscriber

Supplemental Escrow Agent Administration Fee: **$ 1,000.00**

For establishment of the Supplemental Escrow Account and ordinary administrative services by Escrow Agent during the pendency of the Supplemental Escrow Account – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Closing. The Supplemental Escrow Agent Administration Fee covers the entire duration of the existence of the Supplemental Escrow Account or any part thereof, and therefore will not be prorated or refunded for early termination of the Supplemental Escrow Account.

Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule. Extraordinary services (services other than the ordinary administration services of Escrow Agent described above) are not included in the annual administration fee and will be billed as incurred at the rates in effect from time to time.

Submitted on: October __, 2012

Sirote

Ronald A. Levitt
Attorney at Law
[redacted]

Sirote Permutt,
[redacted]

October 15, 2012

Mr. Arthur J. ("Jimmy") Goolsby, Jr.
Manager
Piney Cumberland Holdings, LLC
[redacted]

Re: Opinion Letter Regarding Certain Material Federal Income Tax Aspects of the Subject Transactions

THIS OPINION WAS DRAFTED TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED IN THE OPINION, AND EACH INVESTOR SHOULD SEEK ADVICE BASED ON THE INVESTOR'S CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Dear Manager:

We have acted as counsel to Piney Cumberland Holdings, LLC, a Tennessee limited liability company (the "Company"), in connection with the following transactions (collectively the "Subject Transactions"): (a) the formation of the Company, for the purpose of the proposed offer and sale by the Company (the "Offering") of common units of membership interest in the Company ("Units") to certain investors (the "Investors") in a private securities offering intended to qualify under Rule 506 of Regulation D, 17 C.F.R. Reg. §230.506, adopted under the Securities Act of 1933, as amended, pursuant to that certain Confidential Private Offering Summary – Piney Cumberland Holdings, LLC, dated October [•], 2012, and the other documents and exhibits attached thereto (collectively, the "Offering Memorandum"); (b) the purchase (the "Purchase") by the Company of certain of the outstanding membership interests in Piney Cumberland Resources, LLC, a Tennessee limited liability company (the "Property Entity") owned by (i) Jeffrey A. Pettit, an individual resident of the state of Tennessee ("Mr. Pettit"), who currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Tonya K. Pettit, an individual resident of the state of Tennessee ("Mrs. Pettit" and, together with Mr. Pettit, the "Sellers"), who currently owns 5% of the units in the Property Entity; (c) the redemption (the "Redemption") by the Company of certain Class A Units and Class B Units of membership interest in the Company from the current members of the Company; and (d) the potential contribution by the Property Entity of a conservation easement (the "Conservation

Easement") to Foothills Land Conservancy ("FLC") over that certain real property described herein on Exhibit A (the "Property") that is owned by the Property Entity.

It is important to note that, subsequent to and independent of the closing of the Offering and the Purchase, the Property Entity may hold the Property for investment and potential future sale to one or more third party developers, deliver the Conservation Easement to FLC or to another qualified organization which would be intended to constitute a qualified conservation contribution, as described in Section 170(h) of the Internal Revenue Code of 1986, as amended, (the "Code") and the Treasury Regulations (the "Regulations") with respect to all or a portion of the Property, or do any other activity consistent with its ownership of the Property. It is our understanding that while the Company and Property Entity have discussed potential terms for the Conservation Easement with FLC, no definitive agreements have been entered into with FLC or any other qualified organization or otherwise signed. Further, there are no contractual obligations that require the Property Entity to grant the Conservation Easement or take any other specific action with respect to the Property. The activities engaged in by the Property Entity, relating to the Property or otherwise, are within the discretion of the members of the Property Entity (the "Members") pursuant to the governance provisions of the Operating Agreement of the Property Entity (the "Property Entity Operating Agreement"), and, indirectly, pursuant to the governance provisions of the Operating Agreement of the Company (the "Company Operating Agreement").

We have been requested by the Company to deliver this legal opinion (this "Opinion") in furtherance of the Subject Transactions. Our opinions stated herein are based upon our interpretation of the relevant provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated there under, existing judicial decisions, and current administrative rulings and procedures issued by the Internal Revenue Service (the "IRS"), all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision, which changes might alter our Opinion. Our Opinion has no binding effect or official status, and only represents our professional judgment. No assurance can be given that the conclusions reached herein will be sustained by judicial review if challenged by the IRS. Moreover, the tax treatment of a particular transaction and resulting tax attributes will depend not only upon general legal principles but also upon various factual matters related to the individual taxpayer. Consequently, while we are able to give our Opinion with respect to the general treatment of the Subject Transactions described herein and resulting tax attributes, the effects to an individual taxpayer will be heavily dependent upon the taxpayer's tax situation.

There are certain factual determinations that must be made when evaluating whether a proposed conservation easement contribution will qualify for a deduction under the Code and Regulations, and certain limitations on the use of such deductions are specific to each individual taxpayer. Such factual determinations are beyond the scope of this Opinion. Where applicable, we have indicated the factual assumptions and legal documents upon which we have relied, and upon which this Opinion is based.

I. PROPOSED TRANSACTION STRUCTURE.

(a) The Investors will contribute cash to the Company in exchange for Common Units in the Company pursuant to the form of Subscription and Suitability Agreement (the "Contribution Agreement") attached to the Offering Memorandum.

(b) The Company will effect the Purchase for cash pursuant to that certain Membership Interest Purchase Agreement dated as of October [•], 2012 and attached to the Offering Memorandum (the "MIPA").

(c) Following the closing of the Offering and Purchase, the Company will own a minimum of 95.204040% of the Membership Interests and a maximum of 95.959596% of the Membership Interests, and the remaining Property Entity Membership Interests, in each case, will be owned in the aggregate by the Sellers, and a minimum of 97.68% ownership interest in the Company on a fully diluted basis and a maximum of 99% ownership interest in the Company on a fully diluted basis will be owned by the Investors.

(d) After the foregoing actions have occurred, it is contemplated that Jeffery A. Pettit, a member of the Company and the Property Entity, and the manager of the Property Entity, and Arthur J. ("Jimmy") Goolsby, Jr., the manager of the Company (the "Manager"), will recommend to the Members that the Property Entity encumber the Property by granting the Conservation Easement to FLC.

(e) If approved by a majority of the Members based upon their relative Membership Interest ownership at such time, with the decision of the Company as the majority member of the Property Entity to be made by a majority of the Investors, the Property Entity will grant the Conservation Easement to FLC. Upon execution, delivery and recordation of the Conservation Easement, the Property Entity will claim a contribution deduction (the "Contribution Deduction") pursuant to Code Sections 170(a) and (h) in an amount equal to the fair market value of the Conservation Easement. Based on the status of the Property Entity as a partnership for federal income tax purposes, the Contribution Deduction will be allocated to the Members (including the Company) under the terms and conditions of the Property Entity Operating Agreement and the applicable provisions of Subchapter K of the Code, and, based on the status of the Company as a partnership for federal income tax purposes, the Contribution Deduction received by the Company will be allocated to the Investors under the terms and conditions of the Company Operating Agreement and the applicable provisions of Subchapter K of the Code.

II. COVERED OPINIONS.

Treasury Department Circular 230 ("Circular 230") provides certain requirements that must be met when delivering a tax opinion letter that is deemed to be a "covered opinion." Covered opinions are written advice, which may be in the form of electronic communications, concerning one or more "federal tax issues" arising from: (1) a transaction that is the same as or substantially similar to a transaction determined by the IRS to be a tax avoidance transaction and identified in published guidance as a "listed transaction"; (2) any

partnership, other entity, or investment plan or arrangement the "principal purpose" of which is the avoidance or evasion of any federal tax; (3) any partnership, other entity, or plan or arrangement that has as "a significant purpose" the avoidance or evasion of federal tax if the written advice is (a) a "reliance opinion," (b) a "marketed opinion," (c) subject to conditions of confidentiality, or (d) subject to contractual protection.

The "principal purpose" of a partnership, other entity, or investment plan or arrangement is the avoidance or evasion of any tax imposed by the Code if that purpose exceeds any other purpose. A principal purpose is not deemed to avoid or evade tax, however, if the partnership, entity, plan, or arrangement has as its purpose the claiming of tax benefits in a manner consistent with the Code and Congressional purpose. A partnership, entity, plan, or arrangement may have a significant purpose of avoidance or evasion of tax even if it does not have the principal purpose of avoidance or evasion of tax.

A "reliance opinion" is defined in Circular 230 as written advice that concludes at a confidence level of more likely than not (*i.e.*, greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. A "marketed opinion" is defined in Circular 230 as written advice where the practitioner knows or has reason to know that the advice will be used or referred to by a person other than the practitioner (or an associated person), in promoting, marketing, or recommending a partnership or other entity, or an investment plan or arrangement, to another taxpayer. It is likely that this letter meets the requirements of both a reliance opinion and a marketed opinion.

Circular 230 requires the practitioner, with respect to a covered opinion, to: (1) determine the facts; (2) relate the facts to the law; (3) evaluate all of the significant federal tax issues and reach a conclusion with respect to each such issue; and (4) reach an overall conclusion regarding the tax treatment of the transaction.

The general rule is that the opinion should consider all significant federal tax issues, unless the opinion is a limited scope opinion. This opinion does not constitute a limited scope opinion. Reasonable efforts must be used to identify facts, including those that relate to future events if the transaction is proposed or prospective, and determine which facts are relevant. A federal tax issue is a question concerning the federal tax treatment of an item of income, gain, loss, deduction, or credit, the existence or absence of a taxable transfer of property, or the value of property for federal tax purposes. A federal tax issue is significant for purposes of a covered opinion if the IRS has a reasonable basis for a successful challenge and its resolution could have a significant impact, whether beneficial or adverse and under any reasonably foreseeable circumstance, on the overall federal tax treatment of the transaction or matter at issue in the opinion.

A reliance opinion must conclude that the taxpayer will prevail on the merits with respect to each significant federal tax issue considered in the opinion, at a confidence level of at least more likely than not, and describe the reasons for the conclusions, including the facts and analysis supporting the conclusions. In a marketed opinion, a conclusion must be reached that the

taxpayer will prevail on the merits at a confidence level of at least more likely than not with respect to each significant federal tax issue addressed in the opinion. If a more likely than not conclusion cannot be reached for each significant tax issue in the opinion, the marketed opinion cannot be issued.

The purpose of this Opinion is to provide the Company and its Members our opinion concerning the material federal income tax aspects of the proposed Subject Transactions. In light of Holding's use of this Opinion in promoting the Offering, this Opinion has been prepared in accordance with the requirements for a marketed opinion.

III. DISCLOSURE REQUIREMENTS.

Section 6111 of the Code requires each "material advisor" with respect to any "reportable transaction" to make a return in a form prescribed by the Secretary setting forth information identifying and describing the transaction and any potential tax benefits expected to result from it, together with such other information as the Secretary may prescribe.

(a) Reportable Transaction.

(1) General Rule. Under Code Section 6111(a), a "reportable transaction" is any transaction for which information is required in a return or a statement because the transaction is of a type which the Secretary (of the Treasury) determines as having a potential for tax avoidance or evasion. Sections 6111(b)(2) and 6707A(c) of the Code and Sections 1.6011-4(b), 301.6112-1(b)(2) and (c)(2) of the Regulations will apply for purposes of determining whether a transaction is a reportable transaction. For this purpose, a "transaction" includes all of the factual elements relevant to the expected tax treatment of any investment, entity, plan, or an arrangement, and includes any series of steps carried out as part of a plan."[1]

We bring to your attention IRS Notice 2007-72 (August 14, 2007), wherein the IRS issued a "transaction of interest" which contains characteristics that some may argue bears some potential similarity to the Subject Transactions. As noted below, it is our view that the transaction described in IRS Notice 2007-72 is not similar to, and is distinguishable from, the Subject Transactions for purposes of applying the "reportable transaction" principles. IRS Notice 2007-72 describes the following transaction:

> *Advisor owns all of the membership interests in a limited liability company (LLC) that directly or indirectly owns real property (other than a personal residence as defined in § 1.170A-7(b)(3)) that may be subject to a long-term lease. Advisor and Taxpayer enter into an agreement under the terms of which Advisor continues to own the membership interests in LLC for a term of years (the Initial Member Interest), and Taxpayer purchases the successor member interest in LLC (the Successor Member*

[1] Treas. Reg. § 1.6011-4(b)(1).

Interest), which entitles Taxpayer to own all of the membership interests in LLC upon the expiration of the term of years. In some variations of this transaction, Taxpayer may hold the Successor Member Interest through another entity, such as a single member limited liability company. Further, the agreement may refer to the Successor Member Interest as a remainder interest.

After holding the Successor Member Interest for more than one year (in order to treat the interest as long-term capital gain property), Taxpayer transfers the Successor Member Interest to an organization described in § 170(c) (Charity).

Taxpayer claims the value of the Successor Member Interest to be an amount that is significantly higher than Taxpayer's purchase price (for example, an amount that is a multiple of Taxpayer's purchase price and exceeds normal appreciation). Taxpayer claims a charitable contribution deduction under § 170 based on this higher amount. Taxpayer reaches this value by taking into account an appraisal obtained by or on behalf of Advisor or Taxpayer of the fee interest in the underlying real property and the § 7520 valuation tables.

Should the Subject Transactions be determined to fit within the parameters of the "transaction of interest" outlined in Notice 2007-72, the Subject Transactions would constitute, as a result, a "reportable transaction", and subject to the requirements of Section 6111(a). Based upon our comparison of the Subject Transactions and the transaction of interest outlined in Notice of 2007-72, it is our opinion that it is more likely than not that the Subject Transactions do not fit within the description of such transaction, and that the Subject Transactions "are not expected to obtain the same or similar types of tax consequences" as the transaction outlined in the Notice, nor are the Subject Transactions "factually similar or based on the same or similar tax strategy" as the transaction outlined in the Notice. For instance, the Subject Transactions involve a situation in which Investors in the Company have an actual economic investment and undivided interest in the Company from the date of their investment. Moreover, while it is possible that the Investors will receive a charitable contribution deduction in excess of their investment in the Company, the valuation of the Conservation Easement will be based on an appraisal performed in compliance with specific Regulatory guidance issued by the IRS concerning the methodology of valuing such property.

(2) Conclusions. In view of the foregoing, it does not appear that the Subject Transactions should be considered a reportable transaction for purposes of Code Section 6111. However, given the factual nature of the determination of whether the Subject Transactions will be considered a reportable transaction for purposes of Code Section 6111, and the significant penalties that might apply if the Subject Transactions is determined to be such a reportable transaction, it would be advisable for each Seller or Investor addressed herein to consult with his or her own individual tax advisors regarding the applicability of the above referenced requirements on their

obligations, including their obligation to attach IRS Form 8886 to tax returns filed by such members with respect to the Subject Transactions.

(b) Economic Substance.

(1) General Rule. Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Sections 6662(b)(6) and 6662(i), a strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. The penalty is increased to 40-percent of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by these statutes.

(2) Conclusions. There have been no cases reported in which a contribution of a conservation easement was determined to be a transaction "to which the doctrine applies." Accordingly there have been no instances in which a contribution of a conservation easement was found not to have economic substance.[2] Moreover, by granting a conservation easement (should the Property Entity elect to do so), a taxpayer is giving up a real and substantial interest in property, thereby engaging in an actual economic transaction. In view of the foregoing, and as further discussed below, it is our conclusion that, more likely than not, the Subject Transactions do not lack economic substance under Code Section 7701(o) of the Code.

IV. DOCUMENTS REVIEWED.

In reaching the opinions stated herein, we have reviewed the following documents:

(a) The Offering Memorandum and the other documents and exhibits attached thereto;

(b) The preliminary appraisal (the "Preliminary Appraisal") performed by Claud Clark, III, SRA (the "Appraiser"), which we understand will be updated and developed into a complete appraisal performed in accordance with the Code and Regulations prior to the date of the proposed contribution of the Conservation Easement (if it occurs) and which will have an issue and effective date within sixty (60) days of any such contribution of the Conservation

[2] In *Historic Boardwalk Hall, LLC v. Commissioner*, 136 T.C. No. 1 (2011), which was subsequently reversed by the United States Court of Appeals for the Third Circuit, the Tax Court held that, in the context of the rehabilitation tax credit under I.R.C. § 47, the lack of a pre-tax profit potential is not necessarily determinative that a transaction lacks economic substance. Although the case applied pre-Section 7701(o) law and involved the allocation of a tax credit (as opposed to a charitable deduction) among partnership members, the Tax Court's determination that a pre-tax profit is not a prerequisite to satisfying the economic substance test provides some support for the conclusion that the Subject Transactions do not violate I.R.C. § 7701(o). Although the Third Circuit Court of Appeals reversed the Tax Court's decision, the Third Circuit did not base its opinion on the economic substance doctrine.

Easement (the completed appraisal, which we have assumed based on representations by the Appraiser will be provided as described above, is referred to herein as the "Final Appraisal");

(c) The form of Deed of Conservation Easement that would grant and convey the proposed Conservation Easement to FLC (the "Conservation Easement Deed");

(d) The Determination Letter recognizing the tax exempt status of FLC (the "Determination Letter");

(e) Form 990 for FLC for its 2011 fiscal year (the "Form 990");

(f) The Attorney's Certificate of Title (the "Title Opinion") dated as of August 28, 2012, prepared by the law firm of Looney, Looney & Chadwell, PLLC;

(g) The Articles of Organization of the Property Entity and the Property Entity Operating Agreement (collectively, the "Property Entity Documents");

(h) The Articles of Organization of the Company and the Company Operating Agreement (collectively, the "Company Entity Documents");

(i) Various deeds, bills of sale, assignments, assumption agreements, consents and other documents identified to our satisfaction effecting the Offering and Purchase;

(j) The letter from the accountant for the Property Entity describing that the Property has been accounted for as investment property since it was acquired by the Property Entity (the "Capital Gain Letter");

(k) The Reliance Letter from the Manager, on behalf of the Property Entity and the Company, to Sirote & Permutt, P.C. (the "Reliance Letter"); and

(l) A draft of that certain Conservation Easement Baseline Documentation Report prepared by FLC with respect to the Property (the "Baseline Report").

(m) The mineral interests opinion letter dated August 28, 2012 from the law firm of Looney, Looney & Chadwell, PLLC, opining with respect to the severance of the mineral interests from the Property ("Mineral Rights Opinion"); and

(n) The Mineral Rights Option Agreement for the purchase of the mineral rights for the Property from the current owner thereof, which Agreement is in full force and effect and will be closed upon by the Property Entity prior to the grant of any Conservation Easement for the acquisition by the Property Entity of all of the mineral rights associated with the Property (the "Mineral Rights Option Agreement").

In reaching the opinions stated herein we have relied on the above referenced documents, and other documents referenced herein, and have relied upon the authenticity of these documents, and where applicable (i) on their due authorization, execution and delivery, (ii) on the accuracy

and completeness of the documents provided to us, (iii) that no act has occurred rendering any document to be invalid, revoked or ineffective, and (iv) that forms and drafts of documents presented to us have been or will be executed in substantially the same form as presented.

V. ASSUMPTIONS.

The opinions expressed herein are subject to the assumptions listed within this Opinion, including:

(a) Based on the representations in the Reliance Letter and the Capital Gain Letter the Property is a capital asset in the hands of the Property Entity, and a sale of the Property after the date hereof would result in long-term capital gain to the Property Entity.

(b) Based on the Determination Letter and the representations and documents provided by FLC in connection with the proposed grant of the Conservation Easement (the "Easement Documentation"), FLC is a qualified organization as defined in Code Section 170(h)(3).

(c) Based on the Baseline Report, representations and recitals in the Conservation Easement Deed and the Reliance Letter, the Conservation Easement will qualify under Code Section 170(h)(2) as a Qualified Real Property Interest and will be considered to have been contributed exclusively for conservation purposes, as defined in Code Sections 170(h)(4)(ii) and / or 170(h)(4)(iii).

(d) Based on the Preliminary Appraisal, our past dealings and knowledge of the Appraiser, and representations made by the Appraiser, the Final Appraisal will constitute a Qualified Appraisal under Treas. Reg. §1.170A-13(c).

(e) Based on the Preliminary Appraisal, representations and assertions by the Appraiser, and the Reliance Letter, any enhancement in value which will occur to any and all property owned by a Member or any other person entitled to a deduction or tax benefit attributable to the Conservation Easement, or any person related thereto, shall be properly accounted for in the Final Appraisal.

(f) Based on the Reliance Letter and representations by FLC, FLC will issue a timely, complete and accurate letter ("Acknowledgement Letter") acknowledging the receipt of the Conservation Easement that satisfies the requirements of Code Section 170(f)(8).

(g) Based on the Reliance Letter, the Property Entity and the Members will timely file accurate and complete IRS Forms 8283 with respect to the contribution of the Conservation Easement.

(h) Based on the conclusions reached in the Mineral Rights Opinion and the rights granted to the Property Entity for acquisition of the mineral rights to the Property set forth in the Mineral Rights Option Agreement, which rights the Manager of the Property has stated will be exercised prior to any grant of a Conservation Easement, the Property Entity should own all of

the applicable mineral rights to the Property such that there current severance from the Property shall have no adverse effect on the Conservation Easement.

VI. CERTAIN QUALIFICATIONS AND LIMITATIONS.

No opinion is given herein as to the tax consequences to the Company, the Investors or any other Member with respect to any material or significant tax issue which is determined at the individual level and which is dependent upon such Member's or Investor's particular financial or tax circumstances or the state and local tax consequences to the Member or Investors. Further, no opinion is given with respect to the tax effects of any transactions regarding the Property Entity or the Property that may occur after the closing of the Offering and Purchase, such as the granting of the Conservation Easement, or the sale or development of the Property, other than as specifically set forth herein. For purposes of this Opinion, we have also relied and based our interpretation on pertinent provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated thereunder, existing judicial decisions, and current administrative rulings and procedures issued by the IRS, all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision. Any changes in the facts assumed hereunder or in the Code or Regulations made subsequent to the date of this Opinion could materially affect the statements made herein and have adverse effects on the income tax consequences of an investment in the Company. This Opinion is strictly subject to all of the terms, conditions and limitations set forth herein. Further, this Opinion is directed to current and future members of the Company who are citizens of the United States. Foreign, state or local tax consequences also are not addressed here.

In rendering this Opinion, we have considered and attempted to follow the guidelines of Circular 230. Our opinion addresses each material tax issue that involves a reasonable possibility of challenge by the IRS for which a legal opinion can be given at this time; however, it should be noted that this Opinion is not a representation or a guarantee that the tax results opined to herein will be achieved. This Opinion has no binding effect or official status of any kind, and no assurance can be given that the conclusions reached in this Opinion would be sustained by a Court if contested by the IRS.

FOR PURPOSES OF OUR OPINION, ANY STATEMENT THAT IT IS "MORE LIKELY THAN NOT" THAT ANY TAX POSITION WILL BE SUSTAINED, MEANS THAT, IN OUR JUDGMENT, AT LEAST A 51% CHANCE OF PREVAILING EXISTS IF THE IRS WERE TO CHALLENGE THE ALLOWABILITY OF SUCH TAX POSITION AND THAT CHALLENGE WERE TO BE LITIGATED AND JUDICIALLY DECIDED.

VII. OPINIONS REGARDING PARTNERSHIP STATUS, CONTRIBUTION, PURCHASE AND ALLOCATION OF THE CHARITABLE DEDUCTION.

A. PARTNERSHIP STATUS FOR THE PROPERTY ENTITY

The availability of the income tax attributes of the Property Entity to its current and future Members depends upon the classification of the Property Entity as a "partnership" for federal income tax purposes and not as an "association taxable as a corporation." In the event that the Property Entity were considered an association taxable as a corporation, then its income and losses as well as any separately stated partnership items would not flow through or be allocated to its Members. If the Property Entity were treated as an association taxable as a corporation, all deductions would be deductible to the Property Entity on its own federal income tax return and would not flow through, or be allocated, to its Members, including the Company, and the Property Entity may be subject to a corporate level of taxation.

The Property Entity was formed as a Tennessee limited liability company. It is contemplated that the Property Entity has had and will have at least two (2) members before and after the closing of the Offering, Purchase, and Redemption. A partnership is defined in Code Section 761 as a "syndicate, group, pool, joint venture, or other incorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not . . . a corporation or a trust or estate." Although not explicitly stated in the definition of partnership, Code Section 761 requires an entity treated as a partnership for federal income tax purposes to consist of at least two partners.

The Property Entity is a business entity that is not classified as a corporation and is considered a "domestic eligible entity" under the Regulations classifying business entities. Treas. Reg. §301.7701-3. Under Treas. Reg. §301.7701-3, a domestic eligible entity that has two or more owners will automatically qualify for "partnership" tax classification status, unless the entity desires to change its classification by electing to be classified as an association taxable as a corporation for federal income tax purposes. Based upon statements contained in the Reliance Letter, it is our understanding that: (i) the Property Entity has at least two members, (ii) the Property Entity has not filed an election under Treas. Reg. §301.7701-3 to be treated as an association taxable as a corporation, (iii) the Property Entity is anticipated to have at least two members after the closing of the Offering, Purchase, and Redemption, and (iv) the filing of an election under Treas. Reg. §301.7701-3 for the Property Entity to be treated as an association taxable as a corporation is not contemplated.

Based upon the foregoing, it is our opinion that, more likely than not, the Property Entity will be classified as a "partnership" and not as an "association taxable as a corporation" for federal income tax purposes if such issue were challenged by the IRS, litigated, and judicially decided. The remaining summary of federal income tax consequences in this Opinion assumes that the Property Entity will be classified as a "partnership" for federal income tax purposes.

Accordingly, if, as anticipated, the Property Entity is treated as a partnership for federal income tax purposes, it will not be treated as a separate taxable entity subject to federal income tax, but

instead the Members of the Property Entity would be required to report on such Members' federal income returns for each year a distributive share of such entity's income, gain, loss, deduction or credit for that year.

B. PARTNERSHIP STATUS FOR THE COMPANY

The availability of the income tax attributes of the Company to the Investors similarly depends upon the classification of the Company as a "partnership" for federal income tax purposes and not as an "association taxable as a corporation." In the event that the Company were considered an association taxable as a corporation, then its income and losses as well as any separately stated partnership items would not flow through or be allocated to the Investors. If the Company were treated as an association taxable as a corporation, all deductions would be deductible to the Company on its own federal income tax return and would not flow through, or be allocated, to the Investors, and the Company may be subject to a corporate level of taxation.

The Company was formed as a Tennessee limited liability company. It is contemplated that the Company will have at least two (2) members before and after the closing of the Offering. A partnership is defined in Code Section 761 as a "syndicate, group, pool, joint venture, or other incorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not . . . a corporation or a trust or estate." Although not explicitly stated in the definition of partnership, Code Section 761 requires an entity treated as a partnership for federal income tax purposes to consist of at least two partners.

The Company is a business entity that is not classified as a corporation and is considered a "domestic eligible entity" under the Regulations classifying business entities. Treas. Reg. §301.7701-3. Under Treas. Reg. §301.7701-3, a domestic eligible entity that has two or more owners will automatically qualify for "partnership" tax classification status, unless the entity desires to change its classification by electing to be classified as an association taxable as a corporation for federal income tax purposes. Based upon statements contained in the Reliance Letter, it is our understanding that: (i) the Company has not filed an election under Treas. Reg. §301.7701-3 to be treated as an association taxable as a corporation, (ii) the Company is anticipated to have at least two members after the closing of the Offering, and (iii) the filing of an election under Treas. Reg. §301.7701-3 for the Company to be treated as an association taxable as a corporation is not contemplated.

Based upon the foregoing, it is our opinion that, more likely than not, the Company will be classified as a "partnership" and not as an "association taxable as a corporation" for federal income tax purposes if such issue were challenged by the IRS, litigated, and judicially decided. The remaining summary of federal income tax consequences in this Opinion assumes that the Company will be classified as a "partnership" for federal income tax purposes.

Accordingly, if, as anticipated, the Company is treated as a partnership for federal income tax purposes, it will not be treated as a separate taxable entity subject to federal income tax, but instead the Investors would be required to report on such Investor's federal income returns for

each year a distributive share of the Company's income, gain, loss, deduction or credit for that year.

C. PARTNERSHIP CONTRIBUTION AND PURCHASE

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Based on our review of the Property Entity Documents, the Contribution Agreement, and the MIPA, and subject to the accuracy thereof, we have determined that, subject to the factual assumptions described herein, it is more likely than not that the contribution by the Investors of money to the Company at the Closing of the Offering and the simultaneous closing of the Purchase pursuant to the MIPA shall constitute a sale of Membership Interests for purposes of the termination of the taxable year of the Property Entity pursuant to Section 708(b)(1)(B) of the Code.

D. PARTNERSHIP ANTI-ABUSE RULES

The Regulations under Code Section 701 contains an anti-abuse rule which clarify that the IRS has the authority to recast partnership transactions to more accurately reflect the underlying economic arrangement of the partners if it concludes that the transaction attempts to use the partnership in a manner inconsistent with the intent of subchapter K.[3]

The rule clarifies that subchapter K is intended to permit taxpayers to conduct joint business activities, including investment activities, through a flexible economic arrangement without incurring an entity-level income tax. However, this intent encompasses three requirements: (1) the partnership must be bona fide and each partnership transaction or series of related transactions must be entered into for a substantial business purpose; (2) the form of each partnership transaction must be respected under substance over form principles; and (3) the tax consequences under subchapter K to each partner, of partnership operations and of transactions between the partner and the partnership, must accurately reflect the partners' economic agreement and clearly reflect each partner's income.[4]

Additionally, in order for a partnership transaction to be respected, the partnership and partners must apply the provisions of subchapter K and the accompanying regulations in a manner that is consistent with the intent of subchapter K, as that intent is described under the three requirements.[5] If a partnership is formed or availed of in connection with a transaction a principal purpose of which is to substantially reduce the present value of the partners' aggregate federal tax liability in a manner that is inconsistent with the intent of subchapter K, the IRS can recast the transaction as appropriate to achieve tax results that are consistent with the intent of

[3] Treas. Reg. § 1.701-2.

[4] Treas. Reg. § 1.701-2(a).

[5] Treas. Reg. §1.701-2(b).

subchapter K, taking into account all the facts and circumstances. This may occur even if the transaction falls within the literal words of a particular statutory or regulatory provision.

Whether a partnership is formed or availed of with a principal purpose to reduce substantially the present value of the partners' aggregate federal tax liability in a manner inconsistent with the intent of subchapter K is determined based on all of the facts and circumstances. This includes a comparison of the purported business purpose for a transaction and the claimed tax benefits resulting from the transaction.[6] The regulations provide a number of factors to consider in making this determination, but specifies that the factors are illustrative only and that the weight to be given any one factor (whether listed or not) depends on all of the facts and circumstances; the presence or absence of any factor does not create a presumption that the transaction is abusive.[7] The factors include:[8]

(1) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if the partners owned the partnership's assets and conducted the partnership activities directly;

(2) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if purportedly separate transactions that are designed to achieve a particular end result are integrated and treated as steps in a single transaction;

(3) whether one or more partners who are integral to the claimed tax results either have a nominal interest in the partnership, are substantially protected from any risk of loss from the partnership's activities, or have little or no participation in the profits from the partnership's activities other than a preferred return that is in the nature of a payment for the use of capital;

(4) whether substantially all of the partners (measured by numbers or interests in the partnership) are related, directly or indirectly, to one another;

(5) whether partnership items are allocated in compliance with the literal language of the regulations governing the partners' distributive shares, but with results that are inconsistent with the purpose of the applicable statutory and regulatory provisions;

(6) whether the benefits and burdens of ownership of property nominally contributed to the partnership are in substantial part retained (directly or indirectly) by the contributing partner or a related party; and

(7) whether the benefits and burdens of ownership of partnership property are in substantial part shifted (directly or indirectly) to the distributee partner before or after the property is actually distributed to the distributee partner (or a related party).

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[6] Treas. Reg. § 1.701-2(c).

[7] *See, e.g.*, CCA 200613031.

[8] Treas. Reg. § 1.701-2(c).

The application of the above referenced factors is set forth in a series of examples found in the Regulations. We have reviewed these examples and have determined that none of the examples are similar to the Subject Transactions. Based upon the rights of the Members and the Property Entity as set forth in the Offering Documents, the Investors, Sellers and the Property Entity should be viewed as entering into the Subject Transactions with a real and bona fide intent to making a profit. For example, in lieu of granting of the Conservation Easement, the Property Entity may instead choose to lease, develop, sell or otherwise transact business with respect to the Property for the purpose of producing profits for the benefit of the Property Entity and the Members. There is no indication that the Property Entity is utilizing the rules of Subchapter K in a manner inconsistent with the intent of the rules.

Moreover, should the Property Entity and the Members decide to make a charitable contribution of the Conservation Easement, the Property Entity and the Members will be forfeiting its right to develop the Property. Such a contribution would have a material economic impact on the Property Entity, its assets, and the value of the members' investment in the Property Entity. The deduction attributable to the Conservation Easement will flow-through to the Members (including the Company) in a manner consistent with the intent of Subchapter K, and the deduction attributable to the Conservation Easement that flows through to the Company will flow-through to the Investors in a manner consistent with the intent of Subchapter K.

The Tax Court case, *Historic Boardwalk Hall, LLC v. Commissioner,* 136 T.C. No. 1 (2011), demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the Subject Transaction.

In *Historic Boardwalk Hall, LLC*, a partnership was formed for the purpose of allowing an investor to utilize tax credits[9] generated by a partnership which were attributable to historic rehabilitation development undergone by the partnership. The Service argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a real partner, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's arguments in *Historic Boardwalk Hall, LLC*, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

[9] The tax credits at issue in the case were federal historic rehabilitation tax credits available under I.R.C. § 47.

The IRS appealed the Tax Court's decision in *Historic Boardwalk Hall, LLC* to the Court of Appeals for the Third Circuit.[10] The Third Circuit reversed the Tax Court's decision, determining that the investor in the transaction was not a bona fide partner in Historic Boardwalk, LLC. As a result, the investor was not allowed to utilize the tax credits allocated to it under the partnership agreement.

Although the facts of *Historic Boardwalk Hall, LLC* are clearly distinguishable from the Subject Transactions, the decision of the Tax Court and the Third Circuit's reversal of that decision provide some insight into how the courts might analyze the Subject Transactions. First, the Tax Court's decision provides some support for the position that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although *Historic Boardwalk Hall, LLC* involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions.[11] For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event the Property Entity elects to grant the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in *Historic Boardwalk Hall, LLC*.

Under the "Golsen Rule," which was established in the Tax Court decision *Golsen v. Commissioner*, 54 TC 742 (1970), the Tax Court will follow a decision of the Circuit Court of Appeals to which the case could be appealed. Therefore, the Third Circuit's opinion in *Historic Boardwalk, LLC* will be followed by all courts, including the Tax Court, when an appeal would be to the Court of Appeals to the Third Circuit. Moreover, an appellate court's decision to reverse the Tax Court's decision might, in certain instances, inform the analysis applied by the Tax Court even in future cases not governed by the Golsen Rule. Accordingly, the Third Circuit's decision has some relevance to the Subject Transactions.

The Third Circuit determined that the investor in *Historic Boardwalk, LLC* should not be treated as a bona fide partner because the investor did not have a "meaningful stake in the success or failure of the partnership." In so holding, the Third Circuit focused primarily on the following facts:

- For a variety of reasons, including a "tax benefit guaranty," the court determined the investor had no meaningful downside risk in the partnership and that the investor was

[10] *See Historic Boardwalk, LLC v. Commissioner*, Case No. 11-1832 (August 27, 2012).

[11] Congress' use of Section 47 to encourage investment activity is analogous to its use of Section 170(h) to encourage the use of conservation easements to set aside important property to protect various conservation purposes.

"for all intents and purposes, certain to recoup the contributions it had made" to the partnership.

- The investor lacked meaningful upside potential in the profits of the partnership because the investor would only participate in partnership profits in the unlikely event certain primary payments were made by the partnership, leaving little potential for investor profit.

Unlike the facts in *Historic Boardwalk, LLC*, the Subject Transactions do not involve any type of tax benefit guaranty assuring the Investors that they will receive the tax benefits attributable to a conservation easement donation on the Property. Moreover, should the Member's decide to cause the Property Entity to hold the property for appreciation or develop the Property, the Investors would each recognize their proportional share of the profits (or losses) attributable to such development activity, with no limitation on the upside (or downside) potential to the Investor's.

Based upon the foregoing, it is our opinion that, more likely than not, the Partnership Anti-Abuse Rules will not alter the federal tax treatment of the Subject Transaction.

E. ECONOMIC SUBSTANCE.

Under Code Section 7701(o), "certain transactions to which the [economic substance] doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40-percent of the underpayment if the there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income."[12] However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.[13]

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial

[12] I.R.C. § 7701(o)(5)(B).

[13] I.R.C. § 7701(o)(5)(C).

purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.[14]

It is more likely than not that the Subject Transactions will not violate the economic substance transaction doctrine under Section 7701(o). First, based on our review of the Operating Agreement for both the Property Entity and the Company, the Members (including the Company, and, indirectly, the Investors) have the right to operate the Property Entity in a manner which could deliver a pre-tax economic benefit to the Members. Specifically, the Members could decide to cause the Property Entity to develop the Property in a manner consistent with the Property Entity's highest and best use as set forth in the Appraisal. Alternatively, the Members could decide to cause the Property Entity to hold the Property in order to realize appreciation in the value of the Property. The Members may also decide to cause the Property Entity to encumber a portion of the Property, or the entire Property, with a conservation easement. By entering into the Subject Transactions, the Members (including the Investors, indirectly) have, considering their ability to engage in profit-seeking activities in the form of the Property Entity, both (1) entered into a transaction that changes the Members' (including the Investors, indirectly) economic position in a meaningful way and (2) have a substantial purpose (apart from federal income tax effects) for entering into the Subject Transactions.

Should the Members, and with respect to the Company, the Investors, decide, following the closing of the Offering, Purchase and Redemption, to cause the Property Entity to grant a conservation easement on the Property, it is possible that the IRS could challenge the grant of the Conservation Easement on the grounds that the Subject Transactions coupled with the ultimate grant of the Conservation Easement lack economic substance. However, we have determined that it is more likely than not that the grant of a conservation easement by the Property Entity would not be "transaction to which the doctrine applies" because, in the case of individuals, new section 7701(o) applies only to transactions entered into in connection with a trade or business or activities engaged in for the production of income; a charitable contribution does not fit within this standard. Moreover, if the Subject Transactions, including the grant of the Conservation Easement, are viewed together as part of a larger transaction which constitutes a trade or business, it is more likely than not that the Subject Transactions will be found to satisfy the two part test set forth in Section 7701(o). Specifically, if the Subject Transactions are viewed in their entirety, several grounds exist to support a finding that the Subject Transactions have both economic substance and a business purpose. Specifically, the Property Entity can generate profits through the operation of the Property, even if it is encumbered by a conservation easement.

Finally, the application of the second prong of the two-prong test provided for under Section 7701(o), i.e., that "taxpayer [must have] a substantial purpose (apart from federal income tax effects) for entering into the transaction", has conceivably been limited by *Historic Boardwalk Hall, LLC v. Commissioner*. In the case pre-Section 7701(o), the Tax Court stated, in the context

[14] Section 7701 states that the determination of whether the economic substance doctrine is relevant to a transaction will be made in the same manner as if the section had never been enacted.

of Section 47 rehabilitation tax credits, that absence of a pre-tax motivation for entering into a transaction is not necessarily determinative that a transaction lacks economic substance. Although the Third Circuit Court of Appeals reversed the Tax Court's decision, the Third Circuit did so on grounds other than the economic substance doctrine.

Based on the foregoing, it is more likely than not that Section 7701(o) shall not apply to the Subject Transaction.

F. ALLOCATION OF CHARITABLE DEDUCTION.

When a partnership is terminated pursuant to Code Section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction).[15] There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision.[16] This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership. There is no revaluation of capital accounts.[17]

Upon the occurrence of a termination of a partnership pursuant to Code Section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates.[18] Separate partnership returns are required for the periods before and after termination under Code Section 708(b)(1)(B).[19]

Code Section 704 describes the allocation of income, loss, deduction and credit among the partners of a partnership. In general, the partnership agreement (and in the case of a limited liability company, the operating agreement) governs the allocation of such items. In general, charitable contributions made by a partnership are allocated among the partners based upon their relative interests in the partnership and constitute separately stated items.[20] The basis limitations in Code Section 704(d)[21] and the "at-risk" rules[22] do not apply to charitable contributions.

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[15] Treas. Reg. § 1.708-1(b)(4).

[16] *See* IRC §§ 721, 731.

[17] Treas. Reg. §§ 1.704-1(B)(2)(iv)(f) and 1.704-3(a)(2); *see also* T.D. 8717, 62 Fed. Reg. 25,498-99 (May 9, 1997).

[18] Treas. Reg. § 1.708-1(b)(3).

[19] Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); *see also* FSA 200132009.

[20] *See* IRC § 702(a)(4).

[21] Treas. Reg. § 1.704-1(d)(2) and PLR 8405084.

[22] Prop. Treas. Reg. § 1.465-13.

Based upon our review of the Contribution Agreement, the MIPA, the Redemption Agreement, and the Property Entity and the Company Operating Agreements, we have determined that, subject to the factual assumptions described herein, it is more likely than not that:

1. The simultaneous closing of the Offering and the Purchase shall constitute a termination of the partnership within the meaning of Code Section 708(b)(1)(B).

2. The holding period, adjusted basis and character of the assets of the Property Entity (including the Property) are unaffected as a result of this termination of the Property Entity pursuant to Code Section 708(b)(1)(B).

3. Because the Conservation Easement would be granted to FLC after the termination of the Property Entity under Code Section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement will appear on the short-year partnership tax return (Form 1065) for that period of 2012 following the closing of the Subject Transactions.

4. Pursuant to the terms of the Property Entity Operating Agreement and Code Sections 702 and 704 and the Regulations promulgated thereunder, the charitable deduction attributable to the Conservation Easement will be allocated among the Members (including the Company) pursuant to relative ownership interest in the Property Entity (i.e., relative Membership Interest ownership in the Property Entity during the short-period tax return following the closing of the Purchase) and no portion of the charitable deduction shall be allocable to the members of the Property Entity for the portion of the taxable year occurring prior to the closing of the Offering and Purchase. Moreover, the portion of the charitable deduction allocable to the Company will be allocated to the Investors pursuant to their relative ownership in the Company (i.e., relative Unit ownership in the Company during the short-period tax return following the closing of the Offering).

VIII. OPINIONS AND ASSUMPTIONS REGARDING QUALIFICATION FOR DEDUCTION.

A donation of a conservation easement constitutes a contribution of less than the donor's entire interest in property (referred to as a "partial interest"). Under Code Section 170(f)(3), the donation of a partial interest does not entitle the donor to a charitable contribution deduction unless the donor can establish the partial interest satisfies one of the exceptions under Code Section 170(f)(3)(B).

One of the exceptions for contributions of partial interests under Code Section 170(f)(3)(B) is the donation of a "qualified conservation contribution."[23] Code Section 170(h), and the Regulations promulgated thereunder, provide the requirements which must be met in order for a contribution to qualify as a "qualified conservation contribution" entitling the donor to a deduction under Code Section 170(a). These requirements as they relate to the Subject Transactions are addressed below.

[23] I.R.C. § 170(f)(3)(B)(iii).

A. QUALIFIED DONEE.

In order to be entitled to a charitable deduction for a contribution of a conservation easement, a donor must establish that the donee of the contribution is a "qualified donee" under the Code and Regulations. A qualified donee is defined under the Regulations as a donee that meets the following requirements:

1. The donee is a governmental agency or a qualified public charitable organization.[24]

2. The donee has a commitment to protect the conservation purposes of the donation.[25]

3. The donee must "have the resources to enforce the restrictions."[26]

Based on our review of the Determination Letter and the Form 990 for FLC, we have determined that, subject to the factual assumptions described below, it is more likely than not that FLC is a qualified donee for purposes of the Code and the Regulations.

First, as outlined in the Determination Letter, FLC is qualified public charitable organization under Code Section 501(c)(3).

Second, although the determination of whether FLC is committed to protecting the conservation purposes outlined in the Conservation Easement Deed requires a factual determination beyond the scope of this Opinion, based on the operating history of FLC and the representations made by FLC, it appears that FLC has the means and is committed to protecting the conservation purposes outlined in the Conservation Easement Deed and enforcing the terms of the Conservation Easement.

Finally, based on the Form 990, it appears that FLC has the resources to enforce the restrictions contained in the Conservation Easement Deed.

B. CONSERVATION PURPOSE.

In order to be entitled to a deduction for the donation of a conservation easement, it must be established that the conservation easement meets one of four different "conservation purposes."[27] However, while this is a question of fact that is only determinable by a court of proper jurisdiction, we have outlined below the conservation purposes that FLC has represented, in the Conservation Easement Deed, that the Conservation Easement accomplishes.

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[24] Treas. Reg. § 1.170A-14(c)(1)(i)-(iv).

[25] Treas. Reg. § 1.170A-14(c)(1).

[26] *Id.*

[27] I.R.C. § 170(h)(4)(A).

Relatively Natural Habitat. In order for an easement to qualify under Code Section 170(h)(4)(A)(ii) as protecting a relatively natural habitat of fish, wildlife, or plants, or similar ecosystems, a conservation easement must protect a "significant" habitat.[28]

FLC has represented in the Conservation Easement Deed that the Conservation Easement will protect a significant relatively natural habitat of fish, wildlife, or plants, or similar ecosystem as is described by Treas. Reg. §1.170A-14(d)(3)(ii).

Open Space. In order for an easement to qualify under Code Section 170(h)(4)(iii) as preserving open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated Federal, State, or local governmental conservation policy, an open space conservation easement must yield a "significant" public benefit.[29]

FLC has stated in the Conservation Easement Deed that the conservation purposes which are expected to be served if a Conservation Easement is granted with respect to the Property would include (1) Preservation of the viewshed from the Fall Creek Falls State Park for the scenic enjoyment of the general public, which will yield a significant public benefit; (2) Protection of a relatively natural habitat for fish, wildlife, plants, and the ecosystems in which they function which will yield a significant public benefit; (3) Preservation of open space (including farm land and forest land) for the scenic and other enjoyment, and for the education of the general public, pursuant to clearly delineated government conservation policies which provide a significant public benefit.

Based on the Baseline Report and representations in the Conservation Easement Deed, it is more likely than not that the Conservation Easement satisfies the conservation purpose requirement of Code Section 170(h)(1)(C).

C. CONSERVATION EASEMENT DEED.

The Property Entity will effect the conveyance of the Conservation Easement to FLC through the execution of the Conservation Easement Deed. Based on our review of the Conservation Easement Deed, we are of the opinion that that it will effectively convey the Conservation Easement. However, in order to secure the tax benefits described herein in calendar year 2012, *inter alia*, the Conservation Easement Deed must be fully executed and recorded in the Van Buren County, Tennessee Probate Courts on or before December 31, 2012.

D. RESERVATION OF RIGHTS AND BASELINE REPORT.

The Property Entity intends to reserve certain rights, which are outlined within the Conservation Easement Deed (including without limitation Article 3 of the Conservation Easement Deed). While it is permissible for a taxpayer to reserve certain rights, a taxpayer cannot reserve rights

[28] Treas. Reg. § 1.170A-14(d)(3)(i).

[29] I.R.C. § 170(h)(4)(A)(iii)(flush language). Treas. Reg. § 1.170A-14(d)(4)(iv)(A).

which would either: (1) interfere with the conservation purpose of a donation to such an extent that the conservation purpose will be negated or (2) prevent the conservation easement from being perpetual. Additionally, in instances where a taxpayer reserves certain rights the exercise of which might impair the conservation interests associated with the property, the donor must provide the donee with certain baseline documentation regarding the condition of the property at the time of the donation. [30] These items, as they relate to the Subject Transactions, are addressed below.

Conservation Purpose. Because the existence of a qualified "conservation purpose" is a factual determination, we cannot opine as to whether the rights that the Property Entity has reserved will negate the conservation purpose of the Conservation Easement. We note, however, that FLC, in the Conservation Easement Deed and the Baseline Report, has indicated its belief that there is conservation purpose.

Perpetuity. Based on the nature of the rights reserved, we are of the opinion that it is more likely than not that the reservations included in the Conservation Easement Deed will not prevent the Conservation Easement from being perpetual or being solely for conservation purposes.

Baseline Documentation. Baseline documentation must be obtained prior to the grant of the Conservation Easement and must provide certain information regarding the condition of the Property at the time of the donation. Although the Regulations do not clearly identify what items are required to be in the documentation, the Regulations do state that the following items should be included in the documentation:

1. The appropriate survey maps from the United States Geological Survey, showing the property line and other contiguous or nearby protected areas;[31]

2. A map of the area drawn to scale showing all existing man-made improvements or incursions and natural species on the property;[32]

3. A contemporaneous aerial photograph of the property;[33]

4. On-site photographs taken at appropriate locations on the property;[34]

5. The condition of any protected property;[35] and

[30] Treas. Reg. § 1.170A-14(g)(5)(i).

[31] Treas. Reg. § 1.170A-14(g)(5)(i)(A).

[32] Treas. Reg. § 1.170A-14(g)(5)(i)(B).

[33] Treas. Reg. § 1.170A-14(g)(5)(i)(C).

[34] Treas. Reg. § 1.170A-14(g)(5)(i)(D).

[35] *Id.*

6. A statement signed by the donor and a representative of the donee clearly referencing the documentation and stating that the baseline documentation is accurate.[36]

We have reviewed the Baseline Report and the representations set forth and incorporated in the Conservation Easement Deed and are of the opinion that it is more likely than not that the Baseline Report will meet the requirements of baseline documentation, as provided by the Code and Regulations.

E. CONTEMPORANEOUS WRITTEN ACKNOWLEDGEMENT.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must receive a contemporaneous written acknowledgement from the donee of the conservation easement that meets the following requirements:[37]

1. The acknowledgement must be in writing.

2. The acknowledgement from the qualified organization must also include the following information: (i) if cash was contributed (for example the amount of any endowment), the amount of such cash contribution; (ii) whether the qualified organization gave the taxpayer any goods or services as a result of the contribution; and (iii) a description and good faith estimate of the value of goods and services delivered by the qualified organization to the taxpayer.

3. The acknowledgement from qualified organization must be obtained by the taxpayer from the donee on or before the earlier of: (i) the date the taxpayer's tax return is filed or (ii) the due date of the tax return, including extensions.

Based on representations on the Reliance Letter, representations by FLC and our knowledge of the past practices of FLC, we believe it is reasonable to assume that FLC will provide an Acknowledgment Letter to the Property Entity satisfactory to meet the requirements of Code Section 170(f)(8).

F. FORM 8283.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must complete, and attach to its tax return in the year of the contribution, IRS Form 8283.[38]

It is the taxpayer's responsibility to file IRS Form 8283 if the amount of the deduction for all non-cash charitable contributions is more than $500. In the case of individuals, the IRS Form 8283 will be an attachment to the taxpayer's IRS Form 1040 for the year in which the charitable

[36] *Id.* This statement is required in all baseline documentation.

[37] I.R.C. § 170(f)(8).

[38] Treas. Reg. § 1.170A-13(b)(2)(ii); Announcement 90-25, 1990-8 I.R.B. 25.

contributions were made. Although some components of IRS Form 8283 require the signature of the qualified appraiser and the qualified organization to which the contribution will be made, ultimately, it is the taxpayer's responsibility to ensure that such Form is properly completed.

The Property Entity has represented in the Reliance Letter that it will file a complete, accurate and timely IRS Form 8283 with respect to the Conservation Easement contribution if granted. Additionally, the Reliance Letter states that the Property Entity will inform and assist the Members in timely and accurately completing their individual Forms 8283 and including them with their tax returns. Based on these representations, we believe it is reasonable to assume that the requirements pertaining to the filing of IRS Form 8283 will be satisfied.

G. THE "QUALIFIED" APPRAISAL.

The value of a conservation easement must be established and documented by a "qualified appraisal" in order to entitle the donor to a deduction for the contribution. There are two primary legal issues regarding appraisals of conservation easements: (a) whether the appraisal meets the technical elements required in order for the appraisal to be a "qualified appraisal" under the Code and Regulations; and (b) whether the appraisal substantiates the value of the conservation easement claimed by the donor.

1. The Technical Requirements.

The Regulations require that, in the context of a contribution of greater than $5,000, a taxpayer must do all of the following:[39]

a) Obtain a qualified appraisal for such property contributed.

b) Attach a fully completed appraisal summary to the tax return on which the deduction for the contribution is first claimed (or reported) by the donor. If the taxpayer's deduction related to the qualified conservation contribution exceeds $500,000, a copy of the full qualified appraisal must be attached to the IRS Form 8283 provided with the taxpayer's tax return.

c) Maintain records containing certain required information.[40]

[39] Treas. Reg. § 1.170A-13(c)(2)(i).

[40] The information required is listed in Treas. Reg. §1.170A-13(b)(2)(ii) and consists of the following: (1) the name and address of the donee organization to which the contribution was made; (2) the date and location of the contribution; (3) a description of the property in detail reasonable under the circumstances (including the value of the property); (4) the fair market value of the property at the time the contribution was made, the method utilized in determining the fair market value, and, if the valuation was determined by appraisal, a copy of the signed report of the appraiser; and (5) the terms of any agreement or understanding entered into by or on behalf of the taxpayer which relates to the use, sale, or other disposition of the property contributed. Finally, if the property contributed consists of ordinary income property (for example, if it was not held for a year or more prior to the donation of the easement or does

A qualified appraisal is defined in Treas. Reg. §1.170A-13(c)(3), which provides the appraisal report must:

a) Relate to an appraisal made not earlier than 60 days before the date of contribution of the appraised property.[41]

b) Be prepared, signed, and dated by a qualified appraiser.[42]

c) Include all information that is required to be included in a qualified appraisal (as described in the Regulations).[43]

d) Not involve a prohibited appraisal fee.[44]

e) Finally, Code Section 170(f)(11)(E)(i)(I) requires that an appraisal must comply with generally accepted appraisal standards (defined as Uniform Standard of Professional Appraisal Practice ("USPAP").[45]

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not constitute a capital asset within the meaning of Code Section 1221), or if less than the entire interest in the property is contributed in the same year, the Regulations require additional information regarding the contribution.

[41] Treas. Reg. § 1.170A-13(c)(3)(i)(A).

[42] Treas. Reg. § 1.170A-13(c)(3)(i)(B).

[43] Treas. Reg. § 1.170A-13(c)(3)(i)(C). Section 1.170A-13(c)(3)(i)(C)(ii) of the Regulations requires the appraisal to include: (1) a description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed; (2) the date (or expected date) of contribution to the donee; (3) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (4) the name, address, and the identifying number of the qualified appraiser; and, if the qualified appraiser is an employee, the name of his employer; (5) the qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and membership, if any, in professional appraisal associations; (6) a statement that the appraisal was prepared for income tax purposes; (7) the date (or dates) on which the property was appraised; (8) the appraised fair market value of the property on the date (or expected date) of contribution; (9) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (10) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.

[44] Treas. Reg. § 1.170A-13(c)(3)(i)(D). Treasury Regulation section 1.170A-13(c)(6) lists the requirements pertaining to appraisal fees.

[45] Treas. Reg. § 1.170A-(f)(11)(E)(i) (as amended in 2006). The term "generally accepted appraisal standards" refers to the substance and principles of the Uniform Standards of Professional Appraisal Practice. Notice 2006-96.

We have reviewed the Preliminary Appraisal, have had several discussions with the Appraiser regarding the Final Appraisal, have reflected on our numerous other dealings with the Appraiser, and have determined, subject to the validity of the statements and representations made by the Appraiser, that the Final Appraisal will, more likely than not, comply with technical requirements listed above in order to constitute a "qualified appraisal." Because the value of the Property Entity's contribution, as set forth in the Preliminary Appraisal, is greater than $500,000, the Property Entity will need to attach a full and correct copy of the Final Appraisal to its IRS Form 1065 when the form is filed.

2. Substantiation of Value.

The value of the Conservation Easement, as set forth in the Preliminary Appraisal, involves a subjective determination by the Appraiser as to the value of the Conservation Easement. Accordingly, we cannot opine on whether the value determined in the Preliminary Appraisal accurately reflects the fair market value of the Conservation Easement.

H. THE "QUALIFIED" APPRAISER.

The value of a conservation easement must be established in an appraisal which is performed by a "qualified appraiser" in order to entitle the donor to a deduction for the contribution. The Code and Regulations require the individual performing the Appraisal of the Conservation Easement to meet the following requirements:[46]

1. The appraiser has earned an appraisal designation from a recognized professional appraiser organization[47] or has otherwise satisfied minimum education and experience requirements set forth in regulations prescribed by the Secretary.[48]

2. The appraiser regularly performs appraisals for which he receives compensation.

3. The individual demonstrates verifiable education and experience in valuing the type of property subject to the appraisal.[49]

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[46] Code Section 170(f)(11)(E)(ii).

[47] Notice 2006-96, 2006-46 I.R.B. 902, §3.03(1) provides that an appraisal designation from a recognized appraisal organization is sufficient to satisfy this requirement if it relates to valuing the type of property for which the appraisal is performed.

[48] For returns filed after October 19, 2006, the minimum education and experience requirements depend upon the type of property to which an appraisal relates. For real property appraisals, the appraiser must be licensed or certified for the type of property being appraised in the state in which the real property is located. *See* Notice 2006-96, Code Section 3.03(b)(ii).

[49] The appraiser is required to make a designation in the appraisal that, because of the appraiser's background, experience, education, and membership in professional associations, the appraiser is qualified to make appraisals of the type of property being valued. *See* Notice 2006-96, 2006-46 I.R.B. 902, Code Section 3.03(2).

4. The individual has not been prohibited from practicing before the IRS by the Secretary under 31 USC §330(c) at any time during the three-year period ending on the date of the appraisal.

Although we cannot opine on the credibility of the Appraiser, we can opine that the Appraiser is, based on his representations, our past dealings with the Appraiser, the representation set forth in the Preliminary Appraisal, and based on the assumption the above referenced requirements and statement will be satisfied in the Final Appraisal, a qualified appraiser for purposes of the Code and Regulations.

I. SUBORDINATION AGREEMENT.

No deduction will be permitted for a conservation easement which is subject to a mortgage unless the mortgagee subordinates its rights in the property to the right of the donee to enforce the conservation purposes of the gift in perpetuity.[50] Any mortgage subordination agreement should be recorded prior to the date on which the conservation easement is granted.

Because it is a requirement of the closing of the Offering that all outstanding mortgages on the property be fully paid off and satisfied at closing, no subordination agreements will be necessary.

J. LONG-TERM CAPITAL GAIN PROPERTY.

The Code states that a taxpayer's charitable contribution shall be reduced by the amount of gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer for its fair market value.[51] This rule, in essence, reduces a taxpayer's contribution deduction to the taxpayer's basis in the property contributed (or encumbered) if the sale of the property would not yield long-term capital gain.

There are several scenarios which can result in the application of Code Section 170(e). The most common scenarios involve: (1) a taxpayer that holds property, which in the hands of the taxpayer, is considered inventory; and (2) a taxpayer that does not have a more than one year holding period in the property transferred or encumbered by a conservation easement.

Based on the representations made in the Reliance Letter and the Capital Gain Letter and the representations and warranties given in the MIPA , and subject to the accuracy thereof, it is our opinion that the value of the Conservation Easement donation will not be reduced under Code Section 170(e).

[50] *See* Treas. Reg. § 1.170A-14(g)(2).

[51] Code Section 170(e).

K. OTHER POTENTIALLY MATERIAL TAX ISSUES.

In addition to certain tax issues and items already noted within this Opinion, the following tax issues could be considered to be material to the Subject Transactions, but we are unable to express any opinion with respect thereto for the reasons stated. In general, such issues are not susceptible to an opinion because the resolution of such issues are (i) inherently factual matters on which no legal opinion can be made, (ii) dependent upon facts that do not currently exist, or (iii) dependent upon certain financial or other characteristics of an individual Investor.

(a) **Amount of Charitable Contribution Deduction**. Under Code Section 170, the amount of any Contribution Deduction resulting from the Conservation Easement will be the fair market value of the Conservation Easement. Treas. Reg. §1.170A-14(h)(3) provides rules governing the valuation of qualified conservation easements under Code Section 170(h). In the case of the Conservation Easement, there is, according to the Appraisal, no substantial record of any sales of comparable easement rights. Therefore, the fair market value of the perpetual conservation restriction represented by the Conservation Easement is the difference between the fair market value of the Property before granting the Conservation Easement and its fair market value after the Conservation Easement is granted, and after subtracting the value of any enhancement to the value of certain other property. Due to the subjective, factual nature of the valuation issues involved, we are unable to express any opinion as to the fair market value of the Conservation Easement.

(b) **State and Local Taxes.** The Property is situated in the State of Tennessee; however, Investors may be residents of other states. Accordingly, an investment in the Offering may impose an obligation to file annual tax returns in more than one state or locality. In addition, the various states require partnerships or entities taxable as partnerships to withhold and pay state income taxes owed by nonresident partners, relating to income-producing properties located in such states. Some states or localities may also impose income, franchise, gross receipts or similar taxes on partnerships as entities regardless of the federal tax classification status of the entity. Finally, some states provide State-level tax benefits attributable to donation of conservation easements, the benefits of which are governed by State and local authority and guidance.

This opinion does not make any attempt to summarize the state and local tax consequences related to the Subject Transactions nor give any opinion with respect thereto. Each Investor is advised to consult their own accounting and/or legal counsel for assistance with respect to any particular state or local tax that may affect them.

L. AGGREGATE OPINION.

It is our opinion that it is more likely than not that, if the Conservation Easement is contributed to FLC, each Member (including the Company) will be entitled to a charitable contribution

deduction based upon their Property Entity allocable share[52] of the "fair market value" of the Conservation Easement as described herein. It is also our opinion that it is more likely than not that, the portion of the charitable contribution deduction allocated to the Company will in turn be allocated to the Investors based upon their relative Unit ownership interest in the Company for the portion of the taxable year following the closing of the Offering and the Purchase. We do not, and are not qualified to, opine that the value determined by the Appraisal is, in fact, the correct fair market value of the Conservation Easement, but it is our opinion that the Appraisal meets the technical requirements of a "qualified appraisal" legally sufficient to support the fair market value of such a deduction.

We have determined that it is more likely than not that a penalty shall not apply under Section 6662 or Section 6662A as a result of an understatement of tax attributable to either (i) negligence or disregard of rules or Regulations, or (ii) any substantial understatement of income tax. Additionally, although the value of the Conservation Easement involves a subjective determination by the Appraiser to which we cannot opine, we have determined that it is more likely than not that, based on the representations set forth in the Reliance Letter, the Property Entity has relied in good faith on the value set forth in the Appraisal, and that it is more likely than not that a substantial valuation penalty will not apply to the Subject Transactions.[53]

This Opinion may not be relied upon by any other party or for any other purpose whatsoever without prior written consent. We express no opinion, and none should be inferred, regarding any matter not expressly provided herein. Our Opinion is rendered as of the date hereof, and we assume no responsibility for revising it to take into account any occurrences or changed circumstances.

Very truly yours,

Sirote & Permutt, P.C.

SIROTE & PERMUTT, P.C.

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[52] Based on their relative Membership Interest ownership in the Company for the portion of the Company's taxable year following the termination of the Company under Code Section 708(b)(1)(B), as described above.

[53] If it is determined by a court of proper jurisdiction that the claimed value of the Conservation Easement is 150% or more of the correct value, a gross valuation penalty will be applicable. *See* I.R.C. § 6662(h). Reliance on a qualified appraisal will not constitute reasonable cause for purposes of avoiding such a penalty. *See* I.R.C. § 6664(c)(3). Because we express no opinion as to the correct value of the Conservation Easement, the application of a gross valuation penalty is an issue to which we cannot opine.

Exhibit A

LEGAL DESCRIPTION
OF THE PROPERTY

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING a part of the same property conveyed to the Grantor herein by deed of record in Book RB 63, Page 837 in the Register of Deeds Office for Van Buren County, Tennessee.

FOR FURTHER REFERENCE, see deed of record in Book RB 56, Page 45 in the Register of Deeds Office for Van Buren County, Tennessee.

COPY

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STATE OF TENNESSEE

2008 MAY 27 AM 11:44

RILEY DARNELL
SECRETARY OF STATE

ARTICLES OF ORGANIZATION

OF

PINEY CUMBERLAND RESOURCES, LLC

FILED

0321-2008

The undersigned natural person, having capacity to contract and acting as the organizer of **Piney Cumberland Resources, LLC**, a limited liability company, created in accordance with the Tennessee Revised Limited Liability Company Act, hereby adopts the following Articles of Organization for the Limited Liability Company:

1. The name of the Limited Liability Company is:

Piney Cumberland Resources, LLC

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the State of Tennessee is: **Kenneth M.** [redacted].

3. The Limited Liability Company will be **Director Managed**.

4. There are two (2) members of the Limited Liability Company as of the date of filing these Articles of Organization.

5. These Articles of Organization shall be effective upon filing by the Secretary of State.

6. The complete address of the Limited Liability Company's principal executive office is: [redacted]

7. The period of duration of the Limited Liability Company shall be perpetual.

8. The name and business address of the individual who shall serve as chief manager until the first annual meeting of members or until his successor is selected and shall qualify is: **Kenneth M. Chadwell,** [redacted].

9. The chief manager, **Kenneth M. Chadwell,** is hereby granted authority to execute instruments for the transfer of real property. This designation is not exclusive and is not intended to override Tennessee Code Annotated §48-249-402 of the Tennessee Revised Limited Liability Company Act with regard to agency of members.

10. The Limited Liability Company shall **not** have the power to expel a member.

11. The members or parties (other than the Limited Liability Company) to a contribution agreement or a contribution allowance agreement shall have preemptive rights.

12. No manager shall have personal liability to the Limited Liability Company or its members for monetary damages for breach of fiduciary duty as a manager, except for liability for: (a) any breach of a manager's duty of loyalty to the Limited Liability Company or its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or, (c) a violation of Tennessee Code Annotated §48-249-307. If the Tennessee Revised Limited Liability Company Act is hereafter amended to authorize the further elimination or limitation of the liability of managers, then the liability of any governor or manager of the Limited Liability Company, in addition to the limitation on personal liability provided herein, shall be provided to the fullest extent permitted by the amended Tennessee Revised Limited Liability Company Act.

Dated this 23rd day of May, 2008.

Kenneth M. Chadwell, Organizer

AMENDED AND RESTATED OPERATING AGREEMENT
OF
PINEY CUMBERLAND RESOURCES, LLC
a Tennessee Limited Liability Company

INVESTING IN THIS COMPANY IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR'S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE MEMBERSHIP UNITS (THE "SECURITIES") OF THE COMPANY ARE IMPOSED BY THIS OPERATING AGREEMENT.

THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") PROVIDED BY SECTION 4(2) OF THE 1933 ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE 1933 ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGERS OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF SECURITIES, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS OPERATING AGREEMENT.

THE SECURITIES EVIDENCED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE AND SUCH REGISTRATION IS NOT CONTEMPLATED. THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT MAY NOT BE TRANSFERRED IN WHOLE OR IN PART IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

AMENDED AND RESTATED OPERATING AGREEMENT
OF
PINEY CUMBERLAND RESOURCES, LLC
a Tennessee Limited Liability Company

WITNESSETH:

THIS AMENDED AND RESTATED OPERATING AGREEMENT OF PINEY CUMBERLAND RESOURCES, LLC, a limited liability company organized pursuant to the Tennessee Revised Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Company and the Persons executing this Agreement as Members, and shall supersede any and all prior operating agreements and any amendments thereto.

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4)-(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 "Affiliate" means (a) in the case of an individual, any relative of such Person, (b) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (c) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (d) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

1.3 "Articles of Organization" means the Articles of Organization of Piney Cumberland Resources, LLC, as filed with the Secretary of State of Tennessee, as the same may be amended from time to time.

1.4 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this Agreement, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.5 "Capital Contribution" means any contribution, as determined in accordance with T.C.A. §48-249-301, et seq., to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.7 "Company" means Piney Cumberland Resources, LLC.

1.8 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(h)(2) and 1.704-2(d).

1.9 "Conservation Easement" has the meaning ascribed to said term in Section 13.1 hereof.

1.10 "Conservation Proposal" has the meaning ascribed to said term in Section 13.2(b) hereof.

1.11 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

1.12 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all principal and interest payments on indebtedness of the Company, if any, to Members; (c) all cash expenditures incurred incident to the normal operation of the Company's business; (d) such reserves as the Manager deems reasonably necessary for the proper operation of the Company's business, including but not limited to the Operating Reserve.

1.13 "Economic Interest" means a Member's share of the Company's Profits, Losses and distributions of the Company's property pursuant to the Agreement and the Tennessee Act, including, without limitation, a Member's "Financial Rights" as defined at T.C.A. §48-249-102(11). A Member's Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Tennessee Act. A Member's Economic Interest percentage shall be the same as his Ownership Interest percentages.

1.14 "Effective Date" means, for purposes of this Operating Agreement, the date noted on the signature page hereto.

1.15 "Entity" means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.16 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.17 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in

exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-l(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant hereto is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.18 "Initial Capital Contribution" means the initial contributions to the capital of the Company made by a Member pursuant to this Operating Agreement.

1.19 "Investment Proposal" has the meaning ascribed to said term in Section 13.2(a) hereof.

1.20 "Majority" means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.21 "Manager" means one or more managers designated pursuant to this Agreement. Specifically, Manager shall mean Jeffrey A. Pettit, or any other Persons that succeed Jeffrey A. Pettit in his capacity as Manager. The number of Managers may be increased or decreased from time to time by the unanimous approval of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.22 "Member" means each of the parties who execute a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. The current Members are Jeffrey A. Pettit and Tonya K. Pettit. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager.

1.23 "Member Nonrecourse Debt" has the meaning given the term "partner nonrecourse debt" set forth in Section 1.704-2(b)(4) of the Regulations.

1.24 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(0(3) of the Regulations.

1.25 "Member Nonrecourse Deductions" has the meaning given the term "partner nonrecourse deductions" as set forth in Section 1.704-2(i)(2).

1.26 "Membership Interest" means a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. A Member's Membership Interest shall be designated in Units.

1.27 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(l) of the Regulations.

1.28 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.29 "Operating Agreement" or "Agreement" means this Operating Agreement as originally executed and as amended from time to time.

1.30 "Operating Reserve" means the reserve account for the Company established by the Managers for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases, as well as the expenses more particularly described in Subsection 13.2(d) of this Agreement. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company's business and any funds advanced or lent by the Managers to the Company for inclusion in the Operating Reserve.

1.31 "Ownership Interest" means the proportion that a Member's Units bear to the aggregate Units owned by all Members from time to time.

1.32 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.33 "Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for the purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the

Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.34 "Property" means all that real and personal property acquired by the Company, including the Real Property, and any improvements thereto and shall include both tangible and intangible property.

1.35 "Real Property" means that certain real property owned by the Company and more particularly described on Exhibit "A" attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.36 "Tennessee Act" means the Tennessee Revised Limited Liability Company Act at T.C.A. §§48-249-101, et seq.

1.37 "Transferring Member" means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest or Economic Interest.

1.38 "Treasury Regulations" or "Regulations" means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.39 "Unit" means the Membership Interests of the Company which shall be denominated in unit increments (each, a "Unit") with each Unit representing a Member's entire interest in the Company, including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. Each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 100 Units authorized for issuance by the Company.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Tennessee Limited Liability Company by executing and delivering Articles of Organization to the Secretary of State of Tennessee in accordance with the provisions of the Tennessee Act.

2.2 Name. The name of the Company is Piney Cumberland Resources, LLC.

2.3 Principal Place of Business. The principal place of business of the Company is 817 College Street, Spencer, Tennessee 38585. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 156 Rector Avenue, Crossville, Tennessee 38555, and the name of its registered agent at such address is Kenneth Chadwell. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Tennessee pursuant to the Tennessee Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Articles of Organization were filed with the Secretary of State of Tennessee and shall continue perpetually thereafter, unless sooner terminated and dissolved in accordance with the provisions of this Operating Agreement or the Tennessee Act.

ARTICLE III
BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be:

(a) In the event the Investment Proposal is selected under Article XIII hereof, then to invest in, improve, sell, use and operate the Real Property, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto;

(b) In the event the Conservation Proposal is selected under Article XIII hereof, then to promote conservation through the grant of the Conservation Easement, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto, subject to the terms and conditions of the Conservation Easement, which may include utilizing the Real Property for passive recreation, wildlife management and hunting;

(c) Until such time as either the Investment Proposal or the Conservation Proposal is selected, to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental to the selection process described in Article XIII hereof;

(d) To manage the use, operation and disposition of the Real Property in accordance with the terms hereof, depending on which proposal is selected;

(e) Any enhancement and/or exploitation of the Real Property not in violation of this Operating Agreement, including but not limited to harvesting timber from the Real Property and using the Real Property for hunting; and

(f) To, subject to the terms of this Operating Agreement, engage in any other lawful act or activity which a Majority of the Members consent to in writing.

ARTICLE IV
NAMES, ADDRESSES AND UNITS OF MEMBERS

The names, addresses and number of Units owned for each of the Members is as set forth on Exhibit B attached hereto, which exhibit shall be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

ARTICLE V
RIGHTS AND DUTIES OF MANAGERS

5.1 Management. The business and affairs of the Company shall be managed by its Managers. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Managers.

5.2 Certain Powers of Managers. Without limiting the generality of Section 5.1 and subject to Sections 5.3 and 5.11 hereof, the Managers shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property outside of the ordinary course of business from any Person as the Managers may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Managers deem appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Managers, or to the extent permitted under the Tennessee Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Managers.

(c) To purchase liability and other insurance to protect the Company's property and business.

(d) To hold and own any Company real and/or personal properties in the name of the Company and sell or dispose of the Company's assets in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of

trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; deeds; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Managers may approve.

(i) To do and perform all other acts as may be necessary or appropriate of the conduct of the Company's business.

Unless authorized to do so by this Operating Agreement or by the Managers, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniary for any purpose.

5.3 Liability for Certain Acts. Each Manager shall act in a manner he or she believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he or she performs the duty of his or her office in compliance with the standard contained in this Section. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data prepared or presented in accordance with the provisions of T.C.A. §48-249-403(k).

5.4 Managers Have No Exclusive Duty to Company. The Managers shall not be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company. The Managers shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Managers may from time to time open bank accounts in the name of the Company, and the Managers shall be the sole signatories thereon, unless the Managers determine otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Managers. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by a Manager or by such other persons as the Managers may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under T.C.A. §48-249-115, the Company shall indemnify the Managers and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their capacity as Managers. The Company shall indemnify its employees and other agents who are not Managers (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company.

5.7 Term. Each Manager shall serve at the discretion of the Members. Such Manager's term (subject to removal at the discretion of the Members in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time within five (5) years of the Effective Date, with Cause, by the vote of a Majority of the Members. At any point in time after five (5) years from the Effective Date, all or any lesser number of Managers may be removed at any time, with or without Cause, by the vote of a Majority of the Members. For purposes of this Section 5.9, with Cause shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Operating Agreement, which is not cured within thirty (30) days following written notice provided by the Majority of the Members. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Managers' Authority. Notwithstanding anything to the contrary contained herein, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority of the Members, or as otherwise permitted in this Agreement:

(a) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(b) The sale of substantially all of the assets of the Company, except in compliance with Article XIII hereof;

(c) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(d) Make any loans of Company funds;

(e) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the Tennessee Act;

(f) take any action which would be likely to have an adverse effect on the Real Property or any other Property of the Company;

(g) sell, assign, convey, exchange, dispose, grant or otherwise transfer the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(h) mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(i) cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.1 hereof;

(j) take any action in derogation of the decision of the Members under Article XIII hereof; or

(k) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding the foregoing, in the event of the death of any of the individual Members, the deceased Member's estate holding an Economic Interest in the Company shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Managers shall not be entitled to any compensation for carrying out their duties or acting as Manager, except as provided in Article 14.4(b)(iv) hereof with respect to any amount remaining in the Operating Reserve at liquidation. However, each Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS: MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited as set forth in the Tennessee Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding T.C.A. §48-249-402,-403, or any contrary rule of law or equity, no Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of T.C.A. §48-249-403(k).

6.3 Indemnity of Members. To the fullest extent permitted under T.C.A. §48-249-115, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Managers shall provide a list showing the names, addresses and Membership Interest of all Members and Managers and the other information required by T.C.A. §48-249-406 and maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by Members holding a Majority, the Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. In such event, the Members shall have the opportunity (but not the obligation) to participate in such Member loans on a pro rata basis in accordance with their Ownership Interests, and the security (if any) for such Member loans shall be as nearly equal as possible among the lending Members based upon the respective amounts lent by each Member. The making of any loan by a Member shall not create any additional fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law.

6.8 No Annual or Other Meetings Required. Notwithstanding the Tennessee Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby waived, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Managers may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Managers, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Contributions. The Members' capital accounts shall be set and maintained in accordance with the Treasury Regulations.

7.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a unanimous vote of the Members, the Members may be permitted to make additional Capital Contributions if and to the extent they so approve.

7.3 Remedies for Non-Payment of Additional Capital Contributions. In the event that any Member fails to make a required Capital Contribution within ten (10) days of notice to the Member (a "Defaulting Member") of the required additional Capital Contribution, the Company may accept from any other Member (the "Contributing Member") an amount of money equal to all or any portion of the unpaid Capital Contribution. Any such amount shall be deemed as a loan (the "Contribution Loan") from the Contributing Member to the Defaulting Member, which Contribution Loan shall bear interest at the rate of twelve percent (12%) per annum, until paid. For so long as such Contribution Loan is outstanding, the Defaulting Member hereby assigns to the Contributing Member all distributions and payments otherwise due to the Defaulting Member, with such distributions or payments to be first applied to accrued and unpaid interest on the Contribution Loan, and then to reduction of principal. In the event that multiple Contributing

Members are deemed to have made such loans to a single Defaulting Member, any payments or distributions shall be allocated to the Contributing Members, pro rata, based upon the respective amounts due, including accrued and unpaid interest, regardless of the order or timing of the particular loans. In all events, any Contribution Loan shall be due and payable, in full, one year from the date that such Contribution Loan is deemed to have been made, at which time a Contributing Member may elect to enforce such obligation through whatever remedies may be available. Each Defaulting Member hereby grants a security interest in his, hers or its Membership Interest in the Company to secure the repayment of any Contribution Loan, such security interest to be granted to all Contributing Members who shall share in the proceeds of any recovery based upon their respective outstanding amounts owed, including accrued and unpaid interest. Each Defaulting Member hereby grants a power of attorney, coupled with an interest, to the Contributing Member(s) to file financing statements or other documents memorializing and perfecting the security interest granted herein. Further, so long as a Defaulting Member shall be in default of its obligations to make an additional Capital Contribution under this Agreement, said Defaulting Member shall not be permitted to exercise any management rights associated with their Membership Interest (as if such Defaulting Member was only the holder of an Economic Interest), and said Defaulting Member's Membership Interest shall not be considered when determining a Majority of the Members or the unanimous consent of the Members for any provision of this Agreement.

7.4 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of such Member's Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company (exclusive of Reserves) sufficient to pay them.

(b) A Member, irrespective of the nature of such Member's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution.

7.5 Effect of Disposition of Membership Interest. In the event of an authorized disposition of a Membership Interest pursuant to Article XI hereof, the Capital Account of the Member making such disposition shall become the Capital Account of the Transferee, to the extent it relates to the Membership Interest the subject of such disposition.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions of Distributable Cash. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Managers, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Economic Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by T.C.A. §48-249-306.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any fiscal year shall be allocated in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership interests as set forth herein.

(b) The Losses allocated pursuant to Section 9.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have an Adjusted Capital Account Deficit as a consequence the allocation of Losses pursuant to Section 9.2(a) hereof, the limitations set forth in this Section 9.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 9.2(b) shall be allocated to the Members on a pro rata basis.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for that fiscal year (and, if necessary subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during a fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-1 (b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(l).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-l(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704- l(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-I(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(h) Allocations Relating to Taxable Issuance of Membership Interest. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together will all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b), 9.3(a), 9.3(b), 9.3(c), 9.3(d), 9.3(e), 9.3(f), and 9.3(g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the regulations. It is the intent of the Members that, to the extent possible, all regulatory allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore, notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's

Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the agreement and all Company items were allocated pursuant to Sections 9.1, 9.2(a), and 9.3(h). In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations under Sections 9.3(a) and 9.3(b), that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 9.3(e) and 9.3(g).

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using the permissible method under Code Section 706 and the Regulations thereunder.

(b) All allocations to the Members pursuant to this Article IX shall, except as otherwise provided, be divided among them in proportion to the Ownership Interests held by each.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

(d) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their shares of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith).

In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Operating Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records, Audits and Reports. At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member;

(b) Copies of records to enable a Member to determine the relative voting rights, if any;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(e) Copies of the Company's written Operating Agreement, together with any amendments thereto;

(f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Managers shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE XI
TRANSFERABILITY

11.1 General. Without the prior written approval of the Manager and compliance with the provisions of this Article XI, no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (collectively, "Sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (collectively, "Gift"),

(c) all or part of his or her Membership Interest, Economic Interest or Ownership Interest. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining a approval of a Majority, transfer all, but not less than all, of his, her or its Membership Units in the Company to: (A) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (B) the estate of a Member who is a natural person upon such Member's death, or (C) an entity wholly-owned by the Member. Provided, however, that upon the transfer of said Membership Units, said

assignee of such Membership Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Operating Agreement.

11.2 Transferee Not Member in Absence of Unanimous Consent.

(a) Notwithstanding anything contained herein to the contrary, if the Manager has not approved the proposed Sale or Gift of the Transferring Member's Membership Interest or Ownership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be the owner of an Economic Interest. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by unanimous written consent of the Members) shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-transferring Member(s).

(b) Upon and contemporaneously with any sale or gift of a Transferring Member's Economic Interest in the Company which does at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of $100.00, all remaining rights and Membership Interest retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

(c) Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Interest herein, if such purchase would terminate the Company's status as an association taxable as a partnership as determined by the Internal Revenue Service. If such purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such interest in accordance with the terms of this Agreement, and such third party would only be a Member owning an Economic Interest and would have no right to participate in the management of the Company, unless otherwise determined by the Manager.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Members, by a vote of a Majority, shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that he (a) has obtained a yield plan (the "Development Plan"), reflecting the proposed development of the Real Property with a single family residential development; and (b) has contacted the Foothills Land Conservancy (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement").

13.2 Certain Obligations.

(a) The Manager shall review and analyze the Development Plan, and shall develop a proposal (the "Investment Proposal") to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Company and the Members in connection therewith, a plan for the sale of the Real Property, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering proposal preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(b) The Manager shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop a proposal (the "Conservation Proposal") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax benefits to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including proposal preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) The Manager shall make a determination, within two (2) years from the Effective Date, as to whether the Company should pursue the Investment Proposal or pursue the Conservation Proposal.

13.3 Right of the Members. When the Manager determines that the Company should pursue either the Investment Proposal or the Conservation Proposal, they shall provide written notice thereof to each of the Members pursuant to the provisions of Section 15.13 of this Agreement. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal, and shall pursue the other proposal.

13.4 Duty of Managers to Implement Selected Proposal.

(a) Investment Proposal. If the Investment Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Proposal. If the Conservation Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall execute, deliver and record the

Conservation Easement on behalf of the Company and shall make such filings and take such other actions as may be necessary or appropriate in connection with the Company's contribution deduction as a result thereof.

13.5 Right of Members to Implement. If the Conservation Proposal is selected as provided above, and the Manager fails or refuses to execute, deliver or record the Conservation Easement, then any Member shall have the right and authority to execute, deliver and record the Conservation Easement on behalf of the Company. If the Investment Proposal is selected as provided above, and the Manager fails or refuses to commence pursuit of the Development Plan, then any Member shall have the right and authority to execute and deliver the necessary documents to consummate the sale or disposition of the Real Property pursuant to the Investment Proposal.

13.6 Access and Encumbrances. If the Conservation Proposal is selected as provided above, the Manager shall have the right to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

13.7 Rights of Members to Use Property. So long as the Company owns the Real Property, the Members shall have the individual right to use and enjoy the Real Property, subject to: (a) all legal restrictions, (b) any rules and regulations established by the Manager, (c) the terms and conditions of the Conservation Easement (if one shall be granted), (d) the requirement that such use or enjoyment does not impose additional financial or legal burdens on the Company, or (e) the prohibition against Member use during any periods in time in which the Company is exploiting the Real Property pursuant to this Agreement.

13.8 Disposition of Real Property. Notwithstanding anything in this Agreement to the contrary, if the Conservation Easement has been recorded for at least four (4) years, the Manager may sell or otherwise dispose of the Real Property, in the Manager's sole discretion, and such disposition may include, but is not limited to, donating the Real Property to charity.

ARTICLE XIV
DISSOCIATION. DISSOLUTION AND TERMINATION

14.1 Dissociation.

(a) Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, except for T.C.A. §48-249-601(a)(5), a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) the Member assigns all of his Membership Interest or Economic Interest in accordance with Article 11 herein;

(ii) the Member's entire Membership Interest in the Company is purchased or redeemed by the Company; or

(iii) the Member dies.

(b) Notwithstanding T.C.A. §48-249-503, except as otherwise expressly permitted in this Agreement, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such distributions shall be distributable to such Member only at the time (if any) such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, et seq., the Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The expiration of the term of the Company pursuant to Section 2.5 above;

(b) the unanimous written agreement of all of the Members to dissolve the Company;

(c) there is an administrative or judicial decree of dissolution;

(d) the sale of all of the assets of the Company; or

(e) the disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by T.C.A. §48-249-610. Upon dissolution, the Managers shall file a Notice of Dissolution pursuant to T.C.A. §48-249-609.

14.4 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Managers shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managers may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company;

(iv) Any funds remaining in the Company's Operating Reserve shall be paid to the Manager (and if more than one Manager, to all Managers, pro rata based on their respective number of Units) as a "guaranteed payment" (if such Manager is also a Member for purposes of partnership tax law) for their services rendered; and

(v) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1 (b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Articles of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, Articles of Termination may be executed and filed with the Secretary of State of Tennessee in accordance with T.C.A. §§ 48-249-612 and 48-249-614.

14.6 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.1 Application of Tennessee Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Tennessee, and specifically the Tennessee Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

15.9 Heirs. Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Operating Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute one Operating Agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Operating Agreement and attached all to one counterpart which shall represent the one final Operating Agreement.

15.12 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Managers as determined in its sole discretion. For all purposes permitted or required by the Code, the Members constitute and appoint Jeffrey A. Pettit as Tax Matters Partner or such other Member as shall be designated by a Majority of the Members.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second (2nd) business day (which term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Nashville, Tennessee) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the

records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Managers shall have the right to amend the Certificate of Formation and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or Substituted Member of the Company as authorized herein; or (ii) to change the name or address of a Member; or (iii) to change the name of the registered office or registered agent of the Company; or (iv) in the opinion of the Managers, there is an inconsistent, ambiguous, false or erroneous provision in this Agreement provided the amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate or this Agreement not otherwise expressly addressed in this Article 15 shall require the approval of a Majority of the Members.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Tennessee Act, the Tennessee Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (a) the Member's address, (b) United States taxpayer identification number, and (c) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Manager to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.17 Determination of Matters Not Provided For In This Agreement. The Members shall jointly decide any questions arising with respect to the Company and this Agreement which are not specifically or expressly provided for in this Agreement.

15.18 Captions. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions and in no way are to be construed to affect the meaning or construction of this Agreement or any of its provisions.

15.19 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

ARTICLE XVI
LOAN AND ADVANCES BY MEMBERS

16.1 Loans to Company. In the event the Company shall determine that funds in addition to the Capital Contributions are reasonably necessary for maintaining and protecting the Property of the Company or conducting its business, the Managers shall be authorized to borrow funds on behalf of the Company on commercially reasonable terms from a commercial lending institution or from one or more of the Members without notification to any of the other Members, and all or a portion of the Property of the Company may be conveyed as security for any such indebtedness; provided, however, that the borrowing of funds by the Company and conveyance of Property as security therefor shall be made only to the extent allowed by applicable law.

16.2 Priority of Loans by Members. In the event that any Member shall lend money to the Company, the principal and interest with respect to such loans shall be fully paid prior to any distribution of funds to the Members under the terms of this Agreement unless such loan contains a specific provision to the contrary. Any Member who shall lend money to the Company under the terms of this Article XVI shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law. All payments of interest and principal on Member loans shall be made on a pro rata basis based upon the amount due each Member. All Member loans shall be in pari passu with each other.

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the ____ day of October, 2012.

MANAGER:

_____ (SEAL)
Jeffrey A. Pettit

MEMBERS:

_____ (SEAL)
Jeffrey A. Pettit

_____ (SEAL)
Tonya K. Pettit

Exhibit A

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING a part of the same property conveyed to the Grantor herein by deed of record in Book RB 63, Page 837 in the Register of Deeds Office for Van Buren County, Tennessee.

FOR FURTHER REFERENCE, see deed of record in Book RB 56, Page 45 in the Register of Deeds Office for Van Buren County, Tennessee.

Exhibit B

MEMBERS

Name	Units	Address
Jeffrey A. Pettit	**95.000000**	[redacted]
Tonya K. Pettit	**5.000000**	[redacted]

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made as of the _____ day of October, 2012, by and among **JEFFREY A. PETTIT**, an individual resident of the State of Tennessee ("Mr. Pettit"), and **TONYA K. PETTIT**, an individual resident of the State of Tennessee ("Mrs. Pettit" and, together with Mr. Pettit, the "Sellers"), and **PINEY CUMBERLAND HOLDINGS, LLC**, a Tennessee limited liability company (the "Buyer"), as follows:

RECITALS

The Sellers currently own 100% of the issued and outstanding membership interests (the "Membership Interests") in Piney Cumberland Resources, LLC, a Tennessee limited liability company (the "Company"). The Company's sole asset is a 100% ownership interest in the approximately 439.86 acres of unimproved real estate owned by it that is located in Van Buren County, Tennessee, as further identified and described on **Exhibit A** attached hereto (the "Real Property"). The Sellers desire to sell, and the Buyer desires to purchase, a minimum of a 95.204040% percentage ownership interest in the Company (the "Initial Purchased Interests"), and a maximum of a 95.959596% percentage ownership interest at Closing (the "Additional Purchased Interests", and together with the Initial Purchased Interests, the "Purchased Interests"), for the consideration and on the terms set forth in this Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows (with all capitalized terms used herein without definition shall have the meanings ascribed thereto in Section 6 below):

1. Sale and Transfer of Membership Interests; Closing.

1.1 Purchase and Sale of Membership Interests.

(a) Initial Purchase. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2), the Sellers shall bargain, sell, assign, transfer and deliver to the Buyer, and the Buyer shall purchase from the Sellers, on a pro rata basis, the Initial Purchased Interests for an aggregate purchase price of $661,792 (the "Initial Purchase Price"), which Initial Purchase Price shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account established by the Company at Closing with an initial contribution of $150,000 to be used to pay the cost of any audits of the Company or the Buyer that may be initiated by the Internal Revenue Service (the "IRS"). The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company or the Buyer in defense of any IRS audit that may be initiated in the five (5) year period following the Closing Date, and the remainder of which will be payable to the Sellers following the expiration of such five year period; provided, however, that in the event that such an audit has been initiated within such five (5) year period and is continuing, such five year period shall be extended until the date that is thirty (30) days following the conclusion of any such audit. Unless otherwise agreed by Sellers and reflected on the Assignment to be delivered pursuant to Section 3(a) below, the Purchased Interests shall be purchased from the individual Sellers on a pro rata basis of their collective ownership on the date hereof.

(b) Additional Purchase. In addition to the Initial Purchased Interests, the Sellers shall also be permitted to purchase up to an additional 0.7556% percentage ownership interest in the Company, at the discretion of the Buyer, at the Closing, for an aggregate of 95.959596%, for the payment of an additional amount of $16,266 per whole membership interest, or $12,291, in the aggregate (the "Additional Purchase Price", and together or separately with the Initial Purchase Price, the "Purchase Price"). Upon notice by the Buyer to the Sellers at the Closing of its desire to exercise such right to acquire all or any portion of the Additional Purchased Interests), the Sellers shall bargain, sell, assign, transfer and deliver to the Buyer, and

the Buyer shall purchase from the Sellers, on a pro rata basis, such amount of the Additional Purchased Interests as have been selected by the Buyer.

1.2 Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place as soon as practicable after the satisfaction of the conditions set forth in Section 1.6 hereof, at such place and time as shall be agreed between Sellers and the Company. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

1.3 Mortgage Satisfaction. The Sellers represent and warrant to the Buyer that the principal asset of the Company is the Real Property, which is currently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). Sellers further represent and warrant to Buyers that the Lender has agreed to release such Mortgage with respect to the Real Property in consideration of the payment of $150,208. The Real Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to Southeastern Timberland Group, LLC, an affiliate of the Sellers ("STG"). The Second Mortgage relates to a Promissory Note from the Company in favor of STG executed in connection with the acquisition of the Real Property. Sellers further represent and warrant to Buyers that STG has agreed to release such Second Mortgage with respect to the Real Property in consideration of the payment of $583,737. As a condition of the Closing, the Sellers agree that the Buyer shall be entitled to obtain the release of the Mortgage and the Second Mortgage at Closing by paying all amounts necessary to obtain such release directly to the Lender and STG, as applicable, by withholding such amounts from any amounts due to the Sellers hereunder or under any other agreement between the Buyer and the Sellers at Closing (the "Mortgage Satisfaction Amount"). Buyer shall pay at Closing the Mortgage Satisfaction Amount to the Lender and STG as directed by such entities in a payoff letter provided to the Buyer by such entities. The Buyer shall be permitted to rely on the statement of the Mortgage Satisfaction Amount disclosed in any payoff letters relating to the Mortgage and the Second Mortgage received from the Lender and STG, respectively.

1.4 Transactions to be Effected at a Closing. At the Closing: (a) Buyer shall notify Sellers of the total number of Purchased Interests to be purchased by Buyer hereunder; (b) Sellers shall deliver to the Buyer an assignment signed by each Seller indicating the number and ownership of the Purchased Interests to be purchased hereby and assigning such Purchased Interests to the Buyer; and (c) Buyer shall deliver to Sellers payment, by wire transfer to a bank account designated in writing by Sellers, of immediately available funds in an aggregate amount equal to the portion of the Purchase Price to be paid at Closing, as determined hereunder with respect to the number of Purchased Interests selected to be acquired by Buyer, less the Deferred Amount and the portion of the Mortgage Satisfaction Amount to be withheld hereunder, such amount to be apportioned among the Sellers in accordance with their ownership of the Purchased Interests.

1.6 Conditions Precedent.

(a) Conditions to Obligation of the Buyer. The obligation of the Buyer to purchase any Purchased Interests hereunder at the Closing is subject to the satisfaction (or waiver by the Buyer) on or prior to the Closing Date of the following conditions:

(1) Minimum Offering Condition. The Buyer shall have sold at least the Minimum Offering (as such term is defined in that certain proposed Confidential Private Offering Summary of Buyer expected to be issued to certain Accredited Investors prior to the termination date hereof).

(2) Representations and Warranties. The representations and warranties of Sellers in this Agreement relating to Sellers shall be true and correct in all material respects, in each case, when made and as of the Closing Date as though made on the Closing Date, except to the extent such

representations and warranties expressly relate to an earlier date (in which case, on and as of such earlier date).

(3) Delivery of Assignment. Sellers shall have delivered to the Company the Assignment referenced in Section 1.4(b).

(4) Performance of Obligations of Sellers. Sellers shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Sellers by the time of or concurrently with the Closing.

(5) No Injunctions or Restraints. No Legal Requirement or Order enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(b) Conditions to Obligation of Sellers. The obligation of Sellers to sell the Purchased Interests is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of the following conditions:

(1) Minimum Offering Condition. The Buyer shall have sold at least the Minimum Offering and notified the Sellers of the total number of Purchased Interests to be purchased by Buyer as required by Section 1.4(a).

(2) Performance of Obligations of the Buyer. The Buyer shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by the Buyer by the time of or concurrently with the Closing.

(3) No Injunctions or Restraints. No Legal Requirement or Order enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

1.7 Post-Closing Covenants and Agreements.

(a) The parties agree to report for federal income tax purposes that the sale of Membership Interests shall constitute a termination within the meaning of IRC Section 708(b)(1)(B). The Sellers shall be permitted to prepare all tax returns related to the Company for the taxable periods ending on the Closing Date. The Buyer shall be permitted to prepare all tax returns related to the Company for all periods ending after the Closing Date. The parties agree to cooperate with each other in connection with tax compliance matters as they may arise following the Closing Date for periods that include the time that both the Buyer and the Sellers have an interest in any of the Company. The Sellers covenant and agree that in connection with reporting the gain or loss from the sale of the Membership Interests on his, her or its federal and state income Tax Returns, such gain or loss shall be reported by the Sellers as capital gain or capital loss, as the case may be.

(b) The parties agree to provide access to any books and records that such party may need in connection with its compliance with any Legal Requirement following Closing related to the Company.

(c) The parties agree to execute and deliver such other documents as may be necessary or appropriate to more fully consummate the transactions contemplated hereunder.

(d) The Buyer agrees that in the event that the Company elects to pursue the Conservation Proposal (as defined in the Amended and Restated Operating Agreement of the Company) following the Closing, that the Buyer shall establish such reserves to cover the expected operating expenses

of the Company for at least five years as shall have been presented to the Buyer by the Company prior to Closing and shall thereafter contribute as a capital contribution such reserves to the Company from time to time (or directly pay expenses on account thereof) as deemed necessary by the Manager of the Company during such five year period without the necessity of further capital commitment by the Sellers.

2. **Representations and Warranties of the Sellers**. The Sellers jointly and severally represent and warrant to the Buyer as follows:

2.1 Organization and Good Standing. The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Tennessee, with full limited liability company power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Contracts to which it is a party. The Company has not transacted business outside of the State of Tennessee, so as to require qualification as a foreign limited liability company in any other state.

2.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms. The Sellers have the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and to perform their obligations under this Agreement.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of any of the transactions contemplated hereby (the "Contemplated Transactions") will, directly or indirectly (with or without notice or lapse of time):

(1) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of the Company, or (B) any resolution adopted by the managers or members of the Company;

(2) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Company or Sellers, or any of the assets owned or used by the Company, may be subject;

(3) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by the Company or that otherwise relates to the business of, or any of the assets owned or used by, the Company;

(4) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any material contract of the Company; or

(5) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets owned or used by the Company.

(c) The Sellers and the Company have obtained all Consents from all necessary Persons in connection with the execution and delivery of this Agreement and the consummation and performance of any and all of the Contemplated Transactions (collectively, the "Seller Consents").

2.3 Capitalization. The authorized equity securities of the Company consist solely of membership interests, one hundred percent (100%) of which constitute the Membership Interests. The Sellers

are the record and beneficial owner and holder of the Purchased Interests, free and clear of all Encumbrances. All of the outstanding equity securities of the Company have been duly authorized and validly issued. There are no contracts relating to the issuance, sale, or transfer of any equity securities or other securities of the Company. The Company does not own, nor has any Contract to acquire, any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business.

2.4 Assets of the Company. The Company's sole asset is the Real Property.

2.5 Books and Records. The books of account, minute books, limited liability company record books, and other records of the Company, all of which have been made available to the Buyer, have been maintained in all material respects in accordance with the applicable provisions of the Tennessee Revised Limited Liability Company Act. All of those books and records of the Company have been made available to a representative of the Buyer.

2.6 Real Property; Encumbrances. To Sellers' Knowledge, the Real Property is subject only to those matters described on the title report attached hereto as **Exhibit B** (the "Title Report").

2.7 Accounts Receivable and Inventory. The Company does not own any accounts receivable or inventory.

2.8 No Undisclosed Liabilities. The Company has no liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) other than liabilities or obligations which are being satisfied or released at Closing or which are the subject of the Seller Consents. Neither the Sellers nor the Company have filed for bankruptcy or reorganization or has made a general assignment for the benefit of creditors. Neither the Sellers nor the Company is insolvent or otherwise unable to pay its debts as they became or become due and no Person has any unsatisfied judgment against the Sellers or Company.

2.9 Taxes.

(a) The Company has filed or caused to be filed on a timely basis all Tax Returns that are or were required to be filed by or with respect to any of them, either separately or as a member of a group of affiliated companies (including disregarded entities for federal and state income tax purposes) pursuant to applicable Legal Requirements.

(b) The Sellers have delivered or have made (or will hereafter make) available to the Buyer copies of all Tax Returns filed by the Company.

(c) The Company has paid, or made provision for the payment of, all Taxes that are shown to be due pursuant to those Tax Returns, or pursuant to any assessment received by the Sellers or the Company.

(d) The attached Schedule 2.9 contains a complete and accurate list of all pending or past audits of Tax Returns of the Company, including a reasonably detailed description of the nature and outcome of each such audit. All deficiencies proposed as a result of such audits have been paid, reserved against, settled, or, as described in Schedule 2.9, are being contested in good faith by appropriate proceedings. Schedule 2.9 describes all adjustments to the United States federal income Tax Returns filed by the Company for all taxable years, and the resulting deficiencies proposed by the IRS. Except as described in Schedule 2.9, the Company has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of the Company or for which the Company may be liable.

(e) To Sellers' Knowledge, all Tax Returns filed by the Company are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Company after the date of this Agreement. The Company is classified as a partnership for federal and state income tax purposes.

(f) The Real Property possesses a holding period for federal tax purposes in the hands of the Company of greater than one year. None of the Sellers, the Company or any Related Person of any of the foregoing has taken or failed to take any action that would cause the Real Property to be characterized for federal income tax purposes in the hands of the Company or Buyer as property not constituting a capital asset within the meaning of Section 1221 of the IRC. The Company acquired the Real Property for the purpose of holding the Real Property for long-term appreciation and investment and not with a view to sell to customers pursuant to any business of the Company or any business conducted by the Sellers or any Related Person of the Sellers.

2.10 Employees and Employee Benefits. The Company does not currently have, nor has it ever had, any employees and the Company is not subject to any liability relating to employee benefits.

2.11 Compliance with Legal Requirements; Governmental Authorizations. Neither the Sellers nor the Company has received notification from any Governmental Body regarding any assessments, pending public improvements, repairs, replacement, or alterations to the Real Property that has not been satisfactorily made. Neither the Sellers nor the Company has any Knowledge of any uncured violations of any Legal Requirements affecting the Company or the Real Property. The Sellers covenant and agree to provide the Buyer with copies of all Governmental Authorizations in their possession which relates to the Company.

2.12 Legal Proceedings; Orders. There is no pending Proceeding that has been commenced by or against the Company or that otherwise relates to or may affect the business of, or any of the assets owned or used by, the Company; or that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To the Knowledge of the Sellers, (1) no such Proceeding has been Threatened, and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. The Company is not currently a party to any Proceeding. There is no Order to which the Company, or its assets, is subject.

2.13 Contracts. The Company is not a party to any material Contract or otherwise has any obligations under or with respect to any Contract, except those contracts and/or leases described on Schedule 2.13 attached hereto. The Sellers (and no Related Person of the Sellers) do not have, nor shall acquire any rights under, and no Seller has or may become subject to any obligation or liability under, any Contract that relates to the assets owned or used by the Company.

2.14 Environmental Matters. To the Sellers' Knowledge: (a) the Company has never (i) released or disposed of any Hazardous Substances on or about the Real Property; (ii) has disposed of or arranged for the disposition of any Hazardous Substances from the Real Property except in compliance with all applicable federal, state or local laws; and (b) no Hazardous Substances exist on the Real Property or about the Real Property that threaten the Real Property.

2.15 Relationships with Related Persons. Neither the Sellers nor any Related Person of the Sellers or the Company have any interest in any property (whether real, personal, or mixed and whether tangible or intangible), owned or used by the Company. Neither the Sellers nor any Related Person of the Sellers is a party to any Contract with, or has any claim or right against the Company.

2.16 Sellers' and Company's Disclaimer. Except as expressly set forth in this Section 2, the Sellers and the Company make no representation or warranty, express or implied, at law or in equity, in respect of any of the assets, liabilities or operations of the Company or the Real Property, and any such other representations or warranties are hereby expressly disclaimed. Buyer hereby acknowledges and agrees that,

except to the extent specifically set forth in this Section 2, Buyer is purchasing the Company and the assets of the Company on an "as-is, where-is" basis.

3. **Representations and Warranties of Buyer**. The Buyer represents and warrants to the Sellers as follows:

3.1 Organization and Good Standing. The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Tennessee, with full limited liability company power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Contracts to which it is a party. The Buyer has not transacted business outside of the State of Tennessee, so as to require qualification as a foreign limited liability company in any other state.

3.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms. The Buyer has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) Neither the execution and delivery of this Agreement by the Buyer nor the consummation or performance of any of the Contemplated Transactions by the Buyer will give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to any Legal Requirement or Order to which the Buyer may be subject; or any Contract to which the Buyer is a party or by which the Buyer may be bound. The Buyer is not and will not be required to obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 Certain Proceedings. There is no pending Proceeding that has been commenced against the Buyer that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To the Buyer's Knowledge, no such Proceeding has been Threatened.

4. **Indemnification; Remedies**

4.1 Survival; Right to Indemnification Not Affected by Knowledge. All representations, warranties, covenants, and obligations in this Agreement and the attached Schedules will survive the Closing and continue in full force and effect: (a) indefinitely (but not in excess of the relevant statute of limitations period as provided under law) following the Closing Date with respect to Breaches of representations and warranties described in Section 2.3, Section 2.8, Section 2.13, all covenants of the Sellers contained in this Agreement, liabilities for Taxes relating to periods prior to the Closing Date, and (b) for a period of three (3) years following the Closing Date with respect to all other matters (such periods referred to as the "Survival Period"). The Buyer and the Sellers shall have no rights to indemnification hereunder following expiration of the Survival Period.

4.2 Indemnification and Payment of Damages by the Sellers. Subject to the limitations set forth in this Section 4, the Sellers will indemnify and hold harmless the Buyer, the Company, and their respective Representatives, members, controlling persons, and affiliates (collectively, the "Indemnified Persons") for, and will pay to the Indemnified Persons the amount of, any loss, liability, claim, damage (excluding any special, consequential or punitive damages), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, "Damages"), arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by the Sellers in this Agreement or the attached Schedules (unless the Buyer

had Knowledge of such misrepresentation or breach of warranty at the time of the Closing); (b) any Breach by the Sellers of any covenant or obligation of such Sellers in this Agreement; or (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with either Sellers or the Company (or any Person acting on their behalf) in connection with any of the Contemplated Transactions. Except with respect to claims for fraud against the Sellers, the Buyer acknowledges and agrees that the foregoing indemnification provisions in this Section 4.2 shall be the exclusive remedy of the Indemnified Persons with respect to the transactions contemplated by this Agreement. All indemnification payments under this Section 4.2 shall be paid by the Sellers net of any tax benefits and insurance coverage that may be available to the Indemnified Persons, and shall be deemed adjustments to the Purchase Price.

4.3 Indemnification and Payment of Damages by the Buyer. Subject to the limitations set forth in Section 4.4 below, the Buyer will indemnify and hold harmless the Sellers, and will pay to the Sellers the amount of any Damages arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by the Buyer in this Agreement (unless Sellers had Knowledge of such misrepresentation or breach of warranty at the time of the Closing), (b) any Breach by the Buyer of any covenant or obligation of the Buyer in this Agreement, or (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with the Buyer (or any Person acting on its behalf) in connection with any of the Contemplated Transactions. Except with respect to claims for fraud against any of the Buyer, the Sellers acknowledge and agree that the foregoing indemnification provisions in this Section 4.3 shall be the exclusive remedy of the Sellers with respect to the transactions contemplated by this Agreement. All indemnification payments under this Section 4.3 shall be paid by the Buyer net of any tax benefits and insurance coverage that may be available to the Sellers, and shall be deemed adjustments to the Purchase Price.

4.4 Limitations. The liability of the Sellers or the Buyer for indemnification, and any and all entitlement to indemnification by the Sellers and the Buyer, under this Section 4 shall in no event exceed the Purchase Price.

4.5 Procedure for Indemnification--Third Party Claims.

(a) During the Survival Period, promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any Proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under this Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Proceeding is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such Proceeding prior to the expiration of the Survival Period, the indemnifying party will, unless the claim involves Taxes, be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the indemnified party under this Section 4 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of

such Proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a Proceeding, (i) it will be conclusively established for purposes of this Agreement that the claims made in that Proceeding are within the scope of and subject to indemnification; (ii) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will be bound by any determination made in such Proceeding or any compromise or settlement effected by the indemnified party.

(c) Notwithstanding the foregoing, if an indemnified party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise, or settle such Proceeding, but the indemnifying party will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) The Sellers hereby consent to the non-exclusive jurisdiction of any court in which a Proceeding is brought against any Indemnified Person for purposes of any claim that an Indemnified Person may have under this Agreement with respect to such Proceeding or the matters alleged therein, and agrees that process may be served on the Sellers with respect to such a claim anywhere in the world.

4.6 Procedure for Indemnification--Other Claims. A claim for indemnification for any matter not involving a third party claim may be asserted by notice to the party from whom indemnification is sought.

5. General Provisions.

5.1 Expenses. Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants.

5.2 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers on file with the Company (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties).

5.3 Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the State of Tennessee, and each of the parties consents to the jurisdiction of such court (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

5.4 Further Assurances. The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

5.5 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

5.6 Entire Agreement and Modification. This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

5.7 Incorporation of Exhibits and Schedules. The Exhibits and the Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

5.8 Assignments, Successors, and No Third-Party Rights. No party to this Agreement may assign any of its rights under this Agreement without the prior consent of the other party. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

5.9 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

5.10 Section Headings, Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

5.11 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

5.12 Governing Law. This Agreement will be governed by the laws of the State of Tennessee without regard to conflicts of laws principles.

5.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

6. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified or referred to in this Section 6:

6.1 "Breach"--a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been (a) any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

6.2 "Buyer"--as defined in the first paragraph of this Agreement.

6.3 "Company"--as defined in the Recitals of this Agreement.

6.4 "Consent"--any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

6.5 "Contemplated Transactions"--all of the transactions contemplated by this Agreement, including the sale of the Membership Interests by the Sellers to the Buyer and the performance by the Buyer and the Sellers of their respective covenants and obligations under this Agreement; provided, however, that any transactions related to Buyer's use of any of the assets owned or used by the Company, including without limitation, any contemplated use of any of the assets owned or used by the Company for a conservation easement, shall not be a Contemplated Transaction.

6.6 "Contract"--any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

6.7 "Damages"--as defined in Section 4.2.

6.8 "Encumbrance"--any material charge, claim, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership; it being understood and agreed that the term "Encumbrance" shall not include, and the following items are expressly excluded from the definition of Encumbrance: (i) all exceptions set forth on the Title Report other than the Mortgage and the Second Mortgage, and (ii) any matters or items which are the subject of a Seller Consent.

6.9 "Family"--with respect to an individual, includes (i) such individual, (ii) such individual's spouse, (iii) any other natural person who is related to such individual or such individual's spouse within the second degree, and (iv) any other natural person who resides with such individual.

6.11 "Governmental Authorization" --any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

6.12 "Governmental Body"--any: (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e)

body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

6.13 "Hazardous Substances"- any hazardous or toxic waste, substance or material, including without limitation any asbestos or any oil or pesticides.

6.14 "IRC"--the Internal Revenue Code of 1986 or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

6.15 "IRS"--the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

6.16 "Knowledge"--an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual has actual Knowledge of such fact or other matter without inquiry or investigation.

6.17 "Legal Requirement"--any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

6.18 "Material Interest"--direct or indirect beneficial ownership of voting securities or other voting interests representing at least 50% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 50% of the outstanding equity securities or equity interests in a Person.

6.19 "Membership Interests"--as defined in the Recitals of this Agreement.

6.20 "Order"--any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

6.21 "Organizational Documents"--(a) the articles of organization or certificate of formation and operating agreement or limited liability company agreement of a limited liability company; (b) the articles or certificate of incorporation and the bylaws of a corporation; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to any of the foregoing.

6.22 "Person"--any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

6.23 "Proceeding"--any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

6.24 "Real Property"-- as defined in the Recitals of this Agreement.

6.25 "Related Person"--(a) With respect to a particular individual means: each other member of such individual's Family; any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family; any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer,

partner, executor, or trustee (or in a similar capacity); and (b) With respect to a specified Person other than an individual means: any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person; any Person that holds a Material Interest in such specified Person; each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity); and any Person in which such specified Person holds a Material Interest.

6.26 "Representative"--with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

6.27 "Sellers"--as defined in the first paragraph of this Agreement.

6.28 "Seller Consent"--as defined in Section 2.2.

6.29 "Survival Period"--as defined in Section 4.1.

6.30 "Tax Return"--any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

6.31 "Title Report"--as defined in Section 2.6.

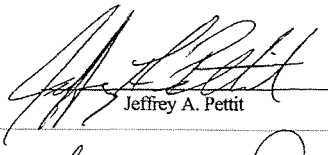
6.32 "Threatened"--a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

- Signature Pages Follow -

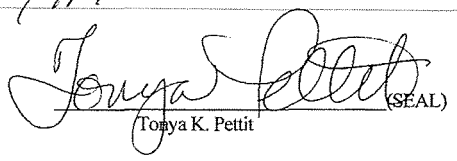
SIGNATURE PAGE OF BUYER

IN WITNESS WHEREOF, the undersigned Selle s and the Buyer have executed and delivered this Agreement as of the date first written a ove.

SELLERS:



_____(SEAL)
Jeffrey A. Pettit



_____(SEAL)
Tonya K. Pettit

BUYER:

PINEY CUMBERLAND HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

DOCSBHM\189141\1

SIGNATURE PAGE OF BUYER

IN WITNESS WHEREOF, the undersigned Sellers and the Buyer have executed and delivered this Agreement as of the date first written above.

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

_____(SEAL.)
Tonya K. Pettit

BUYER:

PINEY CUMBERLAND HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

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EXHIBIT A

Description of Real Property

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING a part of the same property conveyed to the Grantor herein by deed of record in Book RB 63, Page 837 in the Register of Deeds Office for Van Buren County, Tennessee.

FOR FURTHER REFERENCE, see deed of record in Book RB 56, Page 45 in the Register of Deeds Office for Van Buren County, Tennessee.

EXHIBIT B

Title Report of Real Property

See Attached

Law Offices
LOONEY, LOONEY & CHADWELL, P.L.L.C.
156 Rector Ave.
Crossville, TN 38555
Phone 931-484-7129 Fax 931-484-5251

ATTORNEY'S PRELIMINARY REPORT ON TITLE

TO: **JEFFREY A. PETTIT, Manager**

RE: **PINEY CUMBERLAND RESOURCES, LLC**

Based upon a personal examination of the public records for a period of thirty (30) years preceding the date of this certificate affecting the title to the real estate described on Exhibit "A" attached to this Attorney's Preliminary Report on title, the undersigned certifies to the above-named addressee that marketable fee simple title to the real property described on Exhibit "A" is vested in **Piney Cumberland Resources, LLC,** by virtue of the instrument referenced in Exhibit "A" and subject to the matters appearing on Exhibit "B" and the following matters:

1. The lien of Van Buren County real property taxes for the year 2011, now past due and delinquent and subsequent years for Map 75, Parcel 18.00 in the base amount of $830.00 ($918.27 in September) on Receipt #5520.

2. The lien of Van Buren County real property taxes for the year 2012, not yet due nor payable and subsequent years for Map 77, Parcel 5.00. The taxes for 2011 were paid December 27, 2011 in the amount of $23.00 on Receipt #5521.

3. A lien evidenced by Trust Deed dated March 25, 2010, of record at Book RB56, page 193, Register's Office, Van Buren County, Tennessee, securing $400,000.00 to Citizens Bank of Spencer.

4. A lien evidenced by Second Trust Deed dated March 28, 2010, of record at Book RB56, page 682, Register's Office, Van Buren County, Tennessee, securing $497,376.00 to Southeastern Timberland Group, LLC.

5. Subject to Surface Damage and Royalty Agreement dated July 1, 2003, by and between BLC Properties, LLC, and Ataya Hardwoods, LLC, of record in Book M28, page 641, Register's Office, Van Buren County, Tennessee; of record in Book M12, page 296, Register's Office, Bledsoe County, Tennessee; and, Book 158, page 382, Register's Office, Sequatchie County, Tennessee.

6. Subject to the encumbrances and mineral reservations and exceptions of record in those certain Special Warranty Deeds dated July 1, 2003, from BLC Properties, LLC, to Ataya Hardwoods, LLC, of record in Deed Book WD15, page 806, Register's Office, Van Buren County, Tennessee; Deed Book WD 181, page 211, Register's Office, Bledsoe County, Tennessee; Deed Book 158, page 327, Register's Office, Sequatchie County, Tennessee; and those certain Corrective Special Warranty Deeds dated as of July 1, 2003, of record in Deed Book RB3, page 611, Register's office, Van Buren County; Deed Book 166, page 29, Register's Office, Sequatchie County, Tennessee.

7. Subject to a Mutual Easement Agreement by and between BLC Properties, LLC, and Ataya Hardwoods, LLC, dated July 1, 2003, of record in Book M28, page 770, Register's Office, Van Buren County, Tennessee: and, of record in Book WD181, page 335, Register's Office, Bledsoe County, Tennessee; and, of record in Book 158, page 762, Register's Office, Sequatchie County Tennessee.

8. Pursuant to application for Greenbelt status at Greenbelt Book RB60, page 576 and Book RB60, page 578, Register's Office, Van Buren County, Tennessee, this property is subject to roll-back taxes under T.C.A. Section 67-5-1008 if it ceases to qualify under the Greenbelt status.

This Certificate is dated as of August 28, 2012, at 8:00 A.M.

LOONEY, LOONEY & CHADWELL, PLLC

BY: _____

Kenneth M. Chadwell, Attorney

Exhibit "A"

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

EXHIBIT "B"
(Additional Exceptions)

1. Any lien or right to a lien for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
2. The rights of parties in possession, encroachments, overlaps, overhangs, unrecorded easements, violated restrictions, boundary line disputes, or any matter not of record which would be disclosed by an accurate and certified transit survey and/or visual inspection of the premises. This certificate will not insure the acreage or area contained in a given tract nor the accuracy of location of boundary lines, nor the location or contiguity of the interior lines of any parcels making up such premises.
3. Easements, or claims of easements, not shown by the public records.
4. The rights of upper and lower riparian owners. The potential riparian rights, if any, are neither guaranteed nor certified.
5. Any instrument in the chain of title being a forgery or having been procured by fraud.
6. Any impropriety in the delivery of any deed in the chain of title.
7. The incompetence or minority of any person executing any instrument in the chain of title.
8. Lack of corporate capacity or the proper corporate authorization for the execution of any instrument in the chain of title executed by a corporation.
9. Any claim or ownership interest of undisclosed heirs and the omission by any such heirs of the execution of any instrument in the chain of title.
10. The effect of any laws, ordinances, governmental regulations, the power of eminent domain, or governmental exercise of the police power, that may affect the subject property.
11. Marital rights of any undisclosed spouse of any grantor executing instruments in the chain of title who did not join in the conveyance of the subject property.
12. Any federal litigation or bankruptcy proceedings affecting title to the subject property for which there is nothing of record in the Register's Office of the County where the land lies to indicate the pendency and/or status of such litigation or proceedings.
13. Subject to the proper indexing of all instruments in the chain of title in the Register's Office of the County where the land lies.
14. Any potential rollback taxes which may be imposed pursuant to the Agricultural, Forest and Open Space Land Act of 1976, codified at Tennessee Code Annotated §67-5-101, et seq.
15. All oil, gas, or other minerals that are, or may be, claimed by others.
16. Such state of facts and/or circumstances as may be known to the addressees of this Report on Title and their privies for whom this opinion is prepared which may be contrary to or inconsistent with the findings herein expressed, which facts and/or circumstances have not been made known to the undersigned.
17. The effects of the Subdivision Regulations of the Van Buren County Regional Planning Commission and Regional and Municipal Planning Statutes codified in Chapters 3 and 4 of Title 13 of the Tennessee Code Annotated, and any amendments thereto, upon or with regard to the subject real property, including, but not limited to, any loss, damages or claims arising from failure to comply to said regulations and statutes or failure to obtain authorization under said regulations and statutes for the subdivision of the real property or the division of the subject real property from a larger tract of property.

SHEDULE 2.9

Audit Information

None

SCHEDULE 2.13

Material Contracts

None

Division Exhibit 2

to Brief in Support of Response in Opposition

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Expires:	August 31, 2015
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)

[redacted]

Previous Names [X] None

Name of Issuer

Piney Cumberland Holdings, LLC

Jurisdiction of Incorporation/Organization

TENNESSEE

Year of Incorporation/Organization

[ ] Over Five Years Ago

[X] Within Last Five Years (Specify Year) 2012

[ ] Yet to Be Formed

Entity Type

[ ] Corporation

[ ] Limited Partnership

[X] Limited Liability Company

[ ] General Partnership

[ ] Business Trust

[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer

Piney Cumberland Holdings, LLC

Street Address 1

[redacted]

Street Address 2

City

[redacted]

State/Province/Country

[redacted]

ZIP/PostalCode

[redacted]

Phone Number of Issuer

[redacted]

3. Related Persons

Last Name

Goolsby, Jr.

First Name

Arthur

Middle Name

J.

Street Address 1

[redacted]

Street Address 2

City

[redacted]

State/Province/Country

[redacted]

ZIP/PostalCode

[redacted]

Relationship: [ ] Executive Officer [X] Director [ ] Promoter

Clarification of Response (if Necessary):

Manager

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [ ] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [X] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ]		[ ]

[ ] Over $100,000,000	[ ] Over $100,000,000
[X] Decline to Disclose	[ ] Decline to Disclose
[ ] Not Applicable	[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- [ ] Rule 504(b)(1) (not (i), (ii) or (iii))
- [ ] Rule 504 (b)(1)(i)
- [ ] Rule 504 (b)(1)(ii)
- [ ] Rule 504 (b)(1)(iii)
- [ ] Rule 505
- [X] Rule 506
- [ ] Securities Act Section 4(5)
- [ ] Investment Company Act Section 3(c)
  - [ ] Section 3(c)(1)
  - [ ] Section 3(c)(2)
  - [ ] Section 3(c)(3)
  - [ ] Section 3(c)(4)
  - [ ] Section 3(c)(5)
  - [ ] Section 3(c)(6)
  - [ ] Section 3(c)(7)
  - [ ] Section 3(c)(9)
  - [ ] Section 3(c)(10)
  - [ ] Section 3(c)(11)
  - [ ] Section 3(c)(12)
  - [ ] Section 3(c)(13)
  - [ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2012-12-11 [ ] First Sale Yet to Occur

[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

- [X] Equity
- [ ] Debt
- [ ] Option, Warrant or Other Right to Acquire Another Security
- [ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
- [ ] Pooled Investment Fund Interests
- [ ] Tenant-in-Common Securities
- [ ] Mineral Property Securities
- [ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? ☐ Yes ☒ No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $19,072 USD

12. Sales Compensation

Recipient

The Strategic Financial Alliance, Inc.

(Associated) Broker or Dealer ☒ None

None

Street Address 1

[redacted]

Recipient CRD Number ☐ None

[redacted]

(Associated) Broker or Dealer CRD Number ☒ None

None

Street Address 2

City

[redacted]

State/Province/Country

[redacted]

ZIP/Postal Code

[redacted]

State(s) of Solicitation (select all that apply)
Check "All States" or check individual States

☐ All States

☐ Foreign/non-US

- CALIFORNIA
- FLORIDA
- GEORGIA
- MAINE
- MICHIGAN
- NEBRASKA
- NEW YORK
- NORTH CAROLINA
- OREGON
- SOUTH CAROLINA
- WASHINGTON
- WISCONSIN
- WYOMING

13. Offering and Sales Amounts

Total Offering Amount	$2,264,800 USD	or ☐ Indefinite
Total Amount Sold	$2,264,800 USD	
Total Remaining to be Sold	$0 USD	or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 34

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions $271,776 USD ☐ Estimate

Finders' Fees $0 USD ☐ Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$0 USD ☒ Estimate

Clarification of Response (if Necessary):

Mr. Goolsby is not expected to receive any direct proceeds of the offering. However, Mr. Goolsby is a minority member of Penmain Head, LLC, which is in turn a 50% owner of Southeastern Timberland Group, LLC, the former holder of a second mortgage on the

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service

may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against it in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.

- Certifying that, if the issuer is claiming a Rule 505 exemption, the issuer is not disqualified from relying on Rule 505 for one of the reasons stated in Rule 505(b)(2)(iii).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Piney Cumberland Holdings, LLC	Arthur J. Goolsby, Jr.	Arthur J. Goolsby, Jr.	Manager	2012-12-17

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

Division Exhibit 3

to Brief in Support of Response in Opposition

FIREHOUSE SUBS
FOUNDED BY FIREMEN

2012 tax projection

Ed Lloyd CPA, PFS, CTC [redacted] Thu, Nov 15, 2012 at 1:29 PM
Reply-To: [redacted]
To: Shawn Hooks [redacted]

Hello Shawn,

I have prepared a 2012 tax projection based upon the information below.

A $35,000 contribution into the land trust reduces your taxes approximately $53,000. I will need a check sent to my office for $35,000 make payable to Forest Conservation 2012, LLC by November 26 as sooner if possible.

If you have any questions, please let me know.

Sincerely,

Ed Lloyd CPA, PFS, CTC

Ed Lloyd & Associates PLLC
Certified Public Accountants
Business Development Consultants
website | vcard | map
[redacted]
TAX REDUCTION, ACCOUNTING & REPORTING, TAX PREPARATION, WEALTH MANAGEMENT

From: Shawn Hooks [redacted]
Sent: Thursday, November 15, 2012 9:25 AM
To: [redacted]
Subject: Question for you!

Ed,

I was talking to Tim Goss and he said he is doing the Land Trust again this year. I would be interested in knowing if this would be a good option for me, especially with my increase in income this year!

Here is the breakdown on expected income:

1. Family limited partnership distribution - 250K
2. Get Toasted - 70K
3. Sale of Silver Comet - 50K
4. SIG - 275k
5. Upstate - 40K
6. Salary - 50K
7. Spec Home write off - <60K>

Thanks so much for your help and I hope you do not mind me inviting myself to participate in the Land Trust!!! If I am able to purchase stock in the land trust, can you have someone send me the specifics on what I need to do?

Shawn Hooks

Area Representative Atlanta

Firehouse Subs

Southeastern Interstate Group, LLC.

[redacted]

[redacted]

[redacted]

Please consider the environment before printing this email

Shawn & Ellis Hooks - 2012 Tax Projection.pdf
130K

Division Exhibit 4

to Brief in Support of Response in Opposition

From: Nancy Zak [redacted]
To: [redacted]
Subject: RE: Corporate ownership
Sent: 9/6/2012 1:19:26 PM +00:00
Embedded graphics: 8

Hello Ed! Currently S Corporations limit the amount of charitable contributions that can be passed through to the owners to the amount of their basis, so for our projects this can only work for an existing S Corporation that has some existing basis. The rule that increased the amount you can use to 50% of AGI included a waiver of this basis limitation for S Corps. I expect that if the 50% level is reinstated, the basis limitation will also be lifted.

New news - my B/D has instituted a new policy of not allowing LLC's to invest in our projects without special permission. A couple of things that they will be looking for is an operating agreement without management fees and they would have to have client account forms approved from each sub-investor to be sure they are all accredited. If you want to use an LLC again this year, we should get started soon. We are looking to have several projects available in October.

I look forward to discussing all of this with you.

Nancy G. Zak

direct: [redacted]

mobile: [redacted]

[redacted]

From: Ed Lloyd CPA, PFS, CTC [redacted]
Sent: Wednesday, September 05, 2012 3:48 PM
To: Nancy Zak
Subject: Corporate ownership

Hello Nancy,

What are your thoughts on an S Corporation owning a forest conservation unit?

Sincerely,
Ed Lloyd CPA, PFS, CTC

From: Nancy Zak [redacted]
Sent: Monday, July 30, 2012 6:39 PM
To: [redacted]
Subject: RE: IRS Qualified AGI

Yes, so far. We have not given up hope that the 50% could be restored for this year, but we need more support in the Senate. We have the House.

Nancy G. Zak

direct: [redacted]

mobile: [redacted]

[redacted]

From: Ed Lloyd CPA, PFS, CTC [redacted]
Sent: Monday, July 30, 2012 2:23 PM
To: Nancy Zak
Subject: IRS Qualified AGI

Hello Nancy,

Are we still at 30% of AGI for 2012?

Thank you.

Ed

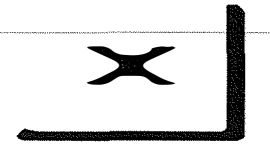
Division Exhibit 5

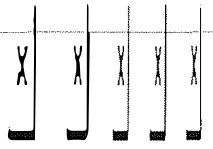
to Brief in Support of Response in Opposition

From: "Ed Lloyd CPA, PFS, CTC" [redacted]
To: 'Nancy Zak' [redacted]
Subject: RE: Carson
Sent: 12/7/2012 2:54:33 PM +00:00
Embedded graphics: 9

Correct

Sincerely,
Ed Lloyd CPA, PFS, CTC





From: Nancy Zak [redacted]
Sent: Friday, December 07, 2012 9:51 AM
To: [redacted]
Subject: Carson

Carson is not participating, correct?

Nancy G. Zak

direct: [redacted]

mobile: [redacted]

[redacted]

Securities offered through The Strategic Financial Alliance, Inc. (SFA), member FINRA | SIPC.

Nancy Zak is a registered representative of SFA. Supervising office [redacted] Neither SFA nor its representatives or employees provide legal or tax advice. If legal or tax advice or other expert assistance is required, the service of a currently practicing professional should be sought.

From: Ed Lloyd CPA, PFS, CTC [redacted]
Sent: Friday, December 07, 2012 8:15 AM
To: Nancy Zak
Subject: RE: Need: Mitchell, Knight, Powell

From: Nancy Zak [redacted]
Sent: Thursday, December 06, 2012 10:39 PM
To: [redacted]
Subject: Need: Mitchell, Knight, Carson CAF corrections
Importance: High

ATTACHED - Mitchell's Client Account Form – must indicate occupation info or retired. Yes/No to "A senior military, governmental or political officer? on page 1. Page 2 must have asset info.

ATTACHED - Knight's CAF – page 2 needs initials by both Net Worth and Annual

Income.

OUT - Carson – CAF Page 2 needs initials by both Net Worth and Annual Income; white-out checked box #1 at bottom of page. Carson Additional Disclosures needs amount of investment. Need a Form 407 letter from Carson's B/D addressed to SFA. Example attached.

ATTACHED - Powell – need CAF. Don't forget the initials and asset info!

Can you wire tomorrow AM? Getting close!

Nancy G. Zak

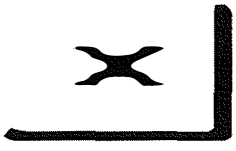
direct: [redacted]

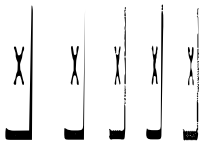
mobile: [redacted]

[redacted]

From: Ed Lloyd CPA, PFS, CTC [redacted]
Sent: Thursday, December 06, 2012 5:18 PM
To: Nancy Zak
Subject: Mitchell

Sincerely,
Ed Lloyd CPA, PFS, CTC



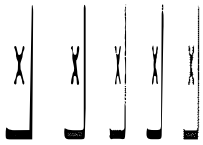


Division Exhibit 6

to Brief in Support of Response in Opposition

From: "Ed Lloyd CPA, PFS, CTC" [redacted]
To: Nancy Zak [redacted]
Subject: Operating Agreement - Forgot to sign the first one
Sent: 12/10/2012 10:07:21 PM +00:00
Attachments: Forest Conservation.pdf
Embedded graphics: 8

Sincerely,
Ed Lloyd CPA, PFS, CTC



OPERATING AGREEMENT

of

FOREST CONSERVATION 2012, LLC

(A Wyoming Limited Liability Company)

DATED: March 16, 2012, Revised - December 7, 2012

THE LLC MEMBERSHIP INTEREST REPRESENTED BY THE OPERATING AGREEMENT HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE WYOMING SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTEREST IS RESTRICTED

TABLE OF CONTENTS

OPERATING AGREEMENT

OF

FOREST CONSERVATION 2012, LLC

THIS OPERATING AGREEMENT of **FOREST CONSERVATION 2012, LLC** (the "Company"), a limited liability company organized pursuant to the Wyoming Limited Liability Company Act, is executed effective as of the date set forth on the cover page of this Agreement, by and among the Company and the Persons executing this Agreement as the Members and Managers.

ARTICLE I
FORMATION OF THE COMPANY

1.1. *Formation.* The Company was formed on February 20th, 2012, upon the filing of the Articles of Organization of the Company with the Wyoming Secretary of State. In consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization, and the Act.

1.2. *Name.* The name of the Company is as set forth on the cover page of this Agreement. The Managers may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

1.3. *Registered Office and Registered Agent.* The Company's registered office within the State of Wyoming and its registered agent at such address shall be as determined from time to time by the Managers.

1.4. *Principal Place of Business.* The principal place of business of the Company within the State of Wyoming shall be at such place or places as the Managers may from time to time deem necessary or advisable.

1.5. *Purposes and Powers.*

(a) The purpose and business of the Company shall be act in any lawful business for which limited liability companies may be organized under the Act.

(b) The Company shall have any and all powers, which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act.

1.6. *Term.* The Company's existence is perpetual, unless the Company is earlier dissolved and its affairs wound up in accordance with the provisions of this Agreement or the Act.

1.7. *Nature of Members' Interests.* The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member, nor a successor, representative, or assign of any Member, shall have any right, title, or interest in or to any Company Property owned by the Company or the right to partition any Property owned by the Company.

ARTICLE II
DEFINITIONS

2.1. *Definitions.* The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the Wyoming Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(a) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Company Property distributed to such Member, and

(b) Reduced by the amount of cash and the Gross Asset Value of any Company Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

In the event a Member transfers all or any portion of such Member's Membership Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by, or under common control with the specified Person; (ii) any Person owning or controlling ten percent or more of the outstanding voting securities of the specified Person; (iii) any officer, director or partner of the specified Person; or (iv) if the specified Person is an officer, director, or partner, any entity for which the specified Person acts in such capacity.

"Agreement" means this Operating Agreement, as amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 5.5 of this Agreement.

"Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or the Member's predecessor in interest.

"Capital Transaction" means any transactions undertaken by the Company or by any entity in which the Company owns an interest, which, were it to generate proceeds, would produce Company Sales Proceeds or Company Refinancing Proceeds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the excess, if any, of (A) the sum of (i) all gross receipts from any source for such period, other than from Company loans, Capital Transactions, and Capital Contributions, and (ii) any funds released by the Company from previously established reserves, over (B) the sum of (i) all cash expenses paid by the Company for such period (including any compensation to the Managers and their Affiliates); (ii) all amounts paid by the Company in such period on account of the amortization of the principal of any debts or liabilities of the Company (including loans from any Member); (iii) capital expenditures of the Company; and (iv) a reasonable reserve for future expenditures as provided by Section 11.3; *provided, however,* that the amounts referred to in (B) (i), (ii), and (iii) above shall be taken into account only to the extent not funded by Capital Contributions, loans or paid out of previously established reserves. Such term shall also include all other funds deemed available for distribution and designated as Company Cash Flow by the Managers.

"Company Minimum Gain" means gain as defined in Treasury Regulations Section 1.704-2(d).

"Company Refinancing Proceeds" means (i) the cash realized from the financing or refinancing of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 11.3 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from such entity financing or refinancing all or any portion of such entity's assets, less the retirement of any related mortgage loans

and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.3.

"Company Sales Proceeds" means (i) the cash realized from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Sections 11.3 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from the sale, exchange, condemnation, casualty, or other disposition of all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 11.3.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; *provided, however*, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code or Section 707(b)(1) of the Code) to either the Member whose Membership Interest is to be transferred as provided in Article VIII or the proposed transferee of such Membership Interest.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Membership Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses permitted in accordance with this Agreement.

"Domestic Proceeding" means any divorce, annulment, separation, or similar proceeding.

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment, or hypothecation.

"Fiscal Year" means an annual accounting period ending December 31 of each year during the term of the Company, unless otherwise specified by the Managers.

"Gains from Capital Transactions" means the gains realized by the Company as a result of or upon any sale, exchange, condemnation, or other disposition of capital assets of the Company or any entity in which the Company shall own an interest (which assets shall include Code

Section 1231 assets and all real and personal property) or as a result of or upon the damage to or destruction of such capital assets.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Managers, provided that, if the contributing Member is a Manager, the determination of the fair market value of a contributed asset shall be determined by appraisal;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Managers, as of the following times: (i) the acquisition of an additional interest in the Company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); *provided, however*, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the Managers reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Managers, provided that, if the distributee is a Manager, the determination of the fair market value of the distributed asset shall be determined by appraisal; and

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsections (f) of the definition of Profits and Losses herein and 6.11 hereof; *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) hereof to the extent the Managers determine that an adjustment pursuant to subsection (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subsection (a), subsection (b), or subsection (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Gains from Capital Transactions, or Losses.

"Majority of Managers" means a combination of Managers constituting more than fifty percent (50%) of the number of Managers then elected and qualified.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than fifty percent of the Membership Interests of all Members.

"Manager" means each Person executing this Agreement as a Manager, any other Person that succeeds such Manager, or any other Person elected to act as Manager of the Company as provided in this Agreement. *"Managers"* refers to such Persons as a group.

"Member" means each Person designated as a member of the Company on Schedule I hereto or any other Person admitted as a member of the Company in accordance with this Agreement or the Act. *"Members"* refers to such Persons as a group.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Member Nonrecourse Debt" means any nonrecourse debt (for the purposes of Treasury Regulations Section 1.1001-2) of the Company for which any Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Member Nonrecourse Deductions" means deductions as described in Treasury Regulations Section 1.704-2(i). The amount of Member Nonrecourse Deductions with respect to Member Nonrecourse Debt for any Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Member Minimum Gain attributable to such Member Nonrecourse Debt during such Fiscal Year, over (B) the aggregate amount of any Distributions during that Fiscal Year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such Distributions are from the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i).

"Membership Interest" means all of a Member's rights in the Company, including, without limitation, the Member's share of the Profits and Losses of the Company, the right to receive distributions of the Company's assets, any right to vote, and any right to participate in the management of the Company as provided in the Act and this Agreement.

"Nonrecourse Deductions" means deductions as set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a given Fiscal Year equals the excess, if any, of (A) the net increase, if any, in the amount of Company Minimum Gain during such Fiscal Year, over (B) the aggregate amount of any Distributions during such Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(h).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Percentage Interest" means the percentage, which the Capital Contributions of a Member to the Company bears to the Capital Contributions of all Members. The initial Capital Contribution of each Member is set forth opposite such Member's name on Schedule I hereto.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association, or another entity.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such year or period (excluding Gains from Capital Transactions), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition (excluding Gains from Capital Transactions) shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Subsection (ii) or (iii) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the definition of Depreciation set out hereof;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses;

(g) Notwithstanding any other provision of this definition of Profits and Losses, any items, which are specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11, or 6.12 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11 or 6.12 hereof shall be determined by applying rules analogous to those set forth in Sections (a) through (f) above.

"Property" means (i) any and all property acquired by the Company, real and/or personal (including, without limitation, intangible property) and (ii) any and all of the improvements constructed on any real property.

"Secretary of State" means the Secretary of State of Wyoming.

"Tax Matters Partner" means such Member designated as the "tax matters partner," as that term is defined in the Code and Treasury Regulations.

"Transfer" means sell, assign, transfer, lease, or otherwise dispose of property, including, without limitation, an interest in the Company.

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE III
MANAGEMENT OF THE COMPANY

3.1. *The Managers.* Except as otherwise may be expressly provided in this Agreement, the Articles of Organization, or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by action of a Majority of the Managers taken at a meeting or evidenced by a written consent executed by a Majority of the Managers. Meetings of the Managers may be held on such terms and after such notice as the Managers may establish. The Managers shall have full and complete authority, power, and discretion to manage and control the business of the Company, to make all decisions regarding those matters, and to perform any and all other acts customary or incident to the management of the Company's business, except only as to those acts as to which approval by the Members is expressly required by the Articles of Organization, this Agreement, the Act, or other applicable law. The Managers may delegate responsibility for the day-to-day management of the Company to any individual Manager or Person retained by the Managers, who shall have and exercise on behalf of the Company all powers and rights necessary or convenient to carry out such management responsibilities.

3.2. *Limitations on Power and Authority of Managers.* Without the consent of all the Members, the Managers shall have no authority to do any of the following:

(a) Any act in contravention of this Agreement;

(b) Any act which would make it impossible to carry on the ordinary business of the Company; or

(c) Possess Property of the Company or assign the Company's rights in specific Property for other than Company purposes.

3.3. *Compensation and Expenses.* The Managers shall not receive any compensation from the Company for serving as Managers, but the Company will reimburse Managers for expenses incurred by the Managers in connection with their service to the Company. Nothing contained in this Section 3.3 is intended to affect the Percentage Interests of Managers who are also Members or the amounts that may be payable to the Managers by reason of their respective Percentage Interests.

3.4. *Indemnification of Managers.* The Company shall indemnify the Managers to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by a Manager upon the approval of the remaining Managers and the receipt by the Company of the signed statement of such Manager agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Manager is not entitled to be indemnified by the Company against such expenses. The provisions of this Section 3.4 shall apply also to any Person to whom the Managers have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.5. *Limitation on Liability.* No Manager of the Company shall be liable to the Company for monetary damages for an act or omission in such Person's capacity as a Manager, except as provided in the Act for (i) acts or omissions which a Manager knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from which a Manager derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize further elimination of or limitations on the liability of Managers, then the liability of the Managers shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of this Section shall not adversely affect the right or protection of a Manager existing at the time of such repeal or modification. The provisions of this Section 3.5 shall apply also to any Person to whom the Managers have delegated management authority as provided in Section 3.1, whether or not such Person is a Manager or Member.

3.6. *Liability for Return of Capital Contribution.* The Managers shall not be liable for the return of the Capital Contributions of the Members, and upon dissolution, the Members shall look solely to the assets of the Company.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF MEMBERS

4.1. *Names and Interests of Members.* The names and Membership Interests of the Members are as reflected in Schedule I attached and incorporated by reference.

4.2. *No Management by Members.* The Members may serve as Managers if duly elected, however, Members may not take part in the management or control of the business, nor transact any business for the Company, nor shall they have power to sign for or to bind the Company unless they are an elected manager.

4.3. *Election of Managers.* The Members shall have the power by the action of a Majority in Interest to elect a Person to serve as a Manager to replace any Manager no longer able to serve in such capacity due to such Manager's death, resignation or the vote of a Majority in Interest of the Members to remove such Manager.

4.4. *Action by Members.* Any action to be taken by the Members under the Act or this Agreement may be taken (i) at a meeting of Members held on such terms, and after such notice as the Managers may establish; *provided, however*, that notice of a meeting of Members must be given to all Members entitled to vote at the meeting at least five (5) days before the date of the meeting or (ii) by written action of a Majority in Interest of the Members; *provided, however*, that any action requiring the consent of all Members under this Agreement, the Act, or other applicable law taken by written action must be signed by all Members. A Member may vote in person or by written proxy filed with the Company before or at the time of the meeting. Notice is not necessary of action proposed by written action, or an approval given by written action, unless specifically required by this Agreement, the Act, or other applicable law. Such written actions must be kept with the records of the Company.

4.5. *Limited Liability.* The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article V, nor shall the Members in their capacity as such be bound by, or personally liable for, any expense, liability, or obligation of the Company except to the extent of their interest in the Company and the obligation to return Distributions made to them under certain circumstances as required by the Act. The Members shall be under no obligation to restore a deficit capital account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

4.6. *Bankruptcy or Incapacity of a Member.* A Member shall cease to have any power as a Member or a Manager, any voting rights or rights of approval hereunder upon death, bankruptcy, insolvency, dissolution, assignment for the benefit of creditors, or legal incapacity; and each Member, its personal representative, estate, or successor upon the occurrence of any such event shall have only the rights, powers, and privileges of a transferee enumerated in Section 8.4 and shall be liable for all obligations of such Member under this Agreement. In no event, however, shall a personal representative or successor become a substitute Member unless the requirements of Section 8.3 are satisfied.

ARTICLE V
CAPITAL CONTRIBUTIONS AND LOANS

5.1. *Initial Capital Contributions.* Contemporaneously with the execution of this Agreement, the Members have each contributed cash to the Company in the respective amounts set forth as the initial Capital Contribution opposite their names on Schedule I attached hereto. All Members must be accredited investors.

5.2. *Additional Funds.* In the event that the Managers determine at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities, or expenditures (including, without limitation, any operating deficits), then the Managers, in their sole discretion, may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Managers, Members, or from commercial banks, savings and loan associations, or other commercial lending institutions.

5.3. *Additional Capital Contributions.* If the Managers determine that additional funds are required for the purposes set forth in Section 5.2 of this Agreement and that all or any portion of such additional funds should be contributed to the Company as additional Capital Contributions, the Managers may propose to the Members that the Members make additional Capital Contributions. Upon unanimous agreement of the Members to make such additional Capital Contributions, the Members shall make the necessary additional Capital Contributions to the Company in proportion to their respective Percentage Interests.

5.4. *No Interest on Capital Contributions.* No interest shall be paid on any contribution to the capital of the Company.

5.5. *Capital Accounts.* A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of property to the Company by a Member shall be valued and credited to the Member's Capital Account at such property's Gross Asset Value on the date of contribution. All distributions of property to a Member by the Company shall be valued and debited against such Member's Capital Account at such property's Gross Asset Value on the date of distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 5.4 and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Treasury Regulations by:

(i) The amount of Profits allocated to the Member pursuant to this Agreement;

(ii) The amount of all Gains from Capital Transactions allocated to the Member pursuant to this Agreement; and

(iii) The amount of any Company liabilities assumed by the Member or which any Company Property secures by distributed to such Member.

Each Member's capital account shall be decreased in accordance with such Treasury Regulations by:

(i) The amount of Losses allocated to the Member pursuant to this Agreement;

(ii) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement;

(iii) The amount of Company Sales Proceeds and Company Refinancing Proceeds distributed to the Member pursuant to this Agreement; and

(iv) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code. In the event that the Managers shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Managers may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the Company. The Managers also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

ARTICLE VI
ALLOCATIONS, ELECTIONS, AND REPORTS

6.1. *Profits and Losses.*

(a) Except as otherwise provided herein, Profits and Losses of the Company and all items of tax credit and tax preference shall be allocated among the Members in accordance with their respective Percentage Interests. In the event the Percentage Interests vary during any Fiscal Year, Profits and Losses and all items of tax credit and tax preference for such Fiscal Year shall be allocated among the Members on a daily basis in accordance with their varying Percentage Interests during the Fiscal Year.

(b) Losses allocated pursuant to this Section 6.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Account Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 6.1, the limitation set forth in this Section 6.1 shall be applied on a Member by Member basis so as to allocate the maximum possible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

6.2. *Nonrecourse Deductions.* Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Percentage Interests.

6.3. *Member Nonrecourse Deductions.* Any Member Nonrecourse Deductions shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

6.4. *Allocations Between Transferor and Transferee.* In the event of the transfer of all or any part of a Member's Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year, or the admission of a new Member (in accordance with the terms of this Agreement), the transferring Member or new Member's share of the Company's income, gain, loss, deductions, and credits, as computed both for accounting purposes and for federal income tax purposes, shall be allocated between the transferor Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal Year before and after the date of the transfer or admission; *provided, however*, that if there has been a sale or other disposition of the assets of the Company (or any part thereof) during such Fiscal Year, then upon the mutual agreement of all the Members (excluding the new Member and the transferring Member), the Company shall treat the periods before and after the date of the transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions, and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company's "allocable cash basis items," as that term is used in Section 706(d)(2)(B) of the Code, shall be allocated as required by Section 706(d)(2) of the Code and the Treasury Regulations thereunder.

6.5. *Gains from Capital Transactions.* Gains from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, to those Members whose Capital Accounts immediately prior to the Capital Transaction were negative, in an amount sufficient to increase the Capital Accounts to zero, but in the event sufficient gain is not recognized to do so, then among them pro rata in proportion to their negative Capital Accounts;

(b) Second, to the Members in an amount equal to the difference between the Company Sales Proceeds to be distributed to each of the Members as provided in Section 7.3 and the Capital Accounts of each respective Member as adjusted (if necessary) by paragraph (a) above, but in the event sufficient gain is not recognized to do so, then among the Members in an amount which, when credited to the Capital Accounts of the Members, results in the Members' Capital Accounts' bearing the same ratio to one another as the ratio of the distribution of Company Sales Proceeds to each of the Members, as provided in Section 7.3; and thereafter

(c) Any remaining gain shall be allocated among the Members in accordance with their respective Percentage Interests as of the date of the Capital Transaction giving rise to the gain.

6.6. *Contributed Property.* In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to

the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to the definition of Gross Asset Value hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

The Managers in any manner that reasonably reflects the purpose and intention of this Agreement shall make any elections or other decisions relating to such allocations. Allocations pursuant to this Section 6.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or Distributions pursuant to any provision of this Agreement.

6.7. *Minimum Gain Chargeback.* If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required for allocation to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(j)(2). This Section 6.7 is intended to comply with the minimum gain chargeback requirement in Treasury Regulation 1.704-2(f) and shall be interpreted consistently therewith.

6.8. *Member Minimum Gain Chargeback.* If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt, as defined in Treasury Regulations Section 1.704-2(i)(4), during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required for allocation to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 6.8 is intended to comply with the Member Minimum Gain Chargeback requirement in Treasury Regulations Section 1.704(i)(4) and shall be interpreted consistently therewith.

6.9. *Qualified Income Offset.* If any Member unexpectedly receives an adjustment, allocation, or distribution as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations) items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such

Member as quickly as possible, provided that an allocation pursuant to this Section 6.9 shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.9 were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulation Section 1.704-1(b)(2)(ii)(d), such Treasury Regulations being specifically incorporated herein by reference.

6.10. *Gross Income Allocation.* In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.10 shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.10 and Section 6.9 hereof were not in this Agreement.

6.11. *Section 754 Adjustment.* To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a Distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such Distribution was made in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

6.12. *Curative Allocations.* The allocations set forth in Sections 6.1(b), 6.2, 6.3, 6.7, 6.8, 6.9, 6.10, 6.11 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 6.12. Therefore, notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 6.1(a). In exercising their discretion under this Section 6.12, the Managers shall take into account future Regulatory Allocations under Sections 6.7 and 6.8 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2 and 6.3.

6.13. *Compliance with Treasury Regulations.* The above provisions of this Article VI notwithstanding, it is specifically understood that the Managers may, without the consent of any

Members, make such elections, tax allocations, and adjustments as the Managers deem necessary or appropriate to maintain to the greatest extent possible the validity of the tax allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

6.14. *Tax Withholding.* The Company shall be authorized to pay, on behalf of any Member, any amounts to any federal, state, or local taxing authority, as may be necessary for the Company to comply with tax withholding provisions of the Code or the Wyoming General Statutes or other income tax or revenue laws of any taxing authority. To the extent the Company pays any such amounts that it may be required to pay on behalf of a Member, such amounts shall be treated as a cash Distribution to such Member and shall reduce the amount otherwise distributable to such Member.

ARTICLE VII
DISTRIBUTIONS

7.1. *Company Cash Flow.* The Company Cash Flow for each Fiscal Year, to the extent available, shall be distributed to the Members at such times as are determined by the Managers in accordance with the Members' respective Percentage Interests.

7.2. *Company Refinancing Proceeds.* Company Refinancing Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Managers, in accordance with the Members' respective Percentage Interests.

7.3. *Company Sales Proceeds.* Company Sales Proceeds, to the extent available, shall be distributed to the Members within thirty (30) days of the Capital Transaction giving rise to such proceeds, or earlier in the discretion of the Managers, in accordance with the Members' respective Percentage Interests.

7.4. *Distributions in Liquidation.* Upon liquidation of the Company, all of the Company's Property shall be sold as provided in Section 10.2 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 10.2.

7.5. *Limitation upon Distributions.* No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on Distributions provided in the Act.

ARTICLE VIII
TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

8.1. *Restrictions on Transfer.* Without the prior written consent of a Majority in Interest of the Disinterested Members (which consent may be given or withheld in their sole discretion), (a) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (b) no Person may be admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of a Membership Interest permitted by this Agreement, no Member may

withdraw from the Company without the consent of the Majority in Interest of the Disinterested Members.

8.2. *Conditions Precedent to Transfers.* Any purported Transfer or Encumbrance otherwise complying with Section 8.1 will be ineffective until the transferor and transferee of the interest furnish to the Company the instruments and assurances the Managers may request, including, without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. No Transfer or Encumbrance will be effective if it would result in the "termination" of the Company under Section 708 of the Code unless all of the Managers give their prior written consent to the Transfer or Encumbrance. If a Manager is a transferor, the approval required by this Section 8.2 will be the approval of a Majority in Interest of the Disinterested Members.

8.3. *Substituted Members.* No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Section 8.2, all of the following conditions are satisfied:

(a) The assignee or transferee has executed and delivered all documents deemed appropriate by the Managers to reflect such Person's admission to the Company and agreement to be bound by this Agreement;

(b) A Majority in Interest of the Disinterested Members shall have consented in writing to such substitution, the granting or denial of which shall be in the sole discretion of such Disinterested Members; and

(c) If requested by the Managers, payment has been made to the Company of all costs and expenses of admitting such transferee or assignee as a substituted Member.

8.4. *Rights of Transferee.* Unless admitted to the Company in accordance with Section 8.3, the transferee of a Membership Interest or a part thereof shall not be entitled to any of the rights, powers, or privileges of its predecessor in interest, except that such transferee shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds, and Distributions in liquidation.

ARTICLE IX
BUY-SELL

9.1. *Buy-Sell.* Each of the following events shall constitute a "Buy-Sell Event" under this Agreement:

(a) The death, declaration of legal incompetence or dissolution and winding up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a Member that is not dismissed within sixty (60) days;

(d) Any purported voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement by a Member, which is not cured within ten (10) days after written notice of such breach, is given to the Member by the Company;

(f) Any instance in which the spouse of a Member commences against a Member, or a Member is named in, a Domestic Proceeding; or

(g) Any withdrawal by a Member from the Company other than as may be expressly permitted by this Agreement.

9.2. *Buy-Sell Notice.* Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "Withdrawing Member"), or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, shall give notice of the Buy-Sell Event (the "Buy-Sell Notice") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this Article IX.

9.3. *Member's Purchase Option.* Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "Purchase Option") the Withdrawing Member's Membership Interest at Closing on the terms and conditions set forth in this Article IX. This right will be allocated among the Members who elect to purchase (the "Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Purchasing Member's Percentage Interest bears to the aggregate Percentage Interests of all Purchasing Members. The Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

9.4. *Assignment of Purchase Option.* If, at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty (30) day period set forth in Section 9.3 to assign all or part of its Purchase Option to any Person other than the Withdrawing Member (the "Purchase Option Assignee") by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest (to the extent so assigned) on the same terms and conditions as would apply to the Member from which the Purchase Option was assigned; *provided, however*, that the Purchase Option Assignee shall not have the rights of assignment set forth in this Section 9.4. Notwithstanding any other provision of Article VIII or this Article IX, any Purchase Option Assignee which exercises its Purchase Option, as provided herein, (i) shall only have those rights as specified in Section 8.4 above, (ii) shall not be admitted as a substitute Member

without full compliance with Section 8.3 and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

9.5. *Agreement on Valuation.* Unless otherwise agreed in writing by the purchaser(s) and seller within sixty (60) days of the receipt of a Buy-Sell Notice, the purchase price for the Withdrawing Member's Membership Interest shall be determined by a single appraisal of the value of the Withdrawing Member's Membership Interest, as of the date the Buy-Sell Event occurred, made by an appraiser agreed upon by the purchaser(s) and seller, which appraisal shall be final. If the parties cannot agree on a single appraiser, three (3) appraisers, one of which is selected by the purchaser(s), shall determine the purchase price one selected by the seller, and the third selected by the two appraisers. The value determined as of the date of the Buy-Sell Event by a majority of the appraisers will be final. The costs of appraisal shall be borne equally between the purchaser(s) as a group and the seller. The purchase price to be paid for the Withdrawing Member's Membership Interest will be reduced by the amount of any distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Closing.

9.6. *Closing.* The closing (the "Closing") of the purchase of any Membership Interest pursuant to this Article IX shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the delivery of the Buy-Sell Notice. The purchase price for each Membership Interest being purchased will be payable in full in cash at Closing. The purchase price will bear interest from the date of the occurrence of the Buy-Sell Event until the Closing at an interest rate equal to the prime rate of interest charged by Wachovia Bank, N.A., last published prior to the occurrence of the Buy-Sell Event. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of its Membership Interest to the purchaser(s). In connection with the sale of any Membership Interest under this Article IX, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller. Notwithstanding any other provision of Article VIII or this Article IX, any transferee, assignee, or purchaser of a Member's interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3.

9.7. *Effect of the Rule Against Perpetuities.* Notwithstanding any other provision of this Agreement, all options and rights to purchase or sell created by this Agreement shall expire on the later of (a) twenty-one (21) years after the death of the last remaining child, living as of the date of this Agreement, of any Member who is a member of the Company at the time of its organization, or (b) twenty-one (21) years after the death of the last to die of the individual Members who are members of the Company at the time of its organization.

9.8. *Effect on Withdrawing Member's Interest.* From the date of the occurrence of the Buy-Sell Event to the earlier of (i) ninety (90) days after the delivery of the Buy-Sell Notice, or (ii) the date of the Transfer of the Withdrawing Member's Membership Interest at Closing under this

Article IX, the Percentage Interest represented by the Withdrawing Member's Membership Interest will be excluded from any calculation of aggregate Percentage Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company, any Member or any Manager other than the right to receive payment for its Membership Interest in accordance with this Article IX.

9.9. *Failure to Exercise Purchase Option.* In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options, the Withdrawing Member or its executor, administrator, or other legal representative in the event of death or declaration of legal incompetency, may transfer its economic rights in the Membership Interest of the Withdrawing Member to any Person; *provided, however* that any transferee of the Withdrawing Member's Membership Interest, as provided herein, (i) shall only have those rights as specified in Section 8.4, (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3 and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX.

ARTICLE X
DISSOLUTION AND LIQUIDATION OF THE COMPANY

10.1. *Dissolution Events.* The happening of an event of withdrawal with respect to a Member shall not cause the dissolution of the Company. The Company will only be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged, or otherwise transferred (unless the Managers notify the Members that they have elected to continue the business of the Company, in which event the Company will continue until the Managers give notice that they elect to dissolve the Company);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order, or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

10.2. *Liquidation.* Upon the happening of any of the events specified in Section 10.1, the Managers, or any liquidating trustee elected by the Members, will commence as promptly as practicable to wind up the Company's affairs unless the Managers or the liquidating trustee (either, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits, and Losses during the period of liquidation in the manner set forth in Articles VI and VII.

The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company, and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:

(a) To payment of the debts and satisfaction of the other obligations of the Company, including, without limitation, debts and obligations to Members;

(b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 10.2(c); and thereafter

(c) To the payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts after giving effect to all allocations under Article VI and all Distributions under Article VII for all prior periods, including the period during which the process of liquidation occurs.

10.3. *Articles of Dissolution.* Upon the dissolution and commencement of the winding up of the Company, the Managers shall cause Articles of Dissolution to be executed on behalf of the Company and filed with the Secretary of State, and the Managers shall execute, acknowledge, and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE XI
MISCELLANEOUS

11.1. *Other Activities of Members and Managers.* Any Member and its Affiliates and the Manager and its Affiliates may engage in or possess an interest in other business ventures of any nature or description, independently or with others, including, but not limited to, the real estate business in all its phases, which shall include, without limitation, ownership, operation, management, syndication, and development of real property, whether the same are competitive with the activities of the Company, or other otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member and neither the company nor any Member or Manager shall have any rights in or to such independent ventures or the income or profits derived therefrom by virtue of this Agreement.

11.2. *Records.* The records of the Company will be maintained at the Company's principal place of business, or at such other place selected by the Managers, provided that the Company keep at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at such Member's expense, may inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by independent accountants for the Company.

11.3. *Reserves.* The Managers may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company

purpose. The Managers shall in their sole discretion determine the amount of payments to such reserve accounts.

11.4. *Notices.* The Managers will notify the Members of any change in the name, principal or registered office or registered agent of the Company. Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at such Member's address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address by notice in writing to the Company and to each other Member given in accordance with this Section 11.3.

11.5. *Amendments.* No provision of this Agreement or the Articles of Organization may be amended, nor will any waiver of any term of this Agreement be effective, unless in writing and signed by all Managers and by a Majority in Interest of the Members; *provided, however*, that any provision of this Agreement requiring the consent, approval, or action of more than a Majority in Interest of the Members (or any provision of the Articles of Organization effecting any such provision of this Agreement) may only be amended or waived by a written action signed by all Managers and by Members holding the required percentage of Membership Interests.

11.6. *Additional Documents.* Each party hereto agrees to execute and acknowledge all documents and writings which the Managers may deem necessary or expedient in the creation of the Company and the achievement of its purposes, including, but not limited to, Articles of Organization and any amendments or cancellation thereof.

11.7. *Representations of Members.* Each Member represents and warrants to the Company and every other Member that such it (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of participating directly or indirectly in any redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law.

11.8. *Domestic Proceeding Disclosure.* Any Member named in a Domestic Proceeding shall disclose in any list of assets compiled in connection with such proceeding a statement to the effect that such Member's Membership Interest in the Company is subject to certain rights of the other Members under the terms of this Agreement.

11.9. *Survival of Rights.* Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

11.10. *Interpretation and Governing Law.* When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and

vice versa. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of Wyoming without giving effect to the conflicts of laws provisions thereof.

11.11. *Severability.* If any provision, sentence, phrase, or word of this Agreement or the application thereof to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase, or word to Persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

11.12. *Agreement in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the Members to one of such counterpart signature pages; all of such signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

11.13. *Tax Matters Partner.* For purposes of this Agreement, the Managers shall designate one Member as the Tax Matters Partner as required by the Code and Treasury Regulations.

11.14. *Creditors Not Benefited.* Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Managers to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

IN WITNESS WHEREOF, the undersigned, being all of the Managers and Members of the Company, have caused this Agreement to be duly adopted by the Company and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

FOREST CONSERVATION 2012, LLC

By: _____
Ed Lloyd, Manager

SCHEDULE I - Updated membership as of December 7, 2012

		Ownership
Gary	Appel	5.52%
Ray	Bouley	5.98%
Ray	Branch	7.36%
Jarrett	Clay	8.28%
Jesse	Garrett	5.52%
Tim	Goss	6.44%
Dennis	Hall	5.06%
Ashley	Hooks	6.44%
Steve	Kezman	4.14%
Michael	Knight	5.52%
Ed	Lloyd	7.55%
Mark	Losby	7.36%
Billy	Mitchell	6.44%
Lee	Powell	11.04%
Larry	Price	7.36%
		100.00%

Division Exhibit 7

to Brief in Support of Response in Opposition

From: "Ed Lloyd CPA, PFS, CTC" [redacted]
To: Nancy Zak [redacted]
Subject: Forest 2012 - Final :)
Sent: 12/10/2012 6:35:10 PM +00:00
Attachments: Forest.pdf
Embedded graphics: 8

Hello Nancy,

Attached is a schedule of contributions by person.

Ray Bouley increased to $32,500

Mine was increased to $41,052

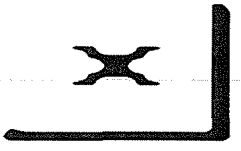
Jarrett Clay was not on your list $45,000

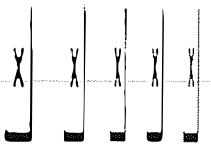
Dennis Hall was not on your list $27,500

Steve Kezman was not on your list $22,500

The paperwork for everyone above is also attached.

Sincerely,
Ed Lloyd CPA, PFS, CTC





Forest Conservation 2012

	First Name	Last Name	Contribution Received
	LOOK AT ALL OF 2011 MEMBERS		
1	Gary	Appel	30,000
2	Ray	Bouley	32,500
3	Ray	Branch	40,000
4	Jarrett	Clay	45,000
5	Jesse	Garrett	30,000
6	Tim	Goss	35,000
7	Dennis	Hall	27,500
8	Ashley (Shawn)	Hooks	35,000
9	Steve	Kezman	22,500
10	Michael	Knight	30,000
11	Ed	Lloyd	41,052
12	Mark	Losby	40,000
13	Billy	Mitchell	35,000
14	Lee	Powell	60,000
15	Larry	Price	40,000
			543,552

[redacted]

OSFA
THE STRATEGIC FINANCIAL ALLIANCE

ADDITIONAL DISCLOSURES "PRIVATE" DIRECT PARTICIPATION PROGRAMS – UNDEVELOPED LAND

These disclosures are designed to emphasize the liquidity and marketability features of Direct Participation Programs, and to gather additional information helpful in evaluating the suitability of investments. These disclosures are not complete and not intended to alter or supersede the information in the Prospectus. For complete disclosure of all program features, please refer to the Prospectus.

Piney Cumberland Holdings, LLC is a Private Direct Participation Program. As such, if you must sell your units, you will not be able to sell them quickly because it is not anticipated that there will be a public market for the units except as provided for within the prospectus, if such a provision exists.

If you have an expectation that you may need to sell or redeem your units in the near term or prior to the anticipated liquidity events as outlined in the prospectus, you should not purchase shares in the program specified above.

If the sponsor of this program has, in past offering documents, predicted when a program was likely to become liquid, you should review the success of this sponsor in meeting those liquidity predictions. Your representative will inform you if they have made such statements in past offering documents and disclose to you how accurate those statements provided to be.

This program is for accredited investors only. It involves the purchase of a parcel of undeveloped land. An investment in raw land is highly speculative and subject to market risks and forces outside the control of the partnership and sponsor. This is a growth investment only for investors comfortable with the risks disclosed in the PPM including an indefinite holding period. It is not appropriate for investors seeking current income.

More complete disclosure of liquidity and suitability factors may be found in the offering documents. You should read these disclosures carefully before deciding to invest.

Client Name(s): Raymond R. Bouley

The following documents were provided to the client(s) Piney Offering Docs

Amount of Purchase: $ 32,500

Annual Income:	$ 357,000		Financials are:	Individual ☒	Joint ☐
Net Worth (Including Residence):	$ 2,000,000		Net Worth (Excluding Residence):		$ 1000,000
Other Assets:	Cash Equivalents	RB $ 150,000		Stocks & Bonds	$ 50,000
	Mutual Funds	$		Investment Real Est.	$
	Variable Annuities	$		Direct Participation	$
	REITs	$		Managed Futures	$
	Third Party Manager	$		Business Interest	RB $ 800,000

Primary Investment Goal for this Purchase: Real Estate Investment

What is the Source of Funds for this Investment? Income from Earnings How Long was the Prior Investment Held? _____

How important is the need to quickly and easily convert all or part of this investment to cash?
☐ Very Important ☐ Important ☐ Somewhat Important ☒ Not Important

☒ **Check this box if this form contains updated financial information and initial below:**
RB I acknowledge that updates to financial information captured on this form will supersede the information currently identified on my client account form and consent to this information being used to update SFA's records.
RB I represent that there have been no changes in investment objectives, employment status, address or telephone number since I/we last completed a Client Account Form. (If there have been any changes to this information, please complete a new Client Account Form.)

I have reviewed the above information and I have received the current offering documents.

/Raymond R. Bouley/ 12/4/12 (1) Purchaser Signature / Date			
Raymond R. Bouley Print Purchaser's Name	Representative's Signature / Date		Print Representative's Name
(2) Purchaser Signature / Date	Reviewing Principal's Signature / Date		Print Principal's Name
Print Purchaser's Name			

TSFA199

SFA

THE STRATEGIC FINANCIAL ALLIANCE

ADDITIONAL DISCLOSURES
"PRIVATE" DIRECT PARTICIPATION PROGRAMS – UNDEVELOPED LAND

These disclosures are designed to emphasize the liquidity and marketability features of Direct Participation Programs, and to gather additional information helpful in evaluating the suitability of investments. These disclosures are not complete and not intended to alter or supersede the information in the Prospectus. For complete disclosure of all program features, please refer to the Prospectus.

Piney Cumberland Holdings, LLC is a Private Direct Participation Program. As such, if you must sell your units, you will not be able to sell them quickly because it is not anticipated that there will be a public market for the units except as provided for within the prospectus, if such a provision exists.

If you have an expectation that you may need to sell or redeem your units in the near term or prior to the anticipated liquidity events as outlined in the prospectus, you should not purchase shares in the program specified above.

If the sponsor of this program has, in past offering documents, predicted when a program was likely to become liquid, you should review the success of this sponsor in meeting those liquidity predictions. Your representative will inform you if they have made such statements in past offering documents and disclose to you how accurate those statements provided to be.

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More complete disclosure of liquidity and suitability factors may be found in the offering documents. You should read these disclosures carefully before deciding to invest.

.....

Client Name(s): Ed Lloyd

The following documents were provided to the client(s) Piney offering docs

Amount of Purchase: $ 41,652

Annual Income: $ 450,000 Financials are: Individual ☒ Joint ☐

Net Worth (Including Residence): $ 3,250,000 Net Worth (Excluding Residence): $ 2,800,000

Other Assets:				
	Cash Equivalents	$ 250,000	Stocks & Bonds	$
	Mutual Funds	$	Investment Real Est.	$ 560,000
	Variable Annuities	$	Direct Participation	$
	REITs	$	Managed Futures	$
	Third Party Manager	$ 800,000	Business Interest	$ 1,190,000

Primary Investment Goal for this Purchase: Real Estate

What is the Source of Funds for this Investment? Income How Long was the Prior Investment Held? N/A

How important is the need to quickly and easily convert all or part of this investment to cash?
☐ Very Important ☐ Important ☐ Somewhat Important ☒ Not Important

☒ Check this box if this form contains updated financial information and initial below:
EL I acknowledge that updates to financial information captured on this form will supersede the information currently identified on my client account form and consent to this information being used to update SFA's records.
EL I represent that there have been no changes in investment objectives, employment status, address or telephone number since I/we last completed a Client Account Form. (If there have been any changes to this information, please complete a new Client Account Form.)

I have reviewed the above information and I have received the current offering documents.

(1) Purchaser Signature / Date 10/31/12

Ed Lloyd
Print Purchaser's Name

Representative's Signature Date

Print Representative's Name

(2) Purchaser Signature Date

Reviewing Principal's Signature Date

Print Principal's Name

Print Purchaser's Name

TSFA199

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THE STRATEGIC FINANCIAL ALLIANCE

ADDITIONAL DISCLOSURES "PRIVATE" DIRECT PARTICIPATION PROGRAMS – UNDEVELOPED LAND

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If you have an expectation that you may need to sell or redeem your units in the near term or prior to the anticipated liquidity events as outlined in the prospectus, you should not purchase shares in the program specified above.

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More complete disclosure of liquidity and suitability factors may be found in the offering documents. You should read these disclosures carefully before deciding to invest.

Client Name(s): Jarrett W. Clay

The following documents were provided to the client(s) _____ _____

Amount of Purchase: $ 45,000

Annual Income: $ 729,000

Financials are: Individual ☒ Joint ☐

Net Worth (Including Residence): $ 942,918

Net Worth (Excluding Residence): $ 792,918

Other Assets:				
	Cash Equivalents	$ 250,000	Stocks & Bonds	$ 80,926
	Mutual Funds	$ 281,992	Investment Real Est.	$ 180,000
	Variable Annuities	$	Direct Participation	$
	REITs	$	Managed Futures	$
	Third Party Manager	$	Business Interest	$

Primary Investment Goal for this Purchase: Real Estate Investment

What is the Source of Funds for this Investment? Income from Earnings How Long was the Prior Investment Held? _____

How important is the need to quickly and easily convert all or part of this investment to cash?
☐ Very Important ☐ Important ☐ Somewhat Important ☒ Not Important

☐ Check this box if this form contains updated financial information and initial below:
_____ I acknowledge that updates to financial information captured on this form will supersede the information currently identified on my client account form and consent to this information being used to update SFA's records.
_____ I represent that there have been no changes in investment objectives, employment status, address or telephone number since the last completed a Client Account Form. (If there have been any changes to this information, please complete a new Client Account Form.)

I have reviewed the above information and I have received the current offering documents.

(1) Purchaser Signature	Date				
Jarrett W. Clay					
Print Purchaser's Name		Representative's Signature	Date	Print Representative's Name	
(2) Purchaser Signature	Date	Reviewing Principal's Signature	Date	Print Principal's Name	
Print Purchaser's Name					

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THE STRATEGIC FINANCIAL ALLIANCE

CLIENT ACCOUNT FORM

☐ Brokerage Account # _____ (Pershing/Strategic Choice) ■ Non-Brokerage (Direct Mutual Funds, LP) ☐ Investment Advisory/Financial Planning Only

■ New Account OR ☐ Update (Please indicate item/area updated _____) (Registration, Financials, Patriot act)

Account Type (Non-Qualified):

☐ Individual ☐ Corporate ☐ Custodial (UTMA/UGMA)
☐ Estate ☐ Trust ■ Other Port in LLC
☐ Partnership ☐ Institutional
TOD (check one) - ☐ TOD(Joint) ☐ TOD(Individual)
Joint (check one) - ☐ JTWROS ☐ JTIC ☐ Community Property
LLC (check one) - ☐ S Corp ☐ C Corp ☐ Partnership

Account Type (Qualified):

☐ Traditional IRA ☐ Indv(k) ☐ Coverdell IRA ☐ Profit Sharing Plan
☐ Roth IRA ☐ 403(b) ☐ Simple IRA ☐ Money Purch. Plan
☐ Rollover IRA ☐ 529 Plan ☐ SEP/SAR-SEP ☐ Other _____
☐ Inherited IRA ☐ 401(k)

For Institutional Accounts, complete Institutional Suitability Form ☐ Institutional Suitability form attached
For Additional Registrations, complete Client Account Form additional registration form #TSFA 132 ☐ Additional Registration attached

Account Registration/Title (Trust/Corporation/Organization/Partnership/Qualified Plan)	Social Security #/ Tax ID#	Date of Trust
Jarrett W. Clay	Redac 6997	Reda 1978

Primary Acct. Holder (Trustee, Custodian, or Authorized Individual of Entity)	Social Security #	Date of Birth
Redacted		

Physical Street Address (No P.O. Boxes)	City	State	Zip
Same as Above	Greensboro	NC	27455

Mailing Address (if different from Physical Street Address, P.O. Boxes acceptable)	City	State	Zip
Redact 7600	Redac 7600	ed@elcpa.com	

Home Telephone #	Work/Other Telephone # (specify type)	Email address

Co-Account Holder (e.g., Spouse, Co-Trustee, Minor)	Social Security #	Date of Birth

Mailing Address (if different from above, P.O. Boxes acceptable)	City	State	Zip

CLIENT PROFILE:

Primary Acct Holder:
US Citizen? ■ Yes ☐ No _____ (specify citizenship & status) Gender: ■ Male ☐ Female Marital Status: ☐ Single ■ Married ☐ Widowed ☐ Domestic Partner

Co-Acct Holder:
US Citizen? ☐ Yes ☐ No _____ (specify citizenship & status) Gender: ☐ Male ☐ Female Marital Status: ☐ Single ☐ Married ☐ Widowed ☐ Domestic Partner

Primary Acct Holder's Occupation	Employer Name	Years Employed	Employer Physical Street Address, City, & State
Sales	Novus Technologies, Inc.	Redacted	Chapel Hill, NC 27516

Co-Acct Holder's Occupation	Employer Name	Years Employed	Employer Physical Street Address, City, & State

Primary Acct Holder Retired: _____ Specify previous occupation(s) and source(s) of income

Co-Acct Holder Retired: _____ Specify previous occupation(s) and source(s) of income.

How long has Registered Representative known client? _____ ☐ Years ☐ Months ■ New

Are you, your spouse, or any other immediate family members, including parents, in-laws, siblings and dependents employed by or associated with the securities industry or a financial services regulator? (ex. a partner, officer, director, registered rep or associated person) ☐ Yes ■ No

If yes, identify type and name: ☐ Broker-Dealer or Municipal Securities Dealer ☐ FINRA or Self-Regulatory Organization ☐ Investment Adviser ☐ Securities Regulator
Name of entity(ies): _____

An officer, director or 10% (or more) shareholder in a publicly-owned company? ☐ Yes ■ No Name of company _____

A party to a private bank account or correspondent bank account? ☐ Yes ■ No If Yes, please specify: _____

A senior military, governmental, or political official? ☐ Yes ■ No

Pershing Info: Proceeds ☐ Hold ☐ Send Frequency _____ Dividends ☐ Hold ☐ Send Frequency _____ Interest ☐ Hold ☐ Send Frequency _____ Money Fund ☐ FCR ☐ Other _____

The account holder understands that any idle cash in the account will be invested in a money market fund, deposit account, or other investment made available through your financial organization, unless the Participant elects otherwise by checking the box below. Any such investment of idle cash is made pursuant to a prospectus or other offering document, which the Participant should obtain from his or her financial organization.

☐ **DO NOT** INVEST IDLE CASH. (The Participant understands that the Custodian has no responsibility to credit interest on uninvested cash in any Account.)

Tax Lot Disposition Method: ☐ First In, First Out (FIFO) – Default Method ☐ Last In, First Out (LIFO) ☐ Average Cost ☐ Other: _____

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USA PATRIOT INFO:

Federal Law requires financial institutions to obtain, verify and record information that identifies each person who opens an account. **Must use a valid, unexpired Photo ID.**

Primary Acct. Holder (Trustee, Custodian, Authorized Individual of Entity)
ID Type: ☒ Driver's License ☐ Passport ☐ Green Card ☐ Military ID ☐ State ID ☐ Other US Govt ID
ID State NC ID#: Redact
ID Expiration Date: 4 / 12 / 16 (Please ensure ID is unexpired)

Co-Acct. Holder (Spouse, Co-Trustee)
ID Type: ☐ Driver's License ☐ Passport ☐ Green Card ☐ Military ID ☐ State ID ☐ Other US Govt ID
ID State _____ ID# _____
ID Expiration Date: ___/___/___ (Please ensure ID is unexpired)

Source of Initial Funds for Investment: ☒ Income from Earnings ☐ Gaming Proceeds ☐ Sale of Business ☐ Transfer ☐ Retirement Savings ☐ Inheritance ☐ Legal Settlement ☐ Other _____ ☐ Investment Proceeds ☐ Insurance Proceeds ☐ Parent/Grandparent ☐ Spouse ☐ Gift ☐ Home Mgt. Refinance

FINANCIAL INFORMATION:

JL Client Initials

Net Worth $ 792,918 (Excluding primary residence)

JL Client Initials

Annual Income $ 729,000 (Gross Household)

Tax Bracket (Federal) 35 %

# of Dependents: 3

Risk Tolerance
☐ Aggressive
☐ Moderately Aggressive
☒ Moderate
☐ Moderately Conservative
☐ Conservative

Investment Objective(s)
☐ Aggressive Growth
☐ Growth
☒ Growth & Income (moderate)
☐ Income
☐ Capital Preservation

Previous Investment Experience
☒ None
☐ Bonds ☐ Stocks ☐ Mutual Funds
☐ LP ☐ REITS ☐ Alt. Investments

Time Horizon
☒ Long Term (7+ Years)
☐ Mid-term (1-7 years)
☐ Short term (less than 1 year)

Annual Expenses (Recurring)
☐ $50,000 and under
☐ $50,001 - $100,000
☒ $100,001 - $250,000
☐ $250,001 - $500,000
☐ Over $500,000

Special Expenses
☒ None
☐ $50,000 and under
☐ $50,001 - $100,000
☐ $100,001 - $250,000
☐ $250,001 - $500,000
☐ Over $500,000

Timeframe for special expenses
☒ Not Applicable
☐ Within 2 years
☐ 3-5 years
☐ 6-10 years

Liquidity Needs (check one)
The ability to quickly and easily convert to cash all or some of the investments in this account without significant loss in value from penalties or market loss is
☐ Very Important ☐ Important
☐ Somewhat Important ☒ Not Important

Total Assets:

Cash Equivalents	$ 250,000	Stocks & Bonds	$ 80,926
Mutual Funds	$ 281,992	Investment Real Est.	$ 180,000
Variable Annuities	$	Direct Participation	$
REITs	$	Managed Futures	$
Third Party Manager	$	Business Interest	$
Fixed Annuities	$	Other	$

Strategy (check all that apply):

☒ Asset Allocation ☐ Buy and Hold ☐ Dollar Cost Averaging ☐ Hedging ☐ Passive Investing ☐ Margin ☐ None ☐ Other: _____

PLEASE REVIEW YOUR INFORMATION READ THE SFA TERMS AND CONDITION OF ACCOUNTS, DISCLOSURES AND PRIVACY POLICY (all account holders must sign — use additional forms if necessary). I CERTIFY THAT THE FOREGOING CLIENT INFORMATION IS ACCURATE AND IF ANY INFORMATION IS INCORRECT I WILL MARK ANY CORRECTIONS, INITIAL AND DATE AND RETURN A COPY TO MY REGISTERED REPRESENTATIVE IMMEDIATELY. I AGREE TO BE BOUND BY THE TERMS CONTAINED IN SAID SFA TERMS AND CONDITION OF ACCOUNTS, DISCLOSURES AND PRIVACY POLICY PAGES 1 –8. I AM AT LEAST 18 YEARS OF AGE AND OF FULL LEGAL AGE IN THE STATE IN WHICH I RESIDE AND I AM AUTHORIZED TO ENTER INTO THIS AGREEMENT.

1. **I ACKNOWLEDGE THAT I HAVE RECEIVED A COPY OF THIS AGREEMENT PAGE 1-6, OR BY CHECKING THIS BOX**
   ☐ **I REQUEST THAT MY REPRESENTATIVE MAIL ME A COPY WITHIN 30 DAYS.**
2. **I ACKNOWLEDGE ACCEPTANCE RECEIPT OF PROSPECTUSES, NEW ACCOUNT FORMS OR OTHER ACCOUNT DOCUMENTS BY EMAIL OR, BY CHECKING THIS BOX**
   ☐ **I DECLINE EMAIL DELIVERY.**

Taxpayer Certification (Substitute W-9): Under penalty of perjury, I certify that: (1) the number shown on this form is my correct Social Security Number or Taxpayer Identification Number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and (3) I am a US Citizen or other U.S. Person. Note: You must cross out (b) above if you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. If this is a joint account, the Social Security Number of the account owner who is named FIRST in the account title MUST be used.

THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE, WHICH IS LOCATED ON PAGE 4 OF SFA TERMS AND CONDITION OF ACCOUNTS DISCLOSURES AND PRIVACY POLICY.

Primary Account Holder's Signature	12-6-12 Date	Co-Account Holder's Signature (if Applicable)	Date
Registered Representative(s) Signature	Date	OSJ Manager Signature	Date

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SFA

THE STRATEGIC FINANCIAL ALLIANCE

CLIENT ACKNOWLEDGEMENT FOR TAX/LEGAL ADVICE

I, the undersigned Investor, intend to subscribe in a private offering for Units of membership interest in Piney Cumberland Holdings, LLC, a limited liability company owning undeveloped real estate (the "Company").

I have been advised, understand and acknowledge that this investment in real estate involves various tax and legal consequences that may be particular to me. I further understand and acknowledge that The Strategic Financial Alliance, Inc. (SFA), its registered representatives, and their respective employees do not offer or give tax or legal advice and that it is my responsibility to seek out and obtain my own independent tax and/or legal advice regarding an investment in the Company.

I hereby confirm that I have not relied upon SFA or any of its registered representatives or their respective employees for any tax or legal advice regarding an investment in the Company in regard to any future plans or proposals of the Company to potentially develop, sell or grant a conservation easement if such an election is made by the members.

Investor Signature — Date: 12-6-12

Representatives Signature — Date

Print Investors Name: Jarrett W Clay

Print Representatives Name

ADDITIONAL DISCLOSURES "PRIVATE" DIRECT PARTICIPATION PROGRAMS – UNDEVELOPED LAND

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.....

Client Name(s): Steven M. Kezman

The following documents were provided to the client(s) _____ _____

Amount of Purchase: $ 22,500

Annual Income: $ 260 Financials are: Individual ☒ Joint ☐

Net Worth (Including Residence): $ ~~1.9~~ Million Net Worth (Excluding Residence): $ 1,535,521

Other Assets:				
	Cash Equivalents	$ 65,000	Stocks & Bonds	$ 995,000 incl. 401K
	Mutual Funds	$ _____	Investment Real Est.	$ 300,000
	Variable Annuities	$ _____	Direct Participation	$ _____
	REITs	$ _____	Managed Futures	$ _____
	Third Party Manager	$ _____	Business Interest	$ 173,500

Primary Investment Goal for this Purchase: Real Estate Investment

What is the Source of Funds for this Investment? Income from Earnings How Long was the Prior Investment Held? _____

How important is the need to quickly and easily convert all or part of this investment to cash?
☐ Very Important ☐ Important ☐ Somewhat Important ☒ Not Important

☒ Check this box if this form contains updated financial information and initial below:
SK I acknowledge that updates to financial information captured on this form will supersede the information currently identified on my client account form and consent to this information being used to update SFA's records.
SK I represent that there have been no changes in investment objectives, employment status, address or telephone number since I/we last completed a Client Account Form. (If there have been any changes to this information, please complete a new Client Account Form.)

I have reviewed the above information and I have received the current offering documents.

(1) Purchaser Signature	12/6/12 Date				
STEVE KEZMAN Print Purchaser's Name		Representative's Signature	Date	Print Representative's Name	
(2) Purchaser Signature	Date	Reviewing Principal's Signature	Date	Print Principal's Name	
Print Purchaser's Name					

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CLIENT ACKNOWLEDGEMENT FOR TAX/LEGAL ADVICE

I, the undersigned Investor, intend to subscribe in a private offering for Units of membership interest in Piney Cumberland Holdings, LLC, a limited liability company owning undeveloped real estate (the "Company").

I have been advised, understand and acknowledge that this investment in real estate involves various tax and legal consequences that may be particular to me. I further understand and acknowledge that The Strategic Financial Alliance, Inc. (SFA), its registered representatives, and their respective employees do not offer or give tax or legal advice and that it is my responsibility to seek out and obtain my own independent tax and/or legal advice regarding an investment in the Company.

I hereby confirm that I have not relied upon SFA or any of its registered representatives or their respective employees for any tax or legal advice regarding an investment in the Company in regard to any future plans or proposals of the Company to potentially develop, sell or grant a conservation easement if such an election is made by the members.

Investor Signature	Date	Representatives Signature	Date
Steven M. Keenan			
Print Investors Name		Print Representatives Name	

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THE STRATEGIC FINANCIAL ALLIANCE

ADDITIONAL DISCLOSURES
"PRIVATE" DIRECT PARTICIPATION PROGRAMS – UNDEVELOPED LAND

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If you have an expectation that you may need to sell or redeem your units in the near term or prior to the anticipated liquidity events a s outlined in the prospectus, you should not purchase shares in the program specified above.

If the sponsor of this program has, in past offering documents, predicted when a program was likely to become liquid, yo should review the success of this sponsor in meeting those liquidity predictions. Your representative will inform you if they have made such statements in past offering documents and disclose to you how accurate those statements provided to be.

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More complete disclosure of liquidity and suitability factors may be found in the offering documents. You should read these disclosures carefully before deciding to invest.

****

Client Name(s): Dennis J. Hall

The following documents were provided to the client(s) _____ _____

Amount of Purchase: $ 27,500

Annual Income: $ 365,000 **Financials are:** Individual ☐ Joint ■

Net Worth (Including Residence): $ 2,665,000 **Net Worth** (Excluding Residence): $ 2,065,000

Other Assets:	Cash Equivalents	$ 140,000	Stocks & Bonds	$
	Mutual Funds	$ 175,000	Investment Real Est.	$ 750,000
	Variable Annuities	$	Direct Participation	$
	REITs	$	Managed Futures	$
	Third Party Manager	$	Business Interest	$ 1,000,000

Primary Investment Goal for this Purchase: Real Estate Investment

What is the Source of Funds for this Investment? Income from Earnings **How Long was the Prior Investment Held?** _____

How important is the need to quickly and easily convert all or part of this investment to cash?
☐ Very Important ☐ Important ☐ Somewhat Important ■ Not Important

■ **Check this box if this form contains updated financial information and initial below:**
_____ I acknowledge that updates to financial information captured on this form will supersede the information currently identified on my client account form and consent to this information being used to update SFA's records.
_____ I represent that there have been no changes in investment objectives, employment status, address or telephone number since I/we last completed a Client Account Form. (If there have been any changes to this information, please complete a new Client Account Form.)

I have reviewed the above information and I have received the current offering documents.

(1) Purchaser Signature	Date 12.4.12				
Print Purchaser's Name	Dennis J. Hall	Representative's Signature	Date	Print Representative's Name	
(2) Purchaser Signature	Date	Reviewing Principal's Signature	Date	Print Principal's Name	
Print Purchaser's Name					

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THE STRATEGIC FINANCIAL ALLIANCE

CLIENT ACKNOWLEDGEMENT FOR TAX/LEGAL ADVICE

I, the undersigned Investor, intend to subscribe in a private offering for Units of membership interest in Piney Cumberland Holdings, LLC, a limited liability company owning undeveloped real estate (the "Company").

I have been advised, understand and acknowledge that this investment in real estate involves various tax and legal consequences that may be particular to me. I further understand and acknowledge that The Strategic Financial Alliance, Inc. (SFA), its registered representatives, and their respective employees do not offer or give tax or legal advice and that it is my responsibility to seek out and obtain my own independent tax and/or legal advice regarding an investment in the Company.

I hereby confirm that I have not relied upon SFA or any of its registered representatives or their respective employees for any tax or legal advice regarding an investment in the Company in regard to any future plans or proposals of the Company to potentially develop, sell or grant a conservation easement if such an election is made by the members.

Investor Signature	Date	Representatives Signature	Date
Print Investors Name		Print Representatives Name	

Division Exhibit 8

to Brief in Support of Response in Opposition

BB&T Branch Banking and Trust Company

Account Deposit / Depositar a Cuenta de

☐ Checking/Cheques ☐ Savings/Ahorros

	Dollars/Dólares	Cents/Centavos
Deposit To The Account Of/Depositar a la cuenta de: Forest Conservation 2012 LLC		
Address/Dirección		
City, State, Zip Code/Ciudad, Estado, Código Postal		
Date/Fecha 12/7/12 — Please Sign Here if Cash Received / Por favor firme aquí si recibió efectivo		
Cash/Efectivo		.
Checks/Cheques	16,802.	00
Total		.
Less: Cash Received / Menos: Efectivo Recibido		.
Total Deposit / Depósito Total $	16,802.	00

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

ES POSIBLE QUE LOS DEPOSITOS NO ESTÉN DISPONIBLES DE INMEDIATO

Please enter your account number below:
Por favor escriba su número :

Redacted [redacted]

6055621 C71331 079 00079 10:55 12/07/12
Redacted 0727 DEPOSIT

F0008000260
(Rev. 01/2012)

$16,802.00

⑆ [redacted] 33

PAUL EDWARD LLOYD JR
[redacted]

[redacted]
66-112/531

12/7/12
Date

PAY to the order of Forest Conservation 2012, LLC | $ 16,802.00

Sixteen thousand eight hundred two and 00/100 Dollars

BB&T BRANCH BANKING AND TRUST COMPANY
1-800-BANK BBT BBT.com

For [redacted] Redacted

[redacted]

Division Exhibit 9

to Brief in Support of Response in Opposition

Partner# 1
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

[redacted]ship filed return

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted7580

F Partner's name, address, city, state, and ZIP code
GARY S APPEL
Redacted
[redacted]

G ☐ [redacted] ☒ Limited partner or other LLC member
[redacted] Domest[redacted] ☐ Foreign partner
[redacted] this[redacted] Individual

H If this partner i[redacted]ement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

I Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	4.507388 %	4.507388 %
Capital	4.507388 %	4.507388 %

J Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

K Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 134,318
Current year increase (decrease)	$ -134,318
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

L Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,319	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	193		
C	104,125	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

[redacted]

FORE23112 05/30/2013 9:17 AM

651112

Partner# 2
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number [redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C [redacted]

D ☐ [redacted] publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted1090

F Partner's name, address, city, state, and ZIP code
RAYMOND R. BOULEY
Redacted
[redacted]

G ☐ [redacted] ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Individual

J If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.921332 %	4.921332 %
Loss	4.921332 %	4.921332 %
Capital	4.921332 %	4.921332 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 146,398
Current year increase (decrease)	$ -146,398
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,554	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	210	20	Other information
C	113,687	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

For Paperwork Reduction Act Notice, see Instructions for Form 1065. IRS.gov/form1065 Schedule K-1 (Form 1065) 2012
DAA

SEC-LloydE-E-0000013

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651112

Partner# 3
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 6144

F Partner's name, address, city, state, and ZIP code
VERNON R. BRANCH
Redacted
[redacted]

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.163164 %	6.163164 %
Loss	6.163164 %	6.163164 %
Capital	6.163164 %	6.163164 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 182,639
Current year increase (decrease)	$ -182,639
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -6,252	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	264	20	Other information
C	142,375	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

[redacted]

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651112

Partner# 4
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted6147

F Partner's name, address, city, state, and ZIP code
CHRISTOPHER R. BROWN
Redacted
[redacted]

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	7.818939 %	7.818939 %
Loss	7.818939 %	7.818939 %
Capital	7.818939 %	7.818939 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 230,959
Current year increase (decrease)	$ -230,959
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss): -7,186	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
[redacted]	[redacted] income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions: A 334	20	Other information
	C 180,625	Y*	STMT
	W* STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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651112

Partner# 5
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C I w ership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 1597

F Partner's name, address, city, state, and ZIP code
JAMES R. CARSON
Redacted
[redacted]

G ☐ [redacted] X Limited partner or other LLC member
[redacted] ☐ Foreign partner

H1 What type of entity is this partner? Individual

H2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	4.507388 %	4.507388 %
Capital	4.507388 %	4.507388 %

K Partner's share of liabilities at year end:
Nonrecourse $ _____
Qualified nonrecourse financing $ _____
Recourse $ _____

L Partner's capital account analysis:
Beginning capital account $ _____
Capital contributed during the year $ 134,318
Current year increase (decrease) $ -134,318
Withdrawals & distributions $ ( )
Ending capital account $ 0

X Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes X No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,319	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	193		
C	104,125	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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651112

Partner# 6

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C I[redacted]w[redacted]nership filed return
[redacted]

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 6997

F Partner's name, address, city, state, and ZIP code
JARRETT W. CLAY
Redacted
[redacted]

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.991051 %	6.991051 %
Loss	6.991051 %	6.991051 %
Capital	6.991051 %	6.991051 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 206,799
Current year increase (decrease)	$ -206,799
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -6,718	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	299		
C	161,500	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

651112

Partner# 7

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C I[redacted]wi[redacted]nership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacte 0792

F Partner's name, address, city, state, and ZIP code
JESSE GARRETT
Redacted
[redacted]

G ☐ General [redacted] ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 134,318
Current year increase (decrease)	$ -134,318
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,319	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions:		
A	193	20	Other information
C	104,125	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

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651112

Partner# 8
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C I[redacted]w[redacted]nership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 6928

F Partner's name, address, city, state, and ZIP code
TIMOTHY K GOSS
Redacted
WAXHAW NC 28173

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐
(see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.335276 %	5.335276 %
Loss	4.507388 %	4.507388 %
Capital	4.507388 %	4.507388 %

K Partner's share of liabilities at year end:
Nonrecourse $ _____
Qualified nonrecourse financing $ _____
Recourse $ _____

L Partner's capital account analysis:
Beginning capital account $ _____
Capital contributed during the year $ 158,478
Current year increase (decrease) $ -158,478
Withdrawals & distributions $ ( )
Ending capital account $ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,784	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	228	20	Other information
C	123,250	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

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651112

Partner# 9
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 15-15-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C I w partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 0388

F Partner's name, address, city, state, and ZIP code
DENNIS J. HALL
Redacted
CHARLOTTE NC 28203

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.093445 %	4.093445 %
Loss	4.093445 %	4.093445 %
Capital	4.093445 %	4.093445 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 122,238
Current year increase (decrease)	$ -122,238
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,087	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	175	20	Other information
C	94,562	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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651112

Partner# 10

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 0995

F Partner's name, address, city, state, and ZIP code
ASHLEY S. HOOKS
Redacted
MARIETTA GA 30062

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.335276 %	5.335276 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 158,478
Current year increase (decrease)	$ -158,478
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,784	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	228		
C	123,250	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

[redacted]

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651112

Partner# 11

Schedule K-1 (Form 1065)

Department of the Treasury Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number [redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacte 0604

F Partner's name, address, city, state, and ZIP code
STEVEN M KEZMAN
Redacted
CHARLOTTE NC 28277

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	3.265557 %	3.265557 %
Loss	3.265557 %	3.265557 %
Capital	3.265557 %	3.265557 %

K Partner's share of liabilities at year end:
Nonrecourse $
Qualified nonrecourse financing $
Recourse $

L Partner's capital account analysis:
Beginning capital account $
Capital contributed during the year $ 98,077
Current year increase (decrease) $ -98,077
Withdrawals & distributions $ ( )
Ending capital account $ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -4,619	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	140	20	Other information
C	75,437	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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Partner# 12

Schedule K-1 (Form 1065)

Department of the Treasury Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

[redacted]

and ZIP code

FOREST CONSERVATION 2012, LLC

[redacted]

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

Redacted 1290

F Partner's name, address, city, state, and ZIP code

MICHAEL L. KNIGHT

Redacted

CHARLOTTE NC 28277

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	4.507388 %	4.507388 %
Loss	4.507388 %	4.507388 %
Capital	4.507388 %	4.507388 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 134,318
Current year increase (decrease)	$ -134,318
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,319	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	193		
C	104,125	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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Partner# 13

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

[redacted]

B [redacted], city, state, and ZIP code

[redacted]

C I[redacted]nership filed return

Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

Redacted 5994

F Partner's name, address, city, state, and ZIP code

PAUL E LLOYD JR.

[redacted]

G ☐ General partner or member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	3.091151 %	3.091151 %
Loss	3.091151 %	3.091151 %
Capital	3.091151 %	3.091151 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 88,343
Current year increase (decrease)	$ -88,343
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) 124	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	132	20	Other information
C	71,409	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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651112

Partner# 14

Schedule K-1 (Form 1065)

Department of the Treasury Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Final K-1 ☐ Amended K-1 ☐ OMB No. 1545-0099

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
46-0842311

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC

2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 6257

F Partner's name, address, city, state, and ZIP code
MARK S. LOSBY

Redacted
COLUMBIA SC 29212

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.163164 %	6.163164 %
Loss	6.163164 %	6.163164 %
Capital	6.163164 %	6.163164 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 182,638
Current year increase (decrease)	$ -182,638
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -6,251	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions A 264	20	Other information
	C 142,375	Y*	STMT
	W* STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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Partner# 15

Schedule K-1 (Form 1065)

Department of the Treasury Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's empl [redacted]

B Partnership's nam
FOREST CONSERVATION 2012, LLC
[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted6597

F Partner's name, address, city, state, and ZIP code
MICHAEL MALLOY
Redacted
CHAPEL HILL NC 27516

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	7.818939 %	7.818939 %
Loss	7.818939 %	7.818939 %
Capital	7.818939 %	7.818939 %

K Partner's share of liabilities at year end:
Nonrecourse $ _____
Qualified nonrecourse financing $ _____
Recourse $ _____

L Partner's capital account analysis:
Beginning capital account $ _____
Capital contributed during the year $ 230,959
Current year increase (decrease) $ -230,959
Withdrawals & distributions $ ( )
Ending capital account $ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did this partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -7,186	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	334	20	Other information
C	180,625	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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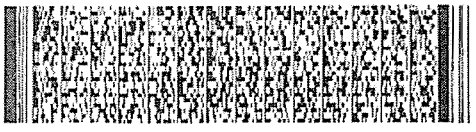

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Partner# 16
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

[redacted]

[redacted] city, state, and ZIP code
FOREST CONSERVATION 2012, LLC

[redacted]

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacte 2936

F Partner's name, address, city, state, and ZIP code

WILLIAM H. MITCHELL

Redacted
SPARTANBURG SC 29301

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	5.335276 %	5.335276 %
Loss	5.335276 %	5.335276 %
Capital	5.335276 %	5.335276 %

K Partner's share of liabilities at year end:

Nonrecourse $ _____
Qualified nonrecourse financing $ _____
Recourse $ _____

L Partner's capital account analysis:

Beginning capital account $ _____
Capital contributed during the year $ 158,478
Current year increase (decrease) $ -158,478
Withdrawals & distributions $ ( )
Ending capital account $ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -5,785	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
A	228		
C	123,250	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

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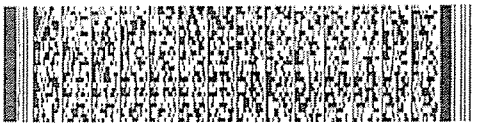

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DAA

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651112

Partner# 17

Schedule K-1 (Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
[redacted]

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC
2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 6754

F Partner's name, address, city, state, and ZIP code
LESLIE S. POWELL
Redacted
WAXHAW NC 28173

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	9.474714 %	9.474714 %
Loss	9.474714 %	9.474714 %
Capital	9.474714 %	9.474714 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 279,280
Current year increase (decrease)	$ -279,280
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss) -8,120	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
A	405	20	Other information
C	218,875	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

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Partner# 18
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax year beginning _____ ending _____

Partner's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part I Information About the Partnership

A Partnership's employer identification number
46-0842311

B Partnership's name, address, city, state, and ZIP code
FOREST CONSERVATION 2012, LLC

2816 DOGWOOD AVENUE PMB 431
GILLETTE WY 82718

C IRS Center where partnership filed return
Ogden, UT

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
Redacted 4150

F Partner's name, address, city, state, and ZIP code
LARRY E. PRICE

Redacted
CHARLOTTE NC 28211

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions) ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	6.163164 %	6.163164 %
Loss	6.163164 %	6.163164 %
Capital	6.163164 %	6.163164 %

K Partner's share of liabilities at year end:

Nonrecourse	$
Qualified nonrecourse financing	$
Recourse	$

L Partner's capital account analysis:

Beginning capital account	$
Capital contributed during the year	$ 182,638
Current year increase (decrease)	$ -182,638
Withdrawals & distributions	$ ( )
Ending capital account	$ 0

☒ Tax basis ☐ GAAP ☐ Section 704(b) book ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss): -6,251	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
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9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
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12	Section 179 deduction		
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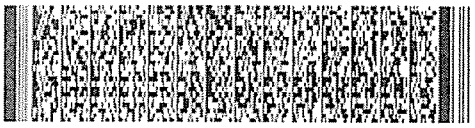
A	264	20	Other information
C	142,375	Y*	STMT
W*	STMT		
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only



Division Exhibit 10

to Brief in Support of Response in Opposition

Summary No. 105 Name of Offeree: Forest Conservation 2011, I

CONFIDENTIAL PRIVATE OFFERING SUMMARY

MAPLE EQUESTRIAN, LLC

Minimum Offering: 80 Units ($1,509,920)
Maximum Offering: 95 Units ($1,793,030)
$18,874 per Unit
Minimum Subscription Per Investor: 3 Units ($56,622)

Maple Equestrian, LLC, a Georgia limited liability company (the "Company" "we" or "us"), is offering units of membership interest in the Company (the "Units") to **Accredited Investors Only** at an offering price of $18,874 per Unit (the "Offering Price"). Each Unit represents a pro rata ownership interest in the assets, profits, losses and distributions of the Company. A minimum of 80 Units (the "Minimum Offering"), representing an aggregate 80% ownership interest in the Company, and a maximum of 95 Units (the "Maximum Offering"), representing an aggregate 95% ownership interest in the Company, are being offered (the "Offering") pursuant to this Confidential Private Offering Summary (this "Offering Summary"). No public market currently exists for our Units, and no such market will develop as a result of this Offering.

The Company was formed for the purpose of acquiring and owning approximately 409.9 acres of contiguous, unimproved real estate currently owned by it located in DeKalb County, Alabama, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property").

The purpose of this Offering is to raise money from investors (the "Investors") to permit the Company to redeem on a pro rata basis an equal number of Units sold in this Offering (the "Redeemed Units") from the current members of the Company, (i) Edmond A. Cash, an individual resident of the state of Georgia ("Edmond"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; (ii) Edward A. Cash, an individual resident of the state of Georgia and the brother of Edmond ("Edward"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; (iii) Max Cash, an individual resident of the state of Georgia and the brother of both Edmond and Edward ("Max"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; and (iii) Rick Klewein Family, LLC, a Georgia limited liability company ("Klewein" and, together with Edmond, Edward and Max, the "Sellers"), which currently owns 50% of the issued and outstanding Units in the Company. The redemption price for a Redeemed Unit (the "Redemption Price") will be $10,580, subject to adjustment for a deferred amount to be retained by the Company against the cost of any audits that may be initiated by the Internal Revenue Service (the "IRS") as discussed herein. The remaining $8,294 per Unit, $787,930 in the aggregate in the Maximum Offering and $663,520 in the aggregate in the Minimum Offering, raised in the Offering will be used by the Company to fund the Company's operating costs, pay the expenses of the Offering, and establish certain reserves as described in this Offering Summary. From the proceeds of the aggregate Redemption Price an aggregate of $75,000 payable to the Sellers for the Redeemed Units shall be deferred (the "Deferred Amount") and retained by the Company in a special audit reserve. The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company in defense of any IRS audit that may be initiated in the four year period following the closing of this Offering (the "Closing") and the remainder of which will be payable to the Sellers following the expiration of such four year period.

The minimum investment amount per investor is $56,622, or three Units, which we may waive in our sole discretion. **This is a Minimum/Maximum Offering.** We must receive and accept subscriptions for the Minimum Offering by December 28, 2011 (the "Termination Date"), for this Offering to close. If subscriptions for less than the Minimum Offering are received and accepted and the conditions set forth in this Offering Summary are not satisfied by the Termination Date, the manager of the Company (the "Manager") shall terminate the Offering, and all subscription payments will be returned to the subscribers without interest or deduction. If subscriptions for at least the Minimum Offering but not in excess of the Maximum Offering are received and accepted and the conditions set forth in this Offering Summary are satisfied by the Termination Date, the Company will close the Offering and accept subscription funds for use in accordance with the terms of this Offering Summary.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING SUMMARY OR ANY OF THE OTHER INFORMATION AND MATERIALS PROVIDED TO PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Offering Summary is December 15, 2011.

We determined the offering price of the Units in our sole discretion, and it is not necessarily indicative of the actual fair market value of the Units, our assets, earnings, book value, or other recognized criteria of value. **AN INVESTMENT IN THE UNITS OR IN OUR COMPANY IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND SHOULD BE CONSIDERED ONLY BY INVESTORS WHO CAN BEAR THE ECONOMIC RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND WHO CAN AFFORD TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT.** Prospective investors should carefully consider all of the information set forth in this Offering Summary and, in particular, under the heading "Risk Factors" beginning on page 8 of this Offering Summary. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offering, including the merits and risks involved.

	Price to Offerees [1][2][3][4]	Selling Commissions [5]	Redemption Price[6]	Net proceeds to Company[7]
Per Minimum Subscription of $56,622	$ 56,622	$ 6,570	$ 31,740	$ 18,312
Total Minimum Offering	$ 1,509,920	$ 175,191	$ 771,400	$ 563,329
Total Maximum Offering	$ 1,793,030	$ 208,039	$ 930,100	$ 654,891

(1) The offering price per Unit is not been based on any objective valuation criteria, such as book value or earnings per share, but instead has been set at the discretion of the Manager of the Company and not as a result of arm's length negotiations. No representation is made that a Unit has a market value of $18,874 or could be sold at that price. There is no established market for the Units, and no representation is made that there ever will be an established market. (See "RISK FACTORS" beginning on page 8.)

(2) The Offering will end on December 28, 2011. All proceeds from the sale of the Units (the "Subscription Funds") will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by Oakworth Capital Bank in Birmingham, Alabama ("Escrow Agent"), until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction.

(3) Upon the Closing of the Offering the Escrow Agent shall retain out of the proceeds of the Offering the amount of $150,000 for the establishment of an audit reserve (the "Audit Reserve") which will include the $75,000 Deferred Amount. The Audit Reserve shall be retained by the Escrow Agent and released to the Company, during the four year period in which the Audit Reserve is maintained, only in the event that the Company receives notice from the IRS indicating that one or more of its federal income tax returns are being audited. On the fourth anniversary of the Closing, the Escrow Agent will release the Audit Reserve to the Company, together with the interest earned on such funds.

(4) A minimum of 8● Units and a maximum of ●5 Units are being offered for sale in this Offering. The purchase price for the Units is payable in full at the time of subscription. To purchase a Unit an Investor must complete and execute the subscription documents (the "Subscription Documents") accompanying this Offering Summary, including the Subscription and Suitability Agreement and Confidential Investor Questionnaire. (See "HOW TO INVEST" beginning on page 6).

(5) The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA or ●ne or more other broker-dealer firms selected by SFA certain compensation t● effect offers and sales of the Units on a non-exclusive "best efforts" basis. SFA or such other firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the purchase price of Units placed through such person, less a total of $625 per Unit sold in the Offering deemed to be contributed by the Investors to the Audit Reserve, $50,000 of which will be returned to the Investors pro rata if unused (the "Net Purchase Price"); (ii) a non-accountable marketing allowance of two percent (2.0%) of the Net Purchase Price of Units placed through such firm or firms; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the Net Purchase Price of Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Units to the Investors. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum offering amount, unless otherwise indicated.

(6) There are currently 100 Units issued and outstanding that are collectively held by the Sellers, a minimum 80 Units of which and a maximum 95 Units of which are held by the Sellers subject to redemption for the Redemption Price, immediately after the Closing. The Redemption Price in the Minimum Offering and Maximum Offering has been calculated net of the $75,000 Deferred Amount.

(7) Net proceeds to the Company are calculated before deducting the expenses incurred in connection with this Offering to be paid by the Company, such as (i) fees payable to Conservation Resources, Inc., a Georgia corporation performing conservation easement consulting services ("CRI"), including general consulting fees, financial consulting fees, reimbursement for legal fees, marketing material production, real estate and land assessment services, and product development fees; (ii) legal fees; (iii) accounting fees; (iv) reproduction costs; (v) filing fees; (vi) the cost of the acquisition of certain mineral rights; and (vii) other miscellaneous items, all of which are estimated to be approximately $507,547 based upon the Minimum Offering and $616,395 based upon the Maximum Offering. (See "SOURCE AND USE OF FUNDS" at page 19). CRI is an affiliate of SFA, as CRI and SFA each is a wholly-owned subsidiary of SFA Holdings, Inc.

CONFIDENTIAL INFORMATION

This Offering Summary and any other information or documents delivered in connection with this Offering Summary are being furnished on a confidential basis solely for use by potential Investors in considering whether or not to purchase a Unit in this Offering. By accepting delivery of the Offering Summary and related documents and information you acknowledge and agree that (a) all of the information contained in this Offering Summary and any related documents and information is confidential and proprietary to us, (b) you will not reproduce this Offering Summary or any related documents or information, in whole or in part, (c) if you do not wish to participate in the Offering, you will return this Offering Summary to us as soon as practicable, together with any other material relating to the Company that you may have received, and (d) you will obtain our prior written consent before taking any proposed actions that are inconsistent in any manner with the foregoing statements.

GENERAL DISCLAIMERS ABOUT THIS OFFERING SUMMARY

This Offering Summary and the other information and materials provided in connection with this Offering constitute an offer only to the person whose name appears in the log to be maintained by or on behalf of the Company in connection with the distribution of such materials and who has represented to us in writing that he, she or it is an Accredited Investor, as defined in Regulation D as promulgated by the United States Securities and Exchange Commission. Delivery of such materials to anyone other than the person named or such person's designated representative is unauthorized, and any reproduction of such materials, in whole or in part, without our prior written consent is prohibited.

We are not giving legal, business or tax advice, and prospective Investors are not to construe the contents of this Offering Summary and the other information and materials provided in connection with this Offering as such. You should consult your attorney or business advisor as to the legal, business, tax, and related matters concerning your investment. You are urged to request any additional information that you may consider necessary in making an informed investment decision. If you have questions concerning the terms and conditions of the Offering or to obtain additional relevant information, we will provide the answers to the extent we possess such information or can acquire it without unreasonable effort or expense. All such additional information shall only be in writing and identified as such by us. Inquiries concerning such additional information should be directed to the Manager as set forth in this Offering Summary.

We are not making any representation to you regarding the legality of an investment in the Units under any applicable laws. No person has been authorized to give any information or to make any representations in connection with this Offering unless preceded or accompanied by this Offering Summary and the other information and materials provided and made available to you herewith, nor has any person been authorized to give any information or to make any representation other than that contained in this Offering Summary and the other information and materials provided and made available to you herewith and, if given or made, such information or representations must not be relied upon. This Offering Summary and the other information and materials provided in connection with this Offering do not constitute an offer or solicitation in any jurisdiction in which it is unlawful to make such offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Offering Summary and the other information and materials provided in connection with this Offering nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

GENERAL SECURITIES LEGEND

THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS PROVIDED BY THOSE ACTS. THE UNITS MAY NOT BE RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. PROSPECTIVE INVESTORS SHOULD PROCEED ON THE ASSUMPTION THAT THEY MUST BEAR THE ECONOMIC RISK ASSOCIATED WITH PURCHASING THE UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR SELLING LITERATURE. THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM REGISTRATION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO THIS OFFERING, AND THE UNITS BEING OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE UNITS ARE BEING OFFERED AND SOLD IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THE UNITS MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT. THE UNITS BEING OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING SUMMARY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION OF AN OFFER TO ACCEPT AND/OR MAKE SUBSCRIPTIONS FOR THE UNITS OR TO SELL AND/OR BUY THE UNITS. ACCEPTANCE OF A RECIPIENT'S SUBSCRIPTION FOR THE UNITS SHALL BE MADE ONLY AFTER IT HAS BEEN DETERMINED THAT SUCH RECIPIENT SATISFIES THE REQUIREMENTS FOR AN EXEMPTION FROM REGISTRATION AND THE FACTORS SET FORTH IN THE SECTION ENTITLED INVESTOR SUITABILITY. DELIVERY OF THIS OFFERING SUMMARY FOR INFORMATIONAL PURPOSES SHALL NOT CONSTITUTE AN

OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SECURITIES. THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE TO ANY PERSON TO WHOM SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

INVESTMENT IN THE UNITS IS SPECULATIVE AND INVOLVES A RISK OF LOSS. THE UNITS WILL NOT BE FREELY TRANSFERABLE AFTER THE OFFERING AND ANY TRANSFER OF SUCH SECURITIES WILL BE SUBJECT TO COMPLIANCE WITH APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE UNITS SHOULD BE PURCHASED ONLY BY PERSONS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY WITH RESPECT TO THIS INVESTMENT AND WHO CAN BEAR THE ECONOMIC RISK OF A TOTAL LOSS OF THEIR INVESTMENT. EACH OFFEREE SHOULD CAREFULLY CONSIDER THE INFORMATION UNDER "RISK FACTORS" AND "INVESTOR SUITABILITY."

THE COMPANY RESERVES THE RIGHT IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER TO MODIFY, AMEND OR WITHDRAW THIS OFFERING, TO ACCEPT OR REJECT IN WHOLE OR IN PART ANY SUBSCRIPTION FOR THE UNITS OFFERED HEREBY, OR TO ALLOT TO AN INVESTOR FEWER THAN THE NUMBER OF UNITS DESIRED TO BE PURCHASED. NEITHER THE COMPANY NOR THE MANAGER SHALL HAVE ANY LIABILITY WHATSOEVER TO YOU IN THE EVENT THAT ANY OF THE FOREGOING OCCURS.

ALL DOCUMENTS REFERRED TO IN THIS OFFERING SUMMARY BUT NOT ATTACHED AS EXHIBITS ARE AVAILABLE FOR INSPECTION BY A PROSPECTIVE INVESTOR OR HIS REPRESENTATIVE AT THE OFFICE OF THE COMPANY. THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED BY THIS OFFERING SUMMARY ARE DESCRIBED IN AND WILL BE GOVERNED BY THE DOCUMENTS ATTACHED AS EXHIBITS AND/OR REFERRED TO HEREIN. ALL STATEMENTS AND INFORMATION CONTAINED IN THIS OFFERING SUMMARY ARE QUALIFIED IN THEIR ENTIRETY BY THOSE DOCUMENTS. CONSEQUENTLY, PROSPECTIVE INVESTORS ARE URGED TO READ CAREFULLY THE DOCUMENTS ATTACHED TO AND/OR REFERENCED IN THIS OFFERING SUMMARY.

RECIPIENTS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING SUMMARY OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS, WHETHER WRITTEN OR ORAL, FROM THE COMPANY OR ANY PERSON ASSOCIATED WITH THIS OFFERING AS LEGAL, TAX OR INVESTMENT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PERSONAL LEGAL COUNSEL, TAX ADVISOR, BUSINESS ADVISOR AND "PURCHASER REPRESENTATIVE" (AS SUCH TERM IS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT) AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING THIS INVESTMENT AND ITS SUITABILITY.

IN THE EVENT A PROSPECTIVE INVESTOR SUBSCRIBES FOR ANY UNITS, HE ACKNOWLEDGES THAT HE DOES NOT ANTICIPATE THAT HE WILL BE REQUIRED TO LIQUIDATE ANY PORTION OF SUCH INVESTMENT IN THE FORESEEABLE FUTURE AND THAT HE UNDERSTANDS OR HAS BEEN ADVISED WITH RESPECT TO THE RISK FACTORS ASSOCIATED WITH SUCH INVESTMENT. EACH INVESTOR WILL BE REQUIRED TO REPRESENT TO THE COMPANY IN WRITING IN THE SUBSCRIPTION AND SUITABILITY AGREEMENT AND INVESTOR REPRESENTATION AGREEMENT (FORMS OF WHICH ARE ATTACHED HERETO AS EXHIBITS E AND F) THAT (i) HE IS AN ACCREDITED INVESTOR, (ii) CERTAIN FACTS AND CIRCUMSTANCES REGARDING HIS FINANCIAL CONDITION AND RESOURCES ARE TRUE, AND (iii) HE IS PURCHASING THE UNITS FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TOWARD RESALE.

NO GENERAL SOLICITATION OR ADVERTISING WHATSOEVER WILL BE EMPLOYED IN THE OFFERING OF UNITS DESCRIBED IN THIS OFFERING SUMMARY. NO PERSON HAS BEEN AUTHORIZED BY THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OR THIS OFFERING OTHER THAN THE REPRESENTATIONS CONTAINED IN AND INFORMATION PROVIDED IN OR WITH THIS OFFERING SUMMARY, AND, IF GIVEN OR MADE, SUCH OTHER REPRESENTATIONS OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NEITHER THE DELIVERY OF THIS OFFERING SUMMARY NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY DESCRIBED HEREIN SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME AFTER THE DATE OF THIS OFFERING SUMMARY.

FORWARD LOOKING STATEMENTS

This Offering Summary contains, in addition to historical information, forward-looking statements. Forward-looking statements made in this Offering Summary are subject to risks and uncertainties. Forward-looking statements include statements that are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "believes," "plans," "anticipates," "estimates," "expects", "intends", "seeks" or similar expressions. In addition, any statements we may provide concerning future financial performance, ongoing business strategies or prospects, and possible future actions, including with respect to our strategy following completion of the Offering and our plans with respect to the Company, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about the Company, the Property, and the transactions contemplated by this Offering Summary, economic and market factors and the industry in which the Company does business, among other things. You should not place undue reliance on forward-looking statements, which are based on current expectations, since, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove accurate. This cautionary statement is applicable to all forward-looking statements contained in this Offering Summary and the material accompanying this Offering Summary. These statements are not guarantees of future performance. All forward-looking statements included in this Offering Summary are made as of the date on the front cover of this Offering Summary and, unless otherwise required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors.

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EXHIBITS:

EXECUTIVE SUMMARY

General

Maple Equestrian, LLC (the "Company" "we" or "us"), a Georgia limited liability company, was formed on November 22, 2011. The Company's governing document, an operating agreement, is attached hereto as Exhibit B (the "Operating Agreement"), and divides the equity interests of the Company into Units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company. There are currently 200 Units authorized for issuance by the Company, 100 of which were originally issued to the Sellers shortly after the time of formation of the Company in exchange for the contribution of the Property to the Company by the Sellers pursuant to Section 721 of the Internal Revenue Code of 1986 (the "Code"). The Sellers own the Company's outstanding Units as follows: (i) Edmond A. Cash, an individual resident of the state of Georgia ("Edmond"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; (ii) Edward A. Cash, an individual resident of the state of Georgia and the brother of Edmond ("Edward"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; (iii) Max Cash, an individual resident of the state of Georgia and the brother of both Edmond and Edward ("Max"), who currently owns 16 2/3% of the issued and outstanding Units in the Company; and (iv) Rick Klewein Family, LLC, a Georgia limited liability company ("Klewein" and, together with Edmond, Edward and Max, the "Sellers"), which currently owns 50% of the issued and outstanding Units in the Company. Edmond currently serves as the Manager of the Company.

The Offering

This is a Minimum-Maximum Offering. A minimum of 80 Units and a maximum of 95 Units will be offered for sale in this Offering. The Offering Price is $18,874 per Unit, and a minimum of three Units must be purchased by an Investor, absent the consent of the Manager to a lesser investment amount. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent, until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds less the Audit Reserve will be delivered to the Company and deposited in the Company's bank account to be used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction. Persons wishing to purchase Units must subscribe for Units by fully completing the Subscription Documents that accompany this Offering Summary.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND AN INVESTOR SHOULD NOT INVEST IN THE UNITS IF THE INVESTOR IS NOT FINANCIALLY CAPABLE OF TAKING THE RISK OF LOSING THE INVESTOR'S ENTIRE INVESTMENT (SEE "RISK FACTORS" BEGINNING ON PAGE 8).

Primary Purpose of the Offering

The primary purpose of the Offering is to raise funds to permit the Company to redeem at least 80% of the issued and outstanding Units held by the current Members pursuant to the Redemption Agreement that has been entered into by the Sellers and the Company, a copy of which is attached hereto as Exhibit C (the "Redemption Agreement"). The Redemption Agreement provides for the redemption by the Company of an aggregate minimum of 80 Units and an aggregate maximum of 95 Units owned by the Sellers (the "Redeemed Units"), which number of Redeemed Units will correspond to the number of Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the Redemption Agreement there will be 100 Units issued and outstanding in the Company.

Risk Factors

The Units being offered hereby involve a high degree of risk, including risks associated with the ownership of real estate, as well as tax and financial risks associated with the transaction and the general economy. Investors should carefully review the information in the "Risk Factors" section of this Offering Summary starting on page 8 before purchasing Units.

The Property

The Company's principal asset is approximately 409.9 acres of contiguous, unimproved real estate currently owned by it located in DeKalb County, Alabama, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property"). The Property is currently encumbered by a first position Deed of Trust (the "Mortgage") owing to River City Bank located in Rome, Georgia, which Mortgage was granted by the Company as an accommodation for the debts of one or more of the Sellers. River City Bank has agreed to release such Mortgage in consideration of the payment of $474,285 on or before December 31, 2011. The Mortgage is required to be fully satisfied and paid off by the Sellers out of the proceeds of the Offering at Closing, such that at the Closing, the Property will be owned by the Company free and clear of any liens, debts or other encumbrances. The Company shall withhold at Closing out of the aggregate Redemption Price payable to the Sellers the amount necessary to satisfy the Mortgage in full, which amount the Company will directly remit to the Lender at Closing.

The Property was originally purchased by certain of the Sellers as part of the acquisition of several parcels of real estate as far back as 1988, and has been owned by all of the current Sellers prior to their contribution of the Property to the company since April 12, 2002. The Property was contributed to the Company by the Sellers by Warranty Deed dated November 25, 2011 (the "Warranty Deed") in exchange for the currently outstanding Units in the Company that are owned by them.

The Company has investigated the following possible uses for the Property, the selection of which, if any, would be made by a vote of a majority in interest of the holders of the Units following the Closing (the "Majority"): (1) Continuing to hold the Property for investment, which may involve the development of the Property into as many as sixty-eight (68) residential lots for sale to the public either by itself or in conjunction with others or the sale of the Property; or (2) Granting a conservation easement (the "Conservation Easement") on all or some portion of the Property to achieve certain business and tax objectives.

A proposed Deed of Conservation Easement (the "DCE") has been prepared for the Company and reviewed by the Manager, which DCE is preliminary and has not been adopted or approved by the Company or the Members. A copy of such proposed DCE is available from the Manager upon request. Neither the Company nor the Members are under any obligation to adopt the proposed DCE or any DCE at all. No DCE can be adopted by the Company unless recommended by the Manager and approved by the Majority. (See "Summary of the Operating Agreement" beginning on page 23 and the Operating Agreement, attached to this Offering Summary as Exhibit B).

The Company is under no obligation to do any of the foregoing. A Majority of the Members of the Company following the Closing is required to approve any significant plans for the Company other than continuing to hold the Property for investment, such as granting a conservation easement on the Property or pursuing any future development of the Property.

General Information Regarding Holding the Property for Investment

The Company acquired the Property for investment and continues to hold it for investment. The Manager has investigated the potential future development of the Property and believes that the Property could support the development of the Property into as many as sixty-eight (68) residential lots for sale to the public either by itself or in conjunction with others. Any future development of the Property by the Company would likely require significant additional investment or borrowings by the Company. Any decision to develop the Property either by the Company or in conjunction with others would require a vote of the Majority.

What is a Conservation Easement?

A conservation easement is a perpetual, bilateral contract between a land owner and a non-profit conservation organization (often called a "land trust" or "conservancy") or governmental agency regarding a distinct tract of real property in which the land owner agrees to restrict the development activity on the property as well as other activity on the property that might interfere with its scenic, environmental or other value as open space (including agricultural value where applicable). The restrictions of a conservation easement are enforceable by the conservation organization or governmental agency perpetually, are recorded in the deed records of the county court house and are considered to "run with the land." A conservation easement also gives the conservation organization or governmental agency a right of access for inspection and enforcement purposes. If the conservation easement complies with the requirements of Section 170(h) Code and Treasury Regulations, including the requirement that the restrictions accomplish one or more several specific "conservation purposes," the owner who donated the conservation easement will receive a federal income tax deduction. See "The Conservation Easement" at page 34.

Operating Agreement

Each Investor should read the Operating Agreement of the Company attached hereto as Exhibit B. The management of the Company is to be conducted by a person appointed or elected as "Manager" in accordance with the Operating Agreement. Edmond is the current Manager of the Company. The Manager exercises all management authority and responsibility for the Company and the operation of the Business. The Manager can only be removed for "Cause" as such term is defined in the Operating Agreement.

The Manager is granted broad authority in the Operating Agreement to manage the Company. Certain actions, such as entering into a contract or loan agreement that would commit or obligate the Company to expend more than $50,000.00 of Company funds, selling substantially all of the assets of the Company, except in compliance with Article XIII of the Operating Agreement, filing bankruptcy for the Company, settling or compromising any claim of the Company in excess of $10,000.00, or confessing a judgment against the Company, require the consent of a Majority of the Members. Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and obtain the consent of a Majority of the Members. If any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager.

Within two years of the adoption of the Operating Agreement, the Manager is required to make a proposal to the Members to pursue either an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, to reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal.

The Operating Agreement provides for the establishment of a special audit reserve upon Closing in the amount of $150,000 to be set aside during the initial four year period following the Closing for payment of any tax audit expenses incurred by the Company in the event that the Company is subject to an audit by the IRS (the "Audit Reserve"). The Escrow Agent will retain, from the proceeds of the Offering, an amount equal to the Audit Reserve in an interest bearing account for the benefit of the Company. In the event that the Company receives notice from the IRS during the four year period following the Closing indicating that one or more of its federal income tax returns are being audited, the Company will instruct the Escrow Agent to release a portion of the Audit Reserve to the Company; provided however, that the Company's Members have certain limited rights to dispute the release of the Audit Reserve. On the forth anniversary of the Closing, any remaining funds held by the Escrow Agent in the Audit Reserve shall be released to the Company for distribution as follows: (i) first, $50,000 shall be distributed to the Investors, pro-rata on the basis of their Unit ownership, (ii) second, $75,000 shall be distributed to the Sellers, pro-rata on the basis of their Redeemed Units as a deferred payment of the Redemption Price, and (iii) third, any

remaining funds in the Audit Reserve fund shall be distributed to the Manager as partial compensation for services rendered.

Cash Distributions

Any cash available for distribution to the Members will be paid on a pro rata basis to each Member in accordance with the Member's respective ownership of Units. Distributions other than with respect to the Audit Reserve, if any, will be made at the discretion of the Manager. (See the Operating Agreement, attached to this Offering Summary as Exhibit B.)

THE OFFERING

Primary Purpose of the Offering

This Offering is being made for the primary purpose of providing funds required to redeem from the Sellers the Redeemed Units at the Redemption Price per Redeemed Unit of $10,580, subject to adjustment for amounts retained as the Deferred Amount. The Sellers and the Company have agreed to report the sale of Units in the Offering and the redemption of the Redeemed Units, for federal tax purposes, as a disguised sale of partnership interests from the Sellers to the Investors because it is intended that the Closing of the Offering and the closing of the redemption shall be simultaneous and interrelated. The remaining $8,294 per Unit raised in the Offering will be used by the Company to pay the expenses of the Offering, pay the consulting and other investigative fees associated with the potential Conservation Easement, fund the Company's operating costs, and establish certain reserves as described in this Offering Summary. (See "SOURCE AND USE OF FUNDS" at page 19).

If the Minimum Offering is reached, but no more, the Sellers would collectively continue to own twenty (20) Units, which would represent 20% of the issued and outstanding Units. If the Maximum Offering is satisfied, the Sellers will own an aggregate of five (5) Units, representing 5% of the issued and outstanding Units.

Determination of Offering Price

The Offering Price of $18,874 for each Unit has been arbitrarily determined by the Manager in his sole discretion and is not a result of arm's length negotiations. The Offering Price is not based upon any direct relationship to asset value, net worth, earnings, cash flow, or any other established or measurable criteria of value. No outside party has established that the Offering Price is fair, or that the Company has used an accurate means to value the Units. The largest factor that the Manager of the Company considered in determining the Offering Price was the Redemption Price desired by the Sellers for their Redeemed Units. We make no representations, whether express or implied, as to the value of the Units offered hereby. No assurances can be given that the Units could be resold for the Offering Price or for any amount.

Terms of Purchase

The Units will be sold only for cash and no deferred payment will be accepted. Payment must be made by wire transfer in the full amount of the Offering Price for the Units being purchased. If you desire to purchase a Unit, then you must purchase four whole Units, unless the Manager, in his sole discretion, waives this restriction. No fractional Units will be sold to any of the Investors unless the Manager, in his sole discretion, waives this restriction.

Offering Period

This Offering commences on the date hereof and terminates on the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering (the "Offering Period").

Escrow of Subscription Funds

This is a Minimum-Maximum Offering, meaning that at least the Minimum Offering must be sold during the Offering Period and up to the Maximum Offering may be sold during the Offering Period. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent during the Offering Period. If subscriptions for less than the Minimum Offering have been received and accepted prior to the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest and without deduction. Upon the closing of the Offering following the sale of at least the Minimum Offering prior to the Termination Date, the Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary; provided however, that the Escrow Agent shall retain $150,000 for the establishment of the Audit Reserve. The Audit Reserve shall be retained in an interest bearing account and released to the Company by the Escrow Agent prior to the fourth anniversary of the Closing only in the event that the Company receives notice from the IRS indicating that one or more of its federal income tax returns are being audited and delivers instructions to the Escrow Agent for release of the Audit Reserve (the "Demand Notice"). Following the delivery of the Demand Notice, the Company's Members have certain limited rights to dispute the release of the Audit Reserve to the Company. On the fourth anniversary of the Closing, the Escrow Agent will release the Audit Reserve to the Company, together with the interest earned on such funds. The Escrow Agent shall have no liability to any potential Investor. (See the Escrow Agreement, attached to this Offering Summary as Exhibit G.)

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How to Invest

For a subscription to be accepted by the Company, the potential Investor must do all of the following prior to the Termination Date of the Offering Period:

1. **COMPLETE AND SIGN** all documents in the Execution Documents Package.

2. **RETURN THE ORIGINAL EXECUTION DOCUMENTS PACKAGE TO YOUR REGISTERED REPRESENTATIVE.**

3. **WIRE** the Subscription Funds payable to "Oakworth Capital Bank FBO Maple Equestrian, LLC" pursuant to the following wiring instructions:

Receiving Bank:	The Independent Bankers Bank
Address:	350 Phelps Drive Irving, TX 75038
ABA Number:	111010170
Beneficiary Bank:	Oakworth Capital Bank
DDA Account #:	1021807
Address:	2100A Southbridge Parkway Ste 445 Birmingham, AL 35209
Beneficiary or Bank to Bank Info:	FFC Maple Equestrian, LLC OCB Wealth Mgmt as Escrow Agent Acct #: 20009833
For Wire Assistance:	Please contact Susan Foster at (205) 263-4715 or Lindsay Ethridge at (205) 263-4714.

The Subscription Fund amount is determined by multiplying the number of Units desired to be purchased by the Offering Price of $18,874 per Unit. The minimum number of Units that may be purchased by an individual investor is three Units (or $56,622), unless the Manager, in his sole discretion, waives this restriction. An Investor is permitted to purchase more than three Units.

Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

For further questions regarding how to invest or to confirm any receipt, please contact your registered representative.

WHO MAY INVEST

Investor Qualifications

THE PURCHASE OF THESE SECURITIES INVOLVES INVESTMENT RISKS. INVESTMENT IN THESE SECURITIES IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR AN IMMEDIATE CASH RETURN OR LIQUIDITY WITH RESPECT TO THEIR INVESTMENT. This is a private placement offering to certain **ACCREDITED INVESTORS ONLY.** Each Subscriber will be required to certify to the Company that he or she meets the foregoing requirements (see the Subscription and Suitability Agreement attached as Exhibit E). No public market for the Units is expected and the sale or transfer of the Units may not be possible.

Each Investor must agree to abide by all applicable provisions of the Articles of Organization, the Operating Agreement, the Company's rules and regulations and any other governing documents of the Company. The Company has further adopted, as a general suitability standard, the requirement that each Investor represent in writing in the Subscription and Suitability Agreement, among other things, that:

(a) the Investor is acquiring the Units for investment only, and not with a view toward the resale or other distribution of the Units;
(b) the Investor can bear the economic risk of losing the Investor's entire investment; and
(c) the Investor has adequate means of providing for the Investor's current needs and personal contingencies and has no need for liquidity of the Investor's investment in the Units.

These suitability standards represent minimum requirements for Investors, and the satisfaction of such standards does not necessarily mean that the Units are a suitable investment for such persons. The Company reserves the right, in its sole discretion, to reject any subscription even though the Investor may otherwise satisfy the above-described criteria.

Potential purchasers of the Units should complete the Subscription Documents. After receipt of the Subscription Documents, the Company will determine, in its sole discretion, whether to accept the subscription. All potential purchasers must meet the minimum suitability requirements set forth above. The Manager has the option, in his sole discretion, after review of a potential purchaser's Subscription Documents, to reject the subscription of a proposed Investor by returning to him his payment for the Units, without interest. Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

Exemptions from Registration

The Units will not be registered for sale under the Securities Act or under the securities laws of any state. The Units will be offered for sale in reliance on an exemption from registration under Federal law pursuant to Rule 506 of Regulation D. The Units are being offered in certain states in reliance on exemptions from registration under the securities laws of such states.

Restriction on Transfer

The transferability of a Unit is severely limited by the Operating Agreement and by federal and state securities laws.

Additionally, the Units offered pursuant to this Offering have not been registered under Federal or state securities laws and, consequently, Units purchased pursuant to this Offering may not be transferred or sold by the purchaser without the approval of the Company and an opinion of counsel satisfactory to the Company that such transfer or sale will not contravene applicable federal and state securities laws. Therefore, all certificates, if any, evidencing the Units purchased by an investor will bear the following language:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON

THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") PROVIDED BY SECTION 4(2) OF THE ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE MEMBERSHIP UNITS IN THE COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE OPERATING AGREEMENT OF THE COMPANY, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF THIS CERTIFICATE, THE HOLDER HEREOF AGREES TO BE BOUND BY THE TERMS OF THE OPERATING AGREEMENT.

RISK FACTORS

An investment in the Units is highly speculative, involves a high degree of risk and is suitable only for Accredited Investors, who understand and have financial resources sufficient to enable them to bear a number of risks, including but not necessarily limited to those described below. In addition to the other information contained in this Offering Summary, you should carefully consider the following risk factors in evaluating an investment in the Units and evaluating the Company and its business plans. If any of the following risks actually occur, the business, financial condition, and operating results of the Company may be materially and adversely affected. Prospective Investors should not consider an investment in the Units unless they are willing and able to sustain a complete loss on their investment. The foregoing Risk Factors reflect many, but perhaps not all, of the risks incident to a purchase of the Units. Each potential Investor must make an independent evaluation of the risks associated with a purchase of the Units.

Investment and Operating Risks

1. *Lack of Operating History.* The Company is a Georgia limited liability company formed on November 22, 2011, to hold real estate for investment. The Company has engaged in no business activities since that time and has no operating history. The Manager currently plans to continue to hold the Property for investment absent the vote of a Majority to take any other action with respect to the Property. If a Majority votes to cause the Company to grant a Conservation Easement on the Property, the Manager does not expect the Company to have any material operations in the foreseeable future other than causing the grant of such Conservation Easement. If a Majority decides that the Property should be developed, the Manager would need to develop a business plan for the Company's use and disposition of the Property, the implementation of which would require significant capital, which the Company does not have. The Company would have to raise additional capital or partner with another party to develop the Property, and such activities would be subject to all of the risks inherent in a business enterprise that is commencing operations. It is impossible to predict whether the Company will be successful, and there can be no assurance that the Company will operate profitably.

2. *Primary Purpose May Not Be to Maximize Profits for Members.* One of the business plans that the Manager will propose to the Members for consideration following the completion of the Offering will be the granting of the Conservation Easement of the Property. Any such decision would be made by a Majority, which may not agree with your desires. Assuming a Majority approves the granting of the Conservation Easement, the principal asset of the Company, the Property, would be encumbered and its future development would be restricted, which would diminish the value of the Property and severely hinder the ability of the Company to maximize profits

with respect to the Property. While the Conservation Easement may create a charitable tax deduction for the Members, the Company would not be in a position to maximize the profits that could be generated and distributions that could be made to the Members. If the Company's goal was to maximize profits and distributions, it could choose to develop the Property or hold it for investment. Because of the possibility of the Company granting the Conservation Easement on the Property, only Investors who are not focused on maximizing the potential cash return from an investment in the Units should consider purchasing the Units.

3. Conservation Easement Deductions. If approved by a Majority, a significant component of the Company's business plan would involve the granting of a Conservation Easement to a qualified organization as defined under Section 170(h)(3) of the Code (a "Qualified Organization") during calendar year 2011. The potential benefits to you arising from any such Conservation Easement will be dependent upon the valuation of such Conservation Easement and the potential application of provisions in the Code and Regulations which lack a substantial body of interpretive case law. There is no assurance that the Company will be able to achieve its business and tax objectives in connection with any Conservation Easement which may be granted to a Qualified Organization.

4. Need for Additional Capital. If a Conservation Easement is not granted and the Manager proposes to develop the Property, the Company will need additional resources in the future to continue to operate. The proceeds of the Offering are estimated to be sufficient to hold the Property for long term investment but would most likely not be sufficient to permit the Company to attempt to develop the Property. Furthermore, the Company may be unable to sell the Property for an amount deemed reasonable to the Manager, or for an amount in excess of the aggregate amount of the Offering, or at all. Accordingly, if a Conservation Easement is not granted on the Property, the Company may need additional capital to permit it to continue to operate. The Company does not have any current commitments for additional financing and the Manager has no current plans to pursue any other opportunities for additional financing. There can be no assurance that additional financing will be available in the future on acceptable terms or at all. If the Company raises additional funds by issuing equity securities, the percentage ownership of the Company's owners will be diluted. Additional securities issued by the Company in the future could have rights, preferences and privileges senior to those of the Units.

5. Determination of Offering Price. The Offering Price of $18,874 per Unit has been determined solely by the Manager based on (1) the Redemption Price the Sellers are willing to accept for the Redeemed Units, (2) the anticipated payment of certain fees and expenses associated with the Offering and the granting of the Conservation Easement, if proposed by the Manager and approved by a Majority, and (3) certain limited anticipated capital needs of the Company in the near future. (See "SOURCE AND USE OF FUNDS" at page 19). Such Offering Price is not an indication of the value of a Unit or the pro rata portion of the Company or the Property, and no assurance is given that any of the Units could be resold for the Offering Price or for any other amount.

6. Redemption Units. You should not construe the willingness of the Sellers to have their Redeemed Units redeemed by the Company for the Redemption Price as an indication that the Offering Price is objectively determined or that your investment decision is shared by persons unaffiliated with the Company, as the Sellers are directly interested in the receipt of funds from the Offering. You should make your investment decision solely based upon your own evaluation of the merits and risk of the investment.

7. Cash Distributions. Assuming a Majority approve the granting of the Conservation Easement on the Property, the Company is unlikely to engage in business operations, and the Company would therefore not expect to realize any profits. If we do in fact encumber the Property with the proposed Conservation Easement, the terms of such easement will materially limit our permitted uses of the Property and our prospects for future income and profits. We do not expect to make any cash distributions to you, and if you require a cash return from the Company on your investment, you are advised against this investment.

8. Illiquidity of Investment. The Units have not been registered under any federal or state securities laws and therefore cannot be resold or otherwise transferred unless they are subsequently registered under such laws, or unless an exemption from such registration is available. We do not intend to register the Units with the Commission, the Alabama Securities Commission, or any other state securities agencies, and you will have no right to require the Company or the Manager to register the Units. There is presently no public or other market for the

Units, and it is highly unlikely that such a market will develop in the future. In addition, certain restrictions on transfer of the Units are contained in the Operating Agreement, and if we encumber the Property with a Conservation Easement, such encumbrance will affect the value of the Property, the Company and the Units in a materially adverse manner. Under the circumstances, you should consider the purchase of Units to be an investment lacking liquidity and involving substantial risk, and that, in the event the Property is ultimately encumbered by a Conservation Easement, you will be unable to recoup any amount of your original investment from the sale of a Unit, the Company's disposition of the Property, or the liquidation of the Company.

9. Absence of Securities Registration and Review. The Units have not been nor will they be registered under the Securities Act or any applicable state securities laws, and no federal, state or other agency has reviewed the terms of this Offering, recommended or endorsed the purchase of the Units or passed upon the adequacy or accuracy of any information disclosed to prospective Investors. Accordingly, prospective Investors must assess the fairness of the terms of this Offering on their own, or with aid of their advisors or representatives, and without the benefit of any prior review by any regulatory agency.

10. Manager's Involvement in Other Business Activities. The Manager will not devote his full time to the business and affairs of the Company, and is involved in other business activities, including activities which may be competitive with the Company. The Manager is currently the manager of other limited liability companies that also own real estate in the vicinity of the Property. Certain of such other real estate is also held for investment while other real estate is held for development. Under the circumstances, the interests of the Manager may conflict with the interests of the Company in various ways. The Manager can only be removed for "Cause." The Investors will have to rely upon the Manager for almost all decisions relating to the operation of the Company.

11. Limitations on Manager's Liability. The Operating Agreement contains certain limitations of liability for the benefit of the Manager which are intended to have the effect of reducing the liability and obligations of the Manager to the Company. The Operating Agreement also contains a provision for binding arbitration in the event of a dispute, controversy or claim asserted by a Member arising out of or relating to the Operating Agreement or to its alleged breach by the Manager. In addition, the Company is required under the Operating Agreement to indemnify and hold the Manager and his affiliates harmless from and against certain liabilities or damages incurred by them. (See "DESCRIPTION OF THE COMPANY" beginning on page 22). Accordingly, your rights and remedies as a Member of the Company in connection with the actions or omissions of the Manager or its affiliates may be more limited than would otherwise be the case absent such provisions in the Operating Agreement.

12. The Redemption Agreement is Not a Negotiated Agreement. Neither the Redemption Agreement nor the Redemption Amount was arrived at by a process of negotiation. There can be no assurance that the Redemption Amount is an appropriate amount for the redemption of the Redeemed Units. Similarly, there can be no assurance that the covenants, representations and warranties given by the Sellers in the Redemption Agreement are sufficient to protect the Investors from all loss in connection with the redemption of the Redeemed Units ancillary to the Investor's purchase of the Units. Each Investor is advised to read the Redemption Agreement carefully to make his or her own determination as to the sufficiency of the Redemption Agreement for his or her own purposes.

13. Limitation on Operating Expense Obligation. The obligation of the Manager and the Members under the Operating Agreement to bear operating expenses of the Company is limited to the amount of their respective contributions to the Company in the Offering. In the event that the Company incurs financial obligations in excess of such amounts reserved in the Offering, there can be no assurance that the Company will have funds to meet any such excess.

14. Lack of Investor Control. Unless the approval of the Members is expressly required under the Operating Agreement or the Georgia Limited Liability Company Act, the Manager has full and complete authority, power and discretion to manage and control the business and operations of the Company. The rights of the Members to participate in the management and control of the Company are restricted to a limited number of specific circumstances, and the Members have no right or authority to act for or bind the Company. Under the Operating Agreement, certain significant decisions may require the approval of a Majority of the Members,

notwithstanding the fact that one or more prospective Investors may object thereto. Moreover, a Member may be deemed to have approved certain actions following notice from the Manager of the need to act with respect thereto if such notified Member fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice. With regard to any strategic proposal made by the Manager for use of the Property for which notice is provided to the Members (e.g., a proposal to the Members to pursue an investment proposal or a conservation easement proposal with respect to the Property), a Member is required to reject the Manager's recommended proposal within five (5) calendar days after the deemed receipt of such notice or else such proposal would be deemed accepted by such Member. Accordingly, a prospective Investor should purchase Units only if such prospective Investor is willing to entrust all aspects of Company management to the Manager, or to a Majority of the Members which may or may not include such Investor. (See "DESCRIPTION OF THE COMPANY" beginning on page 22).

15. Term of Company. The term of the Company has a maximum duration of five (5) years. In the event that the Members elect to hold the Property for investment or otherwise develop the Property, the Company will have to either conclude its plans prior to the expiration of the term of the Company or else obtain the unanimous consent of the Members to the extension of the Company's term. To the extent that not all of the Members desire to extend the term of the Company, the Company may be forced to dispose of the Property on terms not as favorable to the Company and/or the Members as may otherwise be desired.

16. Authority of Manager to Sell or Dispose of Property. In the event that a Conservation Easement is granted with respect to the Property and has been recorded for at least four (4) years, the Manager has been granted the authority pursuant to Section 13.9 of the Operating Agreement to sell or otherwise dispose of the Property, in the Manager's sole discretion, and such disposition may include, but is not limited to, donating the Property to charity.

17. Investment in Real Estate. An investment in real estate is inherently speculative. Over the course of the life of the Company, the Company will experience certain transactional and carrying costs incident to the ownership of the Property. There is no assurance that the Property will operate with positive cash flow or appreciate sufficiently, if at all. The risks inherent in the ownership of real estate which may cause the Property to operate profitably or either to appreciate or depreciate are, in large part, beyond the control of the Company or the Manager. If the Company has insufficient funds to pay expenses such as property taxes, then the Members would have to contribute additional capital, which would require unanimous consent of the Members pursuant to the Operating Agreement to require the contribution of additional capital, and/or the Company may have to borrow additional funds, or risk foreclosure of the Property resulting in a loss of the Company's investment, an event which would trigger undesirable tax consequences for the Investors. In addition, certain operating expenses of the Property (e.g., real estate taxes, labor costs, and insurance, maintenance and repair expenditures) may increase as a result of inflation or other factors. Thus, the cost of owning the Property may exceed the amount of the Company's available funds and additional funds may have to be borrowed or invested in order to protect the Company's investment.

No representation or warranty is made as to future operations of the Property or as to the amount of profit, loss or cash flow from the operation of the Company business. Although the Manager will endeavor to protect the interests of the Members, a prospective Investor should not view the Manager as a guarantor of the financial success of the Property. The value of the Property is speculative and the offering price is not based in any way upon any appraised value of the Property. Pursuant to the offering, Investors are subscribing to interests in the Company and not the Property. The Purchase Price of the Units being offered herein is not based upon the value of the Property.

18. Uninsured Losses. While the Company may carry liability insurance for the Property, there are certain other types of catastrophic losses that are either uninsurable or not economically insurable. If our liabilities exceed the level of our insurance coverage or arise from the types of losses for which we are not insured, the Company may be unable to fund such liabilities, which could threaten the viability of the Company.

19. Hazardous Waste and Environmental Concerns. Federal and state statutes impose liability on property owners or operators for the cleanup of or removal of hazardous substances found on their property regardless of whether they had any involvement in placing the substance on the property. Additionally, such

statutes allow the government to place liens for such liabilities against affected properties which liens will be senior in priority to other liens. State and federal laws in this area are constantly evolving, and the Company intends to monitor such laws and take commercially reasonable steps to protect itself from the impact thereof. However, there can be no assurance that the Company will be fully protected from the impact of such laws. While there has been no Phase I or other environmental study conducted on the Property, none of the Company, the Manager, or the Sellers are aware of any adverse environmental condition on the Property.

20. Taking of Property by Eminent Domain. It is possible that portions of the Property could be taken by governmental authority. Such a taking would result in a forced sale that could have adverse consequences on your investment. Even though condemning authorities must offer fair market value for property to be condemned, such a taking could materially and adversely affect an investment in the Company if the amount the Company receives as compensation for taking is less than the perceived value of the condemned property.

21. Adverse General Economic Conditions. The value of real property often depends on the general state of the economy, and economic recessions can materially and adversely affect the viability of investments in real estate. Governmental, economic and tax policies may also render an additional element of uncertainty and risk in this as well as other investments.

22. Lack of Independent Legal Counsel. Sirote & Permutt, P.C., is legal counsel for the Company in connection with the Offering and is not acting as counsel for any of the prospective Investors. The use of the same legal counsel may, at times, result in a lack of independent review. Thus, prospective Investors should not rely on such legal counsel to represent and protect their respective interests. Prospective Investors are accordingly urged to consult with their own legal advisors before investing in the Units.

Tax Risks

1. General Considerations. There are significant federal and state income tax risks associated with the purchase and ownership of Units. The tax aspects of owning Units are complex, and are not free from doubt. NEITHER THE MANAGER NOR THE COMPANY IS OFFERING ANY PROSPECTIVE INVESTOR TAX ADVICE. TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN THE UNITS WILL VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE UNITS AND VARIOUS RISK FACTORS ASSOCIATED THEREWITH.

2. No Ruling Requests. Neither the Manager nor the Company has requested nor do they intend to request any ruling or other guidance from the IRS with respect to any federal income tax consequences of an investment in the Units, or in connection with the Company's business and tax objectives.

3. Potential Changes in Law. There can be no assurance that the Code or existing Treasury regulations thereunder (the "Regulations") will not be amended in such a manner as to alter the present form of computing the federal income tax liability of Investors, or to otherwise change in a materially adverse way the potential tax consequences from an investment in the Units.

4. Risks of Conservation Easements. A significant component of one of the Company's contemplated business plans, which if approved by a Majority, involves the encumbrance of the Property with the Conservation Easement to a Qualified Organization in 2011. **You should be aware that Conservation Easements, the appraisal methodologies and techniques used in establishing the value thereof, and the tax law applicable thereto, have come under significant scrutiny and criticism by Treasury officials in recent years, and proposed legislative changes have been identified as a means of increasing the Treasury revenues which, if enacted, would have a material adverse effect on the tax benefits which might otherwise arise from an investment in the Units.** The granting of a Conservation Easement can have a significant federal and state income tax impact on the Members if granted. Nevertheless, this impact can vary substantially from Investor to Investor depending upon the Investor's particular tax circumstances. In addition, there are substantial risks associated with the granting of conservation easements, including but not limited to the valuation of the easement itself. Prospective Investors are advised that the Company is under no contractual obligation to grant a Conservation Easement. A

Conservation Easement can only be granted upon a determination of the Manager and the approval of a Majority. Consequently, there can be no assurances that a Conservation Easement will be granted or that one will not be granted. Moreover, there is no assurance of the potential tax impact on a particular Investor in the event that such an easement is granted.

The Company has obtained a legal opinion from counsel for the Company addressing certain tax issues with respect to the proposed grant of the Conservation Easement, a copy of which legal opinion is attached hereto as Exhibit H. Investors are encouraged to read the opinion, including the limitations described therein, for an explanation and appreciation of issues involved. It is important to note that such opinion has been issued to the Company only and has not been issued to any Investor, and no Investor may rely upon such opinion for any purpose whatsoever without the prior written consent of the opinion giver. It is also important to note that opinion is not a guaranty that the tax treatment will be sustained if challenged. Rather, it only represents counsel's opinion that it is more likely than not (i.e., a greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH AND RELY ONLY UPON THE ADVICE OF THEIR OWN TAX ADVISORS WITH REGARD TO ALL TAX ASPECTS OF INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION.

5. *Charitable Contribution Limits.* Current tax law limits the available charitable contribution deduction for calendar year 2011 relating to conservation easements to 50% of such individual's contribution base or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Company. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2011 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to fifteen (15) years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Company claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years. Current tax law stems from the fact that Congress has recently approved legislation to allow up to 50% of the contribution base to be used for conservation easements granted before January 1, 2012, similar to the rule in 2009. In addition, Congress has approved legislation to provide for a 15 year carryover, instead of the 5 year carryover, for 2011, similar to the rules in 2009 and 2010. This legislation to reinstate the 2009 rules was signed into law by the President on December 17, 2010. Tax law limits for charitable contributions could change further.

6. *Risk of Audit.* An audit of the Company's income tax returns, or your individual returns, may result in an audit of the individual tax returns of some or all of the Investors. The Internal Revenue Service (the "IRS") has established detailed procedures for identifying tax returns for examination based on various parameters and criteria, including parameters and criteria which are not publicly disclosed. One or more of the criteria and parameters established for the IRS for selection of returns to be audited may be present in the Company. In the event of such adjustments, a Member might incur attorney's fees, court costs, and other expenses in connection with contesting a proposed deficiency asserted by the IRS. Adjustment to or audits of a Member's federal income tax return may lead to adjustment to or audits by state tax officials of a Member's state tax return. Recent scrutiny of Conservation Easement transactions, as well as recent and proposed changes to IRS forms and reporting requirements for such transactions, discussed beginning at page 34 of this Offering Summary, may increase the likelihood that the Company's return might be reviewed for possible audit.

Additionally, each Member is required to treat the Company's items on his individual return in a manner consistent with the treatment of such items on the Company's return. In the event any Member treats an item on his individual return inconsistently with the treatment of that item on the Company's return, then the IRS has the authority to assess a deficiency against the individual Member without conducting an administrative proceeding at the Company level, unless the Member files a statement with the IRS identifying the inconsistency. Although administrative proceedings are now conducted at the Company level, every Member is entitled to participate in such proceedings.

The Company is required to designate a Member as the "tax matters partner," and the Manager has been so designated in the Operating Agreement. When a final administrative adjustment is made, the IRS must initially send notice of such adjustment to this tax matters partner. Notice to the other Members of such an adjustment must be mailed by the IRS within sixty days after the mailing of the notice to the tax matters partner.

Moreover, the Property was originally acquired by Sellers currently owning 50% of the Units as far back as 1988 and became owned by all of the current Sellers on April 12, 2002. The Property was subsequently transferred to the Company on November 25, 2011 in exchange for 100% of the issued and outstanding Units in the Company pursuant to Code §721. Certain of the Sellers have previously granted a Conservation Easement on certain other real estate in which they held an interest. For example, Dumpling Mountain, LLC, owned in part by certain of the Sellers and managed by the Manager, granted a conservation easement on all or substantially all of the real estate held by it during 2010. In April 2011, Trout Creek, LLC, owned in part by certain of the Sellers and managed by the Manager, initiated a private offering for the purpose of redeeming a portion of the ownership interest of its members in a manner substantially similar to the Offering. Such offering closed on September 14, 2011. The members of Trout Creek have elected to grant a conservation easement on all or substantially all of the 154 acres of real estate owned by Trout Creek. In October 2011, High Rocks, LLC, owned in part by certain of the Sellers and managed by the Manager, initiated a private offering for the purpose of redeeming a portion of the ownership interest of its members in a manner substantially similar to the Trout Creek offering and this Offering. Such offering closed on November 30, 2011. The members of High Rocks may elect to grant a conservation easement on all or substantially all of the 164 acres of real estate owned by High Rocks. Certain of the Sellers and the Manager are also currently proceeding with as many as six (6) other similar transactions that could lead to the grant of a conservation easement on some portion of other real estate in which they have an interest. The audit of Dumpling Mountain, LLC, Trout Creek, LLC, High Rocks, LLC or any other affiliate of the Company or the Manager could subject the Company to an increased risk of audit as well. See "OTHER SIMILAR PROJECTS UNDERTAKEN BY THE MANAGER" at page 30.

In addition, if the Company is audited, the Company may not possess sufficient resources in order to successfully defend an audit. Although the SOURCE AND USE OF FUNDS section of this Offering Summary describes that money may be set aside for an Audit Reserve, there can be no assurance that such funds will be available or sufficient in order to defend an audit and any litigation resulting therefrom. Moreover, the Operating Agreement does not require additional capital contributions from its Members. The value of the Property after the granting of a Conservation Easement, if approved by a Majority and granted by the Company, may also be insufficient to permit the Company to borrow against such Property. Accordingly, the Company may not have sufficient funds or resources to allow it to provide an adequate defense to any such audit or litigation. In order to protect their interests in any such audit or litigation, each Member or Investor may determine that they need to use their own resources to protect their interests in the case of an audit or litigation.

YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR CONCERNING WHETHER THE POTENTIAL CONTRIBUTION DEDUCTION, THE POTENTIAL TAX SHELTER REGISTRATION WITH RESPECT TO THE COMPANY, OR OTHER FEATURES OF THE COMPANY'S BUSINESS PLAN AND TAX OBJECTIVES MAY INVOLVE AN UNACCEPTABLE RISK OF AUDIT OR MAY OTHERWISE CAUSE AN INVESTMENT IN THE COMPANY TO BE INAPPROPRIATE GIVEN A PARTICULAR PROSPECTIVE INVESTOR'S INDIVIDUAL CIRCUMSTANCES.

7. Potential Limitation of the Charitable Deduction if the Property Does not Constitute Long-Term Capital Gain Property. In general, if a taxpayer makes a charitable contribution of property (including a conservation easement), the amount of the charitable deduction is the fair market value of the contributed property. However, if the property being contributed constitutes property held primarily for sale to customers in the course of a taxpayer's business (i.e., dealer or inventory property) or has a holding period of less than one year, the charitable deduction generally will be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the property. The Company believes that the Property constitutes long-term capital gain property, as the ownership by the Sellers should be tacked to the ownership by the Company such that the Company will be deemed to have continuously owned the Property for more than one year, and has not been associated with any development activities. Although the Manager believes that the Property constitutes long-term capital gain property, there is a risk that the IRS could take a contrary position, even though such a position by the IRS would be inconsistent with

the intent of the Company in acquiring the Property and other relevant evidence relating thereto which the Company believes supports capital gain treatment.

8. Disguised Sale of Units for Tax and Securities Law Purposes. The sale of the Units in this Offering by the Company is intended to qualify as a disguised sale of Units by the current Members pursuant to Section 707 of the Code for the purposes of complying with an applicable exemption from registration under the Securities Act of 1933 provided by Section 4(2) of such Act and the regulations promulgated thereunder. The Manager believes that the tax and securities law treatment of the Offering in this manner is consistent with applicable law for both of these purposes. However, there can be no assurance that the IRS will agree with this tax treatment. To the extent that the IRS challenges such sale as not being a disguised sale under Section 707 of the Code and subsequently prevails in such argument, such challenge could result in the possible reallocation of some or all of the charitable deductions taken by the Company among the Members of the Company, with the result that the Members could owe additional tax and interest and possibly a penalty.

9. Partnership Anti-Abuse Rule and Common Law Tax Doctrines. The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

The recently issued Tax Court case, Historic Boardwalk Hall, LLC v. Commissioner, 136 T.C. No. 1 (2011), demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the transaction and potential transactions described in this Offering Summary (the "Subject Transactions").

In Historic Boardwalk Hall, LLC, a partnership was formed for the purpose of allowing an investor to utilize tax credits generated by a partnership which were attributable to historic rehabilitation development activities undertaken by the partnership. The IRS argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a "true" partner for federal income tax purposes, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's argument in Historic Boardwalk Hall, LLC, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

Although the facts of Historic Boardwalk Hall, LLC are distinguishable from the Subject Transactions, the decision does provide some support that the Subject Transactions do not violate the partnership anti-abuse

regulations. Specifically, although Historic Boardwalk Hall, LLC involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions. For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event a Majority of the Members approve the Company granting the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in Historic Boardwalk Hall, LLC.

10. Codified Economic Substance Doctrine. In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While counsel for the Company does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Units.

Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i), the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe any of the potential transactions that the Manager may propose is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Company's Holding Period" beginning on page 39.)

11. Substantial Valuation Misstatement Penalty. Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. The Company has not obtained (and does not plan to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Company were to seek one. Given the magnitude of the charitable contribution that the Company would likely claim, there is a risk that the IRS could audit the Company's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Company, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Company will not be enacted with an effective date prior to the date of such grants.

Because the Company cannot verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section 6664(c) provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on a qualified appraisal made by a qualified appraiser, and (2) the Company made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Company made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Company and the ability of the Company to avoid the potential application of valuation penalties; accordingly, there can be no assurance that a valuation penalty will not be applied to an investor in connection with any valuation adjustment that may be made by the IRS against the Company.

12. Assessment of Penalty Against Qualified Appraiser. The qualified appraiser selected by the Manager to assist the Company in preparing a qualified appraisal for the Company in the event that a Majority elects to grant the Conservation Easement on the Property following the Closing has received notice from the IRS that it intends to recommend the assessment of a penalty against him pursuant to Section 6695A for substantial valuation misstatement under Section 6662(e) for an appraisal rendered by him on an unrelated project completed in December of 2007 which is currently the subject of audit. Further discussion of the role of the qualified appraiser and the relevant penalty provisions can be found on pages 41-44. The assessment of such a penalty against the appraiser should not, by itself, result in any material adverse effect on the Company or any appraisal prepared on behalf of the Company in the event that a Majority elects to pursue the Conservation Easement following Closing. However, because such a penalty is assessed before an appraiser is afforded the opportunity to finally challenge such penalty assessment, such penalty assessment could have other effects, such as making the IRS more likely to audit the tax returns of the Company and its Members claiming a Conservation Easement deduction, prejudicing the trier of fact as to the accuracy of the qualified appraisal submitted by the Company, or increasing the costs to the Company and/or its Members of any IRS audit defense.

We have been informed by such appraiser that he has engaged legal counsel to advise and assist him in challenging such assessment and that he does intend to challenge such assessment. However, there can be no assurance that he will be successful in such challenge or that the imposition of such assessment will not have a negative impact upon any subsequent audit that may be performed by the IRS on any Conservation Easement that may be granted by the Company. There can also be no assurance that such assessment will not lead to further enforcement action against him, such as suspension or disqualification, both of which could have a material adverse effect on the ability of the Members of the Company to claim a conservation easement deduction as contemplated at the time of the grant of any such Conservation Easement. While we do not believe that the assessment of such penalty will have a material adverse effect on the ability or right of the Company to claim any such conservation easement deduction, there can be no assurance that such belief is correct. It is the Manager's belief that the abilities, qualifications, reputation, and background of such appraiser continues to make him the best person for the job in spite of such assessment, and the Manager intends to continue to engage and, if the Conservation Easement is approved by the Members, rely upon the appraisal prepared by such appraiser.

13. Further Assessments Against Qualified Appraiser. The assessment by the IRS of penalties under § 6695A and § 6701 are typically confidential pursuant to federal law and not subject to disclosure pending the suspension or disqualification of such appraiser. Consequently, the Company and its Members are unlikely to learn of the outcome of the current penalty assessment or any further penalty assessment against this or any other appraiser absent the consent of such appraiser. The appraiser currently engaged by the Company has consented (without being under any obligation to do so) to permit the disclosure of the existence of such current penalty assessment to the Investors in this Supplement. However, such appraiser is under no obligation to update the Company or its Members as to the status of such assessment or to otherwise make any disclosures of any other assessment that may be made in the future, if any. Consequently, in the event of the grant of the Conservation Easement, the Members will have to trust that any penalty assessment that may be imposed upon the Company's chosen appraiser will not result in any material adverse harm to the conservation easement deduction claimed in the event of any subsequent audit thereof by the IRS.

(See "FEDERAL INCOME TAX CONSIDERATIONS" beginning on page 32.)

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SOURCE AND USE OF FUNDS

This is a "Minimum-Maximum Offering." Therefore, we must sell a minimum of 80 of the Offered Units prior to the Termination Date before we can close the Offering and accept any subscriptions from Investors. We estimate that the net proceeds to the Company from the sale of the Minimum Offering will be approximately $ 230,973, after deducting the applicable net Redemption Price of $771,400 and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $507,547. We estimate that the net proceeds to the Company from the sale of the Maximum Offering will be approximately $246,535, after deducting the applicable net Redemption Price of $930,100 and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $616,395. Following the Closing, the remaining portion of the Offering Amount will be used for working capital, to establish reserves to cover the expected operating expenses of the Company for at least one year and to fund the costs of granting the Conservation Easement if approved by a Majority.

The following table illustrates our estimated use of proceeds from this Offering. It is emphasized that such estimated use of proceeds is subject to change based on actual costs and expenses incurred, changes in the plans of the Company for the Property, and other factors.

Proceeds Used For	Minimum Offering [1]		Maximum Offering [2]	
Redemption Price [3]	771,400		930,100	
Estimated Sales Commissions [4]	175,191		208,039	
Project Management / Land Planner [5]	216,000		292,000	
Other Estimated Offering expenses [6]	50,000		50,000	
North American Land Trust [7]	35,000		35,000	
Appraisal [8]	7,500		7,500	
Survey [9]	4,000		4,000	
Real Estate Closing Costs [10]	9,125		9,125	
Accounting [11]	3,000		3,000	
Escrow Agent [12]	2,500		2,500	
2011 Property Taxes [13]	4,231		4,231	
Geologist [14]	1,000		1,000	
Working Capital [15]	230,973		246,535	
TOTAL	**$ 1,509,920**		**$ 1,793,030**	
Reimbursement to the Sellers [16]	14,000		14,000	

1 Assumes the sale of 80 Units in the Minimum Offering for a purchase price of $18,874 per Unit for aggregate gross proceeds to the Company from the Offering of $1,509,920.

2 Assumes the sale of 95 Units in the Maximum Offering for a purchase price of $18,874 per Unit for aggregate gross proceeds to the Company from the Offering of $1,793,030.

3 The aggregate net Redemption Price is based upon the applicable number of Redeemed Units, 80 for the Minimum Offering and 95 for the Maximum Offering, multiplied by the per Redeemed Unit Redemption Price of $10,580 per Redeemed Unit, in each case, further reduced by an aggregate of $75,000, as the Deferred Amount, which shall be retained by the Company in the Company's Audit Reserve.

4 The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA and one or more other firms that may execute similar agreements certain compensation to effect offers and sales of the Units on a non-exclusive "best efforts" basis. SFA or such firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the Net Purchase Price of Units placed through such person; (ii) a non-accountable marketing allowance of two percent (2.0%) of the Net Purchase Price

of Units placed through such person; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the Net Purchase Price of Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Units to the Investors. The Net Purchase Price of Units is defined as the aggregate purchase price for such Units reduced by $625 per Unit sold in the Offering which is deemed to be contributed by the Investors to the Audit Reserve, $50,000 of which is due to be returned to them in the event not utilized by the Company to pay any IRS audit expenses. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum Offering amount, unless otherwise indicated. SFA is an affiliate of CRI (defined below), with SFA and CRI each being a wholly-owned subsidiary of SFA Holdings, Inc.

5 The Company has entered into a Consulting Agreement with Conservation Resources, Inc., a Georgia corporation ("CRI"), for the performance of consulting services, pursuant to which CRI is expected to be paid an aggregate of $292,000 for consulting fees and nonaccountable reimbursement for professional fees incurred in connection with the performance of the consulting services. If less than ninety (90) Units are sold in the Offering, the aggregate payments under the Consulting Agreement will be discounted to $216,000. CRI is an affiliate of SFA, with SFA and CRI each being a wholly-owned subsidiary of SFA Holdings, Inc.

6 The Company is expected to pay approximately $50,000 in the aggregate to Sirote & Permutt, P.C., for Offering related expenses, such as the costs of preparing the Redemption Agreement for the purchase of the Redeemed Units, drafting the Operating Agreement, representing the Company in the Offering, issuing a legal tax opinion with respect to the certain issues involving the proposed Conservation Easement, management of certain required filings in connection with the Offering and related fees, and the estimated legal costs of exploring the feasibility of, negotiating the terms of and implementing the Conservation Easement.

7 The total cost to grant the Conservation Easement to North American Land Trust is approximately $35,000, of which $10,000 has already been paid by the Manager and is due to be reimbursed by the Company out of the proceeds from the Offering at the Closing. The total commitment of $35,000 includes all stewardship donation & associated fees that would be expected to be paid to NALT in connection with the imposition of the Conservation Easement and assumes that a Majority elects to pursue a Conservation Easement. If the Majority does not elect to pursue a Conservation Easement, the Company will not be obligated to pay all of the additional approximately $25,000 which will be available for use by the Company as additional working capital.

8 The Company has obtained an initial appraisal from Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers at a cost of $7,500, which includes the work necessary to complete the Conservation Easement, if elected by the Majority.

9 The Company has engaged Vick Surveying, LLC, to perform surveying services on the Property at the total cost of approximately $4,000, for which $2,500 has been paid by the Manager on behalf of the Company and is due to be reimbursed at Closing out of the proceeds of the Offering.

10 The Company has engaged McRae, Stegall, Peek, Harman, Smith & Manning, LLP to perform certain real estate closing related services including preparing various real estate documents, including the title report on the Property as agent for Commonwealth Land Title Insurance Company, for which $1,500 has been paid by the Manager on behalf of the Company and is due to be reimbursed at Closing out of the proceeds of the Offering. In addition, the Company has engaged the firms of Looney, Looney and Chadwell, P.C. and Menden, Freiman & Zitron, LLP, to provide certain additional services related to real estate transactions.

11 The Company has engaged Haynes & Moore, LLC to provide accounting services to the Company.

[12] Oakworth Capital Bank, Birmingham, Alabama is expected to be paid a total of approximately $2,500 for serving as the Escrow Agent for the Company in connection with the Offering and the administration of the Audit Reserve Escrow.

[13] The Property has yet to be apportioned for tax purposes following the transfer to the Company. The Property is currently comprised of four parcels for tax purposes consisting of 150.1 additional acres owned by affiliates of the Company as well as the 409.9 acres owned by the Company. The ad valorem taxes for the period between October 1, 2010 and February 28, 2011 for the aggregate amount of all such tax parcels are assessed at approximately $4,231. The Manager believes that ad valorem taxes for the Property for future years following apportionment will be approximately $3,100. The Sellers have agreed to reimburse the Company, and to cause any affiliate owned or controlled by them to reimburse the Company, for any property taxes paid by the Company on acreage owned by the Sellers or any such affiliate as a result of such current joint real estate apportionment.

[14] The Company has obtained a letter, dated November 23, 2011, from geologists Robert B. Carr and Thornton L. Neatherly, with the firm of Coal Carr, Inc., opining that given the ownership of the surface rights, the legal restrictions on surface mining and the nature of the property, the probability of extraction or removal of minerals on the Property is not commercially feasible and therefore so remote as to be negligible. Such determination was a requirement for the Company to be able to grant a conservation easement on the Property if desired by a Majority.

[15] Following the payment by the Company of the other expenses stated above, the Company will retain approximately $230,973 based upon the sale of the Minimum Offering and approximately $246,535 based upon the sale of the Maximum Offering, in each case, out of the proceeds of the Offering at the Closing that the Company has budgeted and reserved for use during the term of the Company as follows, assuming that a Majority approves the grant of a Conservation Easement after Closing: (i) $21,154 as a reserve for future property taxes of the Company; (ii) $7,000 as a reserve for future accounting fees; (iii) $1,500 as a reserve for any future real estate closing fees; (iv) $5,000 as a reserve for future liability insurance; (iv) $150,000 as a reserve for future audit expenses; (v) $25,000 as a reserve for potential Company management expenses; and (vi) an additional amount for general working capital expenditures equal to $21,319 in the Minimum Offering and $36,881 in the Maximum Offering.

[16] The Manager has or will have paid approximately $14,000 of the expenses of the Offering that are due to be reimbursed from the Company out of the proceeds of the Offering at the Closing. In particular, the Manager has paid, or will have paid by the Closing: (i) $2,500 to Vick Surveying, LLC for surveying services; (ii) $10,000 to NALT for Conservation Easement investigative work; (iii) $1,500 to McRae, Stegall, Peek, Harman, Smith & Manning, LLP for real estate legal fees. This amount is included for clarity in the above expense amounts but such amount is not included in the Total of all expenses paid as a result of the previous inclusion of such total in other categories of expenses. The Manager may advance for convenience after the date hereof other expenses outlined above for which it would be due to be reimbursed from the Company out of the proceeds of the Offering at the Closing.

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DESCRIPTION OF THE COMPANY

General Overview

The Company is a Manager-managed limited liability company that was organized on November 22, 2011, in the state of Georgia to hold the Property for investment. A copy of the Articles of Organization is attached as Exhibit A to this Offering Summary. A copy of the Operating Agreement of the Company, the Company's governing document, is attached hereto as Exhibit B (the "Operating Agreement"), and divides the equity interests of the Company into Units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company. There are currently 200 Units authorized for issuance by the Company, 100 of which were originally issued to the Sellers shortly after the time of formation of the Company in exchange for the contribution of the Property to the Company by the Sellers. The Sellers own such Units as follows: (i) Edmond, who currently owns 16 2/3% of the issued and outstanding Units in the Company; (ii) Edward, who currently owns 16 2/3% of the issued and outstanding Units in the Company; (iii) Max, who currently owns 16 2/3% of the issued and outstanding Units in the Company; and (iv) Klewein, which currently owns 50% of the issued and outstanding Units in the Company. Edmond currently serves as the Manager of the Company.

The current owners of the Company have entered into the Redemption Agreement attached hereto as Exhibit C pursuant to which they have agreed to the redemption by the Company on a pro rata basis of an aggregate minimum of 80 Units and an aggregate maximum of 95 Units owned by the Sellers, which number of Units to be redeemed will correspond to the number of Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the Redemption Agreement there will be 100 Units issued and outstanding in the Company. The Redemption Price for a Redeemed Unit pursuant to the Redemption Agreement is $10,580, subject to adjustment for a deferred amount to be retained by the Company in the aggregate amount of $75,000 (the "Deferred Amount") to pay any IRS audit related expenses that my be incurred by the Company in the four year period following Closing. The remainder of such Deferred Amount shall be payable to the Sellers upon the expiration of such four year period. The closing of the Redemption Agreement will be completed simultaneously with the Closing and is interrelated to this Offering. Following the Closing if only the Minimum Offering is sold, the Sellers will own an aggregate of 20 Units, representing 20% of the issued and outstanding Units in the Company, with the remaining 80 issued and outstanding Units being owned by the Investors. Following the Closing if the Maximum Offering is sold, the Sellers will own an aggregate of 5 Units, representing 5% of the issued and outstanding Units in the Company, with the remaining 95 issued and outstanding Units being owned by the Investors.

The Company's principal asset is the Property, approximately 409.9 acres of contiguous, unimproved real estate currently owned by it located in DeKalb County, Alabama, as further described on the Survey and property description map attached hereto as Exhibit D. The Company does not have any other material asset or interest in any other property or business interest.

The principal office of the Company is currently 2350 Long Branch Road, Spencer, Tennessee 38585. The telephone number of the Company is currently (423) 881-5900.

Objects and Purposes

The principal object and purpose of the Company is to hold the Property for investment. The Majority may elect to continue to hold the Property for investment or vote to take any other action with respect to the Property, including, without limitation, seeking to preserve the Property in its natural state and promoting the conservation of the Property through a grant of the Conservation Easement to a Qualified Organization or developing the Property. Under the Operating Agreement the Company is authorized to engage in any lawful act or activity which the Manager shall deem appropriate, subject to the restrictions set forth in the Operating Agreement. (See "Summary of the Operating Agreement" beginning on page 23 and the Operating Agreement, attached to this Offering Summary as Exhibit B)).

WHILE THE MANAGER ANTICIPATES THAT THE MAJORITY WILL WANT TO ENCUMBER THE PROPERTY WITH THE CONSERVATION EASEMENT AT SOME POINT IN THE

FUTURE, IT IS IMPORTANT TO NOTE THAT NEITHER THE MEMBERS NOR THE COMPANY ARE UNDER ANY LEGAL OBLIGATION TO SO ENCUMBER THE PROPERTY, AND MAY HOLD THE PROPERTY FOR LONG TERM INVESTMENT, DEVELOP (OR MAKE ARRANGEMENTS FOR) THE DEVELOPMENT OF THE PROPERTY, OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER IN THE EVENT THAT A MAJORITY OF THE MEMBERS DO NOT ELECT TO SO GRANT THE CONSERVATION EASEMENT. (SEE "RISK FACTORS" BEGINNING ON PAGE 8).

Summary of the Operating Agreement

1. Importance of Operating Agreement. The Company is governed by the Georgia Limited Liability Company Act, Georgia Code Section 14-11-100, et seq. (the "LLC Act"), and all amendments to the LLC Act, and by provisions contained in its Operating Agreement (the "Operating Agreement"), a copy of which is attached hereto as Exhibit B, including provisions dealing with capital contributions, management, allocation of profits and losses, distributions, transfers of Units, dissolution and other matters. Each Investor will be required to execute the Subscription and Suitability Agreement in the form attached hereto as Exhibit E as a condition of investment, which Subscription and Suitability Agreement contains the agreement of the Investor to be bound by the terms and conditions of the Operating Agreement as a Member of the Company. The following is a summary of certain provisions of the Operating Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Operating Agreement and is qualified in its entirety by express reference to the Operating Agreement included in the Exhibits to this Offering Summary. You should carefully review the entire Operating Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

2. Member's Units. The owners of the Company are called Members. The equity interests in the Company are divided into and represented by Units. All Units are of one class and, except as otherwise provided in the Operating Agreement, have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Company will be determined by the number of Units owned by such Member divided by the total number of issued and outstanding Units (the Member's "Ownership Interest"). There are a total of 200 Units authorized for issuance to Members but only 100 are expected to be outstanding, 80 of which will be allocated to the Investors in proportion to their participation in the Offering based upon the sale of the Minimum Offering and 95 of which will be allocated to the Investors in proportion to their participation in the Offering based upon the sale of the Maximum Offering. The Redeemed Units currently held by the Sellers would thus be redeemed and cancelled and no longer issued and outstanding such that only twenty of the current Units outstanding would remain unredeemed in addition to the 80 Units issued in the Minimum Offering and only five of the current Units outstanding would remain unredeemed in addition to the 95 Units issued in the Maximum Offering. Upon completion of the Offering and redemption of the Redeemed Units, there will still only be 100 Units issued and outstanding in the Offering, but an aggregate of twenty of such Units, or 20%, would be held by the Sellers in the Minimum Offering and an aggregate of five of such Units, or 5%, would be held by the Sellers in the Maximum Offering.

3. Term. The term of the Company is five (5) years. Upon the expiration of the term of the Company, the Company shall be dissolved in accordance with the terms of the Operating Agreement unless all of the Members elect to continue the existence of the Company.

4. Management. The Operating Agreement provides for centralized management, in the form of one or more Managers. As of the date hereof, there is currently one Manager, Edmond. Unless the approval of the Members is expressly required by the Operating Agreement or the LLC Act, the Manager has full and complete authority, power and discretion to manage and control the business operations of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Company's business operations. The Manager can only be removed for "Cause" as such term is defined in the Operating Agreement.

5. Member Participation in Management. The right of the Members to participate in the management and control of the Company's business operations is limited to a very small number of significant circumstances in which the ability of the Manager to take certain actions without the consent of a Majority is restricted, such as:

(i) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(ii) The sale of substantially all of the assets of the Company, except in compliance with Article XIII of the Operating Agreement;

(iii) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(iv) Make any loans of Company funds;

(v) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section § 14-11-901 of the Georgia Act;

(vi) Take any action which would be likely to have an adverse effect on the Property or any other property of the Company;

(vii) Sell, assign, convey, exchange, dispose, grant or otherwise transfer the Property or any other property of the Company, except in compliance with Article XIII of the Operating Agreement;

(viii) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII of the Operating Agreement;

(ix) Cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.01 of the Operating Agreement;

(x) Take any action in derogation of the decision of the Members under Article XIII of the Operating Agreement; or

(xi) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. A Member has no right or authority to act as an agent for or to bind the Company, unless that Member is also a Manager. Accordingly, a prospective Investor should purchase Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Company.

6. *Investment or Conservation Proposal.* The Manager is required to make a proposal to the Members to pursue an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal, and shall pursue the other proposal.

7. *Manager's Fees and Obligations.* The Manager is not entitled to any management fee generally. However, upon any winding up, liquidation or distribution of assets of the Company, the Manager is entitled to receive any funds remaining in the operating reserve of the Company, if any, as a "guaranteed payment" for services rendered as the manager. Such operating reserve is expected to contain a maximum of $61,881, consisting of $25,000 reserved for management expenses and $36,881 in unallocated general working capital, if the Maximum Offering is reached and no funds are required to be spent out of such reserves. The Manager is also entitled to be

paid approximately $25,000 out of the Audit Reserve together with interest earned on the Audit Reserve; to the extent such amount remains following the release of the Audit Reserve from escrow and the payment to the Investors of $50,000 and the payment to the Sellers of $75,000. The Manager is also entitled to be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties as manager, which would reduce the operating reserve.

8. Special Reserves for Audit Expenses. Following the Closing of the Offering, the Company will retain $150,000 as a reserve against any potential IRS audit expenses incurred as a result of the Company's operations or the grant of the Conservation Easement, as applicable. The Audit Reserve shall be retained by the Escrow Agent from the proceeds of the Offering and distributed in accordance with the provisions of the Escrow Agreement. The Operating Agreement provides that certain amounts from the Audit Reserve, if unused upon distribution to the Company by the Escrow Agent, will be distributed to the Company's Members as follows:

(i) First: $50,000 shall be distributed ratably to the Investors in proportion to the number of Units held by such Investors at the time of such distribution;

(ii) Second: $75,000 shall be distributed ratably to the Sellers in proportion to the number of their Redeemed Units; and

(ii) Third: any remaining funds in the Company's Audit Reserve shall be distributed to the Manager as additional compensation for services rendered.

9. Additional Capital Contributions. No Member will be obligated to make any Capital Contributions to the Company other than as initially made in this Offering.

10. Allocation Among Members. Any profits and losses of the Company will be allocated among the Members based upon their relative Unit ownership. Any Contribution Deduction will be allocated to the Members in accordance with their relative Unit ownership, as separately stated items under Section 702 of the Internal Revenue Code. The Manager may make distributions in the amounts and at the times he determines. After repayment of any loans advanced by the Manager, any net cash flow (minus a reserve) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative Unit ownership. Because the Company will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members regardless of whether any distributions are made.

11. Admission of Additional Members. The consent of a Majority of the Members is required to admit an additional Member into the Company.

12. Permitted Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a Unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly-owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said Membership Units, said the assignee of such Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of the Operating Agreement.

13. Transfer of Units. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's Units without the consent of a Majority of the Members.

14. Withdrawal from Company. A Member may not voluntarily withdraw from the Company without the consent of the Manager or without the occurrence of certain specified events such as death of an individual Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

15. *Books and Records.* The Manager is required to keep the books and records of account of the Company, which books and records shall be available for inspection by the Members.

16. *Dissolution.* The Company is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the Members to dissolve the Company; (ii) there is an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Company; (iv) the disposition of all of the Property; or (v) the expiration of the term of the Company. Upon dissolution of the Company in accordance with the Operating Agreement, or by law, the Managers shall undertake to liquidate the Company's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, shall be distributed to the members as provided in the Operating Agreement.

17. *Waiver of Trial by Jury.* All Members will have waived their right to a trial by jury with respect to any disputes under the Operating Agreement.

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DESCRIPTION OF THE PROPERTY

General Description

The Company's principal asset is approximately 409.9 acres of contiguous, unimproved real estate currently owned by it located in DeKalb County, Alabama, as further identified on the survey and property description map attached hereto as Exhibit D. The Company obtained the Property by Warranty Deed from the Sellers on November 25, 2011 (the "Warranty Deed"). The Property is currently encumbered by the Mortgage, which will be fully satisfied at the Closing by the Sellers out of the aggregate Redemption Amount payable to them. The Manager obtained a copy of a recent Title Commitment with respect to the Property that was prepared by Scruggs, Dodd & Dodd Attorneys, P.A., as authorized agent for Mississippi Valley Title Insurance Company and Old Republic National Title Insurance Company (the "Title Report"). A copy of the Warranty Deed and Title Report are available from the Manager upon request.

The Property consists of approximately 409.9 acres of forest/woodlands, river corridor, and open fields within the northern portion of Dekalb County Alabama. The Property is bounded by Old State Road to the west and the Alabama/Georgia state line to the east. Outstanding conservation features include high quality riparian corridors, one rare plant species, one rare woodland natural community, and one vernal pool habitat.

The Property is near the West Fork Little River, which contains intact riparian corridors on either side. A report on the Property commissioned by NALT states that the Property provides a unique opportunity to help preserve water quality within the headwaters of the biodiverse Coosa Watershed. One of the more common forest types appears to be Dry-Mesic Southern Appalachian White Oak-Hickory Forest. This forest is known from both the Southern Appalachians and the Cumberland Plateau. White oak dominates the canopy, with black oak (Quercus velutina) commonly occurring as well. Several hickory species are common in the canopy and subcanopy, including pignut hickory (Carya glabra) and sand hickory (Carya pallida). Virginia pine (Pinus virginia) is also a common subcanopy component. Important subcanopy/tall shrub species include red maple (Acer rubrum) and sourwood (Oxydendrum arboreum). Shrub layer species include black gum (Nyssa sylvatica), sassafras (Sassafras albidum), and farkleberry (Vacciniun arboreum). Herb layer components include creeping lespedeza (Lespedeza repens) and blue ridge blueberry (Vaccinium pallidum).

The report further states that another rare forest/woodland type was observed within the southern extent of the Property that is best described at this time as Red Knobs Sandstone Post Oak-Virginia Pine Woodland. The report goes on to state as follows:

> This sandstone community was originally described from southwest Virginia, but its concept has recently expanded to include similar vegetation on Lookout Mountain in order to accommodate sandstone woodlands recently documented at Camp Adahi by Tom Govus (T. Govus pers. com.). Georgia and Alabama examples of this community tend to possess a community structure indicative of more acidic soils than more calcareous sandstone examples in Tennessee. It has a G2 rarity ranking, meaning it is considered globally imperiled throughout its range. Maple Equestrian examples include white oak (Quercus alba) and Virginia pine (Pinus virginiana), with lesser amounts of chestnut oak (Quercus prinus), post oak (Quercus stellata), and black oak (Quercus velutina). The structure of the forest is open and glade-like, with abundant grassy cover. Blackseed speargrass (Piptochaetium avenaceum) is the most noticeable graminoid dominant within the understory. The whole of the forest is stunted, most likely as a result of the shallow soil profile.
>
> One rare plant was discovered during preliminary reconnaissance: Cumberland rose gentian (Sabatia capitata). This globally imperiled (G2) species is restricted to a small area in NW Georgia, SE Alabama and SE Tennessee. It is also considered imperiled within the state of Alabama and tracked by the Alabama Natural Heritage Program. Five individuals were seen along the edge of a

secondary road. The population is probably larger than observed since only a few individuals were in flower at the time; this species' usual peak blooming period occurs later in the summer. Necessary precautions will need to be taken to avoid trampling this population either from vehicles or horse traffic. Possible solutions include rerouting a portion of the existing road through the surrounding low quality early successional Virginia pine forest. Maple Equestrian also contains suitable habitat for at least one additional rare plant species, Indian olive (Nestronia umbellula). The Red Knobs Sandstone Post Oak-Virginia Pine Woodland described above provides potential habitat for this species. Dekalb County records exist for Indian olive. I also observed this plant in identical habitat across the Alabama/Georgia border approximately 1.2 miles east of the proposed CA boundary while performing field surveys within the general area.

One vernal pool habitat was noted along the western boundary within the land island formed between two roads that split and then rejoin to the south. This area could potentially represent a poorly developed sag pond that naturally lacks characteristic tree species such as swamp black gum (Nyssa biflora) and red maple (Acer rubrum var. trilobum). Another possibility is that characteristic wetland tree species were removed during previous logging activity. Standing water was noted in November; this water was surrounded by mucky soils supporting Sphagnum mosses and Carex glaucescens. Surrounding forest canopy elements include white oak (Quercus alba) and red maple; one large willow oak (Quercus phellos) was noted. This area is probably best categorized as a vernal pool at this time; growing season surveys will attempt to assign a more precise ecological association name if one is available. Small, fishless wetlands with standing water such as this example provide excellent habitat for a number of amphibian species.

According to the DeKalb County Planning and Zoning Commission, there are no zoning regulations for the Property. There are no private deed restrictions affecting the Property, and the Property is not hampered by historic district guidelines. The Manager believes that the Property could successfully support the construction of at least sixty-eight (68) separate home sites.

Mineral rights were severed from the Property and, as of the date of the Offering, are not owned by the Company. However, the Company has obtained a letter, dated November 23, 2011, from geologists Robert B. Carr and Thornton L. Neatherly, with the firm of Coal Carr, Inc., opining that given the ownership of the surface rights, the legal restrictions on surface mining and the nature of the property, the probability of extraction or removal of minerals on the Property is not commercially feasible and, therefore, so remote as to be negligible.

No hazardous materials or environmental problems are known to exist on or about the Property. The Company has not commissioned or obtained any environmental site assessment or other third party report with respect to such matters.

The Property has yet to be apportioned for tax purposes following the transfer to the Company. The Property is currently comprised of four parcels for tax purposes consisting of 150.1 additional acres owned by affiliates of the Company as well as the 409.9 acres owned by the Company. The ad valorem taxes for the period between October 1, 2010 and February 28, 2011 for the aggregate amount of such tax parcels are assessed at approximately $4,231. The Manager believes that ad valorem taxes for the Property for future years following apportionment will be approximately $3,100. The Sellers have agreed to reimburse the Company, and to cause any affiliate owned or controlled by them to reimburse the Company, for any property taxes paid by the Company on acreage owned by the Sellers or any such affiliate as a result of such current joint real estate apportionment.

Potential Uses of the Property

The Company has investigated several possibilities for the Property, including all of the following, the selection of which, if any other than continuing to hold the Property for investment, would require the vote of a majority in interest of the holders of the Units following the Closing (the "Majority"):

(1) Continuing to Hold the Property For Investment. The Company could continue to hold the Property for investment purposes. If a majority of the Members of the Company following the Closing do not vote to cause the Company to grant a Conservation Easement on the Property, pursue the future development of the Property, or take some other significant action with respect to the Property requiring the vote of the Members, the Company would continue to hold the Property for investment

Residential development has occurred in proximity to the Property. The Company has investigated the feasibility of the future development of the Property into as many as sixty-eight (68) residential lots for sale to the public either by itself or in conjunction with others. The Property is located in DeKalb County, Alabama, with a significant portion of the surrounding real property perpetually preserved in its natural state pursuant to conservation easements that have previously been granted with respect thereto by others. The Manager believes that the proximity of the Property to other residential developments and preserved natural habitats could support the development and sale of the Property in this fashion. However, the development of the Property in this fashion would likely require the Company to incur significant indebtedness that would likely need to be guaranteed by some or all of the members or the members to make significant additional capital contributions to the Company. The Company will not pursue the future development of the Property without the approval of a majority of the Members of the Company following the Closing. No Member is required to guarantee any indebtedness of the Company or otherwise make any additional capital contributions to the Company.

(2) Granting a Conservation Easement on a Portion of the Property. The Company has investigated the feasibility of granting a conservation easement (the "Conservation Easement") on the Property to achieve certain business and tax objectives. While the Company is under no legal obligation to pursue the Conservation Easement, the Company has preliminarily negotiated with North American Land Trust ("NALT"), a Qualified Organization, to accept the Conservation Easement in accordance with applicable law to permit the Company to receive a charitable contribution deduction pursuant to Section 170(h) of the Code as described in this Offering Summary.

Based upon the preliminary appraisal received by the Company, the Manager expects that the grant of the Conservation Easement would generate a charitable contribution easement deduction in the approximate amount of Seven Million Seven Hundred Fifty-Five Thousand Eight Hundred Forty-Eight and 00/100 Dollars ($7,755,848), which would inure to the Members based upon their relative ownership percentage in the Company. However, there can be no assurance that this or any amount will ultimately be available to the Members as a charitable contribution easement deduction. (See "RISK FACTORS" beginning on page 8 and "THE PROPOSED CONSERVATION EASEMENT" beginning on page 34).

Under the Operating Agreement, a vote of the Majority of the Members is required to cause the Company to grant any conservation easement on the Property.

Conservation Purposes

Preliminary studies have been undertaken by NALT to indicate that the Property will satisfy one or more of the "conservation purposes" defined under Treasury Regulations Section 1.170A-14(d). A copy of such baseline study is available for inspection from the Manager upon request. Among other things, the Property is highly visible from Old State Road, providing a natural and scenic view of oak-pine forests to the general public. NALT has informed the Company that the Property: (i) provides habitat for, and is occupied by, game wildlife species such as White-tail Deer and Wild Turkey, which are regulated by the Alabama Department of Wildlife and Natural Resources; (ii) fulfills the goals and objectives of the Alabama Forest Legacy Program, administered by the Alabama Forestry Commission, through prevention of forest conversion to other land uses and preservation of wildlife habitats; (iii) contains at least one ecological system as recognized by the International Vegetation

Classification System: Alleghany-Cumberland Dry Oak Forest; (iv) contains one globally imperiled ecological association as recognized by the International Vegetation Association: Red Knobs Sandstone Post Oak-Virginia Pine Woodland; (v) contains at least one additional ecological association as recognized by the International Vegetation Classification System: Dry-Mesic Southern Appalachian White Oak-Hickory Forest; (vi) contains suitable habitat for at least one globally imperiled vascular plant species tracked by the Alabama Natural Heritage Program and documented during field surveys: Cumberland rose gentian (*Sabatia capitata*); (vii) contains suitable habitat for at least one rare vascular plant species tracked by the Alabama Natural Heritage Program and previously documented from Dekalb County: Indian Olive (*Nestronia umbellula*); (viii) contains at least one ecological system as recognized by the International Vegetation Classification System: Alleghany-Cumberland Dry Oak Forest; (ix) protects significant riparian corridors and associated habitats along the West Fork Little River; and (x) contains at least one vernal pool, providing suitable habitat for obligate amphibians.

Title Encumbrances

The Company is in possession of a title commitment dated as of November 9, 2011, with respect to the Property that was prepared by Scruggs, Dodd & Dodd Attorneys, P.A., as authorized agent for Mississippi Valley Title Insurance Company and Old Republic National Title Insurance Company (the "Title Report"), which discloses that the Property is subject to the Mortgage to River City Bank, which River City Bank has represented to the Company would be released and satisfied in full by the payment at Closing of approximately $474,285. Such Mortgage shall be paid off and fully satisfied at Closing by the payment by the Company of such amount out of the aggregate Redemption Price payable to the Sellers. The title review of the Property further discloses that the Property is subject to certain other recorded instruments that should not materially affect or impair the value of the Property or its potential development.

The Appraisal

The Company has reviewed a copy of a preliminary summary appraisal report for the Property prepared by Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers, estimating the "as is" market value of the Property as of November 2, 2011, at $8,257,748, which appraisal is preliminary and stated as being subject to all of the assumptions, limitations, qualifications and other terms and provisions set forth therein. A copy of such appraisal report is available from the Manager upon request. The Manager has not reviewed or commissioned any other appraisal of the Property and does not intend to do so prior to Closing. Such appraisal would have to be updated prior to any grant of a Conservation Easement, which the Manager would expect to occur within 60 days of any such grant.

The Manager has reviewed such summary appraisal in connection with the Company's investigation of the feasibility of pursuing a Conservation Easement on the Property. HOWEVER, NEITHER THE COMPANY NOR THE COMPANY'S COUNSEL EXPRESS ANY OPINION WHATSOEVER CONCERNING THE VALUE OF THE PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, THE VALUE OF THE PROPERTY FOR PURPOSES OF COMPUTING ANY CONTRIBUTION DEDUCTION WHICH MAY BE AVAILABLE TO THE COMPANY IN THE EVENT THAT IT ENCUMBERS THE PROPERTY WITH A CONSERVATION EASEMENT TO A QUALIFIED ORGANIZATION.

MANAGER'S INVOLVEMENT IN OTHER PROJECTS

The Manager is also the manager and partial owner of other entities with history and operations substantially similar to the Company. The activities of these other entities may lead to the grant of a conservation easement on all or a portion of the real estate owned by such entities. For example, the Manager is also the manager and partial owner of Dumpling Mountain, LLC, a Georgia limited liability company ("Dumpling Mountain"), which was owned by Klewein and Edmond prior to the offering of 88% of the outstanding units in Dumpling Mountain to investors in a private offering similar to this Offering. Dumpling Mountain had as its sole asset approximately 272 acres of unimproved real estate located in Van Buren County, Tennessee. On December 7, 2010, Dumpling Mountain initiated a private offering of a minimum of 80 and a maximum of 95 units of ownership interest in Dumpling Mountain for the purpose of redeeming a portion of the ownership interest of the then current members in such entity in a manner substantially similar to the Offering. Such offering closed on December 28, 2010, and the

members of Dumpling Mountain subsequently elected to grant a conservation easement on all of the 272 acres of real estate owned by Dumpling Mountain during calendar year 2010.

The Manager is also the manager and partial owner of Trout Creek, LLC, a Georgia limited liability company ("Trout Creek"), which was also owned in part by Klewein and Edmond. Trout Creek has as its sole asset approximately 154 acres of unimproved real estate located in Van Buren County, Tennessee. In April 2011, Trout Creek initiated a private offering of a minimum of 80 and a maximum of 95 units of ownership interest in Trout Creek for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. Such offering closed on September 14, 2011. The members of Trout Creek have elected to grant a conservation easement during calendar year 2011 on all or substantially all of the 154 acres of real estate owned by Trout Creek.

The Manager is also the manager and partial owner of High Rocks, LLC, a Georgia limited liability company ("High Rocks"), which was owned in part by Klewein and Edmond. High Rocks has as its sole asset approximately 164 acres of unimproved real estate located in Van Buren County, Tennessee. In October 2011, High Rocks initiated a private offering of a minimum of 80 and a maximum of 95 units of ownership interest in High Rocks for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. Such offering closed on November 30, 2011. The members of High Rocks may elect to grant a conservation easement on all or substantially all of the 164 acres of real estate owned by High Rocks.

The Manager is also the manager and partial owner of Highway 30, LLC, a Tennessee limited liability company ("Highway 30"), which is owned by certain affiliates of Klewein. Highway 30 has as its sole asset approximately 65 acres of unimproved real estate located in Van Buren County, Tennessee. On or about the date hereof, Highway 30 intends to initiate a private offering of a portion of its units for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. If such offering is commenced and successfully closed, the members of Highway 30 may elect to grant a conservation easement on all or substantially all of the 65 acres of real estate owned by Highway 30.

The Manager is also the manager and partial owner of Glade Creek, LLC, a Georgia limited liability company ("Glade Creek"), which was owned in part by Klewein and Edmond. Glade Creek has as its sole asset approximately 371 acres of unimproved real estate located in Van Buren County and Bledsoe County Tennessee. On or about the date hereof, Glade Creek intends to initiate a private offering of a portion of its units for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. If such offering is commenced and successfully closed, the members of Glade Creek may elect to grant a conservation easement on all or substantially all of the 371 acres of real estate owned by Glade Creek.

The Manager is also the manager and partial owner of Hickory Equestrian, LLC, a Georgia limited liability company ("Hickory Equestrian"), is also owned by the Sellers. Hickory Equestrian has as its sole asset approximately 305 acres of unimproved real estate located in Dade County, Georgia. On or about the date hereof, Hickory Equestrian intends to initiate a private offering of a portion of its units for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. If such offering is commenced and successfully closed, the members of Hickory Equestrian may elect to grant a conservation easement on all or substantially all of the 305 acres of real estate owned by Hickory Equestrian.

The Manager is also the manager of White Oak Equestrian, LLC, a Georgia limited liability company ("White Oak"), which was formerly owned in part by Klewein. White Oak has as its sole asset approximately 231 acres of unimproved real estate located in Dade County Georgia. On or about the date hereof, White Oak intends to initiate a private offering of a portion of its units for the purpose of redeeming a portion of the ownership interest of its then current members in a manner substantially similar to the Offering. If such offering is commenced and successfully closed, the members of White Oak may elect to grant a conservation easement on all or substantially all of the 231 acres of real estate owned by White Oak.

The Manager is also currently investigating several other transactions similar to the Offering with respect to other real estate that may be initiated in calendar year 2011 and 2012.

FEDERAL INCOME TAX CONSIDERATIONS

You are urged to consult with your personal tax advisor regarding the federal, state and local tax considerations and reporting consequences of the purchase of a Unit.

This section is provided for general information only and is a summary of certain federal income tax considerations of an investment in the Company and is based upon the Code and the Regulations, published rulings and practices of the IRS and court decisions. The tax risks and summary are not intended to be an exhaustive list of the general or specific tax risks and rules relating to ownership of Units. This summary is based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not significantly modify the law regarding the matters described herein. Further amendments to the Code are likely in the future. Prospective Members should recognize that it is possible that the present federal income tax treatment of investments in limited liability companies may be modified by legislative, judicial or administrative action at any time, and such action may be applied retroactively or prospectively or otherwise in a manner which may adversely affect investments and commitments previously made.

In addition to the federal income tax considerations discussed below, ownership of Units may subject a Member to state, local, estate, inheritance or intangibles taxes that may be imposed by various jurisdictions. Except as specifically indicated below, the following discussion does not address the various tax implications of an investment in the Company by any corporations, partnerships, tax-exempt entities, trusts, and other non-individual taxpayers.

THE COMPANY HAS SOUGHT AN OPINION OF COUNSEL ON FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY WHICH IS ATTACHED HERETO AS EXHIBIT H. However, this tax opinion is not a guaranty of any particular tax treatment. Accordingly, you may wish to seek and rely on your own professional tax advisor in evaluating the tax consequences of an investment in the Company.

The Company will make a number of decisions with respect to the tax treatment of particular transactions on the Company's tax return. There can be no assurance that all of the positions taken by the Company will be accepted by the IRS. Such non-acceptance could adversely affect the Members.

YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE COMPANY'S TAX RETURN, AND THAT SUCH AN AUDIT COULD RESULT IN THE LOSS OF SOME OR ALL OF THE TAX BENEFITS ANTICIPATED TO BE DERIVED FROM AN INVESTMENT IN THE COMPANY. MOREOVER, THE POTENTIAL TAX BENEFITS TO YOU ARISING OUT OF ANY CONTRIBUTION DEDUCTION WILL DEPEND UPON YOUR INDIVIDUAL TAX CIRCUMSTANCES, INCLUDING YOUR EFFECTIVE MARGINAL TAX BRACKET AND OTHER CHARITABLE CONTRIBUTIONS MADE BY YOU OR AVAILABLE TO BE CARRIED FORWARD FROM PRIOR YEARS. ACCORDINGLY, YOU SHOULD REVIEW CAREFULLY THE TAX RISKS DESCRIBED IN THIS OFFERING SUMMARY AND YOU ARE URGED TO CONSULT WITH AND RELY UPON YOUR OWN PERSONAL TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES ARISING FROM THE PURCHASE OF THE UNITS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.

General

Taxation as a Partnership

The Members will realize certain tax advantages from owning Units only if the Company is treated as a partnership for federal income tax purposes, and is not treated as an association which is taxable as a corporation. So long as the Company does not affirmatively elect to be taxed as a corporation, the Company will be considered a partnership for federal income tax purposes. As a partnership for federal income tax purposes, the Company will not be subject to any federal income tax, and each Member will be required to take into account his allocable share of the Company's taxable income, gains, losses and deductions in computing his federal income tax liability.

Member's Basis in Units

Your basis in your Unit is determined initially by the adjusted basis of property and the amount of cash you have contributed to the Company. This basis will be increased by (i) additional capital contributions; (ii) your allocable share of the Company's liabilities; and (iii) your distributive share of the Company's taxable income. Your basis in Units is decreased by (a) the amount of cash or the basis of any property distributed to you and (b) your allocable share of the Company's taxable losses and nondeductible expenditures.

The Company does not presently intend to incur significant indebtedness. However, if the Company does incur significant indebtedness later, such indebtedness could have an effect on a Member's basis in his or her Units. Different rules apply depending upon whether such indebtedness will be considered recourse or nonrecourse indebtedness.

Allocation of Company Profits and Losses

Your distributive share of the Company's income, gain, loss and deduction will be determined by the Operating Agreement, unless an allocation is determined not to have "substantial economic effect" or is not in accordance with the "partners' interests in the partnership," both of which are determined under Section 704(b) of the Code and the Regulations thereunder (the "Allocation Regulations"). The Allocation Regulations contain complex provisions which deal with numerous issues that should not be a problem for the Company. All items of income, gain, loss and deduction will be allocated among the Members in accordance with their relative Unit ownership.

Limitations on Losses

Your ability to claim any losses attributable to the Company is subject to various limitations relating to your adjusted basis in the Company, passive activity losses, and at-risk limitation in the Company. If your distributive share of Company losses is greater than your available adjusted basis, the excess loss can't be claimed in that year but must instead be carried forward until you once again have adjusted basis available to offset the loss.

The Company does not expect to generate any significant losses. The Contribution Deduction, discussed below, is a separately stated item, which is passed through to you as a Member and is not considered an expense at the Company level for purposes of calculating the Company's income or loss.

Cash Distributions

Cash distributions by the Company and amounts received upon the complete redemption of a Member's Units will be taxable to Members only to the extent such distributions exceed a Member's adjusted tax basis in his Units. Similarly, in the case of distributions other than pursuant to a complete liquidation of a Member's Units, the Member's adjusted tax basis in his Units will be reduced by the amount of the cash distribution.

Sale or Disposition of Units

Upon a sale of Units, the gain or loss recognized for federal income tax purposes by the selling Member will be, in general, equal to the difference between the adjusted tax basis in such Member's Units and the amount realized by him on such sale. For purposes of computing such gain or loss, the amount realized on the sale includes not only the cash and the value of any other property received but also the selling Member's share (if any) of Company liabilities included in the basis of his Units. If a Member's basis in his Units has been reduced below his share of Company liabilities (by, for example, the allocation of losses), the amount of his taxable gain (and possibly even tax liability) on the disposition may exceed the amount of cash that is received. In addition to the recognition of gain or loss from the disposition, any Company losses of the selling Member that had been suspended pursuant to the limitations on "passive losses" may also be used upon certain dispositions of Units.

There are special rules with respect to a Member's share of the potential "depreciation recapture", "unrealized receivables" or "substantially appreciated inventory items" of the Company, as defined in section 751(c) and (d) of the Code. A Member will realize ordinary income as a result of the deemed disposition of such items. In

the case of the Company, however, so long as the Company does not pursue the Investment Proposal substantially all assets of the Company are expected to consist of real property, which is not depreciable. Accordingly, so long as the Company does not pursue the Investment Proposal depreciation recapture is not likely to occur as a result of the sale or exchange of the Company's assets.

Dissolution or Liquidation of the Company

Upon the dissolution and liquidation of the Company, a Member will recognize gain only to the extent that a liquidating distribution of money exceeds his adjusted tax basis in his Units immediately before the distribution. Section 731(a) of the Code. No gain will be recognized to a recipient Member as a result of a distribution of property other than money (which term includes marketable securities), and the Member's basis for the distributed property will be the same as his basis in his Units, reduced by the amount of any money distributed to him in liquidation. Section 732(b) of the Code. Furthermore, gain will be recognized to a recipient Member only to the extent that any money distributed exceeds the adjusted basis of such Member's interest in the Company immediately before the distribution and loss will be recognized in a liquidating distribution only if such distribution is limited to money, unrealized receivables and substantially appreciated inventory items, and the amount of money plus the Member's basis in the unrealized receivables and substantially appreciated inventory items is less than his adjusted tax basis for his Units. Section 731(a)(2) of the Code. Such gain or loss will be considered gain or loss arising from the sale or exchange of Units. Section 731(a) of the Code.

Tax Shelter Disclosure

Treasury Regulations promulgated under Section 6011 of the Code require every taxpayer (defined to include any corporation, partnership, individual or trust) that has participated in a "reportable transaction" and who is required to file a tax return, to file with its tax return a disclosure on From 8886. A "reportable transaction" is any transaction described in any one of six categories set forth in the Treasury Regulations.

At the present time, we do not believe that any of the transactions contemplated involving the Company constitute reportable transactions under existing Treasury Regulations and administrative rulings. However, we cannot predict with certainty whether any such transaction will constitute a reportable transaction in the future as a result of (i) published guidance designating the same or similar transaction as a listed transaction, (ii) satisfaction of the thresholds for a loss transaction, or (iii) new legislation or differing interpretations of existing law resulting in the classification of any transaction as a reportable transaction. Each prospective Member should consult with his or her own tax advisor regarding the disclosure requirements resulting from an investment in the Company.

Investors are urged to consult with their tax advisors regarding the tax consequences of purchasing Units prior to making an investment

The Conservation Easement

Current Intention

The Manager intends to propose to the Members that they consider encumbering the Property by a Conservation Easement to a Qualified Organization at some point in the future. However, the Manager may determine the Investment Proposal is the best alternative for the Company. Further, the Company is under no legal obligation to encumber the Property with a Conservation Easement and the Members are under no legal obligation to vote to approve the encumbrance of the Property with a Conservation Easement.

Specific Requirements Under Code and Regulations

The charitable contribution deduction allowed under Section 170(h) of the Code represents a particular and specific type of the charitable contributions for which deductions are more generally allowed. In the case of a Conservation Easement, the Company, as the grantor, is permitted to retain and reserve certain rights that are not inconsistent with the conservation purposes which such a Conservation Easement is intended to serve. As such, the federal tax deduction for a qualified conservation easement constitutes a limited exception to the more general rule restricting charitable contributions of partial interests in property. It is important for prospective Members to be

aware that the Company's proposed Conservation Easement with respect to the Property must meet the specific requirements outlined in the Code and Regulations in order for the Company to successfully claim and sustain any Contribution Deduction.

Nature of Restrictions

Any Conservation Easement would impose substantial restrictions granted in perpetuity on the uses which may be made of the Property. Such restrictions would be enforceable under the terms of the Alabama Uniform Conservation Easement Act, Alabama Code § 35-18-1 *et seq.*

The following covenants and restrictions are among the limitations which likely would be applicable to the Property in perpetuity in the event that the Company encumbers it with a Conservation Easement: (1) the Property could not be used for any residence or for any commercial, institutional, or industrial purpose or purposes; (2) the nature of any structures which may be built on the Property would be severely limited; (3) the cutting, removal or destruction of living trees would be restricted but not prohibited; (4) signage, billboards or outdoor advertising structures would be limited; (5) filling, excavation, surface mining, drilling, dumping and material changes in the topography would be precluded; (6) generally no livestock grazing on the Property would be allowed, but some small scale agricultural use would be permitted, and; (7) any other use or activity, not expressly reserved under the Conservation Easement, which would be inconsistent with or materially threaten the conservation purposes would be prohibited. While certain rights would be reserved to the Company under the Conservation Easement which are considered to be consistent with the conservation purposes, the Company, or future owners of the Property, would be required to notify the Qualified Organization as defined below in writing before exercising any such rights, and the Qualified Organization must be satisfied that the proposed use or activity will have no material adverse effect on the conservation purposes or on the significant environmental features of the Property established under the reports, plans, photographs, documentation and exhibits assembled by the Qualified Organization which describe the Property's present significant ecological and scenic features.

Qualified Organization

The likely Qualified Organization under any Conservation Easement with respect to the Property would be NALT, a Pennsylvania non-profit corporation. NALT was established as a public charity for purposes of preserving and conserving natural habitats and environmentally sensitive areas and for other charitable scientific and educational purposes. The Company is aware that NALT has received a determination from the IRS of its status as a publicly supported organization under Code § 501(c)(3) as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. NALT will be required to represent to the Company in any such Conservation Easement, if and when it is executed, delivered and filed, that NALT constitutes a "qualified organization" under Section 170(h)(3) of the Code, which is one of the Company's prerequisites to claim and maintain any Contribution Deduction.

Conservation Purposes

Any qualified conservation contribution must be exclusively for conservation purposes. The recognized conservation purposes are limited to the following: (1) preservation of land areas for outdoor recreation by, or the education of, the general public; (2) protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (3) the preservation of open space for the scenic enjoyment of the general public or pursuant to a clearly delineated federal, state or local governmental conservation policy, yielding a significant public benefit; or (4) the preservation of an historically important land area or a certified historical structure.

The conservation purposes which are expected to be served if a Conservation Easement is granted with respect to the Property would include (1) preservation of the Property's relatively natural habitat of fish, wildlife, or plants, or similar ecosystem, and (2) preservation of the Property as open space (including farmland and forest land) which, if preserved, will advance a clearly delineated governmental conservation policy and will yield a significant public benefit.

Because each tract of land possesses a unique mix of conservation values, the determination of whether a particular contribution satisfies a specific conservation purpose can be subject to some uncertainty. Therefore, it

would be important that the Company attempt to ensure that the Property and any such proposed Conservation Easement will satisfy one or more of the required conservation purposes.

Treatment of Charitable Contributions

Section 170(a)(1) of the Code allows a deduction with respect to a contribution or gift to or for the use of a corporation, trust, community chest, fund or foundation organized and operated exclusively for charitable or educational purposes. For individual taxpayers, charitable deductions are limited under §170(b)(1) to certain percentages of the contribution base (defined to mean adjusted gross income computed without regard to any net operating loss carry back). Such percentages vary depending upon the type of charitable organization to which the gift or contribution is made and the type of property which is the subject of the gift or contribution.

A charitable contribution of property generally entitles a donor to a deduction in an amount equal to the fair market value of the property contributed. If the contributed property is not a capital asset held for more than one year by the donor, then the amount of the deduction is limited to the lesser of the value of the property or the adjusted basis in the property contributed. The Property was held by the Sellers for in excess of one year prior to its contribution to the Company in exchange for the membership interests in the Company pursuant to Code §721. Under Code §723, the basis of the Property in the "hands" of the Company will be the adjusted basis of the Property in the "hands" of the Sellers at the time of their contribution. Since such property to the contributing partner at the time of contribution has the same basis in the hands of the partnership as it had in the hands of the contributing partner, the holding period of such property for the partnership includes the period during which it was held by the partner. See Code §1223(2); Treas. Reg. §1.723-1. Since the Property will have the same basis in the Company's hands as it had in the hands of the Sellers, the Manager believes the Company's holding period with respect to the Property will include the period during which the Property was held by the Sellers. Accordingly, the Manager believes that the Property constitutes a capital asset held for more than one year in the hands of the Company.

Current tax law limits the available charitable contribution deduction for calendar year 2011 relating to conservation easements to 50% of an individual's contribution base or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Company. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2011 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to fifteen (15) years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Company claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years. Such limits were revised in December 17, 2010 to increase the contribution base for 2011 from 30% to 50% and to provide for the current 15 year carryover as opposed to the prior 5 year carryover period. Current tax law limits for charitable contributions could change further.

Under Code §170(f)(3)(A), a donor may take a charitable deduction for a contribution of land only if the donor conveys the entire interest in the land to a qualified organization. However, a deduction is permitted in the case of a contribution of a "partial" interest in very limited circumstances; namely, (i) a remainder interest in a personal residence or farm; (ii) an undivided portion of the taxpayer's entire interest in the property; (iii) a partial interest transferred to certain trusts; and (iv) a qualified conservation easement.

The Contribution Deduction

In the event that the Company does in fact encumber some or all of the Property with a Conservation Easement, the Company will claim a Conservation Deduction on account thereof on its federal tax return for the year in which such Conservation Easement is granted. Under Section 702(a)(4) of the Code, each Member will take into account separately his, her or its distributive share (determined in accordance with their percentage interests) of the Company's Contribution Deduction. The amount of the Contribution Deduction will be determined in accordance with an appraisal that would be obtained by the Company valuing the Property for these purposes.

Substantiation of Value of Conservation Easement

Under Section 1.170A-14(h) of the Regulations, where no substantial record of marketplace sales of comparable easement rights is available, the fair market value of a perpetual conservation restriction (i.e., the allowable amount of the Contribution Deduction) is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction the "Before Value") and the fair market value of the encumbered property after the granting of the restriction (the "After Value"). Under Section 1.170A-14(h)(3)(ii) such "before-and-after" valuation must take into account not only the current use of the property in question, but also an objective assessment of how immediate or remote the likelihood is that such property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation or historic preservation laws that already restrict the property's potential highest and best use.

If the amount claimed or reported as a charitable contribution deduction exceeds $5,000, the deduction must be substantiated through a "qualified appraisal" by a "qualified appraiser" under Section 1.170A-13(c) of the Regulations. Prior to the grant of any such easement, the Company would obtain a supportable qualified appraisal to estimate the difference between the fair market value of the Property before the Conservation Easement would be granted and the fair market value of the Property afterwards. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THAT THE VALUATION OF CONSERVATION EASEMENTS MAY BE CONSIDERED ESPECIALLY PROBLEMATIC AND HIGHLY SPECULATIVE, CONSIDERING THAT IN GENERAL THERE IS NO MARKET OR COMPARABLE SALES DATA TO SUPPORT SUCH VALUATIONS, SO THAT THE VALUATION ANALYSIS IS DEPENDENT UPON ASSUMPTIONS MADE BY THE APPRAISER. Qualified appraisals are not to be construed as a guaranty of value, or as an assurance that the value could be maintained on any audit by the IRS.

The valuation of a qualified conservation easement or other charitable gift of real estate has been contested in at least 42 reported decisions which have come to the attention of the Company's legal counsel. As the following table indicates, the results have been highly variable, ranging from court approval of deductions greater than the taxpayer's deduction as claimed, to a complete disallowance of the contribution as claimed. (The percentage figure shown in column 3 represents the difference between columns 1 and 2, divided by the amount in column 1. The percentage figure shown in column 5 represents the difference between columns 1 and 4, divided by the amount in column 1.)

	(1)	(2)	(3)	(4)	(5)
CASE	**TAXPAYER**	**IRS**	**ASSERTED REDUCTION**	**COURT**	**FINAL REDUCTION**
Bruce v. CIR (2011)	$1,870,000	$0	100.0%	$0	100%
1982 East LLC v. CIR (2011)	$6,570,000	$0	100.0%	$0	100%
Boltar LLC v. CIR (2011)	$3,245,000	$42,400	98%	$42,400	98%
Kaufman v. CIR (2011)	$103,377	$0	100.0%	$0	100%
Schrimsher v. CIR (2011)	705,000	$0	100.0%	$0	100%
Trout Ranch LLC v. CIR (2010)	$2,179,849	$0	100.0%	$560,000	74.3%
Evans v. CIR (2010)	$154,350	$0	100.0%	$0	100%
Lord v. CIR (2010)	$242,500	$0	100.0%	$0	100%
Scheidelman v. CIR (2010)	$115,000	$0	100.0%	$0	100%
Herman v. CIR (2009)	$21,850,000	$0	100.0%	$0	100%
Kiva Dunes v. CIR (2009)	$30,588,235	$0	100.0%	$28,656,004	6.3%
Hughes v. CIR (2009)	3,100,000	$0	100.0%	$1,992,375	35.7%
Simmons v. CIR (2009)	2,095,000	$0	100.0%	$98,500	95.3%
Whitehouse Hotel v. CIR (2008)	$7,445,000	$0	100.0%	$1,792,301	75%
Turner v. CIR (2006)	$342,781	$0	100.0%	$0	100.0%
Glass v. CIR (2005)	$340,800	$0	100.0%	$340,800	-0-
Strasburg v. CIR (2000)	$1,080,000	$275,000	74.5%	$800,000	30.0%
Strasburg v. CIR (2) (2000)	$290,000	$0	100.0%	$290,000	25.9%
Johnston v. CIR (1997)	$960,000	$407,000	57.6%	$1,131,438	N/A
Browning v. CIR (1997	$254,000	$0	100.0%	$209,000	17.7%

Schwab v. CIR (1994)	$900,000	$0	100.0%	$544,000	39.6%
McMurray v. CIR (1993)	$1,417,500	$64,450	95.5%	$64,450	95.5%
Dennis v. U.S. (1992)	$50,610	$7,700	84.8%	$50,610	-0-
Clemens v. CIR (1992)	$910,000	$110,000	87.9%	$703,000	22.7%
McLennan v. U.S. (1991)	$430,600	$70,000	83.7%	$233,260	45.8%
Schapiro v. CIR (1991)	$595,031	$388,000	23.1%	$595,031	N/A
Dorsey v. CIR (1990)	$245,000	$46,000	81.2%	$153,422	37.4%
Higgins v. CIR (1990)	$110,000	$50,150	54.4%	$103,000	6.4%
Griffin v. CIR (1989)	$195,000	$35,000	82.1%	$70,000	64.1%
Nicoladis v. CIR (1988)	$350,000	$86,000	75.4%	$168,700	51.8%
Richmond v. U.S. (1988)	$150,000	$59,000	60.7%	$59,000	60.7%
Losch v. CIR (1988)	$235,000	$70,000	70.2%	$130,000	44.7%
Stotler v. CIR (1987)	$1,065,000	$427,500	59.9%	$1,065,000	-0-
Tidler v. CIR (1987)	$2,267,000	$0	100.0%	$0	100.0%
Akers v. CIR (1986)	$789,000	$114,000	85.6%	$114,000	85.6%
Fannon v. CIR (1986)	$236,752	$0	100.0%	$90,956	61.6%
Garrison v. CIR (1986)	$290,750	$17,000	94.2%	$17,000	94.2%
Stanley Works v. CIR (1986)	$12,000,000	$0	100.0%	$4,970,000	58.6%
Symington v. CIR (1986)	$150,000	$0	100.0%	$92,370	38.4%
Todd v. CIR (1985)	$353,000	$31,000	91.2%	$31,000	91.2%
Great Northern Nekoosa v. U.S. (1983)	$1,000,000	$26,240	97.4%	$26,240	97.4%
Thayer v. CIR (1977)	$146,000	$0	100.0%	$113,000	22.6%

The foregoing table is background information submitted for illustrative purposes only. The resolution of each valuation issue would depend entirely on the characteristics and conditions of the property under consideration in the particular reported case. In addition, the foregoing summary of reported decisions may not be representative of the manner in which any valuation disputes concerning qualified conservation easements may have been resolved through settlement or administrative proceedings.

In the majority of the cases involving the most substantial court-ordered reductions of a taxpayer's claim, the "highest and best use" cited in support of the taxpayer's value was found to be not feasible or viable, was subject to a development moratorium or even prohibited. (See *Tidler, Great Northern Nekoosa, McMurray, Garrison, Todd, Akers and Stanley Works.*) Substantial reductions also have arisen in the valuation of "facade" easements. (See *Griffin, Richmond and Nicoladis*).

Under Section 1.170A-13(c)(3), the qualified appraisal substantiating any Conservation Easement by the Company must be made no earlier than sixty (60) days prior to the date of contribution. Because the Company will not likely seek a qualified appraisal until closer to the date of any contribution, the amount of any final appraisal is not known at the current time. THERE CAN BE NO ASSURANCE THAT THE AMOUNT OF ANY SUCH CONTRIBUTION DEDUCTION WOULD NOT BE REDUCED ON AUDIT BASED ON IRS EXPERT APPRAISAL REPORTS AND TESTIMONY INVOLVING EVEN MORE CONSERVATIVE ASSUMPTIONS.

Enhancement Issues

Under Regulation § 1.170A-14(h)(3)(i) if the Company's grant of a Conservation Easement has the effect of increasing the value of any other property owned by the Company or a related person, the amount of the Contribution Deduction must be reduced by the amount of the increase in the value of the other property, whether or not such property is contiguous. In the event that the Property is contiguous with any real property owned by the Members or Manager, the amount of any Contribution Deduction may be reduced by the amount of the increase in the value of such continuous property. **YOU ARE ENCOURAGED TO CONSULT YOUR OWN TAX ADVISOR WITH REGARD TO SUCH MATTERS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.**

The Company's Holding Period

Under Section 170(e)(1)(A) of the Code, the amount of any charitable contribution of property otherwise taken into account is to be reduced by the amount of any gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution). As a consequence, if the Company were to grant the Conservation Easement before the Company's holding period in the property exceeded one (1) year, any Contribution Deduction would in general be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the Property, notwithstanding the fact that the value established under any final appraisal might substantially exceed such amount.

The Sellers contributed the Property to the Company in exchange for 100% of the membership interests in the Company pursuant to Code §721. Under Code §723, the basis of the Property in the "hands" of the Company will be the adjusted basis of the Property in the "hands" of the Sellers at the time of their contribution. "Since such property to the contributing partner at the time of contribution has the same basis in the hands of the partnership as it had in the hands of the contributing partner, the holding period of such property for the partnership includes the period during which it was held by the partner. See section 1223(2)." Treas. Reg. §1.723-1. Since the Property will have the same basis in the Company's hands as it had in the hands of the Sellers, under Code §1223(2), the Company's holding period with respect to the Property should include the period during which the Property was held by the Sellers (which is greater than one year). Accordingly, the Company should be deemed to have held the Property for in excess of one (1) year.

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Under the proposed and withdrawn Section 1.707 Regulations, Section 708(b)(1)(B) would apply to disguised sales of partnership interests. When a partnership is terminated pursuant to section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction). There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision. This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership, and there is no revaluation of capital accounts. Upon the occurrence of a termination of a partnership pursuant to section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates, and separate partnership returns would be required for the periods before and after termination under section 708(b)(1)(B).

Therefore, the holding period, adjusted basis and character of the assets of the Company (including the Property) should be unaffected as a result of this termination of the Company pursuant to section 708(b)(1)(B) of the Code. Because the Conservation Easement, if approved by the Members, would be granted to NALT after the termination of the Company under section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement would appear on the short-year partnership tax return (Form 1065) for that portion of 2011 following the Closing. See Tax Opinion included at Exhibit H. See Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); see also FSA 200132009.

Charitable Contributions by Partnerships

Under Section 702(a)(4) of the Code, in determining his, her or its income tax liability for a year a qualified contribution easement is granted by the Company, each Member of the Company will take into account separately a distributive share of the Company's charitable contributions, based on the respective Ownership Interests of the Members. Since charitable contributions are excluded from the computation of partnership income or loss under Section 703(a)(2)(C) of the Code, and are taken into account separately by the Members, it is likely that a prospective Member's allocable share of any Contribution Deduction will not be limited to that Member's adjusted basis of his Units. Stated differently, subject to the conservation purpose, valuation, and other issues described in this Offering Summary, a Member's allocable share of any Contribution Deduction would not be limited to the amount of such Member's investment in the Company. See PLR 8405084 (11/3/83).

Ordinary Income Property

Property which is held by the donor primarily for sale to customers in the ordinary course of his trade or business constitutes "ordinary income property." All charitable contributions of "ordinary income property," regardless of the charitable donees identity, are required to be reduced by the amount of ordinary income which would have resulted had the contributed property been sold at its fair market value as determined at the time of contribution. In effect, the charitable contribution deduction for the donation of ordinary income property is limited to the donor's tax basis in such property. The determination of whether property is held by the donor primarily for sale to customers in the ordinary course of his trade or business (i.e., ordinary income property) is based on a number of factors including number, frequency and continuity of sales, duration of ownership, and purpose for acquisition.

Property that has been held by the Company for less than one year can be deemed to be ordinary income property. Furthermore, to the extent that it is determined that the Company's development and other activities with respect to the Property are significant enough to characterize the Company as a "dealer" of subdivided real estate parcels, the Property would be considered ordinary income property. In either such case, the charitable contribution for a Conservation Easement would be limited to the Company's basis in the Conservation Easement with respect to that property. Additionally, any gain or loss realized by the Company on the sale of such property would be treated as ordinary income or loss for federal income tax purposes. Currently, it is not anticipated that the basis limitations applicable to ordinary income property treatment will have a material adverse effect on the amount of any Contribution Deduction. However, to the extent that the Property appreciates in value after it has been purchased by the Company, the Company's basis in the Conservation Easement will be less than the fair market value used to determine the amount of the charitable deduction for the Conservation Easement. In such case, characterization as ordinary income property would have an adverse effect on the amount of the charitable contribution deductions available.

Basis Reduction

Following the contribution of the Conservation Easement, if approved by the Members, the Company's tax basis in the Property must be reduced by that part of the total basis that is allocable to the Conservation Easement. The amount of the basis that is allocable to the Conservation Easement bears the same ratio to the total basis of the Property as the value of the Conservation Easement bears to the fair market value of the Property before the granting of the Conservation Easement. Additionally, the basis of each Member's interest in the Company is decreased (but not below zero) by the Member's allocable share of the Company's basis in the Conservation Easement. It is not anticipated that such basis reductions will have a material adverse effect on a Member's ability to take a charitable contribution deduction for his or her allocable share of any Conservation Easement granted.

IRS Scrutiny and Criticism of Conservation Easements

A "census of progress" released on November 18, 2004 by the Land Trust Alliance ("LTA"), a national association representing land trusts since 1982, reflects a dramatic growth in land trusts and acres protected under private conservation initiatives during recent years. As of December 31, 2003, some 25 million acres were protected through arrangements with national land trusts, and more than 9 million additional acres were protected by local and regional land trusts. The acreage under conservation with local and regional land trusts doubled between 1998 and 2003. According to the LTA census, the number of local and regional land trusts in operation increased from 1,213 in 1998 to 1,526 at the end of 2003, with new land trusts being formed at the rate of two per week.

Growing public awareness of tax benefits associated with qualified conservation easements has also occurred. Some recent published reports have been critical of the practices, structure and technique in certain "abusive" conservation easement transactions. Such transactions represent a small percentage of the overall number of conservation easements which are established each year.

In the spring of 2003, *The Washington Post* ran a series of articles concerning The Nature Conservancy, an Arlington, Virginia-based environmental group having total assets in excess of 3 billion dollars. Partially as a result of those accounts, the Senate Finance Committee held hearings in June 2004 concerning potentially abusive gifts of property and easements. The IRS on June 30, 2004 released Notice 2004-41 indicating the government's awareness

that some taxpayers are "improperly" claiming charitable contribution deductions (as discussed further below), and in an October 22, 2004 address to the American Society of Appraisers, Steven T. Miller, IRS Commissioner, Tax Exempt and Government Entities, described these issues as a "matter of concern" to the IRS. Subsequent articles in real estate and tax publications have also expressed concerns that certain conservation easement practices are susceptible to abuse or questionable.

A May 6, 2003 Washington Post article described "conservation buyer" transactions involving The Nature Conservancy. The Conservancy has reported that such transactions accounted for 186 out of its 12,000 conservation deals since 1990. After the Post series, the Conservancy discontinued this program. In a typical "conservation buyer" transaction, The Nature Conservancy would purchase property identified by a taxpayer, impose limited restrictions on the property under an easement tailored to the individual buyer's desires, sell the restricted property to the taxpayer at a loss, and require that the taxpayer make a "donation" to The Conservancy to reimburse it for the loss. Often such transactions involved trustees, supporters or other insiders with The Conservancy. Tax problems with The Nature Conservancy's "conservation buyer" program were two-fold (i) the claimed "donation" in substance represents part of the purchase price paid by the buyer for the property, and does not constitute a gift of money made with charitable intent and (ii) the restrictions placed against properties by the Conservancy generally fell far short of the standards required to establish a proper conservation purpose under the applicable Regulations. In short, The Nature Conservancy's "conservation buyer" program by-passed both the conservation purpose and valuation requirements applicable to conservation easements.

A Washington Post article published December 21, 2003 reported cases where contribution deductions were claimed for restricted property consisting of leftover flood plains, steep hillsides, other unusable acreage, or portions of a development which were required to be dedicated as open space under applicable township ordinances anyway. This article referred to certain "rogue land trusts" with questionable credentials, and to other land trusts without adequate staff or funding to monitor the properties they are charged with conserving. According to this report, half of the land trusts are run entirely by volunteers, and half have annual budgets of less than $27,000.

Nancy McLaughlin, a law professor at the University of Utah, wrote an article entitled *Conservation Easement Donations* in the September/October 2004 *Probate and Property Journal* published by The Real Property, Probate and Trust Law Section of The American Bar Association. Professor McLaughlin asserts that certain conservation purpose tests are susceptible to abuse. She cites reports of rogue land trusts which are willing to accept conservation easements that do not comply with the spirit of Code § 170(h). Her article criticizes use of the "subdivision development analysis" in appraising conservation easements. She describes this valuation method as highly speculative, subject to manipulation, and to be used instead of the traditional "sales comparison approach" only in relatively rare circumstances.

On June 30, 2004, the Treasury Department and the IRS issued Notice 2004-41 to advise taxpayers that the IRS intends to disallow improper charitable contribution deductions for transfers of certain easements on real property to charitable organizations and for transfers of certain easements in connection with purchases of real property from charitable organizations. The purpose of the Notice is to advise participants in certain transactions that, in appropriate cases, the IRS intends to disallow such deductions and may impose applicable penalties and excise taxes. In addition, the Notice advises promoters and appraisers that the IRS intends to review promotion of transactions involving these improper deductions, and that the promoters and appraisers may be subject to penalties. More specifically, the Notice states that some taxpayers are claiming inappropriate charitable contribution deductions under Code § 170 for cash payments or easement transfers to charitable organizations in connection with the taxpayers' purchases of real property. The Notice indicates that in some of these questionable cases, the charitable organization purchases the property and places a conservation easement on the property. Then, the charitable organization sells the property subject to the easement to a buyer for a price that is substantially less than the price paid by the charitable organization for the property. As part of the sale, the buyer makes a second payment, designated as a "charitable contribution", to the charitable organization. The total of the payments from the buyer to the charitable organization fully reimburses the charitable organization for the cost of the property. In appropriate cases, the IRS indicates that it will treat these transactions in accordance with their substance, rather than their form. Thus, the IRS may treat the total of the buyer's payments to the charitable organization as the purchase price paid by the buyer for the property.

The October 11, 2004 edition of *Tax Notes* magazine included the article "*Proper - and Improper - Deductions for Conservation Easement Donations, Including Developer Donations*" by Steven J. Small, a Boston attorney. Small, as an attorney-advisor in the IRS Office of Chief Counsel, participated in drafting Code § 170(h) and wrote the conservation easement Regulations. His article criticizes appraisals which assume an extensive land development without regard for whether there is sufficient and realistic market demand for the hypothesized product. Small also describes certain "bad" conservation easement transactions, involving "huge and totally unjustified tax deductions," where no significant conservation values are protected under easements allowing "way too much building" or where appraisals are "out of step with reality". Small's article recommends improved IRS enforcement through a proposed new form for disclosure of particular information whenever any conservation easement deduction is claimed.

In December of 2006, the IRS published a revised Form 8283 and new instructions that require additional information from conservation easement donors relating to all noncash charitable donations. All donors of conservation easements are required to complete this form and file it with their tax return for each applicable year in which a charitable deduction in excess of $500 is claimed on noncash contributed property. Form 8283 requires each donor to attach a statement that: (1) identifies the conservation purposes furthered by such donation, (2) shows, if before and after valuation is used, the fair market value of the underlying property before and after the gift; (3) states whether the donor made the donation in order to get a permit or other approval from a local or other governing authority and whether the donation was required by a contract, and (4) if the donor or a related person has any interest in other property nearby, and describes that interest. The Company will be required to complete this form in filing its tax return in the year in which a contribution easement of the Property is made.

Potential Legislative Changes

In recent years, a number of potential legislative changes affecting qualified conservation easements have been proposed or discussed which could materially affect the Company and prospective Members. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THE RISK THAT LEGISLATIVE CHANGES OCCURRING SUBSEQUENT TO THE PURCHASE BUT PRIOR TO THE GRANT OF ANY CONSERVATION EASEMENT COULD HAVE A MATERIAL ADVERSE AFFECT ON THE COMPANY AND PROSPECTIVE MEMBERS.

Partnership Anti-Abuse Rule and Common Law Tax Doctrines.

The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

Codified Economic Substance Doctrine.

In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While the Manager, based upon the Tax Opinion, does not believe

such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Units.

Additionally, under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction that is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Common Law Tax Doctrines or the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe the situation is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Company's Holding Period" beginning on page 39).

Substantial Valuation Misstatement Penalty.

Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. The Company has not obtained (and does not plan to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Company were to seek one. Given the magnitude of the charitable contribution that the Company would likely claim, there is a risk that the IRS could audit the Company's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Company, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Company will not be enacted with an effective date prior to the date of such grants.

Because the Company cannot verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section 6662A provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on qualified appraisal made by a qualified appraiser, and (2) the Company made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Company made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Company and the ability of the Company to avoid the potential application of valuation penalties; accordingly, there can be no assurances that a valuation penalty will not be applied against the Company.

Discussion of the Role of a Qualified Appraiser

Code Section 170(f)(11)(C) requires every donor of a conservation easement to obtain a qualified appraisal for contributions of property for which a deduction of more than $5,000 is claimed. Section 170(f)(11)(E) of the Code defines "qualified appraisal" in part as an appraisal prepared by a qualified appraiser. A qualified appraiser is an appraiser that has received an "appraiser designation from a recognized professional appraiser organization (i.e., a licensed appraiser) and an individual that regularly performs appraisals for compensation. Section 170(f)(11)(E)(ii)(III) of the Code authorizes the Secretary to prescribe other requirements in the regulations that an appraiser must meet to be deemed a "qualified appraiser."

IRS Notice 2006-96, 2006-2 C.B. 902 and Treas. Reg. § 1.170A-13(c)(5) expound on the requirements of a qualified appraiser. The qualified appraiser must include, in an appraisal summary, that the individual holds himself or herself out to the public as a practicing appraiser, that the appraiser's qualifications make the appraiser a "qualified appraiser," that the appraiser is not an "excluded appraiser" (e.g., a party to the transaction giving rise to the claimed deduction or related to such party), and a statement that the appraiser understands that an intentionally false or fraudulent overstatement of value may subject the appraiser to civil penalties under Section 6701 of the Code.

Treasury Regulation § 1.170A-13(c)(3)(ii) requires a qualified appraisal to contain several specific pieces of information, including, among others, (i) the date (or expected date) of contribution to the donee; (ii) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (iii) the date (or dates) on which the property was appraised; (iv) the appraised fair market value (within the meaning of § 1.170A-1(c)(2)), of the property on the date (or expected date) of contribution; (v) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (vi) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed. In addition, the qualified appraisal must be made no earlier than 60 days before the contribution and no later than the due date of the tax return. The qualified appraiser must sign and date the appraisal, and the appraiser must not have received a prohibited appraisal fee, which is a fee based on a percentage of the appraised value of the property. See Treas. Reg. § 1.170A-13(c)(3)(i); Treas. Reg. § 1.170A-13(c)(6)(i).

There are several Tax Court cases where the appraisal was found not to be a qualified appraisal. Such a finding may lead not only to the taxpayer being denied a deduction, but may also lead to the IRS assessing penalties against the appraiser. In *Lord v. Commissioner*, T.C. Memo 2010-196 (2010), the court held that the taxpayer's appraisal was not a qualified appraisal because the appraisal did not include significant information required by the Treasury regulations, including the contribution date, the date the appraisal was performed, and the appraised fair market value of the easement contribution on the contribution date.

In *Scheidelman v. Commissioner*, T.C. Memo 2010-151 (2010), the taxpayers failed to obtain a qualified appraisal for a contributed façade easement. The appraiser purported to use the "before and after" method as sanctioned by the regulations and the courts. However, the appraiser mechanically applied an 11.33% deduction to the "before" value based solely on the IRS's acceptance of similar figures in prior controversies. The appraisal was

found unreliable because it contained an unrecognized methodology in valuing architectural façade easements. Other aspects of the appraisal failed to satisfy certain requirements of Treas. Reg. § 1.170A-13(c)(3)(ii), such as the lack of a description of the contributed property, the lack of the terms of the easement deed, and the lack of a statement that the appraisal was prepared for income tax purposes.

In a very recent Tax Court case, *Boltar, L.L.C. v. Commissioner*, 136 T.C. No. 14 (2011), the taxpayer's expert report (i.e., the taxpayer's appraisal) was ruled inadmissible into evidence. The court found the appraisal to be unreliable because of the "peculiar methodology" used instead of the before and after methodology. The court explained that "there may be cases in which the before and after methodology is neither feasible nor appropriate, [but] petitioner has not provided any persuasive reason for not applying it in this case." *Id.* at 4. As mentioned above, the defective appraisals in *Lord*, *Scheidleman*, and *Boltar*, as well as an alleged overvaluation of the property, may cause the IRS to assess penalties against the appraiser and the taxpayer. The failure of a taxpayer to obtain a qualified appraisal or the failure of a qualified appraisal to be admissible in connection with any audit of a return of a taxpayer associated with the grant of a conservation easement could have a material adverse effect on the grant of any such conservation easement for the reasons specified below.

Discussion of Certain Penalty Provisions Applicable to Qualified Appraisers

The Code contains two notable penalty provisions that are applicable to Qualified Appraisers: the § 6695A penalty and the § 6701 penalty.

A. Section 6695A. Section 6695A is directly applicable to qualified appraisers. The Section 6695A penalty was added by Section 1219 of the Pension Protection Act of 2006, Pub. L. No. 109-280, 120 Stat. 780 (2006) (the "PPA") and applies to all appraisals prepared for returns or submissions filed after August 17, 2006 and imposes a penalty against an appraiser if such appraiser knows or reasonably should have known that the appraisal prepared by him would be used in connection with a return or a claim for refund and the claimed value of the property on such return or claim for refund which is based on such appraisal results in a "substantial valuation misstatement" or a "gross valuation misstatement" with respect to such property. The penalty amount is the lesser of (1) the greater of 10% of the amount of the underpayment or $1,000, or (2) 125% of the gross income received by the appraiser in exchange for preparing the appraisal. I.R.C. § 6695A(b). The penalty does not apply if the appraiser establishes that the value established in the appraisal "was more likely than not the proper value." I.R.C. § 6695A(c). However, the § 6695A penalty does not require that the appraiser have knowledge of any resulting understatement of tax.

A "substantial valuation misstatement" generally occurs if the value of property is 150 percent or more of the amount determined to be the correct amount of such valuation. A "gross valuation misstatement" occurs when the claimed value of the property is 200 percent or more of the correct amount of such valuation. If a taxpayer that has relied on an appraiser's appraisal in connection with filing a return is under examination, the examiner has the responsibility to assert the penalty and will make the determination of whether the I.R.C. § 6695A penalty is warranted. I.R.M. 20.1.12.2 and I.R.M. 20.1.12.6 (08-27-2010). Following an examination by the IRS of the auditor, if the appraiser cannot satisfy the "more likely than not" exception under I.R.C. § 6695A(c), the examiner must propose a § 6695A penalty. I.R.M. 20.1.12.6 (08-27-2010). If the penalty is proposed, the examiner prepares a Form 8278, *Assessment and Abatement of Miscellaneous Civil Penalties*, and Form 886-A, *Explanation of Items*, or its equivalence. *Id.*

Appraisers are also subject to oversight by the Office of Professional Responsibility (OPR), and examiners "should exercise discretion" when referring an appraiser to the OPR. I.R.M. 20.1.12.7 (08-27-2010). Review in the OPR is discussed below. Code Section 6695A penalties have post-assessment (but prepayment) penalty appeal rights. I.R.M. 20.1.12.10 (08-27-2010). First, the appraiser may file a claim for refund or request for abatement utilizing Form 843, *Claim for Refund and Request for Abatement*. *Id.* If the claim or request is denied, and the appraiser has not had post-assessment Appeals consideration, administrative appeals rights will be granted. *Id.* If the penalty has been paid in full, the appraiser may bring a refund suit in either the U.S. Court of Federal Claims or in a district court immediately upon denial of the claim or after the expiration of six months after the date of filing the claim if the IRS has not acted within that time frame. The appraiser's suit must be within two years of the date of denial of the claim. I.R.M. 20.1.12.10.

B. Section 6701. Section 6701 imposes a penalty of $1,000 on any person (1) who aids or assists in, procures, or advises with respect to the preparation or presentation of any portion of a return, affidavit, claim or other document, (2) who knows, or has reason to believe, that such portion will be used in connection with any material matter arising under the internal revenue laws, and (3) who knows that such portion, if so used, would result in an understatement of the tax liability of another person.

In the context of appraisers, the first two requirements are typically satisfied. The appraisal is a "document" prepared by the appraiser, and because the appraiser must fill out the appraisal summary on the Form 8283, *Noncash Charitable Contributions*, filed by the donor, the appraiser knows that the client will use the appraisal in connection with the valuation of a charitable gift, which is a material matter. Therefore, the element of proof is in applying the third requirement, which is that the appraiser knows that such portion (if so used) would result in an understatement of the tax liability of another person.

Like the § 6695A penalty, the § 6701 penalty is normally assessed by revenue agents and office auditors at a IRS area office as a result of an examination of a tax return or document or in connection with a tax shelter registration examination. I.R.S. CCA 200512016 (2005). The appraiser has many avenues to challenge the § 6701 penalty, and I.R.S. CCA 200512016 (2005) elaborates on these avenues. Like the § 6695A penalty, the appraiser has post-assessment Appeals rights. However, unlike the § 6695A penalty, Appeals rights are post-payment rights.

The penalty is subject to the special administrative provisions of § 6703. Under that section, if within 30 days, the appraiser pays 15% of the imposed penalty, the appraiser is entitled to administrative (by filing a claim for refund) and judicial review. A suit for refund must be brought in district court. If the appraiser initiates suit, the IRS is prohibited from collecting the penalties imposed under § 6701 until there has been a final resolution of the § 6703 proceeding. The appraiser can also bring refund actions under § 7422 in district court or the United States Court of Federal Claims. To bring suit, the appraiser must make some payment of the assessed taxes due before the matter may be adjudicated. To successfully challenge the assessed penalty, the appraiser must show that there was a reasonable basis for the valuation.

Discussion of the Consequences to a Qualified Appraiser of Having Penalties Assessed

Appraisers are subject to oversight by the OPR, which administers and enforces the regulations governing practice before the IRS. These governing regulations are found in title 31, Code of Federal Regulations, part 10, and are published in pamphlet form known as "Circular 230." As a result of 1985 amendments, Circular 230 authorizes the OPR Director (by delegation as explained below) to disqualify appraisers who provide supporting valuations for internal revenue matters. As explained in I.R.S. CCA 200512016 (2005), "In 1985, the IRS amended Circular 230 to conform to legislative changes requiring the disqualification of an appraiser who is assessed a penalty under section 6701 of the Code for aiding and abetting the understatement of a tax liability. 50 Fed. Reg. 42014."

Section 10.60(b) of Circular 230 provides that "the Director of the Office of Professional Responsibility may reprimand . . . [or] institute a proceeding for disqualification of the appraiser" if the Director is advised of or becomes aware that a § 6701 penalty has been assessed against the appraiser. Whether or not such a proceeding is instituted, the Director may confer with the appraiser concerning allegations of misconduct. Circular 230, § 10.61. The Director may institute proceedings to suspend the appraiser for a certain period of time. *Id.* at § 10.62. Whether disqualification or suspension is sought, an Administrative Law Judge presides over the proceeding. *Id.* at § 10.72. An allegation of fact that is necessary for a finding of disqualification against an appraiser must be proved by clear and convincing evidence in the record. *Id.* at § 10.76.

If the ALJ decides in favor of the Director and thus suspends or disqualifies the appraiser, the Director of the Office of Professional Responsibility "may give notice of the . . . suspension . . . or disqualification to appropriate officers and employees of the Internal Revenue Service and to interested departments and agencies of the Federal government. The Director of the Office of Professional Responsibility may determine the manner of giving notice to the proper authorities of the State by which the . . . suspended or [disqualified] person was licensed to practice." *Id.* at § 10.80. The appraiser may petition the OPR for reinstatement after the expiration of 5 years following disqualification, and such reinstatement is at the discretion of the Director of OPR. *Id.* at § 10.81.

Given the above procedures and rules governing appraiser suspension and disqualification, the imposition or assessment of a penalty against an appraiser does not by itself affect the appraiser's ability to prepare an appraisal for use in connection with the filing of a tax return. The Director of OPR must file a complaint and thus begin formal administrative proceedings against the appraiser.

Independent of the assertion of penalties, the accusation of appraiser misconduct can lead to disqualification of the appraiser. 31 C.F.R. § 10.50. Specifically, the Secretary of the Treasury, or his delegate, after due notice and opportunity for hearing, may disqualify any appraiser for a violation of these rules as applicable to appraisers. 31 C.F.R. § 10.50(b). Any appraiser thus disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS, unless and until authorized to do so by the Director of the OPR, regardless of whether the evidence or testimony would pertain to an appraisal made prior to or after the effective date of disqualification. *Id.* Appraisals made by a disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Department of the Treasury or the IRS. An appraisal otherwise barred from admission into evidence pursuant to the foregoing may be admitted into evidence solely for the purpose of determining the taxpayer's reliance in good faith on such appraisal. *Id.*

While a qualified appraisal rendered by a qualified appraiser prior to suspension or disqualification should remain a qualified appraisal for purposes of supporting a conservation easement deduction, a subsequent suspension or disqualification could have the effect of reducing the probative value of any such previously rendered appraisal in an audit or challenge. Because a disqualified appraiser cannot present evidence or testimony in any administrative proceeding before the IRS, *regardless of whether the appraisal was performed before or after the effective date of the disqualification*, reliance by a taxpayer upon an appraisal performed by a disqualified appraiser is effectively barred by regulation. While no such statute or regulation bars a disqualified appraiser from presenting evidence or testimony in a proceeding before the Tax Court in an audit challenge, a court could take such disqualification before the IRS into account when the judge is deciding whether to qualify the expert as an expert witness in court. Consequently, the suspension or disqualification of an appraiser by the OPR could have an adverse effect on the ability of such appraiser to testify in court in connection with a taxpayer challenge of an adverse audit by the IRS. Such suspension or disqualification could result in increased audit defense costs by the Company or its Members as a result of having to analyze the effects of such suspension or disqualification upon such defense, having to engage additional appraisal experts to assist in such defense, or otherwise having to alter the Company's audit defense strategy.

The Glass Case

The government's position in a case decided by the Tax Court on May 25, 2005 and later appealed to and decided by the US Court of Appeals for the Sixth Circuit on December 21, 2006, suggests the likelihood that the IRS in future cases may challenge conservation purposes as well as valuation issues. See *Glass v. Commissioner*, 471 F.3d 698 (6th Cir. 2006). In *Glass*, the IRS challenged conservation easements granted in 1990, 1992 and 1993 for two stretches of Lake Michigan shoreline bluff. The easements covered only limited portions of approximately 10 acres of land owned by the taxpayers. The easement areas did not reach the top of the bluff, and covered only 410 of the 460 feet of shoreline.

The IRS asserted in *Glass* that a "significant" habitat was not involved and that the easements were not "exclusively" for conservation purposes. The taxpayers prevailed and sustained their claimed deductions at both the Tax Court level and on appeal based on evidence that the easements would protect and preserve a habitat for bald eagles and for communities of threatened plant species. Because the courts sustained the easements under Section 170(h)(4)(A)(ii), concerning natural habitats, it did not consider arguments concerning whether the easements met the requirements of Section 170(h)(4)(A)(iii), concerning the preservation of open space.

The June 8, 2005 Hearings

The June 8, 2005 hearings before the US Senate Committee on Finance reflect continuing interest and concern with respect to tax law and land conservation. The prepared June 8, 2005 testimony of Steven T. Miller, Commissioner for the IRS - Tax Exempt and Government Entities Division, is one of the most current public expressions of the IRS concerning this area.

Commissioner Miller's statement to the Senate Finance Committee focused on easements which address the "third" conservation purpose - the preservation of open space. Commissioner Miller noted that at a minimum "visual access to or across the property" should be required, and that there must also be a "significant" public benefit that arises from any open space easement. Commissioner Miller acknowledged that the preservation of woodlands along a public highway, pursuant to a government program to maintain scenic views, would constitute an open space easement with a significant public benefit. He indicated that a deduction should not be allowed for the preservation of open space under any conservation easement which would permit development interfering with the essential scenic quality of the land.

Commissioner Miller's testimony to the Finance Committee also revealed developments in the government's enforcement policy with respect to conservations easements. Commissioner Miller stated that certain appraisers "that appear to be associated with abusive promotions on a recurring basis" and certain "promoted investor syndications" are of concern. He indicated at that time that "we are currently looking or have looked at the activities of more than 20 promoters, and five (5) promoters involved in easements have been recommended for investigation."

Recent Legislative Changes

Congress originally expanded the favorable treatment of conservation contributions with the Pension Protection Act of 2006 applicable to tax years 2006 and 2007. This act raised the contribution base limitation from 30% to 50% and extended the carryover period from 5 years to 15 years. These provisions were extended to taxable years ending on or before December 31, 2009 by the Heartland, Habitat, Harvest, and Horticulture Act of 2008. Congress approved legislation that extending these provisions to tax years 2010 and 2011 and the President signed the legislation into law on December 17, 2010.

State and Local Taxes

In addition to the federal tax consequences described above, prospective Members should consider potential state and local tax consequences of an investment in the Company. Each prospective Member is advised to consult his own tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Company.

Professional Advice

Prior to purchasing an Interest, each prospective Member should discuss with his or her tax advisor the tax provisions mentioned above, as well as all other tax provisions. No attempt is made here to identify all aspects of the tax laws with which each investor in the Company should be familiar or to analyze in full detail those tax aspects which are mentioned.

THE SUMMARY OF FEDERAL TAX CONSIDERATIONS SET FORTH ABOVE IS NOT INTENDED TO BE A COMPLETE SUMMARY OF THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. EACH PROSPECTIVE MEMBER IS ADVISED TO CONSULT WITH HIS OWN TAX ADVISOR CONCERNING THE TAX CONSIDERATIONS OF AN INVESTMENT IN THE COMPANY.

CONFLICTS OF INTEREST

1. The primary purpose of the Offering is to redeem substantially all of the current equity interests of the Sellers in the Company by the Company's redemption of the Redeemed Units for the Redemption Price. Consequently, the interests of the Sellers may not be aligned with that of the Investors.

2. The Sellers and the Manager own interests in other real property in close proximity to the Property. To the extent that the prior ownership of the Property or the ownership of such other real property has any

impact on the ownership of the Property or plans of the Company with respect thereto, such relationship could constitute a conflict of interest.

3. The Manager of the Company cannot be removed as manager of the Company except for Cause, as defined in the Operating Agreement. The Operating Agreement of the Company grants to the Manager all management authority for the Company, including the right to declare any distributions to the Members and to sell or otherwise dispose of the Property after four years in the event that a Conservation Easement is granted on the Property. As a result, certain conflicts may exist with respect to the Manager and the other Members.

4. Sirote & Permutt, P.C. has acted as legal counsel for the Company in connection with the Offering and has acted for the benefit of the Sellers. The use of the same legal counsel may, at times, result in a lack of independent review, and legal counsel is not acting as counsel for the investors in connection with this Offering. Thus, the prospective investors should not rely on Sirote & Permutt, P.C. to represent and protect their interests. Prospective investors are urged to consult with their own advisors before investing in the Units.

ERISA

In considering an investment in the Company, a fiduciary of a tax-exempt investor should consider, among other things: (i) the definition of plan assets under ERISA and the status of Department of Labor Regulations regarding such definition (including the proposed regulations); (ii) the possibility that an investment in the Company may result in a tax-exempt investor having unrelated business taxable income; (iii) whether the investment satisfies the diversification requirements of section 404(a)(1)(C) of ERISA; and (iv) whether the investment is prudent, since it is not anticipated that there will be a market created in which the fiduciary can sell or otherwise dispose of the tax-exempt investor's interest in the Company, and since the Company does not have any operating history.

WHERE YOU CAN OBTAIN MORE INFORMATION

This is an offering to investors who accept the responsibility for conducting their own investigation, for consulting with their professional advisors in connection with their investment, and who meet certain investor suitability requirements. Statements contained in this documents as to the contents of any agreements or documents are not necessarily complete, and in each instance reference is made to such agreement or document and each such statement is qualified in all respects by such reference. Copies of all agreements and documents referred to in this will be furnished to any prospective Investor upon request. Prospective Investors may be required to execute nondisclosure agreements as a prerequisite to reviewing documents determined by the Manager to contain proprietary, confidential, or otherwise sensitive information. Authorized representatives of the Company are also available to answer questions regarding the terms and conditions of the transaction and any prospective Investor (or his or its authorized representative) who wishes to discuss the Offering or to obtain any additional information to verify the accuracy of the information contained in this Offering Summary should call Edmond Cash, at (423) 881-5900.

[END OF OFFERING SUMMARY]

EXHIBIT A

ARTICLES OF ORGANIZATION

Control No. **11087445**

STATE OF GEORGIA

Secretary of State

Corporations Division
313 West Tower
2 Martin Luther King, Jr. Drive
Atlanta, Georgia 30334-1530

CERTIFICATE OF ORGANIZATION

I, **Brian P. Kemp**, the Secretary of State and the Corporations Commissioner of the State of Georgia, hereby certify under the seal of my office that

MAPLE EQUESTRIAN, LLC

a Domestic Limited Liability Company

has been duly organized under the laws of the State of Georgia on **11/22/2011** by the filing of articles of organization in the Office of the Secretary of State and by the paying of fees as provided by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta and the State of Georgia on November 22, 2011

Brian P. Kemp
Secretary of State

Control No: 11087445
Date Filed: 11/22/2011 05:19 PM
Brian P. Kemp
Secretary of State

November 22, 2011

ARTICLES OF ORGANIZATION
FOR GEORGIA LIMITED LIABILITY COMPANY

The name of the Limited Liability Company is:
Maple Equestrian, LLC

The principal mailing address of the Limited Liability Company is:
[redacted]

The Registered Agent is:
Edmond Cash
[redacted]
County

The name and address of each organizer(s) are:
Peter Hardin
[redacted]

The optional provisions are:
No optional provisions.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization on the date set forth below.

Signature(s):
Organizer, Peter J. Hardin

Date:
November 22, 2011

EXHIBIT B

OPERATING AGREEMENT

OPERATING AGREEMENT
OF
MAPLE EQUESTRIAN, LLC
a Georgia Limited Liability Company

INVESTING IN THIS COMPANY IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR'S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE MEMBERSHIP UNITS (THE "SECURITIES") OF THE COMPANY ARE IMPOSED BY THIS OPERATING AGREEMENT.

THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") PROVIDED BY SECTION 4(2) OF THE 1933 ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE 1933 ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGERS OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF SECURITIES, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS OPERATING AGREEMENT.

THE SECURITIES EVIDENCED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE AND SUCH REGISTRATION IS NOT CONTEMPLATED. THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT MAY NOT BE TRANSFERRED IN WHOLE OR IN PART IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

OPERATING AGREEMENT
OF
MAPLE EQUESTRIAN, LLC

a Georgia Limited Liability Company

WITNESSETH:

WHEREAS, the parties hereto have formed a limited liability company under the laws of the State of Georgia on the terms contained herein, and have intended that the company be deemed by the Internal Revenue Service to be an association taxable as a partnership and not as a corporation; and

WHEREAS, as a result, certain of the defined terms herein contain the words "Partner" or "Partnership" as the terms are defined in such manner in the Treasury Regulations promulgated by the Internal Revenue Service but shall refer to "Member" and "Company," respectively; and

WHEREAS, the parties have formed a limited liability company as follows:

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4)-(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 "Affiliate" means (a) in the case of an individual, any relative of such Person, (b) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (c) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (d) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

1.3 "Articles of Organization" means the Articles of Organization of Maple Equestrian, LLC, as filed with the Secretary of State of Georgia, as the same may be amended from time to time.

1.4 "Audit Reserve" means the dedicated audit reserve to be established by the Company in the aggregate amount of $150,000 immediately following the sale by the Company of a minimum of 80 Units to New Members and the redemption of such corresponding Units from Redeemed Members of the Company.

1.5 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this Agreement, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.6 "Capital Contribution" means any contribution, as defined in O.C.G.A. §14-11-101(4), to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company

by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-l(b)(2)(iv)(d)(2).

1.7 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.8 "Company" means Maple Equestrian, LLC.

1.9 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(h)(2) and 1.704-2(d).

1.10 "Conservation Easement" has the meaning ascribed to said term in Section 13.1 hereof.

1.11 "Conservation Proposal" has the meaning ascribed to said term in Section 13.2(b) hereof.

1.12 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

1.13 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all principal and interest payments on indebtedness of the Company, if any, to Members; (c) all cash expenditures incurred incident to the normal operation of the Company's business; (d) such reserves as the Manager deems reasonably necessary for the proper operation of the Company's business, including but not limited to the Operating Reserve.

1.14 "Economic Interest" means a Member's share of the Company's Profits, Losses and distributions of the Company's property pursuant to the Agreement and the Georgia Act. A Member's Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Georgia Act. A Member's Economic Interest percentage shall be the same as his Ownership Interest percentages.

1.15 "Effective Date" means, for purposes of this Operating Agreement, the date noted on the signature page hereto.

1.16 "Entity" means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.17 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.18 "Georgia Act" means the Georgia Limited Liability Company Act at O.C.G.A. §14-11-100, et seq.

1.19 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-l(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant hereto is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.20 "Initial Capital Contribution" means the initial contributions to the capital of the Company made by a Member pursuant to this Operating Agreement.

1.21 "Investment Proposal" has the meaning ascribed to said term in Section 13.2(a) hereof.

1.22 "Majority" means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.23 "Manager" means one or more managers designated pursuant to this Agreement. Specifically, Manager shall mean Edmond Cash, or any other Persons that succeed Edmond Cash in his capacity as Manager. The number of Managers may be increased or decreased from time to time by the unanimous approval of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.24 "Member" means each of the parties who execute a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. The current Members

are Edmond Cash, Edward Cash, Max Cash, and Rick Klewein Family, LLC. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager.

1.25 "Member Nonrecourse Debt" has the meaning given the term "partner nonrecourse debt" set forth in Section 1.704-2(b)(4) of the Regulations.

1.26 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(0(3) of the Regulations.

1.27 "Member Nonrecourse Deductions" has the meaning given the term "partner nonrecourse deductions" as set forth in Section 1.704-2(i)(2).

1.28 "Membership Interest" means a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Georgia Act. A Member's Membership Interest shall be designated in Units.

1.29 "New Members" means those new Members of the Company, if any, acquiring Units at the closing of an offering of a minimum of 80 Units and a maximum of 95 Units conducted during calendar year 2011 for the purpose of redeeming a corresponding number of Units from Redeemed Members.

1.30 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(l) of the Regulations.

1.31 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.32 "Operating Agreement" or "Agreement" means this Operating Agreement as originally executed and as amended from time to time.

1.33 "Operating Reserve" means the reserve account for the Company established by the Managers for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases, as well as the expenses more particularly described in Subsection 13.2(d) of this Agreement. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company's business and any funds advanced or lent by the Managers to the Company for inclusion in the Operating Reserve.

1.34 "Ownership Interest" means the proportion that a Member's Units bear to the aggregate Units owned by all Members from time to time.

1.35 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.36 "Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for the

purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.37 "Property" means all that real and personal property acquired by the Company, including the Real Property, and any improvements thereto and shall include both tangible and intangible property.

1.38 "Real Property" means that certain real property owned by the Company and more particularly described on Exhibit "A" attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.39 "Redeemed Member" means those Members of the Company who have agreed with the Company to have their Units redeemed during calendar year 2011 in connection with the sale of a minimum of 80 Units and a maximum of 95 Units to New Members.

1.40 "Transferring Member" means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest or Economic Interest.

1.41 "Treasury Regulations" or "Regulations" means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.42 "Unit" means the Membership Interests of the Company which shall be denominated in unit increments (each, a "Unit") with each Unit representing a Member's entire interest in the Company, including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Georgia Act. Each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 200 Units authorized for issuance by the Company.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Georgia Limited Liability Company by executing and delivering Articles of Organization to the Secretary of State of Georgia in accordance with the provisions of the Georgia Act.

2.2 Name. The name of the Company is Maple Equestrian, LLC.

2.3 Principal Place of Business. The principal place of business of the Company within the State of Georgia is 28 Huntington Road, SW, Rome, GA 30165. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 28 Huntington Road, SW, Rome, GA 30165, and the name of its registered agent at such address is Edmond Cash. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Georgia pursuant to the Georgia Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Articles of Organization were filed with the Secretary of State of Georgia and shall continue until the earlier of the fifth anniversary of the Effective Date (unless all of the Members affirmatively elect to the continuation of the existence of the Company beyond such fifth anniversary) or such time as the Company is dissolved in accordance with the provisions of this Operating Agreement or the Georgia Act.

ARTICLE III
BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be:

(a) In the event the Investment Proposal is selected under Article XIII hereof, then to invest in, improve, sell, use and operate the Real Property, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto;

(b) In the event the Conservation Proposal is selected under Article XIII hereof, then to promote conservation through the grant of the Conservation Easement, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto, subject to the terms and conditions of the Conservation Easement, which may include utilizing the Real Property for passive recreation, wildlife management and hunting;

(c) Until such time as either the Investment Proposal or the Conservation Proposal is selected, to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental to the selection process described in Article XIII hereof;

(d) To manage the use, operation and disposition of the Real Property in accordance with the terms hereof, depending on which proposal is selected;

(e) Any enhancement and/or exploitation of the Real Property not in violation of this Operating Agreement, including but not limited to harvesting timber from the Real Property and using the Real Property for hunting; and

(f) To, subject to the terms of this Operating Agreement, engage in any other lawful act or activity which a Majority of the Members consent to in writing.

ARTICLE IV
NAMES ADDRESSES AND UNITS OF MEMBERS

The names, addresses and number of Units owned for each of the Members is as set forth on Exhibit B attached hereto, which exhibit shall be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

ARTICLE V
RIGHTS AND DUTIES OF MANAGERS

5.1 Management. The business and affairs of the Company shall be managed by its Managers. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Notwithstanding O.C.G.A. §14-11-308(a)(2), at any time

when there is more than one Manager, any one Manager may take any action permitted to be taken by the Managers.

5.2 Certain Powers of Managers. Without limiting the generality of Section 5.1 and subject to Sections 5.3 and 5.11 hereof, the Managers shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property outside of the ordinary course of business from any Person as the Managers may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Managers deem appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Managers, or to the extent permitted under the Georgia Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Managers.

(c) To purchase liability and other insurance to protect the Company's property and business.

(d) To hold and own any Company real and/or personal properties in the name of the Company and sell or dispose of the Company's assets in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; deeds; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Managers may approve.

(i) To do and perform all other acts as may be necessary or appropriate of the conduct of the Company's business.

Unless authorized to do so by this Operating Agreement or by the Managers, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniary for any purpose.

5.3 Liability for Certain Acts. Each Manager shall act in a manner he or she believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he or she performs the duty of his or her office in compliance with the standard contained in this Section. No Manager has guaranteed nor shall have any

obligation with respect to the return of a Member's Capital Contribution or profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data prepared or presented in accordance with the provisions of O.C.G.A. §14-11-305.

5.4 Managers Have No Exclusive Duty to Company. The Managers shall not be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company. The Managers shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Managers may from time to time open bank accounts in the name of the Company, and the Managers shall be the sole signatories thereon, unless the Managers determine otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Managers. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by a Manager or by such other persons as the Managers may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under O.C.G.A. §14-11-306, the Company shall indemnify the Managers and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their capacity as Managers. The Company shall indemnify its employees and other agents who are not Managers (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company.

5.7 Term. Each Manager shall serve at the discretion of the Members. Such Manager's term (subject to removal at the discretion of the Members in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time within five (5) years of the Effective Date, with Cause, by the vote of a Majority of the Members. At any point in time after five (5) years from the Effective Date, all or any lesser number of Managers may be removed at any time, with or without Cause, by the vote of a Majority of the Members. For purposes of this Section 5.9, with Cause shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Operating Agreement, which is not cured within thirty (30) days following written notice provided by the Majority of the Members. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier

death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Managers' Authority. Notwithstanding anything to the contrary contained herein, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority of the Members, or as otherwise permitted in this Agreement:

(a) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(b) The sale of substantially all of the assets of the Company, except in compliance with Article XIII hereof;

(c) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(d) Make any loans of Company funds;

(e) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section § 14-11-901 of the Georgia Act;

(f) take any action which would be likely to have an adverse effect on the Real Property or any other Property of the Company;

(g) sell, assign, convey, exchange, dispose, grant or otherwise transfer the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(h) mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(i) cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.1 hereof;

(j) take any action in derogation of the decision of the Members under Article XIII hereof; or

(k) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding the foregoing, in the event of the death of any of the individual Members, the deceased Member's estate holding an Economic Interest in the Company shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Managers shall not be entitled to any compensation for carrying out their duties or acting as Manager, except as provided in Article 14.4(b)(iv) hereof with respect to any

amount remaining in the Operating Reserve at liquidation. However, each Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS: MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited as set forth in the Georgia Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding O.C.G.A. §14-11-305(1) or any contrary rule of law or equity, no Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of O.C.G.A. §14-11-305.

6.3 Indemnity of Members. To the fullest extent permitted under O.C.G.A. §14-11-306, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Managers shall provide a list showing the names, addresses and Membership Interest of all Members and Managers and the other information required by O.C.G.A. §14-11-313 and maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by Members holding a Majority, the Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. In such event, the Members shall have the opportunity (but not the obligation) to participate in such Member loans on a pro rata basis in accordance with their Ownership Interests, and the security (if any) for such Member loans shall be as nearly equal as possible among the lending Members based upon the respective amounts lent by each Member. The making of any loan by a Member shall not create any additional fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law.

6.8 No Annual or Other Meetings Required. The provisions of O.C.G.A. §14-11-310 shall not apply to the Company. No annual or other meetings of the Members shall be required, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Managers may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Managers, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Contributions. The Company was formed by a contribution to capital of the Property and an issuance of all 100 Units to the current Members on a pro rata basis. The Members' capital accounts shall be set and maintained in accordance with the Treasury Regulations.

7.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a unanimous vote of the Members, the Members may be permitted to make additional Capital Contributions if and to the extent they so approve.

7.3 Remedies for Non-Payment of Additional Capital Contributions. In the event that any Member fails to make a required Capital Contribution within ten (10) days of notice to the Member (a "Defaulting Member") of the required additional Capital Contribution, the Company may accept from any other Member (the "Contributing Member") an amount of money equal to all or any portion of the unpaid Capital Contribution. Any such amount shall be deemed as a loan (the "Contribution Loan") from the Contributing Member to the Defaulting Member, which Contribution Loan shall bear interest at the rate of twelve percent (12%) per annum, until paid. For so long as such Contribution Loan is outstanding, the Defaulting Member hereby assigns to the Contributing Member all distributions and payments otherwise due to the Defaulting Member, with such distributions or payments to be first applied to accrued and unpaid interest on the Contribution Loan, and then to reduction of principal. In the event that multiple Contributing Members are deemed to have made such loans to a single Defaulting Member, any payments or distributions shall be allocated to the Contributing Members, pro rata, based upon the respective amounts due, including accrued and unpaid interest, regardless of the order or timing of the particular loans. In all events, any Contribution Loan shall be due and payable, in full, one year from the date that such Contribution Loan is deemed to have been made, at which time a Contributing Member may elect to enforce such obligation through whatever remedies may be available. Each Defaulting Member hereby grants a security interest in his, hers or its Membership Interest in the Company to secure the repayment of any Contribution Loan, such security interest to be granted to all Contributing Members who shall share in the proceeds of any recovery based upon their respective outstanding amounts owed, including accrued and unpaid interest. Each Defaulting Member hereby grants a power of attorney, coupled with an interest, to the Contributing Member(s) to file financing statements or other documents memorializing and perfecting the security interest granted herein. Further, so long as a Defaulting Member shall be in default of its obligations to make an additional Capital Contribution under this Agreement, said Defaulting Member shall not be permitted to exercise any management rights associated with their Membership Interest (as if such Defaulting Member was only the holder of an Economic Interest), and said Defaulting Member's Membership Interest shall not be considered when determining a Majority of the Members or the unanimous consent of the Members for any provision of this Agreement.

7.4 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of such Member's Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company (exclusive of Reserves) sufficient to pay them.

(b) A Member, irrespective of the nature of such Member's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution.

7.5 Effect of Disposition of Membership Interest. In the event of an authorized disposition of a Membership Interest pursuant to Article XI hereof, the Capital Account of the Member making such disposition shall become the Capital Account of the Transferee, to the extent it relates to the Membership Interest the subject of such disposition.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions of Distributable Cash. All distributions of Distributable Cash (other than from the Audit Reserve) shall be made, at times and in amounts as approved by the Managers, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Economic Interests.

8.2 Distributions of Audit Reserve. All distributions of cash arising from the Audit Reserve (but not otherwise intended to be used to pay expenses related to an audit by the Internal Revenue Service of a tax return of the Company) are to be made by the Manager as follows:

(a) First, $50,000 shall be distributed ratably to the New Members in proportion to the number of Units held by each of the New Members at the time of such distribution;

(b) Second, $75,000 shall be distributed ratably to the Redeemed Members in proportion to the number of their Units redeemed by the Company from them in calendar year 2011; and

(c) Third, any remaining funds in the Company's Audit Reserve shall be distributed to the Manager as additional compensation for services rendered.

8.3 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.4 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by O.C.G.A. §14-11-407.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any fiscal year shall be allocated in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership interests as set forth herein.

(b) The Losses allocated pursuant to Section 9.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have an Adjusted Capital Account Deficit as a consequence the allocation of Losses pursuant to Section 9.2(a) hereof, the limitations set forth in this Section 9.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 9.2(b) shall be allocated to the Members on a pro rata basis.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for that fiscal year (and, if necessary subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during a fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or

1.704-1 (b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(1).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-1(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704- 1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(h) Allocations Relating to Taxable Issuance of Membership Interest. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together will all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b), 9.3(a), 9.3(b), 9.3(c), 9.3(d), 9.3(e), 9.3(f), and 9.3(g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the regulations. It is the intent of the Members that, to the extent possible, all regulatory allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore, notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the agreement and all Company items were

allocated pursuant to Sections 9.1, 9.2(a), and 9.3(h). In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations under Sections 9.3(a) and 9.3(b), that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 9.3(e) and 9.3(g).

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using the permissible method under Code Section 706 and the Regulations thereunder.

(b) All allocations to the Members pursuant to this Article IX shall, except as otherwise provided, be divided among them in proportion to the Ownership Interests held by each.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

(d) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their shares of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith).

In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Operating Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records. Audits and Reports. At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member;

(b) Copies of records to enable a Member to determine the relative voting rights, if any;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(e) Copies of the Company's written Operating Agreement, together with any amendments thereto;

(f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Managers shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE XI
TRANSFERABILITY

11.1 General. Without the prior written approval of the Manager and compliance with the provisions of this Article XI, no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (collectively, "Sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (collectively, "Gift"),

(c) all or part of his or her Membership Interest, Economic Interest or Ownership Interest. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining a approval of a Majority, transfer all, but not less than all, of his, her or its Membership Units in the Company to: (A) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (B) the estate of a Member who is a natural person upon such Member's death, or (C) an entity wholly-owned by the Member. Provided, however, that upon the transfer of said Membership Units, said assignee of such Membership Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Operating Agreement.

11.2 Transferee Not Member in Absence of Unanimous Consent.

(a) Notwithstanding anything contained herein to the contrary, if the Manager has not approved the proposed Sale or Gift of the Transferring Member's Membership Interest or Ownership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be the owner of an Economic Interest. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by unanimous written consent of the Members) shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-transferring Member(s).

(b) Upon and contemporaneously with any sale or gift of a Transferring Member's Economic Interest in the Company which does at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of $100.00, all remaining rights and Membership Interest retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

(c) Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Interest herein, if such purchase would terminate the Company's status as an association taxable as a partnership as determined by the Internal Revenue Service. If such purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such interest in accordance with the terms of this Agreement, and such third party would only be a Member owning an Economic Interest and would have no right to participate in the management of the Company, unless otherwise determined by the Manager.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Members, by a vote of a Majority, shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that he (a) has obtained a yield plan (the "Development Plan") from Darrell E. McQueen, reflecting the proposed development of the Real Property with a single family residential development; and (b) has contacted North American Land Trust (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement").

13.2 Certain Obligations.

(a) The Manager shall review and analyze the Development Plan, and shall develop a proposal (the "Investment Proposal") to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Company and the Members in connection therewith, a plan for the sale of the Real Property, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering proposal preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(b) The Manager shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop a proposal (the "Conservation Proposal") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax benefits to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including proposal preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) The Manager shall make a determination, within two (2) years from the Effective Date, as to whether the Company should pursue the Investment Proposal, pursue the Conservation Proposal, or pursue another proposal for the Property.

13.3 Right of the Members. When the Manager determines that the Company should pursue the Investment Proposal, the Conservation Proposal or any other proposal for the Property, the Manager shall provide written notice thereof to each of the Members pursuant to the provisions of Section 15.13 of this Agreement. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the recommended proposal. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal.

13.4 Duty of Managers to Implement Selected Proposal.

(a) Investment Proposal. If the Investment Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Proposal. If the Conservation Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall execute, deliver and record the

Conservation Easement on behalf of the Company and shall make such filings and take such other actions as may be necessary or appropriate in connection with the Company's contribution deduction as a result thereof.

13.5 Right of Members to Implement. If the Conservation Proposal is selected as provided above, and the Manager fails or refuses to execute, deliver or record the Conservation Easement, then any Member shall have the right and authority to execute, deliver and record the Conservation Easement on behalf of the Company. If the Investment Proposal is selected as provided above, and the Manager fails or refuses to commence pursuit of the Development Plan, then any Member shall have the right and authority to execute and deliver the necessary documents to consummate the sale or disposition of the Real Property pursuant to the Investment Proposal.

13.6 Access and Encumbrances. If the Conservation Proposal is selected as provided above, the Manager shall have the right to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

13.7 Rights of Members to Use Property. So long as the Company owns the Real Property, the Members shall have the individual right to use and enjoy the Real Property, subject to: (a) all legal restrictions, (b) any rules and regulations established by the Manager, (c) the terms and conditions of the Conservation Easement (if one shall be granted), (d) the requirement that such use or enjoyment does not impose additional financial or legal burdens on the Company, or (e) the prohibition against Member use during any periods in time in which the Company is exploiting the Real Property pursuant to this Agreement.

13.8 Reserved.

13.9 Disposition of Real Property. Notwithstanding anything in this Agreement to the contrary, if the Conservation Easement has been recorded for at least four (4) years, the Manager may sell or otherwise dispose of the Real Property, in the Manager's sole discretion, and such disposition may include, but is not limited to, donating the Real Property to charity.

ARTICLE XIV
DISSOCIATION. DISSOLUTION AND TERMINATION

14.1 Dissociation.

(a) Notwithstanding anything to the contrary contained in O.C.G.A. §14-11-601, a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) the Member assigns all of his Membership Interest or Economic Interest in accordance with Article 11 herein;

(ii) the Member's entire Membership Interest in the Company is purchased or redeemed by the Company; or

(iii) the Member dies.

(b) Notwithstanding O.C.G.A. §14-11-601(c), except as otherwise expressly permitted in this Agreement, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall not be

entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such distributions shall be distributable to such Member only at the time (if any) such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. Notwithstanding anything to the contrary contained in O.C.G.A. §14-11-602, the Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The expiration of the term of the Company pursuant to Section 2.5 above;

(b) the unanimous written agreement of all of the Members to dissolve the Company;

(c) there is an administrative or judicial decree of dissolution;

(d) the sale of all of the assets of the Company; or

(e) the disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by O.C.G.A. §14-11-605. Upon dissolution, the Managers shall file a statement of commencement of winding up pursuant of O.C.G.A. §14-11-606 and publish the notice permitted by O.C.G.A. §14-11-608.

14.4 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Managers shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managers may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company,

(iv) Any funds remaining in the Company's Operating Reserve shall be paid to the Manager (and if more than one Manager, to all Managers, pro rata based on their respective number of Units) as a "guaranteed payment" (if such Manager is also a Member for purposes of partnership tax law) for their services rendered; and

(v) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1 (b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Certificate of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, a Certificate of Termination may be executed and filed with the Secretary of State of Georgia in accordance with O.C.G.A. §14-11-610.

14.6 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.1 Application of Georgia Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Georgia, and specifically the Georgia Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Operating Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute one Operating Agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Operating Agreement and attached all to one counterpart which shall represent the one final Operating Agreement.

15.12 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Managers as determined in its sole discretion. For all purposes permitted or required by the Code, the Members constitute and appoint Edmond Cash as Tax Matters Partner or such other Member as shall be designated by a Majority of the Members.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice,

or by his or her designated agent, or by commercial courier), (b) on the second (2nd) business day (which term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Atlanta, Georgia) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Managers shall have the right to amend the Certificate of Formation and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or Substituted Member of the Company as authorized herein; or (ii) to change the name or address of a Member; or (iii) to change the name of the registered office or registered agent of the Company; or (iv) in the opinion of the Managers, there is an inconsistent, ambiguous, false or erroneous provision in this Agreement provided the amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate or this Agreement not otherwise expressly addressed in this Article 15 shall require the approval of a Majority of the Members.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Georgia Act, the Georgia Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (a) the Member's address, (b) United States taxpayer identification number, and (c) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Manager to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.17 Determination of Matters Not Provided For In This Agreement. The Members shall jointly decide any questions arising with respect to the Company and this Agreement which are not specifically or expressly provided for in this Agreement.

15.18 Captions. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions and in no way are to be construed to affect the meaning or construction of this Agreement or any of its provisions.

15.19 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

ARTICLE XVI
LOAN AND ADVANCES BY MEMBERS

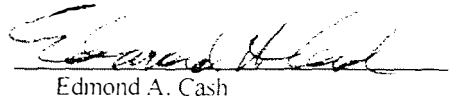
16.1 Loans to Company. In the event the Company shall determine that funds in addition to the Capital Contributions are reasonably necessary for maintaining and protecting the Property of the Company or conducting its business, the Managers shall be authorized to borrow funds on behalf of the Company on commercially reasonable terms from a commercial lending institution or from one or more of the Members without notification to any of the other Members, and all or a portion of the Property of the Company may be conveyed as security for any such indebtedness; provided, however, that the borrowing of funds by the Company and conveyance of Property as security therefor shall be made only to the extent allowed by applicable law.

16.2 Priority of Loans by Members. In the event that any Member shall lend money to the Company, the principal and interest with respect to such loans shall be fully paid prior to any distribution of funds to the Members under the terms of this Agreement unless such loan contains a specific provision to the contrary. Any Member who shall lend money to the Company under the terms of this Article XVI shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law. All payments of interest and principal on Member loans shall be made on a pro rata basis based upon the amount due each Member. All Member loans shall be in pari passu with each other.

[Signatures on following page]

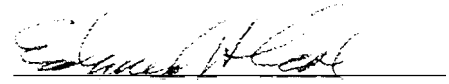
IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the 14th day of December, 2011.

MANAGER:



(SEAL)
Edmond A. Cash

MEMBERS:



(SEAL)
Edmond A. Cash

_____ (SEAL)
Edward A. Cash

_____ (SEAL)
Max Cash

Rick Klewein Family, LLC

By: _____ (SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the 14th day of December, 2011.

MANAGER:

_____ (SEAL)
Edmond A. Cash

MEMBERS:

_____ (SEAL)
Edmond A. Cash

Edward A. Cash (SEAL)
Edward A. Cash

_____ (SEAL)
Max Cash

Rick Klewein Family, LLC

By: _____ (SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the 14th day of December, 2011.

MANAGER:

_____ (SEAL)
Edmond A. Cash

MEMBERS:

_____ (SEAL)
Edmond A. Cash

_____ (SEAL)
Edward A. Cash

_____ (SEAL)
Max Cash

Rick Klewein Family, LLC

By:_____ (SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the 14th day of December, 2011.

MANAGER:

_____ (SEAL)
Edmond A. Cash

MEMBERS:

_____ (SEAL)
Edmond A. Cash

_____ (SEAL)
Edward A. Cash

_____ (SEAL)
Max Cash

Rick Klewein Family, LLC

By: _____ (SEAL)
Rick Klewein, Manager

Exhibit A

LEGAL DESCRIPTION
MAPLE EQUESTRIAN LLC PROPERTY

A Tract of land lying and being in Fractional Section 25, Section 35, and fractional Section 36, Township 4 South, Range 10 East, Dekalb County Alabama, being more particularly described as follows; (Reference Deed Book 330 Pg 79-80)

Beginning at the Southeast corner of said Fractional Section 36, said point being on the Alabama-Georgia State Line;

Thence N89°28'09"W 114.54 feet; Thence N 58°10'02" W 251.27 feet;

Thence N 77°22'48" W 788.52 feet; Thence N 52°03'09" W 923.30 feet;

Thence N 82°57'32" W 1190.10 feet; Thence N 82°06'05" W 1204.90 feet;

Thence N 79°46'41" W 627.15 feet; Thence N 53°50'22" W 546.38 feet to the easterly boundary of Scenic Drive (Brow Road);

Thence with the Easterly Boundary of said Scenic Drive meander Northeasterly 7159.13 feet, more or less, to a point on the Georgia-Alabama State line;

Thence with the Georgia-Alabama State Line S 09°13'30" E 1989.45 feet;

Thence continuing with the Alabama-Georgia State Line S 08°56'08" E 2526.97 feet;

Thence continuing with the Alabama-Georgia State Line S 08°40'31" E 2772.42 feet to the Point of Beginning.(containing 409.9 acres, more or less)

Exhibit B

MEMBERS

Name	Units	Address
Edmond A. Cash	16 2/3	[redacted]
Edward A. Cash	16 2/3	[redacted]
Max Cash	16 2/3	[redacted]
Rick Klewein Family, LLC	50	[redacted]

EXHIBIT C

REDEMPTION AGREEMENT

REDEMPTION AGREEMENT
(Maple Equestrian, LLC)

THIS REDEMPTION AGREEMENT (this "Agreement"), made and entered into effective as of the 14th day of December, 2011, by and between **MAPLE EQUESTRIAN, LLC**, a Georgia limited liability company (the "Company"), **EDMOND A. CASH**, an individual resident of the State of Georgia ("Edmond"), **EDWARD A. CASH**, an individual resident of the State of Georgia and the brother of Edmond ("Edward"), **MAX CASH**, an individual resident of the State of Georgia and the brother of both Edmond and Edward ("Max"), and **RICK KLEWEIN FAMILY, LLC**, a Georgia limited liability company ("Klewein" and, together with Edmond, Edward and Max, the "Sellers") (Sellers and the Company are collectively referred to herein as the "Parties" and singularly as a "Party"), as follows:

W I T N E S S E T H:

WHEREAS, the Company currently has outstanding 100 units of membership interest in the Company (the "Units"), 16 2/3% of the issued and outstanding Units in the Company are owned by Edmond, 16 2/3% of the issued and outstanding Units in the Company are owned by Edward, 16 2/3% of the issued and outstanding Units in the Company are owned by Max, and 50% of the issued and outstanding Units in the Company are owned by Klewein;

WHEREAS, the Company proposes to offer (the "Offering") a minimum of 80 Units (the "Minimum Offering"), representing an aggregate 80% ownership interest in the Company, and a maximum of 95 Units (the "Maximum Offering"), representing an aggregate 95% ownership interest in the Company, at an offer price of $18,874 per Unit (the "Offering Price") pursuant to a Confidential Private Offering Summary to be dated in December of 2011;

WHEREAS, Sellers have agreed to the redemption by the Company of a number of Units owned by them (the "Redeemed Units"), corresponding to the number of Units sold by the Company pursuant to the Offering for a redemption price for a Redeemed Unit (the "Redemption Price") of $10,580, which is subject to downward adjustment for a deferred amount to be retained by the Company against the cost of any audits that may be initiated by the Internal Revenue Service (the "IRS") as provided below and as set forth in the Operating Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, faithfully to be kept by the Parties hereto, it is agreed as follows:

1. **Sale to the Company**. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2), Sellers shall sell, convey, transfer and assign unto the Company the Redeemed Units, and the Company shall purchase and redeem the Redeemed Units, for the Redemption Price; provided that from the proceeds of the aggregate Redemption Price an aggregate of $75,000 payable to the Sellers for the Redeemed Units shall be deferred (the "Deferred Amount") and retained by the Company in a special audit reserve. The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company in defense of any IRS audit that may be initiated in the four year period following the closing of this Agreement, and the remainder of which will be payable to the Sellers following the expiration of such four year period. Unless otherwise agreed by Sellers and reflected on the Assignment to be delivered pursuant to Section 3(a) below, the Redeemed Units shall be apportioned among Sellers pro rata to their collective ownership on the date hereof. It is acknowledged and agreed by the parties that for federal income tax purposes the parties will report the sale of Units as a disguised sale of partnership interests from the Sellers to the Investors because it is intended that the closing of the Offering and the closing of this Agreement shall be simultaneous and interrelated.

2. **Closing Date**. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place as soon as practicable after the satisfaction of the conditions set forth in Section 7 hereof, at such place and time as shall be agreed between Sellers and the Company. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date".

3. **Mortgage Satisfaction**. The Parties acknowledge that the principal asset of the Company is the approximately 409.9 acres of unimproved real estate owned by it that is located in DeKalb County, Alabama (the "Property"), which is presently encumbered by a Deed of Trust, Security Agreement and Fixture Filing given in favor of River City Bank located in Rome, Georgia, that will be released by such Bank upon the payment of approximately $474,285 (as amended, the "Mortgage"), which Mortgage was granted by the Company as an accommodation for the debts of one or more of the Sellers. As a condition of the Closing, the Sellers agree that the Company shall satisfy in full the Mortgage release amount by withholding from any amounts due to the Sellers hereunder at Closing the amount necessary to satisfy in full the Mortgage release amount (the "Mortgage Satisfaction Amount"). The Company shall pay at Closing the Mortgage Satisfaction Amount to River City Bank as directed by such entity in a payoff letter provided to the Company by such entity. The Company shall be permitted to rely on the statement of the Mortgage Satisfaction Amount disclosed in any payoff letter relating to the Mortgage received from River City Bank.

4. **Transactions to be Effected at a Closing**. At the Closing: (a) Sellers shall deliver to the Company an assignment signed by each Seller indicating the number and ownership of the Redeemed Units to be redeemed hereby and assigning such Redeemed Units to the Company; and (b) the Company shall deliver to Sellers payment, by wire transfer to a bank account designated in writing by Sellers, of immediately available funds in an amount equal to the Redemption Price per number of Redeemed Units to be redeemed hereby, less the Mortgage Satisfaction Amount and the Deferred Amount.

5. **Warranties of Sellers**. Each of Sellers hereby represents and warrants to the Company, as of the date of this Agreement and as of the Closing Date, as follows:

(i) Authority; Execution and Delivery; Enforceability. Seller has full power and authority to execute this Agreement and to consummate the transactions contemplated hereby. Seller has duly executed and delivered this Agreement, and, assuming due execution and delivery by the Company, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(ii) No Conflicts; Consents. The execution and delivery by Seller of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance by Seller with the terms hereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any lien, mortgage, security interest, option, claim, restriction or encumbrance of any kind (each, a "Lien") upon any of the properties or assets of Seller or the Company under, any provision of (i) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (each, a "Contract") to which Seller or the Company is a party or by which any of their respective properties or assets is bound or (ii) any judgment, order or decree ("Judgment") or statute, law, ordinance, rule or regulation ("Applicable Law") applicable to Seller or the Company or their respective properties or assets. No consent, approval, license, permit, order or authorization ("Consent") of, or registration, declaration or filing with, any United States Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "Governmental Entity") is

required to be obtained or made by or with respect to Seller in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

(iii) The Redeemed Units. Seller has good and valid title to the Redeemed Units to be redeemed hereby, free and clear of all Liens. Upon delivery to the Company at the Closing of the assignment referenced in Section 4 hereof, and upon Sellers' receipt of the Redemption Price to be paid at Closing with respect thereto, good and valid title to the Redeemed Units will pass to the Company, free and clear of any Liens, other than those arising from acts of the Company.

(iv) Brokers/Finders. No broker, finder or investment banker, is entitled to any brokerage, finder's or other fee or commission in connection with the sale and purchase of the Redeemed Units contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

6. **Covenants**.

(a) Reasonable Best Efforts. On the terms and subject to the conditions of this Agreement, each Party shall use its reasonable best efforts to cause the Closing to occur, including taking all reasonable actions necessary to comply promptly with all legal requirements that may be imposed on it or any of its affiliates with respect to the Closing.

(b) Expenses. Whether or not the Closing takes place, and except as set forth in Section 9(e), all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expense, including all costs and expenses incurred pursuant to Section 6(a).

(c) Further Assurances. From time to time, as and when reasonably requested by any Party, the other Party shall execute and deliver, or cause to be executed and delivered, all such reasonable documents and instruments and shall take, or cause to be taken, all such reasonable further or other actions (subject to Section 6(a), as the requesting Party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

7. **Conditions Precedent**.

(a) Conditions to Obligation of the Company. The obligation of the Company to purchase and redeem any Redeemed Units hereunder at the Closing is subject to the satisfaction (or waiver by the Company) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have sold at least the Minimum Offering.

(ii) Representations and Warranties. The representations and warranties of Sellers in this Agreement relating to Sellers shall be true and correct and those that are not so qualified shall be true and correct in all material respects, in each case, when made and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, on and as of such earlier date).

(iii) Delivery of Assignment. Sellers shall have delivered to the Company the Assignment referenced in Section 4(a).

(iv) Performance of Obligations of Sellers. Sellers shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Sellers by the time of or concurrently with the Closing.

(v) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(b) Conditions to Obligation of Sellers. The obligation of Sellers to sell the Redeemed Units is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have at least sold at least the Minimum Offering.

(ii) Performance of Obligations of the Company. The Company shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by the Company by the time of or concurrently with the Closing.

(iii) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

8. Termination, Amendment and Waiver

(a) Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by mutual written consent of Sellers and the Company;

(ii) by Sellers if any of the conditions set forth in Section 7(a) shall have become incapable of fulfillment, and shall not have been waived by Sellers;

(iii) by the Company if any of the conditions set forth in Section 7(b) shall have become incapable of fulfillment, and shall not have been waived by the Company; or

(iv) by Sellers or the Company, if the Closing shall not have occurred on or prior to December 28, 2011 (the "Termination Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 8(a)(iv) shall not be available to any party whose failure to perform in any material respect any obligations under this Agreement has been the cause of or resulted in the failure of the Closing Date to occur prior to the Termination Date;

provided, however, that the party seeking termination pursuant to clause (i), (ii) or (iii) is not then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement.

(b) Notice of Termination. In the event of termination by Sellers or the Company pursuant to this Section 8(a), written notice thereof shall forthwith be given to the other and the transactions contemplated by this Agreement shall be terminated, without further action by any Party.

(c) Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 8(a), this Agreement shall become null and void and of no further force and effect, except for the provisions of Section 6(b) relating to certain expenses, and this Section 8. Nothing in this Section 8 shall be deemed to release any party from any liability for any willful and material breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

9. **Miscellaneous**.

(a) Amendments and Waivers. This Agreement may not be amended, modified or waived except by an instrument in writing signed on behalf of each of the Parties hereto.

(b) Successors and Assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers, irrespective of their desire to sell such Redeemed Units, who shall be bound to carry out the provisions of this Agreement and to sell and transfer the certificates evidencing ownership of such Redeemed Units to the Company in full compliance with the terms and provisions of this Agreement. This Agreement shall be binding upon the successors and assigns of the Company which shall be bound to carry out the provisions of this Agreement in full compliance with the terms and provisions of this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers and to the successors and assigns of the Company.

(c) Governing Law. This Agreement will be governed by and interpreted pursuant to the laws of the State of Georgia.

(d) Acknowledgment. All Parties represent and acknowledge that they have carefully read this Agreement, have been given a reasonable period of time in which to consider the terms and provisions herein and had the opportunity to consult with their legal counsel regarding the provisions of this Agreement and understand the terms and provisions contained therein.

(e) Attorney Fees. A Party in breach of this Agreement shall indemnify, on demand, and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other Party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other Party may be entitled.

(f) Counterparts. The Parties specifically agree that this document may be executed in counterparts, each of which shall be considered part of one written document.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MAPLE EQUESTRIAN, LLC

By: _____ (SEAL)
Edmond Cash, Manager

SELLERS:

_____ (SEAL)
Edmond Cash

_____ (SEAL)
Edward Cash

_____ (SEAL)
Max Cash

RICK KLEWEIN FAMILY, LLC

By: _____ (SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MAPLE EQUESTRIAN, LLC

By: _____ (SEAL)
Edmond Cash, Manager

SELLERS:

_____ (SEAL)
Edmond Cash

_____ (SEAL)
Edward Cash

_____ (SEAL)
Max Cash

RICK KLEWEIN FAMILY, LLC

By: _____ (SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MAPLE EQUESTRIAN, LLC

By:_____(SEAL)
Edmond Cash, Manager

SELLERS:

_____(SEAL)
Edmond Cash

_____(SEAL)
Edward Cash

attorney in fact
_____(SEAL)
Max Cash

RICK KLEWEIN FAMILY, LLC

By:_____(SEAL)
Rick Klewein, Manager

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MAPLE EQUESTRIAN, LLC

By: _____ (SEAL)
Edmond Cash, Manager

SELLERS:

_____ (SEAL)
Edmond Cash

_____ (SEAL)
Edward Cash

_____ (SEAL)
Max Cash

RICK KLEWEIN FAMILY, LLC

By: _____ (SEAL)
Rick Klewein, Manager

EXHIBIT D

SURVEY AND MAP DESCIPTION OF PROPERTY

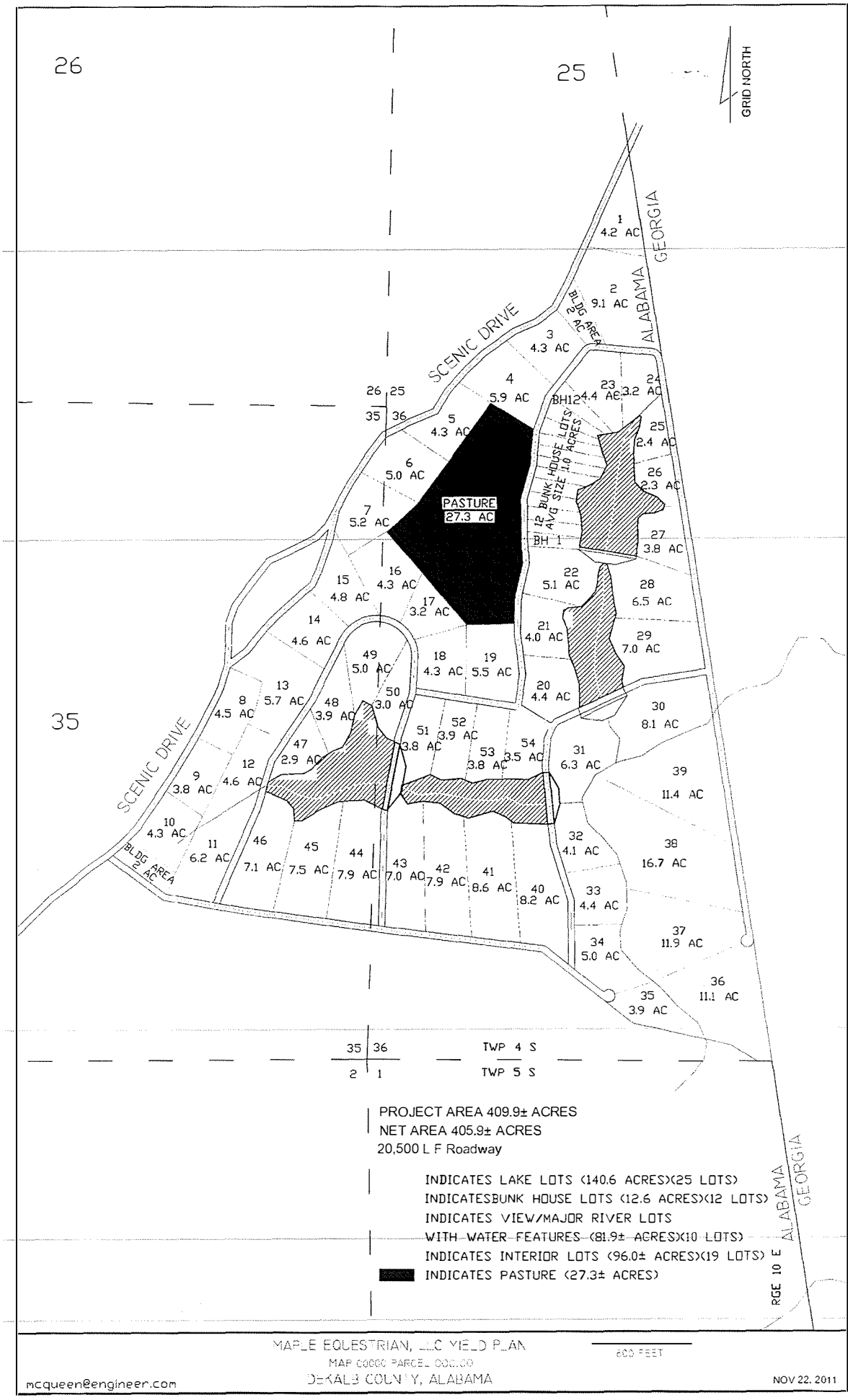

26
25
35
GRID NORTH
SCENIC DRIVE
ALABAMA
GEORGIA
PASTURE
27.3 AC
BH 1
BH12
12 BUNK HOUSE LOTS
AVG SIZE 1.0 ACRES
BLDG AREA
2 AC
PROJECT AREA 409.9± ACRES
NET AREA 405.9± ACRES
20,500 L F Roadway
INDICATES LAKE LOTS (140.6 ACRES)(25 LOTS)
INDICATESBUNK HOUSE LOTS (12.6 ACRES)(12 LOTS)
INDICATES VIEW/MAJOR RIVER LOTS
WITH WATER FEATURES (81.9± ACRES)(10 LOTS)
INDICATES INTERIOR LOTS (96.0± ACRES)(19 LOTS)
INDICATES PASTURE (27.3± ACRES)
TWP 4 S
TWP 5 S
RGE 10 E
MAPLE EQUESTRIAN, LLC YIELD PLAN
MAP 00000 PARCEL 000.00
DEKALB COUNTY, ALABAMA
600 FEET
mcqueen@engineer.com
NOV 22, 2011

EXHIBIT E

SUBSCRIPTION AND SUITABILITY AGREEMENT

SUBSCRIPTION AND SUITABILITY AGREEMENT

UNITS OF MEMBERSHIP INTEREST IN MAPLE EQUESTRIAN, LLC

Maple Equestrian, LLC
[redacted]

Re: Maple Equestrian, LLC Units

Ladies and Gentlemen:

1. Subscription for Maple Equestrian Units. The undersigned (the "Subscriber") intending to be legally bound hereby agrees to purchase from Maple Equestrian, a Georgia limited liability company (the "Company"), the number of Units (the "Units") set forth on the signature page hereof, which are being offered by the Company pursuant to the Confidential Private Offering Summary, dated as of December 15, 2011 (the "Offering Summary"), with respect to a minimum of 80 Units (the "Minimum Offering"), representing an aggregate 80% ownership interest in the Company, and a maximum of 95 Units (the "Maximum Offering"), representing an aggregate 95% ownership interest in the Company, at a subscription price of $18,874 per Unit (the "Offer Price"). The minimum investment amount per investor is $56,622, or 3 Units, unless otherwise permitted by the Manager of the Company in his sole discretion. All capitalized terms that are not defined in this Subscription and Suitability Agreement shall have the meanings set forth in the Offering Summary.

2. Payment of Subscription Price. The Subscriber tenders herewith in payment for the Units subscribed for in paragraph 1 the Subscriber's wire transfer of funds payable to "Oakworth Capital FFC Maple Equestrian, LLC" in the amount indicated on the signature page hereof based upon the Offer Price. Such wire transfer should be made pursuant to the wire transfer instructions accompanying this Subscription and Suitability Agreement.

3. Access to Information. The Subscriber has received a copy of the Offering Summary; the Subscriber has read the Offering Summary, including the Exhibits thereto; and the Subscriber has consulted with such legal and financial advisors (the "Advisors") as the Subscriber deemed necessary to evaluate the information in the Offering Summary. The Subscriber and the Advisors have received such other information from the Company as they deem necessary and appropriate for a prudent and knowledgeable investor to verify the accuracy of the information in the Offering Summary and to otherwise evaluate the merits and risks of an investment in the Units. The Subscriber further acknowledges that the Subscriber and the Advisors have had the opportunity to ask questions of the Manager and other agents of the Company and that all such questions have been answered to the full satisfaction of the Subscriber. All documents, records and books pertaining to this investment that the Subscriber has requested have been made available for inspection by him/her/it and/or his/her/its attorney, accountant and other advisor(s). The Subscriber acknowledges that, except as set forth herein, no

representations or warranties have been made to the Subscriber by the Company or others with respect to the business plans of the Company and its financial prospects.

4. Sole Party In Interest. Subscriber is purchasing the Units solely for Subscriber's own account, and not with a view toward the transfer, sale, fractionalization, subdivision or other disposition of the Units or the securities included therein. Unless specified herein, Subscriber is not acting in a fiduciary capacity or for any person who directly or indirectly supplied all or part of the funds for the purchase of the Units.

5. Representations. Warranties and Covenants of Subscriber. By executing this Subscription and Suitability Agreement, Subscriber makes the following representations, declarations, warranties and covenants to the Company, with the intent and understanding that the Company will rely thereon:

(a) THE SUBSCRIBER ACKNOWLEDGES THAT THE UNITS HAVE NOT BEEN REGISTERED UNDER THE ACT IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION, NOR HAVE THEY BEEN REGISTERED WITH ANY STATE REGULATORY AUTHORITIES. THE UNITS ARE ALSO BEING SOLD HEREUNDER IN RELIANCE UPON EXEMPTIONS FROM APPLICABLE STATE SECURITIES LAWS. SUBSCRIBER UNDERSTANDS THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR THE SECURITIES COMMISSION OF EACH OF THE STATES IN WHICH THESE UNITS ARE BEING OFFERED, HAVE PASSED UPON THE ADEQUACY OR THE ACCURACY OF THIS OFFERING OF SECURITIES.

(b) The Subscriber (i) has such knowledge and experience in financial and business matters that Subscriber is capable of evaluating the merits and risks of an investment in the Units and the proposed activities of the Company, and (ii) has carefully considered the suitability of an investment in Units for the Subscriber's particular financial and tax situation and has determined that the Units are a suitable investment for Subscriber. The Subscriber has read and satisfies the suitability standards set forth in the Offering Summary under the heading "WHO MAY INVEST," and understands and agrees that the Company intends to rely on the information set forth in the Confidential Investor Questionnaire as completed and executed by Subscriber and delivered to the Manager in their acceptance or rejection of this Subscription and Suitability Agreement.

(c) The Subscriber recognizes that the Company has limited operating history and that the Company's principal asset will be the Property (as defined in the Offering Summary). Land prices could decline in value. Therefore, an investment in the Units involves significant risks. Subscriber is familiar with the nature of risks attending investments of this type, and has determined that a purchase of the Units is consistent with Subscriber's investment objectives.

(d) The Subscriber is not subscribing for the Units as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting.

(e) If the Subscriber is a natural person, the Subscriber is at least 21 years of age.

(f) The address set forth below is the Subscriber's true and correct residence (or, if not an individual, domiciliary) address.

(g) If the Subscriber is a corporation, partnership, limited liability company or partnership, trust or other entity, it represents that: (i) it is duly organized, validly existing and in good standing in its jurisdiction of incorporation or organization and has all requisite power and authority to invest in the Units as provided herein; (ii) such investment does not result in any violation of, or conflict with, any term or provision of the charter, bylaws or other organizational documents of the undersigned or any other instrument or agreement to which the undersigned is a party or is subject; (iii) such investment has been duly authorized by all necessary action on behalf of the undersigned; and (iv) this Agreement has been duly executed and delivered on behalf of the undersigned and constitutes a legal, valid and binding agreement of the undersigned.

(h) If the Subscriber is a corporation, partnership or limited liability company or partnership, the person signing this Subscription and Suitability Agreement on its behalf hereby represents and warrants that the information being provided by signing this Subscription and Suitability Agreement is true and correct with respect to such corporation, partnership or limited liability company or partnership, as the case may be.

(i) If the Subscriber is purchasing the Units subscribed for hereby in a representative or fiduciary capacity, the representations and warranties contained herein (and in any other written statement or document delivered to the Company in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom such Units are being purchased.

(j) The Subscriber has sufficient liquid assets to pay the Purchase Price for the Units subscribed for hereby, has adequate net worth and means of providing for his or her current financial needs and possible personal contingencies, is able to bear the substantial economic risks of an investment in the Units for an indefinite period of time and has no present or anticipated need for liquidity of an investment in the Company and, at present time, could afford a complete loss of such investment. The investment of the Subscriber in the Company is reasonable in relation to his or her net worth and financial needs.

(k) The Subscriber understands that the price per Unit has been arbitrarily determined by the Company and not by an independent accountant or auditor, and that no assurances have been given about the increase in value, if any, of such Units.

(l) The Subscriber understands that he, she or it must bear the economic risk of an investment in the Units for an indefinite period. The Subscriber has been advised and is aware that: (i) there is no public market for the Units purchased and it is highly unlikely that any public market will develop; and (ii) the Units have not been registered under the Act or the securities laws of any state or other jurisdiction, and, therefore, cannot be sold, AND THE SUBSCRIBER AGREES NOT TO SELL OR OTHERWISE DISPOSE OF THE UNITS

ACQUIRED BY THE SUBSCRIBER, except as permitted by the Operating Agreement of the Company dated as of December 14, 2011 (the Operating Agreement") and unless such securities are subsequently registered under the Act and such state securities laws as are applicable or unless there are available exemptions from such registration that are supported by an opinion of counsel for Subscriber, which opinion is satisfactory to the Company in its sole discretion.

(m) The Subscriber recognizes that the information furnished by the Company does not constitute investment, accounting, legal or tax advice. The Subscriber is not relying on the Company with respect to the economic or tax considerations of the Subscriber relating to this investment, in particular the possibility of the Company receiving a charitable deduction in the event that a majority of the members votes to place one or more conservation easements on the Property. In regard to such considerations, the Subscriber has relied on the advice of, or has consulted with, only his or her own advisor(s). The Subscriber has had the opportunity to review this Subscription and Suitability Agreement and the Operating Agreement with an attorney and understands the meaning and legal consequences of the foregoing representations and warranties and the provisions of the Operating Agreement.

(n) All information that the Subscriber has heretofore furnished and furnishes herewith to the Company is true, correct and complete as of the date of execution of this Agreement, and if there should be any material change in such information prior to the closing of the sale of the Units (the "Closing"), Subscriber will immediately furnish such revised or corrected information to the Company. The Subscriber understands and acknowledges that the Company is relying on the representations, warranties and agreements of the Subscriber for the offering and sale the Units hereunder to be exempt from registration under the Act and applicable state securities laws. The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the Closing as if made on and as of such date and shall survive such date. If more than one person is signing this Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

6. Authority [check if applicable]

[ ] The undersigned Subscriber is an individual of legal age and is legally competent to execute this Subscription and Suitability Agreement.

[ ] The Subscriber is a corporation, partnership, limited liability company or other business organization that is duly organized and validly existing under the laws of its state of its organization and has the power and authority to execute this Subscription and Suitability Agreement and to perform the obligations contemplated hereunder. Subscriber has taken all corporate actions and proceedings necessary to authorize the execution of this Subscription and Suitability Agreement.

7. Acceptance or Rejection of Subscription. This Agreement shall not be binding on the Company until accepted by the Company, such acceptance to be indicated by the execution of this Agreement by the Company in the place provided on the signature page. If this

Agreement shall not be accepted, then this Agreement shall be deemed to be rejected and canceled, and all monies received, without interest, along with the executed signature page, shall be promptly returned to the Subscriber. THE SUBSCRIBER UNDERSTANDS AND AGREES THAT THIS SUBSCRIPTION IS MADE SUBJECT TO THE CONDITION THAT THE COMPANY SHALL HAVE THE RIGHT TO ACCEPT OR REJECT IT IN WHOLE OR IN PART, OR TO MODIFY THE OFFER CONTAINED HEREIN AT ANYTIME, WITHOUT PRIOR NOTICE.

8. Indemnity. The Subscriber hereby agrees to indemnify and hold harmless the Company and the Company's Manager and Members from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, attorneys' fees and disbursements) suffered, incurred, arising out of or as a result of any misrepresentation or breach of any representation, warranty, covenant or agreement made by the Subscriber in this Agreement or in any other document furnished by the Subscriber in connection with this transaction.

9. No Assignment or Transfer. The Subscriber agrees not to transfer or assign this Agreement, or any interest of the Subscriber herein.

10. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Georgia, without regard to conflict of law principles.

11. Additional Information. The Subscriber hereby acknowledges and agrees that the Company may make or cause to be made such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the Subscriber as an investor in the Units.

12. Miscellaneous.

(a) Captions of this Agreement are for convenience of reference only and shall not limit or otherwise affect the interpretation or effect of any term or provision hereof.

(b) This Agreement and the rights, powers and duties set forth herein, except as otherwise herein set forth, shall bind and inure to the heirs, executors, administrators, legal representatives and successors of the parties hereto.

(c) This Agreement may be executed in counterparts, all of which, when taken together, shall be deemed to be one original.

13. Admission and Agreement to be Bound. The Subscriber does hereby acknowledge receipt of a copy of the Operating Agreement and has read, understands and fully agrees to the terms and conditions of the Operating Agreement effective upon acceptance by the Company of this Subscription and Suitability Agreement. Pursuant to the Operating Agreement, by the execution of this Subscription and Suitability Agreement, upon acceptance by the Company hereof, the undersigned is hereby admitted to the Company as an additional Member and agrees to be bound by all of the terms and conditions of the Operating Agreement.

14. Consent as a Member. The Subscriber understands and agrees that all of the Members of the Company have heretofore given their consent to the admission as Members of the Company of such persons as are approved and selected by the Manager in the Manager's sole discretion upon the payment by such persons of the Offer Price as set forth in and on the terms of the Offering Summary. Upon the acceptance by the Company hereof, the Subscriber hereby gives the Subscriber's consent under the Operating Agreement for the Manager to admit such persons as are approved by the Manager as Members of the Company on the terms set forth in the Offering Summary, which consent shall be continuing during the term of the Offering and not subject to termination, revocation or other lapse except in accordance with the terms of the Offering Summary.

[SIGNATURES ON FOLLOWING PAGE]

To be completed and executed by the Subscriber:

1. Number of Units to be purchased: _____
2. Purchase price per Units: x $ 18,874
3. Total purchase price for Units to be purchased: _____

Manner is which Title to Units is to be held:

___ Individual(s) ___ Partnership ___ Corporation ___ Trust ___ Profit Sharing Plan ___ LLC

If joint ownership, please designate one of the following:

___ Joint Tenants with Right of Survivorship ___ Community Property ___ Tenants in Common

If a Profit Sharing Plan is the purchaser, is the Profit Sharing Plan self-directed? _____

_____

Individuals:

_____
Name

_____
Street Address

_____
City State Zip

_____
Mailing Address

_____
City State Zip

_____
Social Security Number (Tax ID Number)

( ) _____
Telephone Number

_____
Signature

_____
Date

Business Entities:

_____
Name

_____
Street Address

_____
City State Zip

_____
Mailing Address

_____
City State Zip

_____
Tax Identification Number

( ) _____
Telephone Number

_____
Signature

_____
Title

Date _____

Accepted on behalf of the Company:

MAPLE EQUESTRIAN, LLC

By:_____
Edmond Cash
Its Manager

DOCSBHM\1828859\2\

EXHIBIT F

CONFIDENTIAL INVESTOR QUESTIONNAIRE

MAPLE EQUESTRIAN, LLC

CONFIDENTIAL INVESTOR QUESTIONNAIRE

THIS QUESTIONNAIRE DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY A SECURITY. The sole purpose of this questionnaire is to establish whether the individual on whose behalf this questionnaire is completed (the "Subscriber") is qualified to invest in securities of Maple Equestrian, LLC, a Georgia limited liability company (the "Company"), which may be offered and sold under applicable Federal and state securities laws.

IMPORTANT: This form of Confidential Investor Questionnaire has been prepared for use by individuals and by entities such as partnerships, corporations and trusts. If the Subscriber is an entity, the Subscriber should provide information regarding the entity itself and not particular partners, officers, directors, trustees or beneficiaries of the entity, unless specifically requested. Notwithstanding the foregoing, in the case of partnerships, corporations and trusts formed specifically for the purpose of participating in this investment, a questionnaire must be completed by each partner, shareholder, and beneficiary.

1. IF THE SUBSCRIBER IS ONE OR MORE INDIVIDUALS:
   a. Name(s) of individual(s):_____
   b. Address(es) of individual(s):_____
   _____
   _____
   c. Telephone number(s) of individual(s):_____
   d. Fax number(s) of individual(s): _____
   e. E-mail address(es) of individual(s): _____
   f. Occupation(s) of individual(s):_____
   g. Name(s) of employer(s):_____
   h. Address(es) of employer(s):_____
2. IF THE SUBSCRIBER IS AN ENTITY:
   a. Name of entity:_____
   b. Form of entity:_____
   (partnership, corporation, trust, etc.)
   c. Date of organization of entity:_____
   d. Address of entity:_____
   e. Telephone number of entity:_____

f. Please name the authorized representative(s) of the entity who will be acting for the entity in connection with its potential investment in the Company:

_____

g. E-mail address of authorized representative: _____

h. Type of business entity is engaged in: _____

3. The Subscriber is one or more of the following (if yes, check appropriate lines):

Yes_____ No_____

_____ a director or executive officer of the Company;

_____ a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase (***excluding*** the value of that person's primary residence, but including the debt on the primary residence only to the extent the debt is greater than the value of the primary residence), exceeds $1,000,000;

_____ a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with a spouse in excess of $300,000 in each of those years and who reasonably expects to reach the same income level in the current year;

_____ a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment;

_____ an entity in which all of the equity investors is a person described above;

_____ a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (the "Act") or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity;

_____ a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

_____ an insurance company as defined in Section 2(13) of the Act;

_____ an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940;

_____ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

_____ a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, where such plan has total assets in excess of $5,000,000;

_____ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, where the investment decision is made

by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or an employee benefit plan that has total assets in excess of $5,000,000, or if a self-directed plan the investment decisions are made solely by persons that are accredited investors;

_____ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

_____ an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

4. In furnishing the above information, the Subscriber, and if the Subscriber is an entity, the individual executing and delivering this questionnaire on behalf of entity, acknowledge that the Company will be relying thereon in determining, among other things, whether there is reasonable grounds to believe that the Subscriber qualifies as an Subscriber of shares of the Company's securities. To the best of the Subscriber's information and belief, the above information supplied by the Subscriber is true and correct in all respects and the Subscriber represents and warrants to the Company as follows:

a. The answers to the above questions may be relied upon by the Company in determining whether the offering in which the Subscriber proposes to participate is exempt from registration under the Act and from registration or qualification under the securities laws of various states.

b. The Subscriber will notify the Company immediately of any material change in any statement made herein occurring prior to the closing of any purchase by the Subscriber of securities of the Company.

c. The Subscriber understands and agrees that, although the Company will use is best efforts to keep the information in this Investor Questionnaire strictly confidential, the Company may present this Investor Questionnaire and the information provided herein to such parties as it deems advisable if called upon to establish the availability of an exemption from registration of the securities of the Company under any federal or state securities laws or if the contents hereof are relevant to any issue in any action, suit or proceeding to which you are a party or by which you are or may be bound.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Investor Questionnaire as the ____ day of _____, 2011.

IF SUBSCRIBER IS AN ENTITY:

_____
(Name of Entity-Please Print)

By_____

Name_____

Title_____

IF SUBSCRIBER IS ONE OR MORE INDIVIDUALS (all individuals must sign)

_____
(Name-Please Print)

_____
Signature

_____
(Name-Please Print)

_____
Signature

EXHIBIT G

ESCROW AGREEMENT

SUBSCRIPTION ESCROW AGREEMENT

THIS SUBSCRIPTION ESCROW AGREEMENT (this "Escrow Agreement"), dated as of December 1, 2011, is entered into by and between **MAPLE EQUESTRIAN, LLC**, a Georgia limited liability company (the "Company"), and **OAKWORTH CAPITAL BANK**, as escrow agent (the "Escrow Agent").

WHEREAS, the Company intends to raise funds from investors (the "Investors") pursuant to a private offering (the "Offering") of units of membership interest in the Company (the "Units" or "Securities"), specifically a minimum of 80 Units (the "Minimum Offering"), representing an aggregate 80% ownership interest in the Company, and a maximum of 95 Units (the "Maximum Offering"), representing an aggregate 95% ownership interest in the Company, at a subscription price of $18,874 per Unit, for a total aggregate Minimum Offering amount of $1,509,920 (the "Minimum Amount") and a total aggregate Maximum Offering amount of $1,793,030 (the "Maximum Amount").

WHEREAS, the Company desires to deposit funds paid by the Investors with the Escrow Agent, to be held for the benefit of the Investors and the Company until such time as subscriptions for the Minimum Amount of the Securities have been deposited into escrow in accordance with the terms of this Escrow Agreement.

WHEREAS, in the event that at least the Minimum Amount is received and there is a Closing of the Offering (as defined below), the Company desires to have the Escrow Agent retain $150,000 of the deposit funds paid by the Investors to the Escrow Agent (the "Supplemental Escrow Amount"), to be held in accordance with the terms of this Escrow Agreement.

WHEREAS, the Escrow Agent is willing to accept the appointment as escrow agent upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Escrow of Investor Offering Funds.

(a) On or before the commencement of the Offering, the Company shall establish an escrow account with the Escrow Agent (the "Offering Escrow Account"). All funds received from Investors in payment for the Securities ("Investor Funds") will be delivered to the Escrow Agent within two (2) business days following the day upon which such Investor Funds are received by the Company (if received by the Company), and shall, upon receipt of good and collected funds by the Escrow Agent, be retained in the Offering Escrow Account by the Escrow Agent and invested as stated below. During the term of this Escrow Agreement, the Company shall cause all checks received by and made payable to it in payment for the Securities to be endorsed in favor of the Escrow Agent and delivered to the Escrow Agent for deposit in the

Offering Escrow Account. Investor Funds also may be wired directly to the Offering Escrow Account using wire instructions provided by the Escrow Agent.

(b) Escrow Agent shall have no duty to make any disbursement, investment or other use of Investor Funds until and unless it has good and collected funds. In the event that any checks deposited in the Offering Escrow Account are returned or prove uncollectible after the funds represented thereby have been released by the Escrow Agent, then the Company shall promptly reimburse the Escrow Agent for any and all costs incurred for such, upon request, and the Escrow Agent shall deliver the returned checks to the Company. The Escrow Agent shall be under no duty or responsibility to enforce collection of any check delivered to it hereunder. The Escrow Agent reserves the right to deny, suspend or terminate participation by an Investor to the extent the Escrow Agent deems it advisable or necessary to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Offering.

2. Identity of Subscribers. A copy of the Offering document has been provided to the Escrow Agent. The Company shall furnish to the Escrow Agent with each delivery of Investor Funds or shortly thereafter for funds wired directly from an investor, a list of the Investors who have paid for the Securities showing the name, address, tax identification number, amount of Securities subscribed for and the amount paid and deposited with the Escrow Agent. This information comprising the identity of Investors shall be provided to the Escrow Agent in the form of the Subscription Agreement executed by each such Investor to evidence such Investor's subscription for the Units (the "List of Investors"). All Investor Funds so deposited shall not be subject to any liens or charges by the Company or the Escrow Agent, or judgments or creditors' claims against the Company, until released to the Company as hereinafter provided. The Company understands and agrees that the Company shall not be entitled to any Investor Funds on deposit in the Offering Escrow Account and no such funds shall become the property of the Company except when released to the Company pursuant to Section 3 of this Escrow Agreement. The Company and the Escrow Agent will treat all Investor information as confidential. The Escrow Agent shall not be required to accept any Investor Funds which are not accompanied by the information on the List of Investors.

3. Disbursement of Investor Offering Funds.

(a) In the event the Escrow Agent receives written notice from the Company that the Company has rejected an Investor's subscription, the Escrow Agent shall pay to the applicable Investor, within ten (10) business days after receiving notice of the rejection, by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all collected sums paid by the Investor for Securities and received by the Escrow Agent; provided, however, that such Investor has not otherwise provided written instructions to Escrow Agent in form and substance acceptable to Escrow Agent requesting an alternative disbursement of such sums.

(b) Once the Escrow Agent is in receipt of good and collected Investor Funds totaling at least the Minimum Amount, the Escrow Agent shall notify the Company of the same in writing. If the Minimum Amount or more is received into the Offering Escrow Account at any

time before the Termination Date (as defined in Section 4 of this Escrow Agreement) and the Company shall have notified the Escrow Agent that the Offering is closing ("Closing"), then the Escrow Agent shall pay out the Investor Funds and all earnings thereon when and as directed in writing by the Company except that the Supplemental Escrow Amount shall be retained by the Escrow Agent and placed in the Supplemental Escrow Account and disbursed only in accordance with Section 4 below.

(c) If the Minimum Amount has not been received by the Escrow Agent before the Termination Date, the Escrow Agent shall, within ten (10) business days after the Termination Date, refund to each Investor by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all sums paid by the Investor for Securities and received by the Escrow Agent, and shall then notify the Company in writing of such refunds.

4. Supplemental Escrow Funds.

(a) In the event that at least the Minimum Amount is received and there is a Closing of the Offering, the Escrow Agent shall establish for the benefit of the Company an interest bearing escrow account with the Escrow Agent (the "Supplemental Escrow Account") into which the Supplemental Escrow Amount shall be placed, retained and invested as stated below.

(b) On the fourth (4th) anniversary of the date of the Closing, the Escrow Agent shall pay and deliver to the Company all remaining Supplemental Escrow Amounts, together with the interest earned on such funds in the Supplemental Escrow Account (the "Supplemental Escrow Funds").

(c) At any time prior to the fourth (4th) anniversary of the date of the Closing, the Company may deliver to Escrow Agent a written notice (a "Demand Notice"), with a copy thereof to all of the then current Members of the Company, which specifically (x) instructs Escrow Agent to deliver a specific amount of the Supplemental Escrow Funds (the "Release Amount"), and (y) copy of written notice from the United States Internal Revenue Service indicating that one or more federal tax returns of the Company is being audited, and (z) certifies that a copy of the Demand Notice has been delivered to each of the Members of the Company.

(d) If Members owning more than ten (10%) percent of the issued and outstanding voting equity interests in the Company disputes the release of all or any part of the Release Amount, or the accuracy, genuineness or timeliness of, such Demand Notice, such Members may, within ten (10) days after receipt of such Demand Notice, deliver to Escrow Agent a Dispute Notice (as defined in subsection (f) below), with a copy thereof to the Company, specifying each such objection. If no Dispute Notice is delivered with respect to any Demand Notice within such 10-day period, then Escrow Agent shall deliver the Release Amount stated therein in accordance with the instructions of the Company in the Demand Notice.

(e) Escrow Agent shall release all requested Supplemental Escrow Funds in any manner specified in written instructions jointly executed by the Company and Members of the

Company owning in the aggregate at least a majority of the issued and outstanding voting equity interests in the Company (the "Majority Members").

(f) In the event that Escrow Agent receives from the Majority Members any written instructions or notice which disputes the Demand Notice or the Release Amount in, or the accuracy, genuineness or timeliness of, any Demand Notice (a "Dispute Notice"), Escrow Agent shall refuse to comply with the Demand Notice and shall refrain from taking any action other than to retain possession of the Supplemental Escrow Funds until either (a) the propriety of the Demand Notice shall have been fully and finally adjudicated by a court (or arbitrator) of competent jurisdiction, or (b) all differences shall have been adjusted and all doubt resolved by agreement among the Company and a group constituting the Majority Members, and Escrow Agent shall have been so notified thereof in a written instrument signed by all such parties. In any such event, Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act.

5. Term of Escrow. The "Termination Date" shall be the earlier of (i) December 28, 2011, (ii) such time as the Company has received the Minimum Amount and delivered notice to the Escrow Agent of the Company's desire to terminate the Offering, (iii) the date the Escrow Agent receives written notice from the Company that it is abandoning the sale of the Securities; (iv) the date the Escrow Agent receives notice from the Securities and Exchange Commission or any other federal or state regulatory authority that a stop or similar order has been issued with respect to the Offering, or (v) the date the Escrow Agent institutes an interpleader or similar action. After the Termination Date, the Company shall not deposit, and the Escrow Agent shall not accept, any additional amounts representing payments by prospective Investors.

6. Duty and Limitation on Liability of the Escrow Agent.

(a) The Escrow Agent's rights and responsibilities shall be governed solely by this Escrow Agreement. The Escrow Agent is not a party to and is not bound by any agreement with the Company except this Escrow Agreement. Neither the Offering document, nor any other agreement or document shall govern the Escrow Agent even if such other agreement or document is referred to herein, is deposited with, or is otherwise known to, the Escrow Agent.

(b) The duties of the Escrow Agent hereunder are only such as are herein specifically provided, being purely ministerial in nature, and it shall have no responsibility in respect of any of the Investor Funds or Supplemental Escrow Funds deposited with it other than faithfully to follow the instructions herein contained. The Escrow Agent shall be under no duty to determine whether the Company is complying with the requirements of the Offering or applicable securities or other laws in tendering the Investor Funds to the Escrow Agent. The Escrow Agent shall not be responsible for, or be required to enforce, any of the terms or conditions of any Offering document or other agreement between the Company and any other party.

(c) The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice,

request, consent, order or other document. Upon or before the execution of this Escrow Agreement, the Company shall deliver to the Escrow Agent an authorized signers list in the form of **Exhibit A** to this Escrow Agreement.

(d) The Escrow Agent shall be under no obligation to institute and/or defend any action, suit or proceeding in connection with this Escrow Agreement unless first indemnified to its satisfaction.

(e) The Escrow Agent is authorized to and may consult with, and obtain advice from, legal counsel of its own choice in the event any dispute, conflict or question arises as to the construction of any of the provisions hereof of its duties hereunder. The Escrow Agent shall be reimbursed from the Company for all costs so incurred and shall incur no liability and shall be fully protected for acting in good faith in accordance with the written opinion and instructions of such counsel. Copies of all such opinions shall be made available to the other parties hereto upon request. The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(f) The Escrow Agent shall not be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of loss.

(g) The Escrow Agent is acting solely as escrow agent hereunder and owes no duties, covenants or obligations, fiduciary or otherwise, to any person by reason of this Escrow Agreement, except as otherwise explicitly set forth in this Escrow Agreement, and no implied duties, covenants or obligations, fiduciary or otherwise, shall be read into this Escrow Agreement against the Escrow Agent.

(h) In the event of any disagreement between any of the parties to this Escrow Agreement, or between any of them and any other person, including any Investor, resulting in adverse or conflicting claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, if at any time Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects Escrow Funds (including but not limited to orders or attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrow Funds), Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel

of its own choosing deems appropriate; and if Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(i) In the event that any controversy should arise with respect to this Escrow Agreement, the Escrow Agent shall have the right, at its option, to institute an interpleader action in the Circuit Court for Jefferson County, Alabama to determine the rights of the parties.

(j) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(k) The parties agree that the Escrow Agent had no role in the preparation of the Offering Documents, has not reviewed any such documents, and makes no representations or warranties with respect to the information contained therein or omitted therefrom.

(l) The Escrow Agent shall have no obligation, duty or liability with respect to compliance with any federal or state securities, disclosure or tax laws concerning the Offering documents or the issuance, offering or sale of the Securities.

(m) The Escrow Agent shall have no duty or obligation to monitor the application and use of the Investor Funds once transferred to the Company, that being the sole obligation and responsibility of the Company.

7. Escrow Agent's Fee. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as **Exhibit B**, which compensation shall be paid by the Company. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation relating to this Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including attorney's fees and expenses, occasioned by any delay, controversy, litigation or event, and the same shall be paid by the Company. The Company's obligations under this Section 7 shall survive the resignation or removal of the Escrow Agent and the assignment or termination of this Escrow Agreement. In the event that any and all charges payable under this Section 7 shall not be paid in full within the thirty (30) day period following receipt by the Company of an invoice therefor; then the Escrow Agent shall have the right to pay itself the full amount owed under this Section 7 from the interest and earnings resulting from the investment of the Investor

Funds, provided that the Escrow Agent, at least five (5) business days in advance of such action, shall have delivered written notice to the Company of the Escrow Agent's intent to do so.

8. Investment of Investor Funds and Supplemental Escrow Funds; Income Allocation and Reporting.

(a) The Company acknowledges that no interest shall be paid on the Investor Funds due to the short nature of the expected duration of the Offering Escrow Account. Accordingly, the Escrow Agent shall have no obligation to invest all or any part of the Investor Funds, including any interest or investment income that may be attributable thereto, in any form of interest-bearing account or to otherwise pay any interest on the Investor Funds. Nevertheless, if Escrow Agent, in its sole discretion, elects to invest such Investor Funds in an interest bearing account, any such interest received by the Escrow Agent with respect to such Investor Funds, including reinvested interest shall become part of the Investor Funds, and shall be disbursed pursuant to Section 3 of this Escrow Agreement. The Company agrees that, for tax reporting purposes, all interest or other taxable income earned on the Investor Funds, if any, in any tax year shall be taxable to the Company.

(b) During the duration of the existence of the Supplemental Escrow Account, Escrow Agent shall, unless otherwise directed by the Company, maintain the Supplemental Escrow Funds, without distinction between principal and income, in an interest bearing account(s) guaranteed within the limits of the Federal Deposit Insurance Corporation.

(c) To the extent any interest is paid on the Investor Funds or the Supplemental Escrow Funds, the Company shall promptly provide the Escrow Agent with certified tax identification numbers by furnishing appropriate IRS forms W-9 or W-8 and other forms and documents that the Escrow Agent may reasonably request. The Company understands that if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the Investor Funds pursuant to this Escrow Agreement. The Company shall also provide tax reporting documentation for the Investors as the Escrow Agent may reasonably request.

(c) The Company agrees to indemnify and hold the Escrow Agent harmless from and against any and all taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to the Investor Funds or the Supplemental Escrow Funds unless any such tax, addition for late payment, interest, penalties and other expenses shall be determined by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's gross negligence or willful misconduct. The terms of this paragraph shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

9. Notices. All notices, requests, demands, and other communications under this Escrow Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day of transmission if sent by facsimile to the facsimile number given below, with written confirmation of receipt, (c) on the day after delivery to Federal Express or similar overnight courier or the

Express Mail service maintained by the United States Postal Service, or (d) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed, return receipt requested, to the party as follows:

If to the Company:	If to Escrow Agent:
Maple Equestrian, LLC [redacted] Attention: Edmond Cash	Oakworth Capital Bank [redacted] Attention: Janet Ball, Managing Director

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

10. Indemnification of Escrow Agent. The Company hereby indemnifies, defends and holds harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees and expenses, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates unless such loss, liability, cost, damage or expense is finally determined by a court of competent jurisdiction to have been primarily caused by the willful misconduct of the Escrow Agent. The terms of this Section 10 shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

11. Resignation. The Escrow Agent may resign upon thirty (30) days' advance written notice to the Company. If a successor escrow agent is not appointed within the thirty (30) day period following such notice, the Escrow Agent may petition the Circuit Court for Jefferson County, Alabama to name a successor escrow agent or interplead the Investor Funds with such court, whereupon the Escrow Agent's duties hereunder shall terminate.

12. Successors and Assigns. Except as otherwise provided in this Escrow Agreement, no party hereto shall assign this Escrow Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Escrow Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets in whole or in part, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance any further act.

13. **Governing Law; Jurisdiction.** This Escrow Agreement shall be construed, performed, and enforced in accordance with, and governed by, the internal laws of the State of Alabama, without giving effect to the principles of conflicts of laws thereof.

14. **Severability.** In the event that any part of this Escrow Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Escrow Agreement shall remain in full force and effect.

15. **Amendments; Waivers.** This Escrow Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation, or warranty of this Escrow Agreement. The Company agrees that any requested waiver, modification or amendment of this Escrow Agreement shall be consistent with the terms of the Offering.

16. **Entire Agreement.** This Escrow Agreement contains the entire understanding among the parties hereto with respect to the escrow contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such escrow.

17. **References to Escrow Agent.** No printed or other matter in any language (including, without limitation, the Offering document, any supplement or amendment relating thereto, notices, reports and promotional material) which mentions the Escrow Agent's name or the rights, powers, or duties of the Escrow Agent shall be issued by the Company or on the Company's behalf unless the Escrow Agent shall first have given its specific written consent thereto.

18. **Section Headings.** The section headings in this Escrow Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Escrow Agreement.

19. **Counterparts.** This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

MAPLE EQUESTRIAN, LLC

By: _____
Edmond Cash
Its Manager

OAKWORTH CAPITAL BANK, AS ESCROW AGENT

By: _____
Janet Ball
Managing Director

EXHIBIT B

SCHEDULE OF FEES
Private Placement Escrow

Acceptance Fee: **$ 250.00**

Initial Fees as they relate to Oakworth Capital Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the Escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s).

Acceptance Fee is payable at the time of Escrow Agreement execution.

Escrow Agent Annual Administration Fee: **$ 1,250.00**

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Escrow Agreement execution. The Annual Fee covers a full year or any part thereof, and therefore will not be prorated or refunded in the year of early termination. The Annual Administration Fee shall not be payable for any year subsequent to the first payment hereof if the Supplemental Escrow Agent Administration Fee (as described below) is paid with respect to the Supplemental Escrow Account.

Transaction Charges:

Return of funds to Individual Subscribers (if required): .....$ 20.00/per subscriber

Tax reporting (if required): .....$ 50.00/per subscriber

Supplemental Escrow Agent Administration Fee: **$ 1,000.00**

For establishment of the Supplemental Escrow Account and ordinary administrative services by Escrow Agent during the pendency of the Supplemental Escrow Account – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Closing. The Supplemental Escrow Agent Administration Fee covers the entire duration of the existence of the Supplemental Escrow Account or any part thereof, and therefore will not be prorated or refunded for early termination of the Supplemental Escrow Account.

Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule. Extraordinary services (services other than the ordinary administration services of Escrow Agent described above) are not included in the annual administration fee and will be billed as incurred at the rates in effect from time to time.

Submitted on: December 1, 2011

EXHIBIT H

TAX OPINION

SIROTE & PERMUTT
A PROFESSIONAL CORPORATION
2311 Highland Avenue South
Birmingham, Alabama 35205
Reply to:
Post Office Box 55727
Birmingham, Alabama 35255-5727
Telephone 205.930.5100
Facsimile 205.930.5101
Writer's direct dial number:
(205) 930-5274
Writer's direct e-mail address:
rlevitt@sirote.com

December 15, 2011

Mr. Edmond Cash
Manager
Maple Equestrian, LLC
[redacted]

Re: Opinion Letter Regarding Certain Material Federal Income Tax Aspects of the Subject Transactions

THIS OPINION WAS DRAFTED TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED IN THE OPINION, AND EACH INVESTOR SHOULD SEEK ADVICE BASED ON THE INVESTOR'S CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Dear Mr. Cash:

We have acted as counsel to Maple Equestrian, LLC, a Georgia limited liability company (the "Company"), in connection with the following transactions (collectively the "Subject Transactions"): (a) the proposed offer and sale by the Company (the "Offering") of units of membership interest in the Company ("Units") to certain investors (the "Investors") in a private securities offering intended to qualify under Rule 506 of Regulation D, 17 C.F.R. Reg. §230.506, adopted under the Securities Act of 1933, as amended, pursuant to that certain Confidential Private Offering Summary – Maple Equestrian, LLC, dated December 15, 2011, and the other documents and exhibits attached thereto (collectively, the "Offering Memorandum"); (b) the redemption (the "Redemption") of certain of the outstanding Units in the Company owned by Edmond A. Cash, an individual ("Edmond"), Edward A. Cash, an individual ("Edward"), Max Cash, an individual ("Max") and Rick J. Klewein Family, LLC, a Georgia limited liability company ("Klewein Family, LLC", and together with Edmond, Edward and Max, the "Sellers"), each of which now currently owns the issued and outstanding Units in the Company in the following percentages: Edmond: 16 2/3%, Edward: 16 2/3%, Max: 16 2/3% and Klewein

Family, LLC: 50%; and (c) the potential contribution by the Company of a conservation easement (the "Conservation Easement") to North American Land Trust, Inc. ("NALT") over the Company Property.

It is important to note that, subsequent to and independent of the closing of the Offering and the Redemption, the Company may hold the Company Property for investment and potential future sale to one or more third party developers, deliver the Conservation Easement to NALT or to another qualified organization which would be intended to constitute a qualified conservation contribution, as described in Section 170(h) of the Internal Revenue Code of 1986, as amended, (the "Code") and the Treasury Regulations (the "Regulations") with respect to all or a portion of the Company Property, or do any other activity consistent with its ownership of the Company Property. It is our understanding that while the Company has discussed potential terms for the Conservation Easement with NALT, no definitive agreements have been entered into with NALT or any other qualified organization or otherwise signed. Further, there are no contractual obligations that require the Company to grant the Conservation Easement or take any other specific action with respect to the Company Property. The activities engaged in by the Company, relating to the Company Property or otherwise, are within the discretion of the members of the Company (the "Members") pursuant to the governance provisions of the Operating Agreement of Maple Equestrian, LLC (the "Operating Agreement").

We have been requested by the Company to deliver this legal opinion (this "Opinion") in furtherance of the Subject Transactions. Our opinions stated herein are based upon our interpretation of the relevant provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated there under, existing judicial decisions, and current administrative rulings and procedures issued by the Internal Revenue Service (the "IRS"), all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision, which changes might alter our Opinion. Our Opinion has no binding effect or official status, and only represents our professional judgment. No assurance can be given that the conclusions reached herein will be sustained by judicial review if challenged by the IRS. Moreover, the tax treatment of a particular transaction and resulting tax attributes will depend not only upon general legal principles but also upon various factual matters related to the individual taxpayer. Consequently, while we are able to give our Opinion with respect to the general treatment of the Subject Transactions described herein and resulting tax attributes, the effects to an individual taxpayer will be heavily dependent upon the taxpayer's tax situation.

There are certain factual determinations that must be made when evaluating whether a proposed conservation easement contribution will qualify for a deduction under the Code and Regulations, and certain limitations on the use of such deductions are specific to each individual taxpayer. Such factual determinations are beyond the scope of this Opinion. Where applicable, we have indicated the factual assumptions and legal documents upon which we have relied, and upon which this Opinion is based.

I. PROPOSED TRANSACTION STRUCTURE.

(a) The Sellers have contributed the Company Property to the Company in exchange for all of the membership interests in the Company, which were received by them pro-rata to their ownership in the Company Property.

(b) The Investors will contribute cash to the Company in exchange for Units in the Company pursuant to the form of Subscription and Suitability Agreement (the "Contribution Agreement") attached to the Offering Memorandum.

(c) The Company will effect the Redemption for cash pursuant to that certain Redemption Agreement dated as of December 14, 2011 and attached to the Offering Memorandum (the "Redemption Agreement").

(d) Following the closing of the Offering and Redemption, the Investors will own a minimum of 80% of the Units and a maximum of 95% of the Units, and the remaining Units, in each case, will be owned in the aggregate by the Sellers.

(e) After the foregoing actions have occurred, it is contemplated that Edmond, the manager of the Company (the "Manager"), will recommend to the Members that the Company encumber the Company Property by granting the Conservation Easement to NALT.

(f) If approved by a majority of the Members based upon their relative Unit ownership at such time, the Company will grant the Conservation Easement to NALT. Upon execution, delivery and recordation of the Conservation Easement, the Company will claim a contribution deduction (the "Contribution Deduction") pursuant to Code Sections 170(a) and (h) in an amount equal to the fair market value of the Conservation Easement. Based on the status of the Company as a partnership for federal income tax purposes, the Contribution Deduction will be allocated to the Members under the terms and conditions of the Operating Agreement and the applicable provisions of Subchapter K of the Code.

II. COVERED OPINIONS.

Treasury Department Circular 230 ("Circular 230") provides certain requirements that must be met when delivering a tax opinion letter that is deemed to be a "covered opinion." Covered opinions are written advice, which may be in the form of electronic communications, concerning one or more "federal tax issues" arising from: (1) a transaction that is the same as or substantially similar to a transaction determined by the IRS to be a tax avoidance transaction and identified in published guidance as a "listed transaction"; (2) any partnership, other entity, or investment plan or arrangement the "principal purpose" of which is the avoidance or evasion of any federal tax; (3) any partnership, other entity, or plan or arrangement that has as "a significant purpose" the avoidance or evasion of federal tax if the written advice is (a) a "reliance opinion," (b) a "marketed opinion," (c) subject to conditions of confidentiality, or (d) subject to contractual protection.

The "principal purpose" of a partnership, other entity, or investment plan or arrangement is the avoidance or evasion of any tax imposed by the Code if that purpose exceeds any other purpose. A principal purpose is not deemed to avoid or evade tax, however, if the partnership, entity, plan, or arrangement has as its purpose the claiming of tax benefits in a manner consistent with the Code and Congressional purpose. A partnership, entity, plan, or arrangement may have a significant purpose of avoidance or evasion of tax even if it does not have the principal purpose of avoidance or evasion of tax.

A "reliance opinion" is defined in Circular 230 as written advice that concludes at a confidence level of more likely than not (*i.e.*, greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. A "marketed opinion" is defined in Circular 230 as written advice where the practitioner knows or has reason to know that the advice will be used or referred to by a person other than the practitioner (or an associated person), in promoting, marketing, or recommending a partnership or other entity, or an investment plan or arrangement, to another taxpayer. It is likely that this letter meets the requirements of both a reliance opinion and a marketed opinion.

Circular 230 requires the practitioner, with respect to a covered opinion, to: (1) determine the facts; (2) relate the facts to the law; (3) evaluate all of the significant federal tax issues and reach a conclusion with respect to each such issue; and (4) reach an overall conclusion regarding the tax treatment of the transaction.

The general rule is that the opinion should consider all significant federal tax issues, unless the opinion is a limited scope opinion. This opinion does not constitute a limited scope opinion. Reasonable efforts must be used to identify facts, including those that relate to future events if the transaction is proposed or prospective, and determine which facts are relevant. A federal tax issue is a question concerning the federal tax treatment of an item of income, gain, loss, deduction, or credit, the existence or absence of a taxable transfer of property, or the value of property for federal tax purposes. A federal tax issue is significant for purposes of a covered opinion if the IRS has a reasonable basis for a successful challenge and its resolution could have a significant impact, whether beneficial or adverse and under any reasonably foreseeable circumstance, on the overall federal tax treatment of the transaction or matter at issue in the opinion.

A reliance opinion must conclude that the taxpayer will prevail on the merits with respect to each significant federal tax issue considered in the opinion, at a confidence level of at least more likely than not, and describe the reasons for the conclusions, including the facts and analysis supporting the conclusions. In a marketed opinion, a conclusion must be reached that the taxpayer will prevail on the merits at a confidence level of at least more likely than not with respect to each significant federal tax issue addressed in the opinion. If a more likely than not conclusion cannot be reached for each significant tax issue in the opinion, the marketed opinion cannot be issued.

The purpose of this Opinion is to provide the Company and its Members our opinion concerning the material federal income tax aspects of the proposed Subject Transactions. In light of the

Company's use of this Opinion in promoting the Offering, this Opinion has been prepared in accordance with the requirements for a marketed opinion.

III. DISCLOSURE REQUIREMENTS.

Section 6111 of the Code requires each "material advisor" with respect to any "reportable transaction" to make a return in a form prescribed by the Secretary setting forth information identifying and describing the transaction and any potential tax benefits expected to result from it, together with such other information as the Secretary may prescribe.

(a) Reportable Transaction.

(1) General Rule. Under Code Section 6111(a), a "reportable transaction" is any transaction for which information is required in a return or a statement because the transaction is of a type which the Secretary (of the Treasury) determines as having a potential for tax avoidance or evasion. Sections 6111(b)(2) and 6707A(c) of the Code and Sections 1.6011-4(b), 301.6112-1(b)(2) and (c)(2) of the Regulations will apply for purposes of determining whether a transaction is a reportable transaction. For this purpose, a "transaction" includes all of the factual elements relevant to the expected tax treatment of any investment, entity, plan, or an arrangement, and includes any series of steps carried out as part of a plan."[1]

We bring to your attention IRS Notice 2007-72 (August 14, 2007), wherein the IRS issued a "transaction of interest" which contains characteristics that some may argue bears some potential similarity to the Subject Transactions. As noted below, it is our view that the transaction described in IRS Notice 2007-72 is not similar to, and is distinguishable from, the Subject Transactions for purposes of applying the "reportable transaction" principles. IRS Notice 2007-72 describes the following transaction:

> *Advisor owns all of the membership interests in a limited liability company (LLC) that directly or indirectly owns real property (other than a personal residence as defined in § 1.170A-7(b)(3)) that may be subject to a long-term lease. Advisor and Taxpayer enter into an agreement under the terms of which Advisor continues to own the membership interests in LLC for a term of years (the Initial Member Interest), and Taxpayer purchases the successor member interest in LLC (the Successor Member Interest), which entitles Taxpayer to own all of the membership interests in LLC upon the expiration of the term of years. In some variations of this transaction, Taxpayer may hold the Successor Member Interest through another entity, such as a single member limited liability company. Further, the agreement may refer to the Successor Member Interest as a remainder interest.*

[1] Treas. Reg. § 1.6011-4(b)(1).

After holding the Successor Member Interest for more than one year (in order to treat the interest as long-term capital gain property), Taxpayer transfers the Successor Member Interest to an organization described in § 170(c) (Charity).

Taxpayer claims the value of the Successor Member Interest to be an amount that is significantly higher than Taxpayer's purchase price (for example, an amount that is a multiple of Taxpayer's purchase price and exceeds normal appreciation). Taxpayer claims a charitable contribution deduction under § 170 based on this higher amount. Taxpayer reaches this value by taking into account an appraisal obtained by or on behalf of Advisor or Taxpayer of the fee interest in the underlying real property and the § 7520 valuation tables.

Should the Subject Transactions be determined to fit within the parameters of the "transaction of interest" outlined in Notice 2007-72, the Subject Transactions would constitute, as a result, a "reportable transaction", and subject to the requirements of Section 6111(a). Based upon our comparison of the Subject Transactions and the transaction of interest outlined in Notice of 2007-72, it is our opinion that it is more likely than not that the Subject Transactions do not fit within the description of such transaction, and that the Subject Transactions "are not expected to obtain the same or similar types of tax consequences" as the transaction outlined in the Notice, nor are the Subject Transactions "factually similar or based on the same or similar tax strategy" as the transaction outlined in the Notice. For instance, the Subject Transactions involve a situation in which Investors in the Company have an actual economic investment and undivided interest in the Company from the date of their investment. Moreover, while it is possible that the Investors will receive a charitable contribution deduction in excess of their investment in the Company, the valuation of the Conservation Easement will be based on an appraisal performed in compliance with specific Regulatory guidance issued by the IRS concerning the methodology of valuing such property.

(2) Conclusions. In view of the foregoing, it does not appear that the Subject Transactions should be considered a reportable transaction for purposes of Code Section 6111. However, given the factual nature of the determination of whether the Subject Transactions will be considered a reportable transaction for purposes of Code Section 6111, and the significant penalties that might apply if the Subject Transactions is determined to be such a reportable transaction, it would be advisable for each Seller or Investor addressed herein to consult with his or her own individual tax advisors regarding the applicability of the above referenced requirements on their obligations, including their obligation to attach IRS Form 8886 to tax returns filed by such members with respect to the Subject Transactions.

(b) Economic Substance.

(1) General Rule. Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Sections 6662(b)(6) and 6662(i), a

strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. The penalty is increased to 40-percent of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by these statutes.

(2) Conclusions. There have been no cases reported in which a contribution of a conservation easement was determined to be a transaction "to which the doctrine applies." Accordingly there have been no instances in which a contribution of a conservation easement was found not to have economic substance.[2] Moreover, by granting a conservation easement (should the Company elect to do so), a taxpayer is giving up a real and substantial interest in property, thereby engaging in an actual economic transaction. In view of the foregoing, and as further discussed below, it is our conclusion that, more likely than not, the Subject Transactions do not lack economic substance under Code Section 7701(o) of the Code.

IV. DOCUMENTS REVIEWED.

In reaching the opinions stated herein, we have reviewed the following documents:

(a) The Offering Memorandum and the other documents and exhibits attached thereto;

(b) The preliminary appraisal (the "Preliminary Appraisal") performed by Claude Clark, III, SRA (the "Appraiser"), which we understand will be updated and developed into a complete appraisal performed in accordance with the Code and Regulations prior to the date of the contribution of the Conservation Easement and which will have an issue and effective date within sixty (60) days of the contribution of the Conservation Easement (the completed appraisal, which we have assumed based on representations by the Appraiser will be provided as described above, is referred to herein as the "Final Appraisal");

(c) The form of Deed of Conservation Easement that would grant and convey the Conservation Easement to NALT (the "Conservation Easement Deed");

(d) The Determination Letter recognizing the tax exempt status of NALT (the "Determination Letter");

(e) Form 990 for NALT for its 2010 fiscal year (the "Form 990");

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[2] In a recently issued Tax Court case, *Historic Boardwalk Hall, LLC v. Commissioner*, 136 T.C. No. 1 (2011), the Tax Court held that, in the context of the rehabilitation tax credit under I.R.C. § 47, that the lack of a pre-tax profit potential is not necessarily determinative that a transaction lacks economic substance. Although the case applied pre-Section 7701(o) law and involved the allocation of a tax credit (as opposed to a charitable deduction) among partnership members, the Tax Court's determination that a pre-tax profit is not a prerequisite to satisfying the economic substance test provides some support that the Subject Transactions do not violate I.R.C. § 7701(o).

(f) The Commitment for Title Insurance (the "Title Opinion") dated as of October 4, 2011 performed by Scott Smith, Esq. with McRae, Stegall, Peek, Harman, Smith & Manning, LLP;

(g) The Articles of Organization of the Company and the Operating Agreement (collectively, the "Company Entity Documents");

(h) Various deeds, bills of sale, assignments, assumption agreements, consents and other documents identified to our satisfaction effecting the Offering and Redemption;

(i) The letter from Mark Harrison, C.P.A. to Edmond, dated November 4, 2011, providing that the company has held the Company Property as an investment asset and the prior owner held the Company Property as an investment asset (the "Capital Gain Letter");

(j) The Reliance Letter from the Manager, on behalf of the Company, to Sirote & Permutt, P.C. (the "Reliance Letter");

(k) A draft of that certain Conservation Easement Baseline Documentation Report prepared by NALT with respect to the Company Property (the "Baseline Report"); and

(l) The letter, dated November 23, 2011, from geologists Robert B. Carr and Thornton L. Neatherly, with the firm of Coal Carr, Inc., opining that given the legal restrictions on surface mining on and the nature of the property, the probability of extraction or removal of minerals on the Property is not commercially feasible and therefore so remote as to be negligible (the "Geologist Letter").

In reaching the opinions stated herein we have relied on the above referenced documents, and other documents referenced herein, and have relied upon the authenticity of these documents, and where applicable (i) on their due authorization, execution and delivery, (ii) on the accuracy and completeness of the documents provided to us, (iii) that no act has occurred rendering any document to be invalid, revoked or ineffective, and (iv) that forms and drafts of documents presented to us have been or will be executed in substantially the same form as presented.

V. ASSUMPTIONS.

The opinions expressed herein are subject to the assumptions listed within this Opinion, including:

(a) Based on the representations in the Reliance Letter and the Capital Gain Letter the Company Property is a capital asset in the hands of the Company, and a sale of the Company Property after the date hereof would result in long-term capital gain to the Company.

(b) Based on the Determination Letter and the representations and documents provided by NALT in connection with the proposed grant of the Conservation Easement (the "Easement Documentation"), NALT is a qualified organization as defined in Code Section 170(h)(3).

(c) Based on the Baseline Report, representations and recitals in the Conservation Easement Deed and the Reliance Letter, the Conservation Easement will qualify under Code Section 170(h)(2) as a Qualified Real Property Interest and will be considered to have been contributed exclusively for conservation purposes, as defined in Code Sections 170(h)(4)(ii) and / or 170(h)(4)(iii).

(d) Based on the Preliminary Appraisal, our past dealings and knowledge of the Appraiser, and representations made by the Appraiser, the Final Appraisal will constitute a Qualified Appraisal under Treas. Reg. §1.170A-13(c).

(e) Based on the Preliminary Appraisal, representations and assertions by the Appraiser, and the Reliance Letter, any enhancement in value which will occur to any and all property owned by a Member or any other person entitled to a deduction or tax benefit attributable to the Conservation Easement, or any person related thereto, shall be properly accounted for in the Final Appraisal.

(f) Based on the Reliance Letter and representations by NALT, NALT will issue a timely, complete and accurate letter ("Acknowledgement Letter") acknowledging the receipt of the Conservation Easement that satisfies the requirements of Code Section 170(f)(8).

(g) Based on the Reliance Letter, the Company and the Members will timely file accurate and complete IRS Forms 8283 with respect to the contribution of the Conservation Easement.

(h) Based on the conclusion in the Geologist Letter that the probability of extraction or removal of minerals on the Property is so remote as to be negligible, the lack of the Company's ownership of the mineral rights to the Property will not adversely effect the Conservation Easement.

VI. CERTAIN QUALIFICATIONS AND LIMITATIONS.

No opinion is given herein as to the tax consequences to the Investors or any Member with respect to any material or significant tax issue which is determined at the individual level and which is dependent upon such Investor's or other Member's particular financial or tax circumstances or the state and local tax consequences to the Investors or other Member. Further, no opinion is given with respect to the tax effects of any transactions regarding the Company or the Company Property that may occur after the closing of the Offering and Redemption, such as the granting of the Conservation Easement, or the sale or development of the Company Property. For purposes of this Opinion, we have also relied and based our interpretation on pertinent provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated thereunder, existing judicial decisions, and current administrative rulings and procedures issued by the IRS, all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision. Any changes in the facts assumed hereunder or in the Code or Regulations made subsequent to the date of this Opinion could materially affect the statements made herein and have adverse effects on the income tax consequences of an investment in the Company. This Opinion is strictly subject to all of the

terms, conditions and limitations set forth herein. Further, this Opinion is directed to current and future members of the Company who are citizens of the United States. Foreign, state or local tax consequences also are not addressed here.

In rendering this Opinion, we have considered and attempted to follow the guidelines of Circular 230. Our opinion addresses each material tax issue that involves a reasonable possibility of challenge by the IRS for which a legal opinion can be given at this time; however, it should be noted that this Opinion is not a representation or a guarantee that the tax results opined to herein will be achieved. This Opinion has no binding effect or official status of any kind, and no assurance can be given that the conclusions reached in this Opinion would be sustained by a Court if contested by the IRS.

FOR PURPOSES OF OUR OPINION, ANY STATEMENT THAT IT IS "MORE LIKELY THAN NOT" THAT ANY TAX POSITION WILL BE SUSTAINED, MEANS THAT, IN OUR JUDGMENT, AT LEAST A 51% CHANCE OF PREVAILING EXISTS IF THE IRS WERE TO CHALLENGE THE ALLOWABILITY OF SUCH TAX POSITION AND THAT CHALLENGE WERE TO BE LITIGATED AND JUDICIALLY DECIDED.

VII. OPINIONS REGARDING PARTNERSHIP STATUS, CONTRIBUTION, REDEMPTION AND ALLOCATION OF THE CHARITABLE DEDUCTION.

A. PARTNERSHIP STATUS FOR THE COMPANY

The availability of the income tax attributes of the Company to its current and future Members depends upon the classification of the Company as a "partnership" for federal income tax purposes and not as an "association taxable as a corporation." In the event that the Company were considered an association taxable as a corporation, then its income and losses as well as any separately stated partnership items would not flow through or be allocated to its Members. If the Company were treated as an association taxable as a corporation, all deductions would be deductible to the Company on its own federal income tax return and would not flow through, or be allocated, to its Members, including the Investors, and the Company may be subject to a corporate level of taxation.

The Company was formed as a Georgia limited liability company. It is contemplated that the Company will have at least two (2) members before and after the closing of the Offering and Redemption. A partnership is defined in Code Section 761 as a "syndicate, group, pool, joint venture, or other incorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not . . . a corporation or a trust or estate." Although not explicitly stated in the definition of partnership, Code Section 761 requires an entity treated as a partnership for federal income tax purposes to consist of at least two partners.

The Company is a business entity that is not classified as a corporation and is considered a "domestic eligible entity" under the Regulations classifying business entities. Treas. Reg. §301.7701-3. Under Treas. Reg. §301.7701-3, a domestic eligible entity that has two or more owners will automatically qualify for "partnership" tax classification status, unless the entity

desires to change its classification by electing to be classified as an association taxable as a corporation for federal income tax purposes. Based upon statements contained in the Reliance Letter, it is our understanding that: (i) the Company has at least two members, (ii) the Company has not filed an election under Treas. Reg. §301.7701-3 to be treated as an association taxable as a corporation, (iii) the Company is anticipated to have at least two members after the closing of the Offering and Redemption, and (iv) the filing of an election under Treas. Reg. §301.7701-3 for the Company to be treated as an association taxable as a corporation is not contemplated.

Based upon the foregoing, it is our opinion that, more likely than not, the Company will be classified as a "partnership" and not as an "association taxable as a corporation" for federal income tax purposes if such issue were challenged by the IRS, litigated, and judicially decided. The remaining summary of federal income tax consequences in this Opinion assumes that the Company will be classified as a "partnership" for federal income tax purposes.

Accordingly, if, as anticipated, the Company is treated as a partnership for federal income tax purposes, it will not be treated as a separate taxable entity subject to federal income tax, but instead the Members of each such entity would be required to report on such Members' federal income returns for each year a distributive share of such entity's income, gain, loss, deduction or credit for that year.

B. PARTNERSHIP CONTRIBUTION AND REDEMPTION

Based on our review of the Company Entity Documents, the Contribution Agreement, and the Redemption Agreement, and subject to the accuracy thereof, we have determined that, subject to the factual assumptions described herein, it is more likely than not that the contribution by the Investors of money to the Company at the Closing of the Offering and the simultaneous closing of the Redemption shall constitute, for tax purposes, a disguised sale of the Company Units.

Section 707(a)(2)(B) of the Code provides that, under regulations prescribed by the Secretary, if transfers of property between a partner or partners, when viewed together, are properly characterized as a sale or exchange of property, such transfers shall be treated as either transactions between the partnership and one who is not a partner or between two or more partners acting other than in their capacity as partners. The IRS ultimately issued regulations regarding disguised sales of property to and by partnerships; however, existing Treas. Reg. §1.707-7 was reserved for regulations regarding disguised sales of partnership interests.

The Secretary issued proposed Regulations under Section 1.707 in 2004. Under the proposed Regulations, the Subject Transactions – specifically, the simultaneous closing of the Offering and Redemption – would be classified as a disguised sale of partnership interests in the Company. Although the proposed Regulations were ultimately withdrawn in Announcement 2009-8 I.R.B. 597, such Regulations were based on case law and guidance issued by the IRS. *See, e.g., Oehlschlager v. Commissioner*, T.C. Memo. 1988-210. Accordingly, the proposed Regulations provide unofficial guidance on how Code Section 707 should be interpreted.

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in

partnership capital and profits. Under the proposed and withdrawn Treas. Reg. §1.707 regulations, Code Section 708(b)(1)(B) would apply to disguised sales of partnership interests.

C. PARTNERSHIP ANTI-ABUSE RULES

The Regulations under Code Section 701 contains an anti-abuse rule which clarify that the IRS has the authority to recast partnership transactions to more accurately reflect the underlying economic arrangement of the partners if it concludes that the transaction attempts to use the partnership in a manner inconsistent with the intent of subchapter K.[3]

The rule clarifies that subchapter K is intended to permit taxpayers to conduct joint business activities, including investment activities, through a flexible economic arrangement without incurring an entity-level income tax. However, this intent encompasses three requirements: (1) the partnership must be bona fide and each partnership transaction or series of related transactions must be entered into for a substantial business purpose; (2) the form of each partnership transaction must be respected under substance over form principles; and (3) the tax consequences under subchapter K to each partner, of partnership operations and of transactions between the partner and the partnership, must accurately reflect the partners' economic agreement and clearly reflect each partner's income.[4]

Additionally, in order for a partnership transaction to be respected, the partnership and partners must apply the provisions of subchapter K and the accompanying regulations in a manner that is consistent with the intent of subchapter K, as that intent is described under the three requirements.[5] If a partnership is formed or availed of in connection with a transaction a principal purpose of which is to substantially reduce the present value of the partners' aggregate federal tax liability in a manner that is inconsistent with the intent of subchapter K, the IRS can recast the transaction as appropriate to achieve tax results that are consistent with the intent of subchapter K, taking into account all the facts and circumstances. This may occur even if the transaction falls within the literal words of a particular statutory or regulatory provision.

Whether a partnership is formed or availed of with a principal purpose to reduce substantially the present value of the partners' aggregate federal tax liability in a manner inconsistent with the intent of subchapter K is determined based on all of the facts and circumstances. This includes a comparison of the purported business purpose for a transaction and the claimed tax benefits resulting from the transaction.[6] The regulations provide a number of factors to consider in making this determination, but specifies that the factors are illustrative only and that the weight to be given any one factor (whether listed or not) depends on all of the facts and circumstances;

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[3] Treas. Reg. § 1.701-2.

[4] Treas. Reg. § 1.701-2(a).

[5] Treas. Reg. §1.701-2(b).

[6] Treas. Reg. § 1.701-2(c).

the presence or absence of any factor does not create a presumption that the transaction is abusive.[7] The factors include:[8]

(1) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if the partners owned the partnership's assets and conducted the partnership activities directly;

(2) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if purportedly separate transactions that are designed to achieve a particular end result are integrated and treated as steps in a single transaction;

(3) whether one or more partners who are integral to the claimed tax results either have a nominal interest in the partnership, are substantially protected from any risk of loss from the partnership's activities, or have little or no participation in the profits from the partnership's activities other than a preferred return that is in the nature of a payment for the use of capital;

(4) whether substantially all of the partners (measured by numbers or interests in the partnership) are related, directly or indirectly, to one another;

(5) whether partnership items are allocated in compliance with the literal language of the regulations governing the partners' distributive shares, but with results that are inconsistent with the purpose of the applicable statutory and regulatory provisions;

(6) whether the benefits and burdens of ownership of property nominally contributed to the partnership are in substantial part retained (directly or indirectly) by the contributing partner or a related party; and

(7) whether the benefits and burdens of ownership of partnership property are in substantial part shifted (directly or indirectly) to the distributee partner before or after the property is actually distributed to the distributee partner (or a related party) .

The application of the above referenced factors is set forth in a series of examples found in the Regulations. We have reviewed these examples and have determined that none of the examples are similar to the Subject Transactions. Based upon the rights of the Members and the Company as set forth in the Offering Documents, the Investors, Sellers and the Company should be viewed as entering into the Subject Transactions with a real and bona fide intent to making a profit. For example, in lieu of granting of the Conservation Easement, the Company may instead choose to lease, develop, sell or otherwise transact business with respect to the Company Property for the purpose of producing profits for the benefit of the Company and the Members. There is no indication that the Company is utilizing the rules of Subchapter K in a manner inconsistent with the intent of the rules.

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[7] *See, e.g.*, CCA 200613031.

[8] Treas. Reg. § 1.701-2(c).

Moreover, should the Company and the Members decide to make a charitable contribution of the Conservation Easement, the Company and the Members will be forfeiting its right to develop the Company Property. Such a contribution would have a material economic impact on the Company, its assets, and the value of the members' investment in the Company. The deduction attributable to the Conservation Easement will flow-through to the Members in a manner consistent with the intent of Subchapter K.

The recently issued Tax Court case, *Historic Boardwalk Hall, LLC v. Commissioner,* 136 T.C. No. 1 (2011), demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the Subject Transaction.

In *Historic Boardwalk Hall, LLC*, a partnership was formed for the purpose of allowing an investor to utilize tax credits[9] generated by a partnership which were attributable to historic rehabilitation development undergone by the partnership. The Service argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a real partner, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's argument in *Historic Boardwalk Hall, LLC*, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

Although the facts of *Historic Boardwalk Hall, LLC*, are clearly distinguishable from the Subject Transactions, the decision does provide some support that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although *Historic Boardwalk Hall, LLC* involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions. For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event the Company elects to grant the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in *Historic Boardwalk Hall, LLC*.

[9] The tax credits at issue in the case were federal historic rehabilitation tax credits available under I.R.C. § 47.

Based upon the foregoing, it is our opinion that, more likely than not, the Partnership Anti-Abuse Rules will not alter the federal tax treatment of the Subject Transaction.

D. ECONOMIC SUBSTANCE.

Under Code Section 7701(o), "certain transactions to which the [economic substance] doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40-percent of the underpayment if the there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income."[10] However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.[11]

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.[12]

It is more likely than not that the Subject Transactions will not violate the economic substance transaction doctrine under Section 7701(o). First, based on our review of the Operating Agreement, the Members have the right to operate the Company in a manner which could deliver a pre-tax economic benefit to the Members. Specifically, the Members could decide to develop the Company Property in a manner consistent with the Company's highest and best use as set forth in the Appraisal. Alternatively, the Members could decide to hold the Company Property in order to realize appreciation in the value of the Company Property. The Members may also decide to encumber a portion of the Company Property, or the entire Company Property, with a conservation easement. By entering into the Subject Transactions, the Members have, considering their ability to engage in profit-seeking activities in the form of the Company, both

[10] I.R.C. § 7701(o)(5)(B).

[11] I.R.C. § 7701(o)(5)(C).

[12] Section 7701 states that the determination of whether the economic substance doctrine is relevant to a transaction will be made in the same manner as if the section had never been enacted.

(1) entered into a transaction that changes the Members' economic position in a meaningful way and (2) have a substantial purpose (apart from federal income tax effects) for entering into the Subject Transactions.

Should the Members decide, following the closing of the Offering and Redemption, to cause the Company to grant a conservation easement on the Company Property, it is possible that the IRS could challenge the grant of the Conservation Easement on the grounds that the Subject Transactions coupled with the ultimate grant of the Conservation Easement lack economic substance. However, we have determined that it is more likely than not that the grant of a conservation easement by the Company would not be "transaction to which the doctrine applies" because, in the case of individuals, new section 7701(o) applies only to transactions entered into in connection with a trade or business or activities engaged in for the production of income; a charitable contribution does not fit within this standard. Moreover, if the Subject Transactions, including the grant of the Conservation Easement, are viewed together as part of a larger transaction which constitutes a trade or business, it is more likely than not that the Subject Transactions will be found to satisfy the two part test set forth in Section 7701(o). Specifically, if the Subject Transactions are viewed in their entirety, several grounds exist to support a finding that the Subject Transactions have both economic substance and a business purpose. Specifically, the Company can generate profits through the operation of the Company Property, even if it is encumbered by a conservation easement.

Finally, the application of the second prong of the two-prong test provided for under Section 7701(o), i.e., that "taxpayer [must have] a substantial purpose (apart from federal income tax effects) for entering into the transaction", has conceivably been limited by *Historic Boardwalk Hall, LLC v. Commissioner*. In the case pre-Section 7701(o), the Tax Court stated, in the context of Section 47 rehabilitation tax credits, that absence of a pre-tax motivation for entering into a transaction is not necessarily determinative that a transaction lacks economic substance.

Based on the foregoing, it is more likely than not that Section 7701(o) shall not apply to the Subject Transaction.

E. ALLOCATION OF CHARITABLE DEDUCTION.

When a partnership is terminated pursuant to Code Section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction).[13] There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision.[14] This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership. There is no revaluation of capital accounts.[15]

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[13] Treas. Reg. § 1.708-1(b)(4).

[14] *See* IRC §§ 721, 731.

[15] Treas. Reg. §§ 1.704-1(B)(2)(iv)(f) and 1.704-3(a)(2); *see also* T.D. 8717, 62 Fed. Reg. 25,498-99 (May 9, 1997).

Upon the occurrence of a termination of a partnership pursuant to Code Section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates.[16] Separate partnership returns are required for the periods before and after termination under Code Section 708(b)(1)(B).[17]

Code Section 704 describes the allocation of income, loss, deduction and credit among the partners of a partnership. In general, the partnership agreement (and in the case of a limited liability company, the operating agreement) governs the allocation of such items. In general, charitable contributions made by a partnership are allocated among the partners based upon their relative interests in the partnership and constitute separately stated items.[18] The basis limitations in Code Section 704(d) [19] and the "at-risk" rules[20] do not apply to charitable contributions.

Based upon our review of the Contribution Agreement, the Redemption Agreement and the Operating Agreement, we have determined that, subject to the factual assumptions described herein, it is more likely than not that:

1. The simultaneous closing of the Offering and the Redemption shall constitute a termination of the partnership within the meaning of Code Section 708(b)(1)(B).

2. The holding period, adjusted basis and character of the assets of the Company (including the Company Property) are unaffected as a result of this termination of the Company pursuant to Code Section 708(b)(1)(B).

3. Because the Conservation Easement would be granted to NALT after the termination of the Company under Code Section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement will appear on the short-year partnership tax return (Form 1065) for that period of 2011 following the closing of the Subject Transactions.

4. Pursuant to the terms of the Operating Agreement and Code Sections 702 and 704 and the Regulations promulgated thereunder, the charitable deduction attributable to the Conservation Easement will be allocated among the Members pursuant to relative ownership interest in the Company (i.e., relative Unit ownership in the Company during the short-period tax return following the closing of the Redemption) and no portion of the charitable deduction shall be allocable to the members of the Company for the portion of the taxable year occurring prior to the closing of the Offering and Redemption.

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[16] Treas. Reg. § 1.708-1(b)(3).

[17] Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); *see also* FSA 200132009.

[18] *See* IRC § 702(a)(4).

[19] Treas. Reg. § 1.704-1(d)(2) and PLR 8405084.

[20] Prop. Treas. Reg. § 1.465-13.

VIII. OPINIONS AND ASSUMPTIONS REGARDING QUALIFICATION FOR DEDUCTION.

A donation of a conservation easement constitutes a contribution of less than the donor's entire interest in property (referred to as a "partial interest"). Under Code Section 170(f)(3), the donation of a partial interest does not entitle the donor to a charitable contribution deduction unless the donor can establish the partial interest satisfies one of the exceptions under Code Section 170(f)(3)(B).

One of the exceptions for contributions of partial interests under Code Section 170(f)(3)(B) is the donation of a "qualified conservation contribution."[21] Code Section 170(h), and the Regulations promulgated thereunder, provide the requirements which must be met in order for a contribution to qualify as a "qualified conservation contribution" entitling the donor to a deduction under Code Section 170(a). These requirements as they relate to the Subject Transactions are addressed below.

A. QUALIFIED DONEE.

In order to be entitled to a charitable deduction for a contribution of a conservation easement, a donor must establish that the donee of the contribution is a "qualified donee" under the Code and Regulations. A qualified donee is defined under the Regulations as a donee that meets the following requirements:

1. The donee is a governmental agency or a qualified public charitable organization.[22]

2. The donee has a commitment to protect the conservation purposes of the donation.[23]

3. The donee must "have the resources to enforce the restrictions."[24]

Based on our review of the Determination Letter and the Form 990 for NALT, we have determined that, subject to the factual assumptions described below, it is more likely than not that NALT is a qualified donee for purposes of the Code and the Regulations.

First, as outlined in the Determination Letter, NALT is qualified public charitable organization under Code Section 501(c)(3).

Second, although the determination of whether NALT is committed to protecting the conservation purposes outlined in the Conservation Easement Deed requires a factual

[21] I.R.C. § 170(f)(3)(B)(iii).

[22] Treas. Reg. § 1.170A-14(c)(1)(i)-(iv).

[23] Treas. Reg. § 1.170A-14(c)(1).

[24] *Id.*

determination beyond the scope of this Opinion, based on the operating history of NALT and the representations made by NALT, it appears that NALT has the means and is committed to protecting the conservation purposes outlined in the Conservation Easement Deed and enforcing the terms of the Conservation Easement.

Finally, based on the Form 990, it appears that NALT has the resources to enforce the restrictions contained in the Conservation Easement Deed.

B. CONSERVATION PURPOSE.

In order to be entitled to a deduction for the donation of a conservation easement, it must be established that the conservation easement meets one of four different "conservation purposes."[25] However, while this is a question of fact that is only determinable by a court of proper jurisdiction, we have outlined below the conservation purposes that NALT has represented, in the Conservation Easement Deed, that the Conservation Easement accomplishes.

Relatively Natural Habitat. In order for an easement to qualify under Code Section 170(h)(4)(A)(ii) as protecting a relatively natural habitat of fish, wildlife, or plants, or similar ecosystems, a conservation easement must protect a "significant" habitat.[26]

NALT has represented in the Conservation Easement Deed that the Conservation Easement will protect a significant relatively natural habitat of fish, wildlife, or plants, or similar ecosystem as is described by Treas. Reg. §1.170A-14(d)(3)(ii).

Open Space. In order for an easement to qualify under Code Section 170(h)(4)(iii) as preserving open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated Federal, State, or local governmental conservation policy, an open space conservation easement must yield a "significant" public benefit.[27]

NALT has represented in the Conservation Easement Deed that the Conservation Easement will preserve the Company Property and provide an open space pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and that such easement yields a significant public benefit.

Based on the Baseline Report and representations in the Conservation Easement Deed, it is more likely than not that the Conservation Easement satisfies the conservation purpose requirement of Code Section 170(h)(1)(C).

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[25] I.R.C. § 170(h)(4)(A).

[26] Treas. Reg. § 1.170A-14(d)(3)(i).

[27] I.R.C. § 170(h)(4)(A)(iii)(flush language). Treas. Reg. § 1.170A-14(d)(4)(iv)(A).

C. CONSERVATION EASEMENT DEED.

The Company will effect the conveyance of the Conservation Easement to NALT through the execution of the Conservation Easement Deed. Based on our review of the Conservation Easement Deed, we are of the opinion that that it will effectively convey the Conservation Easement. However, in order to secure the tax benefits described herein in calendar year 2011, *inter alia*, the Conservation Easement Deed must be fully executed and recorded in the Dekalb County Alabama Probate Court on or before December 31, 2011.

D. RESERVATION OF RIGHTS AND BASELINE REPORT.

The Company intends to reserve certain rights, which are outlined within the Conservation Easement Deed (including without limitation Article 3 of the Conservation Easement Deed). While it is permissible for a taxpayer to reserve certain rights, a taxpayer cannot reserve rights which would either: (1) interfere with the conservation purpose of a donation to such an extent that the conservation purpose will be negated or (2) prevent the conservation easement from being perpetual. Additionally, in instances where a taxpayer reserves certain rights the exercise of which might impair the conservation interests associated with the property, the donor must provide the donee with certain baseline documentation regarding the condition of the property at the time of the donation.[28] These items, as they relate to the Subject Transactions, are addressed below.

Conservation Purpose. Because the existence of a qualified "conservation purpose" is a factual determination, we cannot opine as to whether the rights that the Company has reserved will negate the conservation purpose of the Conservation Easement. We note, however, that NALT, in the Conservation Easement Deed and the Baseline Report, has indicated its belief that there is conservation purpose.

Perpetuity. Based on the nature of the rights reserved, we are of the opinion that it is more likely than not that the reservations included in the Conservation Easement Deed will not prevent the Conservation Easement from being perpetual or being solely for conservation purposes.

Baseline Documentation. Baseline documentation must be obtained prior to the grant of the Conservation Easement and must provide certain information regarding the condition of the Company Property at the time of the donation. Although the Regulations do not clearly identify what items are required to be in the documentation, the Regulations do state that the following items should be included in the documentation:

4. The appropriate survey maps from the United States Geological Survey, showing the property line and other contiguous or nearby protected areas;[29]

5. A map of the area drawn to scale showing all existing man-made improvements or incursions and natural species on the property;[30]

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[28] Treas. Reg. § 1.170A-14(g)(5)(i).

[29] Treas. Reg. § 1.170A-14(g)(5)(i)(A).

6. A contemporaneous aerial photograph of the property;[31]

7. On-site photographs taken at appropriate locations on the property;[32]

8. The condition of any protected property;[33] and

9. A statement signed by the donor and a representative of the donee clearly referencing the documentation and stating that the baseline documentation is accurate.[34]

We have reviewed the Baseline Report and the representations set forth and incorporated in the Conservation Easement Deed and are of the opinion that it is more likely than not that the Baseline Report will meet the requirements of baseline documentation, as provided by the Code and Regulations.

E. CONTEMPORANEOUS WRITTEN ACKNOWLEDGEMENT.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must receive a contemporaneous written acknowledgement from the donee of the conservation easement that meets the following requirements:[35]

1. The acknowledgement must be in writing.

2. The acknowledgement from the qualified organization must also include the following information: (i) if cash was contributed (for example the amount of any endowment), the amount of such cash contribution; (ii) whether the qualified organization gave the taxpayer any goods or services as a result of the contribution; and (iii) a description and good faith estimate of the value of goods and services delivered by the qualified organization to the taxpayer.

3. The acknowledgement from qualified organization must be obtained by the taxpayer from the donee on or before the earlier of: (i) the date the taxpayer's tax return is filed or (ii) the due date of the tax return, including extensions.

Based on representations on the Reliance Letter, representations by NALT and our knowledge of the past practices of NALT, we believe it is reasonable to assume that NALT will provide an

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[30] Treas. Reg. § 1.170A-14(g)(5)(i)(B).

[31] Treas. Reg. § 1.170A-14(g)(5)(i)(C).

[32] Treas. Reg. § 1.170A-14(g)(5)(i)(D).

[33] *Id.*

[34] *Id.* This statement is required in all baseline documentation.

[35] I.R.C. § 170(f)(8).

Acknowledgment Letter to the Company satisfactory to meet the requirements of Code Section 170(f)(8).

F. FORM 8283.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must complete, and attach to its tax return in the year of the contribution, IRS Form 8283.[36]

It is the taxpayer's responsibility to file IRS Form 8283 if the amount of the deduction for all non-cash charitable contributions is more than $500. In the case of individuals, the IRS Form 8283 will be an attachment to the taxpayer's IRS Form 1040 for the year in which the charitable contributions were made. Although some components of IRS Form 8283 require the signature of the qualified appraiser and the qualified organization to which the contribution will be made, ultimately, it is the taxpayer's responsibility to ensure that such Form is properly completed.

The Company has represented in the Reliance Letter that it will file a complete, accurate and timely IRS Form 8283 with respect to the Conservation Easement contribution if granted. Additionally, the Reliance Letter states that the Company will inform and assist the Members in timely and accurately completing their individual Forms 8283 and including them with their tax returns. Based on these representations, we believe it is reasonable to assume that the requirements pertaining to the filing of IRS Form 8283 will be satisfied.

G. THE "QUALIFIED" APPRAISAL.

The value of a conservation easement must be established and documented by a "qualified appraisal" in order to entitle the donor to a deduction for the contribution. There are two primary legal issues regarding appraisals of conservation easements: (a) whether the appraisal meets the technical elements required in order for the appraisal to be a "qualified appraisal" under the Code and Regulations; and (b) whether the appraisal substantiates the value of the conservation easement claimed by the donor.

1. The Technical Requirements.

The Regulations require that, in the context of a contribution of greater than $5,000, a taxpayer must do all of the following:[37]

a) Obtain a qualified appraisal for such property contributed.

b) Attach a fully completed appraisal summary to the tax return on which the deduction for the contribution is first claimed (or reported) by the donor. If the taxpayer's deduction related to the qualified conservation contribution exceeds $500,000, a copy of the full

[36] Treas. Reg. § 1.170A-13(b)(2)(ii); Announcement 90-25, 1990-8 I.R.B. 25.

[37] Treas. Reg. § 1.170A-13(c)(2)(i).

qualified appraisal must be attached to the IRS Form 8283 provided with the taxpayer's tax return.

c) Maintain records containing certain required information.[38]

A qualified appraisal is defined in Treas. Reg. §1.170A-13(c)(3), which provides the appraisal report must:

a) Relate to an appraisal made not earlier than 60 days before the date of contribution of the appraised property.[39]

b) Be prepared, signed, and dated by a qualified appraiser.[40]

c) Include all information that is required to be included in a qualified appraisal (as described in the Regulations).[41]

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[38] The information required is listed in Treas. Reg. §1.170A-13(b)(2)(ii) and consists of the following: (1) the name and address of the donee organization to which the contribution was made; (2) the date and location of the contribution; (3) a description of the property in detail reasonable under the circumstances (including the value of the property); (4) the fair market value of the property at the time the contribution was made, the method utilized in determining the fair market value, and, if the valuation was determined by appraisal, a copy of the signed report of the appraiser; and (5) the terms of any agreement or understanding entered into by or on behalf of the taxpayer which relates to the use, sale, or other disposition of the property contributed. Finally, if the property contributed consists of ordinary income property (for example, if it was not held for a year or more prior to the donation of the easement or does not constitute a capital asset within the meaning of Code Section 1221), or if less than the entire interest in the property is contributed in the same year, the Regulations require additional information regarding the contribution.

[39] Treas. Reg. § 1.170A-13(c)(3)(i)(A).

[40] Treas. Reg. § 1.170A-13(c)(3)(i)(B).

[41] Treas. Reg. § 1.170A-13(c)(3)(i)(C). Section 1.170A-13(c)(3)(i)(C)(ii) of the Regulations requires the appraisal to include: (1) a description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed; (2) the date (or expected date) of contribution to the donee; (3) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (4) the name, address, and the identifying number of the qualified appraiser; and, if the qualified appraiser is an employee, the name of his employer; (5) the qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and membership, if any, in professional appraisal associations; (6) a statement that the appraisal was prepared for income tax purposes; (7) the date (or dates) on which the property was appraised; (8) the appraised fair market value of the property on the date (or expected date) of contribution; (9) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (10) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.

d) Not involve a prohibited appraisal fee.[42]

c) Finally, Code Section 170(f)(11)(E)(i)(I) requires that an appraisal must comply with generally accepted appraisal standards (defined as Uniform Standard of Professional Appraisal Practice ("USPAP").[43]

We have reviewed the Preliminary Appraisal, have had several discussions with the Appraiser regarding the Final Appraisal, have reflected on our numerous other dealings with the Appraiser, and have determined, subject to the validity of the statements and representations made by the Appraiser, that the Final Appraisal will, more likely than not, comply with technical requirements listed above in order to constitute a "qualified appraisal." Because the value of the Company's contribution, as set forth in the Preliminary Appraisal, is greater than $500,000, the Company will need to attach a full and correct copy of the Final Appraisal to its IRS Form 1065 when the form is filed.

2. Substantiation of Value.

The value of the Conservation Easement, as set forth in the Preliminary Appraisal, involves a subjective determination by the Appraiser as to the value of the Conservation Easement. Accordingly, we cannot opine on whether the value determined in the Preliminary Appraisal accurately reflects the fair market value of the Conservation Easement.

H. THE "QUALIFIED" APPRAISER.

The value of a conservation easement must be established in an appraisal which is performed by a "qualified appraiser" in order to entitle the donor to a deduction for the contribution. The Code and Regulations require the individual performing the Appraisal of the Conservation Easement to meet the following requirements:[44]

1. The appraiser has earned an appraisal designation from a recognized professional appraiser organization[45] or has otherwise satisfied minimum education and experience requirements set forth in regulations prescribed by the Secretary.[46]

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[42] Treas. Reg. § 1.170A-13(c)(3)(i)(D). Treasury Regulation section 1.170A-13(c)(6) lists the requirements pertaining to appraisal fees.

[43] Treas. Reg. § 1.170A-(f)(11)(E)(i) (as amended in 2006). The term "generally accepted appraisal standards" refers to the substance and principles of the Uniform Standards of Professional Appraisal Practice. Notice 2006-96.

[44] Code Section 170(f)(11)(E)(ii).

[45] Notice 2006-96, 2006-46 I.R.B. 902, §3.03(1) provides that an appraisal designation from a recognized appraisal organization is sufficient to satisfy this requirement if it relates to valuing the type of property for which the appraisal is performed.

[46] For returns filed after October 19, 2006, the minimum education and experience requirements depend upon the type of property to which an appraisal relates. For real property appraisals, the appraiser must be licensed or certified for the type of property being appraised in the state in which the real property is located. *See* Notice 2006-96, Code Section 3.03(b)(ii).

2. The appraiser regularly performs appraisals for which he receives compensation.

3. The individual demonstrates verifiable education and experience in valuing the type of property subject to the appraisal.[47]

4. The individual has not been prohibited from practicing before the IRS by the Secretary under 31 USC §330(c) at any time during the three-year period ending on the date of the appraisal.

Although we cannot opine on the credibility of the Appraiser, we can opine that the Appraiser is, based on his representations, our past dealings with the Appraiser, the representation set forth in the Preliminary Appraisal, and based on the assumption the above referenced requirements and statement will be satisfied in the Final Appraisal, a qualified appraiser for purposes of the Code and Regulations.

I. SUBORDINATION AGREEMENT.

No deduction will be permitted for a conservation easement which is subject to a mortgage unless the mortgagee subordinates its rights in the property to the right of the donee to enforce the conservation purposes of the gift in perpetuity.[48] Any mortgage subordination agreement should be recorded prior to the date on which the conservation easement is granted.

Because it is a requirement of the closing of the Offering that all outstanding mortgages on the property be fully paid off and satisfied at closing, no subordination agreements will be necessary.

J. LONG-TERM CAPITAL GAIN PROPERTY.

The Code states that a taxpayer's charitable contribution shall be reduced by the amount of gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer for its fair market value.[49] This rule, in essence, reduces a taxpayer's contribution deduction to the taxpayer's basis in the property contributed (or encumbered) if the sale of the property would not yield long-term capital gain.

There are several scenarios which can result in the application of Code Section 170(e). The most common scenarios involve: (1) a taxpayer that holds property, which in the hands of the taxpayer, is considered inventory; and (2) a taxpayer that does not have a more than one year holding period in the property transferred or encumbered by a conservation easement.

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[47] The appraiser is required to make a designation in the appraisal that, because of the appraiser's background, experience, education, and membership in professional associations, the appraiser is qualified to make appraisals of the type of property being valued. *See* Notice 2006-96, 2006-46 I.R.B. 902, Code Section 3.03(2).

[48] *See* Treas. Reg. § 1.170A-14(g)(2).

[49] Code Section 170(e).

Based on the representations made in the Reliance Letter and the Capital Gain Letter, and subject to the accuracy thereof, it is our opinion that the value of the Conservation Easement donation will not be reduced under Code Section 170(e).

IX. OTHER POTENTIALLY MATERIAL TAX ISSUES.

In addition to certain tax issues and items already noted within this Opinion, the following tax issues could be considered to be material to the Subject Transactions, but we are unable to express any opinion with respect thereto for the reasons stated. In general, such issues are not susceptible to an opinion because the resolution of such issues are (i) inherently factual matters on which no legal opinion can be made, (ii) dependent upon facts that do not currently exist, or (iii) dependent upon certain financial or other characteristics of an individual Investor.

(a) **Amount of Charitable Contribution Deduction**. Under Code Section 170, the amount of any Contribution Deduction resulting from the Conservation Easement will be the fair market value of the Conservation Easement. Treas. Reg. §1.170A-14(h)(3) provides rules governing the valuation of qualified conservation easements under Code Section 170(h). In the case of the Conservation Easement, there is, according to the Appraisal, no substantial record of any sales of comparable easement rights. Therefore, the fair market value of the perpetual conservation restriction represented by the Conservation Easement is the difference between the fair market value of the Company Property before granting the Conservation Easement and its fair market value after the Conservation Easement is granted, and after subtracting the value of any enhancement to the value of certain other property. Due to the subjective, factual nature of the valuation issues involved, we are unable to express any opinion as to the fair market value of the Conservation Easement.

(b) **State and Local Taxes.** The Company Property is situated in the State of Alabama; however, Investors may be residents of other states. Accordingly, an investment in the Offering may impose an obligation to file annual tax returns in more than one state or locality. In addition, the various states require partnerships or entities taxable as partnerships to withhold and pay state income taxes owed by nonresident partners, relating to income-producing properties located in such states. Some states or localities may also impose income, franchise, gross receipts or similar taxes on partnerships as entities regardless of the federal tax classification status of the entity. Finally, some states provide State-level tax benefits attributable to donation of conservation easements, the benefits of which are governed by State and local authority and guidance. The Offering Materials make no attempt to summarize the state and local tax consequences related to the Subject Transactions. Each Investor is advised to consult their own accounting and/or legal counsel for assistance with respect to any particular state or local taxes that may effect them.

X. AGGREGATE OPINION.

It is our opinion that it is more likely than not that, if the Conservation Easement is contributed to NALT, each Member will be entitled to a charitable contribution deduction based upon their

allocable share[50] of the "fair market value" of the Conservation Easement as described herein. We do not, and are not qualified to, opine that the value determined by the Appraisal is, in fact, the correct fair market value of the Conservation Easement, but it is our opinion that the Appraisal meets the technical requirements of a "qualified appraisal" legally sufficient to support the fair market value of such a deduction.

We have determined that it is more likely than not that a penalty shall not apply under Section 6662 or Section 6662A as a result of an understatement of tax attributable to either (i) negligence or disregard of rules or Regulations, or (ii) any substantial understatement of income tax. Additionally, although the value of the Conservation Easement involves a subjective determination by the Appraiser to which we cannot opine, we have determined that it is more likely than not that, based on the representations set forth in the Reliance Letter, the Company has relied in good faith on the value set forth in the Appraisal, and that it is more likely than not that a substantial valuation will not apply to the Subject Transactions.[51]

This Opinion may not be relied upon by any other party or for any other purpose whatsoever without prior written consent. We express no opinion, and none should be inferred, regarding any matter not expressly provided herein. Our Opinion is rendered as of the date hereof, and we assume no responsibility for revising it to take into account any occurrences or changed circumstances.

Very truly yours,

SIROTE & PERMUTT, P.C.

RAL/lc

[50] Based on their relative Unit ownership in the Company for the portion of the Company's taxable year following the termination of the Company under Code Section 708(b)(1)(B), as described above.

[51] If it is determined by a court of proper jurisdiction that the claimed value of the Conservation Easement is 150% or more of the correct value, a gross valuation penalty will be applicable. *See* I.R.C. § 6662(h). Reliance on a qualified appraisal will not constitute reasonable cause for purposes of avoiding such a penalty. *See* I.R.C. § 6664(c)(3). Because we express no opinion as to the correct value of the Conservation Easement, the application of a gross valuation penalty is an issue to which we cannot opine.

Exhibit A

LEGAL DESCRIPTION
OF THE COMPANY PROPERTY

A Tract of land lying and being in Fractional Section 25, Section 35, and fractional Section 36, Township 4 South, Range 10 East, Dekalb County Alabama, being more particularly described as follows; (Reference Deed Book 330 Pg 79-80)

Beginning at the Southeast corner of said Fractional Section 36, said point being on the Alabama-Georgia State Line;

Thence N89°28'09"W 114.54 feet; Thence N 58°10'02" W 251.27 feet;

Thence N 77°22'48" W 788.52 feet; Thence N 52°03'09" W 923.30 feet;

Thence N 82°57'32" W 1190.10 feet; Thence N 82°06'05" W 1204.90 feet;

Thence N 79°46'41" W 627.15 feet; Thence N 53°50'22" W 546.38 feet to the easterly boundary of Scenic Drive (Brow Road);

Thence with the Easterly Boundary of said Scenic Drive meander Northeasterly 7159.13 feet, more or less, to a point on the Georgia-Alabama State line;

Thence with the Georgia-Alabama State Line S 09°13'30" E 1989.45 feet;

Thence continuing with the Alabama-Georgia State Line S 08°56'08" E 2526.97 feet;

Thence continuing with the Alabama-Georgia State Line S 08°40'31" E 2772.42 feet to the Point of Beginning.(containing 409.9 acres, more or less)

Division Exhibit 11

to Brief in Support of Response in Opposition

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Expires:	August 31, 2015
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)

[redacted]

Previous Names [X] None

Name of Issuer
Maple Equestrian, LLC

Jurisdiction of Incorporation/Organization
GEORGIA

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2011
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[ ] Limited Partnership
[X] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Maple Equestrian, LLC

Street Address 1
[redacted]

Street Address 2

City
[redacted]

State/Province/Country
[redacted]

ZIP/PostalCode
[redacted]

Phone Number of Issuer
[redacted]

3. Related Persons

Last Name
Cash

First Name
Edmond

Middle Name
A.

Street Address 1
[redacted]

Street Address 2

City
Spencer

State/Province/Country
[redacted]

ZIP/PostalCode
[redacted]

Relationship: [X] Executive Officer [ ] Director [ ] Promoter

Clarification of Response (if Necessary):

Manager

Last Name	First Name	Middle Name
Cash	Max	
Street Address 1	Street Address 2	
[redacted]		
City	State/Province/Country	ZIP/PostalCode
[redacted]	[redacted]	[redacted]

Relationship: [X] Executive Officer [ ] Director [ ] Promoter

Clarification of Response (if Necessary):

Member

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [ ] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [X] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[X] Decline to Disclose		[ ] Decline to Disclose
[ ] Not Applicable		[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- [ ] Rule 504(b)(1) (not (i), (ii) or (iii))
- [ ] Rule 504 (b)(1)(i)
- [ ] Rule 504 (b)(1)(ii)
- [ ] Rule 504 (b)(1)(iii)
- [ ] Rule 505
- [X] Rule 506
- [ ] Securities Act Section 4(5)
- [ ] Investment Company Act Section 3(c)
  - [ ] Section 3(c)(1)
  - [ ] Section 3(c)(2)
  - [ ] Section 3(c)(3)
  - [ ] Section 3(c)(4)
  - [ ] Section 3(c)(5)
  - [ ] Section 3(c)(6)
  - [ ] Section 3(c)(7)
  - [ ] Section 3(c)(9)
  - [ ] Section 3(c)(10)
  - [ ] Section 3(c)(11)
  - [ ] Section 3(c)(12)
  - [ ] Section 3(c)(13)
  - [ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2011-12-28 [ ] First Sale Yet to Occur

[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

- [X] Equity
- [ ] Debt
- [ ] Option, Warrant or Other Right to Acquire Another Security
- [ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
- [ ] Pooled Investment Fund Interests
- [ ] Tenant-in-Common Securities
- [ ] Mineral Property Securities
- [ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? [ ] Yes [X] No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $37,748 USD

12. Sales Compensation

Recipient

The Strategic Financial Alliance, Inc.

Recipient CRD Number [ ] None

126514

(Associated) Broker or Dealer [X] None

None

(Associated) Broker or Dealer CRD Number [X] None

None

Street Address 1

[redacted]

Street Address 2

City

[redacted]

State/Province/Country

[redacted]

ZIP/Postal Code

[redacted]

State(s) of Solicitation (select all that apply)
Check "All States" or check individual States

[ ] All States

[ ] Foreign/non-US

- COLORADO
- GEORGIA
- ILLINOIS
- MINNESOTA
- NORTH CAROLINA
- TEXAS
- WISCONSIN

13. Offering and Sales Amounts

Total Offering Amount	$1,793,030 USD	or ☐ Indefinite
Total Amount Sold	$1,793,030 USD	
Total Remaining to be Sold	$0 USD	or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 8

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions	$208,039 USD	☐ Estimate
Finders' Fees	$0 USD	☐ Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$88,469 USD ☐ Estimate

Clarification of Response (if Necessary):

$75,969.50 for redemption of Units and $12,500 for reimbursement to the Manager. $379,847 for redemption of Units held by other members not believed to be req. to be listed in response to Item 3 above, with an additional $75,000 potentially payable later

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and

undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*

- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against it in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.

- Certifying that, if the issuer is claiming a Rule 505 exemption, the issuer is not disqualified from relying on Rule 505 for one of the reasons stated in Rule 505(b)(2)(iii).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Maple Equestrian, LLC	Edmond A. Cash	Edmond A. Cash	Manager	2012-01-06

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

Division Exhibit 12

to Brief in Support of Response in Opposition

Summary No. 144 Name of Offeree: Ed Lloyd-Forest Conservation

CONFIDENTIAL PRIVATE OFFERING SUMMARY

MEADOW CREEK HOLDINGS, LLC

Minimum Offering: 930 Common Units ($2,545,410)
Maximum Offering: 950 Common Units ($2,600,150)
$2,737 per Unit
Minimum Subscription Per Investor: 20 Common Units ($54,740)

Meadow Creek Holdings, LLC, a Tennessee limited liability company (the "Company" "we" or "us"), is offering common units of membership interest in the Company (such common units referred to herein as the "Common Units", and all of the units of membership interest in the Company referred to as "Units") to **Accredited Investors Only** at an offering price of $2,737 per Unit (the "Offering Price"). Each Unit represents a pro rata ownership interest in the assets, profits, losses and distributions of the Company. A minimum of 930 Common Units (the "Minimum Offering"), representing a 97.68% ownership interest in the Company on a fully diluted basis and an aggregate 93% beneficial ownership interest in the Property Entity described below on a fully diluted basis following the completion of the events described below, and a maximum of 950 Common Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis and an aggregate 95% beneficial ownership interest in the Property Entity described below on a fully diluted basis following the completion of the events described below, are being offered (the "Offering") pursuant to this Confidential Private Offering Summary (this "Offering Summary"). No public market currently exists for any of our Units, and no such market will develop as a result of this Offering.

The Company has been formed and this Offering is being conducted for the primary purpose of raising money from investors (the "Investors") to acquire and own units of ownership interest (the "Purchased Interests") in Meadow Creek Investments, LLC, a Tennessee limited liability company (the "Property Entity"), providing a minimum of a 95.204040% (the "Minimum Purchase") percentage ownership interest and a maximum of a 95.959596% percentage ownership interest (the "Maximum Purchase") in the Property Entity pursuant to a Membership Interest Purchase Agreement (the "MIPA") with the current owners of all of the issued and outstanding percentage interests of the Property Entity, (i) Mr. Jeffrey A. Pettit ("Mr. Pettit"), who currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Tonya K. Pettit ("Mrs. Pettit" and together with Mr. Pettit, the "Sellers"), who currently owns 5% of the units in the Property Entity. The Property Entity has as its principal asset approximately 466.40 acres of unimproved real estate located in Van Buren County and Bledsoe County, Tennessee, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property"). Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $751,839 (the "Minimum MIPA Purchase Amount"), which shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account to be established by the Company at the closing of this Offering (the "Closing") with an initial contribution of $150,000 to be used to pay the cost of any audits that may be initiated by the Internal Revenue Service (the "IRS") as discussed herein. The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company or the Property Entity in defense of any IRS audit that may be initiated in the five year period following the Closing and the remainder of which will be payable to the Sellers following the later of the expiration of such five year period or the conclusion of any such then ongoing audit. The Company intends to close the MIPA contemporaneously with the Closing. The Company also has the right under the MIPA to acquire at the Closing units providing up to an additional 0.7556% percentage ownership interest in the Property Entity for the payment of an amount equal to $18,675 per whole unit of percentage ownership interest (the "Additional MIPA Purchase Amount" and together with the Minimum MIPA Purchase Amount, the "MIPA Purchase Price"), which the Company intends to do with proceeds in excess of the Minimum Offering.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING SUMMARY OR ANY OF THE OTHER INFORMATION AND MATERIALS PROVIDED TO PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Offering Summary is November 8, 2012.

An additional purpose of this Offering is to permit the Company, pursuant to that certain Redemption Agreement (the "Redemption Agreement") by and between the Company and the current owners of the Company, EcoVest Meadow Creek, LLC, a Delaware limited liability company ("EMC"), and Mr. Pettit (the "Current Members"), to contemporaneously with the Closing redeem certain of the issued and outstanding preferred units of membership interest in the Company (collectively, the "Redeemed Units"), including (i) all of the 517,144 Class A Preferred Units (the "Class A Units") that are currently issued and outstanding, such that at the Closing of the Minimum Offering there will be no further issued and outstanding Class A Units, and (ii) potentially all of the 12.444 Class B Preferred Units (the "Class B Units") that are currently issued and outstanding, such that at the Closing of the Maximum Offering there will be no further issued and outstanding Class B Units and there will only be outstanding 959.596 Common Units, consisting of the 9.596 Common Units currently held by Mr. Pettit and the 950 Common Units purchased by Investors in the Offering, as described herein.

The minimum investment amount per investor is $54,740, or 20 Common Units, which we may waive in our sole discretion. **This is a Minimum/Maximum Offering**. We must receive and accept subscriptions for the Minimum Offering by December 28, 2012 (the "Termination Date"), for this Offering to Close. If subscriptions for less than the Minimum Offering are received and accepted and the conditions set forth in this Offering Summary are not satisfied by the Termination Date, the manager of the Company (the "Manager") shall terminate the Offering, and all subscription payments will be returned to the subscribers without interest or deduction. If subscriptions for at least the Minimum Offering but not in excess of the Maximum Offering are received and accepted and the conditions set forth in this Offering Summary are satisfied by the Termination Date, the Company will close the Offering and accept subscription funds for use in accordance with the terms of this Offering Summary.

We determined the offering price of the Common Units in our sole discretion, and it is not necessarily indicative of the actual fair market value of the Common Units, our assets, earnings, book value, or other recognized criteria of value. **AN INVESTMENT IN THE COMMON UNITS OR IN OUR COMPANY IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND SHOULD BE CONSIDERED ONLY BY INVESTORS WHO CAN BEAR THE ECONOMIC RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND WHO CAN AFFORD TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT.** Prospective investors should carefully consider all of the information set forth in this Offering Summary and, in particular, under the heading "Risk Factors" beginning on page 9 of this Offering Summary. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offering, including the merits and risks involved.

	Price to Offerees[1] [2] [3] [4]	Selling Commissions[5]	MIPA Purchase Price[6]	Redemption Price[7]	Net proceeds to Company[8]
Per Minimum Subscription of $54,740	$ 54,740	$ 6,569	$16,169	$ 11,121	$ 20,881
Total Minimum Offering	$ 2,545,410	$ 305,449	$751,839	$ 517,144	$ 970,978
Total Maximum Offering	$ 2,600,150	$ 312,019	$765,949	$ 551,204	$ 970,978

(1) The offering price per Common Unit has not been based on any objective valuation criteria, such as book value or earnings per share, but instead has been set at the discretion of the Manager of the Company and not as a result of arm's length negotiations. No representation is made that a Common Unit has a market value of $2,737 or could be sold at that price. There is no established market for any of the Units, and no representation is made that there ever will be an established market. (See "RISK FACTORS" beginning on page 9.)

(2) The Offering will end on December 28, 2012. All proceeds from the sale of the Common Units (the "Subscription Funds") will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by Oakworth Capital Bank in Birmingham, Alabama ("Escrow Agent"), until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction.

(3) Upon the Closing of the Offering the Escrow Agent shall retain out of the proceeds of the Offering the amount of $150,000 for the establishment of an audit reserve (the "Audit Reserve") to comprise the initial Deferred Amount deposit. The Audit Reserve shall be retained by the Escrow Agent and released to the Company, during the five year period in which the Audit Reserve is maintained, only in the event that the Company receives notice from the IRS indicating that one or more of its or its affiliates' federal income tax returns are being audited. On the

fifth anniversary of the Closing, the Escrow Agent will release the Audit Reserve to the Company for its permitted use, together with the interest earned on such funds, unless an IRS audit is then ongoing, in which case the Audit Reserve shall continue until such time as such IRS audit has been concluded.

(4) A minimum of 930 Common Units and a maximum of 950 Common Units are being offered for sale in this Offering. The purchase price for the Common Units is payable in full at the time of subscription. To purchase a Common Unit an Investor must complete and execute the subscription documents (the "Subscription Documents") accompanying this Offering Summary, including the Subscription and Suitability Agreement and Confidential Investor Questionnaire. (See "HOW TO INVEST" beginning on page 7).

(5) The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA or one or more other broker-dealer firms selected by SFA certain compensation to effect offers and sales of the Common Units on a non-exclusive "best efforts" basis. SFA or such other firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the purchase price of Common Units placed through such person; (ii) a non-accountable marketing allowance of two percent (2.0%) of the purchase price of Common Units placed through such firm or firms; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the purchase price of Common Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Common Units to the Investors. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum offering amount, unless otherwise indicated.

(6) The MIPA permits the purchase by the Company of a minimum of a 95.204040% percentage ownership interest in the Property Entity for the payment of an aggregate of $751,839, which Minimum MIPA Purchase Amount is subject to upward adjustment by the unused portion of the Deferred Amount after the five year period following the Closing or the conclusion of any such then ongoing audit. The MIPA permits the purchase by the Company of an additional 0.7556% percentage ownership interest in the Property Entity, for a maximum percentage ownership interest of 95.959596%, for the payment of an additional amount equal to $18,675 per whole percentage ownership interest, all of which the Company intends to close with respect to and pay at Closing out of the proceeds of the Offering to the extent funds in excess of the Minimum Offering are available. The Deferred Amount is not reflected in any calculation herein due to its speculative nature.

(7) There are currently 9.596 Common Units, 517,144 Class A Units, and 12.444 Class B Units issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit (the "Class A Redemption Price"). A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,737 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price"), such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering.

(8) Net proceeds to the Company are calculated before deducting the expenses incurred in connection with this Offering to be paid by the Company, such as (i) fees payable to EcoVest Capital, LLC, a Delaware limited liability company and parent company to EMC, a current member of the Company, for performing conservation easement consulting and other related services ("EcoVest"), including general consulting fees, conservation easement consulting fees, and training fees; (ii) legal fees; (iii) accounting fees; (iv) surveying fees; (v) conservation easement investigation fees; (vi) amounts due for the purchase of certain mineral rights in the Property owned by a third party; (vii) reproduction costs; (viii) offering related filing fees; (ix) taxes; and (x) other miscellaneous items, all of which are estimated to be approximately $732,448. (See "SOURCE AND USE OF FUNDS" at page 20).

CONFIDENTIAL INFORMATION

This Offering Summary and any other information or documents delivered in connection with this Offering Summary are being furnished on a confidential basis solely for use by potential Investors in considering whether or not to purchase a Common Unit in this Offering. By accepting delivery of the Offering Summary and related documents and information you acknowledge and agree that (a) all of the information contained in this Offering Summary and any related documents and information is confidential and proprietary to us, (b) you will not reproduce this Offering Summary or any related documents or information, in whole or in part, (c) if you do not wish to participate in the Offering, you will return this Offering Summary to us as soon as practicable, together with any other material relating to the Company that you may have received, and (d) you will obtain our prior written consent before taking any proposed actions that are inconsistent in any manner with the foregoing statements.

GENERAL DISCLAIMERS ABOUT THIS OFFERING SUMMARY

This Offering Summary and the other information and materials provided in connection with this Offering constitute an offer only to the person whose name appears in the log to be maintained by or on behalf of the Company in connection with the distribution of such materials and who has represented to us in writing that he, she or it is an Accredited Investor, as defined in Regulation D as promulgated by the United States Securities and Exchange Commission. Delivery of such materials to anyone other than the person named or such person's designated representative is unauthorized, and any reproduction of such materials, in whole or in part, without our prior written consent is prohibited.

We are not giving legal, business or tax advice, and prospective Investors are not to construe the contents of this Offering Summary and the other information and materials provided in connection with this Offering as such. You should consult your attorney or business advisor as to the legal, business, tax, and related matters concerning your investment. You are urged to request any additional information that you may consider necessary in making an informed investment decision. If you have questions concerning the terms and conditions of the Offering or to obtain additional relevant information, we will provide the answers to the extent we possess such information or can acquire it without unreasonable effort or expense. All such additional information shall only be in writing and identified as such by us. Inquiries concerning such additional information should be directed to the Manager as set forth in this Offering Summary.

We are not making any representation to you regarding the legality of an investment in the Common Units under any applicable laws. No person has been authorized to give any information or to make any representations in connection with this Offering unless preceded or accompanied by this Offering Summary and the other information and materials provided and made available to you herewith, nor has any person been authorized to give any information or to make any representation other than that contained in this Offering Summary and the other information and materials provided and made available to you herewith and, if given or made, such information or representations must not be relied upon. This Offering Summary and the other information and materials provided in connection with this Offering do not constitute an offer or solicitation in any jurisdiction in which it is unlawful to make such offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Offering Summary and the other information and materials provided in connection with this Offering nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

GENERAL SECURITIES LEGEND

THE COMMON UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS PROVIDED BY THOSE ACTS. THE COMMON UNITS MAY NOT BE RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. PROSPECTIVE INVESTORS SHOULD PROCEED ON THE ASSUMPTION THAT THEY MUST BEAR THE ECONOMIC RISK ASSOCIATED WITH PURCHASING THE COMMON UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR SELLING LITERATURE. THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM REGISTRATION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE

SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO THIS OFFERING, AND THE COMMON UNITS BEING OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE COMMON UNITS ARE BEING OFFERED AND SOLD IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND THE COMMON UNITS MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT. THE COMMON UNITS BEING OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING SUMMARY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION OF AN OFFER TO ACCEPT AND/OR MAKE SUBSCRIPTIONS FOR THE COMMON UNITS OR TO SELL AND/OR BUY THE COMMON UNITS. ACCEPTANCE OF A RECIPIENT'S SUBSCRIPTION FOR THE COMMON UNITS SHALL BE MADE ONLY AFTER IT HAS BEEN DETERMINED THAT SUCH RECIPIENT SATISFIES THE REQUIREMENTS FOR AN EXEMPTION FROM REGISTRATION AND THE FACTORS SET FORTH IN THE SECTION ENTITLED INVESTOR SUITABILITY. DELIVERY OF THIS OFFERING SUMMARY FOR INFORMATIONAL PURPOSES SHALL NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SECURITIES. THIS OFFERING SUMMARY DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE TO ANY PERSON TO WHOM SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

INVESTMENT IN THE COMMON UNITS IS SPECULATIVE AND INVOLVES A RISK OF LOSS. THE COMMON UNITS WILL NOT BE FREELY TRANSFERABLE AFTER THE OFFERING AND ANY TRANSFER OF SUCH SECURITIES WILL BE SUBJECT TO COMPLIANCE WITH APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE COMMON UNITS SHOULD BE PURCHASED ONLY BY PERSONS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY WITH RESPECT TO THIS INVESTMENT AND WHO CAN BEAR THE ECONOMIC RISK OF A TOTAL LOSS OF THEIR INVESTMENT. EACH OFFEREE SHOULD CAREFULLY CONSIDER THE INFORMATION UNDER "RISK FACTORS" AND "INVESTOR SUITABILITY."

THE COMPANY RESERVES THE RIGHT IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER TO MODIFY, AMEND OR WITHDRAW THIS OFFERING, TO ACCEPT OR REJECT IN WHOLE OR IN PART ANY SUBSCRIPTION FOR THE COMMON UNITS OFFERED HEREBY, OR TO ALLOT TO AN INVESTOR FEWER THAN THE NUMBER OF COMMON UNITS DESIRED TO BE PURCHASED. NEITHER THE COMPANY NOR THE MANAGER SHALL HAVE ANY LIABILITY WHATSOEVER TO YOU IN THE EVENT THAT ANY OF THE FOREGOING OCCURS.

ALL DOCUMENTS REFERRED TO IN THIS OFFERING SUMMARY BUT NOT ATTACHED AS EXHIBITS ARE AVAILABLE FOR INSPECTION BY A PROSPECTIVE INVESTOR OR HIS REPRESENTATIVE AT THE OFFICE OF THE COMPANY. THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED BY THIS OFFERING SUMMARY ARE DESCRIBED IN AND WILL BE GOVERNED BY THE DOCUMENTS ATTACHED AS EXHIBITS AND/OR REFERRED TO HEREIN. ALL STATEMENTS AND INFORMATION CONTAINED IN

THIS OFFERING SUMMARY ARE QUALIFIED IN THEIR ENTIRETY BY THOSE DOCUMENTS. CONSEQUENTLY, PROSPECTIVE INVESTORS ARE URGED TO READ CAREFULLY THE DOCUMENTS ATTACHED TO AND/OR REFERENCED IN THIS OFFERING SUMMARY.

RECIPIENTS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING SUMMARY OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS, WHETHER WRITTEN OR ORAL, FROM THE COMPANY OR ANY PERSON ASSOCIATED WITH THIS OFFERING AS LEGAL, TAX OR INVESTMENT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PERSONAL LEGAL COUNSEL, TAX ADVISOR, BUSINESS ADVISOR AND "PURCHASER REPRESENTATIVE" (AS SUCH TERM IS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT) AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING THIS INVESTMENT AND ITS SUITABILITY.

IN THE EVENT A PROSPECTIVE INVESTOR SUBSCRIBES FOR ANY COMMON UNITS, HE ACKNOWLEDGES THAT HE DOES NOT ANTICIPATE THAT HE WILL BE REQUIRED TO LIQUIDATE ANY PORTION OF SUCH INVESTMENT IN THE FORESEEABLE FUTURE AND THAT HE UNDERSTANDS OR HAS BEEN ADVISED WITH RESPECT TO THE RISK FACTORS ASSOCIATED WITH SUCH INVESTMENT. EACH INVESTOR WILL BE REQUIRED TO REPRESENT TO THE COMPANY IN WRITING IN THE SUBSCRIPTION AND SUITABILITY AGREEMENT AND INVESTOR REPRESENTATION AGREEMENT (FORMS OF WHICH ARE ATTACHED HERETO AS EXHIBITS E AND F) THAT (i) HE IS AN ACCREDITED INVESTOR, (ii) CERTAIN FACTS AND CIRCUMSTANCES REGARDING HIS FINANCIAL CONDITION AND RESOURCES ARE TRUE, AND (iii) HE IS PURCHASING THE COMMON UNITS FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TOWARD RESALE.

NO GENERAL SOLICITATION OR ADVERTISING WHATSOEVER WILL BE EMPLOYED IN THE OFFERING OF COMMON UNITS DESCRIBED IN THIS OFFERING SUMMARY. NO PERSON HAS BEEN AUTHORIZED BY THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OR THIS OFFERING OTHER THAN THE REPRESENTATIONS CONTAINED IN AND INFORMATION PROVIDED IN OR WITH THIS OFFERING SUMMARY, AND, IF GIVEN OR MADE, SUCH OTHER REPRESENTATIONS OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NEITHER THE DELIVERY OF THIS OFFERING SUMMARY NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY DESCRIBED HEREIN SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME AFTER THE DATE OF THIS OFFERING SUMMARY.

FORWARD LOOKING STATEMENTS

This Offering Summary contains, in addition to historical information, forward-looking statements. Forward-looking statements made in this Offering Summary are subject to risks and uncertainties. Forward-looking statements include statements that are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "believes," "plans," "anticipates," "estimates," "expects", "intends", "seeks" or similar expressions. In addition, any statements we may provide concerning future financial performance, ongoing business strategies or prospects, and possible future actions, including with respect to our strategy following completion of the Offering and our plans with respect to the Company, the Property Entity and the Property are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about the Company, the Property Entity and the Property, and the transactions contemplated by this Offering Summary, economic and market factors and the industry in which the Company does business, among other things. You should not place undue reliance on forward-looking statements, which are based on current expectations, since, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove accurate. This cautionary statement is applicable to all forward-looking statements contained in this Offering Summary and the material accompanying this Offering Summary. These statements are not guarantees of future performance. All forward-looking statements included in this Offering Summary are made as of the date on the front cover of this Offering Summary and, unless otherwise required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors.

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EXHIBITS:

EXECUTIVE SUMMARY

General

Meadow Creek Holdings, LLC (the "Company" "we" or "us"), a Tennessee limited liability company, was formed on October 8, 2012. The Company's governing document, the Operating Agreement, is attached hereto as Exhibit B (the "Company Operating Agreement"), and divides the equity interests of the Company into Units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company. There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 517,144 Class A Units authorized for issuance by the Company, of which all 517,144 Class A Units are issued and outstanding; and (iii) 12.444 Class B Units authorized for issuance by the Company, of which all 12.444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit (the "Class A Redemption Price"). A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to the all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,737 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price"), such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. Mr. Arthur J. Goolsby, Jr., currently serves as the Manager of the Company. Mr. Goolsby does not have any ownership in the Company or the Property Entity, but is a business associate of Mr. Jeffrey A. Pettit, a current member of the Company and holder of all of the issued and outstanding Common Units in the Company, which will remain outstanding following the Closing. Mr. Pettit currently serves as the manager of the Property Entity.

The Offering

This is a Minimum-Maximum Offering. A minimum of 930 Common Units and a maximum of 950 Common Units will be offered for sale in this Offering. The Offering Price is $2,737 per Common Unit, and a minimum of twenty Common Units must be purchased by an Investor, absent the consent of the Manager to a lesser investment amount. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent, until the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering. Upon the Closing prior to the Termination Date but following the sale of at least the Minimum Offering, all Subscription Funds less the Audit Reserve will be delivered to the Company and deposited in the Company's bank account to be used for the purposes discussed in this Offering Summary. If subscriptions for less than the Minimum Offering have been received by the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest or deduction. Persons wishing to purchase Common Units must subscribe for Common Units by fully completing the Subscription Documents that accompany this Offering Summary.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND AN INVESTOR SHOULD NOT INVEST IN THE COMMON UNITS IF THE INVESTOR IS NOT FINANCIALLY CAPABLE OF TAKING THE RISK OF LOSING THE INVESTOR'S ENTIRE INVESTMENT (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Primary Purpose of the Offering

The primary purpose of the Offering is to raise funds to permit the Company to acquire and own units of ownership interest in the Property Entity constituting a minimum of a 95.204040% percentage ownership interest and a maximum of a 95.959596% percentage ownership interest. An additional purpose of the Offering is to permit the Company to pay the Redemption Price to redeem all of the Class A Units and up to all of the Class B Units held by the Current Members pursuant to the Redemption Agreement that has been entered into by the Current Members and the Company, a copy of which is attached hereto as Exhibit C (the

"Redemption Agreement"). The Redemption Agreement provides for the redemption by the Company of an aggregate minimum of all of the Class A Units in the event of the Closing of the Minimum Offering and all of the Class B Units in the event of the Closing of the Maximum Offering (collectively, the "Redeemed Units"), which number of Class B Units to be redeemed will correspond to the number of Common Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the Redemption Agreement at the Maximum Offering, there will be 959.596 Common Units issued and outstanding in the Company.

Risk Factors

The Common Units being offered hereby involve a high degree of risk, including risks associated with the ownership of real estate, as well as tax and financial risks associated with the transaction and the general economy. Investors should carefully review the information in the "Risk Factors" section of this Offering Summary starting on page 9 before purchasing Common Units.

The Property Entity

Meadow Creek Investments, LLC (the "Property Entity"), is a Tennessee limited liability company that was formed on December 16, 2011. The Property Entity was originally formed by Piney Cumberland Resources, LLC, a Tennessee limited liability company ("Piney Cumberland"), which contributed the Property to the Property Entity, pursuant to Code Section 721 of the Internal Revenue Code of 1986 (the "Code"), in exchange for the currently outstanding membership interests in the Property Entity that were subsequently distributed by Piney Cumberland on a pro rata basis to the current Sellers. The Property Entity's governing document, the Amended and Restated Operating Agreement, is attached hereto as Exhibit J (the "Property Entity Operating Agreement"), and divides the equity interests of the Property Entity into units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Property Entity. There are currently 100 units authorized for issuance by the Property Entity, currently owed as follows: (i) Mr. Pettit owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Pettit owns 5% of the issued and outstanding units in the Property Entity. Mr. Pettit currently serves as the manager of the Property Entity.

The MIPA

The Company and the Sellers have entered into a Membership Interest Purchase Agreement (the "MIPA") a copy of which is attached hereto as Exhibit K. Pursuant to the MIPA, at Closing the Company would purchase from the Sellers a minimum of 95.204040% of the membership interests in the Property Entity and a maximum of 95.959596% of the membership interests of the Property Entity, in each case purchasing the entire 5% interest owned by Mrs. Pettit and the remaining interests from Mr. Pettit. The membership interests in the Property Entity being purchased by the Company under the MIPA are referred to as the "Purchased Interests." Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $751,839 (the "Minimum MIPA Amount"), which shall be subject to upward adjustment by the unused remaining portion of the $150,000 Deferred Amount.

Under the MIPA, the Sellers are making certain representations and warranties concerning the Purchased Interests, the Property Entity and the Property. The Company is also making usual and customary representations and warranties to the Sellers regarding the Company and its authority to enter into the MIPA. The MIPA provides for usual and customary terms related to indemnification by a party in the event of default or breach by another party. The closing of the MIPA is subject certain closing conditions, such as the Company raising sufficient funds in an amount equal to the Minimum Offering Amount of $2,545,410. (See "DESCRIPTION OF THE MIPA" beginning on page 32, and the MIPA attached hereto as Exhibit K).

The Property

The Property Entity's principal asset is approximately 466.40 acres of unimproved real estate currently owned by it located in Van Buren County and Bledsoe County, Tennessee, as further identified on the survey and property description map attached hereto as Exhibit D (the "Property"). The Property was

originally acquired by Piney Cumberland by Quitclaim Deed from Southeastern Timberland Group, LLC, an affiliate of the Sellers ("STG"), on March 18, 2010. The Property was then contributed to the Property Entity by Piney Cumberland and is currently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $199,113.74. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to STG. The Second Mortgage relates to a Promissory Note from the Property Entity in favor of STG executed in connection with the acquisition of the Property. STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $618,957.82. The Mortgage and Second Mortgage are required to be fully satisfied and paid off by the Sellers out of the proceeds of the Offering payable to them at Closing, such that at the Closing, the Property will be owned by the Property Entity free and clear of any monetary liens, debts or other encumbrances. The Company shall withhold at Closing out of the aggregate MIPA Purchase Price and Redemption Price payable to the Sellers at Closing the amount necessary to satisfy the Mortgage and Second Mortgage in full, which applicable amounts the Company will directly remit to the Lender and STG, respectively.

The Property Entity has investigated the following possible uses for the Property, the selection of which, if any, would be made by a majority in interest of the holders of the units in the Property Entity, and following the Closing, a majority in interest of the holders of the Units in the Company by virtue of the then majority ownership interest in the Property Entity following the Closing (as applicable, the "Majority"): (1) Continuing to hold the Property for investment, which may involve the development of the Property into as many as one hundred eighteen (118) residential lots for sale to the public either by itself or in conjunction with others or the sale of the Property in the future; or (2) Granting a conservation easement (the "Conservation Easement") on all or some portion of the Property to achieve certain business and tax objectives.

A proposed Deed of Conservation Easement (the "DCE") has been prepared for the Property Entity and reviewed by the Manager, which DCE is preliminary and has not been adopted or approved by the Property Entity or the members of either the Company or the Property Entity (as applicable, the "Members"). A copy of such proposed DCE is available from the Manager upon request. None of the Property Entity, the Company or the Members is under any obligation to adopt the proposed DCE or any DCE at all. No DCE can be adopted by the Property Entity unless recommended by the Manager and approved by the Majority. (See "Summary of the Company Operating Agreement" beginning on page 24, the Company Operating Agreement, attached to this Offering Summary as Exhibit B, the "Summary of the Property Entity Operating Agreement" beginning on page 29, the Property Entity Operating Agreement, attached to this Offering Summary as Exhibit J.).

Neither the Property Entity nor the Company is under any obligation to do any of the foregoing. A Majority of the Members of the Property Entity, and consequently the Company, following the Closing is required to approve any significant plans for the Property Entity other than continuing to hold the Property for investment, such as granting a conservation easement on the Property or pursuing any future development of the Property.

General Information Regarding Holding the Property for Investment

Piney Cumberland and the Property Entity both acquired the Property for investment and the Property Entity continues to hold it for investment. The Manager has investigated the potential future development of the Property and believes that the Property could support the development of the Property into as many as one hundred eighteen (118) residential lots for sale to the public either by itself or in conjunction with others. Any future development of the Property by the Property Entity would likely require significant additional investment or borrowings by the Property Entity or the Company. Any decision to develop the Property either by the Property Entity or in conjunction with others would require approval of the Majority. Alternatively, the Property could continue to be held by the Property Entity for investment. If the Majority does not approve any other course of action with respect to the Property, the Property Entity would likely continue to hold the Property for investment and later sale.

What is a Conservation Easement?

A conservation easement is a perpetual, bilateral contract between a land owner and a non-profit conservation organization (often called a "land trust" or "conservancy") or governmental agency regarding a distinct tract of real property in which the land owner agrees to restrict the development activity on the property as well as other activity on the property that might interfere with its scenic, environmental or other value as open space (including agricultural value where applicable). The restrictions of a conservation easement are enforceable by the conservation organization or governmental agency perpetually, are recorded in the deed records of the county court house and are considered to "run with the land." A conservation easement also gives the conservation organization or governmental agency a right of access for inspection and enforcement purposes. If the conservation easement complies with the requirements of Section 170(h) Code and Treasury Regulations, including the requirement that the restrictions accomplish one or more several specific "conservation purposes," the owner who donated the conservation easement will receive a federal income tax deduction. (See "The Conservation Easement" at page 39).

Company Operating Agreement

Each Investor should read the Company Operating Agreement of the Company attached hereto as Exhibit B. The management of the Company is to be conducted by a person appointed or elected as "Manager" in accordance with the Company Operating Agreement. Mr. Arthur J. Goolsby, Jr., is the current Manager of the Company. The Manager exercises all management authority and responsibility for the Company and the operation of the business activities of the Company. The Manager can only be removed for "Cause" as such term is defined in the Company Operating Agreement.

The Manager is granted broad authority in the Company Operating Agreement to manage the Company. Certain actions, such as entering into a contract or loan agreement that would commit or obligate the Company to expend more than $50,000.00 of Company funds, selling substantially all of the assets of the Company, except in compliance with Article XIII of the Company Operating Agreement, filing bankruptcy for the Company, settling or compromising any claim of the Company in excess of $10,000.00, or confessing a judgment against the Company, require the consent of a Majority of the Members of the Company. Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and obtain the consent of a Majority of the Members. If any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager.

Within two years of the adoption of the Operating Agreement, the Manager is required to make a proposal to the Members to pursue either an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, to reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not authorize the pursuit of the rejected proposal.

Tax Audit Reserve

The MIPA provides for the establishment of a special audit reserve upon Closing in the amount of $150,000 to be set aside during the initial five year period following the Closing for payment of any tax audit expenses incurred by the Property Entity or the Company in the event that the Property Entity or the Company is subject to an audit by the IRS (the "Audit Reserve"). The Escrow Agent will retain, from the proceeds of the Offering, an amount equal to the Audit Reserve in an interest bearing account for the benefit of the Company and the Property Entity. In the event that the Company or the Property Entity receives notice from the IRS during the five year period following the Closing indicating that one or more of its federal income tax returns are being audited, the Company will instruct the Escrow Agent to release a portion of the Audit Reserve to the Company; provided however, that the Company's members have certain limited rights to dispute the release of the Audit Reserve. On

the later of the fifth anniversary of the Closing or the resolution of any then ongoing IRS audits, any remaining funds held by the Escrow Agent in the Audit Reserve shall be released to the Company for distribution to the Sellers, pro-rata on the basis of their Purchased Interests as a deferred payment of the Purchase Price. (See the MIPA, attached to this Offering Summary as Exhibit K.)

Cash Distributions

Any cash available for distribution to the Members will be paid on a pro rata basis to each Member in accordance with the Member's respective ownership of Units. Distributions, other than with respect to the Audit Reserve, which are to be paid to the Sellers, if any, and any reserves to be retained by the Company or otherwise to be paid to the manager of the Property Entity upon the winding up, liquidation or distribution of assets of the Company, will be made at the discretion of the Manager. (See the Company Operating Agreement, attached hereto as Exhibit B.)

THE OFFERING

Primary Purpose of the Offering

This Offering is being made for the primary purpose of providing funds required to permit the Company to acquire and own the Purchased Interests. An additional purpose of the Offering is to permit the Company to pay the Redemption Price to redeem all of the Class A Units and up to all of the Class B Units held by the Current Members pursuant to the Redemption Agreement. The Redemption Agreement provides for the redemption by the Company of an aggregate minimum of all of the Class A Units in the event of the Closing of the Minimum Offering and, additionally, all of the Class B Units in the event of the Closing of the Maximum Offering, such that upon the completion of the Offering and the closing of both the MIPA and the Redemption Agreement at the Maximum Offering, there will be 959.596 Common Units issued and outstanding in the Company of which 950 Common Units will be held by the Investors. Following the Closing of the Maximum Offering, the Company expects to pay approximately $312,019 in selling commissions to SFA or one or more other broker-dealer firms selected by SFA, an aggregate of approximately $765,949 to the Sellers under the MIPA, and an aggregate of approximately $551,204 to the Current Members of the Company. The remaining $970,978 raised in the Offering will be used by the Company to pay the expenses of the Offering, pay the consulting and other investigative fees associated with the potential Conservation Easement, fund the Company's operating costs, and establish certain reserves as described in this Offering Summary. (See "SOURCE AND USE OF FUNDS" at page 20).

If the Minimum Offering is reached, but no more, Mr. Pettit would collectively continue to own 9.596 Common Units and 12.444 Class B Units, which would represent approximately 2.315% of the total issued and outstanding equity interest in the Company. If the Maximum Offering is satisfied, Mr. Pettit will own an aggregate of only 9.596 Common Units, representing approximately 1% of the total issued and outstanding equity interests in the Company.

Determination of Offering Price

The Offering Price of $2.737 for each Common Unit has been arbitrarily determined by the Manager in his sole discretion and is not a result of arm's length negotiations. The Offering Price is not based upon any direct relationship to asset value, net worth, earnings, cash flow, or any other established or measurable criteria of value. No outside party has established that the Offering Price is fair, or that the Company has used an accurate means to value the Common Units. The largest factor that the Manager of the Company considered in determining the Offering Price was the MIPA Purchase Price desired by the Sellers for their Purchased Interests and the Redemption Price desired by the Current Members for their Redeemed Units. We make no representations, whether express or implied, as to the value of the Common Units offered hereby. No assurances can be given that the Common Units could be resold for the Offering Price or for any amount.

Terms of Purchase

The Common Units will be sold only for cash and no deferred payment will be accepted. Payment must be made by wire transfer in the full amount of the Offering Price for the Common Units being purchased. If you desire to purchase a Common Unit, then you must purchase twenty whole Common Units, unless the Manager, in his sole discretion, waives this minimum purchase requirement. No fractional Common Units will be sold to any of the Investors unless the Manager, in his sole discretion, waives this restriction.

Offering Period

This Offering commences on the date hereof and terminates on the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the decision of the Manager to close the Offering prior to the Termination Date following the receipt by the Company of at least the Minimum Offering (the "Offering Period").

Escrow of Subscription Funds

This is a Minimum-Maximum Offering, meaning that at least the Minimum Offering must be sold during the Offering Period and up to the Maximum Offering may be sold during the Offering Period. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement, the form of which is attached hereto as Exhibit G, by the Escrow Agent during the Offering Period. If subscriptions for less than the Minimum Offering have been received and accepted prior to the Termination Date, then the Company shall terminate the Offering and refund the Subscription Funds to Investors without interest and without deduction. Upon the closing of the Offering following the sale of at least the Minimum Offering prior to the Termination Date, the Subscription Funds will be delivered to the Company and deposited in the Company's bank account and used for the purposes discussed in this Offering Summary; provided however, that the Escrow Agent shall retain the Deferred Amount for the establishment of the Audit Reserve. The Audit Reserve shall be retained in an interest bearing account and released to the Company by the Escrow Agent prior to the fifth anniversary of the Closing only in the event that the Company receives notice from the IRS indicating that one or more of the federal income tax returns of the Company or the Property Entity are being audited and delivers instructions to the Escrow Agent for release of the Audit Reserve (the "Demand Notice"). Following the delivery of the Demand Notice, the Sellers have certain limited rights to dispute the release of the Audit Reserve to the Company. On the fifth anniversary of the Closing, the Escrow Agent will release the Audit Reserve to the Company, together with the interest earned on such funds, for payment to the Sellers as deferred compensation under the MIPA. The Escrow Agent shall have no liability to any potential Investor. (See the Escrow Agreement, attached to this Offering Summary as Exhibit G.)

[Remainder of Page Intentionally Left Blank]

How to Invest

For a subscription to be accepted by the Company, the potential Investor must do all of the following prior to the Termination Date of the Offering Period:

1. **COMPLETE AND SIGN** all documents in the Execution Documents Package.

2. **RETURN THE ORIGINAL EXECUTION DOCUMENTS PACKAGE TO YOUR REGISTERED REPRESENTATIVE.**

3. **WIRE** the Subscription Funds payable to "Oakworth Capital Bank FFC Meadow Creek Holdings, LLC" pursuant to the following wiring instructions:

Receiving Bank:	The Independent Bankers Bank
Address:	[redacted]
ABA Number:	[redacted]
Beneficiary Bank:	Oakworth Capital Bank
DDA Account #:	[redacted]
Address:	[redacted]
Special Instructions / Beneficiary / Bank to Bank Info:	FFC Meadow Creek Holdings, LLC OCB Wealth Mgmt as Escrow Agent Acct #: [redacted]
For Wire Assistance:	Please contact Susan Foster at (205) 263-4715 or Lindsay Ethridge at (205) 263-4714.

The Subscription Fund amount is determined by multiplying the number of Common Units desired to be purchased by the Offering Price of $2,737 per Common Unit. The minimum number of Common Units that may be purchased by an individual investor is twenty units (or $54,740), unless the Manager, in his sole discretion, waives this restriction. An Investor is permitted to purchase more than twenty Common Units.

Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

For further questions regarding how to invest or to confirm any receipt, please contact your registered representative.

WHO MAY INVEST

Investor Qualifications

THE PURCHASE OF THESE SECURITIES INVOLVES INVESTMENT RISKS. INVESTMENT IN THESE SECURITIES IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR AN IMMEDIATE CASH RETURN OR LIQUIDITY WITH RESPECT TO THEIR INVESTMENT. This is a private placement offering to certain **ACCREDITED INVESTORS ONLY**. Each Subscriber will be required to certify to the Company that he or she meets the foregoing requirements (see the Subscription and Suitability Agreement attached as Exhibit E). No public market for any of the Company's Units is expected and the sale or transfer of the Units may not be possible.

Each Investor must agree to abide by all applicable provisions of the Company's Articles of Organization, the Company Operating Agreement, the Company's rules and regulations and any other governing documents of the Company. The Company has further adopted, as a general suitability standard, the requirement that each Investor represent in writing in the Subscription and Suitability Agreement, among other things, that:

(a) the Investor is acquiring the Common Units for investment only, and not with a view toward the resale or other distribution of the Common Units;
(b) the Investor can bear the economic risk of losing the Investor's entire investment; and
(c) the Investor has adequate means of providing for the Investor's current needs and personal contingencies and has no need for liquidity of the Investor's investment in the Common Units.

These suitability standards represent minimum requirements for Investors, and the satisfaction of such standards does not necessarily mean that the Common Units are a suitable investment for such persons. The Company reserves the right, in its sole discretion, to reject any subscription even though the Investor may otherwise satisfy the above-described criteria.

Potential purchasers of the Common Units must complete the Subscription Documents. After receipt of the Subscription Documents, the Company will determine, in its sole discretion, whether to accept, in whole or in part, the subscription. All potential purchasers must meet the minimum suitability requirements set forth above. The Manager has the option, in his sole discretion, after review of a potential purchaser's Subscription Documents, to reject, in whole or in part, the subscription of a proposed Investor by returning to him his payment for the Common Units, without interest. Subscriptions may be rejected for failure to conform to the requirements of this Offering or for any other reason, in the sole discretion of the Manager of the Company.

Exemptions from Registration

The Common Units will not be registered for sale under the Securities Act or under the securities laws of any state. The Common Units will be offered for sale in reliance on an exemption from registration under Federal law pursuant to Rule 506 of Regulation D. The Common Units are being offered in certain states in reliance on exemptions from registration under the securities laws of such states.

Restriction on Transfer

The transferability of the Units are severely limited by the Operating Agreement and by federal and state securities laws.

Additionally, the Common Units offered pursuant to this Offering have not been registered under Federal or state securities laws and, consequently, Common Units purchased pursuant to this Offering may not be transferred or sold by the purchaser without the approval of the Company and an opinion of counsel satisfactory to the Company that such transfer or sale will not contravene applicable federal and state securities laws. Therefore, the cover page of the Company Operating Agreement and any certificates that may be issued

evidencing the Common Units purchased by an Investor will bear a restrictive legend in effect similar to the following:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") PROVIDED BY SECTION 4(2) OF THE ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.
>
> THE SALE OR TRANSFER OF THE MEMBERSHIP COMMON UNITS IN THE COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE OPERATING AGREEMENT OF THE COMPANY, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF THIS CERTIFICATE, THE HOLDER HEREOF AGREES TO BE BOUND BY THE TERMS OF THE OPERATING AGREEMENT.

RISK FACTORS

An investment in the Common Units is highly speculative, involves a high degree of risk and is suitable only for Accredited Investors, who understand and have financial resources sufficient to enable them to bear a number of risks, including but not necessarily limited to those described below. In addition to the other information contained in this Offering Summary, you should carefully consider the following risk factors in evaluating an investment in the Common Units and evaluating the Company and its business plans. If any of the following risks actually occur, the business, financial condition, and operating results of the Company may be materially and adversely affected. Prospective Investors should not consider an investment in the Common Units unless they are willing and able to sustain a complete loss on their investment. The foregoing Risk Factors reflect many, but perhaps not all, of the risks incident to a purchase of the Common Units. Each potential Investor must make an independent evaluation of the risks associated with a purchase of the Common Units.

Investment and Operating Risks

1. Lack of Operating History. The Company is a Tennessee limited liability company that was recently formed for the purpose of acquiring equity interests in the Property Entity. The Property Entity was formed on December 16, 2011, to hold real estate for investment. Neither the Property Entity nor the Company has engaged in any material business activities since the date of its respective formation, and neither entity has any operating history. The Manager currently plans to continue to cause the Property Entity to hold the Property for investment absent the approval of a Majority to take any other action with respect to the Property. If a Majority approves causing the Property Entity to grant a Conservation Easement on the Property, the Manager does not expect the Property Entity or the Company to have any material operations in the foreseeable future other than potentially causing the grant of such Conservation Easement. If a Majority decides that the Property should be developed, the Manager would need to develop a business plan for the Property Entity's use and disposition of the Property, the implementation of which would require significant capital, which neither the Property Entity nor the Company currently has. The Property Entity or the Company would have to raise additional capital or partner with another party to develop the Property, and such activities would be subject to all of the risks inherent in a business

enterprise that is commencing operations. It is impossible to predict whether the Property Entity or the Company will be successful, and there can be no assurance that the Property Entity or the Company will operate profitably.

2. *Primary Purpose May Not Be to Maximize Profits for Members.* One of the business plans that the Manager will propose to the Members for consideration following the completion of the Offering will be the granting of the Conservation Easement on the Property. Any such decision would be made by a Majority, which may not agree with your desires. Assuming a Majority approves the granting of the Conservation Easement, the principal asset of the Property Entity, the Property, would be encumbered and its future development would be restricted, which would diminish the value of the Property and severely hinder the ability of the Property Entity and the Company to maximize profits with respect to the Property. While the Conservation Easement may create a charitable tax deduction for the Members, the Company would not be in a position to maximize the profits that could be generated and distributions that could be made to the Members. If the Company's goal was to maximize profits and distributions, it could choose to cause the Property Entity to develop the Property or hold it for investment. Because of the possibility of the Property Entity granting the Conservation Easement on the Property, only Investors who are not focused on maximizing the potential cash return from an investment in the Common Units should consider purchasing the Common Units.

3. *Conservation Easement Deductions.* If approved by a Majority, a significant component of the Company's business plan would involve causing the Property Entity to grant a Conservation Easement to a qualified organization as defined under Section 170(h)(3) of the Code (a "Qualified Organization") during calendar year 2012. The potential benefits to you arising from any such Conservation Easement will be dependent upon the valuation of such Conservation Easement and the potential application of provisions in the Code and Regulations which lack a substantial body of interpretive case law. There is no assurance that the Property Entity or the Company will be able to achieve its business and tax objectives in connection with any Conservation Easement which may be granted to a Qualified Organization.

4. *Need for Additional Capital.* If a Conservation Easement is not granted and the Manager proposes to develop the Property, the Company and/or the Property Entity will need additional resources in the future to continue to operate. The proceeds of the Offering are estimated to be sufficient to allow the Property Entity to hold the Property for long term investment but would most likely not be sufficient to permit the Company to allow the Property Entity to attempt to develop the Property. Furthermore, the Company may be unable to sell the Property Entity and the Property Entity may be unable to sell the Property for an amount deemed reasonable to the Manager, or for an amount in excess of the aggregate amount of the Offering, or at all. Accordingly, if a Conservation Easement is not granted on the Property, the Company and/or the Property Entity may need additional capital to permit it to continue to operate. Neither the Company nor the Property Entity has any current commitments for additional financing, and the Manager has no current plans to pursue any other opportunities for additional financing of either entity. There can be no assurance that additional financing will be available in the future on acceptable terms or at all. If the Company or the Property Entity raises additional funds by issuing equity securities, the actual or beneficial percentage ownership of the Company's owners will be diluted. Additional securities issued by the Company or the Property Entity in the future could have rights, preferences and privileges senior to those of the Common Units.

5. *Determination of Offering Price.* The Offering Price of $2,737 per Common Unit has been determined solely by the Manager based on (1) the MIPA Purchase Price the Sellers are willing to accept for the Purchased Interests, (2) the Redemption Price the Current Members are willing to accept for the Redeemed Units, (3) the anticipated payment of certain fees and expenses associated with the Offering and the granting of the Conservation Easement, if proposed by the Manager and approved by a Majority, and (4) certain limited anticipated capital needs of the Company in the near future. (See "SOURCE AND USE OF FUNDS" at page 20). Such Offering Price is not an indication of the value of a Common Unit or the pro rata portion of the Company or the Property, and no assurance is given that any of the Common Units could be resold for the Offering Price or for any other amount.

6. *Redemption Units.* You should not construe the willingness of the Sellers to have their Purchased Interests acquired by the Company for the MIPA Purchase Price, as adjusted, or the willingness of the Current Members to have their Redeemed Units redeemed by the Company for the Redemption Price, as an indication that

the Offering Price is objectively determined or that your investment decision is shared by persons unaffiliated with the Company, as the Sellers and the Current Members are directly interested in the receipt of funds from the Offering. You should make your investment decision solely based upon your own evaluation of the merits and risk of the investment.

7. The MIPA and the Redemption Agreement are Not Negotiated Agreements. Neither the MIPA nor the Redemption Agreement nor the amounts payable with respect thereto were arrived at by a process of negotiation. There can be no assurance that the MIPA Purchase Price or the Redemption Amount is an appropriate amount for the purchase of the Purchased Interests or the redemption of the Redeemed Units, respectively. Similarly, there can be no assurance that the covenants, representations and warranties given by the Sellers in the MIPA or the Current Members in the Redemption Agreement are sufficient to protect the Investors from all loss in connection with the purchase of the Purchased Interests or the redemption of the Redeemed Units ancillary to the Investor's purchase of the Common Units. Each Investor is advised to read the MIPA and the Redemption Agreement carefully to make his or her own determination as to the sufficiency of the MIPA and the Redemption Agreement, as applicable, for his or her own purposes.

8. Cash Distributions. Assuming a Majority approve the granting of the Conservation Easement on the Property, neither the Property Entity nor the Company is likely to engage in business operations, and the Company would therefore not expect to realize any profits. If we do in fact cause the Property Entity to encumber the Property with the proposed Conservation Easement, the terms of such easement will materially limit our permitted uses of the Property and our prospects for future income and profits. We do not expect to make any cash distributions to you, and if you require a cash return from the Company on your investment, you are advised against this investment.

9. Illiquidity of Investment. The Common Units have not been registered under any federal or state securities laws and therefore cannot be resold or otherwise transferred unless they are subsequently registered under such laws, or unless an exemption from such registration is available. We do not intend to register the Common Units with the Commission, the Tennessee Securities Division, or any other state securities agencies, and you will have no right to require the Company or the Manager to register the Common Units. There is presently no public or other market for any of the Units, and it is highly unlikely that such a market will develop in the future. In addition, certain restrictions on transfer of the Units are contained in the Company Operating Agreement, and if the Members approve causing the Property Entity to encumber the Property with a Conservation Easement, such encumbrance will affect the value of the Property, the Property Entity, the Company and the Units in a materially adverse manner. Under the circumstances, you should consider the purchase of Common Units to be an investment lacking liquidity and involving substantial risk, and that, in the event the Property is ultimately encumbered by a Conservation Easement, you will be unable to recoup any amount of your original investment from the sale of a Common Unit, the Company's disposition of the Property Entity, the Property Entity's disposition of the Property, or the liquidation of the Company.

10. Absence of Securities Registration and Review. The Common Units have not been nor will they be registered under the Securities Act or any applicable state securities laws, and no federal, state or other agency has reviewed the terms of this Offering, recommended or endorsed the purchase of the Common Units or passed upon the adequacy or accuracy of any information disclosed to prospective Investors. Accordingly, prospective Investors must assess the fairness of the terms of this Offering on their own, or with aid of their advisors or representatives, and without the benefit of any prior review by any regulatory agency.

11. Manager's Involvement in Other Business Activities. Neither the Manager of the Company nor the manager of the Property Entity are expected to devote their full time to the business and affairs of the Company, and are involved in other business activities, including activities which may be competitive with the Company and the Property Entity. Both the Manager and the manager of the Property Entity currently own and are the manager of other entities that also own real estate in the vicinity of the Property. Certain of such other real estate may also be held for investment while other real estate may be held for development. Under the circumstances, the interests of the Manager and the manager of the Property Entity may conflict with the interests of the Company in various ways. The Manager and the manager of the Property Entity can only be removed for "Cause." The Investors will

have to rely upon both such managers for almost all decisions relating to the operation of the Company and the Property Entity.

12. Limitations on Manager's Liability. The Company Operating Agreement and the Property Entity Operating Agreement contain certain limitations of liability for the benefit of the Manager and the manager of the Property Entity, respectively, which are intended to have the effect of reducing the liability and obligations of the Manager to the Company and the manager to the Property Entity. The Company Operating Agreement and the Property Entity Operating Agreement also contain provisions for binding arbitration in the event of a dispute, controversy or claim asserted by a Member arising out of or relating to such respective Operating Agreement or to its alleged breach by its manager. In addition, the Company is required under the Company Operating Agreement and the Property Entity is required under the Property Entity Operating Agreement to indemnify and hold its respective manager and his affiliates harmless from and against certain liabilities or damages incurred by them. (See "DESCRIPTION OF THE COMPANY" beginning on page 23). Accordingly, your rights and remedies as a Member of the Company in connection with the actions or omissions of such managers or their affiliates may be more limited than would otherwise be the case absent such provisions in the Company Operating Agreement.

13. Limitation on Operating Expense Obligation. The obligation of the Manager and the Members under the Company Operating Agreement to bear operating expenses of the Company is limited to the amount of their respective contributions to the Company in the Offering. In the event that the Company incurs financial obligations in excess of such amounts reserved in the Offering, there can be no assurance that the Company will have funds to meet any such excess. Similarly, the obligation of the Property Entity manager and the Members under the Property Entity Operating Agreement to bear operating expenses of the Property Entity is limited to the amount of their respective contributions to the Property Entity, subject to certain obligations set forth in the MIPA to pay for certain expenses of the Property Entity. In the event that the Property Entity incurs financial obligations in excess of such amounts reserved for in the Offering, there can be no assurance that the Property Entity or the Company will have funds to meet any such excess.

14. Lack of Investor Control. Unless the approval of the Members is expressly required under the Company Operating Agreement or the Tennessee Revised Limited Liability Company Act, the Manager has full and complete authority, power and discretion to manage and control the business and operations of the Company. Similarly, unless the approval of the Members is expressly required under the Property Entity Operating Agreement or the Tennessee Revised Limited Liability Company Act, the Property Entity manager has full and complete authority, power and discretion to manage and control the business and operations of the Property Entity. The rights of the Members to participate in the management and control of the Company or the Property Entity, as applicable, are restricted to a limited number of specific circumstances, and the Members have no right or authority to act for or bind the Company or the Property Entity. Under the Company Operating Agreement and the Property Entity Operating Agreement, certain significant decisions may require the approval of a Majority of the Members, notwithstanding the fact that one or more prospective Investors may object thereto. Moreover, a Member may be deemed to have approved certain actions following notice from the Manager of the need to act with respect thereto if such notified Member fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice. With regard to any strategic proposal made by the Property Entity manager for use by the Property Entity of the Property for which notice is provided to the Members (e.g., a proposal to the Members to pursue an investment proposal or a conservation easement proposal with respect to the Property), a Member is required to reject the Manager's recommended proposal within five (5) calendar days after the deemed receipt of such notice or else such proposal would be deemed accepted by such Member. Accordingly, a prospective Investor should purchase Common Units only if such prospective Investor is willing to entrust all aspects of Company and Property Entity management to its respective manager, or to a Majority of the Members which may or may not include such Investor. (See "DESCRIPTION OF THE COMPANY" beginning on page 23).

15. Authority of Manager to Sell or Dispose of Property. In the event that a Conservation Easement is granted with respect to the Property and has been recorded for at least four (4) years, the manager of the Property Entity has been granted the authority pursuant to Section 13.8 of the Property Entity Operating Agreement to sell or otherwise dispose of the Property, in such manager's sole discretion, and such disposition may include, but is not limited to, donating the Property to charity.

16. Investment in the Property Entity and Real Estate. The Company intends to have as it sole asset the units of membership interest in the Property Entity, which in turn will have as its sole asset, the Property. Consequently, the purchase of the Common Units is essentially an investment in real estate. An investment in real estate is inherently speculative. Over the course of the life of the Company, the Company will experience certain transactional and carrying costs incident to the ownership of the Property. There is no assurance that the Property will operate with positive cash flow or appreciate sufficiently, if at all. The risks inherent in the ownership of real estate which may cause the Property to operate profitably or either to appreciate or depreciate are, in large part, beyond the control of the Company, the Property Entity or their respective managers. If the Company or the Property Entity have insufficient funds to pay expenses such as property taxes, then the Members would have to contribute additional capital, which would require unanimous consent of the Members pursuant to the Company Operating Agreement and the Property Entity Operating Agreement to require the contribution of additional capital, and/or the Company or the Property Entity may have to borrow additional funds, or risk foreclosure of the Property resulting in a loss of the Company's investment, an event which would trigger undesirable tax consequences for the Investors. In addition, certain operating expenses of the Property (e.g., real estate taxes, labor costs, and insurance, maintenance and repair expenditures) may increase as a result of inflation or other factors. Thus, the cost of owning the Property may exceed the amount of the Company's or the Property Entity's available funds and additional funds may have to be borrowed or invested in order to protect the Company's investment.

No representation or warranty is made as to future operations of the Property or as to the amount of profit, loss or cash flow from the operation of the Property Entity business or the Company business. Although the respective manager will endeavor to protect the interests of the Members, a prospective Investor should not view the Manager as a guarantor of the financial success of the Company, the Property Entity or the Property. The value of the Property is speculative and the offering price is not based in any way upon any appraised value of the Property. Pursuant to the Offering, Investors are subscribing to interests in the Company and not the Property Entity or the Property. The Purchase Price of the Common Units being offered herein is not based upon the value of the Property Entity or the Property.

17. Uninsured Losses. While the Property Entity may carry liability insurance for the Property, there are certain other types of catastrophic losses that are either uninsurable or not economically insurable. If our liabilities exceed the level of our insurance coverage or arise from the types of losses for which we are not insured, the Property Entity may be unable to fund such liabilities, which could threaten the viability of the Property Entity.

18. Hazardous Waste and Environmental Concerns. Federal and state statutes impose liability on property owners or operators for the cleanup of or removal of hazardous substances found on their property regardless of whether they had any involvement in placing the substance on the property. Additionally, such statutes allow the government to place liens for such liabilities against affected properties which liens will be senior in priority to other liens. State and federal laws in this area are constantly evolving, and the Company intends to monitor such laws and take commercially reasonable steps to protect itself from the impact thereof. However, there can be no assurance that the Company will be fully protected from the impact of such laws. While there has been no Phase I or other environmental study conducted on the Property, none of the Company, the Property Entity, the managers, or the Sellers are aware of any adverse environmental condition on the Property.

19. Taking of Property by Eminent Domain. It is possible that portions of the Property could be taken by governmental authority. Such a taking would result in a forced sale that could have adverse consequences on your investment. Even though condemning authorities must offer fair market value for property to be condemned, such a taking could materially and adversely affect an investment in the Company if the amount the Property Entity receives as compensation for taking is less than the perceived value of the condemned property.

20. Adverse General Economic Conditions. The value of real property often depends on the general state of the economy, and economic recessions can materially and adversely affect the viability of investments in real estate. Governmental, economic and tax policies may also render an additional element of uncertainty and risk in this as well as other investments.

21. Lack of Independent Legal Counsel. Sirote & Permutt, P.C., is legal counsel for the Company in connection with the Offering and is not acting as counsel for any of the prospective Investors. The use of the same

legal counsel may, at times, result in a lack of independent review. Thus, prospective Investors should not rely on such legal counsel to represent and protect their respective interests. Prospective Investors are accordingly urged to consult with their own legal advisors before investing in the Common Units.

Tax Risks

1. General Considerations. There are significant federal and state income tax risks associated with the purchase and ownership of Common Units. The tax aspects of owning Common Units are complex, and are not free from doubt. NEITHER THE MANAGER NOR THE COMPANY IS OFFERING ANY PROSPECTIVE INVESTOR TAX ADVICE. TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN THE UNITS WILL VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE UNITS AND VARIOUS RISK FACTORS ASSOCIATED THEREWITH.

2. No Ruling Requests. Neither the Manager nor the Company has requested nor do they intend to request any ruling or other guidance from the IRS with respect to any federal income tax consequences of an investment in the Common Units, or in connection with the Company's business and tax objectives.

3. Potential Changes in Law. There can be no assurance that the Code or existing Treasury regulations thereunder (the "Regulations") will not be amended in such a manner as to alter the present form of computing the federal income tax liability of Investors, or to otherwise change in a materially adverse way the potential tax consequences from an investment in the Common Units.

4. Risks of Conservation Easements. A significant component of one of the Company's contemplated business plans, which if approved by a Majority, involves the encumbrance of the Property with the Conservation Easement to a Qualified Organization in 2012. **You should be aware that Conservation Easements, the appraisal methodologies and techniques used in establishing the value thereof, and the tax law applicable thereto, have come under significant scrutiny and criticism by Treasury officials in recent years, and proposed legislative changes have been identified as a means of increasing the Treasury revenues which, if enacted, would have a material adverse effect on the tax benefits which might otherwise arise from an investment in the Common Units.** The granting of a Conservation Easement can have a significant federal and state income tax impact on the Members if granted. Nevertheless, this impact can vary substantially from Investor to Investor depending upon the Investor's particular tax circumstances. In addition, there are substantial risks associated with the granting of conservation easements, including but not limited to the valuation of the easement itself. Prospective Investors are advised that neither the Property Entity nor the Company is under any contractual obligation to grant a Conservation Easement. A Conservation Easement can only be granted upon a determination of the Manager and the approval of a Majority. Consequently, there can be no assurances that a Conservation Easement will be granted or that one will not be granted. Moreover, there is no assurance of the potential tax impact on a particular Investor in the event that such an easement is granted.

The Company has obtained a legal opinion from counsel for the Company addressing certain tax issues with respect to the proposed grant of the Conservation Easement by the Property Entity, a copy of which legal opinion is attached hereto as Exhibit H. Investors are encouraged to read the opinion, including the limitations described therein, for an explanation and appreciation of issues involved. It is important to note that such opinion has been issued to the Company only and has not been issued to any Investor, and no Investor may rely upon such opinion for any purpose whatsoever without the prior written consent of the opinion giver. It is also important to note that opinion is not a guaranty that the tax treatment will be sustained if challenged. Rather, it only represents counsel's opinion that it is more likely than not (i.e., a greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH AND RELY ONLY UPON THE ADVICE OF THEIR OWN TAX ADVISORS WITH REGARD TO ALL TAX ASPECTS OF INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION.

5. Charitable Contribution Limits. Current tax law limits the available charitable contribution deduction for calendar year 2012 relating to conservation easements to 30% of such individual's contribution base

or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Company. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2012 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to five (5) years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Company claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

6. *Increased Risk of Audit Due to Associated Persons.* Continuing recent scrutiny of Conservation Easement transactions, as well as recent and proposed changes to IRS forms and reporting requirements for such transactions, discussed beginning at page 39 of this Offering Summary, may increase the likelihood that the Company's return might be reviewed for possible audit. Moreover, the Property was recently acquired by the Property Entity from Piney Cumberland, the former parent entity of the Property Entity and an affiliate of the Sellers, which in turn originally acquired the property from STG, which is also an affiliate of the Sellers, on March 18, 2010. Sellers, Piney Cumberland and STG have various other real estate holdings that could subject them to an increased risk of audit, which could result in an increased risk of audit for the Property Entity or the Company.

Additionally, the past and continuing activities of other persons associated with the Property Entity or the Company may increase the likelihood that the Company's return would be reviewed for possible audit. For example, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been audited by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, the broker-dealer firm selected by the Company, the land trust selected by the Property Entity, and various consultants to the Property Entity or the Company and their employees and contractors have all assisted other persons and entities who have subsequently imposed conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

The tax returns of several of the other persons and entities associated with the above group have previously been selected for audit by the IRS and others may continue to be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Property Entity or the Company in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements may increase the likelihood that the Company's return would be reviewed for possible audit as well.

In addition, if the Company or the Property Entity is audited, the Company or the Property Entity may not possess sufficient resources in order to successfully defend an audit. Although the SOURCE AND USE OF FUNDS section of this Offering Summary describes that money may be set aside for an Audit Reserve, there can be no assurance that such funds will be available or sufficient in order to defend an audit and any litigation resulting therefrom. Moreover, neither the Company Operating Agreement nor the Property Entity Operating Agreement requires additional capital contributions from its Members. The value of the Property after the granting of a Conservation Easement, if approved by a Majority and granted by the Property Entity, may also be insufficient to permit the Property Entity or the Company to borrow against such Property. Accordingly, neither the Property Entity nor the Company may have sufficient funds or resources to allow it to provide an adequate defense to any such audit or litigation. In order to protect their interests in any such audit or litigation, each Member or Investor may determine that they need to use their own resources to protect their interests in the case of an audit or litigation.

CONSEQUENTLY, IF YOU ARE ADVERSE TO AN AUDIT BY THE IRS, YOU MAY NOT WANT TO INVEST IN THE COMPANY. FURTHERMORE, YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR CONCERNING WHETHER THE POTENTIAL CONTRIBUTION DEDUCTION, THE POTENTIAL TAX SHELTER REGISTRATION WITH RESPECT TO THE COMPANY, OR OTHER FEATURES OF THE COMPANY'S BUSINESS PLAN AND TAX OBJECTIVES MAY INVOLVE AN UNACCEPTABLE RISK OF

AUDIT OR MAY OTHERWISE CAUSE AN INVESTMENT IN THE COMPANY TO BE INAPPROPRIATE GIVEN A PARTICULAR PROSPECTIVE INVESTOR'S INDIVIDUAL CIRCUMSTANCES.

7. Potential Limitation of the Charitable Deduction if the Property Does not Constitute Long-Term Capital Gain Property. In general, if a taxpayer makes a charitable contribution of property (including a conservation easement), the amount of the charitable deduction is the fair market value of the contributed property. However, if the property being contributed constitutes property held primarily for sale to customers in the course of a taxpayer's business (i.e., dealer or inventory property) or has a holding period of less than one year, the charitable deduction generally will be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the property. The Company believes that the Property constitutes long-term capital gain property in the hands of the Property Entity, as Piney Cumberland, the former parent entity of the Property Entity and predecessor in interest to the Property Entity, acquired the Property on March 18, 2010, and has not been associated with any development activities. Although the Manager of the Company and the manager of the Property Entity believe that the Property constitutes long-term capital gain property in the hands of the Property Entity, there is a risk that the IRS could take a contrary position, even though such a position by the IRS would be inconsistent with the intent of the Property Entity in acquiring the Property and other relevant evidence relating thereto which the Property Entity and the Company believes supports capital gain treatment.

8. Partnership Anti-Abuse Rule and Common Law Tax Doctrines. The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

The case of Historic Boardwalk Hall, LLC v. Commissioner, 136 T.C. No. 1 (2011), which was subsequently reversed by the United States Court of Appeals for the Third Circuit, demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the transaction and potential transactions described in this Offering Summary (the "Subject Transactions").

In Historic Boardwalk Hall, LLC, a partnership was formed for the purpose of allowing an investor to utilize tax credits generated by a partnership which were attributable to historic rehabilitation development activities undertaken by the partnership. The IRS argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a "true" partner for federal income tax purposes, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's argument in Historic Boardwalk Hall, LLC, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a

partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

The IRS appealed the Tax Court's decision in Historic Boardwalk Hall, LLC to the Court of Appeals for the Third Circuit.10 The Third Circuit reversed the Tax Court's decision, determining that the investor in the transaction was not a bona fide partner in Historic Boardwalk, LLC. As a result, the investor was not allowed to utilize the tax credits allocated to it under the partnership agreement.

Although the facts of Historic Boardwalk Hall, LLC are distinguishable from the Subject Transactions, the decision of the Tax Court and the Third Circuit's reversal of that decision provide some insight into how the courts might analyze the Subject Transactions. First, the Tax Court's decision provides some support that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although Historic Boardwalk Hall, LLC involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions. For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event a Majority of the Members approve the Company granting the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in Historic Boardwalk Hall, LLC.

Under the "Golsen Rule," which was established in the Tax Court decision Golsen v. Commissioner, 54 TC 742 (1970), the Tax Court will follow a decision of the Circuit Court of Appeals to which the case could be appealed. Therefore, the Third Circuit's opinion in Historic Boardwalk, LLC will be followed by all courts, including the Tax Court, when an appeal would be to the Court of Appeals to the Third Circuit. Moreover, an appellate court's decision to reverse the Tax Court's decision might, in certain instances, inform the analysis applied by the Tax Court even in future cases not governed by the Golsen Rule. Accordingly, the Third Circuit's decision has some relevance to the Subject Transactions. The Third Circuit determined that the investor in Historic Boardwalk, LLC should not be treated as a bona fide partner because the investor did not have a "meaningful stake in the success or failure of the partnership." In so holding, the Third Circuit focused primarily on the following facts:

For a variety of reasons, including a "tax benefit guaranty," the court determined the investor had no meaningful downside risk in the partnership and that the investor was "for all intents and purposes, certain to recoup the contributions it had made" to the partnership.

The investor lacked meaningful upside potential in the profits of the partnership because the investor would only participate in partnership profits in the unlikely event certain primary payments were made by the partnership, leaving little potential for investor profit.

Unlike the facts in Historic Boardwalk, LLC, the Subject Transactions do not involve any type of tax benefit guaranty assuring the Investors that they will receive the tax benefits attributable to a conservation easement donation on the Property. Moreover, should the Member's decide to develop the Company Property, the Investors would each recognize their proportional share of the profits (or losses) attributable to such development activity, with no limitation on the upside (or downside) potential to an Investor.

9. Codified Economic Substance Doctrine. In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Common Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While counsel for the Company does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Common Units.

Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i), the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe any of the potential transactions that the Manager may propose is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Company's Holding Period" beginning on page 44.)

10. Substantial Valuation Misstatement Penalty. Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. Neither the Property Entity nor the Company has obtained (and do not plan to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity or the Company were to seek one. Given the magnitude of the charitable contribution that the Property Entity would likely claim, there is a risk that the IRS could audit the Property Entity's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Property Entity and the Company, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Property Entity and the Company will not be enacted with an effective date prior to the date of such grants.

Because neither the Property Entity nor the Company can verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section

6664(c) provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on a qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Property Entity and the Company and the ability of the Property Entity and the Company to avoid the potential application of valuation penalties; accordingly, there can be no assurance that a valuation penalty will not be applied to an investor in connection with any valuation adjustment that may be made by the IRS against the Property Entity and the Company.

11. Assessment of Penalty Against Qualified Appraiser. The qualified appraiser selected by the Manager to assist the Property Entity and the Company in preparing a qualified appraisal for the Property Entity in the event that a Majority elects to cause the Property Entity to grant the Conservation Easement on the Property following the Closing has received notice from the IRS that it intends to recommend the assessment of a penalty against him pursuant to Section 6695A for substantial valuation misstatement under Section 6662(e) for an appraisal rendered by him on an unrelated project completed in December of 2007 which is currently the subject of audit. Further discussion of the role of the qualified appraiser and the relevant penalty provisions can be found on pages 41-44. The assessment of such a penalty against the appraiser should not, by itself, result in any material adverse effect on the Property Entity or the Company or any appraisal prepared on behalf of the Property Entity or the Company in the event that a Majority elects to cause the Property Entity to pursue the Conservation Easement following Closing. However, because such a penalty is assessed before an appraiser is afforded the opportunity to finally challenge such penalty assessment, such penalty assessment could have other effects, such as making the IRS more likely to audit the tax returns of the Property Entity or the Company and its Members claiming a Conservation Easement deduction, prejudicing the trier of fact as to the accuracy of the qualified appraisal submitted by the Property Entity, or increasing the costs to the Property Entity and/or the Company and/or its Members of any IRS audit defense.

We have been informed by such appraiser that he has engaged legal counsel to advise and assist him in challenging such assessment and that he does intend to challenge such assessment. However, there can be no assurance that he will be successful in such challenge or that the imposition of such assessment will not have a negative impact upon any subsequent audit that may be performed by the IRS on any Conservation Easement that may be granted by the Property Entity. There can also be no assurance that such assessment will not lead to further enforcement action against him, such as suspension or disqualification, both of which could have a material adverse effect on the ability of the Members of the Property Entity and the Company to claim a conservation easement deduction as contemplated at the time of the grant of any such Conservation Easement. While we do not believe that the assessment of such penalty will have a material adverse effect on the ability or right of the Property Entity and the Company to claim any such conservation easement deduction, there can be no assurance that such belief is correct. It is the Manager's belief that the abilities, qualifications, reputation, and background of such appraiser continues to make him the best person for the job in spite of such assessment, and the Manager intends to continue to engage and, if the Conservation Easement is approved by the Members, rely upon the appraisal prepared by such appraiser.

12. Further Assessments Against Qualified Appraiser. The assessment by the IRS of penalties under § 6695A and § 6701 are typically confidential pursuant to federal law and not subject to disclosure pending the suspension or disqualification of such appraiser. Consequently, the Company and its Members are unlikely to learn of the outcome of the current penalty assessment or any further penalty assessment against this or any other appraiser absent the consent of such appraiser. The appraiser currently engaged by the Property Entity has consented (without being under any obligation to do so) to permit the disclosure of the existence of such current penalty assessment to the Investors in this Offering Summary. However, such appraiser is under no obligation to update the Company or its Members as to the status of such assessment or to otherwise make any disclosures of any other assessment that may be made in the future, if any. Consequently, in the event of the grant of the Conservation Easement by the Property Entity, the Members will have to trust that any penalty assessment that may be imposed upon the Property Entity's chosen appraiser will not result in any material adverse harm to the conservation easement deduction claimed in the event of any subsequent audit thereof by the IRS.

SOURCE AND USE OF FUNDS

This is a "Minimum-Maximum Offering." Therefore, we must sell a minimum of 930 of the Common Units prior to the Termination Date before we can close the Offering and accept any subscriptions from Investors. We estimate that the net proceeds to the Company from the sale of the Minimum Offering will be approximately $238,530, after deducting the applicable initial net MIPA Purchase Price of $751,839, the applicable initial net Redemption Price of $517,144, and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $ 1,037,897. We estimate that the net proceeds to the Company from the sale of the Maximum Offering will be approximately $238,530, after deducting the applicable net MIPA Purchase Price of $765,949, the applicable initial net Redemption Price of $551,204, and the estimated Offering expenses and other amounts to be paid at Closing out of the offering proceeds of approximately $ 1,044,467. Both of the foregoing estimated net proceeds includes the $150,000 Audit Reserve deposit that is payable to the Sellers five years after the Closing to the extent not otherwise used by the Company to pay any actual costs incurred by the Company or the Property Entity in defense of any IRS audit that may be initiated during such period. Following the Closing, the remaining portion of the Offering Amount will be used for working capital, to establish reserves to cover the expected operating expenses of the Company or the Property Entity for at least one year and to fund the costs of granting the Conservation Easement by the Property Entity if approved by a Majority.

The following table illustrates our estimated use of proceeds from this Offering. It is emphasized that such estimated use of proceeds is subject to change based on actual costs and expenses incurred, changes in the plans of the Company or the Property Entity for the Property, and other factors.

Proceeds Used For	**Minimum Offering** [1]	**Maximum Offering** [2]
MIPA Purchase Price [3]	751,839	765,949
Redemption Price [4]	517,144	551,204
Estimated Sales Commissions [5]	305,449	312,019
Project Management /Consulting [6]	558,005	558,005
Legal Fees [7]	78,256	78,256
Trust Fees [8]	20,500	20,500
Appraisal [9]	10,000	10,000
Survey [10]	1,306	1,306
Other Estimated Closing Costs [11]	5,200	5,200
Mineral Rights Purchase [12]	46,640	46,640
Escrow Agent [13]	2,500	2,500
Property Taxes Due [14]	1,762	1,762
Liability Insurance [15]	793	793
Accounting [16]	7,500	7,500
Working Capital [17]	238,516	238,516
TOTAL	**$ 2,545,410**	**$ 2,600,150**
Reimbursement to the Sellers [18]	10,000	10,000

1 Assumes the sale of 930 Common Units in the Minimum Offering for a purchase price of $2,737 per Unit for aggregate gross proceeds to the Company from the Offering of $2,545,410.

2 Assumes the sale of 950 Common Units in the Maximum Offering for a purchase price of $2,737 per Unit for aggregate gross proceeds to the Company from the Offering of $2,600,150.

3 The aggregate net MIPA Purchase Price is based upon the Minimum Purchase at the Minimum Offering and the Maximum Purchase at the Maximum Offering, which

purchase price for the Minimum Purchase is subject to upward adjustment five years after the Closing to the extent of any unused portion of the Deferred Amount.

4 The aggregate net Redemption Price is based upon the purchase of all 517,144 Class A Units contemporaneously with the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit and the purchase of all 12.444 Class B Units contemporaneously with the Closing of the Maximum Offering for the payment of $2,737 per Class B Unit.

5 The Company has entered into a Soliciting Dealer Agreement with The Strategic Financial Alliance, Inc. ("SFA") pursuant to which the Company has agreed to pay SFA and one or more other firms that may execute similar agreements certain compensation to effect offers and sales of the Common Units on a non-exclusive "best efforts" basis. SFA or such firms will receive compensation in the following amounts: (i) a sales commission of seven percent (7.0%) of the purchase price of Common Units placed through such person; (ii) a non-accountable marketing allowance of two percent (2.0%) of the purchase price of Common Units placed through such person; and (iii) a non-accountable due diligence allowance of three percent (3.0%) of the purchase price of Common Units placed through such person, in each case, payable by the Company concurrently with release of the Offering proceeds funds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Common Units to the Investors. The compensation calculated above reflects the application of the fees paid and due and payable based upon the application of the respective minimum and maximum Offering amount, unless otherwise indicated.

6 The Company has entered into a Consulting Agreement with EcoVest for the performance of consulting services, pursuant to which EcoVest is expected to be paid an aggregate of $480,000 for certain consulting services. The Company has also entered into a Consulting Agreement with John Hetzler, pursuant to which Mr. Hetzler is expected to be paid an aggregate of $78,005 for certain consulting services for land planning with respect to the Property.

7 The Company is expected to pay approximately $53,000 in the aggregate to Sirote & Permutt, P.C., for Offering related legal expenses, such as the costs of preparing the MIPA for the purchase of the Purchased Interests, the Redemption Agreement for the purchase of the Redeemed Units, drafting the Company Operating Agreement, representing the Company in the Offering, issuing a legal tax opinion with respect to the certain issues involving the proposed Conservation Easement, negotiation and preparing the Mineral Rights Option Agreement, management of certain required filings in connection with the Offering and related fees, and the estimated legal costs of exploring the feasibility of, negotiating the terms of and implementing the Conservation Easement, to be paid at Closing. The Company is also expected to pay approximately $15,000 to Looney, Looney & Chadwell, PLLC for real estate and title work, and approximately $10,256 to Mark Jendrek, P.C., the legal counsel for Foothills Land Conservancy ("FLC"), the proposed land trust to receive the Conservation Easement, for legal work performed by him in connection with the investigation and potential closing of the Conservation Easement, of which $5,000 has been paid to date and is subject to reimbursement to the Property Entity manager at Closing with $5,256 estimated to be remaining outstanding to be paid upon grant of the Conservation Easement, if applicable. If the Majority does not elect to pursue a Conservation Easement, the Company will not be obligated to pay all of the additional approximately $5,256, which will be available for use by the Company as additional working capital.

8 The total cost to grant the Conservation Easement to FLC is approximately $20,500, of which $2,500 has already been paid by the Property Entity manager and is due to be reimbursed by the Company out of the proceeds from the Offering at the Closing. The total commitment of $20,500 includes all stewardship donations & associated fees that would be expected to be paid to FLC in connection with the imposition of the Conservation Easement and assumes that a Majority elects to pursue a Conservation Easement. If the Majority does not elect to pursue a Conservation Easement, the

Company will not be obligated to pay approximately $15,000, which will be available for use by the Company as additional working capital.

9 The Company has obtained an initial appraisal from Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers at a cost of $10,000, which includes the work necessary to complete the Conservation Easement, if elected by the Majority, of which $2,500 has already been paid by the Property Entity manager and is due to be reimbursed by the Company out of the proceeds from the Offering at the Closing.

10 The Company has engaged Vick Surveying, LLC, to perform surveying services on the Property at the total cost of approximately $1,306, to be paid out of the proceeds of the Offering.

11 The Company expects to incur approximately $5,200 in filing fees related to state and federal securities filings and document production and mailing expense related to the Offering.

12 The Company and the current owner of the mineral rights on the Property have entered into an agreement for the Company to acquire the mineral rights on the Property, such that at the Closing the Company will be the sole owner of the mineral rights on the Property. The Company expects that the purchase will be complete prior to or shortly after the closing of the Offering. The Manager or the Property Entity manager may advance the funds necessary to consummate the purchase of the mineral rights and would be reimbursed by the Company out of the proceeds of the Offering at the Closing.

13 Oakworth Capital Bank, Birmingham, Alabama is expected to be paid a total of approximately $2,500 for serving as the Escrow Agent for the Company in connection with the Offering and the administration of the Audit Reserve Escrow.

14 Property taxes due include $830 for 2012, and unpaid 2011 property taxes, penalties and interest of $932, if paid by November 30, 2012. If paid after such date, an additional incremental amount will also be due that will be paid out of working capital at Closing.

15 The Manager has obtained a quote from Auto Owners Liability Company for commercial general liability insurance with a total premium for the year beginning 2013 in the amount of $793.

16 The Manager expects to pay approximately $7,500 for accounting fees for the year ending 2012 for accounting related fees.

17 Following the payment by the Company of the other expenses stated above, the Company will retain approximately $238,516 out of the proceeds of the Offering at the Closing that the Company has budgeted and reserved for use during the term of the Company as follows, assuming that a Majority approves the grant of a Conservation Easement after Closing: (i) $4,551 as a reserve for future property taxes of the Company; (ii) $30,000 as a reserve for future accounting fees; (iii) $3,965 as a reserve for future liability insurance; (iv) $150,000 as the Audit Reserve; and (v) $50,000 as a reserve for potential Company management expenses and working capital.

18 The Property Entity manager has or will have paid approximately $10,000 of the expenses of the Offering that are due to be reimbursed from the Company out of the proceeds of the Offering at the Closing. In particular, the Property Entity manager has paid, or will have paid by the Closing: (i) $5,000 to Mark Jendrek, P.C. in connection with its investigation of the Conservation Easement; (ii) $2,500 to FLC for Conservation Easement investigation services; (iii) 2,500 to Clark ~ Davis, PC for appraisal services. This amount is included for clarity in the above expense amounts but such amount is not included in the Total of all expenses paid as a result of the previous inclusion of such total in other categories of expenses. The Manager or the Property Entity manager may advance for convenience after the date hereof other expenses outlined above for which it would be due to be reimbursed from the Company out of the proceeds of the Offering at the Closing.

DESCRIPTION OF THE COMPANY

General Overview

The Company is a Manager-managed limited liability company that was organized on October 8, 2012, in the state of Tennessee to acquire the units of membership interest in the Property Entity. A copy of the Articles of Organization is attached as Exhibit A to this Offering Summary. A copy of the Operating Agreement of the Company, the Company's governing document, is attached hereto as Exhibit B (the "Company Operating Agreement"), and divides the equity interests of the Company into units of membership interest that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Company, consisting of Common Units, Class A Units and Class B Units.

There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 517,144 Class A Units authorized for issuance by the Company, of which all 517,144 Class A Units are issued and outstanding; and (iii) 12.444 Class B Units authorized for issuance by the Company, of which all 12.444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of the Class A Redemption Price of $1.00. A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to the all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of the Class B Redemption Price of $2,737 per Class B Unit, such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering.

The Current Members of the Company are (i) EMC, which owns 232.715 Class A Units and 5.600 Class B Units and (ii) Mr. Pettit, who owns 284,429 Class A Units, 6.844 Class B Units, and 9.596 Common Units. Mr. Goolsby currently serves as the Manager of the Company.

The current owners of the Company have entered into the Redemption Agreement attached hereto as Exhibit C pursuant to which they have agreed to the redemption by the Company on a pro rata basis of an aggregate minimum of all Class A Units owned by them upon the Closing of the Minimum Offering and an additional aggregate maximum of all Class B Units owned by them upon the Closing of the Maximum Offering, such that upon the completion of the Minimum Offering and the closing of the Redemption Agreement there will be 9.596 Common Units and 12.444 Class B Units issued and outstanding in addition to the Common Units to be issued by the Company to the Investors pursuant to the Offering. Upon the completion of the Maximum Offering and the closing of the Redemption Agreement there will only be 9.596 Common Units issued and outstanding in addition to the Common Units to be issued by the Company to the Investors pursuant to the Offering. At the Closing of the Minimum Offering, the Current Members will own approximately 2.315% of the Company, and at the Closing of the Maximum Offering, the Current Members will own approximately 1.000% of the Company.

At the Closing, the Company shall also simultaneously close the MIPA to acquire the Purchased Interests with a portion of the Offering proceeds, such that the Company's principal asset immediately following the Closing will be the Property Entity, which will in turn own the Property consisting of approximately 466.40 acres of unimproved real estate located in Van Buren County and Bledsoe County, Tennessee as further described on the Survey and property description map attached hereto as Exhibit D. Neither the Company nor the Property Entity has any other material asset or interest in any other property or business interest.

The principal office of the Company is currently 577 Mulberry Street, Suite 1100, Macon, GA 31201. The telephone number of the Company is (478) 746-9421.

Objects and Purposes

The primary purpose of the Offering is to raise funds to permit the Company to acquire and own the Purchased Interests, thus acquiring a majority ownership interest in the Property Entity, and to cause the Property Entity to continue to hold the Property for investment. The Majority may elect to continue to cause the Property Entity to hold the Property for investment or approve taking any other action with respect to the Property, including, without limitation, seeking to cause the Property Entity to preserve the Property in its natural state and promoting the conservation of the Property through a grant of the Conservation Easement to a Qualified Organization or developing the Property. Under the Company Operating Agreement the Company is authorized to engage in any lawful act or activity which the Manager shall deem appropriate, subject to the restrictions set forth in the Company Operating Agreement. (See "Summary of the Company Operating Agreement" beginning on page 24 and the Company Operating Agreement, attached to this Offering Summary as Exhibit B)).

WHILE THE MANAGER ANTICIPATES THAT THE MAJORITY WILL WANT TO CAUSE THE PROPERTY ENTITY TO ENCUMBER THE PROPERTY WITH THE CONSERVATION EASEMENT AT SOME POINT IN THE FUTURE, IT IS IMPORTANT TO NOTE THAT NEITHER THE MEMBERS, THE COMPANY OR THE PROPERTY ENTITY ARE UNDER ANY LEGAL OBLIGATION TO SO ENCUMBER THE PROPERTY, AND THE PROPERTY ENTITY MAY HOLD THE PROPERTY FOR LONG TERM INVESTMENT, DEVELOP (OR MAKE ARRANGEMENTS FOR) THE DEVELOPMENT OF THE PROPERTY, OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER IN THE EVENT THAT A MAJORITY OF THE MEMBERS DO NOT ELECT TO CAUSE THE PROPERTY ENTITY TO SO GRANT THE CONSERVATION EASEMENT. (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Summary of the Company Operating Agreement

1. Importance of Operating Agreement. The Company is governed by the Tennessee Revised Limited Liability Company Act, Tennessee Code Section 48-249-101, et seq. (the "LLC Act"), and all amendments to the LLC Act, and by provisions contained in its Operating Agreement (the "Company Operating Agreement"), a copy of which is attached hereto as Exhibit B, including provisions dealing with capital contributions, management, allocation of profits and losses, distributions, transfers of Units, dissolution and other matters. Each Investor will be required to execute the Subscription and Suitability Agreement in the form attached hereto as Exhibit E as a condition of investment, which Subscription and Suitability Agreement contains the agreement of the Investor to be bound by the terms and conditions of the Company Operating Agreement as a Member of the Company. The following is a summary of certain provisions of the Company Operating Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Company Operating Agreement and is qualified in its entirety by express reference to the Company Operating Agreement included in the Exhibits to this Offering Summary. You should carefully review the entire Company Operating Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

2. Member's Units. The owners of the Company are called Members. The equity interests in the Company are divided into and represented by Units. The Units are currently divided into three classes, consisting of Common Units, Class A Units and Class B Units and, except as otherwise provided in the Company Operating Agreement, have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Company will be determined by the number of all Units owned by such Member divided by the total number of all issued and outstanding Units (the Member's "Ownership Interest"). There are currently (i) 1,000 Common Units authorized for issuance by the Company, of which 9.596 Common Units are currently issued and outstanding; (ii) 517,144 Class A Units authorized for issuance by the Company, of which all 517,144 Class A Units are issued and outstanding; and (iii) 12.444 Class B Units authorized for issuance by the Company, of which all 12.444 Class B Units are issued and outstanding. All of the Class A Units shall be purchased pursuant to the Redemption Agreement at the Closing of the Minimum Offering for the payment of $1.00 per Class A Unit. A portion of all amounts received from the Offering in excess of the Minimum Offering shall be used to redeem a portion of the Class B Units, up to the all of the issued and outstanding Class B Units at the Maximum Offering, for the payment of $2,737 per Class B Unit, such that at the Maximum

Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. Following the redemption of Class A Units and Class B Units, such Units will be cancelled and not available for further issuance by the Company absent the consent of the Manager and all of the Members of the Company.

3. *Term.* The term of the Property Entity is perpetual, subject to the earlier termination or dissolution in accordance with the terms of the Property Entity Operating Agreement or applicable law.

4. *Management.* The Company Operating Agreement provides for centralized management, in the form of one or more Managers. As of the date hereof, there is currently one Manager, Mr. Goolsby. Unless the approval of the Members is expressly required by the Company Operating Agreement or the LLC Act, the Manager has full and complete authority, power and discretion to manage and control the business operations of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Company's business operations. The Manager can only be removed for "Cause" as such term is defined in the Company Operating Agreement.

5. *Member Participation in Management.* The right of the Members to participate in the management and control of the Company's business operations is limited to a very small number of significant circumstances in which the ability of the Manager to take certain actions without the consent of a Majority is restricted, such as:

(i) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(ii) The sale of substantially all of the assets of the Company, except in compliance with Article XIII of the Company Operating Agreement;

(iii) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(iv) Make any loans of Company funds;

(v) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the LLC Act;

(vi) Take any action which would be likely to have an adverse effect on the Property or any other real property of the Company;

(vii) Authorize the Property Entity to sell, assign, convey, exchange, dispose, grant or otherwise transfer the Property or any other property of the Property, except in compliance with Article XIII of the Company Operating Agreement;

(viii) Authorize the Property Entity to mortgage, pledge, encumber, grant a security interest in, lease or sell the Property or any other real property of the Property Entity, except in compliance with Article XIII of the Company Operating Agreement;

(ix) Cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.01 of the Company Operating Agreement;

(x) Take any action in derogation of the decision of the Members under Article XIII of the Company Operating Agreement: or

(xi) The undertaking, generally, to do any act which is in contravention of the Company Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. A Member has no right or authority to act as an agent for or to bind the Company, unless that Member is also a Manager. Accordingly, a prospective Investor should purchase Common Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Company.

6. Investment or Conservation Proposal. The Manager is required to pass through to the Members of the Company any proposal to the Members of the Property Entity to pursue an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of the Company of such proposal deemed by the Manager to be the best course of action with respect to the Property. Each of the Members of the Company then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate, representing the beneficial ownership in the Property Entity that such Member of the Company has by virtue of his, her or its ownership of Common Units in the Company. In the event that a Majority has provided such a timely notice of rejection, the Company shall not consent to the pursuant by the Property Entity of the rejected proposal.

7. Manager's Fees and Obligations. The Manager is not entitled to any management fee generally. The Manager is however entitled to be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties as Manager.

8. Additional Capital Contributions. No Member will be obligated to make any Capital Contributions to the Company other than as initially made in this Offering.

9. Allocation Among Members. Any profits and losses of the Company will be allocated among the Members based upon their relative Unit ownership. Any Contribution Deduction will be allocated to the Members in accordance with their relative Unit ownership, as separately stated items under Section 702 of the Internal Revenue Code. The Manager may make distributions in the amounts and at the times he determines. After repayment of any loans advanced by the Manager or the manager of the Property Entity, any net cash flow (minus any reserves to be retained by the Company or otherwise to be paid to the Manager upon dissolution of the Company) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative Unit ownership. Because the Company will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members regardless of whether any distributions are made.

10. Admission of Additional Members. The consent of a Majority of the Members is required to admit an additional Member into the Company.

11. Permitted Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a Unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly-owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said Units, said the assignee of such Units shall continue to be bound by all of the terms and conditions of the Company Operating Agreement as it applied to the transferring Member and the assignee of such Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of the Company Operating Agreement.

12. Transfer of Units. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's Units without the consent of the Manager.

13. Withdrawal from Company. A Member may not voluntarily withdraw from the Company without the consent of the Manager or without the occurrence of certain specified events such as death of an individual

Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

14. Books and Records. The Manager is required to keep the books and records of account of the Company, which books and records shall be available for inspection by the Members.

15. Dissolution. The Company is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the Members to dissolve the Company; (ii) there is an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Company; (iv) the disposition of all of the Property by the Property Entity; or (v) the expiration of the term of the Company. Upon dissolution of the Company in accordance with the Company Operating Agreement, or by law, the Managers shall undertake to liquidate the Company's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, shall be distributed to the members as provided in the Company Operating Agreement.

16. Waiver of Trial by Jury. All Members will have waived their right to a trial by jury with respect to any disputes under the Company Operating Agreement.

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DESCRIPTION OF THE PROPERTY ENTITY

General Overview

The Property Entity is a manager-managed limited liability company that was organized on December 16, 2011 by Piney Cumberland Resources, LLC, a Tennessee limited liability company ("Piney Cumberland"). Piney Cumberland contributed the Property to the Property Entity, pursuant to Code Section 721, in exchange for the currently outstanding membership interests in the Property Entity that were subsequently distributed by Piney Cumberland on a pro rata basis to the current Sellers. A copy of the Articles of Organization of the Property Entity is attached as Exhibit I to this Offering Summary. A copy of the Amended and Restated Operating Agreement of the Property Entity, the Property Entity's governing document, is attached hereto as Exhibit J (the "Operating Agreement"), and divides the equity interests of the Property Entity into units that represent a pro rata ownership interest in the assets, profits, losses and distributions of the Property Entity. There are currently 100 units authorized for issuance by the Property Entity, currently owed as follows: (i) Mr. Pettit currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Mrs. Pettit currently owns 5% of the units in the Property Entity. Mr. Pettit currently serves as the manager of the Property Entity. Mr. Goolsby currently serves as Manager of the Company.

The current owners of the Property Entity have entered into the MIPA attached hereto as Exhibit K pursuant to which they have agreed to acquisition by the Company on a pro rata basis of units constituting an aggregate minimum of a 95.204040% percentage ownership interest and a maximum of a 95.959596% percentage ownership interest, which amount of units to be purchased by the Company will correspond to the number of Common Units sold by the Company pursuant to the Offering such that upon the completion of the Offering and the closing of the MIPA and the Redemption Agreement, the Investors will acquire a 93% beneficial ownership interest in the Property Entity associated with their ownership of 930 Common Units and a 95% beneficial ownership interest in the Property Entity associated with their ownership of 950 Common Units in the Company. Pursuant to the MIPA, upon Completion of the Offering Mrs. Pettit will sell her entire outstanding interest in the Property Entity to the Company and the remaining percentage interests purchased will be acquired from Mr. Pettit.

The Property Entity's principal asset is the Property, approximately 466.40 acres of unimproved real estate located in Van Buren County and Bledsoe County, Tennessee as further described on the Survey and property description map attached hereto as Exhibit D. The Property Entity does not have any other material asset or interest in any other property or business interest.

The principal office of the Property Entity is currently 817 College Street, Spencer, TN 38585. The telephone number of the Company is currently (931) 946-5263.

Objects and Purposes

The principal object and purpose of the Property Entity is to hold the Property for investment. The Majority of the Property Entity, which approval will be taken with respect to the Company by the Members of the Company based upon their beneficial ownership interest in the Property Entity, may elect to continue to hold the Property for investment or approve the taking of any other action with respect to the Property, including, without limitation, seeking to preserve the Property in its natural state and promoting the conservation of the Property through a grant of the Conservation Easement to a Qualified Organization or developing the Property. Under the Property Entity Operating Agreement the Property Entity is authorized to engage in any lawful act or activity which the manager of the Property Entity shall deem appropriate, subject to the restrictions set forth in the Property Entity Operating Agreement. (See "Summary of the Property Entity Operating Agreement" beginning on page 24 and the Property Entity Operating Agreement, attached to this Offering Summary as Exhibit J)).

WHILE THE MANAGER ANTICIPATES THAT THE MAJORITY WILL WANT TO ENCUMBER THE PROPERTY WITH THE CONSERVATION EASEMENT AT SOME POINT IN THE FUTURE, IT IS IMPORTANT TO NOTE THAT NEITHER THE MEMBERS NOR THE PROPERTY ENTITY ARE UNDER ANY LEGAL OBLIGATION TO SO ENCUMBER THE PROPERTY, AND MAY HOLD THE PROPERTY FOR LONG TERM INVESTMENT, DEVELOP (OR

MAKE ARRANGEMENTS FOR) THE DEVELOPMENT OF THE PROPERTY, OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER IN THE EVENT THAT A MAJORITY OF THE MEMBERS DO NOT ELECT TO SO GRANT THE CONSERVATION EASEMENT. (SEE "RISK FACTORS" BEGINNING ON PAGE 9).

Summary of the Property Entity Operating Agreement

1. Importance of Operating Agreement. The Property Entity is governed by the Tennessee Revised Limited Liability Company Act, Tennessee Code Section 48-249-101, et seq. (the "LLC Act"), and all amendments to the LLC Act, and by provisions contained in its Operating Agreement (the "Property Entity Operating Agreement"), a copy of which is attached hereto as Exhibit J, including provisions dealing with capital contributions, management, allocation of profits and losses, distributions, transfers of units, dissolution and other matters. The Company, like all other Members of the Property Entity will be required to execute and agree to be bound by the terms and conditions of the Property Entity Operating Agreement as a Member of the Company as a condition of the acquisition of units of membership interest in the Property Entity. The following is a summary of certain provisions of the Property Entity Operating Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Property Entity Operating Agreement and is qualified in its entirety by express reference to the Property Entity Operating Agreement included in the Exhibits to this Property Entity Offering Summary. You should carefully review the entire Property Entity Operating Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

2. Member's Units. The owners of the Property Entity are called Members. The equity interests in the Property Entity are divided into and represented by units. The units currently consist of only one class and, except as otherwise provided in the Property Entity Operating Agreement, have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Property Entity will be determined by the number of all units owned by such Member divided by the total number of all issued and outstanding units (the Member's "Ownership Interest"). There are currently 100 units authorized for issuance by the Property Entity, all of which are currently issued and outstanding to the Sellers.

3. Term. The term of the Property Entity is perpetual, subject to the earlier termination or dissolution in accordance with the terms of the Property Entity Operating Agreement or applicable law.

4. Management. The Property Entity Operating Agreement provides for centralized management, in the form of one or more managers. As of the date hereof, there is currently one manager, Mr. Pettit. Unless the approval of the Members is expressly required by the Property Entity Operating Agreement or the LLC Act, the manager has full and complete authority, power and discretion to manage and control the business operations of the Property Entity, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Property Entity's business operations. The manager can only be removed for "Cause" as such term is defined in the Property Entity Operating Agreement.

5. Member Participation in Management. The right of the Members of the Property Entity to participate in the management and control of the Property Entity's business operations is limited to a very small number of significant circumstances in which the ability of the manager to take certain actions without the consent of a Majority of the Property Entity is restricted, such as:

(i) Enter into a contract or loan agreement which would commit or obligate the Property Entity to expend more than $50,000.00 of Property Entity funds;

(ii) The sale of substantially all of the assets of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(iii) File bankruptcy for the Property Entity, settle or compromise any claim of the Property Entity in excess of $10,000.00, or confess a judgment against the Property Entity;

(iv) Make any loans of Property Entity funds;

(v) Cause the Property Entity to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the LLC Act;

(vi) Take any action which would be likely to have an adverse effect on the Property or any other property of the Property Entity;

(vii) Sell, assign, convey, exchange, dispose, grant or otherwise transfer the Property or any other property of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(viii) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Property or any other real property of the Property Entity, except in compliance with Article XIII of the Property Entity Operating Agreement;

(ix) Cause the Property Entity to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.01 of the Property Entity Operating Agreement;

(x) Take any action in derogation of the decision of the Members under Article XIII of the Property Entity Operating Agreement; or

(xi) The undertaking, generally, to do any act which is in contravention of the Property Entity Operating Agreement or which would make it impossible to carry on the ordinary business of the Property Entity.

Should the manager desire to take any of such restricted actions, the manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the manager within five (5) days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the manager. A Member has no right or authority to act as an agent for or to bind the Property Entity, unless that Member is also a manager. Accordingly, a prospective Investor should purchase units in the Company only if such prospective Investor is willing to relinquish control over the management of the Property Entity.

6. *Investment or Conservation Proposal.* The manager is required to make a proposal to the Members of the Property Entity to pursue an investment proposal (an "Investment Proposal") or a conservation easement proposal (a "Conservation Proposal") with respect to the Property and notify the Members of such proposal deemed by the manager to be the best course of action with respect to the Property. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Property Entity shall not pursue the rejected proposal.

7. *Manager's Fees and Obligations.* The manager is not entitled to any management fee generally. However, upon any winding up, liquidation or distribution of assets of the Company, the manager of the Property Entity is entitled to receive any funds remaining in the operating reserve of the Company, if any, as a "guaranteed payment" for services rendered as the manager of the Property Entity and in safeguarding the Property. Such operating reserve is expected to contain a maximum of $50,000, consisting of the unallocated general working capital of the Company if no funds are required to be spent out of such reserves. The manager is also entitled to be reimbursed for all reasonable expenses incurred in managing the Property Entity and carrying out his duties as manager, which would reduce the operating reserve to the extent paid by the Company.

8. *Additional Capital Contributions.* No Member will be obligated to make any Capital Contributions to the Property Entity, however, the Company is required pursuant to the MIPA to make certain capital contributions to the Property Entity in the event that a Majority elects to cause the Property Entity to impose

a Conservation Easement to cover the expected costs of such action. The Company has established reserves that the Manager believes sufficient to permit the Company to satisfy such capital contribution obligations.

9. Allocation Among Members. Any profits and losses of the Property Entity will be allocated among the Members of the Property Entity based upon their relative unit ownership. Any Contribution Deduction will be allocated to the Members in accordance with their relative unit ownership, as separately stated items under Section 702 of the Internal Revenue Code. The manager may make distributions in the amounts and at the times he determines. After repayment of any loans advanced by the manager, any net cash flow (minus a reserve) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative Unit ownership. Because the Property Entity will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members of the Property Entity and thereafter passed through to the Members of the Company regardless of whether any distributions are made.

10. Admission of Additional Members. The consent of a Majority of the Members is required to admit an additional Member into the Property Entity.

11. Permitted Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a Unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly-owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said units, said the assignee of such units shall continue to be bound by all of the terms and conditions of the Property Entity Operating Agreement as it applied to the transferring Member and the assignee of such units shall execute such documents as are deemed reasonably necessary by the attorneys for the Property Entity to bind said assignee to the provisions of the Property Entity Operating Agreement.

12. Transfer of Units. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's units without the consent of the manager.

13. Withdrawal from Company. A Member may not voluntarily withdraw from the Property Entity without the consent of the manager or without the occurrence of certain specified events such as death of an individual Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

14. Books and Records. The manager is required to keep the books and records of account of the Property Entity, which books and records shall be available for inspection by the Members.

15. Dissolution. The Property Entity is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the Members to dissolve the Property Entity; (ii) there is an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Property Entity; or (iv) the disposition of all of the Property. Upon dissolution of the Property Entity in accordance with the Property Entity Operating Agreement, or by law, the managers shall undertake to liquidate the Property Entity's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, shall be distributed to the members as provided in the Property Entity Operating Agreement.

16. Waiver of Trial by Jury. All Members will have waived their right to a trial by jury with respect to any disputes under the Property Entity Operating Agreement.

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DESCRIPTION OF THE MIPA

General Description

The Company and the Sellers have entered into a Membership Interest Purchase Agreement ("MIPA") a copy of which is attached hereto as Exhibit K. Pursuant to the MIPA, at Closing the Company would purchase from the Sellers a Minimum Purchase of 95.204040% of the membership interests in the Property and a Maximum Purchase of 95.959596% of the membership interests of the Property Entity, in each case acquiring all of the membership interests held by Mrs. Pettit with the remainder being acquired from Mr. Pettit. The membership interests in the Property Entity being purchased by the Company under the MIPA are referred to as the "Purchased Interests." Pursuant to the MIPA, the Company has the right to acquire the Minimum Purchase for the payment of an aggregate of $751,839 (the "Minimum MIPA Amount"), which shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account to be established by the Company at the Closing of the Offering with an initial contribution of $150,000 to be used to pay the cost of any audits that may be initiated by the IRS as discussed herein. The Deferred Amount shall be subject to reduction to the extent of any actual costs incurred by the company or the Property Entity in defense of any IRS audit that may be initiated in the five (5) year period following the Closing and the remainder of which will be payable to the Sellers following the later of the expiration of such five (5) year period or the conclusion of any such then ongoing audit.

Representation and Warranties

Under the MIPA, the Sellers are making certain representations and warranties concerning the Purchased Interests, the Property Entity and the Property. For example, the Sellers are making representations and warranties to the Company that: (i) the Property Entity has been duly formed and is in good standing, (ii) the MIPA does not conflict with any agreements, laws or orders to which the Sellers, the Property Entity or the Property are subject or bound; (iii) the Sellers own all of the membership interests in the Property Entity and have marketable title to the Purchased Interests; (iv) the only asset of the Property Entity is the Property; (v) the Property Entity has good and marketable title to the Property subject only to those matters set forth in the Title Report; (vi) the Property has a more than one year holding period in the Property for income tax purposes; (vii) the Property has been reported by the Property Entity, Piney Cumberland, its predecessor in title, and STG, its respective predecessor in title, as being a capital asset for federal income tax purposes; (viii) the Property Entity is not a party to any undisclosed agreements; (ix) to the knowledge of the Sellers, there are no adverse environmental conditions affecting the Property. Under the MIPA, the Company is also making usual and customary representations and warranties to the Sellers regarding the Company and its authority to enter into the MIPA. The MIPA also provides for usual and customary terms related to indemnification by a party in the event of default or breach by another party.

Closing Conditions

The closing of the MIPA is subject to certain closing conditions, such as the Company raising sufficient funds in an amount equal to or greater than the Minimum Offering Amount of $2,545,410 on or before the Termination Date.

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DESCRIPTION OF THE PROPERTY

General Description

The Property Entity's principal asset is approximately 466.40 acres of unimproved real estate (the "Property") located in Van Buren County and Bledsoe County, Tennessee, as shown on the Survey as further identified on the survey and property description map attached hereto as attached hereto as Exhibit D. The Property Entity obtained the Property by quitclaim deed from Piney Cumberland, an affiliate of the Property Entity and the Sellers, as a contribution of property in exchange for the currently outstanding membership interests in the Property that were subsequently transferred to the Sellers pursuant to Code Section 721. Piney Cumberland obtained the property from STG by quitclaim deed on March 18, 2010 (the "Quitclaim Deed"). The Property is currently encumbered by the Mortgage and Second Mortgage, each of which will be fully satisfied at the Closing by the Sellers out of the aggregate MIPA Purchase Price and Redemption Price payable to them. The Manager obtained a copy of a recent Attorney's Preliminary Report on Title with respect to the Property that was prepared by the law firm of Looney, Looney & Chadwell, PLLC, in Crossville, Tennessee (the "Title Report"). A copy of the Quitclaim Deed and Title Report are available from the Manager upon request.

The Property is situated in the Tennessee Cumberland Plateau in Van Buren County and Bledsoe County, Tennessee, and within two miles of the Northeastern edge of the Property is Fall Creek Falls State Park, a popular area for tourists from throughout the southeast. Southern Living Magazine ranked Fall Creek Falls State Park as the best state park in the Southeast, and is one of the most visited Natural-Scientific Areas in Tennessee. Fall Creek Falls was identified by the Tennessee Department of Environment and Conservation as a Class II Natural-Scientific State Natural Area. The Park itself is nearly 20,000 acres, and includes 34 miles of hiking trails, 228 campsites, and 345-acre Fall Creek Falls Lake. The Property is visible from the Park.

The forests in the Property are dominated by oaks and would best be classified as Southern Interior Low Plateau Dry-Mesic Oak community type. The Property contains a branch of Piney Creek and associated tributaries of Cane Creek, which flows into nearby Fall Creek Falls State Park and supports Cane Creek Falls, a popular destination in the park.

The Property is not hampered by historic district guidelines. The Manager believes that the Property will successfully support the construction of at least one hundred eighteen (118) separate home sites.

Mineral rights have been severed from the Property and are not currently owned by the Company. However, the Company has obtained the right to acquire such mineral rights from their current owner for $100 per acre and the Company plans to acquire such mineral rights out of the Offering proceeds at Closing.

No hazardous materials or environmental problems are known to exist on or about the Property. Neither the Property Entity nor the Company has not commissioned or obtained any environmental site assessment or other third party report with respect to such matters.

The Property consists of one parcel for tax purposes, reported at 466.40 acres. The ad valorem taxes for the 2012 tax year for such entire parcel are assessed at approximately $830.00. Ad valorem taxes are past due for the 2009-2011 tax years but are due to be paid out of the proceeds of the Offering.

Potential Uses of the Property

The Property Entity has investigated several possibilities for the Property, including all of the following, the selection of which, if any other than continuing to hold the Property for investment, would require the approval of a majority in interest of the holders of the Units following the Closing (the "Majority"):

(1) Continuing to Hold the Property For Investment. The Property Entity could continue to hold the Property for investment purposes. If a majority of the Members of the Company following the Closing do not approve causing the Property Entity to grant a Conservation Easement on the Property, pursuing the future

development of the Property, or taking some other significant action with respect to the Property requiring the approval of the Members, the Property Entity would continue to hold the Property for investment.

Residential development has occurred in proximity to the Property. The Property Entity has investigated the feasibility of the future development of the Property into as many as one hundred eighteen (118) residential lots for sale to the public either by itself or in conjunction with others. The Property is located in Van Buren County and Bledsoe County, Tennessee, with a significant portion of the surrounding real property perpetually preserved in its natural state as part of the 20,000 acre Fall Creek Falls State Park. The Manager believes that the proximity of the Property to other residential developments and preserved natural habitats could support the development and sale of the Property in this fashion. However, the development of the Property in this fashion would likely require the Property Entity and/or the Company to incur significant indebtedness that would likely need to be guaranteed by some or all of the members or the members of the Company to make significant additional capital contributions to the Company. The Property Entity will not pursue the future development of the Property without the approval of a majority of the Members of the Company following the Closing. No Member is required to guarantee any indebtedness of the Company or the Property Entity or otherwise make any additional capital contributions to the Company or the Property Entity.

(2) Granting a Conservation Easement on a Portion of the Property. The Property Entity has investigated the feasibility of granting a conservation easement (the "Conservation Easement") on the Property to achieve certain business and tax objectives. While neither the Company nor the Property Entity is under any legal obligation to pursue the Conservation Easement, the Property Entity has preliminarily negotiated with Foothills Land Conservancy ("FLC"), a Qualified Organization, to accept the Conservation Easement in accordance with applicable law to permit the Property Entity to receive a charitable contribution deduction pursuant to Section 170(h) of the Code as described in this Offering Summary.

Based upon the preliminary appraisal received by the Property Entity, the Manager expects that the grant of the Conservation Easement would generate a charitable contribution easement deduction in the approximate amount of Eleven Million Six Hundred Thirty Two Thousand and 00/100 Dollars ($11,632,000), which would inure to the Members based upon their relative ownership percentage in the Company. However, there can be no assurance that this or any amount will ultimately be available to the Members as a charitable contribution easement deduction. (See "RISK FACTORS" beginning on page 9 and "THE PROPOSED CONSERVATION EASEMENT" beginning on page 39).

Under the Property Entity Operating Agreement and the Company Operating Agreement, the approval of the Majority of the Members of the Company is required to cause the Property Entity to grant any conservation easement on the Property, which approval may be deemed to have been given by any particular member to the extent that such member once notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice.

Conservation Purposes

Preliminary studies have been undertaken by FLC to indicate that the Property will satisfy one or more of the "conservation purposes" defined under Treasury Regulations Section 1.170A-14(d). A copy of such baseline study is available for inspection from the Manager upon request. Among other things, the Property is located within The Cumberland Plateau, which cuts a broad, diagonal, 450-mile-long swath through Tennessee between Nashville and Knoxville, and is the world's longest hardwood-forested plateau. The Property is in close proximity to Fall Creek Falls State Park.

FLC has further informed the Property Entity that the Property (i) protects a branch of Piney Creek and associated tributaries, (ii) helps to protect land associated with rare species, including a population of worthy shield lichen with Federal Species of Concern status, (iii) supports a fish-free aquatic habitat valuable for amphibian reproduction, (iv) provides habitat for a total of at least one hundred twenty-one plant species, and (v) is proximal to to Fall Creek Falls State Park and therefore has the potential to contribute to the ecological viability of this popular natural area.

Title Encumbrances

The Company is in possession of a Attorney's Preliminary Report on Title (the "Title Report") on the Property dated as of August 28, 2012 performed by the law firm of Looney, Looney & Chadwell, PLLC, in Crossville, Tennessee, which discloses that the Property is subject to a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $199,113.74. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to STG. The Second Mortgage relates to a Promissory Note from the Property Entity in favor of STG executed in connection with the acquisition of the Property. STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $618,957.82. The Mortgage and Second Mortgage are required to be fully satisfied and paid off by the Sellers out of the proceeds of the Offering payable to them at Closing, such that at the Closing, the Property will be owned by the Company free and clear of any monetary liens. The Title Report further discloses that the Property is subject to certain other recorded instruments that should not materially affect or impair the value of the Property or its potential development.

The Appraisal

The Company has reviewed a copy of a preliminary summary appraisal report for the Property prepared by Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers, estimating the market value of the fee simple interest of the Property as of August 28, 2012, and before the Property is encumbered by any Conservation Easement, at $11,864,714, which appraisal is preliminary and stated as being subject to all of the assumptions, limitations, qualifications and other terms and provisions set forth therein. A copy of such appraisal report is available from the Manager upon request. The Manager has not reviewed or commissioned any other appraisal of the Property and does not intend to do so prior to Closing. Such appraisal would have to be updated prior to any grant of a Conservation Easement, which the Manager would expect to occur within 60 days of any such grant.

The Manager has reviewed such summary appraisal in connection with the Company's investigation of the feasibility of causing a Conservation Easement to be imposed on the Property. HOWEVER, NONE OF THE PROPERTY ENTITY, THE COMPANY, OR THE COMPANY'S COUNSEL EXPRESS ANY OPINION WHATSOEVER CONCERNING THE VALUE OF THE PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, THE VALUE OF THE PROPERTY FOR PURPOSES OF COMPUTING ANY CONTRIBUTION DEDUCTION WHICH MAY BE AVAILABLE TO THE MEMBERS OF THE COMPANY IN THE EVENT THAT A CONSERATION EASEMENT IS GRANTED TO A QUALIFIED ORGANIZATION WITH RESPECT TO THE PROPERTY.

MANAGEMENT

The management of the Company will be conducted by Mr. Goolsby, who is a business associate of Mr. Pettit. The Manager will have exclusive authority to manage the business of the Company subject to the limitations set forth in the Company Operating Agreement. Investors will have to entrust all aspects of the management of the Company's business to the Manager. The Company Operating Agreement attached hereto and details the powers of the Manager and the few limitations on his authority. Each Investor is strongly encouraged to read the Company Operating Agreement in detail as it controls the management and operation of the Company.

Arthur J. ("Jimmy") Goolsby, Jr., age 69, was employed in the kaolin industry for several years working in General Refractories and U.S. Borax. In the late 1960s and early 1970s he was employed by the State Environmental Division and Reynolds Aluminum. He has been self-employed in the land and timber business since the late 1970s. Mr. Goolsby is the beneficial owner or principal of several other entities that own, lease, manage or otherwise have an interest in real estate, including Penmain Head, LLC, Water Tower Investments, LLC, Baker Mountain, LLC, Jones Central, LLC, James Emory, Inc., Coastal States, LLC, Young Cane, LLC, IRU, LLC and Dry Branch, LLC.

From 2002 to 2010, Mr. Goolsby served as a member of the Board of Directors of Piedmont Community Bank Group, Inc., a bank holding company, and Piedmont Community Bank, a Georgia state chartered banking

institution in Gray, Georgia that was wholly-owned by Piedmont Community Bank Group, Inc. During a portion of such time, Mr. Goolsby served on the Audit Committee of the bank, as well as other committees of the Board of Directors of both entities. Mr. Goolsby resigned as a member of the Board of Directors of both entities in 2010 for family health problems. Following Mr. Goolsby's resignation, in October 2011, Piedmont Community Bank was closed by the Georgia Department of Banking and Finance, and the Federal Deposit Insurance Corporation (the "FDIC") was named as the receiver. All deposit accounts, including brokered deposits, were subsequently transferred to State Bank and Trust Company, Macon, GA, in a government assisted merger, and all former Piedmont Community Bank locations were reopened as branches of State Bank and Trust Company. Mr. Goolsby's ownership interest in Piedmont Community Bank Group, Inc. at the time of such bank seizure was in excess of 5%. To the knowledge of Mr. Goolsby, no litigation is pending or threatened against him in connection with his prior service as a director of either entity.

Mr. Goolsby or one or more of the entities in which he has a beneficial interest or is a principal are involved from time to time in litigation and in some cases governmental action relating to the collection of taxes due on real estate owned, leased or managed by them. Mr. Goolsby does not believe that any such actions are material in nature, and they are handled by Mr. Goolsby or one of the entities in which he has an interest in the ordinary course of business or are otherwise addressed by them as promptly as they are brought to their attention.

Mr. Goolsby attended Middle Georgia College (junior college) in Cochran, Georgia where he received a BA in 1962, and then the University of Georgia where he earned his Bachelor of Science degree in Geology in 1965. Mr. Goolsby is active in the Lion's Club of Jones County and is a member of Old Clinton Methodist Church. Mr. Goolsby currently resides in Gray, Georgia.

The following provides certain biographical information on Mr. Pettit, the manager of the Property Entity, who will oversee the Property:

Jeffrey Alan Pettit, age 31, started work with his father initially at Pettit Construction Company, a masonry construction company, shortly after graduation from high school. In 1998, Mr. Pettit went to work for Covenant Resources, Inc., a land development company, as a salesman and later as its sales manager. In 2003, Mr. Pettit started Piney Creek Properties, a land development company, a company that he continues to own. Mr. Pettit has also owned A&H Express Trucking, which was formed in 2008 and sold earlier this year. Mr. Pettit is also currently a member of Southeastern Timberland Group, LLC, a land ownership company that has other real estate interests in the state of Tennessee. Mr. Pettit is a member of Mountain Lodge Masonic Lodge and the Church of Christ at Bethlehem, both in Spencer, Tennessee. He has been married to his wife, Mrs. Pettit, since 1997, and they live in Spencer, Tennessee with their two children, ages 13 and 18.

MANAGER'S INVOLVEMENT IN OTHER PROJECTS

The Property was originally acquired by the Property Entity as a contribution of assets from Piney Cumberland, the then current sole member of the Property Entity, pursuant to Code Section 721 in exchange for the currently outstanding membership interests in the Property Entity that were subsequently distributed to the Sellers, who are members of Piney Cumberland and the Property Entity. The Property was originally acquired by Piney Cumberland on March 18, 2010 from STG, another affiliate of the Sellers. Messrs. Goolsby and Pettit, Piney Cumberland and STG are also members of, or have financial interests in, various other legal entities that own other real property both within and outside of the state of Tennessee, some of which have been held for investment and some of which have been held for development. The Manager is also the manager of Piney Cumberland Holdings, LLC, a Tennessee limited liability company ("PC Holdings"), which has been formed for the purpose of acquiring a majority interest in Piney Cumberland Resources, LLC ("Piney Cumberland"), which retains approximately 439.86 acres of real property located in Van Buren County, Tennessee contiguous with the Property. Mr. Pettit is also the manager of Piney Cumberland. PC Holdings intends to conduct an offering substantially similar to the Offering for the purpose of acquiring such interests in Piney Cumberland and redeeming a portion of the ownership interests of the Sellers and others in PC Holdings. Mr. Goolsby is expected to remain the manager of PC Holdings as well following the closing of such offering, and Mr. Pettit is expected to remain the manager of Piney Cumberland following the closing of such offering.

FEDERAL INCOME TAX CONSIDERATIONS

You are urged to consult with your personal tax advisor regarding the federal, state and local tax considerations and reporting consequences of the purchase of a Common Unit.

This section is provided for general information only and is a summary of certain federal income tax considerations of an investment in the Company and is based upon the Code and the Regulations, published rulings and practices of the IRS and court decisions. The tax risks and summary are not intended to be an exhaustive list of the general or specific tax risks and rules relating to ownership of Common Units. This summary is based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not significantly modify the law regarding the matters described herein. Further amendments to the Code are likely in the future. Prospective Members should recognize that it is possible that the present federal income tax treatment of investments in limited liability companies may be modified by legislative, judicial or administrative action at any time, and such action may be applied retroactively or prospectively or otherwise in a manner which may adversely affect investments and commitments previously made.

In addition to the federal income tax considerations discussed below, ownership of Common Units may subject a Member to state, local, estate, inheritance or intangibles taxes that may be imposed by various jurisdictions. Except as specifically indicated below, the following discussion does not address the various tax implications of an investment in the Company by any corporations, partnerships, tax-exempt entities, trusts, and other non-individual taxpayers. All references herein to the tax return of the Company or the tax treatment of the Company should be read to refer to the tax return of the Property Entity or the tax treatment of the Property Entity, as applicable, as well.

THE COMPANY HAS SOUGHT AN OPINION OF COUNSEL ON FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY WHICH IS ATTACHED HERETO AS EXHIBIT H. However, this tax opinion is not a guaranty of any particular tax treatment. Accordingly, you may wish to seek and rely on your own professional tax advisor in evaluating the tax consequences of an investment in the Company.

The Company will make a number of decisions with respect to the tax treatment of particular transactions on the Company's tax return. There can be no assurance that all of the positions taken by the Company will be accepted by the IRS. Such non-acceptance could adversely affect the Members.

YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE COMPANY'S TAX RETURN, AND THAT SUCH AN AUDIT COULD RESULT IN THE LOSS OF SOME OR ALL OF THE TAX BENEFITS ANTICIPATED TO BE DERIVED FROM AN INVESTMENT IN THE COMPANY. YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE PROPERTY ENTITY'S TAX RETURN AS WELL. MOREOVER, THE POTENTIAL TAX BENEFITS TO YOU ARISING OUT OF ANY CONTRIBUTION DEDUCTION WILL DEPEND UPON YOUR INDIVIDUAL TAX CIRCUMSTANCES, INCLUDING YOUR EFFECTIVE MARGINAL TAX BRACKET AND OTHER CHARITABLE CONTRIBUTIONS MADE BY YOU OR AVAILABLE TO BE CARRIED FORWARD FROM PRIOR YEARS. ACCORDINGLY, YOU SHOULD REVIEW CAREFULLY THE TAX RISKS DESCRIBED IN THIS OFFERING SUMMARY AND YOU ARE URGED TO CONSULT WITH AND RELY UPON YOUR OWN PERSONAL TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES ARISING FROM THE PURCHASE OF THE COMMON UNITS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.

General

Taxation as a Partnership

The Members will realize certain tax advantages from owning Units only if the Company is treated as a partnership for federal income tax purposes, and is not treated as an association which is taxable as a corporation. So long as the Company does not affirmatively elect to be taxed as a corporation, the Company will be considered a partnership for federal income tax purposes. As a partnership for federal income tax purposes, the Company will

not be subject to any federal income tax, and each Member will be required to take into account his allocable share of the Company's taxable income, gains, losses and deductions in computing his federal income tax liability.

Member's Basis in Units

Your basis in your Unit is determined initially by the adjusted basis of property and the amount of cash you have contributed to the Company. This basis will be increased by (i) additional capital contributions; (ii) your allocable share of the Company's liabilities; and (iii) your distributive share of the Company's taxable income. Your basis in Units is decreased by (a) the amount of cash or the basis of any property distributed to you and (b) your allocable share of the Company's taxable losses and nondeductible expenditures. Likewise, the Company's adjusted basis in its interests in the Property Entity will be determined in a similar manner.

Neither the Company nor the Property Entity presently intends to incur significant indebtedness. However, if the Company does incur significant indebtedness later, such indebtedness could have an effect on a Member's basis in his or her Units. Different rules apply depending upon whether such indebtedness will be considered recourse or nonrecourse indebtedness.

Allocation of Company Profits and Losses

Your distributive share of the Company's income, gain, loss and deduction will be determined by the Operating Agreement, unless an allocation is determined not to have "substantial economic effect" or is not in accordance with the "partners' interests in the partnership," both of which are determined under Section 704(b) of the Code and the Regulations thereunder (the "Allocation Regulations"). The Allocation Regulations contain complex provisions which deal with numerous issues that should not be a problem for the Company. All items of income, gain, loss and deduction will be allocated among the Members in accordance with their relative Unit ownership. Likewise, the Property Entity's distributive share of income, gain, loss and deduction will be determined in a similar manner.

Limitations on Losses

Your ability to claim any losses attributable to the Company is subject to various limitations relating to your adjusted basis in the Company, passive activity losses, and at-risk limitation in the Company. If your distributive share of Company losses is greater than your available adjusted basis, the excess loss can't be claimed in that year but must instead be carried forward until you once again have adjusted basis available to offset the loss.

Neither the Company nor the Property Entity expects to generate any significant losses. The Contribution Deduction, discussed below, is a separately stated item, which would be passed through from the Property Entity to the Company and ultimately to you as a Member of the Company and is not considered an expense at either the Property Entity or the Company level for purposes of calculating income or loss.

Cash Distributions

Cash distributions by the Company will be taxable to Members only to the extent such distributions or amounts received exceed a Member's adjusted tax basis in his Units. Similarly, in the case of distributions other than pursuant to a complete liquidation of a Member's Units, the Member's adjusted tax basis in his Units will be reduced by the amount of the cash distribution.

Sale or Disposition of Units

Upon a sale of Units, the gain or loss recognized for federal income tax purposes by the selling Member will be, in general, equal to the difference between the adjusted tax basis in such Member's Units and the amount realized by him on such sale. For purposes of computing such gain or loss, the amount realized on the sale includes not only the cash and the value of any other property received but also the selling Member's share (if any) of Company liabilities included in the basis of his Units. If a Member's basis in his Units has been reduced below his share of Company liabilities (by, for example, the allocation of losses), the amount of his taxable gain (and possibly

even tax liability) on the disposition may exceed the amount of cash that is received. In addition to the recognition of gain or loss from the disposition, any Company losses of the selling Member that had been suspended pursuant to the limitations on "passive losses" may also be used upon certain dispositions of Units.

There are special rules with respect to a Member's share of the potential "depreciation recapture", "unrealized receivables" or "substantially appreciated inventory items" of the Company, as defined in section 751(c) and (d) of the Code. A Member will realize ordinary income as a result of the deemed disposition of such items. In the case of the Company, however, so long as the Company does not authorize the Property Entity to pursue the Investment Proposal substantially all the assets of the Company are expected to consist of the Purchased Interests in the Property Entity. Substantially all of the Property Entity's assets, in turn, are expected to consist of real property, which is not depreciable. Accordingly, so long as the Company does not cause the Property Entity to pursue the Investment Proposal depreciation recapture is not likely to occur as a result of the sale or exchange of the Company's assets.

Dissolution or Liquidation of the Company

Upon the dissolution and liquidation of the Company, a Member will recognize gain only to the extent that a liquidating distribution of money exceeds his adjusted tax basis in his Units immediately before the distribution. Section 731(a) of the Code. No gain will be recognized to a recipient Member as a result of a distribution of property other than money (which term includes marketable securities), and the Member's basis for the distributed property will be the same as his basis in his Units, reduced by the amount of any money distributed to him in liquidation. Section 732(b) of the Code. Furthermore, gain will be recognized to a recipient Member only to the extent that any money distributed exceeds the adjusted basis of such Member's interest in the Company immediately before the distribution and loss will be recognized in a liquidating distribution only if such distribution is limited to money, unrealized receivables and substantially appreciated inventory items, and the amount of money plus the Member's basis in the unrealized receivables and substantially appreciated inventory items is less than his adjusted tax basis for his Units. Section 731(a)(2) of the Code. Such gain or loss will be considered gain or loss arising from the sale or exchange of Units. Section 731(a) of the Code.

Tax Shelter Disclosure

Treasury Regulations promulgated under Section 6011 of the Code require every taxpayer (defined to include any corporation, partnership, individual or trust) that has participated in a "reportable transaction" and who is required to file a tax return, to file with its tax return a disclosure on From 8886. A "reportable transaction" is any transaction described in any one of six categories set forth in the Treasury Regulations.

At the present time, we do not believe that any of the transactions contemplated involving the Company constitute reportable transactions under existing Treasury Regulations and administrative rulings. However, we cannot predict with certainty whether any such transaction will constitute a reportable transaction in the future as a result of (i) published guidance designating the same or similar transaction as a listed transaction, (ii) satisfaction of the thresholds for a loss transaction, or (iii) new legislation or differing interpretations of existing law resulting in the classification of any transaction as a reportable transaction. Each prospective Member should consult with his or her own tax advisor regarding the disclosure requirements resulting from an investment in the Company.

Investors are urged to consult with their tax advisors regarding the tax consequences of purchasing Units prior to making an investment

The Conservation Easement

Current Intention

The Manager intends to propose to the Members that they consider causing the Property Entity to encumber the Property by conveying a Conservation Easement to a Qualified Organization at some point in the future. However, the Manager may determine the Investment Proposal is the best alternative for the Property Entity and/or the Company. Further, neither the Company nor the Property Entity is under any legal obligation to

encumber or otherwise cause the encumbrance of the Property with a Conservation Easement, and the Members are under no legal obligation to approve the encumbrance of the Property with a Conservation Easement.

Specific Requirements Under Code and Regulations

The charitable contribution deduction allowed under Section 170(h) of the Code represents a particular and specific type of the charitable contributions for which deductions are more generally allowed. In the case of a Conservation Easement, the Property Entity, as the grantor, is permitted to retain and reserve certain rights that are not inconsistent with the conservation purposes which such a Conservation Easement is intended to serve. As such, the federal tax deduction for a qualified conservation easement constitutes a limited exception to the more general rule restricting charitable contributions of partial interests in property. It is important for prospective Members to be aware that the Property Entity's proposed Conservation Easement with respect to the Property must meet the specific requirements outlined in the Code and Regulations in order for the Property Entity, and ultimately the Company, to successfully claim and sustain any Contribution Deduction.

Nature of Restrictions

Any Conservation Easement would impose substantial restrictions granted in perpetuity on the uses which may be made of the Property. Such restrictions would be enforceable under the terms of the Tennessee Conservation Easement Act of 1981, T.C.A §§ 66-9-301 to 66-9-309.

The following covenants and restrictions are among the limitations which likely would be applicable to the Property in perpetuity in the event that the Property Entity encumbers it with a Conservation Easement: (1) the Property could not be used for any residence or for any commercial, institutional, or industrial purpose or purposes; (2) the nature of any structures which may be built on the Property would be severely limited; (3) the cutting, removal or destruction of living trees would be restricted but not prohibited; (4) signage, billboards or outdoor advertising structures would be limited; (5) filling, excavation, surface mining, drilling, dumping and material changes in the topography would be precluded; (6) generally no livestock grazing on the Property would be allowed, but some small scale agricultural use would be permitted, and; (7) any other use or activity, not expressly reserved under the Conservation Easement, which would be inconsistent with or materially threaten the conservation purposes would be prohibited. While certain rights would be reserved to the Property Entity under the Conservation Easement which are considered to be consistent with the conservation purposes, the Property Entity, or future owners of the Property, would be required to notify the Qualified Organization as defined below in writing before exercising any such rights, and the Qualified Organization must be satisfied that the proposed use or activity will have no material adverse effect on the conservation purposes or on the significant environmental features of the Property established under the reports, plans, photographs, documentation and exhibits assembled by the Qualified Organization which describe the Property's present significant ecological and scenic features.

Qualified Organization

The likely Qualified Organization under any Conservation Easement with respect to the Property would be FLC, a Tennessee non-profit corporation. FLC was founded in 1985 as a public charity with the mission to protect and preserve the natural landscape of East Tennessee. The Property Entity is aware that FLC has received a determination from the IRS of its status as a publicly supported organization under Code § 501(c)(3) as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. FLC will be required to represent to the Property Entity in any such Conservation Easement, if and when it is executed, delivered and filed, that FLC constitutes a "qualified organization" under Section 170(h)(3) of the Code, which is one of the Property Entity's prerequisites to claim and maintain any Contribution Deduction.

Conservation Purposes

Any qualified conservation contribution must be exclusively for conservation purposes. The recognized conservation purposes are limited to the following: (1) preservation of land areas for outdoor recreation by, or the education of, the general public; (2) protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (3) the preservation of open space for the scenic enjoyment of the general public or pursuant to a clearly

delineated federal, state or local governmental conservation policy, yielding a significant public benefit; or (4) the preservation of an historically important land area or a certified historical structure.

The conservation purposes which are expected to be served if a Conservation Easement is granted with respect to the Property would include (1) Preservation of the viewshed from the Fall Creek Falls State Park for the scenic enjoyment of the general public, which will yield a significant public benefit; (2) Protection of a relatively natural habitat for fish, wildlife, plants, and the ecosystems in which they function which will yield a significant public benefit; (3) Preservation of open space (including farm land and forest land) for the scenic and other enjoyment, and for the education of the general public, pursuant to clearly delineated government conservation policies which provide a significant public benefit.

Because each tract of land possesses a unique mix of conservation values, the determination of whether a particular contribution satisfies a specific conservation purpose can be subject to some uncertainty. Therefore, it would be important that the Property Entity attempt to ensure that the Property and any such proposed Conservation Easement will satisfy one or more of the required conservation purposes.

Treatment of Charitable Contributions

Section 170(a)(1) of the Code allows a deduction with respect to a contribution or gift to or for the use of a corporation, trust, community chest, fund or foundation organized and operated exclusively for charitable or educational purposes. For individual taxpayers, charitable deductions are limited under §170(b)(1) to certain percentages of the contribution base (defined to mean adjusted gross income computed without regard to any net operating loss carry back). Such percentages vary depending upon the type of charitable organization to which the gift or contribution is made and the type of property which is the subject of the gift or contribution.

A charitable contribution of property generally entitles a donor to a deduction in an amount equal to the fair market value of the property contributed. If the contributed property is not a capital asset held for more than one year by the donor, then the amount of the deduction is limited to the lesser of the value of the property or the adjusted basis in the property contributed. The Property was acquired by the Property Entity from Piney Cumberland as a contribution of assets pursuant to Code Section 721 in exchange for all of the currently issued and outstanding membership interests in the Property Entity that were subsequently distributed to the Sellers, which should result in a carry-over holding period of the Property. The Property was acquired by Piney Cumberland from STG on March 18, 2010, which should be deemed the original acquisition date of the Property by the Property Entity. Accordingly, the Manager believes that the Property constitutes a capital asset held for more than one year in the hands of the Property Entity.

Current tax law limits the available charitable contribution deduction for calendar year 2012 relating to conservation easements to 30% of an individual's contribution base or 10% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Property Entity. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2012 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to five (5) years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Property Entity claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

Under Code §170(f)(3)(A), a donor may take a charitable deduction for a contribution of land only if the donor conveys the entire interest in the land to a qualified organization. However, a deduction is permitted in the case of a contribution of a "partial" interest in very limited circumstances; namely, (i) a remainder interest in a personal residence or farm; (ii) an undivided portion of the taxpayer's entire interest in the property; (iii) a partial interest transferred to certain trusts; and (iv) a qualified conservation easement.

The Contribution Deduction

In the event that the Property Entity does in fact encumber some or all of the Property with a Conservation Easement, the Property Entity will claim a Conservation Deduction on account thereof on its federal tax return for the year in which such Conservation Easement is granted that would flow through and be similarly claimed by the Company on its federal tax return. Under Section 702(a)(4) of the Code, each Member will take into account separately his, her or its distributive share (determined in accordance with their percentage interests) of the Company's share of the Property Entity's Contribution Deduction. The amount of the Contribution Deduction will be determined in accordance with an appraisal that would be obtained by the Property Entity valuing the Property for these purposes.

Substantiation of Value of Conservation Easement

Under Section 1.170A-14(h) of the Regulations, where no substantial record of marketplace sales of comparable easement rights is available, the fair market value of a perpetual conservation restriction (i.e., the allowable amount of the Contribution Deduction) is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction the "Before Value") and the fair market value of the encumbered property after the granting of the restriction (the "After Value"). Under Section 1.170A-14(h)(3)(ii) such "before-and-after" valuation must take into account not only the current use of the property in question, but also an objective assessment of how immediate or remote the likelihood is that such property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation or historic preservation laws that already restrict the property's potential highest and best use.

If the amount claimed or reported as a charitable contribution deduction exceeds $5,000, the deduction must be substantiated through a "qualified appraisal" by a "qualified appraiser" under Section 1.170A-13(c) of the Regulations. Prior to the grant of any such easement, the Property Entity would obtain a supportable qualified appraisal to estimate the difference between the fair market value of the Property before the Conservation Easement would be granted and the fair market value of the Property afterwards. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THAT THE VALUATION OF CONSERVATION EASEMENTS MAY BE CONSIDERED ESPECIALLY PROBLEMATIC AND HIGHLY SPECULATIVE, CONSIDERING THAT IN GENERAL THERE IS LIMITED MARKET OR COMPARABLE SALES DATA TO SUPPORT SUCH VALUATIONS, SO THAT THE VALUATION ANALYSIS IS DEPENDENT UPON ASSUMPTIONS MADE BY THE APPRAISER. Qualified appraisals are not to be construed as a guaranty of value, or as an assurance that the value could be maintained on any audit by the IRS.

The valuation of a qualified conservation easement or other charitable gift of real estate has been contested in at least 49 reported decisions which have come to the attention of the Property Entity's legal counsel. As the following table indicates, the results have been highly variable, ranging from court approval of deductions greater than the taxpayer's deduction as claimed, to a complete disallowance of the contribution as claimed. (The percentage figure shown in column 3 represents the difference between columns 1 and 2, divided by the amount in column 1. The percentage figure shown in column 5 represents the difference between columns 1 and 4, divided by the amount in column 1.)

	(1)	(2)	(3)	(4)	(5)
CASE	**TAXPAYER**	**IRS**	**ASSERTED REDUCTION**	**COURT**	**FINAL REDUCTION**
Whitehouse Hotel v. CIR (2012)	$7,445,000	$0	100.0%	$1,857,716	75%
Fosterv . CIR (2012)	$98,500	$0	100.0%	$0	100%
Wall v. CIR (2012)	$400,000	$0	100.0%	$0	100%
Carpenter v. CIR (2012)	$2,784,341	$0	100.0%	$0	100%
Cohan v. CIR (2012)	$2,068,245	$0	100.0%	$0	100%
Esgar Corp. v. CIR (2012)	$2,274,500	$0	100.0%	$99,276	96%
Butler v. CIR (2012)	$5,486,000	$0	100.0%	3,950,400	28%
Mitchell v. CIR (2012)	$504,000	$0	100.0%	$0	100%

Bruce v. CIR (2011)	$1,870,000	$0	100.0%	$0	100%
1982 East LLC v. CIR (2011)	$6,570,000	$0	100.0%	$0	100%
Boltar LLC v. CIR (2011)	$3,245,000	$42,400	98%	$42,400	98%
Kaufman v. CIR (2011)	$103,377	$0	100.0%	$0	100%
Schrimsher v. CIR (2011)	705,000	$0	100.0%	$0	100%
Trout Ranch LLC v. CIR (2010)	$2,179,849	$0	100.0%	$560,000	74.3%
Evans v. CIR (2010)	$154,350	$0	100.0%	$0	100%
Lord v. CIR (2010)	$242,500	$0	100.0%	$0	100%
Scheidelman v. CIR (2010)	$115,000	$0	100.0%	$0	100%
Herman v. CIR (2009)	$21,850,000	$0	100.0%	$0	100%
Kiva Dunes v. CIR (2009)	$30,588,235	$0	100.0%	$28,656,004	6.3%
Hughes v. CIR (2009)	3,100,000	$0	100.0%	$1,992,375	35.7%
Simmons v. CIR (2009)	2,095,000	$0	100.0%	$98,500	95.3%
Turner v. CIR (2006)	$342,781	$0	100.0%	$0	100.0%
Glass v. CIR (2005)	$340,800	$0	100.0%	$340,800	-0-
Strasburg v. CIR (2000)	$1,080,000	$275,000	74.5%	$800,000	30.0%
Strasburg v. CIR (2) (2000)	$290,000	$0	100.0%	$290,000	-0-
Johnston v. CIR (1997)	$960,000	$407,000	57.6%	$1,131,438	-0-
Browning v. CIR (1997)	$254,000	$0	100.0%	$209,000	17.7%
Schwab v. CIR (1994)	$900,000	$0	100.0%	$544,000	39.6%
McMurray v. CIR (1993)	$1,417,500	$64,450	95.5%	$64,450	95.5%
Dennis v. U.S. (1992)	$50,610	$7,700	84.8%	$50,610	-0-
Clemens v. CIR (1992)	$910,000	$110,000	87.9%	$703,000	22.7%
McLennan v. U.S. (1991)	$430,600	$70,000	83.7%	$233,260	45.8%
Schapiro v. CIR (1991)	$595,031	$388,000	23.1%	$595,031	-0-
Dorsey v. CIR (1990)	$245,000	$46,000	81.2%	$153,422	37.4%
Higgins v. CIR (1990)	$110,000	$50,150	54.4%	$103,000	6.4%
Griffin v. CIR (1989)	$195,000	$35,000	82.1%	$70,000	64.1%
Nicoladis v. CIR (1988)	$350,000	$86,000	75.4%	$168,700	51.8%
Richmond v. U.S. (1988)	$150,000	$59,000	60.7%	$59,000	60.7%
Losch v. CIR (1988)	$235,000	$70,000	70.2%	$130,000	44.7%
Stotler v. CIR (1987)	$1,065,000	$427,500	59.9%	$1,065,000	-0-
Tidler v. CIR (1987)	$2,267,000	$0	100.0%	$0	100.0%
Akers v. CIR (1986)	$789,000	$114,000	85.6%	$114,000	85.6%
Fannon v. CIR (1986)	$236,752	$0	100.0%	$90,956	61.6%
Garrison v. CIR (1986)	$290,750	$17,000	94.2%	$17,000	94.2%
Stanley Works v. CIR (1986)	$12,000,000	$0	100.0%	$4,970,000	58.6%
Symington v. CIR (1986)	$150,000	$0	100.0%	$92,370	38.4%
Todd v. CIR (1985)	$353,000	$31,000	91.2%	$31,000	91.2%
Great Northern Nekoosa v. U.S. (1983)	$1,000,000	$26,240	97.4%	$26,240	97.4%
Thayer v. CIR (1977)	$146,000	$0	100.0%	$113,000	22.6%

The foregoing table is background information submitted for illustrative purposes only. The resolution of each valuation issue would depend entirely on the characteristics and conditions of the property under consideration in the particular reported case. In addition, the foregoing summary of reported decisions may not be representative of the manner in which any valuation disputes concerning qualified conservation easements may have been resolved through settlement or administrative proceedings.

In the majority of the cases involving the most substantial court-ordered reductions of a taxpayer's claim, the "highest and best use" cited in support of the taxpayer's value was found to be not feasible or viable, was subject to a development moratorium or even prohibited. (See *Tidler, Great Northern Nekoosa, McMurray, Garrison, Todd, Akers and Stanley Works.*) Substantial reductions also have arisen in the valuation of "facade" easements. (See *Griffin, Richmond and Nicoladis*).

Under Section 1.170A-13(c)(3), the qualified appraisal substantiating any Conservation Easement by the Property Entity must be made no earlier than sixty (60) days prior to the date of contribution. **BECAUSE NEITHER THE PROPERTY ENTITY NOR THE COMPANY WILL LIKELY OBTAIN A FINAL QUALIFIED APPRAISAL UNTIL CLOSER TO THE DATE OF ANY CONTRIBUTION, THE AMOUNT OF ANY FINAL APPRAISAL IS NOT KNOWN AT THE CURRENT TIME. THERE CAN BE NO ASSURANCE THAT THE AMOUNT OF ANY SUCH CONTRIBUTION DEDUCTION WOULD NOT BE REDUCED ON AUDIT BASED ON IRS EXPERT APPRAISAL REPORTS AND TESTIMONY INVOLVING EVEN MORE CONSERVATIVE ASSUMPTIONS.**

Enhancement Issues

Under Regulation § 1.170A-14(h)(3)(i) if the Property Entity's grant of a Conservation Easement has the effect of increasing the value of any other property owned by the Property Entity or a related person, the amount of the Contribution Deduction must be reduced by the amount of the increase in the value of the other property, whether or not such property is contiguous. In the event that the Property is contiguous with any real property owned by the members or Manager, the amount of any Contribution Deduction may be reduced by the amount of the increase in the value of such continuous property. **YOU ARE ENCOURAGED TO CONSULT YOUR OWN TAX ADVISOR WITH REGARD TO SUCH MATTERS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.**

The Property Entity's Holding Period

Under Section 170(e)(1)(A) of the Code, the amount of any charitable contribution of property otherwise taken into account is to be reduced by the amount of any gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution). As a consequence, if the Property Entity were to grant the Conservation Easement before the Property Entity's holding period in the property exceeded one (1) year, any Contribution Deduction would in general be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the Property, notwithstanding the fact that the value established under any final appraisal might substantially exceed such amount.

The Property was acquired by the Property Entity through Piney Cumberland, an affiliate of the Property Entity, which in turn acquired the Property from STG on March 18, 2010. Accordingly, the Property Entity should be deemed to have held the Property for in excess of one (1) year.

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Under the proposed and withdrawn Section 1.707 Regulations, Section 708(b)(1)(B) would apply to disguised sales of partnership interests. When a partnership is terminated pursuant to section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction). There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision. This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership, and there is no revaluation of capital accounts. Upon the occurrence of a termination of a partnership pursuant to section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates, and separate partnership returns would be required for the periods before and after termination under section 708(b)(1)(B).

Therefore, the holding period, adjusted basis and character of the assets of the Property Entity (including the Property) should be unaffected as a result of this termination of the Property Entity pursuant to section 708(b)(1)(B) of the Code. Because the Conservation Easement, if approved by the Members, would be granted to FLC after the termination of the Property Entity under section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement would appear on the short-year partnership tax return (Form 1065) for that portion of 2012 following the Closing. See Tax Opinion included at Exhibit H. See Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); see also FSA 200132009. Because the Company is buying the Purchased Interests

from the Sellers, the holding period of the Property by the Property Entity should not be affected and the amount of any charitable contribution attributable to the Conservation Easement should not be reduced under Section 170(e)(1)(A) of the Code.

Charitable Contributions by Partnerships

Under Section 702(a)(4) of the Code, in determining his, her or its income tax liability for a year a qualified contribution easement is granted by the Property Entity, each Member of the Property Entity will take into account separately a distributive share of the Property Entity's charitable contributions, based on the respective beneficial ownership interest of the Members of the Company in the Property Entity. Assuming that the Maximum Offering of 950 Common Units is sold in the Offering, the Investors are expected to receive at Closing a beneficial ownership interest in the Property Entity of approximately 95%. Since charitable contributions are excluded from the computation of partnership income or loss under Section 703(a)(2)(C) of the Code, and are taken into account separately by the Members, it is likely that the Company's allocable share of the Contribution Deduction will not be limited to the Company's adjusted basis in the Purchased Interests and that a prospective Member's allocable share of any Contribution Deduction will not be limited to that Member's adjusted basis of his Units. Stated differently, subject to the conservation purpose, valuation, and other issues described in this Offering Summary, a Member's allocable share of any Contribution Deduction would not be limited to the amount of such Member's investment in the Property Entity. See PLR 8405084 (11/3/83).

Ordinary Income Property

Property which is held by the donor primarily for sale to customers in the ordinary course of his trade or business constitutes "ordinary income property." All charitable contributions of "ordinary income property," regardless of the charitable donees identity, are required to be reduced by the amount of ordinary income which would have resulted had the contributed property been sold at its fair market value as determined at the time of contribution. In effect, the charitable contribution deduction for the donation of ordinary income property is limited to the donor's tax basis in such property. The determination of whether property is held by the donor primarily for sale to customers in the ordinary course of his trade or business (i.e., ordinary income property) is based on a number of factors including number, frequency and continuity of sales, duration of ownership, and purpose for acquisition.

Property that has been held by the Property Entity for less than one year can be deemed to be ordinary income property. Furthermore, to the extent that it is determined that the Property Entity's development and other activities with respect to the Property are significant enough to characterize the Property Entity as a "dealer" of subdivided real estate parcels, the Property would be considered ordinary income property. In either such case, the charitable contribution for a Conservation Easement would be limited to the Property Entity's basis in the Conservation Easement with respect to that property. Additionally, any gain or loss realized by the Property Entity on the sale of such property would be treated as ordinary income or loss for federal income tax purposes. Currently, it is not anticipated that the basis limitations applicable to ordinary income property treatment will have a material adverse effect on the amount of any Contribution Deduction.

Basis Reduction

Following the contribution of the Conservation Easement, if approved by the Members, the Property Entity's tax basis in the Property must be reduced by that part of the total basis that is allocable to the Conservation Easement. The amount of the basis that is allocable to the Conservation Easement bears the same ratio to the total basis of the Property as the value of the Conservation Easement bears to the fair market value of the Property before the granting of the Conservation Easement. Additionally, the Company's basis in its Purchased Interests is decreased (but not below zero) by the Company's allocable share of the Property Entity's basis in the Conservation Easement. As a result, each Member's basis in the Units shall ultimately decreased (but not below zero) by the Member's allocable share of the Company's reduced basis. It is not anticipated that such basis reductions will have a material adverse effect on a Member's ability to take a charitable contribution deduction for his or her allocable share of any Conservation Easement granted.

IRS Scrutiny and Criticism of Conservation Easements

A "census of progress" released on November 16, 2011 by the Land Trust Alliance ("LTA"), a national association representing land trusts since 1982, reflects a dramatic growth in land trusts and acres protected under private conservation initiatives during recent years. As of December 31, 2010, some 47 million acres were protected through arrangements with state, local and national land trusts, an increase of about 10 million acres since 2005 and 23 million acres since 2000, which represents an aggregate acreage more than twice the size of all the national parks in the contiguous United States combined. According to the LTA census, the number of local and regional land trusts in operation increased from 1,213 in 1998 to 1,723 at the end of 2010, 1,699 state and local groups and 24 organizations categorized as national land trusts.

One main reason for this growth is the increased public awareness of the tax benefits associated with the grant of qualified conservation easements. With the potential for tax benefits of the magnitude frequently associated conservation easement deductions necessarily comes the possibility of abuse. Published reports and statements of persons both within and outside of the IRS in the past have been very critical of the practices, structure and technique in certain "abusive" conservation easement transactions. While such transactions are believed to represent a small percentage of the overall number of conservation easements which are established each year, the IRS nevertheless carefully scrutinizes claimed conservation easement deductions in the event of any audit. Furthermore, the IRS has appeared to be fairly critical of such deductions in the past based upon their experience with those who have chosen to abuse such transactions. The IRS has repeatedly stated that it intends to disallow charitable contribution deductions for transfers of certain easements on real property to charitable organizations that it deems improper, and that, in appropriate cases, it may impose applicable penalties and excise taxes.

The IRS has a long history of auditing returns claiming charitable contribution deductions and has developed specific procedures based upon its extensive experience to educate and guide its auditors, appraisers and others in their examination of such returns and the valuation of any such claimed deductions. The development of such procedures has necessarily resulted in an increase in the knowledge and sophistication of the individuals participating on behalf of the IRS in the review of such returns and claimed deductions. For example, on January 3, 2012, the IRS further revised its Conservation Easement Audit Technique Guide (ATG), which provides extensive insight into the statutory requirements for qualified conservation contributions, valuation issues, IRS examination procedures, penalties, and state tax credits associated with such contributions. While the ATG is not an official pronouncement of the law or position of the IRS and cannot be used, cited, or relied upon as such, it is useful in better understanding some of the various issues involved in the IRS review of any claimed conservation easement deduction and some of the issues frequently cited in rejecting any such claimed deduction. The ATG identifies a number of issues frequently associated with deficient conservation easement contribution claims, including the following: ... failure to meet charitable contribution rules; ... noncompliance with substantiation requirements; ... inadequate documentation or lack of conservation purpose; ... failure to provide the donee organization with a right to proceeds in the event of termination; ... use of improper appraisal methodologies and overvalued conservation easements; and ... failure to report income from the sale of state tax credits. A copy of such ATG can be found online at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Conservation-Easement-Audit-Techniques-Guide. A copy is also available upon request of the Manager.

The ATG makes it clear that IRS scrutiny of audited returns claiming a conservation easement deduction involves an in-depth development of facts to ensure that such claimed deduction meets all statutory and regulatory requirements, including specific substantiation requirements. An IRS audit of a return claiming a conservation easement deduction will likely involve specific scrutiny to ensure such compliance. Each return filed claiming such a deduction is required to be identified by the filing of a Form 8283. All donors of conservation easements are required to complete Form 8283 and file it with their tax return for each applicable year in which a charitable deduction in excess of $500 is claimed on noncash contributed property. Form 8283 requires each donor to attach a statement that: (1) identifies the conservation purposes furthered by such donation, (2) shows, if before and after valuation is used, the fair market value of the underlying property before and after the gift; (3) states whether the donor made the donation in order to get a permit or other approval from a local or other governing authority and whether the donation was required by a contract, and (4) if the donor or a related person has any interest in other property nearby, and describes that interest. The Property Entity will be required to complete this form in filing its tax return in the year in which a contribution easement of the Property is made, and each investor should attach it to his or her individual income tax return in which such a deduction is claimed. Consequently, a return claiming a

conservation easement deduction that is selected for audit could be readily identified and is likely to be very carefully scrutinized by the IRS for compliance with all such statutory or regulatory requirements.

The discovery by the IRS of a deficiency on a Form 8283 filed by another taxpayer or any other issue deemed to exist by the IRS on the return of such taxpayer for which a person associated with the Company was associated, could result in the increased likelihood of audit of the return of the Company or any of its members in the future. Various persons associated with the Company have previous and/or continuing association with other taxpayers who have already or who may in the future grant a conservation easement on property owned by them that could come to the attention of the IRS. For example, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been selected for audit by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, the broker-dealer firm selected by the Company, the land trust selected by the Company, and various consultants to the Company and their employees and contractors have all assisted other persons and entities who have subsequently imposed conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

The tax returns of several of the other persons and entities associated with one or more of the above persons have previously been selected for audit by the IRS, and others may continue to be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Company or the Property Entity in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements may increase the likelihood that the Company's or the Property Entity's tax return would be reviewed for possible audit as well.

Potential Legislative Changes

In recent years, a number of potential legislative changes affecting qualified conservation easements have been proposed or discussed which could materially affect the Company and prospective Members. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THE RISK THAT LEGISLATIVE CHANGES OCCURRING SUBSEQUENT TO THE PURCHASE BUT PRIOR TO THE GRANT OF ANY CONSERVATION EASEMENT COULD HAVE A MATERIAL ADVERSE AFFECT ON THE COMPANY AND PROSPECTIVE MEMBERS.

Partnership Anti-Abuse Rule and Common Law Tax Doctrines.

The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs") to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

Codified Economic Substance Doctrine.

In 2010 Congress enacted Section 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of Conservation Easement deduction if the Conservation Easement is granted prior to one year and one day after the Closing. While the Manager, based upon the Tax Opinion, does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the Conservation Easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Units.

Additionally, under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20% of the amount of understated tax will be applied to a transaction that is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Common Law Tax Doctrines or the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe the situation is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two part test set forth in Section 7701(o). However, there is very little guidance as to the application of Section 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. (See "FEDERAL INCOME TAX CONSIDERATIONS – The Conservation Easement - The Property Entity's Holding Period" beginning on page 44).

Substantial Valuation Misstatement Penalty.

Section 6662 of the Code provides generally for a penalty of 20% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds $5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150% or more of the amount determined to be the correct amount. A 40% penalty applies where the reported value is 200% or more of the amount determined to be the correct amount. If all or a portion of the charitable deduction for the Conservation Easement is disallowed based on an overstatement of the value of the Conservation Easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the Conservation Easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable deductions. Neither the Property Entity nor the Company has obtained (and does not plan to obtain) a letter ruling from the IRS that it will recognize the Conservation Easement for purposes of charitable deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity were to seek one. Given the magnitude of the charitable contribution that the Property

Entity would likely claim, there is a risk that the IRS could audit the Property Entity's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable deductions taken by the Property Entity, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the Conservation Easement is granted, there can be no assurance that such new tax laws adversely affecting the Property Entity will not be enacted with an effective date prior to the date of such grants.

Because the Property Entity cannot verify that the Conservation Easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the Conservation Easement will be determined by a court not to result in valuation penalties. Although Section 6662A provides a reasonable cause exception for the penalties imposed under Section 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the Conservation Easement was based on qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the Conservation Easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the Conservation Easement involve subjective determinations which pose risks to the Property Entity and the ability of the Property Entity to avoid the potential application of valuation penalties; accordingly, there can be no assurances that a valuation penalty will not be applied against the Company. Moreover, Section 6662A does not provide a reasonable cause exception for a Gross Valuation Statement under Section 6662.

Discussion of the Role of a Qualified Appraiser

Code Section 170(f)(11)(C) requires every donor of a conservation easement to obtain a qualified appraisal for contributions of property for which a deduction of more than $5,000 is claimed. Section 170(f)(11)(E) of the Code defines "qualified appraisal" in part as an appraisal prepared by a qualified appraiser. A qualified appraiser is an appraiser that has received an "appraiser designation from a recognized professional appraiser organization (i.e., a licensed appraiser) and an individual that regularly performs appraisals for compensation. Section 170(f)(11)(E)(ii)(III) of the Code authorizes the Secretary to prescribe other requirements in the regulations that an appraiser must meet to be deemed a "qualified appraiser."

IRS Notice 2006-96, 2006-2 C.B. 902 and Treas. Reg. § 1.170A-13(c)(5) expound on the requirements of a qualified appraiser. The qualified appraiser must include, in an appraisal summary, that the individual holds himself or herself out to the public as a practicing appraiser, that the appraiser's qualifications make the appraiser a "qualified appraiser," that the appraiser is not an "excluded appraiser" (e.g., a party to the transaction giving rise to the claimed deduction or related to such party), and a statement that the appraiser understands that an intentionally false or fraudulent overstatement of value may subject the appraiser to civil penalties under Section 6701 of the Code.

Treasury Regulation § 1.170A-13(c)(3)(ii) requires a qualified appraisal to contain several specific pieces of information, including, among others, (i) the date (or expected date) of contribution to the donee; (ii) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (iii) the date (or dates) on which the property was appraised; (iv) the appraised fair market value (within the meaning of § 1.170A–1(c)(2)), of the property on the date (or expected date) of contribution; (v) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (vi) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed. In addition, the qualified appraisal must be made no earlier than 60 days before the contribution and no later than the due date of the tax return. The qualified appraiser must sign and date the appraisal, and the appraiser must not have received a prohibited appraisal fee, which is a fee based on a percentage of the appraised value of the property. See Treas. Reg. § 1.170A-13(c)(3)(i); Treas. Reg. § 1.170A-13(c)(6)(i).

There are several Tax Court cases where the appraisal was found not to be a qualified appraisal. Such a finding may lead not only to the taxpayer being denied a deduction, but may also lead to the IRS assessing penalties

against the appraiser. In *Lord v. Commissioner*, T.C. Memo 2010-196 (2010), the court held that the taxpayer's appraisal was not a qualified appraisal because the appraisal did not include significant information required by the Treasury regulations, including the contribution date, the date the appraisal was performed, and the appraised fair market value of the easement contribution on the contribution date.

In *Scheidelman v. Commissioner*, T.C. Memo 2010-151 (2010), the taxpayers failed to obtain a qualified appraisal for a contributed façade easement. The appraiser purported to use the "before and after" method as sanctioned by the regulations and the courts. However, the appraiser mechanically applied an 11.33% deduction to the "before" value based solely on the IRS's acceptance of similar figures in prior controversies. The appraisal was found unreliable because it contained an unrecognized methodology in valuing architectural façade easements. Other aspects of the appraisal failed to satisfy certain requirements of Treas. Reg. § 1.170A-13(c)(3)(ii), such as the lack of a description of the contributed property, the lack of the terms of the easement deed, and the lack of a statement that the appraisal was prepared for income tax purposes.

In a very recent Tax Court case, *Boltar, L.L.C. v. Commissioner*, 136 T.C. No. 14 (2011), the taxpayer's expert report (i.e., the taxpayer's appraisal) was ruled inadmissible into evidence. The court found the appraisal to be unreliable because of the "peculiar methodology" used instead of the before and after methodology. The court explained that "there may be cases in which the before and after methodology is neither feasible nor appropriate, [but] petitioner has not provided any persuasive reason for not applying it in this case." *Id.* at 4. As mentioned above, the defective appraisals in *Lord*, *Scheidleman*, and *Boltar*, as well as an alleged overvaluation of the property, may cause the IRS to assess penalties against the appraiser and the taxpayer. The failure of a taxpayer to obtain a qualified appraisal or the failure of a qualified appraisal to be admissible in connection with any audit of a return of a taxpayer associated with the grant of a conservation easement could have a material adverse effect on the grant of any such conservation easement for the reasons specified below.

Discussion of Certain Penalty Provisions Applicable to Qualified Appraisers

The Code contains two notable penalty provisions that are applicable to Qualified Appraisers: the § 6695A penalty and the § 6701 penalty.

A. Section 6695A. Section 6695A is directly applicable to qualified appraisers. The Section 6695A penalty was added by Section 1219 of the Pension Protection Act of 2006, Pub. L. No. 109-280, 120 Stat. 780 (2006) (the "PPA") and applies to all appraisals prepared for returns or submissions filed after August 17, 2006 and imposes a penalty against an appraiser if such appraiser knows or reasonably should have known that the appraisal prepared by him would be used in connection with a return or a claim for refund and the claimed value of the property on such return or claim for refund which is based on such appraisal results in a "substantial valuation misstatement" or a "gross valuation misstatement" with respect to such property. The penalty amount is the lesser of (1) the greater of 10% of the amount of the underpayment or $1,000, or (2) 125% of the gross income received by the appraiser in exchange for preparing the appraisal. I.R.C. § 6695A(b). The penalty does not apply if the appraiser establishes that the value established in the appraisal "was more likely than not the proper value." I.R.C. § 6695A(c). However, the § 6695A penalty does not require that the appraiser have knowledge of any resulting understatement of tax.

A "substantial valuation misstatement" generally occurs if the value of property is 150 percent or more of the amount determined to be the correct amount of such valuation. A "gross valuation misstatement" occurs when the claimed value of the property is 200 percent or more of the correct amount of such valuation. If a taxpayer that has relied on an appraiser's appraisal in connection with filing a return is under examination, the examiner has the responsibility to assert the penalty and will make the determination of whether the I.R.C. § 6695A penalty is warranted. I.R.M. 20.1.12.2 and I.R.M. 20.1.12.6 (08-27-2010). Following an examination by the IRS of the auditor, if the appraiser cannot satisfy the "more likely than not" exception under I.R.C. § 6695A(c), the examiner must propose a § 6695A penalty. I.R.M. 20.1.12.6 (08-27-2010). If the penalty is proposed, the examiner prepares a Form 8278, *Assessment and Abatement of Miscellaneous Civil Penalties*, and Form 886-A, *Explanation of Items*, or its equivalence. *Id.*

Appraisers are also subject to oversight by the Office of Professional Responsibility (OPR), and examiners "should exercise discretion" when referring an appraiser to the OPR. I.R.M. 20.1.12.7 (08-27-2010). Review in the OPR is discussed below. Code Section 6695A penalties have post-assessment (but prepayment) penalty appeal rights. I.R.M. 20.1.12.10 (08-27-2010). First, the appraiser may file a claim for refund or request for abatement utilizing Form 843, *Claim for Refund and Request for Abatement. Id.* If the claim or request is denied, and the appraiser has not had post-assessment Appeals consideration, administrative appeals rights will be granted. *Id.* If the penalty has been paid in full. the appraiser may bring a refund suit in either the U.S. Court of Federal Claims or in a district court immediately upon denial of the claim or after the expiration of six months after the date of filing the claim if the IRS has not acted within that time frame. The appraiser's suit must be within two years of the date of denial of the claim. I.R.M. 20.1.12.10.

B. Section 6701. Section 6701 imposes a penalty of $1,000 on any person (1) who aids or assists in, procures, or advises with respect to the preparation or presentation of any portion of a return, affidavit, claim or other document, (2) who knows, or has reason to believe, that such portion will be used in connection with any material matter arising under the internal revenue laws, and (3) who knows that such portion, if so used, would result in an understatement of the tax liability of another person.

In the context of appraisers, the first two requirements are typically satisfied. The appraisal is a "document" prepared by the appraiser, and because the appraiser must fill out the appraisal summary on the Form 8283, *Noncash Charitable Contributions*, filed by the donor, the appraiser knows that the client will use the appraisal in connection with the valuation of a charitable gift, which is a material matter. Therefore, the element of proof is in applying the third requirement, which is that the appraiser knows that such portion (if so used) would result in an understatement of the tax liability of another person.

Like the § 6695A penalty, the § 6701 penalty is normally assessed by revenue agents and office auditors at a IRS area office as a result of an examination of a tax return or document or in connection with a tax shelter registration examination. I.R.S. CCA 200512016 (2005). The appraiser has many avenues to challenge the § 6701 penalty, and I.R.S. CCA 200512016 (2005) elaborates on these avenues. Like the § 6695A penalty, the appraiser has post-assessment Appeals rights. However, unlike the § 6695A penalty, Appeals rights are post-payment rights.

The penalty is subject to the special administrative provisions of § 6703. Under that section, if within 30 days, the appraiser pays 15% of the imposed penalty, the appraiser is entitled to administrative (by filing a claim for refund) and judicial review. A suit for refund must be brought in district court. If the appraiser initiates suit, the IRS is prohibited from collecting the penalties imposed under § 6701 until there has been a final resolution of the § 6703 proceeding. The appraiser can also bring refund actions under § 7422 in district court or the United States Court of Federal Claims. To bring suit, the appraiser must make some payment of the assessed taxes due before the matter may be adjudicated. To successfully challenge the assessed penalty, the appraiser must show that there was a reasonable basis for the valuation.

Discussion of the Consequences to a Qualified Appraiser of Having Penalties Assessed

Appraisers are subject to oversight by the OPR, which administers and enforces the regulations governing practice before the IRS. These governing regulations are found in title 31, Code of Federal Regulations, part 10, and are published in pamphlet form known as "Circular 230." As a result of 1985 amendments, Circular 230 authorizes the OPR Director (by delegation as explained below) to disqualify appraisers who provide supporting valuations for internal revenue matters. As explained in I.R.S. CCA 200512016 (2005), "In 1985, the IRS amended Circular 230 to conform to legislative changes requiring the disqualification of an appraiser who is assessed a penalty under section 6701 of the Code for aiding and abetting the understatement of a tax liability. 50 Fed. Reg. 42014."

Section 10.60(b) of Circular 230 provides that "the Director of the Office of Professional Responsibility may reprimand . . . [or] institute a proceeding for disqualification of the appraiser" if the Director is advised of or becomes aware that a § 6701 penalty has been assessed against the appraiser. Whether or not such a proceeding is instituted, the Director may confer with the appraiser concerning allegations of misconduct. Circular 230, § 10.61. The Director may institute proceedings to suspend the appraiser for a certain period of time. *Id.* at § 10.62. Whether disqualification or suspension is sought, an Administrative Law Judge presides over the proceeding. *Id.* at § 10.72.

An allegation of fact that is necessary for a finding of disqualification against an appraiser must be proved by clear and convincing evidence in the record. *Id.* at § 10.76.

If the ALJ decides in favor of the Director and thus suspends or disqualifies the appraiser, the Director of the Office of Professional Responsibility "may give notice of the . . . suspension . . . or disqualification to appropriate officers and employees of the Internal Revenue Service and to interested departments and agencies of the Federal government. The Director of the Office of Professional Responsibility may determine the manner of giving notice to the proper authorities of the State by which the . . . suspended or [disqualified] person was licensed to practice." *Id.* at § 10.80. The appraiser may petition the OPR for reinstatement after the expiration of 5 years following disqualification, and such reinstatement is at the discretion of the Director of OPR. *Id.* at § 10.81.

Given the above procedures and rules governing appraiser suspension and disqualification, the imposition or assessment of a penalty against an appraiser does not by itself affect the appraiser's ability to prepare an appraisal for use in connection with the filing of a tax return. The Director of OPR must file a complaint and thus begin formal administrative proceedings against the appraiser.

Independent of the assertion of penalties, the accusation of appraiser misconduct can lead to disqualification of the appraiser. 31 C.F.R. § 10.50. Specifically, the Secretary of the Treasury, or his delegate, after due notice and opportunity for hearing, may disqualify any appraiser for a violation of these rules as applicable to appraisers. 31 C.F.R. § 10.50(b). Any appraiser thus disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS, unless and until authorized to do so by the Director of the OPR, regardless of whether the evidence or testimony would pertain to an appraisal made prior to or after the effective date of disqualification. *Id.* Appraisals made by a disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Department of the Treasury or the IRS. An appraisal otherwise barred from admission into evidence pursuant to the foregoing may be admitted into evidence solely for the purpose of determining the taxpayer's reliance in good faith on such appraisal. *Id.*

While a qualified appraisal rendered by a qualified appraiser prior to suspension or disqualification should remain a qualified appraisal for purposes of supporting a conservation easement deduction, a subsequent suspension or disqualification could have the effect of reducing the probative value of any such previously rendered appraisal in an audit or challenge. Because a disqualified appraiser cannot present evidence or testimony in any administrative proceeding before the IRS, *regardless of whether the appraisal was performed before or after the effective date of the disqualification*, reliance by a taxpayer upon an appraisal performed by a disqualified appraiser is effectively barred by regulation. While no such statute or regulation bars a disqualified appraiser from presenting evidence or testimony in a proceeding before the Tax Court in an audit challenge, a court could take such disqualification before the IRS into account when the judge is deciding whether to qualify the expert as an expert witness in court. Consequently, the suspension or disqualification of an appraiser by the OPR could have an adverse effect on the ability of such appraiser to testify in court in connection with a taxpayer challenge of an adverse audit by the IRS. Such suspension or disqualification could result in increased audit defense costs by the Company or its Members as a result of having to analyze the effects of such suspension or disqualification upon such defense, having to engage additional appraisal experts to assist in such defense, or otherwise having to alter the Company's audit defense strategy.

State and Local Taxes

In addition to the federal tax consequences described above, prospective Members should consider potential state and local tax consequences of an investment in the Company. Each prospective Member is advised to consult his own tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Company.

Professional Advice

Prior to purchasing an Interest, each prospective Member should discuss with his or her tax advisor the tax provisions mentioned above, as well as all other tax provisions. No attempt is made here to identify all aspects of

the tax laws with which each investor in the Company should be familiar or to analyze in full detail those tax aspects which are mentioned.

THE SUMMARY OF FEDERAL TAX CONSIDERATIONS SET FORTH ABOVE IS NOT INTENDED TO BE A COMPLETE SUMMARY OF THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. EACH PROSPECTIVE MEMBER IS ADVISED TO CONSULT WITH HIS OWN TAX ADVISOR CONCERNING THE TAX CONSIDERATIONS OF AN INVESTMENT IN THE COMPANY.

CONFLICTS OF INTEREST

1. The primary purpose of the Offering is acquire the Purchased Interests from the Sellers pursuant to the MIPA and to redeem substantially all of the current equity interests of the Current Members in the Company by the Company's redemption of the Redeemed Units for the Redemption Price pursuant to the Redemption Agreement. Consequently, the interests of the Sellers and the Current Members may not be aligned with that of the Investors.

2. The Manager and the current Members and certain of their affiliates own interests in other real property in close proximity to the Property. For example, the Sellers own an equity interest in Piney Cumberland, which has as its sole asset approximately 439.86 acres of unimproved real estate located in Van Buren County, Tennessee. On or prior to the date hereof, PC Holdings has initiated or intends to initiate a private offering of a portion of its units for the purpose of acquiring a majority interest in Piney Cumberland and redeeming a portion of the ownership interest of its members in a manner substantially similar to the Offering. If such offering is successfully closed, the members of PC Holdings may elect to cause Piney Cumberland to grant a conservation easement on all or substantially all of the 439.86 acres of real estate owned by Piney Cumberland. Mr. Pettit will retain approximately a 5% beneficial ownership position in Piney Cumberland through his combined ownership of interests in PC Holdings and Piney Cumberland, and will continue to serve as the manager of PC Holdings, Piney Cumberland, and the Property Entity. To the extent that the ownership of the Property or the beneficial ownership of such other real property has any impact on the ownership of the Property or plans of the Property Entity with respect thereto, such relationship could constitute a conflict of interest.

3. In connection with the acquisition of the Property by Piney Cumberland from STG, Mr. Pettit entered into a Guarantee, dated March 18, 2010, in favor of STG, wherein Mr. Pettit guaranteed the full payment of the Promissory Note executed in connection with the Second Mortgage. At the Closing of the Offering, the Company is required to satisfy the Second Mortgage in full, thus eliminating Mr. Pettit's obligations under the guarantee. Consequently, the interests of Mr. Pettit may not be aligned with that of the Investors.

4. Neither the manager of the Property Entity nor the Manager of the Company can be removed as manager of either such entity except for Cause, as defined in each such respective entity's Operating Agreement; provided however, that following the five year anniversary of the Effective Date of the Property Entity Operating Agreement, the manager of the Property Entity may be removed by a Majority vote of the Members. The applicable Operating Agreement of the Company and/or the Property Entity grants to its respective manager all management authority for the Company and the Property Entity, as applicable, including the right to declare any distributions to the Members and to authorize the sale of, or to sell or otherwise dispose of the Property after four years in the event that a Conservation Easement is granted on the Property. As a result, certain conflicts may exist with respect to the managers of the Company or the Property Entity and the other Members.

5. Sirote & Permutt, P.C. has acted as legal counsel for the Company in connection with the Offering and has acted for the benefit of the Sellers. The use of the same legal counsel may, at times, result in a lack of independent review, and legal counsel is not acting as counsel for the investors in connection with this Offering. Thus, the prospective investors should not rely on Sirote & Permutt, P.C. to represent and protect their interests. Prospective investors are urged to consult with their own advisors before investing in the Common Units.

ERISA

In considering an investment in the Company, a fiduciary of a tax-exempt investor should consider, among other things: (i) the definition of plan assets under ERISA and the status of Department of Labor Regulations regarding such definition (including the proposed regulations); (ii) the possibility that an investment in the Company may result in a tax-exempt investor having unrelated business taxable income; (iii) whether the investment satisfies the diversification requirements of section 404(a)(1)(C) of ERISA; and (iv) whether the investment is prudent, since it is not anticipated that there will be a market created in which the fiduciary can sell or otherwise dispose of the tax-exempt investor's interest in the Company, and since the Company does not have any operating history.

WHERE YOU CAN OBTAIN MORE INFORMATION

This is an offering to investors who accept the responsibility for conducting their own investigation, for consulting with their professional advisors in connection with their investment, and who meet certain investor suitability requirements. Statements contained in this documents as to the contents of any agreements or documents are not necessarily complete, and in each instance reference is made to such agreement or document and each such statement is qualified in all respects by such reference. Copies of all agreements and documents referred to in this will be furnished to any prospective Investor upon request. Prospective Investors may be required to execute nondisclosure agreements as a prerequisite to reviewing documents determined by the Manager to contain proprietary, confidential, or otherwise sensitive information. Authorized representatives of the Company are also available to answer questions regarding the terms and conditions of the transaction and any prospective Investor (or his or its authorized representative) who wishes to discuss the Offering or to obtain any additional information to verify the accuracy of the information contained in this Offering Summary should contact Arthur J. ("Jimmy") Goolsby, Jr., the Manager of the Company, at [redacted].

[END OF OFFERING SUMMARY]

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
[redacted]

MEADOW CREEK HOLDINGS LLC
ATTN: KENNETH M CHADWELL, ESQ.
[redacted]

October 8, 2012

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	[redacted]	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	10/08/2012
Filing Date:	10/08/2012 1:16 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2013
Duration Term:	Perpetual	Image # :	7102-2993
Managed By:	Manager Managed		
Business County:	CUMBERLAND COUNTY		

Document Receipt

Receipt # : [redacted]	Filing Fee:	$300.00
Payment-OSBR - KENNETH CHADWELL, CROSSVILLE, TN		$300.00

Registered Agent Address:
KENNETH M CHADWELL
[redacted]

Principal Address:
[redacted]

Congratulations on the successful filing of your **Articles of Organization** for **MEADOW CREEK HOLDINGS LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Danielle Crocker

State of Tennessee

Department of State
Corporate Filings
[redacted]

ARTICLES OF ORGANIZATION (LIMITED LIABILITY COMPANY)

For Office Use Only

FILED

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act and the Tennessee Revised Nonprofit Limited Liability Company Act.

1. The name of the Limited Liability Company is: MEADOW CREEK HOLDINGS LLC
***(NOTE:** Pursuant to the provisions of TCA § 48-249-106, each limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")*

2. The name and complete address of the LLC's initial registered agent and office located in the State of Tennessee is:

KENNETH CHADWELL
(Name)

[redacted] *(Street Address)* [redacted] *(City)* [redacted] *(State/Zip Code)*

CUMBERLAND
(County)

3. The Limited Liability Company will be: Manager Managed

4. Number of members at the date of filing, if more than six: Not Applicable

5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time are:

(Not to exceed 90 days.)

(Date and Time)

6. The complete address of the Limited Liability Company's principal executive office is:

[redacted] *(Street Address)* [redacted] *(City)* [redacted] *(State/County/Zip Code)*

7. Period of Duration if not perpetual:

8. Other Provisions:

10/08/2012
Signature Date

I Certify - Electronic Signature
Signature

N/A
Signer's Capacity (if other than individual capacity)

KENNETH CHADWELL
Name

OPERATING AGREEMENT
OF
MEADOW CREEK HOLDINGS, LLC
a Tennessee Limited Liability Company

INVESTING IN THIS COMPANY IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR'S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE MEMBERSHIP UNITS (THE "SECURITIES") OF THE COMPANY ARE IMPOSED BY THIS OPERATING AGREEMENT.

THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") PROVIDED BY SECTION 4(2) OF THE 1933 ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE 1933 ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF SECURITIES, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS OPERATING AGREEMENT.

THE SECURITIES EVIDENCED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE AND SUCH REGISTRATION IS NOT CONTEMPLATED. THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT MAY NOT BE TRANSFERRED IN WHOLE OR IN PART IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

OPERATING AGREEMENT
OF
MEADOW CREEK HOLDINGS, LLC

a Tennessee Limited Liability Company

WITNESSETH:

THIS OPERATING AGREEMENT OF MEADOW CREEK HOLDINGS, LLC, a limited liability company organized pursuant to the Tennessee Revised Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Company and the Persons executing this Agreement as Members, and shall supersede any and all prior operating agreements and any amendments thereto.

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4)-(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 "Affiliate" means (a) in the case of an individual, any relative of such Person, (b) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (c) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (d) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

1.3 "Articles of Organization" means the Articles of Organization of Meadow Creek Holdings, LLC, as filed with the Secretary of State of Tennessee, as the same may be amended from time to time.

1.4 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this Agreement, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.5 "Capital Contribution" means any contribution, as determined in accordance with T.C.A. §48-249-301, et seq., to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.7 "Company" means Meadow Creek Holdings, LLC.

1.8 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(h)(2) and 1.704-2(d).

1.9 "Conservation Easement" has the meaning ascribed to said term in Section 13.1 hereof.

1.10 "Conservation Proposal" has the meaning ascribed to said term in Section 13.2(b) hereof.

1.11 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

1.12 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all principal and interest payments on indebtedness of the Company, if any, to Members; (c) all cash expenditures incurred incident to the normal operation of the Company's business; (d) such reserves as the Manager deems reasonably necessary for the proper operation of the Company's business, including but not limited to the Operating Reserve.

1.13 "Economic Interest" means a Member's share of the Company's Profits, Losses and distributions of the Company's property pursuant to the Agreement and the Tennessee Act, including, without limitation, a Member's "Financial Rights" as defined at T.C.A. §48-249-102(11). A Member's Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Tennessee Act. A Member's Economic Interest percentage shall be the same as his Ownership Interest percentages.

1.14 "Effective Date" means, for purposes of this Operating Agreement, the date noted on the signature page hereto.

1.15 "Entity" means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.16 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.17 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in

exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-l(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant hereto is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.18 "Initial Capital Contribution" means the initial contributions to the capital of the Company made by a Member pursuant to this Operating Agreement.

1.19 "Investment Proposal" has the meaning ascribed to said term in Section 13.2(a) hereof.

1.20 "Majority" means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.21 "Manager" means one or more managers designated pursuant to this Agreement. Specifically, Manager shall mean Arthur J. ("Jimmy") Goolsby, Jr., or any other Persons that succeed him, in his capacity as Manager. The number of Managers may be increased or decreased from time to time by the unanimous approval of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.22 "Member" means each of the parties who execute this Operating Agreement or a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager.

1.23 "Member Nonrecourse Debt" has the meaning given the term "partner nonrecourse debt" set forth in Section 1.704-2(b)(4) of the Regulations.

1.24 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(0(3) of the Regulations.

1.25 "Member Nonrecourse Deductions" has the meaning given the term "partner nonrecourse deductions" as set forth in Section 1.704-2(i)(2).

1.26 "Membership Interest" means a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. A Member's Membership Interest shall be designated in Units.

1.27 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(l) of the Regulations.

1.28 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.29 "Operating Agreement" or "Agreement" means this Operating Agreement as originally executed and as amended from time to time.

1.30 "Operating Reserve" means the reserve account for the Company established by the Manager for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases, as well as the expenses more particularly described in Subsection 13.2(d) of this Agreement. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company's business and any funds advanced or lent by the Manager to the Company for inclusion in the Operating Reserve.

1.31 "Ownership Interest" means the proportion that a Member's Units bear to the aggregate Units owned by all Members from time to time.

1.32 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.33 "Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for the purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the

Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.34 "Property" means all that real and personal property owned by the Company, including its ownership of membership interests in the Subsidiary, and shall include both tangible and intangible property.

1.35 "Real Property" means that certain real property owned by the Subsidiary and more particularly described on Exhibit A attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.36 "Subsidiary" means Meadow Creek Investments, LLC, a Tennessee limited liability company that owns approximately 466.40 acres of unimproved real estate located in Van Buren County, Tennessee, in which the Company will initially acquire a minimum of 95.204040% and a maximum of 95.959596% of the issued and outstanding membership interests in such Subsidiary.

1.37 "Tennessee Act" means the Tennessee Revised Limited Liability Company Act at T.C.A. §§48-249-101, et seq.

1.38 "Transferring Member" means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest or Economic Interest.

1.39 "Treasury Regulations" or "Regulations" means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.40 "Unit" means the Membership Interests of the Company which shall be denominated in unit increments (each, a "Unit") with each Unit representing a Member's entire interest in the Company, including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. There

shall be three (3) classes of Units in the Company: (i) Class A Units, (ii) Class B Units, and (iii) Common Units. Each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 517,144 Class A Units, 12.444 Class B Units, and 1,000.000 Common Units authorized for issuance by the Company.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Tennessee Limited Liability Company by executing and delivering Articles of Organization to the Secretary of State of Tennessee in accordance with the provisions of the Tennessee Act.

2.2 Name. The name of the Company is Meadow Creek Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company is 817 College Street, Spencer, Tennessee 38585. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 156 Rector Avenue, Crossville, Tennessee 38555, and the name of its registered agent at such address is Kenneth Chadwell. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Tennessee pursuant to the Tennessee Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Articles of Organization was filed with the Secretary of State of Tennessee and shall continue for a period of five (5) years from the Effective Date, unless otherwise extended by the vote of a Majority, and further unless sooner terminated and dissolved in accordance with the provisions of this Operating Agreement or the Tennessee Act.

ARTICLE III
BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be:

(a) To purchase membership interests in the Subsidiary;

(b) In the event the Investment Proposal is selected by the Members under Article XIII hereof, then to vote its interest in the Subsidiary to cause the Subsidiary to invest in, improve, sell, use and operate the Real Property, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto;

(c) In the event the Conservation Proposal is selected by the Members under Article XIII hereof, then to vote its interest in the Subsidiary to cause the Subsidiary to promote conservation through the grant of the Conservation Easement, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto, subject to the terms and conditions of the Conservation Easement, which may include utilizing the Real Property for passive recreation, wildlife management and hunting;

(d) Until such time as either the Investment Proposal or the Conservation Proposal is selected, to cause the Subsidiary to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental to the selection process described in Article XIII hereof;

(e) To cause the Subsidiary to manage the use, operation and disposition of the Real Property in accordance with the terms hereof, depending on which proposal is selected;

(f) To cause the Subsidiary to promote the enhancement and/or exploitation of the Real Property not in violation of its or this Operating Agreement, including but not limited to harvesting timber from the Real Property and using the Real Property for hunting; and

(g) To, subject to the terms of this Operating Agreement, engage in any other lawful act or activity which a Majority of the Members consent to in writing.

ARTICLE IV
NAMES, ADDRESSES AND UNITS OF MEMBERS

4.1 Members. The names, addresses and number of Units owned for each of the Members is as set forth on Exhibit B attached hereto, which exhibit shall be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

4.2 Class A Units. Class A Units shall be redeemable by the Company upon the approval of Majority of the Class A Units and the approval of a Majority of all Units. The redemption price for Class A Units shall be One and No/100 Dollar ($1.00) per Class A Unit. Once a Class A Unit has been redeemed by the Company, such Class A Unit shall be cancelled and shall not be reissued by the Company.

4.3 Class B Units. Class B Units shall be redeemable by the Company upon the approval of Majority of the Class B Units and the approval of a Majority of all Units. The redemption price for Class B Units shall be Two Thousand Seven Hundred Thirty-Seven and 00/100 Dollars ($2,737) per Class B Unit. Once a Class B Unit has been redeemed by the Company, such Class B Unit shall be cancelled and shall not be reissued by the Company.

ARTICLE V
RIGHTS AND DUTIES OF THE MANAGER

5.1 Management. The business and affairs of the Company shall be managed by its Manager. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Manager.

5.2 Certain Powers of the Manager. Without limiting the generality of Section 5.1 and subject to Sections 5.3 and 5.11 hereof, the Manager shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property outside of the ordinary course of business from any Person as the Manager may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Manager deems appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or to the extent permitted under the Tennessee Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager.

(c) To purchase liability and other insurance to protect the Company's property and business.

(d) To hold and own any Company real and/or personal properties in the name of the Company and sell or dispose of the Company's assets in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; deeds; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve.

(i) To do and perform all other acts as may be necessary or appropriate of the conduct of the Company's business.

(j) To vote the membership or other ownership interests the Company has in any other company or entity including, but not limited to, the membership interests the Company owns or subsequently obtains in the Subsidiary.

Unless authorized to do so by this Operating Agreement or by the Manager, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniary for any purpose.

5.3 Liability for Certain Acts. The Manager shall act in a manner he, she or it believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he, she or it performs the duty of his, her or its office in compliance with the standard contained in this Section. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or

knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data prepared or presented in accordance with the provisions of the Tennessee Act.

5.4 Manager Has No Exclusive Duty to Company. The Manager shall not be required to manage the Company as their sole and exclusive function and he may have other business interests and may engage in other activities in addition to those relating to the Company. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager shall be the sole signatories thereon, unless the Managers determine otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Manager. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by a Manager or by such other persons as the Manager may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under the Tennessee Act, the Company shall indemnify the Manager and make advances for expenses to him with respect to his duties (including fiduciary duties) and liabilities arising out of or connected with his capacity as Manager. The Company shall indemnify its employees and other agents who are not Manager (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company.

5.7 Term. Each Manager shall serve at the discretion of the Members. Such Manager's term (subject to removal at the discretion of the Members in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time with Cause by the vote of a Majority of the Members. For purposes of this Section 5.9, with Cause shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Operating Agreement, which is not cured within thirty (30) days following written notice provided by the Majority of the Members. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Manager's Authority. Notwithstanding anything to the contrary contained herein, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority of the Members, or as otherwise permitted in this Agreement:

(a) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(b) The sale of substantially all of the assets of the Company, except in compliance with Article XIII hereof;

(c) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(d) Make any loans of Company funds;

(e) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in the Tennessee Act;

(f) Take any action which would be likely to have an adverse effect on the Real Property or any other Property of the Company;

(g) Sell, assign, convey, exchange, dispose, grant or otherwise transfer the Real Property or any other Property of the Company, whether owned directly or indirectly, except in compliance with Article XIII hereof;

(h) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(i) Cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.1 hereof;

(j) Take any action in derogation of the decision of the Members under Article XIII hereof;

(k) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company; or

(l) Cause the Subsidiary to take any action outlined in subsection (a)-(k) above.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding the foregoing, in the event of the death of any of the individual Members, the deceased Member's estate holding an Economic Interest in the Company shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Manager shall not be entitled to any compensation for carrying out his duties or acting as Manager, except as provided in Article 14.4(b)(iv) hereof with respect to any amount

remaining in the Operating Reserve at liquidation. However, the Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS: MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited as set forth in the Tennessee Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding T.C.A. §48-249-402,-403, or any contrary rule of law or equity, no Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of the Tennessee Act.

6.3 Indemnity of Members. To the fullest extent permitted under the Tennessee Act, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Manager shall provide a list showing the names, addresses and Membership Interest of all Members and Manager and the other information required by the Tennessee Act and maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by Members holding a Majority, the Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. In such event, the Members shall have the opportunity (but not the obligation) to participate in such Member loans on a pro rata basis in accordance with their Ownership Interests, and the security (if any) for such Member loans shall be as nearly equal as possible among the lending Members based upon the respective amounts lent by each Member. The making of any loan by a Member shall not create any additional fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law.

6.8 No Annual or Other Meetings Required. Notwithstanding the Tennessee Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby waived, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Manager may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Manager, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Contributions. The Members' capital accounts shall be set and maintained in accordance with the Treasury Regulations.

7.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a unanimous vote of the Members, the Members may be permitted to make additional Capital Contributions if and to the extent they so approve.

7.3 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of such Member's Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company (exclusive of Reserves) sufficient to pay them.

(b) A Member, irrespective of the nature of such Member's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution.

7.4 Effect of Disposition of Membership Interest. In the event of an authorized disposition of a Membership Interest pursuant to Article XI hereof, the Capital Account of the Member making such disposition shall become the Capital Account of the Transferee, to the extent it relates to the Membership Interest the subject of such disposition.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Manager, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Economic Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by the Tennessee Act.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any fiscal year shall be allocated in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership interests as set forth herein.

(b) The Losses allocated pursuant to Section 9.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have an Adjusted Capital Account Deficit as a consequence the allocation of Losses pursuant to Section 9.2(a) hereof, the limitations set forth in this Section 9.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 9.2(b) shall be allocated to the Members on a pro rata basis in accordance with their Ownership Interests as set forth herein.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for that fiscal year (and, if necessary subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during a fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to

comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-1 (b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(l).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-l(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704- l(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-I(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(h) Allocations Relating to Taxable Issuance of Membership Interest. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together will all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b), 9.3(a), 9.3(b), 9.3(c), 9.3(d), 9.3(e), 9.3(f), and 9.3(g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the regulations. It is the intent of the Members that, to the extent possible, all regulatory allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore,

notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the agreement and all Company items were allocated pursuant to Sections 9.1, 9.2(a), and 9.3(h). In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations under Sections 9.3(a) and 9.3(b), that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 9.3(e) and 9.3(g).

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using the permissible method under Code Section 706 and the Regulations thereunder.

(b) All allocations to the Members pursuant to this Article IX shall, except as otherwise provided, be divided among them in proportion to the Ownership Interests held by each.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

(d) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their shares of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith).

In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Operating Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records, Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member;

(b) Copies of records to enable a Member to determine the relative voting rights, if any;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(e) Copies of the Company's written Operating Agreement, together with any amendments thereto;

(f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE XI
TRANSFERABILITY

11.1 General. Without the prior written approval of the Manager and compliance with the provisions of this Article XI, no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (collectively, "Sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (collectively, "Gift"),

(c) all or part of his or her Membership Interest, Economic Interest or Ownership Interest. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining a approval of a Majority, transfer all, but not less than all, of his, her or its Membership Units in the Company to: (A) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (B) the estate of a Member who is a natural person upon such Member's death, or (C) an entity wholly-owned by the Member. Provided, however, that upon the transfer of said Membership Units, said

assignee of such Membership Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Operating Agreement.

11.2 Transferee Not Member in Absence of Unanimous Consent.

(a) Notwithstanding anything contained herein to the contrary, if the Manager has not approved the proposed Sale or Gift of the Transferring Member's Membership Interest or Ownership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be the owner of an Economic Interest. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by unanimous written consent of the Members) shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-transferring Member(s).

(b) Upon and contemporaneously with any sale or gift of a Transferring Member's Economic Interest in the Company which does at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of $100.00, all remaining rights and Membership Interest retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

(c) Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Interest herein, if such purchase would terminate the Company's status as an association taxable as a partnership as determined by the Internal Revenue Service. If such purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such interest in accordance with the terms of this Agreement, and such third party would only be a Member owning an Economic Interest and would have no right to participate in the management of the Company, unless otherwise determined by the Manager.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Members, by a vote of a Majority, shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that the Subsidiary (a) has obtained a yield plan (the "Development Plan"), reflecting the proposed development of the Real Property with a single family residential development; and (b) has contacted the Foothills Land Conservancy (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement") by the Subsidiary.

13.2 Certain Obligations.

(a) It is anticipated that the Manager of the Subsidiary shall review and analyze the Development Plan, and shall develop a proposal (the "Investment Proposal") to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Subsidiary, the Company and the Members in connection therewith, a plan for the sale of the Real Property by the Subsidiary, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering proposal preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(b) It is anticipated that the Manager of the Subsidiary shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop a proposal (the "Conservation Proposal") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax benefits to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including proposal preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) Under the Operating Agreement of the Subsidiary, the manager of the Subsidiary is required to make a determination, within two (2) years from the Effective Date, as to whether the Subsidiary should pursue the Investment Proposal or pursue the Conservation Proposal and to deliver such recommendation to its Members, including the Company. Upon receipt of such recommendation, the Manager shall determine whether to vote in favor of causing the Subsidiary to pursue the Investment Proposal or the Conservation Proposal.

13.3 Right of the Members. When the Manager determines that the Company should cause the Subsidiary to pursue either the Investment Proposal or the Conservation Proposal, he shall promptly provide written notice thereof to each of the Members pursuant to the provisions of Section 15.13 of this Agreement. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he, she or it may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not approve the taking of the rejected proposal.

13.4 Duty of Managers to Implement Selected Proposal.

(a) Investment Proposal. If the Investment Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall vote the Company's interests in the Subsidiary in favor thereof, and shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Proposal. If the Conservation Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall vote the Company's interests in the Subsidiary in favor thereof, and shall take such actions as may be necessary or appropriate in connection with the Company's contribution deduction as a result thereof.

13.5 Right of Members to Implement. If the Conservation Proposal is selected as provided above, and the Company or the Subsidiary fails or refuses to execute, deliver or record the Conservation Easement, then any Member shall have the right and authority to execute, deliver and record the Conservation Easement. If the Investment Proposal is selected as provided above, and the Company or the Subsidiary fails or refuses to commence pursuit of the Development Plan, then any Member shall have the right and authority to execute and deliver the necessary documents to consummate the sale or disposition of the Real Property pursuant to the Investment Proposal.

13.6 Access and Encumbrances. If the Conservation Proposal is selected as provided above, the Manager shall have the right to cause the Subsidiary to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

13.7 Rights of Members to Use Property. So long as the Company owns, directly or indirectly, the Real Property, the Members shall have the individual right to use and enjoy the Real Property, subject to: (a) all legal restrictions, (b) any rules and regulations established by the Manager, (c) the terms and conditions of the Conservation Easement (if one shall be granted), (d) the requirement that such use or enjoyment does not impose additional financial or legal burdens on the Company or the Subsidiary, or (e) the prohibition against Member use during any periods in time in which the Company, directly or indirectly, is exploiting the Real Property pursuant to this Agreement.

ARTICLE XIV
DISSOCIATION. DISSOLUTION AND TERMINATION

14.1 Dissociation.

(a) Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, except for T.C.A. §48-249-601(a)(5), a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) the Member assigns all of his Membership Interest or Economic Interest in accordance with Article 11 herein;

(ii) the Member's entire Membership Interest in the Company is purchased or redeemed by the Company; or

(iii) the Member dies.

(b) Notwithstanding T.C.A. §48-249-503, except as otherwise expressly permitted in this Agreement, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such distributions shall be distributable to such Member only at the time (if any) such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, et seq., the Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The expiration of the term of the Company pursuant to Section 2.5 above;

(b) the unanimous written agreement of all of the Members to dissolve the Company;

(c) there is an administrative or judicial decree of dissolution;

(d) the sale of all of the assets of the Company;

(e) the expiration of the term of the Company as set forth in Section 2.5 hereof; or

(f) the disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by T.C.A. §48-249-610. Upon dissolution, the Managers shall file a Notice of Dissolution pursuant to T.C.A. §48-249-609.

14.4 Winding Up. Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with Article IX hereof;

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company,

(iv) Any funds remaining in the Company's Operating Reserve shall be paid to the manager of the Subsidiary for their services rendered in connection with the Property; and

(v) Distribute the remaining assets in the following order:

(I) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, a Certificate of Cancellation may be executed and filed with the Secretary of State of Tennessee in accordance with the Tennessee Act.

14.6 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.1 Application of Tennessee Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Tennessee, and specifically the Tennessee Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Operating Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute one Operating Agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Operating Agreement and attached all to one counterpart which shall represent the one final Operating Agreement.

15.12 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Manager as determined in its sole discretion. For all purposes permitted or required by the Code, the Members constitute and appoint Jeffrey A. Pettit as Tax Matters Partner or such other Member as shall be designated by a Majority of the Members.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second (2nd) business day (which

term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Nashville, Tennessee) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Manager shall have the right to amend the Articles of Organization and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or Substituted Member of the Company as authorized herein; or (ii) to change the name or address of a Member; or (iii) to change the name of the registered office or registered agent of the Company; or (iv) in the opinion of the Manager, there is an inconsistent, ambiguous, false or erroneous provision in this Agreement provided the amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate or this Agreement not otherwise expressly addressed in this Article 15 shall require the approval of a Majority of the Members.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Tennessee Act, the Tennessee Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (a) the Member's address, (b) United States taxpayer identification number, and (c) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Manager to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.17 Determination of Matters Not Provided For In This Agreement. The Members shall jointly decide any questions arising with respect to the Company and this Agreement which are not specifically or expressly provided for in this Agreement.

15.18 Captions. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions and in no way are to be construed to affect the meaning or construction of this Agreement or any of its provisions.

15.19 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

ARTICLE XVI
LOAN AND ADVANCES BY MEMBERS

16.1 Loans to Company. In the event the Company shall determine that funds in addition to the Capital Contributions are reasonably necessary for maintaining and protecting the Property of the Company or conducting its business, the Manager shall be authorized to borrow funds on behalf of the Company on commercially reasonable terms from a commercial lending institution or from one or more of the Members without notification to any of the other Members, and all or a portion of the Property of the Company may be conveyed as security for any such indebtedness; provided, however, that the borrowing of funds by the Company and conveyance of Property as security therefor shall be made only to the extent allowed by applicable law.

16.2 Priority of Loans by Members. In the event that any Member shall lend money to the Company, the principal and interest with respect to such loans shall be fully paid prior to any distribution of funds to the Members under the terms of this Agreement unless such loan contains a specific provision to the contrary. Any Member who shall lend money to the Company under the terms of this Article XVI shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law. All payments of interest and principal on Member loans shall be made on a pro rata basis based upon the amount due each Member. All Member loans shall be in pari passu with each other.

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective by the undersigned Manager as of the 8th day of October, 2012.

MANAGER:

_____ (SEAL)
Arthur J. ("Jimmy") Goolsby, Jr.

IN WITNESS WHEREOF, this undersigned Member has signed, sealed and delivered this counterpart signature page to this Operating Agreement effective as of the 5th day of October, 2012.

MEMBER:

_____ (SEAL)
Jeffrey A. Pettit

IN WITNESS WHEREOF, this undersigned Member has signed, sealed and delivered this counterpart signature page to this Operating Agreement effective as of the 9th day of October, 2012.

MEMBER:

ECOVEST MEADOW CREEK, LLC

By: ECOVEST CAPITAL, LLC

By: _____ (SEAL)
Name: Jeffrey Blau
Title: Manager

Exhibit A

Description of Real Property

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00) and the 7th Civil District of Bledsoe County, Tennessee (Reference Warranty Deed Book 254 Page 195 and Tax Map 69 parcel 1.01)

Beginning on a ½" rebar (found) being the southwestern corner of this described parcel as well as being in the eastern line of the Randell Prater property; thence going with Prater N 34°26'51" W 2617.82 feet to a point in a creek; thence leaving Prater and going with the Kenneth Wood property generally following the meanders of the said creek S 79°59'22" E 65.98 feet; thence S 83°35'21" E 148.57 feet; thence N 43°34'51" E 78.93 feet; thence N 03°29'08" W 193.48 feet; thence N 53°29'06" W 192.93 feet; thence N 67°49'37" W 68.94 feet; thence N 05°02'44" E 194.13 feet; thence N 42°34'29" E 50.70 feet; thence N 21°19'19" E 150.64 feet; thence N 65°11'45" E 49.13 feet; thence N 30°52'42" W 47.27 feet; thence N 72°45'54" E 41.93 feet; thence N 47°58'01" E 38.35 feet; thence S 43°55'52" E 82.91 feet; thence N 08°48'03" E 39.12 feet; thence N 32°58'57" E 33.44 feet; thence N 47°56'22" W 106.84 feet; thence N 62°13'55" W 156.69 feet; thence N 39°44'15" W 64.24 feet; thence N 31°50'47" E 46.28 feet; thence N 52°01'53" W 122.78 feet; thence N 02°08'31" W 29.00 feet; thence S 51°50'04" W 32.15 feet; thence N 83°59'20" W 91.18 feet; thence N 05°58'57" E 77.45 feet; thence S 76°42'32" W 71.15 feet; thence N 09°35'39" W 80.24 feet; thence S 83°35'24" W 55.65 feet; thence N 07°20'01" W 50.38 feet; thence N 84°08'12" E 42.04 feet; thence N 39°13'37" E 33.90 feet; thence N 21°09'03" W 73.02 feet; thence N 54°54'37" W 67.71 feet; thence N 73°32'35" E 81.78 feet; thence N 21°10'06" W 45.61 feet; thence N 08°11'25" E 64.15 feet; thence N 10°03'58" E 42.66 feet; thence S 72°26'47" W 48.88 feet; thence N 48°57'47" W 61.06 feet; thence N 49°10'59" E 37.55 feet; thence S 87°26'56" E 53.49 feet; thence N 41°26'20" E 44.40 feet; thence S 74°56'17" E 45.90 feet; thence N 06°08'51" W 71.52 feet; thence S 71°58'51" E 55.03 feet; thence N 26°00'43" W 44.98 feet; thence N 41°00'15" W 102.08 feet; thence N 57°56'08" E 71.23 feet; thence N 06°02'39" W 52.79 feet; thence S 65°18'08" W 122.24 feet; thence N 40°48'42" W 72.46 feet; thence N 57°18'03" E 42.25 feet; thence N 50°22'01" E 32.79 feet; thence N 54°19'10" W 79.11 feet; thence N 50°40'41" E 94.58 feet; thence N 63°12'24" W 51.37 feet; thence N 36°15'34" E 66.98 feet; thence N 50°56'44" E 71.39 feet; thence N 05°28'46" E 62.05 feet; thence N 08°00'45" W 128.23 feet; thence N 10°15'36" W 79.60 feet; thence N 12°38'06" E 118.65 feet; thence N 12°19'58" W 67.26 feet; thence N 43°38'31" W 89.65 feet; thence N 73°08'00" W 90.64 feet; thence N 23°53'44" W 32.93 feet; thence N 48°14'56" E 76.00 feet; thence N 46°17'36" E 108.55 feet; thence N 18°50'19" W 187.79 feet; thence N 18°04'49" W 114.67 feet; thence N 21°10'54" W 67.48 feet; thence N 80°56'55" W 162.23 feet; thence N 77°55'45" W 114.84 feet; thence N 10°38'06" W 24.09 feet; thence N 42°17'21" E 153.51 feet; thence N 47°12'11" E 150.07 feet; thence N 01°31'23" E 131.60 feet; thence N 49°04'53" E 69.60 feet; thence S 73°25'35" E 125.56 feet; thence N 17°02'08" E 58.80 feet; thence N 09°40'13" W 87.91 feet; thence N 75°29'32" W 104.43 feet; thence N 61°29'15" W 66.54 feet to a point in the creek; thence leaving the said creek and continuing with the Wood property N 55°17'44" E 335.80 feet to an angle iron; thence continuing with the same N 86°37'37" W 401.30 feet to a point in a creek; thence leaving the Wood property and generally following the meanders of the said creek (location of the creek was generated from a USGS topographic map and has not been field verified) N 03°22'23" E 0.05 feet to a point; thence N 01°47'28" E 141.38 feet; thence N 07°18'21" E 126.79 feet; thence N 36°31'44" E 108.35 feet; thence N 76°14'21" E 162.67 feet; thence N 75°57'50" E 93.07 feet; thence S 88°56'21" E 174.16 feet; thence N 48°21'59" E 116.49 feet; thence N 20°13'29" E 65.29 feet; thence N 47°17'26" E 57.05 feet; thence N 87°23'51" E 71.01 feet; thence S 67°22'48" E 125.76 feet; thence S 69°04'32" E 117.38 feet; thence S 87°42'34" E 80.68 feet; thence N 77°46'30" E 197.97 feet; thence N 52°15'12" E 126.42 feet; thence N 70°54'23" E 177.44 feet; thence S 86°08'16" E 114.94 feet to a point in the said creek; thence leaving the creek and going with the Lester Allison property S 39°56'57" E 2949.21 feet to a set stone; thence leaving Allison and going with the Don Wheeler property S 35°13'48" E 3018.30 feet to a stone; thence continuing with the same S 45°47'15" W 11.76 feet to a 1/2" rebar (found); thence leaving Wheeler and going with the Ronald Swafford property S 55°18'35" W 1906.22 feet to a 1/2"

rebar (found); thence continuing with the same S 54°40'56" W 587.86 feet to a 1/2" rebar (found); thence S 55°40'58" W 1072.53 feet to a 3/8" rebar (found); thence leaving Swafford and going with the Allie Mooneyham property S 62°48'56" W 60.00 feet; thence continuing with the same S 53°58'29" W 306.48 feet; thence S 52°29'01" W 22.10 feet to the beginning being 466.40 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

Exhibit B

MEMBERS

Name	Class A Units	Address
Jeffrey A. Pettit	284,429	[redacted]
EcoVest Meadow Creek, LLC	232,715	[redacted]

Name	Class B Units	Address
Jeffrey A. Pettit	6.844	[redacted]
EcoVest Meadow Creek, LLC	5.600	[redacted]

Name	Common Units	Address
Jeffrey A. Pettit	9.596	[redacted]

REDEMPTION AGREEMENT
(Meadow Creek Holdings, LLC)

THIS REDEMPTION AGREEMENT (this "Agreement"), made and entered into effective as of the 11th day of October, 2012, by and between **MEADOW CREEK HOLDINGS, LLC**, a Tennessee limited liability company (the "Company"), **ECOVEST MEADOW CREEK, LLC**, a Delaware limited liability company ("EcoVest"), and **JEFFREY A. PETTIT**, an individual resident of the State of Tennessee ("Mr. Pettit", and, together with EcoVest, the "Sellers") (Sellers and the Company are collectively referred to herein as the "Parties" and singularly as a "Party"), as follows:

W I T N E S S E T H:

WHEREAS, the Company currently has outstanding (i) 9.596 Common Units of membership interest in the Company, (ii) 517,144 Class A Units of membership interest in the Company, and (iii) 12.444 Class B Units of membership interest in the Company;

WHEREAS, the Company proposes to offer (the "Offering") a minimum of 930 Common Units of membership interest in the Company (the "Minimum Offering") and a maximum of 950 Common Units of membership interest in the Company (the "Maximum Offering") at an offer price of $2,737 per Common Unit (the "Offering Price") pursuant to a Confidential Private Offering Summary to be dated in October of 2012;

WHEREAS, Sellers have agreed to the redemption by the Company of all of the Class A Units owned by them for the payment of $1.00 per Class A Unit (the "Class A Redemption Price") upon the closing of the Minimum Offering, and the redemption by the Company of all of the Class B Units owned by them for the payment of $2,737 per Class B Unit (the "Class B Redemption Price" and together with the Class A Redemption Price, the "Redemption Price") with any proceeds of the Offering in excess of the Minimum Offering, such that at the Maximum Offering amount, only the 9.596 Common Units currently issued and outstanding will remain issued and outstanding in addition to the 950 Common Units to be issued to Investors pursuant to the Offering. The Class A Units and the Class B Units to be redeemed hereby are collectively referred to herein as the "Redeemed Units";

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, faithfully to be kept by the Parties hereto, it is agreed as follows:

1. **Sale to the Company**. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2), Sellers shall sell, convey, transfer and assign unto the Company the Redeemed Units, and the Company shall purchase and redeem the Redeemed Units, for the applicable Redemption Price. Unless otherwise agreed by Sellers and reflected on the Assignment to be delivered pursuant to Section 3(a) below, the Class B Units to be redeemed upon the closing by the Company of an amount of Common Units in excess of the Minimum Offering but not meeting the Maximum Offering shall be apportioned among Sellers pro rata to their collective ownership on the date hereof.

2. **Closing Date**. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place as soon as practicable after the satisfaction of the conditions set forth in Section 7 hereof, at such place and time as shall be agreed between Sellers and the Company. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date".

3. **Mortgage Satisfaction**. The Parties acknowledge that the principal asset to be acquired by the Company with the proceeds of the Offering pursuant to a Membership Interest Purchase Agreement (the "MIPA") by and between the Company, as the Buyer, and Mr. Pettit and Mrs. Tonya K.

Pettit ("Mrs. Pettit"), as the Sellers, is a majority ownership interest in Meadow Creek Investments, LLC, a Tennessee limited liability company ("MCI"), which has as its principal asset approximately 466.40 acres of unimproved real estate owned by it that is located in Van Buren County, Tennessee (the "Property"). The Property is presently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). The Lender has agreed to release such Mortgage with respect to the Property in consideration of the payment of $199,113.74. The Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to Southeastern Timberland Group, LLC ("STG"). STG has agreed to release such Second Mortgage with respect to the Property in consideration of the payment of $618,957.82. As a condition of the closing of the MIPA, Mr. Pettit and Mrs. Pettit have agreed to cause the release of the Mortgage and the Second Mortgage, and have authorized the Company to retain and pay over to the Lender and STG out of the proceeds of the MIPA payable to them such funds as are necessary to cause such release of the Mortgage and Second Mortgage. Mr. Pettit hereby further agrees, as condition of the Closing hereunder, that if the proceeds to be paid to Mr. Pettit and Mrs. Pettit under the MIPA are insufficient to cause the full release of the Mortgage and Second Mortgage, that the Company shall be authorized to satisfy in full the remaining release amounts by withholding from any amounts due to Mr. Pettit hereunder at Closing the amount necessary to satisfy in full the Mortgage and Second Mortgage release amounts (the "Mortgage Satisfaction Amount"). The Company shall pay at Closing the remaining balance of the Mortgage Satisfaction Amount, if any, to the Lender and/or STG (as applicable) as directed by such entity in a payoff letter provided to the Company by such entity. The Company shall be permitted to rely on the statement of the Mortgage Satisfaction Amount disclosed in any payoff letter relating to the Mortgage received from the Lender or the Second Mortgage received from STG.

4. **Transactions to be Effected at a Closing**. At the Closing: (a) Sellers shall deliver to the Company an assignment signed by each Seller indicating the number and ownership of the Redeemed Units to be redeemed hereby and assigning such Redeemed Units to the Company; and (b) the Company shall deliver to Sellers payment, by wire transfer to a bank account designated in writing by Sellers, of immediately available funds in an amount equal to the Redemption Price per number of Redeemed Units to be redeemed hereby, less the Mortgage Satisfaction Amount with respect to Mr. Pettit.

5. **Warranties of Sellers**. Each of Sellers hereby severally and separately represents and warrants to the Company, as of the date of this Agreement and as of the Closing Date, as follows:

(i) Authority; Execution and Delivery; Enforceability. Seller has full power and authority to execute this Agreement and to consummate the transactions contemplated hereby. Seller has duly executed and delivered this Agreement, and, assuming due execution and delivery by the Company, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(ii) No Conflicts; Consents. The execution and delivery by Seller of this Agreement do not, and the consummation of the transactions contemplated hereby and compliance by Seller with the terms hereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any lien, mortgage, security interest, option, claim, restriction or encumbrance of any kind (each, a "Lien") upon any of the properties or assets of Seller or the Company under, any provision of (i) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (each, a "Contract") to which Seller or the Company is a party or by which any of their respective properties or assets is bound or (ii) any judgment, order or decree ("Judgment") or statute, law, ordinance, rule or regulation ("Applicable Law") applicable to Seller or the Company or their respective properties or assets. No consent, approval, license, permit, order or

authorization ("Consent") of, or registration, declaration or filing with, any United States Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "Governmental Entity") is required to be obtained or made by or with respect to Seller in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

(iii) The Redeemed Units. Seller has good and valid title to the Redeemed Units to be redeemed hereby, free and clear of all Liens. Upon delivery to the Company at the Closing of the assignment referenced in Section 4 hereof, and upon Sellers' receipt of the portion of the Redemption Price to be paid at Closing with respect thereto, good and valid title to the Redeemed Units will pass to the Company, free and clear of any Liens, other than those arising from acts of the Company.

(iv) Brokers/Finders. No broker, finder or investment banker, is entitled to any brokerage, finder's or other fee or commission in connection with the sale and purchase of the Redeemed Units contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

6. **Covenants**.

(a) Reasonable Best Efforts. On the terms and subject to the conditions of this Agreement, each Party shall use its reasonable best efforts to cause the Closing to occur, including taking all reasonable actions necessary to comply promptly with all legal requirements that may be imposed on it or any of its affiliates with respect to the Closing.

(b) Expenses. Whether or not the Closing takes place, and except as set forth in Section 9(c), all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expense, including all costs and expenses incurred pursuant to Section 6(a).

(c) Further Assurances. From time to time, as and when reasonably requested by any Party, the other Party shall execute and deliver, or cause to be executed and delivered, all such reasonable documents and instruments and shall take, or cause to be taken, all such reasonable further or other actions (subject to Section 6(a), as the requesting Party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

7. **Conditions Precedent**.

(a) Conditions to Obligation of the Company. The obligation of the Company to purchase and redeem any Redeemed Units hereunder at the Closing is subject to the satisfaction (or waiver by the Company) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have sold at least the Minimum Offering.

(ii) Representations and Warranties. The representations and warranties of Sellers in this Agreement relating to Sellers shall be true and correct and those that are not so qualified shall be true and correct in all material respects, in each case, when made and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, on and as of such earlier date).

(iii) Delivery of Assignment. Sellers shall have delivered to the Company the Assignment referenced in Section 4(a).

(iv) Performance of Obligations of Sellers. Sellers shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Sellers by the time of or concurrently with the Closing.

(v) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(b) Conditions to Obligation of Sellers. The obligation of Sellers to sell the Redeemed Units is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of the following conditions:

(i) Minimum Offering Condition. The Company shall have at least sold at least the Minimum Offering.

(ii) Performance of Obligations of the Company. The Company shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by the Company by the time of or concurrently with the Closing.

(iii) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

8. Termination, Amendment and Waiver

(a) Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by mutual written consent of Sellers and the Company;

(ii) by Sellers if any of the conditions set forth in Section 7(a) shall have become incapable of fulfillment, and shall not have been waived by Sellers;

(iii) by the Company if any of the conditions set forth in Section 7(b) shall have become incapable of fulfillment, and shall not have been waived by the Company; or

(iv) by Sellers or the Company, if the Closing shall not have occurred on or prior to December 21, 2012 (the "Termination Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 8(a)(iv) shall not be available to any party whose failure to perform in any material respect any obligations under this Agreement has been the cause of or resulted in the failure of the Closing Date to occur prior to the Termination Date;

provided, however, that the party seeking termination pursuant to clause (i), (ii) or (iii) is not then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement.

(b) Notice of Termination. In the event of termination by Sellers or the Company pursuant to this Section 8(a), written notice thereof shall forthwith be given to the other and the transactions contemplated by this Agreement shall be terminated, without further action by any Party.

(c) Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 8(a), this Agreement shall become null and void and of no further force and effect, except for the provisions of Section 6(b) relating to certain expenses, and this Section 8. Nothing in this Section 8 shall be deemed to release any party from any liability for any willful and material breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

9. **Miscellaneous**.

(a) Amendments and Waivers. This Agreement may not be amended, modified or waived except by an instrument in writing signed on behalf of each of the Parties hereto.

(b) Successors and Assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers, irrespective of their desire to sell such Redeemed Units, who shall be bound to carry out the provisions of this Agreement and to sell and transfer the certificates evidencing ownership of such Redeemed Units to the Company in full compliance with the terms and provisions of this Agreement. This Agreement shall be binding upon the successors and assigns of the Company which shall be bound to carry out the provisions of this Agreement in full compliance with the terms and provisions of this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, successors, assigns, or other personal representatives of Sellers and to the successors and assigns of the Company.

(c) Governing Law. This Agreement will be governed by and interpreted pursuant to the laws of the State of Tennessee.

(d) Acknowledgment. All Parties represent and acknowledge that they have carefully read this Agreement, have been given a reasonable period of time in which to consider the terms and provisions herein and had the opportunity to consult with their legal counsel regarding the provisions of this Agreement and understand the terms and provisions contained therein.

(e) Attorney Fees. A Party in breach of this Agreement shall indemnify, on demand, and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other Party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other Party may be entitled.

(f) Counterparts. The Parties specifically agree that this document may be executed in counterparts, each of which shall be considered part of one written document.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MEADOW CREEK HOLDINGS, LLC

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

ECOVEST MEADOW CREEK, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: _____
Its: _____

DOCSBHM\1892371\1

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MEADOW CREEK HOLDINGS, LLC

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

ECOVEST MEADOW CREEK, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: _____
Its: _____

IN WITNESS WHEREOF, the Company and the Sellers have executed, or caused this Agreement to be executed by their duly authorized representatives, under seal as of the dated first above written.

COMPANY:

MEADOW CREEK HOLDINGS, LLC

By: Arthur J. ("Jimmy") Goolsby, Jr.
Its: Manager

SELLERS:

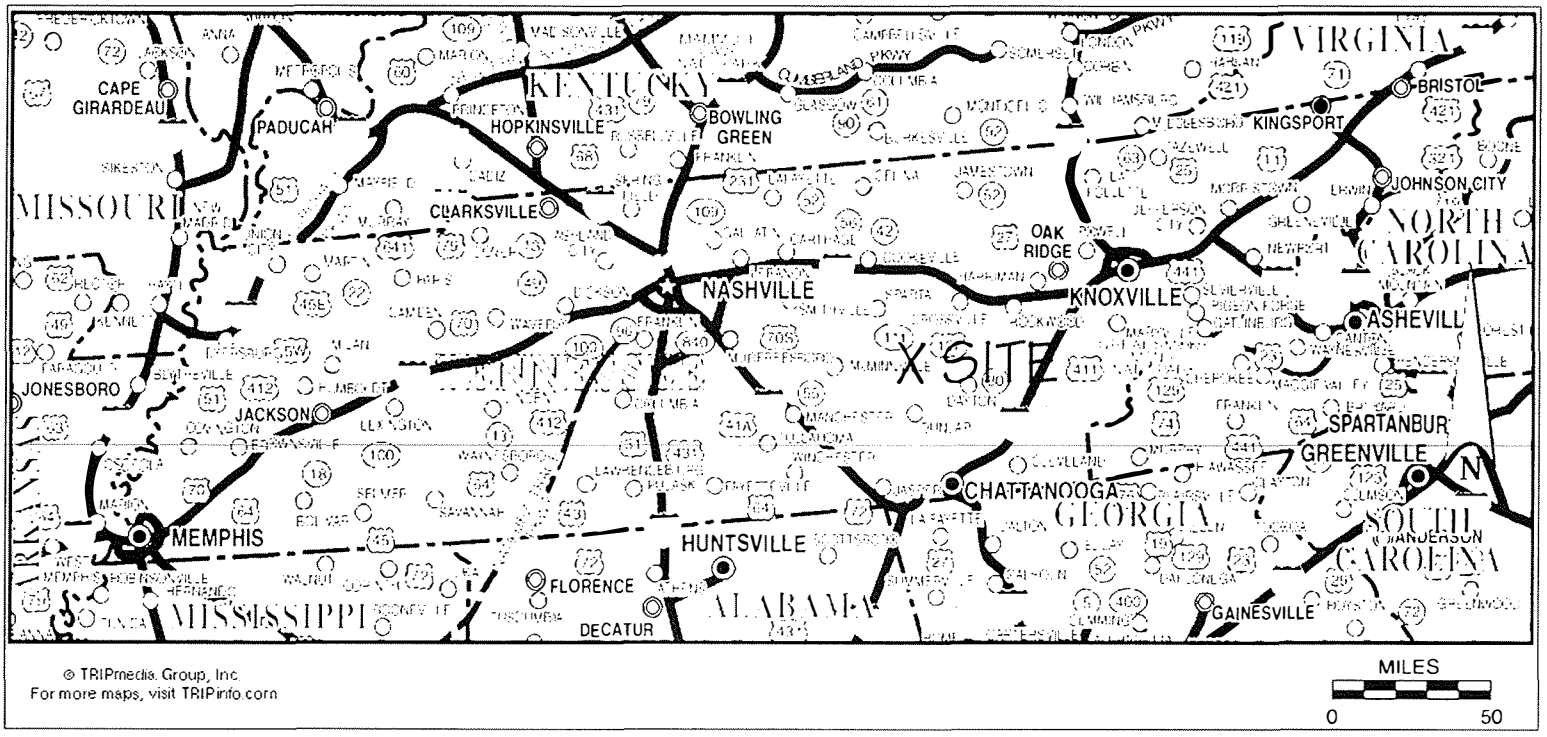
_____(SEAL)
Jeffrey A. Pettit

ECOVEST MEADOW CREEK, LLC

By: EcoVest Capital, LLC

By: _____(SEAL)
Name: Jeffrey Blum
Its: Manager

DOCSBHM\1892371\1


CAPE GIRARDEAU
PADUCAH
HOPKINSVILLE
BOWLING GREEN
KENTUCKY
VIRGINIA
BRISTOL
KINGSPORT
JOHNSON CITY
MISSOURI
CLARKSVILLE
OAK RIDGE
NASHVILLE
KNOXVILLE
ASHEVILLE
NORTH CAROLINA
X SITE
JONESBORO
JACKSON
SPARTANBURG
GREENVILLE
CHATTANOOGA
GEORGIA
MEMPHIS
HUNTSVILLE
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DECATUR
ALABAMA
MISSISSIPPI
GAINESVILLE
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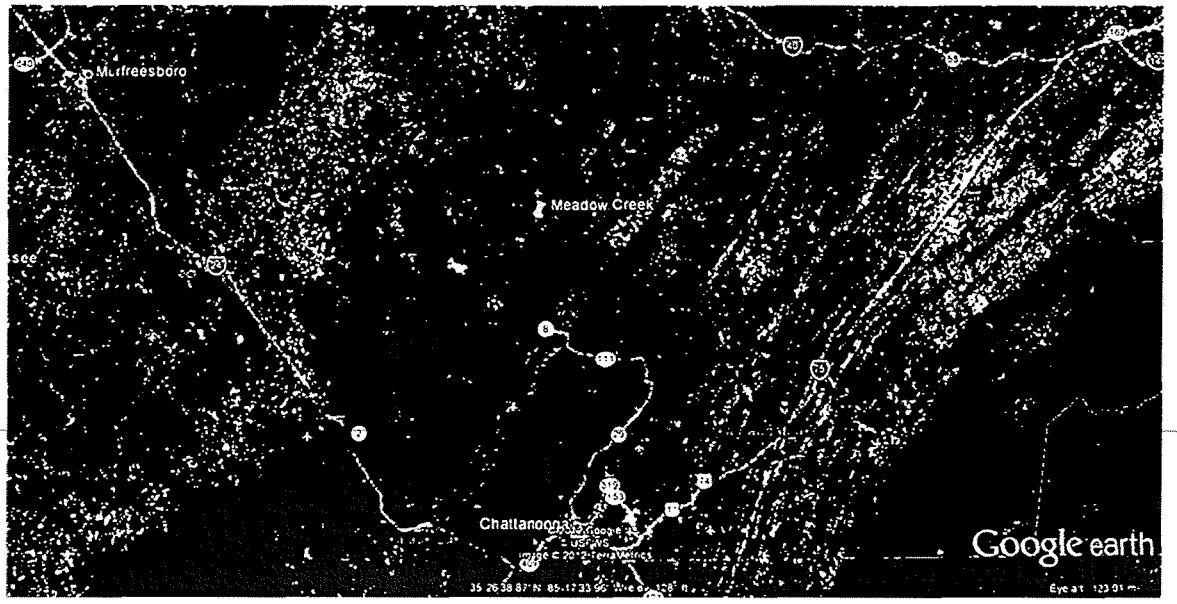
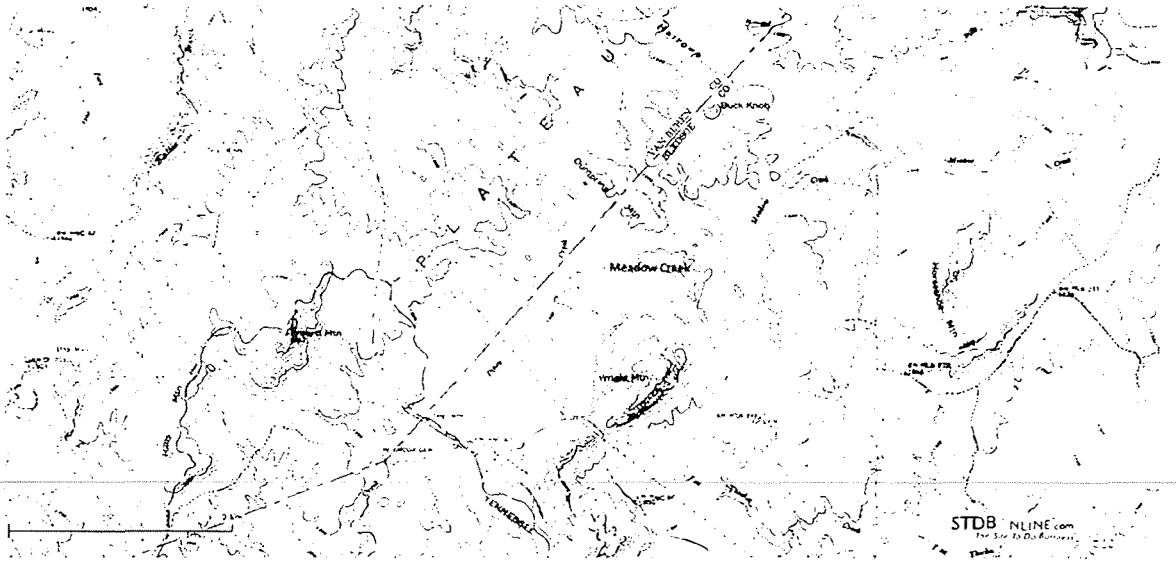
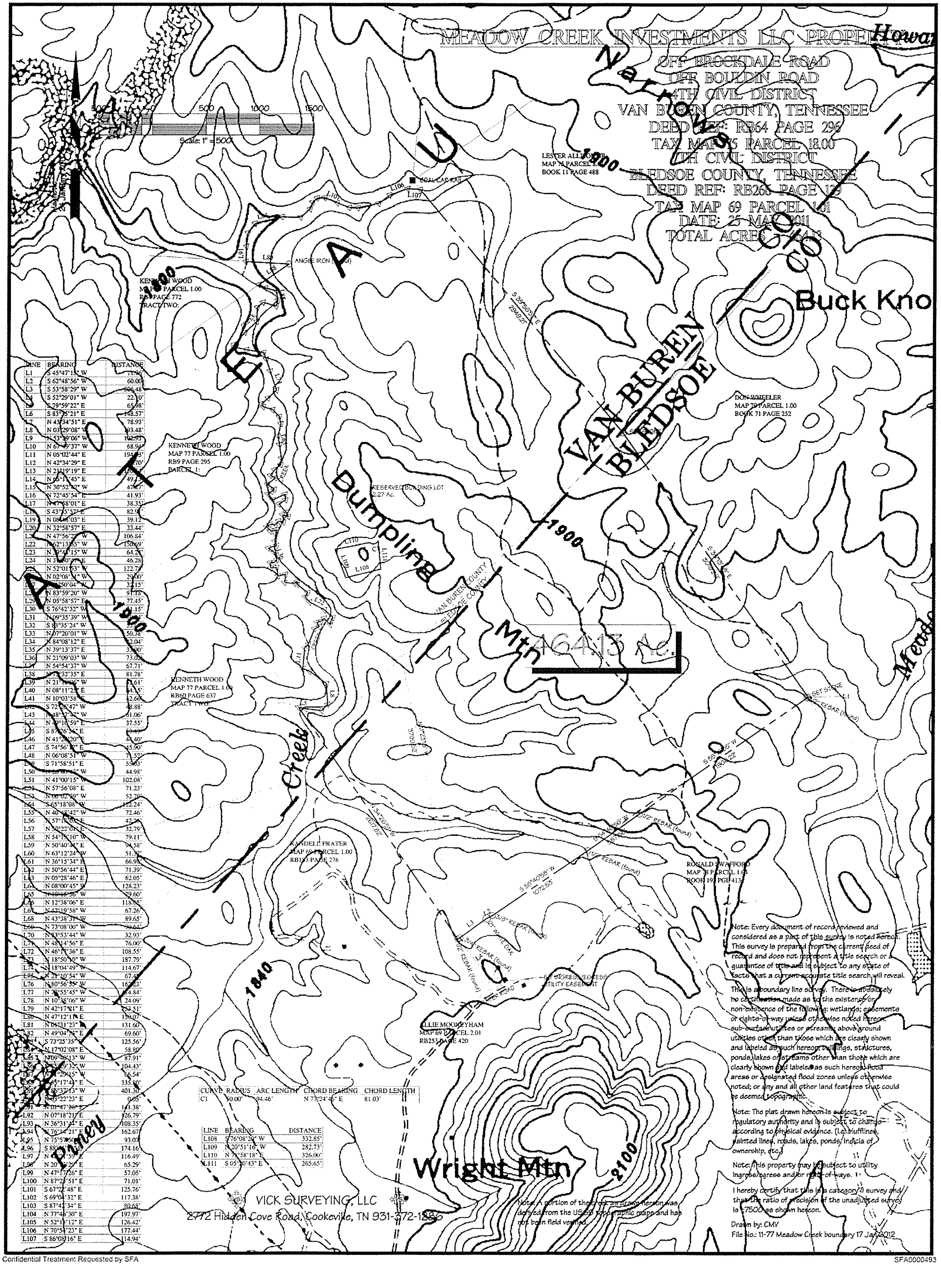
Location Map:



Topographical Map:





LINE	BEARING	DISTANCE
L1	S 45°47'15" W	[illegible]
L2	S 62°48'56" W	60.00'
L3	S 53°58'29" W	306.48'
L4	S 52°29'01" W	22.10'
L5	S 79°59'22" E	65.98'
L6	S 83°35'21" E	148.57'
L7	N 43°34'51" E	78.93'
L8	N 03°29'08" W	103.48'
L9	N 53°39'06" W	102.93'
L10	N 67°49'37" W	68.9[illegible]
L11	N 05°02'44" E	194.[illegible]
L12	N 42°34'29" E	[illegible]
L13	N 21°19'19" E	[illegible]
L14	N 65°1[illegible]'45" E	49.[illegible]
L15	N 30°52'[illegible]" W	47.27'
L16	N 72°45'54" E	41.93'
L17	N 47°58'01" E	38.35'
L18	S 43°35'52" E	82.9[illegible]
L19	N 08°46'03" E	39.12'
L20	N 32°58'57" E	33.44'
L21	N 47°56'2[illegible]" W	106.84'
L22	N 62°13'55" W	150.69'
L23	N [illegible]'15" W	64.2[illegible]
L24	N [illegible] E	46.28'
L25	N 52°01'53" W	122.7[illegible]
L26	N 02°08'[illegible]" W	29.00'
L27	[illegible]°50'04" W	32.15'
L28	N 83°59'20" W	91.18'
L29	N 05°58'57" E	77.45'
L30	S 76°42'32" W	[illegible]1.15'
L31	N 09°35'39" W	[illegible]
L32	S 83°35'24" W	[illegible]
L33	N 07°20'01" W	50.38'
L34	N 84°08'12" E	[illegible]2.04'
L35	N 39°13'37" E	[illegible]
L36	N 21°09'03" W	73.0[illegible]
L37	N 54°54'37" W	67.71'
L38	N 7[illegible]°32'35" E	81.78'
L39	N 21°[illegible]" W	[illegible].61'
L40	N 08°11'2[illegible]" E	[illegible]
L41	N 10°03'58" E	[illegible]2.66'
L42	S 72°[illegible]'47" W	[illegible]8.88'
L43	N 48°[illegible]" W	[illegible]1.06'
L44	N [illegible]°10'59" E	37.55'
L45	S 87°26'3[illegible]" E	[illegible]
L46	N 41°2[illegible]'20" E	4[illegible].40'
L47	S 74°56'[illegible]" E	[illegible]5.90'
L48	N 06°08'51" W	7[illegible].52'
L49	S 71°58'51" E	55.03'
L50	[illegible] W	44.98'
L51	N 41°00'15" W	102.08'
L52	N 57°56'08" E	71.23'
L53	N 06°02'[illegible]" W	52.70'
L54	S 65°18'08" W	122.24'
L55	N 40°[illegible]'42" W	72.46'
L56	N 57°1[illegible]" E	42.2[illegible]
L57	N [illegible]0°22'01" E	32.79'
L58	N 54°1[illegible]'10" W	79.11'
L59	N 50°40'[illegible]" E	94.58'
L60	N 63°12'24" W	51.3[illegible]
L61	N 36°15'34" E	66.9[illegible]
L62	N 50°56'44" E	71.39'
L63	N 05°28'46" E	62.05'
L64	N 08°00'45" W	128.23'
L65	N [illegible] W	[illegible]9.60'
L66	N 12°38'06" E	118.[illegible]
L67	N 4[illegible]°19'58" W	67.26'
L68	N 43°38'31" W	89.65'
L69	N 73°08'00" W	[illegible]
L70	N [illegible]3°53'44" W	32.93'
L71	N 48°14'56" E	76.00'
L72	N 46°1[illegible]'36" E	108.55'
L73	N 18°50'[illegible]" W	187.79'
L74	N 18°04'49" W	114.67'
L75	N 21°10'54" W	67.4[illegible]
L76	N 80°56'5[illegible]" W	16[illegible].23'
L77	N 7[illegible]°55'45" W	[illegible]4.84'
L78	N 10°38'06" W	[illegible]24.09'
L79	N 42°17'[illegible]1" E	[illegible]
L80	N 47°12'1[illegible]" E	15[illegible].07'
L81	N 0[illegible]°31'23" [illegible]	131.60'
L82	N 49°04'[illegible]" E	69.60'
L83	S 73°25'35" [illegible]	125.56'
L84	N 17°02'08" E	58.80'
L85	N 09°46'13" W	87.91'
L86	[illegible]°29'32" W	104.43'
L87	N [illegible]°29'15" W	66.54'
L88	[illegible]°17'4[illegible]" E	335.80'
L89	[illegible]°37'13" W	401.30'
L90	[illegible]3°22'23" E	0.05'
L91	N 01°47'2[illegible]" [illegible]	1[illegible]1.38'
L92	N 07°18'21" E	126.79'
L93	N 36°31'[illegible]" E	108.35'
L94	N 76°14'21" E	162.67'
L95	N 75°57'[illegible]" [illegible]	93.07'
L96	S 88°[illegible]" E	174.16'
L97	N [illegible]'59" E	116.49'
L98	N 20°[illegible]'2[illegible]" E	65.29'
L99	N 47°17'26" E	57.05'
L100	N 87°23'51" E	71.01'
L101	S 67°22'48" E	125.76'
L102	S 69°04'32" E	117.38'
L103	S 87°42'34" E	80.68'
L104	N 77°46'30" E	197.97'
L105	N 52°15'12" E	126.42'
L106	N 70°54'23" E	177.44'
L107	S 86°08'16" E	114.94'

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	50.00'	94.46'	N 77°24'4[illegible]" E	81.03'

LINE	BEARING	DISTANCE
L108	S 76°08'2[illegible]" W	332.85'
L109	N 20°51'16" W	282.73'
L110	N 7[illegible]°58'18" E	326.00'
L111	S 05°[illegible]0'43" E	265.65'

Note: Every document of record reviewed and considered as a part of this survey is noted hereon. This survey is prepared from the current deed of record and does not represent a title search or a guarantee of title and is subject to any state of facts that a current accurate title search will reveal.

This is a boundary line survey. There is absolutely no certification made as to the existence or non-existence of the following: wetlands; easements or rights-of-way unless otherwise noted hereon; sub-surface utilities or streams; above ground utilities other than those which are clearly shown and labeled as such hereon; buildings, structures, ponds, lakes or streams other than those which are clearly shown and labeled as such hereon; flood areas or designated flood zones unless otherwise noted; or any and all other land features that could be deemed topographic.

Note: The plat drawn hereon is subject to regulatory authority and is subject to change according to physical evidence. (I.e.: blufflines, painted lines, roads, lakes, ponds, indicia of ownership, etc.)

Note: This property may be subject to utility ingress/egress and/or right-of-ways.

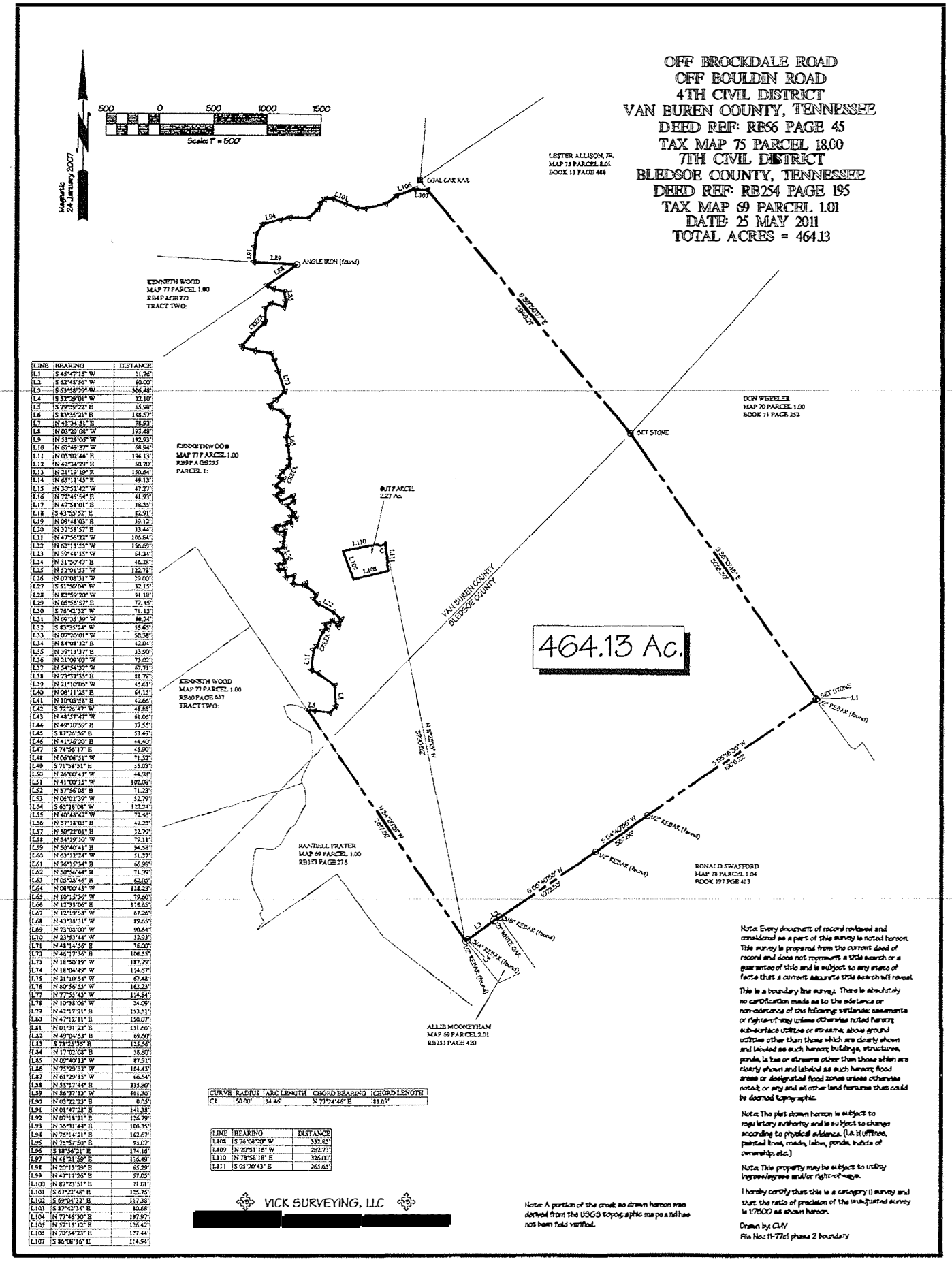
I hereby certify that this is a category II survey and that the ratio of precision of the unadjusted survey is 1:7500 as shown hereon.

Drawn by: CMV

File No.: 11-77 Meadow Creek boundary 17 Jan 2012

VICK SURVEYING, LLC

2772 Hidden Cove Road, Cookeville, TN 931-372-1286



LINE	BEARING	DISTANCE
L1	S 45°47'15" W	11.76'
L2	S 62°48'56" W	60.00'
L3	S 53°58'39" W	306.48'
L4	S 52°29'01" W	22.10'
L5	S 79°59'22" E	65.98'
L6	S 83°05'21" E	148.57'
L7	N 43°34'31" E	78.93'
L8	N 03°29'08" W	193.48'
L9	N 53°29'05" W	192.93'
L10	N 67°49'27" W	68.94'
L11	N 05°02'46" E	194.13'
L12	N 42°54'29" E	50.70'
L13	N 21°19'19" E	150.64'
L14	N 65°11'45" E	49.13'
L15	N 30°52'42" W	47.27'
L16	N 72°45'54" E	41.93'
L17	N 47°58'01" E	76.35'
L18	S 43°55'52" E	82.91'
L19	N 08°41'03" E	39.12'
L20	N 32°58'57" E	33.44'
L21	N 47°56'22" W	106.64'
L22	N 62°13'55" W	156.69'
L23	N 59°44'15" W	64.24'
L24	N 31°50'47" E	46.28'
L25	N 52°01'53" W	122.78'
L26	N 02°08'31" W	59.00'
L27	S 51°50'04" W	32.15'
L28	N 83°59'20" W	94.19'
L29	N 05°58'57" E	77.45'
L30	S 76°42'32" W	71.15'
L31	N 09°35'39" W	86.24'
L32	S 83°35'24" W	35.65'
L33	N 07°20'01" W	50.38'
L34	N 84°08'32" E	42.04'
L35	N 39°13'37" E	33.90'
L36	N 31°09'09" W	73.07'
L37	N 54°54'37" W	67.71'
L38	N 73°33'35" E	81.78'
L39	N 21°10'06" W	45.61'
L40	N 08°11'25" E	64.15'
L41	N 10°03'58" E	42.66'
L42	S 72°26'47" W	48.68'
L43	N 48°57'47" W	61.06'
L44	N 49°10'59" E	37.55'
L45	S 87°36'56" E	53.46'
L46	N 41°26'20" E	44.40'
L47	S 74°56'17" E	45.90'
L48	N 06°08'51" W	71.52'
L49	S 71°58'51" E	35.03'
L50	N 26°00'43" W	44.98'
L51	N 41°00'32" W	102.08'
L52	N 57°56'08" E	71.23'
L53	N 06°02'39" W	52.79'
L54	S 62°18'06" W	122.24'
L55	N 40°48'43" W	72.46'
L56	N 57°14'03" E	42.25'
L57	N 50°22'01" E	32.79'
L58	N 54°19'10" W	79.11'
L59	N 50°40'41" E	94.56'
L60	N 63°12'24" W	51.27'
L61	N 36°15'34" E	66.98'
L62	N 50°56'44" E	71.39'
L63	N 05°28'46" E	62.05'
L64	N 08°00'45" W	138.23'
L65	N 10°15'56" W	79.60'
L66	N 12°39'06" E	118.65'
L67	N 15°19'54" W	67.26'
L68	N 43°58'31" W	89.65'
L69	N 73°08'00" W	90.64'
L70	N 23°53'44" W	32.93'
L71	N 48°14'56" E	76.00'
L72	N 46°17'36" E	108.55'
L73	N 18°50'39" W	187.79'
L74	N 18°04'49" W	114.67'
L75	N 21°10'54" W	67.48'
L76	N 80°56'55" W	162.23'
L77	N 77°55'43" W	114.84'
L78	N 10°38'06" W	24.09'
L79	N 42°17'21" E	133.21'
L80	N 47°12'11" E	150.07'
L81	N 01°31'23" E	131.60'
L82	N 49°04'53" E	69.69'
L83	S 73°25'35" E	125.56'
L84	N 17°02'08" E	58.80'
L85	N 09°40'33" W	87.91'
L86	N 75°29'32" W	104.43'
L87	N 61°29'35" W	66.54'
L88	N 55°17'44" E	333.90'
L89	N 86°37'37" W	481.50'
L90	N 03°22'23" E	0.05'
L91	N 01°47'28" E	141.38'
L92	N 07°18'21" E	126.79'
L93	N 36°31'44" E	106.35'
L94	N 76°14'21" E	162.67'
L95	N 75°57'50" E	93.07'
L96	S 88°56'21" E	174.18'
L97	N 48°31'59" E	115.49'
L98	N 20°11'29" E	65.29'
L99	N 47°17'26" E	57.05'
L100	N 87°23'51" E	71.01'
L101	S 67°22'48" E	125.76'
L102	S 69°04'32" E	117.38'
L103	S 87°42'34" E	82.68'
L104	N 77°46'30" E	197.97'
L105	N 52°15'12" E	126.42'
L106	N 70°54'23" E	179.44'
L107	S 86°08'16" E	174.54'

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	50.00'	94.46'	N 77°24'46" E	81.03'

LINE	BEARING	DISTANCE
L108	S 76°08'20" W	333.63'
L109	N 20°51'16" W	282.73'
L110	N 78°58'18" E	326.00'
L111	S 05°20'43" E	263.65'

VICK SURVEYING, LLC
[redacted]

Note: A portion of the creek as drawn hereon was derived from the USGS topographic maps and has not been field verified.

Note: Every document of record reviewed and considered as a part of this survey is noted hereon. This survey is prepared from the current deed of record and does not represent a title search or a guarantee of title and is subject to any state of facts that a current accurate title search will reveal.

This is a boundary line survey. There is absolutely no certification made as to the existence or non-existence of the following: wetlands; easements or rights-of-way unless otherwise noted hereon; subsurface utilities or streams; above ground utilities other than those which are clearly shown and labeled as such hereon; buildings, structures, ponds, lakes or streams other than those which are clearly shown and labeled as such hereon; flood areas or designated flood zones unless otherwise noted; or any and all other land features that could be deemed to may exist.

Note: The plat drawn hereon is subject to regulatory authority and is subject to change according to physical evidence. (i.e. driftlines, painted lines, roads, lakes, ponds, truths of ownership, etc.)

Note: This property may be subject to utility ingress/egress and/or right-of-ways.

I hereby certify that this is a category II survey and that the ratio of precision of the unadjusted survey is 1:7500 as shown hereon.

Drawn by: CMV
File No: 11-77c1 phase 2 boundary

SUBSCRIPTION AND SUITABILITY AGREEMENT

UNITS OF MEMBERSHIP INTEREST IN MEADOW CREEK HOLDINGS, LLC

Meadow Creek Holdings, LLC
[redacted]

Re: Meadow Creek Holdings, LLC Common Units

Ladies and Gentlemen:

1. Subscription for Meadow Creek Holdings, LLC Common Units. The undersigned (the "Subscriber") intending to be legally bound hereby agrees to purchase from Meadow Creek Holdings, a Tennessee limited liability company (the "Company"), the number of Common Units of membership interest in the Company (the "Units") set forth on the signature page hereof, which are being offered by the Company pursuant to the Confidential Private Offering Summary, dated as of November 8, 2012 (the "Offering Summary"), with respect to a minimum of a minimum of 930 Units (the "Minimum Offering"), representing a 97.68% ownership interest in the Company on a fully diluted basis and an aggregate 93% beneficial ownership interest in Meadow Creek Investments, LLC, a Tennessee limited liability company (the "Property Entity"), on a fully diluted basis following the completion of the events to be completed simultaneously with the acceptance of this subscription by the Company, and a maximum of 950 Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis and an aggregate 95% beneficial ownership interest in the Property Entity on a fully diluted basis following the completion of the events to be completed simultaneously with the acceptance of this subscription by the Company, at a subscription price of $2,737 per Unit (the "Offer Price"). The minimum investment amount per investor is $54,740, or 20 Units, unless otherwise permitted by the Manager of the Company in his sole discretion. Units in excess of the 20 Unit minimum may be purchased in single Unit lots. All capitalized terms that are not defined in this Subscription and Suitability Agreement shall have the meanings set forth in the Offering Summary.

2. Payment of Subscription Price. The Subscriber tenders herewith in payment for the Units subscribed for in paragraph 1 the Subscriber's wire transfer of funds payable to "Oakworth Capital FBO Meadow Creek Holdings, LLC" in the amount indicated on the signature page hereof based upon the Offer Price. Such wire transfer should be made pursuant to the wire transfer instructions accompanying this Subscription and Suitability Agreement.

3. Access to Information. The Subscriber has received a copy of the Offering Summary; the Subscriber has read the Offering Summary, including the Exhibits thereto; and the Subscriber has consulted with such legal and financial advisors (the "Advisors") as the Subscriber deemed necessary to evaluate the information in the Offering Summary. The Subscriber and the Advisors have received such other information from the Company as they deem necessary and appropriate for a prudent and knowledgeable investor to verify the accuracy of the information in the Offering Summary and to otherwise evaluate the merits and risks of an

investment in the Units. The Subscriber further acknowledges that the Subscriber and the Advisors have had the opportunity to ask questions of the Manager and other agents of the Company and that all such questions have been answered to the full satisfaction of the Subscriber. All documents, records and books pertaining to this investment that the Subscriber has requested have been made available for inspection by him/her/it and/or his/her/its attorney, accountant and other advisor(s). The Subscriber acknowledges that, except as set forth herein, no representations or warranties have been made to the Subscriber by the Company or others with respect to the business plans of the Company and its financial prospects.

4. Sole Party In Interest. Subscriber is purchasing the Units solely for Subscriber's own account, and not with a view toward the transfer, sale, fractionalization, subdivision or other disposition of the Units or the securities included therein. Unless specified herein, Subscriber is not acting in a fiduciary capacity or for any person who directly or indirectly supplied all or part of the funds for the purchase of the Units.

5. Representations. Warranties and Covenants of Subscriber. By executing this Subscription and Suitability Agreement, Subscriber makes the following representations, declarations, warranties and covenants to the Company, with the intent and understanding that the Company will rely thereon:

(a) THE SUBSCRIBER ACKNOWLEDGES THAT THE UNITS HAVE NOT BEEN REGISTERED UNDER THE ACT IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION, NOR HAVE THEY BEEN REGISTERED WITH ANY STATE REGULATORY AUTHORITIES. THE UNITS ARE ALSO BEING SOLD HEREUNDER IN RELIANCE UPON EXEMPTIONS FROM APPLICABLE STATE SECURITIES LAWS. SUBSCRIBER UNDERSTANDS THAT NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR THE SECURITIES COMMISSION OF EACH OF THE STATES IN WHICH THESE UNITS ARE BEING OFFERED, HAVE PASSED UPON THE ADEQUACY OR THE ACCURACY OF THIS OFFERING OF SECURITIES.

(b) The Subscriber (i) has such knowledge and experience in financial and business matters that Subscriber is capable of evaluating the merits and risks of an investment in the Units and the proposed activities of the Company, and (ii) has carefully considered the suitability of an investment in Units for the Subscriber's particular financial and tax situation and has determined that the Units are a suitable investment for Subscriber. The Subscriber has read and satisfies the suitability standards set forth in the Offering Summary under the heading "WHO MAY INVEST," and understands and agrees that the Company intends to rely on the information set forth in the Confidential Investor Questionnaire as completed and executed by Subscriber and delivered to the Manager in their acceptance or rejection of this Subscription and Suitability Agreement.

(c) The Subscriber recognizes that the Company has limited operating history and that the Company's principal asset will be its ownership of a majority interest in the Property Entity, which entity owns approximately 466.40 acres of unimproved real estate located in Van Buren County, Tennessee (as further identified in the Offering Summary). The Company intends to have as it sole asset the units of membership interest in the Property Entity, which in turn will have as its sole asset, the Property. Consequently, the purchase of the Units is essentially an

investment in real estate. Real estate prices could decline in value. Therefore, an investment in the Units involves significant risks. Subscriber is familiar with the nature of risks attending investments of this type, and has determined that a purchase of the Units is consistent with Subscriber's investment objectives.

(d) The Subscriber is not subscribing for the Units as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting.

(e) If the Subscriber is a natural person, the Subscriber is at least 21 years of age.

(f) The address set forth below is the Subscriber's true and correct residence (or, if not an individual, domiciliary) address.

(g) If the Subscriber is a corporation, partnership, limited liability company or partnership, trust or other entity, it represents that: (i) it is duly organized, validly existing and in good standing in its jurisdiction of incorporation or organization and has all requisite power and authority to invest in the Units as provided herein; (ii) such investment does not result in any violation of, or conflict with, any term or provision of the charter, bylaws or other organizational documents of the undersigned or any other instrument or agreement to which the undersigned is a party or is subject; (iii) such investment has been duly authorized by all necessary action on behalf of the undersigned; and (iv) this Agreement has been duly executed and delivered on behalf of the undersigned and constitutes a legal, valid and binding agreement of the undersigned.

(h) If the Subscriber is a corporation, partnership or limited liability company or partnership, the person signing this Subscription and Suitability Agreement on its behalf hereby represents and warrants that the information being provided by signing this Subscription and Suitability Agreement is true and correct with respect to such corporation, partnership or limited liability company or partnership, as the case may be.

(i) If the Subscriber is purchasing the Units subscribed for hereby in a representative or fiduciary capacity, the representations and warranties contained herein (and in any other written statement or document delivered to the Company in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom such Units are being purchased.

(j) The Subscriber has sufficient liquid assets to pay the Purchase Price for the Units subscribed for hereby, has adequate net worth and means of providing for his or her current financial needs and possible personal contingencies, is able to bear the substantial economic risks of an investment in the Units for an indefinite period of time and has no present or anticipated need for liquidity of an investment in the Company and, at present time, could afford a complete loss of such investment. The investment of the Subscriber in the Company is reasonable in relation to his or her net worth and financial needs.

(k) The Subscriber understands that the price per Unit has been arbitrarily determined by the Company and not by an independent accountant or auditor, and that no assurances have been given about the increase in value, if any, of such Units.

(l) The Subscriber understands that he, she or it must bear the economic risk of an investment in the Units for an indefinite period. The Subscriber has been advised and is aware that: (i) there is no public market for the Units purchased and it is highly unlikely that any public market will develop; and (ii) the Units have not been registered under the Act or the securities laws of any state or other jurisdiction, and, therefore, cannot be sold, AND THE SUBSCRIBER AGREES NOT TO SELL OR OTHERWISE DISPOSE OF THE UNITS ACQUIRED BY THE SUBSCRIBER, except as permitted by the Operating Agreement of the Company dated October 8, 2012 (as may be amended and/or restated, the "Operating Agreement") and unless such securities are subsequently registered under the Act and such state securities laws as are applicable or unless there are available exemptions from such registration that are supported by an opinion of counsel for Subscriber, which opinion is satisfactory to the Company in its sole discretion.

(m) The Subscriber recognizes that the information furnished by the Company does not constitute investment, accounting, legal or tax advice. The Subscriber is not relying on the Company with respect to the economic or tax considerations of the Subscriber relating to this investment, in particular the possibility of the Company receiving a charitable deduction in the event that a majority of the members votes to cause the Property Entity to place one or more conservation easements on the Property. In regard to such considerations, the Subscriber has relied on the advice of, or has consulted with, only his or her own advisor(s). The Subscriber has had the opportunity to review this Subscription and Suitability Agreement and the Operating Agreement with an attorney and understands the meaning and legal consequences of the foregoing representations and warranties and the provisions of the Operating Agreement.

(n) All information that the Subscriber has heretofore furnished and furnishes herewith to the Company is true, correct and complete as of the date of execution of this Agreement, and if there should be any material change in such information prior to the closing of the sale of the Units (the "Closing"), Subscriber will immediately furnish such revised or corrected information to the Company. The Subscriber understands and acknowledges that the Company is relying on the representations, warranties and agreements of the Subscriber for the offering and sale the Units hereunder to be exempt from registration under the Act and applicable state securities laws. The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the Closing as if made on and as of such date and shall survive such date. If more than one person is signing this Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

6. Authority. The undersigned Subscriber is either:

(a) An individual of legal age and is legally competent to execute this Subscription and Suitability Agreement; or

(b) A corporation, partnership, limited liability company or other business organization that is duly organized and validly existing under the laws of its state of its organization and has the power and authority to execute this Subscription and Suitability Agreement and to perform the obligations contemplated hereunder. Subscriber has taken all corporate actions and proceedings necessary to authorize the execution of this Subscription and Suitability Agreement.

7. Acceptance or Rejection of Subscription. This Agreement shall not be binding on the Company until accepted by the Company, such acceptance to be indicated by the execution of this Agreement by the Company in the place provided on the signature page. If this Agreement shall not be accepted, then this Agreement shall be deemed to be rejected and canceled, and all monies received, without interest, along with the executed signature page, shall be promptly returned to the Subscriber. THE SUBSCRIBER UNDERSTANDS AND AGREES THAT THIS SUBSCRIPTION IS MADE SUBJECT TO THE CONDITION THAT THE COMPANY SHALL HAVE THE RIGHT TO ACCEPT OR REJECT IT IN WHOLE OR IN PART, OR TO MODIFY THE OFFER CONTAINED HEREIN AT ANYTIME, WITHOUT PRIOR NOTICE.

8. Indemnity. The Subscriber hereby agrees to indemnify and hold harmless the Company and the Company's Manager and Members from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, attorneys' fees and disbursements) suffered, incurred, arising out of or as a result of any misrepresentation or breach of any representation, warranty, covenant or agreement made by the Subscriber in this Agreement or in any other document furnished by the Subscriber in connection with this transaction.

9. No Assignment or Transfer. The Subscriber agrees not to transfer or assign this Agreement, or any interest of the Subscriber herein.

10. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee, without regard to conflict of law principles.

11. Additional Information. The Subscriber hereby acknowledges and agrees that the Company may make or cause to be made such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the Subscriber as an investor in the Units.

12. Miscellaneous.

(a) Captions of this Agreement are for convenience of reference only and shall not limit or otherwise affect the interpretation or effect of any term or provision hereof.

(b) This Agreement and the rights, powers and duties set forth herein, except as otherwise herein set forth, shall bind and inure to the heirs, executors, administrators, legal representatives and successors of the parties hereto.

(c) This Agreement may be executed in counterparts, all of which, when taken together, shall be deemed to be one original.

13. Admission and Agreement to be Bound. **The Subscriber does hereby acknowledge receipt of a copy of the Operating Agreement and has read, understands and fully agrees to the terms and conditions of the Operating Agreement effective upon acceptance by the Company of this Subscription and Suitability Agreement. Pursuant to the Operating Agreement, by the execution of this Subscription and Suitability Agreement, upon acceptance by the Company hereof, the undersigned is hereby admitted to the Company as an additional Member and agrees to be bound by all of the terms and conditions of the Operating Agreement.**

14. Consent as a Member. The Subscriber understands and agrees that all of the Members of the Company have heretofore given their consent to the admission as Members of the Company of such persons as are approved and selected by the Manager in the Manager's sole discretion upon the payment by such persons of the Offer Price as set forth in and on the terms of the Offering Summary. Upon the acceptance by the Company hereof, the Subscriber hereby gives the Subscriber's consent under the Operating Agreement for the Manager to admit such persons as are approved by the Manager as Members of the Company on the terms set forth in the Offering Summary, which consent shall be continuing during the term of the Offering and not subject to termination, revocation or other lapse except in accordance with the terms of the Offering Summary.

[SIGNATURES ON FOLLOWING PAGE]

To be completed and executed by the Subscriber:

1. Number of Units to be purchased: _____
2. Purchase price per Units: x $ 2,737
3. Total purchase price for Units to be purchased: _____

Manner is which Title to Units is to be held:

___ Individual(s) ___ LLC ___ Corporation ___ Trust ___ Profit Sharing Plan ___ Partnership

If a Profit Sharing Plan is the purchaser, is the Profit Sharing Plan self-directed? _____

If joint ownership, please designate one of the following:

___ Joint Tenants with Right of Survivorship ___ Community Property ___ Tenants in Common

Individual(s):	**Business Entities**
_____ Name SSN #	_____ Name
_____ Spouse's Name (if held jointly) SSN #	_____ Tax Identification Number
_____ Street Address	_____ Street Address
_____ City State Zip	_____ City State Zip
( ) _____ Telephone Number	( ) _____ Telephone Number
_____ Signature	_____ Signature
_____ Spouse's Signature (if held jointly)	_____ Title
_____ Date	_____ Date

Accepted on behalf of the Company:
MEADOW CREEK HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Manager of the Company

MEADOW CREEK HOLDINGS, LLC

CONFIDENTIAL INVESTOR QUESTIONNAIRE

THIS QUESTIONNAIRE DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY A SECURITY. The sole purpose of this questionnaire is to establish whether the individual on whose behalf this questionnaire is completed (the "Subscriber") is qualified to invest in securities of Meadow Creek Holdings, LLC, a Tennessee limited liability company (the "Company"), which may be offered and sold under applicable Federal and state securities laws.

IMPORTANT: This form of Confidential Investor Questionnaire has been prepared for use by individuals and by entities such as partnerships, corporations and trusts. If the Subscriber is an entity, the Subscriber should provide information regarding the entity itself and not particular partners, officers, directors, trustees or beneficiaries of the entity, unless specifically requested. Notwithstanding the foregoing, in the case of partnerships, corporations and trusts formed specifically for the purpose of participating in this investment, a questionnaire must be completed by each partner, shareholder, and beneficiary.

1. IF THE SUBSCRIBER IS ONE OR MORE INDIVIDUALS:
   a. Name(s) of individual(s):_____
   b. Address(es) of individual(s):_____
      _____
      _____
   c. Telephone number(s) of individual(s):_____
   d. Fax number(s) of individual(s): _____
   e. E-mail address(es) of individual(s): _____
   f. Occupation(s) of individual(s):_____
   g. Name(s) of employer(s):_____
   h. Address(es) of employer(s):_____
2. IF THE SUBSCRIBER IS AN ENTITY:
   a. Name of entity:_____
   b. Form of entity:_____
      (partnership, corporation, trust, etc.)
   c. Date of organization of entity:_____
   d. Address of entity:_____
   e. Telephone number of entity:_____

f. Please name the authorized representative(s) of the entity who will be acting for the entity in connection with its potential investment in the Company:

_____

g. E-mail address of authorized representative: _____

h. Type of business entity is engaged in: _____

3. The Subscriber is one or more of the following (if yes, check appropriate lines):

Yes_____ No_____

_____ a director or executive officer of the Company;

_____ a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase (***excluding*** the value of that person's primary residence, but including the debt on the primary residence only to the extent the debt is greater than the value of the primary residence), exceeds $1,000,000;

_____ a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with a spouse in excess of $300,000 in each of those years and who reasonably expects to reach the same income level in the current year;

_____ a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment;

_____ an entity in which all of the equity investors is a person described above;

_____ a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (the "Act") or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity;

_____ a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

_____ an insurance company as defined in Section 2(13) of the Act;

_____ an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940;

_____ a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

_____ a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, where such plan has total assets in excess of $5,000,000;

_____ an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, where the investment decision is made

by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or an employee benefit plan that has total assets in excess of $5,000,000, or if a self-directed plan the investment decisions are made solely by persons that are accredited investors;

_____ a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

_____ an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

4. In furnishing the above information, the Subscriber, and if the Subscriber is an entity, the individual executing and delivering this questionnaire on behalf of entity, acknowledge that the Company will be relying thereon in determining, among other things, whether there is reasonable grounds to believe that the Subscriber qualifies as an Subscriber of shares of the Company's securities. To the best of the Subscriber's information and belief, the above information supplied by the Subscriber is true and correct in all respects and the Subscriber represents and warrants to the Company as follows:

a. The answers to the above questions may be relied upon by the Company in determining whether the offering in which the Subscriber proposes to participate is exempt from registration under the Act and from registration or qualification under the securities laws of various states.

b. The Subscriber will notify the Company immediately of any material change in any statement made herein occurring prior to the closing of any purchase by the Subscriber of securities of the Company.

c. The Subscriber understands and agrees that, although the Company will use is best efforts to keep the information in this Investor Questionnaire strictly confidential, the Company may present this Investor Questionnaire and the information provided herein to such parties as it deems advisable if called upon to establish the availability of an exemption from registration of the securities of the Company under any federal or state securities laws or if the contents hereof are relevant to any issue in any action, suit or proceeding to which you are a party or by which you are or may be bound.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Investor Questionnaire as the ____ day of _____, 2012.

IF SUBSCRIBER IS AN ENTITY:

_____
(Name of Entity-Please Print)

By_____

Name_____

Title_____

IF SUBSCRIBER IS ONE OR MORE INDIVIDUALS (all individuals must sign)

_____
(Name-Please Print)

_____
Signature

_____
(Name-Please Print)

_____
Signature

SUBSCRIPTION ESCROW AGREEMENT

THIS SUBSCRIPTION ESCROW AGREEMENT (this "Escrow Agreement"), dated as of October 11, 2012, is entered into by and between **MEADOW CREEK HOLDINGS, LLC**, a Tennessee limited liability company (the "Company"), and **OAKWORTH CAPITAL BANK**, as escrow agent (the "Escrow Agent").

WHEREAS, the Company intends to raise funds from investors (the "Investors") pursuant to a private offering (the "Offering") of common units of membership interest in the Company (the "Units" or "Securities"), specifically a minimum of 930 Units (the "Minimum Offering"), representing an aggregate 97.68% ownership interest in the Company on a fully diluted basis, and a maximum of 950 Units (the "Maximum Offering"), representing a 99% ownership interest in the Company on a fully diluted basis, at a subscription price of $2,737 per Unit, for a total aggregate Minimum Offering amount of $2,545,410 (the "Minimum Amount") and a total aggregate Maximum Offering amount of $2,600,150 (the "Maximum Amount").

WHEREAS, the Company desires to deposit funds paid by the Investors with the Escrow Agent, to be held for the benefit of the Investors and the Company until such time as subscriptions for the Minimum Amount of the Securities have been deposited into escrow in accordance with the terms of this Escrow Agreement.

WHEREAS, in the event that at least the Minimum Amount is received and there is a Closing of the Offering (as defined below), the Company desires to have the Escrow Agent retain $150,000 of the deposit funds paid by the Investors to the Escrow Agent (the "Supplemental Escrow Amount"), to be held in accordance with the terms of this Escrow Agreement.

WHEREAS, the Escrow Agent is willing to accept the appointment as escrow agent upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Escrow of Investor Offering Funds.

(a) On or before the commencement of the Offering, the Company shall establish an escrow account with the Escrow Agent (the "Offering Escrow Account"). All funds received from Investors in payment for the Securities ("Investor Funds") will be delivered to the Escrow Agent within two (2) business days following the day upon which such Investor Funds are received by the Company (if received by the Company), and shall, upon receipt of good and collected funds by the Escrow Agent, be retained in the Offering Escrow Account by the Escrow Agent and invested as stated below. During the term of this Escrow Agreement, the Company shall cause all checks received by and made payable to it in payment for the Securities to be endorsed in favor of the Escrow Agent and delivered to the Escrow Agent for deposit in the

Offering Escrow Account. Investor Funds also may be wired directly to the Offering Escrow Account using wire instructions provided by the Escrow Agent.

(b) Escrow Agent shall have no duty to make any disbursement, investment or other use of Investor Funds until and unless it has good and collected funds. In the event that any checks deposited in the Offering Escrow Account are returned or prove uncollectible after the funds represented thereby have been released by the Escrow Agent, then the Company shall promptly reimburse the Escrow Agent for any and all costs incurred for such, upon request, and the Escrow Agent shall deliver the returned checks to the Company. The Escrow Agent shall be under no duty or responsibility to enforce collection of any check delivered to it hereunder. The Escrow Agent reserves the right to deny, suspend or terminate participation by an Investor to the extent the Escrow Agent deems it advisable or necessary to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Offering.

2. Identity of Subscribers. A copy of the Offering document has been provided to the Escrow Agent. The Company shall furnish to the Escrow Agent with each delivery of Investor Funds or shortly thereafter for funds wired directly from an investor, a list of the Investors who have paid for the Securities showing the name, address, tax identification number, amount of Securities subscribed for and the amount paid and deposited with the Escrow Agent. This information comprising the identity of Investors shall be provided to the Escrow Agent in the form of the Subscription Agreement executed by each such Investor to evidence such Investor's subscription for the Units (the "List of Investors"). All Investor Funds so deposited shall not be subject to any liens or charges by the Company or the Escrow Agent, or judgments or creditors' claims against the Company, until released to the Company as hereinafter provided. The Company understands and agrees that the Company shall not be entitled to any Investor Funds on deposit in the Offering Escrow Account and no such funds shall become the property of the Company except when released to the Company pursuant to Section 3 of this Escrow Agreement. The Company and the Escrow Agent will treat all Investor information as confidential. The Escrow Agent shall not be required to accept any Investor Funds which are not accompanied by the information on the List of Investors.

3. Disbursement of Investor Offering Funds.

(a) In the event the Escrow Agent receives written notice from the Company that the Company has rejected an Investor's subscription, the Escrow Agent shall pay to the applicable Investor, within ten (10) business days after receiving notice of the rejection, by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all collected sums paid by the Investor for Securities and received by the Escrow Agent; provided, however, that such Investor has not otherwise provided written instructions to Escrow Agent in form and substance acceptable to Escrow Agent requesting an alternative disbursement of such sums.

(b) Once the Escrow Agent is in receipt of good and collected Investor Funds totaling at least the Minimum Amount, the Escrow Agent shall notify the Company of the same in writing. If the Minimum Amount or more is received into the Offering Escrow Account at any

time before the Termination Date (as defined in Section 4 of this Escrow Agreement) and the Company shall have notified the Escrow Agent that the Offering is closing ("Closing"), then the Escrow Agent shall pay out the Investor Funds and all earnings thereon when and as directed in writing by the Company except that the Supplemental Escrow Amount shall be retained by the Escrow Agent and placed in the Supplemental Escrow Account and disbursed only in accordance with Section 4 below.

(c) If the Minimum Amount has not been received by the Escrow Agent before the Termination Date, the Escrow Agent shall, within ten (10) business days after the Termination Date, refund to each Investor by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all sums paid by the Investor for Securities and received by the Escrow Agent, and shall then notify the Company in writing of such refunds.

4. Supplemental Escrow Funds.

(a) Certain Definitions.

(i) "Audit Receipt" shall mean a written notice from the Company or the Majority Members delivered to the Escrow Agent that an audit of the Company or its affiliates has been commenced accompanied by an IRS Audit Notice.

(ii) "IRS Audit Notice" means a copy of written notice from the United States Internal Revenue Service indicating that one or more federal tax returns of the Company or its affiliates are being audited.

(iii) "Majority Members" shall mean Members of the Company owning in the aggregate at least a majority of the issued and outstanding voting equity interests in the Company.

(iv) "Supplemental Escrow Account Termination Date" shall mean the later of (i) the fifth (5th) anniversary of the date of the Closing, or (ii) in the event the Escrow Agent shall have received an Audit Notice prior to the expiration of the fifth (5th) anniversary of the date of the Closing, the thirtieth (30th) day following the receipt by the Escrow Agent of notice that all audits of the Company or its affiliates referenced in an Audit Notice have been completed, withdrawn or otherwise concluded by the IRS.

(b) Establishment of Supplemental Escrow Account. In the event that at least the Minimum Amount is received and there is a Closing of the Offering, the Escrow Agent shall establish for the benefit of the Company an interest bearing escrow account with the Escrow Agent (the "Supplemental Escrow Account") into which the Supplemental Escrow Amount shall be placed, retained and invested as stated below.

(c) Term of Supplemental Escrow Account. On the Supplemental Escrow Account Termination Date, the Escrow Agent shall pay and deliver to the Company all remaining

Supplemental Escrow Amounts, together with the interest earned on such funds in the Supplemental Escrow Account (the "Supplemental Escrow Funds").

(d) Demand Notices. At any time prior to the Supplemental Escrow Account Termination Date, the Company may deliver to Escrow Agent a written notice (a "Demand Notice"), with a copy thereof to all of the then current Members of the Company, which specifically (x) instructs Escrow Agent to deliver a specific amount of the Supplemental Escrow Funds (the "Release Amount"), and (y) an IRS Audit Notice, and (z) certifies that a copy of the Demand Notice has been delivered to each of the Members of the Company.

(e) If the Majority Members dispute the release of all or any part of the Release Amount, or the accuracy, genuineness or timeliness of, such Demand Notice, such Members may, within ten (10) days after receipt of such Demand Notice, deliver to Escrow Agent a Dispute Notice (as defined in subsection (g) below), with a copy thereof to the Company, specifying each such objection. If no Dispute Notice is delivered with respect to any Demand Notice within such 10-day period, then Escrow Agent shall deliver the Release Amount stated therein in accordance with the instructions of the Company in the Demand Notice.

(f) Escrow Agent shall release all requested Supplemental Escrow Funds in any manner specified in written instructions jointly executed by the Company and the Majority Members.

(g) In the event that Escrow Agent receives from the Majority Members any written instructions or notice which disputes the Demand Notice or the Release Amount in, or the accuracy, genuineness or timeliness of, any Demand Notice (a "Dispute Notice"), Escrow Agent shall refuse to comply with the Demand Notice and shall refrain from taking any action other than to retain possession of the Supplemental Escrow Funds until either (a) the propriety of the Demand Notice shall have been fully and finally adjudicated by a court (or arbitrator) of competent jurisdiction, or (b) all differences shall have been adjusted and all doubt resolved by agreement among the Company and a group constituting the Majority Members, and Escrow Agent shall have been so notified thereof in a written instrument signed by all such parties. In any such event, Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act.

5. Term of Offering Escrow. The "Termination Date" shall be the earlier of (i) December 28, 2012, (ii) such time as the Company has received the Minimum Amount and delivered notice to the Escrow Agent of the Company's desire to terminate the Offering, (iii) the date the Escrow Agent receives written notice from the Company that it is abandoning the sale of the Securities; (iv) the date the Escrow Agent receives notice from the Securities and Exchange Commission or any other federal or state regulatory authority that a stop or similar order has been issued with respect to the Offering, or (v) the date the Escrow Agent institutes an interpleader or similar action. After the Termination Date, the Company shall not deposit, and the Escrow Agent shall not accept, any additional amounts representing payments by prospective Investors.

6. Duty and Limitation on Liability of the Escrow Agent.

(a) The Escrow Agent's rights and responsibilities shall be governed solely by this Escrow Agreement. The Escrow Agent is not a party to and is not bound by any agreement with the Company except this Escrow Agreement. Neither the Offering document, nor any other agreement or document shall govern the Escrow Agent even if such other agreement or document is referred to herein, is deposited with, or is otherwise known to, the Escrow Agent.

(b) The duties of the Escrow Agent hereunder are only such as are herein specifically provided, being purely ministerial in nature, and it shall have no responsibility in respect of any of the Investor Funds or Supplemental Escrow Funds deposited with it other than faithfully to follow the instructions herein contained. The Escrow Agent shall be under no duty to determine whether the Company is complying with the requirements of the Offering or applicable securities or other laws in tendering the Investor Funds to the Escrow Agent. The Escrow Agent shall not be responsible for, or be required to enforce, any of the terms or conditions of any Offering document or other agreement between the Company and any other party.

(c) The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice, request, consent, order or other document. Upon or before the execution of this Escrow Agreement, the Company shall deliver to the Escrow Agent an authorized signers list in the form of **Exhibit A** to this Escrow Agreement.

(d) The Escrow Agent shall be under no obligation to institute and/or defend any action, suit or proceeding in connection with this Escrow Agreement unless first indemnified to its satisfaction.

(e) The Escrow Agent is authorized to and may consult with, and obtain advice from, legal counsel of its own choice in the event any dispute, conflict or question arises as to the construction of any of the provisions hereof of its duties hereunder. The Escrow Agent shall be reimbursed from the Company for all costs so incurred and shall incur no liability and shall be fully protected for acting in good faith in accordance with the written opinion and instructions of such counsel. Copies of all such opinions shall be made available to the other parties hereto upon request. The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(f) The Escrow Agent shall not be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of loss.

(g) The Escrow Agent is acting solely as escrow agent hereunder and owes no duties, covenants or obligations, fiduciary or otherwise, to any person by reason of this Escrow

Agreement, except as otherwise explicitly set forth in this Escrow Agreement, and no implied duties, covenants or obligations, fiduciary or otherwise, shall be read into this Escrow Agreement against the Escrow Agent.

(h) In the event of any disagreement between any of the parties to this Escrow Agreement, or between any of them and any other person, including any Investor, resulting in adverse or conflicting claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, if at any time Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects Escrow Funds (including but not limited to orders or attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrow Funds), Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(i) In the event that any controversy should arise with respect to this Escrow Agreement, the Escrow Agent shall have the right, at its option, to institute an interpleader action in the Circuit Court for Jefferson County, Alabama to determine the rights of the parties.

(j) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(k) The parties agree that the Escrow Agent had no role in the preparation of the Offering Documents, has not reviewed any such documents, and makes no representations or warranties with respect to the information contained therein or omitted therefrom.

(l) The Escrow Agent shall have no obligation, duty or liability with respect to compliance with any federal or state securities, disclosure or tax laws concerning the Offering documents or the issuance, offering or sale of the Securities.

(m) The Escrow Agent shall have no duty or obligation to monitor the application and use of the Investor Funds once transferred to the Company, that being the sole obligation and responsibility of the Company.

7. Escrow Agent's Fee. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as **Exhibit B**, which compensation shall be paid by the Company. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation relating to this Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including attorney's fees and expenses, occasioned by any delay, controversy, litigation or event, and the same shall be paid by the Company. The Company's obligations under this Section 7 shall survive the resignation or removal of the Escrow Agent and the assignment or termination of this Escrow Agreement. In the event that any and all charges payable under this Section 7 shall not be paid in full within the thirty (30) day period following receipt by the Company of an invoice therefor; then the Escrow Agent shall have the right to pay itself the full amount owed under this Section 7 from the interest and earnings resulting from the investment of the Investor Funds, provided that the Escrow Agent, at least five (5) business days in advance of such action, shall have delivered written notice to the Company of the Escrow Agent's intent to do so.

8. Investment of Investor Funds and Supplemental Escrow Funds; Income Allocation and Reporting.

(a) The Company acknowledges that no interest shall be paid on the Investor Funds due to the short nature of the expected duration of the Offering Escrow Account. Accordingly, the Escrow Agent shall have no obligation to invest all or any part of the Investor Funds, including any interest or investment income that may be attributable thereto, in any form of interest-bearing account or to otherwise pay any interest on the Investor Funds. Nevertheless, if Escrow Agent, in its sole discretion, elects to invest such Investor Funds in an interest bearing account, any such interest received by the Escrow Agent with respect to such Investor Funds, including reinvested interest shall become part of the Investor Funds, and shall be disbursed pursuant to Section 3 of this Escrow Agreement. The Company agrees that, for tax reporting purposes, all interest or other taxable income earned on the Investor Funds, if any, in any tax year shall be taxable to the Company.

(b) During the duration of the existence of the Supplemental Escrow Account, Escrow Agent shall, unless otherwise directed by the Company, maintain the Supplemental Escrow Funds, without distinction between principal and income, in an interest bearing account(s) guaranteed within the limits of the Federal Deposit Insurance Corporation.

(c) To the extent any interest is paid on the Investor Funds or the Supplemental Escrow Funds, the Company shall promptly provide the Escrow Agent with certified tax

identification numbers by furnishing appropriate IRS forms W-9 or W-8 and other forms and documents that the Escrow Agent may reasonably request. The Company understands that if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the Investor Funds pursuant to this Escrow Agreement. The Company shall also provide tax reporting documentation for the Investors as the Escrow Agent may reasonably request.

(c) The Company agrees to indemnify and hold the Escrow Agent harmless from and against any and all taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to the Investor Funds or the Supplemental Escrow Funds unless any such tax, addition for late payment, interest, penalties and other expenses shall be determined by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's gross negligence or willful misconduct. The terms of this paragraph shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

9. Notices. All notices, requests, demands, and other communications under this Escrow Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day of transmission if sent by facsimile to the facsimile number given below, with written confirmation of receipt, (c) on the day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service, or (d) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed, return receipt requested, to the party as follows:

If to the Company:	If to Escrow Agent:
Meadow Creek Holdings, LLC [redacted] Attention: Arthur J. ("Jimmy") Goolsby, Jr.	Oakworth Capital Bank [redacted] Attention: Janet Ball, Managing Director

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

10. Indemnification of Escrow Agent. The Company hereby indemnifies, defends and holds harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees and expenses, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates unless such loss, liability, cost, damage or expense is finally determined by a court of competent jurisdiction to have been primarily caused by the willful misconduct of the Escrow Agent. The terms of this Section 10 shall survive the

assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

11. Resignation. The Escrow Agent may resign upon thirty (30) days' advance written notice to the Company. If a successor escrow agent is not appointed within the thirty (30) day period following such notice, the Escrow Agent may petition the Circuit Court for Jefferson County, Alabama to name a successor escrow agent or interplead the Investor Funds with such court, whereupon the Escrow Agent's duties hereunder shall terminate.

12. Successors and Assigns. Except as otherwise provided in this Escrow Agreement, no party hereto shall assign this Escrow Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Escrow Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets in whole or in part, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance any further act.

13. Governing Law; Jurisdiction. This Escrow Agreement shall be construed, performed, and enforced in accordance with, and governed by, the internal laws of the State of Alabama, without giving effect to the principles of conflicts of laws thereof.

14. Severability. In the event that any part of this Escrow Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Escrow Agreement shall remain in full force and effect.

15. Amendments; Waivers. This Escrow Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation, or warranty of this Escrow Agreement. The Company agrees that any requested waiver, modification or amendment of this Escrow Agreement shall be consistent with the terms of the Offering.

16. Entire Agreement. This Escrow Agreement contains the entire understanding among the parties hereto with respect to the escrow contemplated hereby and supersedes and replaces all

prior and contemporaneous agreements and understandings, oral or written, with regard to such escrow.

17. **References to Escrow Agent.** No printed or other matter in any language (including, without limitation, the Offering document, any supplement or amendment relating thereto, notices, reports and promotional material) which mentions the Escrow Agent's name or the rights, powers, or duties of the Escrow Agent shall be issued by the Company or on the Company's behalf unless the Escrow Agent shall first have given its specific written consent thereto.

18. **Section Headings.** The section headings in this Escrow Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Escrow Agreement.

19. **Counterparts.** This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

MEADOW CREEK HOLDINGS, LLC

By: _____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

OAKWORTH CAPITAL BANK, AS ESCROW AGENT

By: _____
Janet Ball
Managing Director

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

MEADOW CREEK HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

OAKWORTH CAPITAL BANK, AS ESCROW AGENT

By: Janet Ball
Janet Ball
Managing Director

EXHIBIT A

Certificate as to Authorized Signatures

The specimen signatures shown below is the specimen signature of the individual who has been designated as the authorized representative of Meadow Creek Holdings, LLC, a Tennessee limited liability company, and who is authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit A is attached, on behalf of Meadow Creek Holdings, LLC.

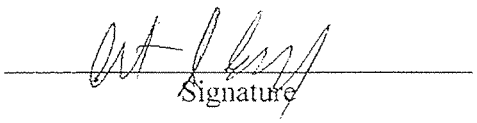
Name / Title	*Specimen Signature*
Arthur J. ("Jimmy") Goolsby, Jr.	 Signature

EXHIBIT B

SCHEDULE OF FEES
Private Placement Escrow

Acceptance Fee: **$ 250.00**

Initial Fees as they relate to Oakworth Capital Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the Escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s).

Acceptance Fee is payable at the time of Escrow Agreement execution.

Escrow Agent Annual Administration Fee: **$ 1,250.00**

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Escrow Agreement execution. The Annual Fee covers a full year or any part thereof, and therefore will not be prorated or refunded in the year of early termination. The Annual Administration Fee shall not be payable for any year subsequent to the first payment hereof if the Supplemental Escrow Agent Administration Fee (as described below) is paid with respect to the Supplemental Escrow Account.

Transaction Charges:

Return of funds to Individual Subscribers (if required): .....$ 20.00/per subscriber

Tax reporting (if required): .....$ 50.00/per subscriber

Supplemental Escrow Agent Administration Fee: **$ 1,000.00**

For establishment of the Supplemental Escrow Account and ordinary administrative services by Escrow Agent during the pendency of the Supplemental Escrow Account – includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties.

This fee is payable in advance, with the first installment being due at the time of Closing. The Supplemental Escrow Agent Administration Fee covers the entire duration of the existence of the Supplemental Escrow Account or any part thereof, and therefore will not be prorated or refunded for early termination of the Supplemental Escrow Account.

Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule. Extraordinary services (services other than the ordinary administration services of Escrow Agent described above) are not included in the annual administration fee and will be billed as incurred at the rates in effect from time to time.

Submitted on: October __, 2012

Sirote

Ronald A. Levitt
Attorney at Law
[redacted]

Sirote Permutt, PC
[redacted]

November 8, 2012

Mr. Arthur J. ("Jimmy") Goolsby, Jr.
Manager
Meadow Creek Holdings, LLC
[redacted]

Re: Opinion Letter Regarding Certain Material Federal Income Tax Aspects of the Subject Transactions

THIS OPINION WAS DRAFTED TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED IN THE OPINION, AND EACH INVESTOR SHOULD SEEK ADVICE BASED ON THE INVESTOR'S CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Dear Manager:

We have acted as counsel to Meadow Creek Holdings, LLC, a Tennessee limited liability company (the "Company"), in connection with the following transactions (collectively the "Subject Transactions"): (a) the formation of the Company, for the purpose of the proposed offer and sale by the Company (the "Offering") of common units of membership interest in the Company ("Units") to certain investors (the "Investors") in a private securities offering intended to qualify under Rule 506 of Regulation D, 17 C.F.R. Reg. §230.506, adopted under the Securities Act of 1933, as amended, pursuant to that certain Confidential Private Offering Summary – Meadow Creek Holdings, LLC, dated November 8, 2012, and the other documents and exhibits attached thereto (collectively, the "Offering Memorandum"); (b) the purchase (the "Purchase") by the Company of certain of the outstanding membership interests in Meadow Creek Investments, LLC, a Tennessee limited liability company (the "Property Entity") owned by (i) Jeffrey A. Pettit, an individual resident of the state of Tennessee ("Mr. Pettit"), who currently owns 95% of the issued and outstanding units in the Property Entity and (ii) Tonya K. Pettit, an individual resident of the state of Tennessee ("Mrs. Pettit" and, together with Mr. Pettit, the "Sellers"), who currently owns 5% of the units in the Property Entity; (c) the redemption (the "Redemption") by the Company of certain Class A Units and Class B Units of membership interest in the Company from the current members of the Company; and (d) the potential contribution by the Property Entity of a conservation easement (the "Conservation Easement") to

Foothills Land Conservancy ("FLC") over that certain real property described herein on Exhibit A (the "Property") that is owned by the Property Entity.

It is important to note that, subsequent to and independent of the closing of the Offering and the Purchase, the Property Entity may hold the Property for investment and potential future sale to one or more third party developers, deliver the Conservation Easement to FLC or to another qualified organization which would be intended to constitute a qualified conservation contribution, as described in Section 170(h) of the Internal Revenue Code of 1986, as amended, (the "Code") and the Treasury Regulations (the "Regulations") with respect to all or a portion of the Property, or do any other activity consistent with its ownership of the Property. It is our understanding that while the Company and Property Entity have discussed potential terms for the Conservation Easement with FLC, no definitive agreements have been entered into with FLC or any other qualified organization or otherwise signed. Further, there are no contractual obligations that require the Property Entity to grant the Conservation Easement or take any other specific action with respect to the Property. The activities engaged in by the Property Entity, relating to the Property or otherwise, are within the discretion of the members of the Property Entity (the "Members") pursuant to the governance provisions of the Operating Agreement of the Property Entity (the "Property Entity Operating Agreement"), and, indirectly, pursuant to the governance provisions of the Operating Agreement of the Company (the "Company Operating Agreement").

We have been requested by the Company to deliver this legal opinion (this "Opinion") in furtherance of the Subject Transactions. Our opinions stated herein are based upon our interpretation of the relevant provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated there under, existing judicial decisions, and current administrative rulings and procedures issued by the Internal Revenue Service (the "IRS"), all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision, which changes might alter our Opinion. Our Opinion has no binding effect or official status, and only represents our professional judgment. No assurance can be given that the conclusions reached herein will be sustained by judicial review if challenged by the IRS. Moreover, the tax treatment of a particular transaction and resulting tax attributes will depend not only upon general legal principles but also upon various factual matters related to the individual taxpayer. Consequently, while we are able to give our Opinion with respect to the general treatment of the Subject Transactions described herein and resulting tax attributes, the effects to an individual taxpayer will be heavily dependent upon the taxpayer's tax situation.

There are certain factual determinations that must be made when evaluating whether a proposed conservation easement contribution will qualify for a deduction under the Code and Regulations, and certain limitations on the use of such deductions are specific to each individual taxpayer. Such factual determinations are beyond the scope of this Opinion. Where applicable, we have indicated the factual assumptions and legal documents upon which we have relied, and upon which this Opinion is based.

I. PROPOSED TRANSACTION STRUCTURE.

(a) The Investors will contribute cash to the Company in exchange for Common Units in the Company pursuant to the form of Subscription and Suitability Agreement (the "Contribution Agreement") attached to the Offering Memorandum.

(b) The Company will effect the Purchase for cash pursuant to that certain Membership Interest Purchase Agreement dated as of October 12, 2012 and attached to the Offering Memorandum (the "MIPA").

(c) Following the closing of the Offering and Purchase, the Company will own a minimum of 95.204040% of the Membership Interests and a maximum of 95.959596% of the Membership Interests, and the remaining Property Entity Membership Interests, in each case, will be owned in the aggregate by the Sellers, and a minimum of 97.68% ownership interest in the Company on a fully diluted basis and a maximum of 99% ownership interest in the Company on a fully diluted basis will be owned by the Investors.

(d) After the foregoing actions have occurred, it is contemplated that Jeffery A. Pettit, a member of the Company and the Property Entity, and the manager of the Property Entity, and Arthur J. ("Jimmy") Goolsby, Jr., the manager of the Company (the "Manager"), will recommend to the Members that the Property Entity encumber the Property by granting the Conservation Easement to FLC.

(e) If approved by a majority of the Members based upon their relative Membership Interest ownership at such time, with the decision of the Company as the majority member of the Property Entity to be made by a majority of the Investors, the Property Entity will grant the Conservation Easement to FLC. Upon execution, delivery and recordation of the Conservation Easement, the Property Entity will claim a contribution deduction (the "Contribution Deduction") pursuant to Code Sections 170(a) and (h) in an amount equal to the fair market value of the Conservation Easement. Based on the status of the Property Entity as a partnership for federal income tax purposes, the Contribution Deduction will be allocated to the Members (including the Company) under the terms and conditions of the Property Entity Operating Agreement and the applicable provisions of Subchapter K of the Code, and, based on the status of the Company as a partnership for federal income tax purposes, the Contribution Deduction received by the Company will be allocated to the Investors under the terms and conditions of the Company Operating Agreement and the applicable provisions of Subchapter K of the Code.

II. COVERED OPINIONS.

Treasury Department Circular 230 ("Circular 230") provides certain requirements that must be met when delivering a tax opinion letter that is deemed to be a "covered opinion." Covered opinions are written advice, which may be in the form of electronic communications, concerning one or more "federal tax issues" arising from: (1) a transaction that is the same as or substantially similar to a transaction determined by the IRS to be a tax avoidance transaction and identified in published guidance as a "listed transaction"; (2) any

partnership, other entity, or investment plan or arrangement the "principal purpose" of which is the avoidance or evasion of any federal tax; (3) any partnership, other entity, or plan or arrangement that has as "a significant purpose" the avoidance or evasion of federal tax if the written advice is (a) a "reliance opinion," (b) a "marketed opinion," (c) subject to conditions of confidentiality, or (d) subject to contractual protection.

The "principal purpose" of a partnership, other entity, or investment plan or arrangement is the avoidance or evasion of any tax imposed by the Code if that purpose exceeds any other purpose. A principal purpose is not deemed to avoid or evade tax, however, if the partnership, entity, plan, or arrangement has as its purpose the claiming of tax benefits in a manner consistent with the Code and Congressional purpose. A partnership, entity, plan, or arrangement may have a significant purpose of avoidance or evasion of tax even if it does not have the principal purpose of avoidance or evasion of tax.

A "reliance opinion" is defined in Circular 230 as written advice that concludes at a confidence level of more likely than not (*i.e.*, greater than 50% likelihood) that one or more significant federal tax issues would be resolved in the taxpayer's favor. A "marketed opinion" is defined in Circular 230 as written advice where the practitioner knows or has reason to know that the advice will be used or referred to by a person other than the practitioner (or an associated person), in promoting, marketing, or recommending a partnership or other entity, or an investment plan or arrangement, to another taxpayer. It is likely that this letter meets the requirements of both a reliance opinion and a marketed opinion.

Circular 230 requires the practitioner, with respect to a covered opinion, to: (1) determine the facts; (2) relate the facts to the law; (3) evaluate all of the significant federal tax issues and reach a conclusion with respect to each such issue; and (4) reach an overall conclusion regarding the tax treatment of the transaction.

The general rule is that the opinion should consider all significant federal tax issues, unless the opinion is a limited scope opinion. This opinion does not constitute a limited scope opinion. Reasonable efforts must be used to identify facts, including those that relate to future events if the transaction is proposed or prospective, and determine which facts are relevant. A federal tax issue is a question concerning the federal tax treatment of an item of income, gain, loss, deduction, or credit, the existence or absence of a taxable transfer of property, or the value of property for federal tax purposes. A federal tax issue is significant for purposes of a covered opinion if the IRS has a reasonable basis for a successful challenge and its resolution could have a significant impact, whether beneficial or adverse and under any reasonably foreseeable circumstance, on the overall federal tax treatment of the transaction or matter at issue in the opinion.

A reliance opinion must conclude that the taxpayer will prevail on the merits with respect to each significant federal tax issue considered in the opinion, at a confidence level of at least more likely than not, and describe the reasons for the conclusions, including the facts and analysis supporting the conclusions. In a marketed opinion, a conclusion must be reached that the

taxpayer will prevail on the merits at a confidence level of at least more likely than not with respect to each significant federal tax issue addressed in the opinion. If a more likely than not conclusion cannot be reached for each significant tax issue in the opinion, the marketed opinion cannot be issued.

The purpose of this Opinion is to provide the Company and its Members our opinion concerning the material federal income tax aspects of the proposed Subject Transactions. In light of Holding's use of this Opinion in promoting the Offering, this Opinion has been prepared in accordance with the requirements for a marketed opinion.

III. DISCLOSURE REQUIREMENTS.

Section 6111 of the Code requires each "material advisor" with respect to any "reportable transaction" to make a return in a form prescribed by the Secretary setting forth information identifying and describing the transaction and any potential tax benefits expected to result from it, together with such other information as the Secretary may prescribe.

(a) Reportable Transaction.

(1) General Rule. Under Code Section 6111(a), a "reportable transaction" is any transaction for which information is required in a return or a statement because the transaction is of a type which the Secretary (of the Treasury) determines as having a potential for tax avoidance or evasion. Sections 6111(b)(2) and 6707A(c) of the Code and Sections 1.6011-4(b), 301.6112-1(b)(2) and (c)(2) of the Regulations will apply for purposes of determining whether a transaction is a reportable transaction. For this purpose, a "transaction" includes all of the factual elements relevant to the expected tax treatment of any investment, entity, plan, or an arrangement, and includes any series of steps carried out as part of a plan."[1]

We bring to your attention IRS Notice 2007-72 (August 14, 2007), wherein the IRS issued a "transaction of interest" which contains characteristics that some may argue bears some potential similarity to the Subject Transactions. As noted below, it is our view that the transaction described in IRS Notice 2007-72 is not similar to, and is distinguishable from, the Subject Transactions for purposes of applying the "reportable transaction" principles. IRS Notice 2007-72 describes the following transaction:

> *Advisor owns all of the membership interests in a limited liability company (LLC) that directly or indirectly owns real property (other than a personal residence as defined in § 1.170A-7(b)(3)) that may be subject to a long-term lease. Advisor and Taxpayer enter into an agreement under the terms of which Advisor continues to own the membership interests in LLC for a term of years (the Initial Member Interest), and Taxpayer purchases the successor member interest in LLC (the Successor Member*

[1] Treas. Reg. § 1.6011-4(b)(1).

Interest), which entitles Taxpayer to own all of the membership interests in LLC upon the expiration of the term of years. In some variations of this transaction, Taxpayer may hold the Successor Member Interest through another entity, such as a single member limited liability company. Further, the agreement may refer to the Successor Member Interest as a remainder interest.

After holding the Successor Member Interest for more than one year (in order to treat the interest as long-term capital gain property), Taxpayer transfers the Successor Member Interest to an organization described in § 170(c) (Charity).

Taxpayer claims the value of the Successor Member Interest to be an amount that is significantly higher than Taxpayer's purchase price (for example, an amount that is a multiple of Taxpayer's purchase price and exceeds normal appreciation). Taxpayer claims a charitable contribution deduction under § 170 based on this higher amount. Taxpayer reaches this value by taking into account an appraisal obtained by or on behalf of Advisor or Taxpayer of the fee interest in the underlying real property and the § 7520 valuation tables.

Should the Subject Transactions be determined to fit within the parameters of the "transaction of interest" outlined in Notice 2007-72, the Subject Transactions would constitute, as a result, a "reportable transaction", and subject to the requirements of Section 6111(a). Based upon our comparison of the Subject Transactions and the transaction of interest outlined in Notice of 2007-72, it is our opinion that it is more likely than not that the Subject Transactions do not fit within the description of such transaction, and that the Subject Transactions "are not expected to obtain the same or similar types of tax consequences" as the transaction outlined in the Notice, nor are the Subject Transactions "factually similar or based on the same or similar tax strategy" as the transaction outlined in the Notice. For instance, the Subject Transactions involve a situation in which Investors in the Company have an actual economic investment and undivided interest in the Company from the date of their investment. Moreover, while it is possible that the Investors will receive a charitable contribution deduction in excess of their investment in the Company, the valuation of the Conservation Easement will be based on an appraisal performed in compliance with specific Regulatory guidance issued by the IRS concerning the methodology of valuing such property.

(2) Conclusions. In view of the foregoing, it does not appear that the Subject Transactions should be considered a reportable transaction for purposes of Code Section 6111. However, given the factual nature of the determination of whether the Subject Transactions will be considered a reportable transaction for purposes of Code Section 6111, and the significant penalties that might apply if the Subject Transactions is determined to be such a reportable transaction, it would be advisable for each Seller or Investor addressed herein to consult with his or her own individual tax advisors regarding the applicability of the above referenced requirements on their

obligations, including their obligation to attach IRS Form 8886 to tax returns filed by such members with respect to the Subject Transactions.

(b) Economic Substance.

(1) General Rule. Under Code Section 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Sections 6662(b)(6) and 6662(i), a strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. The penalty is increased to 40-percent of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by these statutes.

(2) Conclusions. There have been no cases reported in which a contribution of a conservation easement was determined to be a transaction "to which the doctrine applies." Accordingly there have been no instances in which a contribution of a conservation easement was found not to have economic substance.[2] Moreover, by granting a conservation easement (should the Property Entity elect to do so), a taxpayer is giving up a real and substantial interest in property, thereby engaging in an actual economic transaction. In view of the foregoing, and as further discussed below, it is our conclusion that, more likely than not, the Subject Transactions do not lack economic substance under Code Section 7701(o) of the Code.

IV. DOCUMENTS REVIEWED.

In reaching the opinions stated herein, we have reviewed the following documents:

(a) The Offering Memorandum and the other documents and exhibits attached thereto;

(b) The preliminary appraisal (the "Preliminary Appraisal") performed by Claud Clark, III, SRA (the "Appraiser"), which we understand will be updated and developed into a complete appraisal performed in accordance with the Code and Regulations prior to the date of the proposed contribution of the Conservation Easement (if it occurs) and which will have an issue and effective date within sixty (60) days of any such contribution of the Conservation

[2] In *Historic Boardwalk Hall, LLC v. Commissioner*, 136 T.C. No. 1 (2011), which was subsequently reversed by the United States Court of Appeals for the Third Circuit, the Tax Court held that, in the context of the rehabilitation tax credit under I.R.C. § 47, the lack of a pre-tax profit potential is not necessarily determinative that a transaction lacks economic substance. Although the case applied pre-Section 7701(o) law and involved the allocation of a tax credit (as opposed to a charitable deduction) among partnership members, the Tax Court's determination that a pre-tax profit is not a prerequisite to satisfying the economic substance test provides some support for the conclusion that the Subject Transactions do not violate I.R.C. § 7701(o). Although the Third Circuit Court of Appeals reversed the Tax Court's decision, the Third Circuit did not base its opinion on the economic substance doctrine.

Easement (the completed appraisal, which we have assumed based on representations by the Appraiser will be provided as described above, is referred to herein as the "Final Appraisal");

(c) The form of Deed of Conservation Easement that would grant and convey the proposed Conservation Easement to FLC (the "Conservation Easement Deed");

(d) The Determination Letter recognizing the tax exempt status of FLC (the "Determination Letter");

(e) Form 990 for FLC for its 2011 fiscal year (the "Form 990");

(f) The Attorney's Certificate of Title (the "Title Opinion") dated as of August 28, 2012, prepared by the law firm of Looney, Looney & Chadwell, PLLC;

(g) The Articles of Organization of the Property Entity and the Property Entity Operating Agreement (collectively, the "Property Entity Documents");

(h) The Articles of Organization of the Company and the Company Operating Agreement (collectively, the "Company Entity Documents");

(i) Various deeds, bills of sale, assignments, assumption agreements, consents and other documents identified to our satisfaction effecting the Offering and Purchase;

(j) The letter from the accountant for the Property Entity describing that the Property has been accounted for as investment property since it was acquired by the Property Entity (the "Capital Gain Letter");

(k) The Reliance Letter from the Manager, on behalf of the Property Entity and the Company, to Sirote & Permutt, P.C. (the "Reliance Letter"); and

(l) A draft of that certain Conservation Easement Baseline Documentation Report prepared by FLC with respect to the Property (the "Baseline Report").

(m) The mineral interests opinion letter dated August 28, 2012 from the law firm of Looney, Looney & Chadwell, PLLC, opining with respect to the severance of the mineral interests from the Property ("Mineral Rights Opinion"); and

(n) The Mineral Rights Option Agreement for the purchase of the mineral rights for the Property from the current owner thereof, which Agreement is in full force and effect and will be closed upon by the Property Entity prior to the grant of any Conservation Easement for the acquisition by the Property Entity of all of the mineral rights associated with the Property (the "Mineral Rights Option Agreement").

In reaching the opinions stated herein we have relied on the above referenced documents, and other documents referenced herein, and have relied upon the authenticity of these documents, and where applicable (i) on their due authorization, execution and delivery, (ii) on the accuracy

and completeness of the documents provided to us, (iii) that no act has occurred rendering any document to be invalid, revoked or ineffective, and (iv) that forms and drafts of documents presented to us have been or will be executed in substantially the same form as presented.

V. ASSUMPTIONS.

The opinions expressed herein are subject to the assumptions listed within this Opinion, including:

(a) Based on the representations in the Reliance Letter and the Capital Gain Letter the Property is a capital asset in the hands of the Property Entity, and a sale of the Property after the date hereof would result in long-term capital gain to the Property Entity.

(b) Based on the Determination Letter and the representations and documents provided by FLC in connection with the proposed grant of the Conservation Easement (the "Easement Documentation"), FLC is a qualified organization as defined in Code Section 170(h)(3).

(c) Based on the Baseline Report, representations and recitals in the Conservation Easement Deed and the Reliance Letter, the Conservation Easement will qualify under Code Section 170(h)(2) as a Qualified Real Property Interest and will be considered to have been contributed exclusively for conservation purposes, as defined in Code Sections 170(h)(4)(ii) and / or 170(h)(4)(iii).

(d) Based on the Preliminary Appraisal, our past dealings and knowledge of the Appraiser, and representations made by the Appraiser, the Final Appraisal will constitute a Qualified Appraisal under Treas. Reg. §1.170A-13(c).

(e) Based on the Preliminary Appraisal, representations and assertions by the Appraiser, and the Reliance Letter, any enhancement in value which will occur to any and all property owned by a Member or any other person entitled to a deduction or tax benefit attributable to the Conservation Easement, or any person related thereto, shall be properly accounted for in the Final Appraisal.

(f) Based on the Reliance Letter and representations by FLC, FLC will issue a timely, complete and accurate letter ("Acknowledgement Letter") acknowledging the receipt of the Conservation Easement that satisfies the requirements of Code Section 170(f)(8).

(g) Based on the Reliance Letter, the Property Entity and the Members will timely file accurate and complete IRS Forms 8283 with respect to the contribution of the Conservation Easement.

(h) Based on the conclusions reached in the Mineral Rights Opinion and the rights granted to the Property Entity for acquisition of the mineral rights to the Property set forth in the Mineral Rights Option Agreement, which rights the Manager of the Property has stated will be exercised prior to any grant of a Conservation Easement, the Property Entity should own all of

the applicable mineral rights to the Property such that there current severance from the Property shall have no adverse effect on the Conservation Easement.

VI. CERTAIN QUALIFICATIONS AND LIMITATIONS.

No opinion is given herein as to the tax consequences to the Company, the Investors or any other Member with respect to any material or significant tax issue which is determined at the individual level and which is dependent upon such Member's or Investor's particular financial or tax circumstances or the state and local tax consequences to the Member or Investors. Further, no opinion is given with respect to the tax effects of any transactions regarding the Property Entity or the Property that may occur after the closing of the Offering and Purchase, such as the granting of the Conservation Easement, or the sale or development of the Property, other than as specifically set forth herein. For purposes of this Opinion, we have also relied and based our interpretation on pertinent provisions of the Code, Regulations (including Temporary and Proposed Regulations) promulgated thereunder, existing judicial decisions, and current administrative rulings and procedures issued by the IRS, all of which are subject to change, with or without retroactive application, by legislation, administrative action and judicial decision. Any changes in the facts assumed hereunder or in the Code or Regulations made subsequent to the date of this Opinion could materially affect the statements made herein and have adverse effects on the income tax consequences of an investment in the Company. This Opinion is strictly subject to all of the terms, conditions and limitations set forth herein. Further, this Opinion is directed to current and future members of the Company who are citizens of the United States. Foreign, state or local tax consequences also are not addressed here.

In rendering this Opinion, we have considered and attempted to follow the guidelines of Circular 230. Our opinion addresses each material tax issue that involves a reasonable possibility of challenge by the IRS for which a legal opinion can be given at this time; however, it should be noted that this Opinion is not a representation or a guarantee that the tax results opined to herein will be achieved. This Opinion has no binding effect or official status of any kind, and no assurance can be given that the conclusions reached in this Opinion would be sustained by a Court if contested by the IRS.

FOR PURPOSES OF OUR OPINION, ANY STATEMENT THAT IT IS "MORE LIKELY THAN NOT" THAT ANY TAX POSITION WILL BE SUSTAINED, MEANS THAT, IN OUR JUDGMENT, AT LEAST A 51% CHANCE OF PREVAILING EXISTS IF THE IRS WERE TO CHALLENGE THE ALLOWABILITY OF SUCH TAX POSITION AND THAT CHALLENGE WERE TO BE LITIGATED AND JUDICIALLY DECIDED.

VII. OPINIONS REGARDING PARTNERSHIP STATUS, CONTRIBUTION, PURCHASE AND ALLOCATION OF THE CHARITABLE DEDUCTION.

A. PARTNERSHIP STATUS FOR THE PROPERTY ENTITY

The availability of the income tax attributes of the Property Entity to its current and future Members depends upon the classification of the Property Entity as a "partnership" for federal income tax purposes and not as an "association taxable as a corporation." In the event that the Property Entity were considered an association taxable as a corporation, then its income and losses as well as any separately stated partnership items would not flow through or be allocated to its Members. If the Property Entity were treated as an association taxable as a corporation, all deductions would be deductible to the Property Entity on its own federal income tax return and would not flow through, or be allocated, to its Members, including the Company, and the Property Entity may be subject to a corporate level of taxation.

The Property Entity was formed as a Tennessee limited liability company. It is contemplated that the Property Entity has had and will have at least two (2) members before and after the closing of the Offering, Purchase, and Redemption. A partnership is defined in Code Section 761 as a "syndicate, group, pool, joint venture, or other incorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not . . . a corporation or a trust or estate." Although not explicitly stated in the definition of partnership, Code Section 761 requires an entity treated as a partnership for federal income tax purposes to consist of at least two partners.

The Property Entity is a business entity that is not classified as a corporation and is considered a "domestic eligible entity" under the Regulations classifying business entities. Treas. Reg. §301.7701-3. Under Treas. Reg. §301.7701-3, a domestic eligible entity that has two or more owners will automatically qualify for "partnership" tax classification status, unless the entity desires to change its classification by electing to be classified as an association taxable as a corporation for federal income tax purposes. Based upon statements contained in the Reliance Letter, it is our understanding that: (i) the Property Entity has at least two members, (ii) the Property Entity has not filed an election under Treas. Reg. §301.7701-3 to be treated as an association taxable as a corporation, (iii) the Property Entity is anticipated to have at least two members after the closing of the Offering, Purchase, and Redemption, and (iv) the filing of an election under Treas. Reg. §301.7701-3 for the Property Entity to be treated as an association taxable as a corporation is not contemplated.

Based upon the foregoing, it is our opinion that, more likely than not, the Property Entity will be classified as a "partnership" and not as an "association taxable as a corporation" for federal income tax purposes if such issue were challenged by the IRS, litigated, and judicially decided. The remaining summary of federal income tax consequences in this Opinion assumes that the Property Entity will be classified as a "partnership" for federal income tax purposes.

Accordingly, if, as anticipated, the Property Entity is treated as a partnership for federal income tax purposes, it will not be treated as a separate taxable entity subject to federal income tax, but

instead the Members of the Property Entity would be required to report on such Members' federal income returns for each year a distributive share of such entity's income, gain, loss, deduction or credit for that year.

B. PARTNERSHIP STATUS FOR THE COMPANY

The availability of the income tax attributes of the Company to the Investors similarly depends upon the classification of the Company as a "partnership" for federal income tax purposes and not as an "association taxable as a corporation." In the event that the Company were considered an association taxable as a corporation, then its income and losses as well as any separately stated partnership items would not flow through or be allocated to the Investors. If the Company were treated as an association taxable as a corporation, all deductions would be deductible to the Company on its own federal income tax return and would not flow through, or be allocated, to the Investors, and the Company may be subject to a corporate level of taxation.

The Company was formed as a Tennessee limited liability company. It is contemplated that the Company will have at least two (2) members before and after the closing of the Offering. A partnership is defined in Code Section 761 as a "syndicate, group, pool, joint venture, or other incorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not . . . a corporation or a trust or estate." Although not explicitly stated in the definition of partnership, Code Section 761 requires an entity treated as a partnership for federal income tax purposes to consist of at least two partners.

The Company is a business entity that is not classified as a corporation and is considered a "domestic eligible entity" under the Regulations classifying business entities. Treas. Reg. §301.7701-3. Under Treas. Reg. §301.7701-3, a domestic eligible entity that has two or more owners will automatically qualify for "partnership" tax classification status, unless the entity desires to change its classification by electing to be classified as an association taxable as a corporation for federal income tax purposes. Based upon statements contained in the Reliance Letter, it is our understanding that: (i) the Company has not filed an election under Treas. Reg. §301.7701-3 to be treated as an association taxable as a corporation, (ii) the Company is anticipated to have at least two members after the closing of the Offering, and (iii) the filing of an election under Treas. Reg. §301.7701-3 for the Company to be treated as an association taxable as a corporation is not contemplated.

Based upon the foregoing, it is our opinion that, more likely than not, the Company will be classified as a "partnership" and not as an "association taxable as a corporation" for federal income tax purposes if such issue were challenged by the IRS, litigated, and judicially decided. The remaining summary of federal income tax consequences in this Opinion assumes that the Company will be classified as a "partnership" for federal income tax purposes.

Accordingly, if, as anticipated, the Company is treated as a partnership for federal income tax purposes, it will not be treated as a separate taxable entity subject to federal income tax, but instead the Investors would be required to report on such Investor's federal income returns for

each year a distributive share of the Company's income, gain, loss, deduction or credit for that year.

C. PARTNERSHIP CONTRIBUTION AND PURCHASE

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership shall terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Based on our review of the Property Entity Documents, the Contribution Agreement, and the MIPA, and subject to the accuracy thereof, we have determined that, subject to the factual assumptions described herein, it is more likely than not that the contribution by the Investors of money to the Company at the Closing of the Offering and the simultaneous closing of the Purchase pursuant to the MIPA shall constitute a sale of Membership Interests for purposes of the termination of the taxable year of the Property Entity pursuant to Section 708(b)(1)(B) of the Code.

D. PARTNERSHIP ANTI-ABUSE RULES

The Regulations under Code Section 701 contains an anti-abuse rule which clarify that the IRS has the authority to recast partnership transactions to more accurately reflect the underlying economic arrangement of the partners if it concludes that the transaction attempts to use the partnership in a manner inconsistent with the intent of subchapter K.[3]

The rule clarifies that subchapter K is intended to permit taxpayers to conduct joint business activities, including investment activities, through a flexible economic arrangement without incurring an entity-level income tax. However, this intent encompasses three requirements: (1) the partnership must be bona fide and each partnership transaction or series of related transactions must be entered into for a substantial business purpose; (2) the form of each partnership transaction must be respected under substance over form principles; and (3) the tax consequences under subchapter K to each partner, of partnership operations and of transactions between the partner and the partnership, must accurately reflect the partners' economic agreement and clearly reflect each partner's income.[4]

Additionally, in order for a partnership transaction to be respected, the partnership and partners must apply the provisions of subchapter K and the accompanying regulations in a manner that is consistent with the intent of subchapter K, as that intent is described under the three requirements.[5] If a partnership is formed or availed of in connection with a transaction a principal purpose of which is to substantially reduce the present value of the partners' aggregate federal tax liability in a manner that is inconsistent with the intent of subchapter K, the IRS can recast the transaction as appropriate to achieve tax results that are consistent with the intent of

[3] Treas. Reg. § 1.701-2.

[4] Treas. Reg. § 1.701-2(a).

[5] Treas. Reg. §1.701-2(b).

subchapter K, taking into account all the facts and circumstances. This may occur even if the transaction falls within the literal words of a particular statutory or regulatory provision.

Whether a partnership is formed or availed of with a principal purpose to reduce substantially the present value of the partners' aggregate federal tax liability in a manner inconsistent with the intent of subchapter K is determined based on all of the facts and circumstances. This includes a comparison of the purported business purpose for a transaction and the claimed tax benefits resulting from the transaction.[6] The regulations provide a number of factors to consider in making this determination, but specifies that the factors are illustrative only and that the weight to be given any one factor (whether listed or not) depends on all of the facts and circumstances; the presence or absence of any factor does not create a presumption that the transaction is abusive.[7] The factors include:[8]

(1) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if the partners owned the partnership's assets and conducted the partnership activities directly;

(2) whether the present value of the partners' aggregate federal tax liability is substantially less than it would be if purportedly separate transactions that are designed to achieve a particular end result are integrated and treated as steps in a single transaction;

(3) whether one or more partners who are integral to the claimed tax results either have a nominal interest in the partnership, are substantially protected from any risk of loss from the partnership's activities, or have little or no participation in the profits from the partnership's activities other than a preferred return that is in the nature of a payment for the use of capital;

(4) whether substantially all of the partners (measured by numbers or interests in the partnership) are related, directly or indirectly, to one another;

(5) whether partnership items are allocated in compliance with the literal language of the regulations governing the partners' distributive shares, but with results that are inconsistent with the purpose of the applicable statutory and regulatory provisions;

(6) whether the benefits and burdens of ownership of property nominally contributed to the partnership are in substantial part retained (directly or indirectly) by the contributing partner or a related party; and

(7) whether the benefits and burdens of ownership of partnership property are in substantial part shifted (directly or indirectly) to the distributee partner before or after the property is actually distributed to the distributee partner (or a related party) .

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[6] Treas. Reg. § 1.701-2(c).

[7] *See, e.g.*, CCA 200613031.

[8] Treas. Reg. § 1.701-2(c).

The application of the above referenced factors is set forth in a series of examples found in the Regulations. We have reviewed these examples and have determined that none of the examples are similar to the Subject Transactions. Based upon the rights of the Members and the Property Entity as set forth in the Offering Documents, the Investors, Sellers and the Property Entity should be viewed as entering into the Subject Transactions with a real and bona fide intent to making a profit. For example, in lieu of granting of the Conservation Easement, the Property Entity may instead choose to lease, develop, sell or otherwise transact business with respect to the Property for the purpose of producing profits for the benefit of the Property Entity and the Members. There is no indication that the Property Entity is utilizing the rules of Subchapter K in a manner inconsistent with the intent of the rules.

Moreover, should the Property Entity and the Members decide to make a charitable contribution of the Conservation Easement, the Property Entity and the Members will be forfeiting its right to develop the Property. Such a contribution would have a material economic impact on the Property Entity, its assets, and the value of the members' investment in the Property Entity. The deduction attributable to the Conservation Easement will flow-through to the Members (including the Company) in a manner consistent with the intent of Subchapter K, and the deduction attributable to the Conservation Easement that flows through to the Company will flow-through to the Investors in a manner consistent with the intent of Subchapter K.

The Tax Court case, *Historic Boardwalk Hall, LLC v. Commissioner,* 136 T.C. No. 1 (2011), demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the Subject Transaction.

In *Historic Boardwalk Hall, LLC*, a partnership was formed for the purpose of allowing an investor to utilize tax credits[9] generated by a partnership which were attributable to historic rehabilitation development undergone by the partnership. The Service argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a real partner, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's arguments in *Historic Boardwalk Hall, LLC*, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

[9] The tax credits at issue in the case were federal historic rehabilitation tax credits available under I.R.C. § 47.

The IRS appealed the Tax Court's decision in *Historic Boardwalk Hall, LLC* to the Court of Appeals for the Third Circuit.[10] The Third Circuit reversed the Tax Court's decision, determining that the investor in the transaction was not a bona fide partner in Historic Boardwalk, LLC. As a result, the investor was not allowed to utilize the tax credits allocated to it under the partnership agreement.

Although the facts of *Historic Boardwalk Hall, LLC* are clearly distinguishable from the Subject Transactions, the decision of the Tax Court and the Third Circuit's reversal of that decision provide some insight into how the courts might analyze the Subject Transactions. First, the Tax Court's decision provides some support for the position that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although *Historic Boardwalk Hall, LLC* involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions.[11] For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable deduction attributable to the Conservation Easement (in the event the Property Entity elects to grant the Conservation Easement), the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership anti-abuse regulations under the rationale provided by the Tax Court in *Historic Boardwalk Hall, LLC*.

Under the "Golsen Rule," which was established in the Tax Court decision *Golsen v. Commissioner*, 54 TC 742 (1970), the Tax Court will follow a decision of the Circuit Court of Appeals to which the case could be appealed. Therefore, the Third Circuit's opinion in *Historic Boardwalk, LLC* will be followed by all courts, including the Tax Court, when an appeal would be to the Court of Appeals to the Third Circuit. Moreover, an appellate court's decision to reverse the Tax Court's decision might, in certain instances, inform the analysis applied by the Tax Court even in future cases not governed by the Golsen Rule. Accordingly, the Third Circuit's decision has some relevance to the Subject Transactions.

The Third Circuit determined that the investor in *Historic Boardwalk, LLC* should not be treated as a bona fide partner because the investor did not have a "meaningful stake in the success or failure of the partnership." In so holding, the Third Circuit focused primarily on the following facts:

- For a variety of reasons, including a "tax benefit guaranty," the court determined the investor had no meaningful downside risk in the partnership and that the investor was

[10] *See Historic Boardwalk, LLC v. Commissioner*, Case No. 11-1832 (August 27, 2012).

[11] Congress' use of Section 47 to encourage investment activity is analogous to its use of Section 170(h) to encourage the use of conservation easements to set aside important property to protect various conservation purposes.

"for all intents and purposes, certain to recoup the contributions it had made" to the partnership.

- The investor lacked meaningful upside potential in the profits of the partnership because the investor would only participate in partnership profits in the unlikely event certain primary payments were made by the partnership, leaving little potential for investor profit.

Unlike the facts in *Historic Boardwalk, LLC*, the Subject Transactions do not involve any type of tax benefit guaranty assuring the Investors that they will receive the tax benefits attributable to a conservation easement donation on the Property. Moreover, should the Member's decide to cause the Property Entity to hold the property for appreciation or develop the Property, the Investors would each recognize their proportional share of the profits (or losses) attributable to such development activity, with no limitation on the upside (or downside) potential to the Investor's.

Based upon the foregoing, it is our opinion that, more likely than not, the Partnership Anti-Abuse Rules will not alter the federal tax treatment of the Subject Transaction.

E. ECONOMIC SUBSTANCE.

Under Code Section 7701(o), "certain transactions to which the [economic substance] doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code Section 6662(b)(6) a strict liability penalty equal to 20-percent of the amount of understated tax will be applied to a transaction which is found to lack economic substance. Under Code Section 6662(i) the penalty is increased to 40-percent of the underpayment if the there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code Sections 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Section 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income."[12] However, when making the determination as to whether a transaction is subject to Section 7701, the term "transaction" includes a series of transactions.[13]

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial

[12] I.R.C. § 7701(o)(5)(B).

[13] I.R.C. § 7701(o)(5)(C).

purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.[14]

It is more likely than not that the Subject Transactions will not violate the economic substance transaction doctrine under Section 7701(o). First, based on our review of the Operating Agreement for both the Property Entity and the Company, the Members (including the Company, and, indirectly, the Investors) have the right to operate the Property Entity in a manner which could deliver a pre-tax economic benefit to the Members. Specifically, the Members could decide to cause the Property Entity to develop the Property in a manner consistent with the Property Entity's highest and best use as set forth in the Appraisal. Alternatively, the Members could decide to cause the Property Entity to hold the Property in order to realize appreciation in the value of the Property. The Members may also decide to cause the Property Entity to encumber a portion of the Property, or the entire Property, with a conservation easement. By entering into the Subject Transactions, the Members (including the Investors, indirectly) have, considering their ability to engage in profit-seeking activities in the form of the Property Entity, both (1) entered into a transaction that changes the Members' (including the Investors, indirectly) economic position in a meaningful way and (2) have a substantial purpose (apart from federal income tax effects) for entering into the Subject Transactions.

Should the Members, and with respect to the Company, the Investors, decide, following the closing of the Offering, Purchase and Redemption, to cause the Property Entity to grant a conservation easement on the Property, it is possible that the IRS could challenge the grant of the Conservation Easement on the grounds that the Subject Transactions coupled with the ultimate grant of the Conservation Easement lack economic substance. However, we have determined that it is more likely than not that the grant of a conservation easement by the Property Entity would not be "transaction to which the doctrine applies" because, in the case of individuals, new section 7701(o) applies only to transactions entered into in connection with a trade or business or activities engaged in for the production of income; a charitable contribution does not fit within this standard. Moreover, if the Subject Transactions, including the grant of the Conservation Easement, are viewed together as part of a larger transaction which constitutes a trade or business, it is more likely than not that the Subject Transactions will be found to satisfy the two part test set forth in Section 7701(o). Specifically, if the Subject Transactions are viewed in their entirety, several grounds exist to support a finding that the Subject Transactions have both economic substance and a business purpose. Specifically, the Property Entity can generate profits through the operation of the Property, even if it is encumbered by a conservation easement.

Finally, the application of the second prong of the two-prong test provided for under Section 7701(o), i.e., that "taxpayer [must have] a substantial purpose (apart from federal income tax effects) for entering into the transaction", has conceivably been limited by *Historic Boardwalk Hall, LLC v. Commissioner*. In the case pre-Section 7701(o), the Tax Court stated, in the context

[14] Section 7701 states that the determination of whether the economic substance doctrine is relevant to a transaction will be made in the same manner as if the section had never been enacted.

of Section 47 rehabilitation tax credits, that absence of a pre-tax motivation for entering into a transaction is not necessarily determinative that a transaction lacks economic substance. Although the Third Circuit Court of Appeals reversed the Tax Court's decision, the Third Circuit did so on grounds other than the economic substance doctrine.

Based on the foregoing, it is more likely than not that Section 7701(o) shall not apply to the Subject Transaction.

F. ALLOCATION OF CHARITABLE DEDUCTION.

When a partnership is terminated pursuant to Code Section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction).[15] There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision.[16] This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership. There is no revaluation of capital accounts.[17]

Upon the occurrence of a termination of a partnership pursuant to Code Section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates.[18] Separate partnership returns are required for the periods before and after termination under Code Section 708(b)(1)(B).[19]

Code Section 704 describes the allocation of income, loss, deduction and credit among the partners of a partnership. In general, the partnership agreement (and in the case of a limited liability company, the operating agreement) governs the allocation of such items. In general, charitable contributions made by a partnership are allocated among the partners based upon their relative interests in the partnership and constitute separately stated items.[20] The basis limitations in Code Section 704(d)[21] and the "at-risk" rules[22] do not apply to charitable contributions.

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[15] Treas. Reg. § 1.708-1(b)(4).

[16] *See* IRC §§ 721, 731.

[17] Treas. Reg. §§ 1.704-1(B)(2)(iv)(f) and 1.704-3(a)(2); *see also* T.D. 8717, 62 Fed. Reg. 25,498-99 (May 9, 1997).

[18] Treas. Reg. § 1.708-1(b)(3).

[19] Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); *see also* FSA 200132009.

[20] *See* IRC § 702(a)(4).

[21] Treas. Reg. § 1.704-1(d)(2) and PLR 8405084.

[22] Prop. Treas. Reg. § 1.465-13.

Based upon our review of the Contribution Agreement, the MIPA, the Redemption Agreement, and the Property Entity and the Company Operating Agreements, we have determined that, subject to the factual assumptions described herein, it is more likely than not that:

1. The simultaneous closing of the Offering and the Purchase shall constitute a termination of the partnership within the meaning of Code Section 708(b)(1)(B).

2. The holding period, adjusted basis and character of the assets of the Property Entity (including the Property) are unaffected as a result of this termination of the Property Entity pursuant to Code Section 708(b)(1)(B).

3. Because the Conservation Easement would be granted to FLC after the termination of the Property Entity under Code Section 708(b)(1)(B), the charitable deduction attributable to the Conservation Easement will appear on the short-year partnership tax return (Form 1065) for that period of 2012 following the closing of the Subject Transactions.

4. Pursuant to the terms of the Property Entity Operating Agreement and Code Sections 702 and 704 and the Regulations promulgated thereunder, the charitable deduction attributable to the Conservation Easement will be allocated among the Members (including the Company) pursuant to relative ownership interest in the Property Entity (i.e., relative Membership Interest ownership in the Property Entity during the short-period tax return following the closing of the Purchase) and no portion of the charitable deduction shall be allocable to the members of the Property Entity for the portion of the taxable year occurring prior to the closing of the Offering and Purchase. Moreover, the portion of the charitable deduction allocable to the Company will be allocated to the Investors pursuant to their relative ownership in the Company (i.e., relative Unit ownership in the Company during the short-period tax return following the closing of the Offering).

VIII. OPINIONS AND ASSUMPTIONS REGARDING QUALIFICATION FOR DEDUCTION.

A donation of a conservation easement constitutes a contribution of less than the donor's entire interest in property (referred to as a "partial interest"). Under Code Section 170(f)(3), the donation of a partial interest does not entitle the donor to a charitable contribution deduction unless the donor can establish the partial interest satisfies one of the exceptions under Code Section 170(f)(3)(B).

One of the exceptions for contributions of partial interests under Code Section 170(f)(3)(B) is the donation of a "qualified conservation contribution."[23] Code Section 170(h), and the Regulations promulgated thereunder, provide the requirements which must be met in order for a contribution to qualify as a "qualified conservation contribution" entitling the donor to a deduction under Code Section 170(a). These requirements as they relate to the Subject Transactions are addressed below.

[23] I.R.C. § 170(f)(3)(B)(iii).

A. QUALIFIED DONEE.

In order to be entitled to a charitable deduction for a contribution of a conservation easement, a donor must establish that the donee of the contribution is a "qualified donee" under the Code and Regulations. A qualified donee is defined under the Regulations as a donee that meets the following requirements:

1. The donee is a governmental agency or a qualified public charitable organization.[24]

2. The donee has a commitment to protect the conservation purposes of the donation.[25]

3. The donee must "have the resources to enforce the restrictions."[26]

Based on our review of the Determination Letter and the Form 990 for FLC, we have determined that, subject to the factual assumptions described below, it is more likely than not that FLC is a qualified donee for purposes of the Code and the Regulations.

First, as outlined in the Determination Letter, FLC is qualified public charitable organization under Code Section 501(c)(3).

Second, although the determination of whether FLC is committed to protecting the conservation purposes outlined in the Conservation Easement Deed requires a factual determination beyond the scope of this Opinion, based on the operating history of FLC and the representations made by FLC, it appears that FLC has the means and is committed to protecting the conservation purposes outlined in the Conservation Easement Deed and enforcing the terms of the Conservation Easement.

Finally, based on the Form 990, it appears that FLC has the resources to enforce the restrictions contained in the Conservation Easement Deed.

B. CONSERVATION PURPOSE.

In order to be entitled to a deduction for the donation of a conservation easement, it must be established that the conservation easement meets one of four different "conservation purposes."[27] However, while this is a question of fact that is only determinable by a court of proper jurisdiction, we have outlined below the conservation purposes that FLC has represented, in the Conservation Easement Deed, that the Conservation Easement accomplishes.

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[24] Treas. Reg. § 1.170A-14(c)(1)(i)-(iv).

[25] Treas. Reg. § 1.170A-14(c)(1).

[26] *Id.*

[27] I.R.C. § 170(h)(4)(A).

Relatively Natural Habitat. In order for an easement to qualify under Code Section 170(h)(4)(A)(ii) as protecting a relatively natural habitat of fish, wildlife, or plants, or similar ecosystems, a conservation easement must protect a "significant" habitat.[28]

FLC has represented in the Conservation Easement Deed that the Conservation Easement will protect a significant relatively natural habitat of fish, wildlife, or plants, or similar ecosystem as is described by Treas. Reg. §1.170A-14(d)(3)(ii).

Open Space. In order for an easement to qualify under Code Section 170(h)(4)(iii) as preserving open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated Federal, State, or local governmental conservation policy, an open space conservation easement must yield a "significant" public benefit.[29]

FLC has stated in the Conservation Easement Deed that the conservation purposes which are expected to be served if a Conservation Easement is granted with respect to the Property would include (1) Preservation of the viewshed from the Fall Creek Falls State Park for the scenic enjoyment of the general public, which will yield a significant public benefit; (2) Protection of a relatively natural habitat for fish, wildlife, plants, and the ecosystems in which they function which will yield a significant public benefit; (3) Preservation of open space (including farm land and forest land) for the scenic and other enjoyment, and for the education of the general public, pursuant to clearly delineated government conservation policies which provide a significant public benefit.

Based on the Baseline Report and representations in the Conservation Easement Deed, it is more likely than not that the Conservation Easement satisfies the conservation purpose requirement of Code Section 170(h)(1)(C).

C. CONSERVATION EASEMENT DEED.

The Property Entity will effect the conveyance of the Conservation Easement to FLC through the execution of the Conservation Easement Deed. Based on our review of the Conservation Easement Deed, we are of the opinion that that it will effectively convey the Conservation Easement. However, in order to secure the tax benefits described herein in calendar year 2012, *inter alia*, the Conservation Easement Deed must be fully executed and recorded in the Van Buren County and Bledsoe County, Tennessee Probate Courts on or before December 31, 2012.

D. RESERVATION OF RIGHTS AND BASELINE REPORT.

The Property Entity intends to reserve certain rights, which are outlined within the Conservation Easement Deed (including without limitation Article 3 of the Conservation Easement Deed). While it is permissible for a taxpayer to reserve certain rights, a taxpayer cannot reserve rights

[28] Treas. Reg. § 1.170A-14(d)(3)(i).

[29] I.R.C. § 170(h)(4)(A)(iii)(flush language). Treas. Reg. § 1.170A-14(d)(4)(iv)(A).

which would either: (1) interfere with the conservation purpose of a donation to such an extent that the conservation purpose will be negated or (2) prevent the conservation easement from being perpetual. Additionally, in instances where a taxpayer reserves certain rights the exercise of which might impair the conservation interests associated with the property, the donor must provide the donee with certain baseline documentation regarding the condition of the property at the time of the donation.[30] These items, as they relate to the Subject Transactions, are addressed below.

Conservation Purpose. Because the existence of a qualified "conservation purpose" is a factual determination, we cannot opine as to whether the rights that the Property Entity has reserved will negate the conservation purpose of the Conservation Easement. We note, however, that FLC, in the Conservation Easement Deed and the Baseline Report, has indicated its belief that there is conservation purpose.

Perpetuity. Based on the nature of the rights reserved, we are of the opinion that it is more likely than not that the reservations included in the Conservation Easement Deed will not prevent the Conservation Easement from being perpetual or being solely for conservation purposes.

Baseline Documentation. Baseline documentation must be obtained prior to the grant of the Conservation Easement and must provide certain information regarding the condition of the Property at the time of the donation. Although the Regulations do not clearly identify what items are required to be in the documentation, the Regulations do state that the following items should be included in the documentation:

1. The appropriate survey maps from the United States Geological Survey, showing the property line and other contiguous or nearby protected areas;[31]

2. A map of the area drawn to scale showing all existing man-made improvements or incursions and natural species on the property;[32]

3. A contemporaneous aerial photograph of the property;[33]

4. On-site photographs taken at appropriate locations on the property;[34]

5. The condition of any protected property;[35] and

[30] Treas. Reg. § 1.170A-14(g)(5)(i).

[31] Treas. Reg. § 1.170A-14(g)(5)(i)(A).

[32] Treas. Reg. § 1.170A-14(g)(5)(i)(B).

[33] Treas. Reg. § 1.170A-14(g)(5)(i)(C).

[34] Treas. Reg. § 1.170A-14(g)(5)(i)(D).

[35] *Id.*

6. A statement signed by the donor and a representative of the donee clearly referencing the documentation and stating that the baseline documentation is accurate.[36]

We have reviewed the Baseline Report and the representations set forth and incorporated in the Conservation Easement Deed and are of the opinion that it is more likely than not that the Baseline Report will meet the requirements of baseline documentation, as provided by the Code and Regulations.

E. CONTEMPORANEOUS WRITTEN ACKNOWLEDGEMENT.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must receive a contemporaneous written acknowledgement from the donee of the conservation easement that meets the following requirements:[37]

1. The acknowledgement must be in writing.

2. The acknowledgement from the qualified organization must also include the following information: (i) if cash was contributed (for example the amount of any endowment), the amount of such cash contribution; (ii) whether the qualified organization gave the taxpayer any goods or services as a result of the contribution; and (iii) a description and good faith estimate of the value of goods and services delivered by the qualified organization to the taxpayer.

3. The acknowledgement from qualified organization must be obtained by the taxpayer from the donee on or before the earlier of: (i) the date the taxpayer's tax return is filed or (ii) the due date of the tax return, including extensions.

Based on representations on the Reliance Letter, representations by FLC and our knowledge of the past practices of FLC, we believe it is reasonable to assume that FLC will provide an Acknowledgment Letter to the Property Entity satisfactory to meet the requirements of Code Section 170(f)(8).

F. FORM 8283.

In order to be entitled to a charitable deduction for the contribution of a conservation easement, a taxpayer must complete, and attach to its tax return in the year of the contribution, IRS Form 8283.[38]

It is the taxpayer's responsibility to file IRS Form 8283 if the amount of the deduction for all non-cash charitable contributions is more than $500. In the case of individuals, the IRS Form 8283 will be an attachment to the taxpayer's IRS Form 1040 for the year in which the charitable

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[36] *Id.* This statement is required in all baseline documentation.

[37] I.R.C. § 170(f)(8).

[38] Treas. Reg. § 1.170A-13(b)(2)(ii); Announcement 90-25, 1990-8 I.R.B. 25.

contributions were made. Although some components of IRS Form 8283 require the signature of the qualified appraiser and the qualified organization to which the contribution will be made, ultimately, it is the taxpayer's responsibility to ensure that such Form is properly completed.

The Property Entity has represented in the Reliance Letter that it will file a complete, accurate and timely IRS Form 8283 with respect to the Conservation Easement contribution if granted. Additionally, the Reliance Letter states that the Property Entity will inform and assist the Members in timely and accurately completing their individual Forms 8283 and including them with their tax returns. Based on these representations, we believe it is reasonable to assume that the requirements pertaining to the filing of IRS Form 8283 will be satisfied.

G. THE "QUALIFIED" APPRAISAL.

The value of a conservation easement must be established and documented by a "qualified appraisal" in order to entitle the donor to a deduction for the contribution. There are two primary legal issues regarding appraisals of conservation easements: (a) whether the appraisal meets the technical elements required in order for the appraisal to be a "qualified appraisal" under the Code and Regulations; and (b) whether the appraisal substantiates the value of the conservation easement claimed by the donor.

1. The Technical Requirements.

The Regulations require that, in the context of a contribution of greater than $5,000, a taxpayer must do all of the following:[39]

a) Obtain a qualified appraisal for such property contributed.

b) Attach a fully completed appraisal summary to the tax return on which the deduction for the contribution is first claimed (or reported) by the donor. If the taxpayer's deduction related to the qualified conservation contribution exceeds $500,000, a copy of the full qualified appraisal must be attached to the IRS Form 8283 provided with the taxpayer's tax return.

c) Maintain records containing certain required information.[40]

[39] Treas. Reg. § 1.170A-13(c)(2)(i).

[40] The information required is listed in Treas. Reg. §1.170A-13(b)(2)(ii) and consists of the following: (1) the name and address of the donee organization to which the contribution was made; (2) the date and location of the contribution; (3) a description of the property in detail reasonable under the circumstances (including the value of the property); (4) the fair market value of the property at the time the contribution was made, the method utilized in determining the fair market value, and, if the valuation was determined by appraisal, a copy of the signed report of the appraiser; and (5) the terms of any agreement or understanding entered into by or on behalf of the taxpayer which relates to the use, sale, or other disposition of the property contributed. Finally, if the property contributed consists of ordinary income property (for example, if it was not held for a year or more prior to the donation of the easement or does

A qualified appraisal is defined in Treas. Reg. §1.170A-13(c)(3), which provides the appraisal report must:

a) Relate to an appraisal made not earlier than 60 days before the date of contribution of the appraised property.[41]

b) Be prepared, signed, and dated by a qualified appraiser.[42]

c) Include all information that is required to be included in a qualified appraisal (as described in the Regulations).[43]

d) Not involve a prohibited appraisal fee.[44]

e) Finally, Code Section 170(f)(11)(E)(i)(I) requires that an appraisal must comply with generally accepted appraisal standards (defined as Uniform Standard of Professional Appraisal Practice ("USPAP").[45]

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not constitute a capital asset within the meaning of Code Section 1221), or if less than the entire interest in the property is contributed in the same year, the Regulations require additional information regarding the contribution.

[41] Treas. Reg. § 1.170A-13(c)(3)(i)(A).

[42] Treas. Reg. § 1.170A-13(c)(3)(i)(B).

[43] Treas. Reg. § 1.170A-13(c)(3)(i)(C). Section 1.170A-13(c)(3)(i)(C)(ii) of the Regulations requires the appraisal to include: (1) a description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed; (2) the date (or expected date) of contribution to the donee; (3) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed; (4) the name, address, and the identifying number of the qualified appraiser; and, if the qualified appraiser is an employee, the name of his employer; (5) the qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and membership, if any, in professional appraisal associations; (6) a statement that the appraisal was prepared for income tax purposes; (7) the date (or dates) on which the property was appraised; (8) the appraised fair market value of the property on the date (or expected date) of contribution; (9) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (10) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.

[44] Treas. Reg. § 1.170A-13(c)(3)(i)(D). Treasury Regulation section 1.170A-13(c)(6) lists the requirements pertaining to appraisal fees.

[45] Treas. Reg. § 1.170A-(f)(11)(E)(i) (as amended in 2006). The term "generally accepted appraisal standards" refers to the substance and principles of the Uniform Standards of Professional Appraisal Practice. Notice 2006-96.

We have reviewed the Preliminary Appraisal, have had several discussions with the Appraiser regarding the Final Appraisal, have reflected on our numerous other dealings with the Appraiser, and have determined, subject to the validity of the statements and representations made by the Appraiser, that the Final Appraisal will, more likely than not, comply with technical requirements listed above in order to constitute a "qualified appraisal." Because the value of the Property Entity's contribution, as set forth in the Preliminary Appraisal, is greater than $500,000, the Property Entity will need to attach a full and correct copy of the Final Appraisal to its IRS Form 1065 when the form is filed.

2. Substantiation of Value.

The value of the Conservation Easement, as set forth in the Preliminary Appraisal, involves a subjective determination by the Appraiser as to the value of the Conservation Easement. Accordingly, we cannot opine on whether the value determined in the Preliminary Appraisal accurately reflects the fair market value of the Conservation Easement.

H. THE "QUALIFIED" APPRAISER.

The value of a conservation easement must be established in an appraisal which is performed by a "qualified appraiser" in order to entitle the donor to a deduction for the contribution. The Code and Regulations require the individual performing the Appraisal of the Conservation Easement to meet the following requirements:[46]

1. The appraiser has earned an appraisal designation from a recognized professional appraiser organization[47] or has otherwise satisfied minimum education and experience requirements set forth in regulations prescribed by the Secretary.[48]

2. The appraiser regularly performs appraisals for which he receives compensation.

3. The individual demonstrates verifiable education and experience in valuing the type of property subject to the appraisal.[49]

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[46] Code Section 170(f)(11)(E)(ii).

[47] Notice 2006-96, 2006-46 I.R.B. 902, §3.03(1) provides that an appraisal designation from a recognized appraisal organization is sufficient to satisfy this requirement if it relates to valuing the type of property for which the appraisal is performed.

[48] For returns filed after October 19, 2006, the minimum education and experience requirements depend upon the type of property to which an appraisal relates. For real property appraisals, the appraiser must be licensed or certified for the type of property being appraised in the state in which the real property is located. *See* Notice 2006-96, Code Section 3.03(b)(ii).

[49] The appraiser is required to make a designation in the appraisal that, because of the appraiser's background, experience, education, and membership in professional associations, the appraiser is qualified to make appraisals of the type of property being valued. *See* Notice 2006-96, 2006-46 I.R.B. 902, Code Section 3.03(2).

4. The individual has not been prohibited from practicing before the IRS by the Secretary under 31 USC §330(c) at any time during the three-year period ending on the date of the appraisal.

Although we cannot opine on the credibility of the Appraiser, we can opine that the Appraiser is, based on his representations, our past dealings with the Appraiser, the representation set forth in the Preliminary Appraisal, and based on the assumption the above referenced requirements and statement will be satisfied in the Final Appraisal, a qualified appraiser for purposes of the Code and Regulations.

I. SUBORDINATION AGREEMENT.

No deduction will be permitted for a conservation easement which is subject to a mortgage unless the mortgagee subordinates its rights in the property to the right of the donee to enforce the conservation purposes of the gift in perpetuity.[50] Any mortgage subordination agreement should be recorded prior to the date on which the conservation easement is granted.

Because it is a requirement of the closing of the Offering that all outstanding mortgages on the property be fully paid off and satisfied at closing, no subordination agreements will be necessary.

J. LONG-TERM CAPITAL GAIN PROPERTY.

The Code states that a taxpayer's charitable contribution shall be reduced by the amount of gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer for its fair market value.[51] This rule, in essence, reduces a taxpayer's contribution deduction to the taxpayer's basis in the property contributed (or encumbered) if the sale of the property would not yield long-term capital gain.

There are several scenarios which can result in the application of Code Section 170(e). The most common scenarios involve: (1) a taxpayer that holds property, which in the hands of the taxpayer, is considered inventory; and (2) a taxpayer that does not have a more than one year holding period in the property transferred or encumbered by a conservation easement.

Based on the representations made in the Reliance Letter and the Capital Gain Letter and the representations and warranties given in the MIPA , and subject to the accuracy thereof, it is our opinion that the value of the Conservation Easement donation will not be reduced under Code Section 170(e).

[50] *See* Treas. Reg. § 1.170A-14(g)(2).

[51] Code Section 170(e).

K. OTHER POTENTIALLY MATERIAL TAX ISSUES.

In addition to certain tax issues and items already noted within this Opinion, the following tax issues could be considered to be material to the Subject Transactions, but we are unable to express any opinion with respect thereto for the reasons stated. In general, such issues are not susceptible to an opinion because the resolution of such issues are (i) inherently factual matters on which no legal opinion can be made, (ii) dependent upon facts that do not currently exist, or (iii) dependent upon certain financial or other characteristics of an individual Investor.

(a) **Amount of Charitable Contribution Deduction**. Under Code Section 170, the amount of any Contribution Deduction resulting from the Conservation Easement will be the fair market value of the Conservation Easement. Treas. Reg. §1.170A-14(h)(3) provides rules governing the valuation of qualified conservation easements under Code Section 170(h). In the case of the Conservation Easement, there is, according to the Appraisal, no substantial record of any sales of comparable easement rights. Therefore, the fair market value of the perpetual conservation restriction represented by the Conservation Easement is the difference between the fair market value of the Property before granting the Conservation Easement and its fair market value after the Conservation Easement is granted, and after subtracting the value of any enhancement to the value of certain other property. Due to the subjective, factual nature of the valuation issues involved, we are unable to express any opinion as to the fair market value of the Conservation Easement.

(b) **State and Local Taxes.** The Property is situated in the State of Tennessee; however, Investors may be residents of other states. Accordingly, an investment in the Offering may impose an obligation to file annual tax returns in more than one state or locality. In addition, the various states require partnerships or entities taxable as partnerships to withhold and pay state income taxes owed by nonresident partners, relating to income-producing properties located in such states. Some states or localities may also impose income, franchise, gross receipts or similar taxes on partnerships as entities regardless of the federal tax classification status of the entity. Finally, some states provide State-level tax benefits attributable to donation of conservation easements, the benefits of which are governed by State and local authority and guidance.

This opinion does not make any attempt to summarize the state and local tax consequences related to the Subject Transactions nor give any opinion with respect thereto. Each Investor is advised to consult their own accounting and/or legal counsel for assistance with respect to any particular state or local tax that may affect them.

L. AGGREGATE OPINION.

It is our opinion that it is more likely than not that, if the Conservation Easement is contributed to FLC, each Member (including the Company) will be entitled to a charitable contribution

deduction based upon their Property Entity allocable share[52] of the "fair market value" of the Conservation Easement as described herein. It is also our opinion that it is more likely than not that, the portion of the charitable contribution deduction allocated to the Company will in turn be allocated to the Investors based upon their relative Unit ownership interest in the Company for the portion of the taxable year following the closing of the Offering and the Purchase. We do not, and are not qualified to, opine that the value determined by the Appraisal is, in fact, the correct fair market value of the Conservation Easement, but it is our opinion that the Appraisal meets the technical requirements of a "qualified appraisal" legally sufficient to support the fair market value of such a deduction.

We have determined that it is more likely than not that a penalty shall not apply under Section 6662 or Section 6662A as a result of an understatement of tax attributable to either (i) negligence or disregard of rules or Regulations, or (ii) any substantial understatement of income tax. Additionally, although the value of the Conservation Easement involves a subjective determination by the Appraiser to which we cannot opine, we have determined that it is more likely than not that, based on the representations set forth in the Reliance Letter, the Property Entity has relied in good faith on the value set forth in the Appraisal, and that it is more likely than not that a substantial valuation penalty will not apply to the Subject Transactions.[53]

This Opinion may not be relied upon by any other party or for any other purpose whatsoever without prior written consent. We express no opinion, and none should be inferred, regarding any matter not expressly provided herein. Our Opinion is rendered as of the date hereof, and we assume no responsibility for revising it to take into account any occurrences or changed circumstances.

Very truly yours,

Sirote & Permutt, P.C.

SIROTE & PERMUTT, P.C.

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[52] Based on their relative Membership Interest ownership in the Company for the portion of the Company's taxable year following the termination of the Company under Code Section 708(b)(1)(B), as described above.

[53] If it is determined by a court of proper jurisdiction that the claimed value of the Conservation Easement is 150% or more of the correct value, a gross valuation penalty will be applicable. *See* I.R.C. § 6662(h). Reliance on a qualified appraisal will not constitute reasonable cause for purposes of avoiding such a penalty. *See* I.R.C. § 6664(c)(3). Because we express no opinion as to the correct value of the Conservation Easement, the application of a gross valuation penalty is an issue to which we cannot opine.

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00) and the 7th Civil District of Bledsoe County, Tennessee (Reference Warranty Deed Book 254 Page 195 and Tax Map 69 parcel 1.01)

Beginning on a ½" rebar (found) being the southwestern corner of this described parcel as well as being in the eastern line of the Randell Prater property; thence going with Prater N 34°26'51" W 2617.82 feet to a point in a creek; thence leaving Prater and going with the Kenneth Wood property generally following the meanders of the said creek S 79°59'22" E 65.98 feet; thence S 83°35'21" E 148.57 feet; thence N 43°34'51" E 78.93 feet; thence N 03°29'08" W 193.48 feet; thence N 53°29'06" W 192.93 feet; thence N 67°49'37" W 68.94 feet; thence N 05°02'44" E 194.13 feet; thence N 42°34'29" E 50.70 feet; thence N 21°19'19" E 150.64 feet; thence N 65°11'45" E 49.13 feet; thence N 30°52'42" W 47.27 feet; thence N 72°45'54" E 41.93 feet; thence N 47°58'01" E 38.35 feet; thence S 43°55'52" E 82.91 feet; thence N 08°48'03" E 39.12 feet; thence N 32°58'57" E 33.44 feet; thence N 47°56'22" W 106.84 feet; thence N 62°13'55" W 156.69 feet; thence N 39°44'15" W 64.24 feet; thence N 31°50'47" E 46.28 feet; thence N 52°01'53" W 122.78 feet; thence N 02°08'31" W 29.00 feet; thence S 51°50'04" W 32.15 feet; thence N 83°59'20" W 91.18 feet; thence N 05°58'57" E 77.45 feet; thence S 76°42'32" W 71.15 feet; thence N 09°35'39" W 80.24 feet; thence S 83°35'24" W 55.65 feet; thence N 07°20'01" W 50.38 feet; thence N 84°08'12" E 42.04 feet; thence N 39°13'37" E 33.90 feet; thence N 21°09'03" W 73.02 feet; thence N 54°54'37" W 67.71 feet; thence N 73°32'35" E 81.78 feet; thence N 21°10'06" W 45.61 feet; thence N 08°11'25" E 64.15 feet; thence N 10°03'58" E 42.66 feet; thence S 72°26'47" W 48.88 feet; thence N 48°57'47" W 61.06 feet; thence N 49°10'59" E 37.55 feet; thence S 87°26'56" E 53.49 feet; thence N 41°26'20" E 44.40 feet; thence S 74°56'17" E 45.90 feet; thence N 06°08'51" W 71.52 feet; thence S 71°58'51" E 55.03 feet; thence N 26°00'43" W 44.98 feet; thence N 41°00'15" W 102.08 feet; thence N 57°56'08" E 71.23 feet; thence N 06°02'39" W 52.79 feet; thence S 65°18'08" W 122.24 feet; thence N 40°48'42" W 72.46 feet; thence N 57°18'03" E 42.25 feet; thence N 50°22'01" E 32.79 feet; thence N 54°19'10" W 79.11 feet; thence N 50°40'41" E 94.58 feet; thence N 63°12'24" W 51.37 feet; thence N 36°15'34" E 66.98 feet; thence N 50°56'44" E 71.39 feet; thence N 05°28'46" E 62.05 feet; thence N 08°00'45" W 128.23 feet; thence N 10°15'36" W 79.60 feet; thence N 12°38'06" E 118.65 feet; thence N 12°19'58" W 67.26 feet; thence N 43°38'31" W 89.65 feet; thence N 73°08'00" W 90.64 feet; thence N 23°53'44" W 32.93 feet; thence N 48°14'56" E 76.00 feet; thence N 46°17'36" E 108.55 feet; thence N 18°50'19" W 187.79 feet; thence N 18°04'49" W 114.67 feet; thence N 21°10'54" W 67.48 feet; thence N 80°56'55" W 162.23 feet; thence N 77°55'45" W 114.84 feet; thence N 10°38'06" W 24.09 feet; thence N 42°17'21" E 153.51 feet; thence N 47°12'11" E 150.07 feet; thence N 01°31'23" E 131.60 feet; thence N 49°04'53" E

69.60 feet; thence S 73°25'35" E 125.56 feet; thence N 17°02'08" E 58.80 feet; thence N 09°40'13" W 87.91 feet; thence N 75°29'32" W 104.43 feet; thence N 61°29'15" W 66.54 feet to a point in the creek; thence leaving the said creek and continuing with the Wood property N 55°17'44" E 335.80 feet to an angle iron; thence continuing with the same N 86°37'37" W 401.30 feet to a point in a creek; thence leaving the Wood property and generally following the meanders of the said creek (location of the creek was generated from a USGS topographic map and has not been field verified) N 03°22'23" E 0.05 feet to a point; thence N 01°47'28" E 141.38 feet; thence N 07°18'21" E 126.79 feet; thence N 36°31'44" E 108.35 feet; thence N 76°14'21" E 162.67 feet; thence N 75°57'50" E 93.07 feet; thence S 88°56'21" E 174.16 feet; thence N 48°21'59" E 116.49 feet; thence N 20°13'29" E 65.29 feet; thence N 47°17'26" E 57.05 feet; thence N 87°23'51" E 71.01 feet; thence S 67°22'48" E 125.76 feet; thence S 69°04'32" E 117.38 feet; thence S 87°42'34" E 80.68 feet; thence N 77°46'30" E 197.97 feet; thence N 52°15'12" E 126.42 feet; thence N 70°54'23" E 177.44 feet; thence S 86°08'16" E 114.94 feet to a point in the said creek; thence leaving the creek and going with the Lester Allison property S 39°56'57" E 2949.21 feet to a set stone; thence leaving Allison and going with the Don Wheeler property S 35°13'48" E 3018.30 feet to a stone; thence continuing with the same S 45°47'15" W 11.76 feet to a 1/2" rebar (found); thence leaving Wheeler and going with the Ronald Swafford property S 55°18'35" W 1906.22 feet to a 1/2" rebar (found); thence continuing with the same S 54°40'56" W 587.86 feet to a 1/2" rebar (found); thence S 55°40'58" W 1072.53 feet to a 3/8" rebar (found); thence leaving Swafford and going with the Allie Mooneyham property S 62°48'56" W 60.00 feet; thence continuing with the same S 53°58'29" W 306.48 feet; thence S 52°29'01" W 22.10 feet to the beginning being 466.40 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

ARTICLES OF ORGANIZATION

OF

MEADOW CREEK INVESTMENTS, LLC

The undersigned natural person, having capacity to contract and acting as the organizer of **Meadow Creek Investments, LLC,** a limited liability company, created in accordance with the Tennessee Revised Limited Liability Company Act, hereby adopts the following Articles of Organization for the Limited Liability Company:

1. The name of the Limited Liability Company is:

Meadow Creek Investments, LLC

2. The name and complete address of the Limited Liability Company's initial registered agent and office located in the State of Tennessee, in Van Buren County, is: Jeffrey A. Pettit, 817 College Street, Spencer, Tennessee 38585.

3. The Limited Liability Company will be **Manager Managed**.

4. There is one (1) member of the Limited Liability Company as of the date of filing these Articles of Organization.

5. These Articles of Organization shall be effective upon filing by the Secretary of State.

C2/e:corp/Articles of Organization (Meadow Creek Investments, LLC)

6. The complete address of the Limited Liability Company's principal executive office in Van Buren County, Tennessee, is: 817 College Street, Spencer, Tennessee 38585. It is located in Van Buren County, Tennessee.

7. The period of duration of the Limited Liability Company shall be perpetual.

8. The name and business address of the individual who shall serve as chief manager until the first annual meeting of members or until his successor is selected and shall qualify is: [redacted].

9. The complete name and address of the Limited Liability Company's organizer in Van Buren County, Tennessee, is: [redacted]. It is located in Van Buren County, Tennessee.

10. The chief manager, **Jeffrey A. Pettit,** is hereby granted authority to execute instruments for the transfer of real property. This designation is not exclusive and is not intended to override Tennessee Code Annotated §48-249-402 of the Tennessee Revised Limited Liability Company Act with regard to agency of members.

11. The Limited Liability Company shall **not** have the power to expel a member.

12. No manager shall have personal liability to the Limited Liability Company or its members for monetary damages for breach of fiduciary duty as a manager, except for liability for: (a) any breach of a manager's duty of loyalty to the Limited Liability Company or its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or, (c) a violation of Tennessee Code Annotated

§48-249-307. If the Tennessee Revised Limited Liability Company Act is hereafter amended to authorize the further elimination or limitation of the liability of managers, then the liability of any governor or manager of the Limited Liability Company, in addition to the limitation on personal liability provided herein, shall be provided to the fullest extent permitted by the amended Tennessee Revised Limited Liability Company Act.

Dated this 11th day of November, 2011.

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SECRETARY

Jeffrey A. Pettit, Organizer

AMENDED AND RESTATED OPERATING AGREEMENT
OF
MEADOW CREEK INVESTMENTS, LLC
a Tennessee Limited Liability Company

INVESTING IN THIS COMPANY IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR'S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE MEMBERSHIP UNITS (THE "SECURITIES") OF THE COMPANY ARE IMPOSED BY THIS OPERATING AGREEMENT.

THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; (II) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES LAWS OF VARIOUS STATES; AND (III) ISSUED AND SOLD IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") PROVIDED BY SECTION 4(2) OF THE 1933 ACT. THE SECURITIES CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO (A) AN EFFECTIVE REGISTRATION UNDER THE 1933 ACT OR ANY TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE 1933 ACT; AND (B) EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

THE SALE OR TRANSFER OF THE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGERS OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF SECURITIES, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS OPERATING AGREEMENT.

THE SECURITIES EVIDENCED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE AND SUCH REGISTRATION IS NOT CONTEMPLATED. THE SECURITIES REPRESENTED BY THIS OPERATING AGREEMENT MAY NOT BE TRANSFERRED IN WHOLE OR IN PART IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

AMENDED AND RESTATED OPERATING AGREEMENT
OF
MEADOW CREEK INVESTMENTS, LLC
a Tennessee Limited Liability Company

WITNESSETH:

THIS AMENDED AND RESTATED OPERATING AGREEMENT OF MEADOW CREEK INVESTMENTS, LLC, a limited liability company organized pursuant to the Tennessee Revised Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Company and the Persons executing this Agreement as Members, and shall supersede any and all prior operating agreements and any amendments thereto.

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4)-(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-l(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 "Affiliate" means (a) in the case of an individual, any relative of such Person, (b) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of any class of the voting securities of or equity interest in such Person; (c) any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person; or (d) any officer, director, trustee, partner, manager, employee or holder of ten percent (10%) or more of the outstanding voting securities of any corporation, partnership, limited liability company, trust or other entity controlling, controlled by or under common control with such Person.

1.3 "Articles of Organization" means the Articles of Organization of Meadow Creek Investments, LLC, as filed with the Secretary of State of Tennessee, as the same may be amended from time to time.

1.4 "Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this Agreement, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.5 "Capital Contribution" means any contribution, as determined in accordance with T.C.A. §48-249-301, et seq., to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.7 "Company" means Meadow Creek Investments, LLC.

1.8 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(h)(2) and 1.704-2(d).

1.9 "Conservation Easement" has the meaning ascribed to said term in Section 13.1 hereof.

1.10 "Conservation Proposal" has the meaning ascribed to said term in Section 13.2(b) hereof.

1.11 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

1.12 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all principal and interest payments on indebtedness of the Company, if any, to Members; (c) all cash expenditures incurred incident to the normal operation of the Company's business; (d) such reserves as the Manager deems reasonably necessary for the proper operation of the Company's business, including but not limited to the Operating Reserve.

1.13 "Economic Interest" means a Member's share of the Company's Profits, Losses and distributions of the Company's property pursuant to the Agreement and the Tennessee Act, including, without limitation, a Member's "Financial Rights" as defined at T.C.A. §48-249-102(11). A Member's Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Tennessee Act. A Member's Economic Interest percentage shall be the same as his Ownership Interest percentages.

1.14 "Effective Date" means, for purposes of this Operating Agreement, the date noted on the signature page hereto.

1.15 "Entity" means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.16 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.17 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in

exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-l(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant hereto is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.18 "Initial Capital Contribution" means the initial contributions to the capital of the Company made by a Member pursuant to this Operating Agreement.

1.19 "Investment Proposal" has the meaning ascribed to said term in Section 13.2(a) hereof.

1.20 "Majority" means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.21 "Manager" means one or more managers designated pursuant to this Agreement. Specifically, Manager shall mean Jeffrey A. Pettit, or any other Persons that succeed Jeffrey A. Pettit in his capacity as Manager. The number of Managers may be increased or decreased from time to time by the unanimous approval of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.22 "Member" means each of the parties who execute a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. The current Members are Jeffrey A. Pettit and Tonya K. Pettit. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager.

1.23 "Member Nonrecourse Debt" has the meaning given the term "partner nonrecourse debt" set forth in Section 1.704-2(b)(4) of the Regulations.

1.24 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(0(3) of the Regulations.

1.25 "Member Nonrecourse Deductions" has the meaning given the term "partner nonrecourse deductions" as set forth in Section 1.704-2(i)(2).

1.26 "Membership Interest" means a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. A Member's Membership Interest shall be designated in Units.

1.27 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(l) of the Regulations.

1.28 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.29 "Operating Agreement" or "Agreement" means this Operating Agreement as originally executed and as amended from time to time.

1.30 "Operating Reserve" means the reserve account for the Company established by the Managers for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases, as well as the expenses more particularly described in Subsection 13.2(d) of this Agreement. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company's business and any funds advanced or lent by the Managers to the Company for inclusion in the Operating Reserve.

1.31 "Ownership Interest" means the proportion that a Member's Units bear to the aggregate Units owned by all Members from time to time.

1.32 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.33 "Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for the purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the

Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.34 "Property" means all that real and personal property acquired by the Company, including the Real Property, and any improvements thereto and shall include both tangible and intangible property.

1.35 "Real Property" means that certain real property owned by the Company and more particularly described on Exhibit "A" attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.36 "Tennessee Act" means the Tennessee Revised Limited Liability Company Act at T.C.A. §§48-249-101, et seq.

1.37 "Transferring Member" means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest or Economic Interest.

1.38 "Treasury Regulations" or "Regulations" means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.39 "Unit" means the Membership Interests of the Company which shall be denominated in unit increments (each, a "Unit") with each Unit representing a Member's entire interest in the Company, including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Tennessee Act. Each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 100 Units authorized for issuance by the Company.

ARTICLE II
FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Tennessee Limited Liability Company by executing and delivering Articles of Organization to the Secretary of State of Tennessee in accordance with the provisions of the Tennessee Act.

2.2 Name. The name of the Company is Meadow Creek Investments, LLC.

2.3 Principal Place of Business. The principal place of business of the Company is 817 College Street, Spencer, Tennessee 38585. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 156 Rector Avenue, Crossville, Tennessee 38555, and the name of its registered agent at such address is Kenneth Chadwell. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Tennessee pursuant to the Tennessee Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Articles of Organization were filed with the Secretary of State of Tennessee and shall continue perpetually thereafter, unless sooner terminated and dissolved in accordance with the provisions of this Operating Agreement or the Tennessee Act.

ARTICLE III
BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be:

(a) In the event the Investment Proposal is selected under Article XIII hereof, then to invest in, improve, sell, use and operate the Real Property, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto;

(b) In the event the Conservation Proposal is selected under Article XIII hereof, then to promote conservation through the grant of the Conservation Easement, and to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental thereto, subject to the terms and conditions of the Conservation Easement, which may include utilizing the Real Property for passive recreation, wildlife management and hunting;

(c) Until such time as either the Investment Proposal or the Conservation Proposal is selected, to engage in any and all activities and transactions and enter into any and all agreements and undertakings which are appropriate, necessary, customary, convenient or incidental to the selection process described in Article XIII hereof;

(d) To manage the use, operation and disposition of the Real Property in accordance with the terms hereof, depending on which proposal is selected;

(e) Any enhancement and/or exploitation of the Real Property not in violation of this Operating Agreement, including but not limited to harvesting timber from the Real Property and using the Real Property for hunting; and

(f) To, subject to the terms of this Operating Agreement, engage in any other lawful act or activity which a Majority of the Members consent to in writing.

ARTICLE IV
NAMES, ADDRESSES AND UNITS OF MEMBERS

The names, addresses and number of Units owned for each of the Members is as set forth on Exhibit B attached hereto, which exhibit shall be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

ARTICLE V
RIGHTS AND DUTIES OF MANAGERS

5.1 Management. The business and affairs of the Company shall be managed by its Managers. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Managers.

5.2 Certain Powers of Managers. Without limiting the generality of Section 5.1 and subject to Sections 5.3 and 5.11 hereof, the Managers shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property outside of the ordinary course of business from any Person as the Managers may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Managers deem appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Managers, or to the extent permitted under the Tennessee Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Managers.

(c) To purchase liability and other insurance to protect the Company's property and business.

(d) To hold and own any Company real and/or personal properties in the name of the Company and sell or dispose of the Company's assets in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of

trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; deeds; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Managers may approve.

(i) To do and perform all other acts as may be necessary or appropriate of the conduct of the Company's business.

Unless authorized to do so by this Operating Agreement or by the Managers, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniary for any purpose.

5.3 Liability for Certain Acts. Each Manager shall act in a manner he or she believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he or she performs the duty of his or her office in compliance with the standard contained in this Section. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Operating Agreement. Each Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data prepared or presented in accordance with the provisions of T.C.A. §48-249-403(k).

5.4 Managers Have No Exclusive Duty to Company. The Managers shall not be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company. The Managers shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Managers may from time to time open bank accounts in the name of the Company, and the Managers shall be the sole signatories thereon, unless the Managers determine otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Managers. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only upon checks signed by a Manager or by such other persons as the Managers may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under T.C.A. §48-249-115, the Company shall indemnify the Managers and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their capacity as Managers. The Company shall indemnify its employees and other agents who are not Managers (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company.

5.7 Term. Each Manager shall serve at the discretion of the Members. Such Manager's term (subject to removal at the discretion of the Members in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time within five (5) years of the Effective Date, with Cause, by the vote of a Majority of the Members. At any point in time after five (5) years from the Effective Date, all or any lesser number of Managers may be removed at any time, with or without Cause, by the vote of a Majority of the Members. For purposes of this Section 5.9, with Cause shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Operating Agreement, which is not cured within thirty (30) days following written notice provided by the Majority of the Members. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Managers' Authority. Notwithstanding anything to the contrary contained herein, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority of the Members, or as otherwise permitted in this Agreement:

(a) Enter into a contract or loan agreement which would commit or obligate the Company to expend more than $50,000.00 of Company funds;

(b) The sale of substantially all of the assets of the Company, except in compliance with Article XIII hereof;

(c) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of $10,000.00, or confess a judgment against the Company;

(d) Make any loans of Company funds;

(e) Cause the Company to be a party to a merger, or an exchange or acquisition of the type described in section §48-249-702 and 48-249-705 of the Tennessee Act;

(f) take any action which would be likely to have an adverse effect on the Real Property or any other Property of the Company;

(g) sell, assign, convey, exchange, dispose, grant or otherwise transfer the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(h) mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property or any other Property of the Company, except in compliance with Article XIII hereof;

(i) cause the Company to engage in any business activities or lines of business other than pursuant to its purpose described in Section 3.1 hereof;

(j) take any action in derogation of the decision of the Members under Article XIII hereof; or

(k) The undertaking, generally, to do any act which is in contravention of this Operating Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding the foregoing, in the event of the death of any of the individual Members, the deceased Member's estate holding an Economic Interest in the Company shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Managers shall not be entitled to any compensation for carrying out their duties or acting as Manager, except as provided in Article 14.4(b)(iv) hereof with respect to any amount remaining in the Operating Reserve at liquidation. However, each Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF MEMBERS; MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited as set forth in the Tennessee Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or profits from the operation of the Company. Notwithstanding T.C.A. §48-249-402,-403, or any contrary rule of law or equity, no Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of T.C.A. §48-249-403(k).

6.3 Indemnity of Members. To the fullest extent permitted under T.C.A. §48-249-115, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Managers shall provide a list showing the names, addresses and Membership Interest of all Members and Managers and the other information required by T.C.A. §48-249-406 and maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses or distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by Members holding a Majority, the Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. In such event, the Members shall have the opportunity (but not the obligation) to participate in such Member loans on a pro rata basis in accordance with their Ownership Interests, and the security (if any) for such Member loans shall be as nearly equal as possible among the lending Members based upon the respective amounts lent by each Member. The making of any loan by a Member shall not create any additional fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law.

6.8 No Annual or Other Meetings Required. Notwithstanding the Tennessee Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby waived, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Managers may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Managers, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Contributions. The Members' capital accounts shall be set and maintained in accordance with the Treasury Regulations.

7.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a unanimous vote of the Members, the Members may be permitted to make additional Capital Contributions if and to the extent they so approve.

7.3 Remedies for Non-Payment of Additional Capital Contributions. In the event that any Member fails to make a required Capital Contribution within ten (10) days of notice to the Member (a "Defaulting Member") of the required additional Capital Contribution, the Company may accept from any other Member (the "Contributing Member") an amount of money equal to all or any portion of the unpaid Capital Contribution. Any such amount shall be deemed as a loan (the "Contribution Loan") from the Contributing Member to the Defaulting Member, which Contribution Loan shall bear interest at the rate of twelve percent (12%) per annum, until paid. For so long as such Contribution Loan is outstanding, the Defaulting Member hereby assigns to the Contributing Member all distributions and payments otherwise due to the Defaulting Member, with such distributions or payments to be first applied to accrued and unpaid interest on the Contribution Loan, and then to reduction of principal. In the event that multiple Contributing

Members are deemed to have made such loans to a single Defaulting Member, any payments or distributions shall be allocated to the Contributing Members, pro rata, based upon the respective amounts due, including accrued and unpaid interest, regardless of the order or timing of the particular loans. In all events, any Contribution Loan shall be due and payable, in full, one year from the date that such Contribution Loan is deemed to have been made, at which time a Contributing Member may elect to enforce such obligation through whatever remedies may be available. Each Defaulting Member hereby grants a security interest in his, hers or its Membership Interest in the Company to secure the repayment of any Contribution Loan, such security interest to be granted to all Contributing Members who shall share in the proceeds of any recovery based upon their respective outstanding amounts owed, including accrued and unpaid interest. Each Defaulting Member hereby grants a power of attorney, coupled with an interest, to the Contributing Member(s) to file financing statements or other documents memorializing and perfecting the security interest granted herein. Further, so long as a Defaulting Member shall be in default of its obligations to make an additional Capital Contribution under this Agreement, said Defaulting Member shall not be permitted to exercise any management rights associated with their Membership Interest (as if such Defaulting Member was only the holder of an Economic Interest), and said Defaulting Member's Membership Interest shall not be considered when determining a Majority of the Members or the unanimous consent of the Members for any provision of this Agreement.

7.4 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of the Company's property any part of such Member's Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company (exclusive of Reserves) sufficient to pay them.

(b) A Member, irrespective of the nature of such Member's Capital Contribution, has only the right to demand and receive cash in return for such Capital Contribution.

7.5 Effect of Disposition of Membership Interest. In the event of an authorized disposition of a Membership Interest pursuant to Article XI hereof, the Capital Account of the Member making such disposition shall become the Capital Account of the Transferee, to the extent it relates to the Membership Interest the subject of such disposition.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions of Distributable Cash. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Managers, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Economic Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by T.C.A. §48-249-306.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any fiscal year shall be allocated in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any fiscal year shall be allocated to the Members, pro rata, based upon their respective Ownership interests as set forth herein.

(b) The Losses allocated pursuant to Section 9.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have an Adjusted Capital Account Deficit as a consequence the allocation of Losses pursuant to Section 9.2(a) hereof, the limitations set forth in this Section 9.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 9.2(b) shall be allocated to the Members on a pro rata basis.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for that fiscal year (and, if necessary subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during a fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Member's share of the net decrease in Company Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-1 (b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(l).

(f) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Sections 1.704-l(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704- l(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-l(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

(h) Allocations Relating to Taxable Issuance of Membership Interest. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together will all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b), 9.3(a), 9.3(b), 9.3(c), 9.3(d), 9.3(e), 9.3(f), and 9.3(g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the regulations. It is the intent of the Members that, to the extent possible, all regulatory allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore, notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's

Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the agreement and all Company items were allocated pursuant to Sections 9.1, 9.2(a), and 9.3(h). In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations under Sections 9.3(a) and 9.3(b), that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 9.3(e) and 9.3(g).

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using the permissible method under Code Section 706 and the Regulations thereunder.

(b) All allocations to the Members pursuant to this Article IX shall, except as otherwise provided, be divided among them in proportion to the Ownership Interests held by each.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

(d) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their shares of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith).

In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Operating Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records, Audits and Reports. At the expense of the Company, the Managers shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

(a) A current list of the full name and last known address of each Member;

(b) Copies of records to enable a Member to determine the relative voting rights, if any;

(c) A copy of the Articles of Organization of the Company and all amendments thereto;

(d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(e) Copies of the Company's written Operating Agreement, together with any amendments thereto;

(f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Managers shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

ARTICLE XI
TRANSFERABILITY

11.1 General. Without the prior written approval of the Manager and compliance with the provisions of this Article XI, no Member shall have the right to:

(a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (collectively, "Sell"), or

(b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (collectively, "Gift"),

(c) all or part of his or her Membership Interest, Economic Interest or Ownership Interest. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining a approval of a Majority, transfer all, but not less than all, of his, her or its Membership Units in the Company to: (A) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (B) the estate of a Member who is a natural person upon such Member's death, or (C) an entity wholly-owned by the Member. Provided, however, that upon the transfer of said Membership Units, said

assignee of such Membership Units shall continue to be bound by all of the terms and conditions of this Operating Agreement as it applied to the transferring Member and the assignee of such Membership Units shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Operating Agreement.

11.2 Transferee Not Member in Absence of Unanimous Consent.

(a) Notwithstanding anything contained herein to the contrary, if the Manager has not approved the proposed Sale or Gift of the Transferring Member's Membership Interest or Ownership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be the owner of an Economic Interest. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by unanimous written consent of the Members) shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-transferring Member(s).

(b) Upon and contemporaneously with any sale or gift of a Transferring Member's Economic Interest in the Company which does at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of $100.00, all remaining rights and Membership Interest retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

(c) Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Interest herein, if such purchase would terminate the Company's status as an association taxable as a partnership as determined by the Internal Revenue Service. If such purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such interest in accordance with the terms of this Agreement, and such third party would only be a Member owning an Economic Interest and would have no right to participate in the management of the Company, unless otherwise determined by the Manager.

ARTICLE XII
ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person or Entity acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Members, by a vote of a Majority, shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII
RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that he (a) has obtained a yield plan (the "Development Plan"), reflecting the proposed development of the Real Property with a single family residential development; and (b) has contacted the Foothills Land Conservancy (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement").

13.2 Certain Obligations.

(a) The Manager shall review and analyze the Development Plan, and shall develop a proposal (the "Investment Proposal") to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Company and the Members in connection therewith, a plan for the sale of the Real Property, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering proposal preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(b) The Manager shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop a proposal (the "Conservation Proposal") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax benefits to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including proposal preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) The Manager shall make a determination, within two (2) years from the Effective Date, as to whether the Company should pursue the Investment Proposal or pursue the Conservation Proposal.

13.3 Right of the Members. When the Manager determines that the Company should pursue either the Investment Proposal or the Conservation Proposal, they shall provide written notice thereof to each of the Members pursuant to the provisions of Section 15.13 of this Agreement. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), at his or her election, immediately or at any time during the five (5) calendar days after the deemed receipt of such notice, in which he or she may reject the Investment Proposal or the Conservation Proposal, as appropriate. In the event that a Majority has provided such a timely notice of rejection, the Company shall not pursue the rejected proposal, and shall pursue the other proposal.

13.4 Duty of Managers to Implement Selected Proposal.

(a) Investment Proposal. If the Investment Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Proposal. If the Conservation Proposal is the option determined by the Manager, and if it is not rejected by a Majority, then the Manager shall execute, deliver and record the

Conservation Easement on behalf of the Company and shall make such filings and take such other actions as may be necessary or appropriate in connection with the Company's contribution deduction as a result thereof.

13.5 Right of Members to Implement. If the Conservation Proposal is selected as provided above, and the Manager fails or refuses to execute, deliver or record the Conservation Easement, then any Member shall have the right and authority to execute, deliver and record the Conservation Easement on behalf of the Company. If the Investment Proposal is selected as provided above, and the Manager fails or refuses to commence pursuit of the Development Plan, then any Member shall have the right and authority to execute and deliver the necessary documents to consummate the sale or disposition of the Real Property pursuant to the Investment Proposal.

13.6 Access and Encumbrances. If the Conservation Proposal is selected as provided above, the Manager shall have the right to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

13.7 Rights of Members to Use Property. So long as the Company owns the Real Property, the Members shall have the individual right to use and enjoy the Real Property, subject to: (a) all legal restrictions, (b) any rules and regulations established by the Manager, (c) the terms and conditions of the Conservation Easement (if one shall be granted), (d) the requirement that such use or enjoyment does not impose additional financial or legal burdens on the Company, or (e) the prohibition against Member use during any periods in time in which the Company is exploiting the Real Property pursuant to this Agreement.

13.8 Disposition of Real Property. Notwithstanding anything in this Agreement to the contrary, if the Conservation Easement has been recorded for at least four (4) years, the Manager may sell or otherwise dispose of the Real Property, in the Manager's sole discretion, and such disposition may include, but is not limited to, donating the Real Property to charity.

ARTICLE XIV
DISSOCIATION. DISSOLUTION AND TERMINATION

14.1 Dissociation.

(a) Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, except for T.C.A. §48-249-601(a)(5), a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) the Member assigns all of his Membership Interest or Economic Interest in accordance with Article 11 herein;

(ii) the Member's entire Membership Interest in the Company is purchased or redeemed by the Company; or

(iii) the Member dies.

(b) Notwithstanding T.C.A. §48-249-503, except as otherwise expressly permitted in this Agreement, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such distributions shall be distributable to such Member only at the time (if any) such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. Notwithstanding anything to the contrary contained in T.C.A. §48-249-601, et seq., the Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The expiration of the term of the Company pursuant to Section 2.5 above;

(b) the unanimous written agreement of all of the Members to dissolve the Company;

(c) there is an administrative or judicial decree of dissolution;

(d) the sale of all of the assets of the Company; or

(e) the disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by T.C.A. §48-249-610. Upon dissolution, the Managers shall file a Notice of Dissolution pursuant to T.C.A. §48-249-609.

14.4 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Managers shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managers may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company;

(iv) Any funds remaining in the Company's Operating Reserve shall be paid to the Manager (and if more than one Manager, to all Managers, pro rata based on their respective number of Units) as a "guaranteed payment" (if such Manager is also a Member for purposes of partnership tax law) for their services rendered; and

(v) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Operating Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1 (b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-l(b)(2)(ii)(g) of the Treasury Regulations, if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Articles of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, Articles of Termination may be executed and filed with the Secretary of State of Tennessee in accordance with T.C.A. §§ 48-249-612 and 48-249-614.

14.6 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against any other Member.

ARTICLE XV
MISCELLANEOUS PROVISIONS

15.1 Application of Tennessee Law. This Operating Agreement and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Tennessee, and specifically the Tennessee Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the property of the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

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

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Operating Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute one Operating Agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Operating Agreement and attached all to one counterpart which shall represent the one final Operating Agreement.

15.12 Federal Income Tax Elections. All elections required or permitted to be made by the Company under the Code shall be made by the Managers as determined in its sole discretion. For all purposes permitted or required by the Code, the Members constitute and appoint Jeffrey A. Pettit as Tax Matters Partner or such other Member as shall be designated by a Majority of the Members.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second (2nd) business day (which term means a day when the United States Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Nashville, Tennessee) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the

records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Managers shall have the right to amend the Certificate of Formation and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or Substituted Member of the Company as authorized herein; or (ii) to change the name or address of a Member; or (iii) to change the name of the registered office or registered agent of the Company; or (iv) in the opinion of the Managers, there is an inconsistent, ambiguous, false or erroneous provision in this Agreement provided the amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate or this Agreement not otherwise expressly addressed in this Article 15 shall require the approval of a Majority of the Members.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Tennessee Act, the Tennessee Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Certification of Non-Foreign Status. In order to comply with §1445 of the Code and the applicable Treasury Regulations thereunder, in the event of the disposition by the Company of a United States real property interest as defined in the Code and Treasury Regulations, each Member shall provide to the Company, an affidavit stating, under penalties of perjury, (a) the Member's address, (b) United States taxpayer identification number, and (c) that the Member is not a foreign person as that term is defined in the Code and Treasury Regulations. Failure by any Member to provide such affidavit by the date of such disposition shall authorize the Manager to withhold ten percent (10%) of each such Member's distributive share of the amount realized by the Company on the disposition.

15.17 Determination of Matters Not Provided For In This Agreement. The Members shall jointly decide any questions arising with respect to the Company and this Agreement which are not specifically or expressly provided for in this Agreement.

15.18 Captions. Titles and captions are inserted for convenience only and in no way define, limit, extend or describe the scope or intent of this Agreement or any of its provisions and in no way are to be construed to affect the meaning or construction of this Agreement or any of its provisions.

15.19 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.20 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

ARTICLE XVI
LOAN AND ADVANCES BY MEMBERS

16.1 Loans to Company. In the event the Company shall determine that funds in addition to the Capital Contributions are reasonably necessary for maintaining and protecting the Property of the Company or conducting its business, the Managers shall be authorized to borrow funds on behalf of the Company on commercially reasonable terms from a commercial lending institution or from one or more of the Members without notification to any of the other Members, and all or a portion of the Property of the Company may be conveyed as security for any such indebtedness; provided, however, that the borrowing of funds by the Company and conveyance of Property as security therefor shall be made only to the extent allowed by applicable law.

16.2 Priority of Loans by Members. In the event that any Member shall lend money to the Company, the principal and interest with respect to such loans shall be fully paid prior to any distribution of funds to the Members under the terms of this Agreement unless such loan contains a specific provision to the contrary. Any Member who shall lend money to the Company under the terms of this Article XVI shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law. All payments of interest and principal on Member loans shall be made on a pro rata basis based upon the amount due each Member. All Member loans shall be in pari passu with each other.

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered effective as of the 8th day of October, 2012.

MANAGER:

_____ (SEAL)
Jeffrey A. Pettit

MEMBERS:

_____ (SEAL)
Jeffrey A. Pettit

_____ (SEAL)
Tonya K. Pettit

Exhibit A

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00) and the 7th Civil District of Bledsoe County, Tennessee (Reference Warranty Deed Book 254 Page 195 and Tax Map 69 parcel 1.01)

Beginning on a ½" rebar (found) being the southwestern corner of this described parcel as well as being in the eastern line of the Randell Prater property; thence going with Prater N 34°26'51" W 2617.82 feet to a point in a creek; thence leaving Prater and going with the Kenneth Wood property generally following the meanders of the said creek S 79°59'22" E 65.98 feet; thence S 83°35'21" E 148.57 feet; thence N 43°34'51" E 78.93 feet; thence N 03°29'08" W 193.48 feet; thence N 53°29'06" W 192.93 feet; thence N 67°49'37" W 68.94 feet; thence N 05°02'44" E 194.13 feet; thence N 42°34'29" E 50.70 feet; thence N 21°19'19" E 150.64 feet; thence N 65°11'45" E 49.13 feet; thence N 30°52'42" W 47.27 feet; thence N 72°45'54" E 41.93 feet; thence N 47°58'01" E 38.35 feet; thence S 43°55'52" E 82.91 feet; thence N 08°48'03" E 39.12 feet; thence N 32°58'57" E 33.44 feet; thence N 47°56'22" W 106.84 feet; thence N 62°13'55" W 156.69 feet; thence N 39°44'15" W 64.24 feet; thence N 31°50'47" E 46.28 feet; thence N 52°01'53" W 122.78 feet; thence N 02°08'31" W 29.00 feet; thence S 51°50'04" W 32.15 feet; thence N 83°59'20" W 91.18 feet; thence N 05°58'57" E 77.45 feet; thence S 76°42'32" W 71.15 feet; thence N 09°35'39" W 80.24 feet; thence S 83°35'24" W 55.65 feet; thence N 07°20'01" W 50.38 feet; thence N 84°08'12" E 42.04 feet; thence N 39°13'37" E 33.90 feet; thence N 21°09'03" W 73.02 feet; thence N 54°54'37" W 67.71 feet; thence N 73°32'35" E 81.78 feet; thence N 21°10'06" W 45.61 feet; thence N 08°11'25" E 64.15 feet; thence N 10°03'58" E 42.66 feet; thence S 72°26'47" W 48.88 feet; thence N 48°57'47" W 61.06 feet; thence N 49°10'59" E 37.55 feet; thence S 87°26'56" E 53.49 feet; thence N 41°26'20" E 44.40 feet; thence S 74°56'17" E 45.90 feet; thence N 06°08'51" W 71.52 feet; thence S 71°58'51" E 55.03 feet; thence N 26°00'43" W 44.98 feet; thence N 41°00'15" W 102.08 feet; thence N 57°56'08" E 71.23 feet; thence N 06°02'39" W 52.79 feet; thence S 65°18'08" W 122.24 feet; thence N 40°48'42" W 72.46 feet; thence N 57°18'03" E 42.25 feet; thence N 50°22'01" E 32.79 feet; thence N 54°19'10" W 79.11 feet; thence N 50°40'41" E 94.58 feet; thence N 63°12'24" W 51.37 feet; thence N 36°15'34" E 66.98 feet; thence N 50°56'44" E 71.39 feet; thence N 05°28'46" E 62.05 feet; thence N 08°00'45" W 128.23 feet; thence N 10°15'36" W 79.60 feet; thence N 12°38'06" E 118.65 feet; thence N 12°19'58" W 67.26 feet; thence N 43°38'31" W 89.65 feet; thence N 73°08'00" W 90.64 feet; thence N 23°53'44" W 32.93 feet; thence N 48°14'56" E 76.00 feet; thence N 46°17'36" E 108.55 feet; thence N 18°50'19" W 187.79 feet; thence N 18°04'49" W 114.67 feet; thence N 21°10'54" W 67.48 feet; thence N 80°56'55" W 162.23 feet; thence N 77°55'45" W 114.84 feet; thence N 10°38'06" W 24.09 feet; thence N 42°17'21" E 153.51 feet; thence N 47°12'11" E 150.07 feet; thence N 01°31'23" E 131.60 feet; thence N 49°04'53" E 69.60 feet; thence S 73°25'35" E 125.56 feet; thence N 17°02'08" E 58.80 feet; thence N 09°40'13" W 87.91 feet; thence N 75°29'32" W 104.43 feet; thence N 61°29'15" W 66.54 feet to a point in the creek; thence leaving the said creek and continuing with the Wood property N 55°17'44" E 335.80 feet to an angle iron; thence continuing with the same N 86°37'37" W 401.30 feet to a point in a creek; thence leaving the Wood property and generally following the meanders of the said creek (location of the creek was generated from a USGS topographic map and has not been field verified) N 03°22'23" E 0.05 feet to a point; thence N 01°47'28" E 141.38 feet; thence N 07°18'21" E 126.79 feet; thence N 36°31'44" E 108.35 feet; thence N 76°14'21" E 162.67 feet; thence N 75°57'50" E 93.07 feet; thence S 88°56'21" E 174.16 feet; thence N 48°21'59" E 116.49 feet; thence N 20°13'29" E 65.29 feet; thence N 47°17'26" E 57.05 feet; thence N 87°23'51" E 71.01 feet; thence S 67°22'48" E 125.76 feet; thence S 69°04'32" E 117.38 feet; thence S 87°42'34" E 80.68 feet; thence N 77°46'30" E 197.97 feet; thence N 52°15'12" E 126.42 feet; thence N 70°54'23" E 177.44 feet; thence S 86°08'16" E 114.94 feet to a point in the said creek; thence leaving the creek and going with the Lester Allison property S 39°56'57" E 2949.21 feet to a set stone; thence leaving Allison and going with the Don Wheeler property S 35°13'48" E 3018.30 feet to a stone; thence continuing with the same S 45°47'15" W 11.76 feet to a 1/2" rebar (found); thence leaving Wheeler and going with the Ronald Swafford property S 55°18'35" W 1906.22 feet to a 1/2" rebar (found); thence continuing with the same S 54°40'56" W 587.86 feet to a 1/2" rebar (found); thence S 55°40'58" W 1072.53 feet to a 3/8" rebar (found); thence leaving Swafford and going with the Allie Mooneyham

property S 62°48'56" W 60.00 feet; thence continuing with the same S 53°58'29" W 306.48 feet; thence S 52°29'01" W 22.10 feet to the beginning being 466.40 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

Exhibit B

MEMBERS

Name	Units	Address
Jeffrey A. Pettit	**95.000000**	[redacted]
Tonya K. Pettit	**5.000000**	[redacted]

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made as of the 8th day of October, 2012, by and among **JEFFREY A. PETTIT**, an individual resident of the State of Tennessee ("Mr. Pettit"), and **TONYA K. PETTIT**, an individual resident of the State of Tennessee ("Mrs. Pettit" and, together with Mr. Pettit, the "Sellers"), and **MEADOW CREEK HOLDINGS, LLC**, a Tennessee limited liability company (the "Buyer"), as follows:

RECITALS

The Sellers currently own 100% of the issued and outstanding membership interests (the "Membership Interests") in Meadow Creek Investments, LLC, a Tennessee limited liability company (the "Company"). The Company's sole asset is a 100% ownership interest in the approximately 466.40 acres of unimproved real estate owned by it that is located in Van Buren County, Tennessee, as further identified and described on **Exhibit A** attached hereto (the "Real Property"). The Sellers desire to sell, and the Buyer desires to purchase, a minimum of a 95.204040% percentage ownership interest in the Company (the "Initial Purchased Interests"), and a maximum of a 95.959596% percentage ownership interest at Closing (the "Additional Purchased Interests", and together with the Initial Purchased Interests, the "Purchased Interests"), for the consideration and on the terms set forth in this Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows (with all capitalized terms used herein without definition shall have the meanings ascribed thereto in Section 6 below):

1. **Sale and Transfer of Membership Interests; Closing.**

1.1 Purchase and Sale of Membership Interests.

(a) Initial Purchase. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2), the Sellers shall bargain, sell, assign, transfer and deliver to the Buyer, and the Buyer shall purchase from the Sellers, on a pro rata basis, the Initial Purchased Interests for an aggregate purchase price of $751,839 (the "Initial Purchase Price"), which Initial Purchase Price shall be subject to upward adjustment by a pro rata portion of any amount remaining (the "Deferred Amount") in a special audit reserve escrow account established by the Company at Closing with an initial contribution of $150,000 to be used to pay the cost of any audits of the Company or the Buyer that may be initiated by the Internal Revenue Service (the "IRS"). The Deferred Amount will be subject to reduction to the extent of any actual costs incurred by the Company or the Buyer in defense of any IRS audit that may be initiated in the five (5) year period following the Closing Date, and the remainder of which will be payable to the Sellers following the expiration of such five year period; provided, however, that in the event that such an audit has been initiated within such five (5) year period and is continuing, such five year period shall be extended until the date that is thirty (30) days following the conclusion of any such audit. Unless otherwise agreed by Sellers and reflected on the Assignment to be delivered pursuant to Section 3(a) below, the Purchased Interests shall be purchased from the individual Sellers on a pro rata basis of their collective ownership on the date hereof.

(b) Additional Purchase. In addition to the Initial Purchased Interests, the Sellers shall also be permitted to purchase up to an additional 0.7556% percentage ownership interest in the Company, at the discretion of the Buyer, at the Closing, for an aggregate of 95.959596%, for the payment of an additional amount of $18,675 per whole membership interest, or $14,110 in the aggregate (the "Additional Purchase Price", and together or separately with the Initial Purchase Price, the "Purchase Price"). Upon notice by the Buyer to the Sellers at the Closing of its desire to exercise such right to acquire all or any portion of the Additional Purchased Interests), the Sellers shall bargain, sell, assign, transfer and deliver to the Buyer, and

the Buyer shall purchase from the Sellers, on a pro rata basis, such amount of the Additional Purchased Interests as have been selected by the Buyer.

1.2 Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place as soon as practicable after the satisfaction of the conditions set forth in Section 1.6 hereof, at such place and time as shall be agreed between Sellers and the Company. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

1.3 Mortgage Satisfaction. The Sellers represent and warrant to the Buyer that the principal asset of the Company is the Real Property, which is currently encumbered by a first position Trust Deed (the "Mortgage") owing to Citizens Tri-County Bank, successor in interest to Citizens Bank of Spencer (the "Lender"). Sellers further represent and warrant to Buyers that the Lender has agreed to release such Mortgage with respect to the Real Property in consideration of the payment of $199,113.74. The Real Property is additionally currently encumbered by a second position Second Trust Deed (the "Second Mortgage") owing to Southeastern Timberland Group, LLC, an affiliate of the Sellers ("STG"). The Second Mortgage relates to a Promissory Note from the Company in favor of STG executed in connection with the acquisition of the Real Property. Sellers further represent and warrant to Buyers that STG has agreed to release such Second Mortgage with respect to the Real Property in consideration of the payment of $618,957.82. As a condition of the Closing, the Sellers agree that the Buyer shall be entitled to obtain the release of the Mortgage and the Second Mortgage at Closing by paying all amounts necessary to obtain such release directly to the Lender and STG, as applicable, by withholding such amounts from any amounts due to the Sellers hereunder or under any other agreement between the Buyer and the Sellers at Closing (the "Mortgage Satisfaction Amount"). Buyer shall pay at Closing the Mortgage Satisfaction Amount to the Lender and STG as directed by such entities in a payoff letter provided to the Buyer by such entities. The Buyer shall be permitted to rely on the statement of the Mortgage Satisfaction Amount disclosed in any payoff letters relating to the Mortgage and the Second Mortgage received from the Lender and STG, respectively.

1.4 Transactions to be Effected at a Closing. At the Closing: (a) Buyer shall notify Sellers of the total number of Purchased Interests to be purchased by Buyer hereunder; (b) Sellers shall deliver to the Buyer an assignment signed by each Seller indicating the number and ownership of the Purchased Interests to be purchased hereby and assigning such Purchased Interests to the Buyer; and (c) Buyer shall deliver to Sellers payment, by wire transfer to a bank account designated in writing by Sellers, of immediately available funds in an aggregate amount equal to the portion of the Purchase Price to be paid at Closing, as determined hereunder with respect to the number of Purchased Interests selected to be acquired by Buyer, less the Deferred Amount and the portion of the Mortgage Satisfaction Amount to be withheld hereunder, such amount to be apportioned among the Sellers in accordance with their ownership of the Purchased Interests.

1.6 Conditions Precedent.

(a) Conditions to Obligation of the Buyer. The obligation of the Buyer to purchase any Purchased Interests hereunder at the Closing is subject to the satisfaction (or waiver by the Buyer) on or prior to the Closing Date of the following conditions:

(1) Minimum Offering Condition. The Buyer shall have sold at least the Minimum Offering (as such term is defined in that certain proposed Confidential Private Offering Summary of Buyer expected to be issued to certain Accredited Investors prior to the termination date hereof).

(2) Representations and Warranties. The representations and warranties of Sellers in this Agreement relating to Sellers shall be true and correct in all material respects, in each case, when made and as of the Closing Date as though made on the Closing Date, except to the extent such

representations and warranties expressly relate to an earlier date (in which case, on and as of such earlier date).

(3) Delivery of Assignment. Sellers shall have delivered to the Company the Assignment referenced in Section 1.4(b).

(4) Performance of Obligations of Sellers. Sellers shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Sellers by the time of or concurrently with the Closing.

(5) No Injunctions or Restraints. No Legal Requirement or Order enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(b) Conditions to Obligation of Sellers. The obligation of Sellers to sell the Purchased Interests is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of the following conditions:

(1) Minimum Offering Condition. The Buyer shall have sold at least the Minimum Offering and notified the Sellers of the total number of Purchased Interests to be purchased by Buyer as required by Section 1.4(a).

(2) Performance of Obligations of the Buyer. The Buyer shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by the Buyer by the time of or concurrently with the Closing.

(3) No Injunctions or Restraints. No Legal Requirement or Order enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

1.7 Post-Closing Covenants and Agreements.

(a) The parties agree to report for federal income tax purposes that the sale of Membership Interests shall constitute a termination within the meaning of IRC Section 708(b)(1)(B). The Sellers shall be permitted to prepare all tax returns related to the Company for the taxable periods ending on the Closing Date. The Buyer shall be permitted to prepare all tax returns related to the Company for all periods ending after the Closing Date. The parties agree to cooperate with each other in connection with tax compliance matters as they may arise following the Closing Date for periods that include the time that both the Buyer and the Sellers have an interest in any of the Company. The Sellers covenant and agree that in connection with reporting the gain or loss from the sale of the Membership Interests on his, her or its federal and state income Tax Returns, such gain or loss shall be reported by the Sellers as capital gain or capital loss, as the case may be.

(b) The parties agree to provide access to any books and records that such party may need in connection with its compliance with any Legal Requirement following Closing related to the Company.

(c) The parties agree to execute and deliver such other documents as may be necessary or appropriate to more fully consummate the transactions contemplated hereunder.

(d) The Buyer agrees that in the event that the Company elects to pursue the Conservation Proposal (as defined in the Amended and Restated Operating Agreement of the Company) following the Closing, that the Buyer shall establish such reserves to cover the expected operating expenses

of the Company for at least five years as shall have been presented to the Buyer by the Company prior to Closing and shall thereafter contribute as a capital contribution such reserves to the Company from time to time (or directly pay expenses on account thereof) as deemed necessary by the Manager of the Company during such five year period without the necessity of further capital commitment by the Sellers.

2. Representations and Warranties of the Sellers. The Sellers jointly and severally represent and warrant to the Buyer as follows:

2.1 Organization and Good Standing. The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Tennessee, with full limited liability company power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Contracts to which it is a party. The Company has not transacted business outside of the State of Tennessee, so as to require qualification as a foreign limited liability company in any other state.

2.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms. The Sellers have the absolute and unrestricted right, power, authority, and capacity to execute and deliver this Agreement and to perform their obligations under this Agreement.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of any of the transactions contemplated hereby (the "Contemplated Transactions") will, directly or indirectly (with or without notice or lapse of time):

(1) contravene, conflict with, or result in a violation of (A) any provision of the Organizational Documents of the Company, or (B) any resolution adopted by the managers or members of the Company;

(2) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Company or Sellers, or any of the assets owned or used by the Company, may be subject;

(3) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by the Company or that otherwise relates to the business of, or any of the assets owned or used by, the Company;

(4) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any material contract of the Company; or

(5) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets owned or used by the Company.

(c) The Sellers and the Company have obtained all Consents from all necessary Persons in connection with the execution and delivery of this Agreement and the consummation and performance of any and all of the Contemplated Transactions (collectively, the "Seller Consents").

2.3 Capitalization. The authorized equity securities of the Company consist solely of membership interests, one hundred percent (100%) of which constitute the Membership Interests. The Sellers

are the record and beneficial owner and holder of the Purchased Interests, free and clear of all Encumbrances. All of the outstanding equity securities of the Company have been duly authorized and validly issued. There are no contracts relating to the issuance, sale, or transfer of any equity securities or other securities of the Company. The Company does not own, nor has any Contract to acquire, any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business.

2.4 Assets of the Company. The Company's sole asset is the Real Property.

2.5 Books and Records. The books of account, minute books, limited liability company record books, and other records of the Company, all of which have been made available to the Buyer, have been maintained in all material respects in accordance with the applicable provisions of the Tennessee Revised Limited Liability Company Act. All of those books and records of the Company have been made available to a representative of the Buyer.

2.6 Real Property; Encumbrances. To Sellers' Knowledge, the Real Property is subject only to those matters described on the title report attached hereto as **Exhibit B** (the "Title Report").

2.7 Accounts Receivable and Inventory. The Company does not own any accounts receivable or inventory.

2.8 No Undisclosed Liabilities. The Company has no liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) other than liabilities or obligations which are being satisfied or released at Closing or which are the subject of the Seller Consents. Neither the Sellers nor the Company have filed for bankruptcy or reorganization or has made a general assignment for the benefit of creditors. Neither the Sellers nor the Company is insolvent or otherwise unable to pay its debts as they became or become due and no Person has any unsatisfied judgment against the Sellers or Company.

2.9 Taxes.

(a) The Company has filed or caused to be filed on a timely basis all Tax Returns that are or were required to be filed by or with respect to any of them, either separately or as a member of a group of affiliated companies (including disregarded entities for federal and state income tax purposes) pursuant to applicable Legal Requirements.

(b) The Sellers have delivered or have made (or will hereafter make) available to the Buyer copies of all Tax Returns filed by the Company.

(c) The Company has paid, or made provision for the payment of, all Taxes that are shown to be due pursuant to those Tax Returns, or pursuant to any assessment received by the Sellers or the Company.

(d) The attached Schedule 2.9 contains a complete and accurate list of all pending or past audits of Tax Returns of the Company, including a reasonably detailed description of the nature and outcome of each such audit. All deficiencies proposed as a result of such audits have been paid, reserved against, settled, or, as described in Schedule 2.9, are being contested in good faith by appropriate proceedings. Schedule 2.9 describes all adjustments to the United States federal income Tax Returns filed by the Company for all taxable years, and the resulting deficiencies proposed by the IRS. Except as described in Schedule 2.9, the Company has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of the Company or for which the Company may be liable.

(e) To Sellers' Knowledge, all Tax Returns filed by the Company are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Company after the date of this Agreement. The Company is classified as a partnership for federal and state income tax purposes.

(f) The Real Property possesses a holding period for federal tax purposes in the hands of the Company of greater than one year. None of the Sellers, the Company or any Related Person of any of the foregoing has taken or failed to take any action that would cause the Real Property to be characterized for federal income tax purposes in the hands of the Company or Buyer as property not constituting a capital asset within the meaning of Section 1221 of the IRC. The Company acquired the Real Property for the purpose of holding the Real Property for long-term appreciation and investment and not with a view to sell to customers pursuant to any business of the Company or any business conducted by the Sellers or any Related Person of the Sellers.

2.10 Employees and Employee Benefits. The Company does not currently have, nor has it ever had, any employees and the Company is not subject to any liability relating to employee benefits.

2.11 Compliance with Legal Requirements; Governmental Authorizations. Neither the Sellers nor the Company has received notification from any Governmental Body regarding any assessments, pending public improvements, repairs, replacement, or alterations to the Real Property that has not been satisfactorily made. Neither the Sellers nor the Company has any Knowledge of any uncured violations of any Legal Requirements affecting the Company or the Real Property. The Sellers covenant and agree to provide the Buyer with copies of all Governmental Authorizations in their possession which relates to the Company.

2.12 Legal Proceedings; Orders. There is no pending Proceeding that has been commenced by or against the Company or that otherwise relates to or may affect the business of, or any of the assets owned or used by, the Company; or that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To the Knowledge of the Sellers, (1) no such Proceeding has been Threatened, and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding. The Company is not currently a party to any Proceeding. There is no Order to which the Company, or its assets, is subject.

2.13 Contracts. The Company is not a party to any material Contract or otherwise has any obligations under or with respect to any Contract, except those contracts and/or leases described on Schedule 2.13 attached hereto. The Sellers (and no Related Person of the Sellers) do not have, nor shall acquire any rights under, and no Seller has or may become subject to any obligation or liability under, any Contract that relates to the assets owned or used by the Company.

2.14 Environmental Matters. To the Sellers' Knowledge: (a) the Company has never (i) released or disposed of any Hazardous Substances on or about the Real Property; (ii) has disposed of or arranged for the disposition of any Hazardous Substances from the Real Property except in compliance with all applicable federal, state or local laws; and (b) no Hazardous Substances exist on the Real Property or about the Real Property that threaten the Real Property.

2.15 Relationships with Related Persons. Neither the Sellers nor any Related Person of the Sellers or the Company have any interest in any property (whether real, personal, or mixed and whether tangible or intangible), owned or used by the Company. Neither the Sellers nor any Related Person of the Sellers is a party to any Contract with, or has any claim or right against the Company.

2.16 Sellers' and Company's Disclaimer. Except as expressly set forth in this Section 2, the Sellers and the Company make no representation or warranty, express or implied, at law or in equity, in respect of any of the assets, liabilities or operations of the Company or the Real Property, and any such other representations or warranties are hereby expressly disclaimed. Buyer hereby acknowledges and agrees that,

except to the extent specifically set forth in this Section 2, Buyer is purchasing the Company and the assets of the Company on an "as-is, where-is" basis.

3. **Representations and Warranties of Buyer**. The Buyer represents and warrants to the Sellers as follows:

3.1 Organization and Good Standing. The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Tennessee, with full limited liability company power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under Contracts to which it is a party. The Buyer has not transacted business outside of the State of Tennessee, so as to require qualification as a foreign limited liability company in any other state.

3.2 Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms. The Buyer has the absolute and unrestricted right, power, and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) Neither the execution and delivery of this Agreement by the Buyer nor the consummation or performance of any of the Contemplated Transactions by the Buyer will give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to any Legal Requirement or Order to which the Buyer may be subject; or any Contract to which the Buyer is a party or by which the Buyer may be bound. The Buyer is not and will not be required to obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 Certain Proceedings. There is no pending Proceeding that has been commenced against the Buyer that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To the Buyer's Knowledge, no such Proceeding has been Threatened.

4. **Indemnification; Remedies**

4.1 Survival; Right to Indemnification Not Affected by Knowledge. All representations, warranties, covenants, and obligations in this Agreement and the attached Schedules will survive the Closing and continue in full force and effect: (a) indefinitely (but not in excess of the relevant statute of limitations period as provided under law) following the Closing Date with respect to Breaches of representations and warranties described in Section 2.3, Section 2.8, Section 2.13, all covenants of the Sellers contained in this Agreement, liabilities for Taxes relating to periods prior to the Closing Date, and (b) for a period of three (3) years following the Closing Date with respect to all other matters (such periods referred to as the "Survival Period"). The Buyer and the Sellers shall have no rights to indemnification hereunder following expiration of the Survival Period.

4.2 Indemnification and Payment of Damages by the Sellers. Subject to the limitations set forth in this Section 4, the Sellers will indemnify and hold harmless the Buyer, the Company, and their respective Representatives, members, controlling persons, and affiliates (collectively, the "Indemnified Persons") for, and will pay to the Indemnified Persons the amount of, any loss, liability, claim, damage (excluding any special, consequential or punitive damages), expense (including costs of investigation and defense and reasonable attorneys' fees) or diminution of value, whether or not involving a third-party claim (collectively, "Damages"), arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by the Sellers in this Agreement or the attached Schedules (unless the Buyer

had Knowledge of such misrepresentation or breach of warranty at the time of the Closing); (b) any Breach by the Sellers of any covenant or obligation of such Sellers in this Agreement; or (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such Person with either Sellers or the Company (or any Person acting on their behalf) in connection with any of the Contemplated Transactions. Except with respect to claims for fraud against the Sellers, the Buyer acknowledges and agrees that the foregoing indemnification provisions in this Section 4.2 shall be the exclusive remedy of the Indemnified Persons with respect to the transactions contemplated by this Agreement. All indemnification payments under this Section 4.2 shall be paid by the Sellers net of any tax benefits and insurance coverage that may be available to the Indemnified Persons, and shall be deemed adjustments to the Purchase Price.

4.3 Indemnification and Payment of Damages by the Buyer. Subject to the limitations set forth in Section 4.4 below, the Buyer will indemnify and hold harmless the Sellers, and will pay to the Sellers the amount of any Damages arising, directly or indirectly, from or in connection with (a) any Breach of any representation or warranty made by the Buyer in this Agreement (unless Sellers had Knowledge of such misrepresentation or breach of warranty at the time of the Closing), (b) any Breach by the Buyer of any covenant or obligation of the Buyer in this Agreement, or (c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such Person with the Buyer (or any Person acting on its behalf) in connection with any of the Contemplated Transactions. Except with respect to claims for fraud against any of the Buyer, the Sellers acknowledge and agree that the foregoing indemnification provisions in this Section 4.3 shall be the exclusive remedy of the Sellers with respect to the transactions contemplated by this Agreement. All indemnification payments under this Section 4.3 shall be paid by the Buyer net of any tax benefits and insurance coverage that may be available to the Sellers, and shall be deemed adjustments to the Purchase Price.

4.4 Limitations. The liability of the Sellers or the Buyer for indemnification, and any and all entitlement to indemnification by the Sellers and the Buyer, under this Section 4 shall in no event exceed the Purchase Price.

4.5 Procedure for Indemnification--Third Party Claims.

(a) During the Survival Period, promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any Proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under this Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Proceeding is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such Proceeding prior to the expiration of the Survival Period, the indemnifying party will, unless the claim involves Taxes, be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the indemnified party under this Section 4 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of

such Proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a Proceeding, (i) it will be conclusively established for purposes of this Agreement that the claims made in that Proceeding are within the scope of and subject to indemnification; (ii) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such Proceeding, the indemnifying party will be bound by any determination made in such Proceeding or any compromise or settlement effected by the indemnified party.

(c) Notwithstanding the foregoing, if an indemnified party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise, or settle such Proceeding, but the indemnifying party will not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) The Sellers hereby consent to the non-exclusive jurisdiction of any court in which a Proceeding is brought against any Indemnified Person for purposes of any claim that an Indemnified Person may have under this Agreement with respect to such Proceeding or the matters alleged therein, and agrees that process may be served on the Sellers with respect to such a claim anywhere in the world.

4.6 Procedure for Indemnification--Other Claims. A claim for indemnification for any matter not involving a third party claim may be asserted by notice to the party from whom indemnification is sought.

5. General Provisions.

5.1 Expenses. Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of agents, representatives, counsel, and accountants.

5.2 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers on file with the Company (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties).

5.3 Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the State of Tennessee, and each of the parties consents to the jurisdiction of such court (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

5.4 Further Assurances. The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

5.5 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

5.6 Entire Agreement and Modification. This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the party to be charged with the amendment.

5.7 Incorporation of Exhibits and Schedules. The Exhibits and the Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

5.8 Assignments, Successors, and No Third-Party Rights. No party to this Agreement may assign any of its rights under this Agreement without the prior consent of the other party. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

5.9 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

5.10 Section Headings, Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

5.11 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

5.12 Governing Law. This Agreement will be governed by the laws of the State of Tennessee without regard to conflicts of laws principles.

5.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

6. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified or referred to in this Section 6:

6.1 "Breach"--a "Breach" of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been (a) any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term "Breach" means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

6.2 "Buyer"--as defined in the first paragraph of this Agreement.

6.3 "Company"--as defined in the Recitals of this Agreement.

6.4 "Consent"--any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

6.5 "Contemplated Transactions"--all of the transactions contemplated by this Agreement, including the sale of the Membership Interests by the Sellers to the Buyer and the performance by the Buyer and the Sellers of their respective covenants and obligations under this Agreement; provided, however, that any transactions related to Buyer's use of any of the assets owned or used by the Company, including without limitation, any contemplated use of any of the assets owned or used by the Company for a conservation easement, shall not be a Contemplated Transaction.

6.6 "Contract"--any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

6.7 "Damages"--as defined in Section 4.2.

6.8 "Encumbrance"--any material charge, claim, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership; it being understood and agreed that the term "Encumbrance" shall not include, and the following items are expressly excluded from the definition of Encumbrance: (i) all exceptions set forth on the Title Report other than the Mortgage and the Second Mortgage, and (ii) any matters or items which are the subject of a Seller Consent.

6.9 "Family"--with respect to an individual, includes (i) such individual, (ii) such individual's spouse, (iii) any other natural person who is related to such individual or such individual's spouse within the second degree, and (iv) any other natural person who resides with such individual.

6.11 "Governmental Authorization" --any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

6.12 "Governmental Body"--any: (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e)

body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

6.13 "Hazardous Substances"- any hazardous or toxic waste, substance or material, including without limitation any asbestos or any oil or pesticides.

6.14 "IRC"--the Internal Revenue Code of 1986 or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

6.15 "IRS"--the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

6.16 "Knowledge"--an individual will be deemed to have "Knowledge" of a particular fact or other matter if such individual has actual Knowledge of such fact or other matter without inquiry or investigation.

6.17 "Legal Requirement"--any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

6.18 "Material Interest"--direct or indirect beneficial ownership of voting securities or other voting interests representing at least 50% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 50% of the outstanding equity securities or equity interests in a Person.

6.19 "Membership Interests"--as defined in the Recitals of this Agreement.

6.20 "Order"--any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

6.21 "Organizational Documents"--(a) the articles of organization or certificate of formation and operating agreement or limited liability company agreement of a limited liability company; (b) the articles or certificate of incorporation and the bylaws of a corporation; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to any of the foregoing.

6.22 "Person"--any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

6.23 "Proceeding"--any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

6.24 "Real Property"-- as defined in the Recitals of this Agreement.

6.25 "Related Person"--(a) With respect to a particular individual means: each other member of such individual's Family; any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family; any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer,

partner, executor, or trustee (or in a similar capacity); and (b) With respect to a specified Person other than an individual means: any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person; any Person that holds a Material Interest in such specified Person; each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity); and any Person in which such specified Person holds a Material Interest.

6.26 "Representative"--with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

6.27 "Sellers"--as defined in the first paragraph of this Agreement.

6.28 "Seller Consent"--as defined in Section 2.2.

6.29 "Survival Period"--as defined in Section 4.1.

6.30 "Tax Return"--any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

6.31 "Title Report"--as defined in Section 2.6.

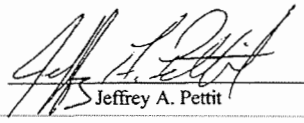
6.32 "Threatened"--a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

- Signature Pages Follow -

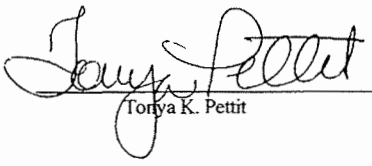
SIGNATURE PAGE OF BUYER

IN WITNESS WHEREOF, the undersigned Sellers and the Buyer have executed and delivered this Agreement as of the date first written above.

SELLERS:



Jeffrey A. Pettit (SEAL)



Tonya K. Pettit (SEAL)

BUYER:

MEADOW CREEK HOLDINGS, LLC

By: _____

Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

DOCSBHM\1892375\1

SIGNATURE PAGE OF BUYER

IN WITNESS WHEREOF, the undersigned Sellers and the Buyer have executed and delivered this Agreement as of the date first written above.

SELLERS:

_____(SEAL)
Jeffrey A. Pettit

_____(SEAL)
Tonya K. Pettit

BUYER:

MEADOW CREEK HOLDINGS, LLC

By:_____
Arthur J. ("Jimmy") Goolsby, Jr.
Its Manager

DOCSBHM\1892375\1

EXHIBIT A

Description of Real Property

LEGAL DESCRIPTION

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00) and the 7th Civil District of Bledsoe County, Tennessee (Reference Warranty Deed Book 254 Page 195 and Tax Map 69 parcel 1.01)

Beginning on a ½" rebar (found) being the southwestern corner of this described parcel as well as being in the eastern line of the Randell Prater property; thence going with Prater N 34°26'51" W 2617.82 feet to a point in a creek; thence leaving Prater and going with the Kenneth Wood property generally following the meanders of the said creek S 79°59'22" E 65.98 feet; thence S 83°35'21" E 148.57 feet; thence N 43°34'51" E 78.93 feet; thence N 03°29'08" W 193.48 feet; thence N 53°29'06" W 192.93 feet; thence N 67°49'37" W 68.94 feet; thence N 05°02'44" E 194.13 feet; thence N 42°34'29" E 50.70 feet; thence N 21°19'19" E 150.64 feet; thence N 65°11'45" E 49.13 feet; thence N 30°52'42" W 47.27 feet; thence N 72°45'54" E 41.93 feet; thence N 47°58'01" E 38.35 feet; thence S 43°55'52" E 82.91 feet; thence N 08°48'03" E 39.12 feet; thence N 32°58'57" E 33.44 feet; thence N 47°56'22" W 106.84 feet; thence N 62°13'55" W 156.69 feet; thence N 39°44'15" W 64.24 feet; thence N 31°50'47" E 46.28 feet; thence N 52°01'53" W 122.78 feet; thence N 02°08'31" W 29.00 feet; thence S 51°50'04" W 32.15 feet; thence N 83°59'20" W 91.18 feet; thence N 05°58'57" E 77.45 feet; thence S 76°42'32" W 71.15 feet; thence N 09°35'39" W 80.24 feet; thence S 83°35'24" W 55.65 feet; thence N 07°20'01" W 50.38 feet; thence N 84°08'12" E 42.04 feet; thence N 39°13'37" E 33.90 feet; thence N 21°09'03" W 73.02 feet; thence N 54°54'37" W 67.71 feet; thence N 73°32'35" E 81.78 feet; thence N 21°10'06" W 45.61 feet; thence N 08°11'25" E 64.15 feet; thence N 10°03'58" E 42.66 feet; thence S 72°26'47" W 48.88 feet; thence N 48°57'47" W 61.06 feet; thence N 49°10'59" E 37.55 feet; thence S 87°26'56" E 53.49 feet; thence N 41°26'20" E 44.40 feet; thence S 74°56'17" E 45.90 feet; thence N 06°08'51" W 71.52 feet; thence S 71°58'51" E 55.03 feet; thence N 26°00'43" W 44.98 feet; thence N 41°00'15" W 102.08 feet; thence N 57°56'08" E 71.23 feet; thence N 06°02'39" W 52.79 feet; thence S 65°18'08" W 122.24 feet; thence N 40°48'42" W 72.46 feet; thence N 57°18'03" E 42.25 feet; thence N 50°22'01" E 32.79 feet; thence N 54°19'10" W 79.11 feet; thence N 50°40'41" E 94.58 feet; thence N 63°12'24" W 51.37 feet; thence N 36°15'34" E 66.98 feet; thence N 50°56'44" E 71.39 feet; thence N 05°28'46" E 62.05 feet; thence N 08°00'45" W 128.23 feet; thence N 10°15'36" W 79.60 feet; thence N 12°38'06" E 118.65 feet; thence N 12°19'58" W 67.26 feet; thence N 43°38'31" W 89.65 feet; thence N 73°08'[redacted]" W 90.64 feet; thence N 23°53'44" W 32.93 feet; thence N 48°14'56" E 76.00 feet; thence N 46°17'36" E 108.55 feet; thence N 18°50'19" W 187.79 feet; thence N 18°04'49" W 114.67 feet; thence N 21°10'54" W 67.48 feet; thence N 80°56'55" W 162.23 feet; thence N 77°55'45" W 114.84 feet; thence N 10°38'06" W 24.09 feet; thence N 42°17'21" E 153.51 feet; thence N 47°12'11" E 150.07 feet; thence N 01°31'23" E 131.60 feet; thence N 49°04'53" E 69.60 feet; thence S 73°25'35" E 125.56 feet; thence N 17°02'08" E 58.80 feet; thence N 09°40'13" W 87.91 feet; thence N 75°29'32" W 104.43 feet; thence N 61°29'15" W 66.54 feet to a point in the creek; thence leaving the said creek and continuing with the Wood property N 55°17'44" E 335.80 feet to an angle iron; thence continuing with the same N 86°37'37" W 401.30 feet to a point in a creek; thence leaving the Wood property and generally following the meanders of the said creek (location of the creek was generated from a USGS topographic map and has not been field verified) N 03°22'23" E 0.05 feet to a point; thence N 01°47'28" E 141.38 feet; thence N 07°18'21" E 126.79 feet; thence N 36°31'44" E 108.35 feet; thence N 76°14'21" E 162.67 feet; thence N 75°57'50" E 93.07 feet; thence S 88°56'21" E

174.16 feet; thence N 48°21'59" E 116.49 feet; thence N 20°13'29" E 65.29 feet; thence N 47°17'26" E 57.05 feet; thence N 87°23'51" E 71.01 feet; thence S 67°22'48" E 125.76 feet; thence S 69°04'32" E 117.38 feet; thence S 87°42'34" E 80.68 feet; thence N 77°46'30" E 197.97 feet; thence N 52°15'12" E 126.42 feet; thence N 70°54'23" E 177.44 feet; thence S 86°08'16" E 114.94 feet to a point in the said creek; thence leaving the creek and going with the Lester Allison property S 39°56'57" E 2949.21 feet to a set stone; thence leaving Allison and going with the Don Wheeler property S 35°13'48" E 3018.30 feet to a stone; thence continuing with the same S 45°47'15" W 11.76 feet to a 1/2" rebar (found); thence leaving Wheeler and going with the Ronald Swafford property S 55°18'35" W 1906.22 feet to a 1/2" rebar (found); thence continuing with the same S 54°40'56" W 587.86 feet to a 1/2" rebar (found); thence S 55°40'58" W 1072.53 feet to a 3/8" rebar (found); thence leaving Swafford and going with the Allie Mooneyham property S 62°48'56" W 60.00 feet; thence continuing with the same S 53°58'29" W 306.48 feet; thence S 52°29'01" W 22.10 feet to the beginning being 466.40 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

EXHIBIT B

Title Report of Real Property

See Attached

SHEDULE 2.9

Audit Information

None

SCHEDULE 2.13

Material Contracts

None

Division Exhibit 13

to Brief in Support of Response in Opposition

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Expires:	August 31, 2015
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
[redacted]

Previous Names: [X] None

Name of Issuer
Meadow Creek Holdings, LLC

Jurisdiction of Incorporation/Organization
TENNESSEE

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2012
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[ ] Limited Partnership
[X] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Meadow Creek Holdings, LLC

Street Address 1
[redacted]

Street Address 2

City	State/Province/Country	ZIP/PostalCode	Phone Number of Issuer
MACON	GEORGIA	[redacted]	[redacted]

3. Related Persons

Last Name	First Name	Middle Name
Goolsby, Jr.	Arthur	J.

Street Address 1
[redacted]

Street Address 2

City	State/Province/Country	ZIP/PostalCode
Macon	[redacted]	[redacted]

Relationship: [ ] Executive Officer [X] Director [ ] Promoter

Clarification of Response (if Necessary):

Manager

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [ ] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [X] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ]		[ ]

[ ] Over $100,000,000	[ ] Over $100,000,000
[X] Decline to Disclose	[ ] Decline to Disclose
[ ] Not Applicable	[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- [ ] Rule 504(b)(1) (not (i), (ii) or (iii))
- [ ] Rule 504 (b)(1)(i)
- [ ] Rule 504 (b)(1)(ii)
- [ ] Rule 504 (b)(1)(iii)
- [ ] Rule 505
- [X] Rule 506
- [ ] Securities Act Section 4(5)
- [ ] Investment Company Act Section 3(c)
  - [ ] Section 3(c)(1)
  - [ ] Section 3(c)(2)
  - [ ] Section 3(c)(3)
  - [ ] Section 3(c)(4)
  - [ ] Section 3(c)(5)
  - [ ] Section 3(c)(6)
  - [ ] Section 3(c)(7)
  - [ ] Section 3(c)(9)
  - [ ] Section 3(c)(10)
  - [ ] Section 3(c)(11)
  - [ ] Section 3(c)(12)
  - [ ] Section 3(c)(13)
  - [ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2012-12-26 [ ] First Sale Yet to Occur

[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

- [X] Equity
- [ ] Debt
- [ ] Option, Warrant or Other Right to Acquire Another Security
- [ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
- [ ] Pooled Investment Fund Interests
- [ ] Tenant-in-Common Securities
- [ ] Mineral Property Securities
- [ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? ☐ Yes ☒ No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $13,685 USD

12. Sales Compensation

Recipient

The Strategic Financial Alliance, Inc.

(Associated) Broker or Dealer ☒ None

None

Street Address 1

[redacted]

Recipient CRD Number ☐ None

[redacted]

(Associated) Broker or Dealer CRD Number ☒ None

None

Street Address 2

City

Atlanta

State/Province/Country

[redacted]

ZIP/Postal Code

[redacted]

State(s) of Solicitation (select all that apply)
Check "All States" or check individual States

☐ All States

☐ Foreign/non-US

- ALASKA
- CALIFORNIA
- COLORADO
- FLORIDA
- GEORGIA
- IDAHO
- INDIANA
- KENTUCKY
- LOUISIANA
- MASSACHUSETTS
- MICHIGAN
- MINNESOTA
- MISSOURI
- NEW HAMPSHIRE
- NEW MEXICO
- NORTH CAROLINA
- OKLAHOMA
- SOUTH CAROLINA
- TENNESSEE
- TEXAS

VIRGINIA
WASHINGTON
WISCONSIN
WYOMING

13. Offering and Sales Amounts

Total Offering Amount	$2,600,150 USD	or ☐ Indefinite
Total Amount Sold	$2,545,410 USD	
Total Remaining to be Sold	$54,740 USD	or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 46

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions	$305,449 USD	☒ Estimate
Finders' Fees	$0 USD	☐ Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$0 USD ☒ Estimate

Clarification of Response (if Necessary):

Manager is not expected to receive any direct proceeds of the offering. However, minority member of Penmain Head, LLC, which is in turn a 50% owner of Southeastern Timberland Group, LLC, the former holder of a second mortgage on the real property owned

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*

- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against it in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.

- Certifying that, if the issuer is claiming a Rule 505 exemption, the issuer is not disqualified from relying on Rule 505 for one of the reasons stated in Rule 505(b)(2)(iii).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Meadow Creek Holdings, LLC	Arthur J. Goosby, Jr.	Arthur J. Goolsby, Jr.	Manager	2013-01-07

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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Division Exhibit 14

to Brief in Support of Response in Opposition

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)

Ed Lloyd & Associates) FILE NO. A-03493-A

) AMENDED: 7/7/2014

WITNESS: Paul E. Lloyd, Jr.

PAGES: 1 through 163

PLACE: Securities and Exchange Commission

950 East Paces Ferry Road

Suite 900

Atlanta, Georgia 30326

DATE: Wednesday, February 6, 2014

The above-entitled matter came on for investigative interview, at 9:30 a.m.

APPEARANCES:

On behalf of the Securities and Exchange Commission:
BRIAN BASINGER, Enforcement Attorney
STEPHEN E. DONAHUE, Enforcement Attorney
Securities and Exchange Commission
950 East Paces Ferry Road
Suite 900
Atlanta, Georgia 30326
404-842-7608

On behalf of the Witness:
ALEX RUE, Attorney
ALEX RUE LAW, LLC.
[redacted]

WILLIAM WOODWARD WEBB, JR., Attorney
EDMISTEN, WEBB & HAWES
[redacted]

CONTENTS

PROCEEDING

MR. BASINGER: We are on the record at 9:59 a.m. on Thursday, February the 6th, 2014. Would the witness please raise his right hand.

Whereupon,

PAUL EDWARD LLOYD, JUNIOR

appeared as a witness herein and, having been first duly sworn, was examined and testified as follows:

THE WITNESS: Yes.

BY MR. BASINGER:

Q Please state and spell your name for the record, including your middle name.

A Paul, P-a-u-l, Edward, E-d-w-a-r-d, Lloyd, L-l-o-y-d, Jr., J-r.

Q And please state your date of birth.

A Re 62.

Q And please state and spell your home address.

A Redacted
Waxhaw, W-a-x-h-a-w, 28173.

Q And that is in the state of North Carolina, correct?

A Yes.

Q Thank you. My name is Brian Basinger and I'm an officer of the Commission for the purpose of this proceeding. Along side me is Steven Donahue who is an enforcement

attorney. Mr. Donahue is also an officer for the purpose of this proceeding. This is an investigation by the United States Securities and Exchange Commission in the matter of Ed Lloyd and Associates, Case Number A-3493, to determine whether there have been any violations of certain provisions of the Federal Securities laws. The facts developed in this investigation however might constitute violations of other federal or state civil or criminal laws.

Before we went on the record, Mr. Lloyd, you were provided with a copy of the formal Order of Investigation in this matter. It will be available for your examination during the course of this proceeding.

Mr. Lloyd, have you had an opportunity to review the formal order?

A Yes.

Q And do you have any questions about the formal order?

A Not at this time.

Q Thank you.

MR. BASINGER: Can we please mark this as Exhibit 1?

(Exhibit Number 1 was marked for identification;.)

BY MR. BASINGER:

Q Let the record reflect that I am handing Mr. Lloyd

what has been marked as Ed Lloyd and Associates Exhibit No. 1, which is SEC Form 1662. I have copies for everyone else. Do you have a copy?

A Yes.

Q Mr. Lloyd, please take a moment to look over Ed Lloyd and Associates Exhibit No. 1 and let me know when you are ready to proceed with questions.

(Witness reviews document.)

A Okay.

Q Mr. Lloyd, have you had an opportunity to read Ed Lloyd and Associates Exhibit No. 1?

A I have.

Q Do you have any questions concerning Exhibit No. 1?

A Not at this time.

Q Thank you. Mr. Lloyd, are you represented by counsel today?

A I am.

MR. BASINGER: Would counsel please identify themselves for the record including your full name, firm name, firm address, and any other counsel who is present.

MR. RUE: Yeah. My name is Alex Rue, Alex Rue Law, LLC. My mailing address is Suite D511, 4060 Peachtree Road, Atlanta, 30319. Mr. Lloyd is also represented by --

MR. WEBB: My name is Woody Webb with the

Edmisten, Webb & Hawes law firm in Raleigh, North Carolina. Our mailing address is PO Box 1509, Raleigh, North Carolina 27602.

MR. BASINGER: Thank you. And just to confirm, you are representing -- Mr. Webb, you are also representing Mr. Lloyd today, correct?

MR. WEBB: Yeah. I am representing Mr. Lloyd as well.

MR. BASINGER: Thank you. May we please mark this as Exhibit No. 2.

(Exhibit Number 2 was marked for identification.)

BY MR. BASINGER:

Q Thank you. Let the record reflect that I am handing Mr. Lloyd what has been marked as Ed Lloyd and Associates Exhibit No. 2, which is a copy of the -- which is a copy of a subpoena issued on January 27, 2014.

Mr. Lloyd, is this a copy of the subpoena to which you are appearing here today to provide testimony?

A Yes, it appears to be.

Q Thank you. Mr. Lloyd, you were requested to produce documents in connection with this inquiry by a separate subpoena issued on March 25th, 2013. Have you tendered all of the documents requested by the staff pursuant to that subpoena of March 2013?

A There have been numerous requests for documents, both without and with subpoenas.

Q Yes, correct. There was the exam program request, and then there was also a separate subpoena in March of 2013 which you've made a production to.

A Yes.

Q And my question is simply, at this time, have you finished producing all documents in response to that subpoena?

A I believe so.

Q Thank you.

Mr. Lloyd, can you describe the search that was conducted to produce documents in response to that subpoena from March of last year?

A My assistant looked for the documents requested. I looked for documents requested. Information, some of it was submitted intermittently, as you were aware, during different requests for information. Then the information that was -- that was to be submitted was submitted to my attorney who did whatever they do, and then submitted it to the SEC.

Q And Mr. Lloyd, do you believe that you've searched both paper as well as electronic files for anything that might have been responsive to that subpoena?

A Yes.

Q And did you withhold any documents that might have been responsive to subpoena?

A No.

Q Thank you.

MR. DONAHUE: What is the name of your assistant?

THE WITNESS: Amanda Pilman.

BY MR. BASINGER:

Q Can you please spell her name?

A A-m-a-n-d-a P-i-l-m-a-n.

Q Thank you. Mr. Lloyd, do you know of any documents called for by our subpoena of March 2013 that were not provided that were -- I'm sorry, let me rephrase that.

Mr. Lloyd, do you know of any documents called for by our subpoena that were in your possession at a prior time but that were subsequently lost, destroyed, or otherwise disposed of?

A Not to my knowledge.

Q Thank you. I'd like to go over a few preliminary matters. If you don't understand a question, please tell me and I will rephrase it. If you need to take a break for any reason, please let me know and I will instruct the court reporter to go off the record. As long as there is a not a question pending, that should not be a problem. I also want to make clear that I control the record during this testimony and the reporter will go off the record only at my request.

When responding during testimony, for the benefit of the court reporter, please make sure to give verbal answers to questions as opposed to nodding or shaking your head, that way we will have a clean record. Also, please do your best to wait for me to finish my question before you answer and I'll try to wait for you to finish your responses before I move on.

During the course of your testimony today, I'm going to ask you questions about things that happened or that may have happened in the past. Obviously, time has gone by since those events and you are likely to have a better and more complete memory of some events than others. In answering a question about these events, however, you should tell me about all of your memories or recollections that are responsive to the question, not just those that are specific or perfectly clear, or of which you are a hundred percent sure. I'm asking you to provide any vague memories, general memories, cloudy memories, or memories of which you are less than a hundred percent certain. We can sort out which memories are clear and certain and which are less clear and certain as we go along.

Do you understand this?

A Yes.

Q Thank you. Do you have any questions about these preliminary matters?

A No.

Q Okay. Finally, if you do need a break, again, please let me know and we can instruct the reporter to go off the record.

Mr. Lloyd, is there any reason that you would be unable to give accurate testimony today?

A Not to my knowledge.

Q Mr. Lloyd, are you taking any medications or do you have any other condition that could impact the accuracy or truthfulness of any answers that you give today?

A No, not to my knowledge.

Q Mr. Lloyd, you're under oath here and you should make every effort to give the best, most complete and honest answers to our questions today. Do you understand this?

A Yes.

Q Have you told anyone else that you received a subpoena for testimony from the SEC?

A Yes.

Q Who did you tell?

A My wife.

Q And did you have any discussions with your wife today about your preparations for your testimony?

A No.

Q Okay. Have you discussed the anticipated subject of today's testimony with anyone?

A My attorneys.

Q And when did you have those discussions?

A I have been -- this has been going on for a year, so I've been having a year's worth of discussions with attorneys in regards to this matter.

Q Was there anyone else that you discussed the subpoenas with? In terms of preparing for your testimony today, let me be more specific.

A No.

Q Okay. Have you had any discussions with anyone else who provided testimony to the SEC in this matter about their own testimony?

A I have had people contact me in regards to their testimony that they have given to the SEC.

Q And who were those people?

A Tim Goss relayed to me information that he had given. I guess when he received the initial question, he called the SEC and gave them a response and he told me that he had done so.

Q And who is Mr. Goss?

A He's one of my clients.

Q Can you spell his last name for the record, please?

A G-o-s-s.

Q Do you recall when he contacted you?

A No.

Q Would it have been last year or this year?

A My recollection is 2013.

Q And do you recall any of the specifics about what Mr. Goss told you?

A Yes.

Q And what do you recall?

A That he communicated that this was a charitable contribution for tax reasons.

Q And do you recall if he was asked particular -- did he explain to you that he had been asked certain questions or what was, I guess, the overall nature, I should say?

A He did agree -- I believe this is accurate. He did relay to me that they -- I'm not sure who he spoke with -- had asked him if he was charged a fee for the service, and he unequivocally told them of course he was charged a fee for this service.

Q Are there other clients of yours that had similar discussions with you about their -- having been contacted by the SEC?

A Yes.

Q Okay. We will get into that more later today. Is there anyone else that you have spoken with prior to today who is not one of your clients --

A No.
Q Let me finish the question.
Who is not one of your clients that who provided any kind of testimony in this matter?
A Not that I'm aware of.
Q Okay. Thank you. We'll circle back and talk more at length about the clients of yours who have spoken with you about the matters you were describing with Mr. Goss.
Mr. Lloyd, have you ever been involved in a court proceeding before?
A Yes.
Q What were the circumstances there?
A I'm going to refer to this, if you don't mind.
Q Certainly, yeah.
A This provided the recollection.
Q For the record, Mr. Lloyd is referencing the background questionnaire that he filled out prior to coming to his testimony.
MR. DONAHUE: Let's mark it as an exhibit.
MR. BASINGER: And let's mark that as Exhibit No. 3, if you don't mind.
(Exhibit Number 3 was marked for identification.)
BY MR. BASINGER:
Q Thank you. Mr. Lloyd, you are now referencing

what has been marked as Ed Lloyd and Associates Exhibit No. 3, which is the background questionnaire that you completed prior to coming here today?
A Yes.
Q Please proceed.
A You're asking me information in regards to Question No. 10, I believe; is that correct?
Q It's a broader question than that. The question is -- and this can be something we talk about, but it's have you been involved in any kind of court proceeding, not just necessarily Question No. 10, which is about being deposed, but please go ahead and discuss what you've responded here in No. 10 on the questionnaire.
A Okay. I was deposed for a divorce testimony for a client of mine in South Carolina. I was deposed to give testimony for a grand jury testimony for a client of mine.
Q And what was the nature of that grand jury testimony about?
A They were asking me information in regards to my client's business structure and the utilization of their workers.
Q Okay.
A I was called to give litigation support for a client in regards to a payroll tax matter regarding their employees.

Q And what do you mean by the term "litigation support"?
A I provided information for -- in regards to my client and the person that he was suing and they needed my testimony to verify that I had sent the information to the individuals and that I had requested for them to contact me with any questions.
Q Okay.
A I also did litigation support for a client in Charlotte, North Carolina. This was an owners squabble, if you will, that I had to provide information in regards to that.
Q And when you say provide information, what do you mean by that? To whom were you providing the information?
A Well, copies of their tax returns, you know, was part of a deposition.
Q Okay. Were you providing it to counsel for one of your clients?
A I don't recall if I was giving it to the counsel or if I was providing it as part of the deposition. I don't recall --
Q Okay.
A -- the procedure for the paper transmissions.
Q Now, apart from these four items that you listed here on the questionnaire in Exhibit No. 3, are there any

other court proceedings you're aware of that you participated in?
A I was called to do testimony for a divorce case once, but I just sat. I didn't really -- I was -- it was never done, so I didn't list that one. I didn't know if it pertained. I was --
Q Okay.
A I was called to do it, but I never did it.
Q Anything else?
A Not that I can recall.
Q Okay. Mr. Lloyd, have you ever been arrested?
A I have not.
Q Mr. Lloyd, have you ever been convicted of a crime or pled guilty to a crime?
A I have not.
Q Mr. Lloyd, are you known by any other names?
A Yes.
Q When are you known by?
A Ed Lloyd.
Q And what is your phone number?
A Reda 7800.
Q Mr. Lloyd, are you married?
A Yes.
Q And what is your spouse's name?
A Shannon Andreini.

Q Could you spell that for the record, please?
A S-h-a-n-n-o-n A-n-d-r-e-i-n-i.
Q And what was the date of your marriage?
A May 2012.
Q And do you remember the specific date?
A 29th.
Q Thank you. Have you been married before?
A Yes.
Q And when was that?
A August of 1994.
Q And you're referencing that Exhibit No. 3?
A Yes, I am.
Q Thank you. I think we can skip over this stuff since we have it on the questionnaire.
MR. DONAHUE: I think so.
BY MR. DONAHUE:
Q Mr. Lloyd, did you prepare Exhibit No. 3? In other words, did you fill it out?
A Yes, sir.
Q So that's your handwriting that's appearing on the exhibit?
A Yes.
Q Is it accurate? Everything that you put on there in response to the questions, is accurate and complete?
A Everything that I'm aware of, I filled out and

completed this form.
Q Thank you.
BY MR. BASINGER:
Q Mr. Lloyd, one of the things that's in this questionnaire is your educational history, and I think that's what I'd like to jump to now, which I believe is on page 3 of the questionnaire, and you can kind of help us tease out a little bit more of the details.
Please describe your educational background.
A I received a BS in accounting degree from the University of North Carolina at Charlotte.
Q And do you have any other degrees either at the college level or above?
A I do not.
Q Okay. Did you ever pursue any postgraduate studies?
A How would you define -- I mean, I do continuing education. I'm not sure how you define studies.
Q Okay. Enrolled in any kind of university or college?
A No.
Q Okay. Please tell me about your professional licenses.
A I have a CPA license with the North Carolina State Board of Certified Public Accountants. I have an insurance

license for life and health that was issued by the North Carolina Insurance Commissioner. I have Series 6, 7, 24, 65 and 66 securities licenses.
Q And just to be clear for the record, those are the FINRA, the Financial Industry Regulatory Authority series licenses?
A That would be correct.
Q Thank you. Mr. Lloyd, what -- can you generally please describe the securities training that you've had over the years, what types of continuing education you participated in.
A Well, there's mandatory, typically computer driven, watch a video training that you receive on a annual, biannual basis as required by the regulatory broker-dealer bodies. So that, and I guess the anti-money laundering component is always a component of that as well. So that's been the bulk of my training in regulatory securities.
BY MR. DONAHUE:
Q What broker dealer were you associated with when you obtained the series licenses?
A Initially it was with Trusted Advisors was my first broker dealer, and they were a division of money. And I believe -- I don't believe they're around any longer. I'm not sure. Then I moved to Intersecurities, which I believe is now owned by the Transamerica. I then went to LPL

Financial.
BY MR. BASINGER:
Q It may be listed in Exhibit No. 3, but Mr. Lloyd, do you -- do you recall the date on which you went to LPL?
A I do not recall.
Q Do you have a ballpark memory?
A I know -- if I remember right, I was there five to six years, but I cannot give you a date.
Q So would it have been sometime around 2007 or 2008 when you joined?
A That would, I guess, mathematically make sense. I'm sorry I can't give you a specific date.
Q So you know, please let us know on what you do recall specifically, and if you are uncertain, that's good and please do let us know.
BY MR. DONAHUE:
Q So, are you registered -- are you associated with anyone else at the moment?
A I am not associated with anybody at this point.
BY MR. BASINGER:
Q So Mr. Lloyd, please tell me, when you went to LPL, what specifically was your role and your responsibilities?
A Well, with LPL's structure, you could have a single person office, so I was a single person office.

Q Was it technically referred to as a branch?
A I believe it would be technically referred to as a branch.
Q Okay. And where was your branch located?
A At 8045 Corporate Center Drive.
Q And is that in Charlotte, North Carolina?
A Yes.
Q Thank you. What was your roles and responsibilities there in the single person branch of LPL in Charlotte?
A We have the reporting requirements as far as information requests. Whenever you get money, and it always went through the bank, and then you have submissions you, of course, have to do to reconcile all of the proceeds that you receive.
Q I apologize. I may have misphrased the question. Let me just back up and say: What was your job there, or more simply can you describe that more generally?
A My general job was to assist my clients in managing their assets.
Q And were the clients that you had there, were these clients that you had brought with you from a previous job or were they clients that you got from -- how did your client mix come to be, I should say?
A They were my clients. I didn't receive anything

from LPL.
Q And specifically, what were the types of services you were providing to these clients of yours?
A Typically, all I do is -- is managed -- or all I did. I should say, was manage money, so utilize outside money managers that LPL had available and configure them based upon the client's needs, requests, and then my understanding as far as what the managers essentially did.
Q Now, separately you also have your CPA business going?
A That is correct.
Q And explain to me, were you doing that CPA work out of the same office where you were doing the LPL work?
A Yes.
Q And when did that CBA work begin? Did it -- let me rephrase.
Did you begin the CPA work prior to coming to LPL?
A Yes.
Q And it continued once you came to LPL?
A Yes.
Q What -- explain for me the structure of the office was -- when it came to your LPL client work versus your CPA work.
A It was all segregated. Had separate file cabinets that were maintained just for investment clients. And then

at the end, we went paperless and there were basically no files in the office. They were all retained an LPL's cloud.
Q Did you have more than one computer in the office?
A Yes.
Q Was there one computer for LPL work and one for your CPA work?
A No.
Q So when you had more than one computer, what were the uses of the computers that you had?
A Well, from a usage standpoint, as far as like forms, you download the forms, complete them, have them signed, and then you fax them in, so it's not like a robust record retention system for the securities world because that's all maintained electronically. Any type of analysis or accumulation of client information is not done in the office; that's done in clouds by different -- LPL has cloud services, and then we also utilized other cloud services to be able to do that.
Q So when you are working in the office in the Charlotte branch of LPL, would you generally work from one computer?
A Yes.
Q And would you be able to log in securely to access the cloud for LPL?
A Yes. You have to be able to have a encryption

code. So most of the stuff that you're doing, you're dialing into a -- into their system.
Q Okay.
A Which is very automated from a computer standpoint.
MR. DONAHUE: Let's go off the record and take a short five-minute break.
MR. BASINGER: We are off the record at 10:27 a.m.
(Brief pause.)
MR. BASINGER: We are back on the record at 10:33 a.m. on Thursday, February the 6th, 2014.
BY MR. BASINGER:
Q Mr. Lloyd, while we were off the record, can you please confirm that we did not have any substantive discussions of this matter?
A That is correct.
Q Thank you. Before the break, we were talking about the setup at the office in Charlotte where you were working, and if you could just kind of maybe just help me understand a little bit more, Mr. Lloyd. You said you did have one computer there that you were doing work off of, but I think you referenced earlier there was a separate computer, or more than one computer, I should say?
A There are numerous computers in my office. I have numerous employees that work for me.

Q Okay. Thank you. Let me focus in on what work you did while you were there. Did you have one dedicated computer from which you worked?

A Yes. That would be in my office.

Q Thank you. Talking about your -- your clients that you had, can you give us a picture of what your overall client volume was in the terms of the number of clients, as well as the mix in terms of how many you did, say, investment advising for versus how many -- it's probably getting to be multiple -- too many questions.

Let's just start with what was the total volume of your clients?

A I can handle that one. Approximately 500 clients.

Q And is that what you would estimate for a particular year or over the course of several years?

A Annually.

Q Okay.

A That number, of course, fluctuates. That's an approximation.

Q And of those 500, how many were you providing tax services for?

A 500.

Q And then of those 500, how many were you providing, say, the money management and investment advising for?

A Approximately 10 to 20.

Q So it's fair to say the bulk of your work was on the CPA side doing tax planning?

A That is a fair statement.

BY MR. DONAHUE:

Q And if I could just jump in to clarify, so the 10 to 20 clients that you provided -- I think the question referred to broker dealer and investment advising and I'm trying to get an understanding of how many clients were your advisory clients and how many clients were your brokerage clients. Do you understand --

MR. RUE: I think that misstates his answer.

MR. DONAHUE: That's fine. I'm not -- and he certainly has an opportunity to correct me.

MR. RUE: Yeah.

BY MR. DONAHUE:

Q I'm trying to understand which of your clients you had a brokerage relationship with and which of your clients you had an advisory relationship with.

A If I recall, I had a brokerage relationship with two or possibly three clients, if I recall correctly. Brokerage was not a avenue that I pursued.

Q So of the 10 to 20, two or three were -- you considered brokerage clients?

A Yes.

Q And the remainder you considered investment advisory clients?

A Yes.

Q And in your mind, what is the distinction between the two?

A In my opinion, brokerage is more of a transactional type client, somebody that needs a bond ladder built for them and that putting a wrap fee on there would probably not be in the client's best interest, or somebody that had something that was so small in dollar amount, it wouldn't meet a minimum. And then some clients could have a legacy investment that they did not want to part with or change it wouldn't be fair, in my opinion, to charge a wrap fee for if it's going to stay there and this really is what they want it to be.

Q So for those folks, you -- would you charge a transaction fee?

A Yes. That would all go through LPL's system. You place an order they get charged.

Q Okay. And for your advisory clients, were they also serviced through LPL?

A Everybody that I did any work for in relation to this was serviced through LPL. I mean, that was -- that was my broker dealer.

Q Did the clients that you performed tax services

for, what was the nature of the tax services?

A Multitude of tax services. Individual tax returns, estimated taxes analysis, business planning, business preparation, business accounting, accounting in general, teaching people how to use QuickBooks, assisting them with payroll on a limited basis; just a full range of CPA services for individuals and smallish business items.

Q And in your answer, you said accounting generally. What do you mean by that?

A Well, accounting takes numerous forms. Sometimes individuals will have a bookkeeper on staff that needs assistance with somebody to review their books to make adjustments, so I would consider that to be accounting. Sometimes people don't have enough or the desire to handle that internally so we would handle that internally and do their accounting for them and prepare reports. And then I really consider the QuickBooks kind of training accounting work also, because you're going through and showing them what -- they don't have adequate accounting theory to know what to do and so we help them understand and make adjustments to correct their books.

Q As part of your client services, did you sell insurance?

A Yes.

Q Through the same entity?

A Yes.
Q Was there a particular insurance company that you sold the policies of?
A It varied throughout my career. You know, historically -- or initially, I should say, we did variable products back in the early days and stopped that process -- and stopped that. It didn't seem to be very appealing to clients. They didn't understand things when there were downturns and they didn't have patience, so we stopped doing any type of variable related life insurance products. I don't think I've done one of those for, if I recall correctly, over a decade. Then assorted carriers based upon clients' needs for term and non-variable type of insurance.
Q In the last, let's say, a year from today, back a year, what types of policies have you -- insurance products have you sold?
A Only relation to term and universal life. Nothing that deals with variable.
Q The clients to whom you sold insurance products, is that in excess of the 500 clients or so that you identified or included?
A I would say that is a good universal number of people. I mean, we could have -- it's kind of hard to tell exactly what the number is because some clients will have an entity as well as themselves individually, so I don't --

maybe I'm somewhat counting those together. I don't know, but that's just an approximation number.
Q As a general matter, let's say for 2013, what percentage roughly, because I know you don't have any documents to help you now, but roughly what percentage of your income came from your tax and accounting services versus the brokerage investment advisory versus the insurance?
A If I had to put a percentage from a guesstimate standpoint --
Q A guesstimate's fine.
A I would guesstimate 90 percent would be my guesstimate.
Q For accounting and tax?
A Yes. I guess you can surmise from that that the -- that was the bulk of my business and my practice.
Q And of the other aspects of your business, what was the percentage there? Again, a guesstimate.
A Well, I mean, I'm encompassing all of that together, if you will. I mean, when I say 90 percent, that's for traditional CPA stuff.
Q Okay. But how about the brokerage and the investment advisory and the insurance selling?
A I'm sorry, I was relating that to approximately ten percent.
Q And within that 10 percent, is there one that's --

that's -- is it more insurance or more of a brokerage or more investment advisory?
A Brokerage is definitely the bottom of the heap with a very small percentage. The mix between insurance and managed money, I -- I can't really quantify my -- I don't -- I'm not sure.
Q That's fine. You indicated you have employees. How many do you have?
A I currently have six employees.
Q Are any CPAs?
A Yes. There are three including myself.
Q Do you have partners in the business?
A I do not.
Q So the other CPAs report to you and you're their -- you are in a supervisory senior position to them?
A Yes. Now, they have client responsibilities, so, I mean, it's -- I don't -- couldn't directly supervise everything, of course, but I don't -- my job is to be a supervisor, but I don't, of course, supervise everything.
Q And of the six folks, who are -- would people be clerical?
A I have one clerical, two accountants -- sorry, three accountants, and then two CPA employees.
BY MR. BASINGER:
Q Mr. Lloyd, what -- what bank accounts do you

currently have open?
A I bank at BB&T.
Q And do you have more than one account there?
A Yes.
Q If you could list for me what you have there, please.
A I have business accounts. I have personal accounts. I have joint personal accounts. I have accounts for my children.
Q As far as the business accounts, do you know how many you have approximately?
A Not exactly, no.
Q Any idea if you can estimate how many there might be?
A Probably three or four-ish.
Q Okay. And then as far as personal accounts, do you have more than just a checking and a savings there?
A Checking and a savings there. I do have one account at Wells Fargo.
Q Does -- sorry, go ahead.
A And that was something that they talked me into opening up. It's got, like, $20 in it.
Q Was that a personal account or was that --
A Yeah.
Q -- a business account at Wells -- I'm sorry. If

you could let me finish the question.
A Sorry.
Q That's okay. Just to make sure we have a clear answer.
Was that a personal account at Wells Fargo?
A Yes.
Q As far as the business accounts go, are you the only person that has access to those business accounts at BB&T?
A Yes.
Q Are they in your name or are they in your practice's name?
A Yes.
Q Which, I'm sorry?
A Both.
Q Okay. So are there any other banks that you've banked at in the last five years?
A No. I've been with BB&T since I started with Cutter & Sullivan, which used to be UCB, and then I've just stayed at the same bank.
Q Do you typically go to the same branch?
A No.
BY MR. DONAHUE:
Q So just to be clear, what -- what names are these business accounts in?

A I've got Ed Lloyd & Associates.
Q PLLC?
A PLLC.
I had one for Ed Lloyd PA, which is dead. I've got one for Lloyd Wealth which was my company that I was using for brokerage. Well, not brokerage. That was where my LPL checks were deposited. The management company that I utilize, Benefit Administrative Services there's an account there. I have an account for the entity that owns my building, Lloyd Wealth -- I'm sorry, that's wrong. Lloyd Investments. I believe that's all I've got. Oh, no. I have a -- well, that's my children. You didn't ask me that.
BY MR. BASINGER:
Q Lloyd Investments, you said that owns your building.
A Yes.
Q What corporate form is that?
A That is an LLC.
Q Lloyd Wealth, what corporate form is that?
A LLC.
Q Are these North Carolina LLCs, both?
A Yes.
Q You conduct both your brokerage and your investment advisory business through Lloyd Wealth, LLC?
A Yes.

Q And then you mentioned a management company. I didn't understand that?
A That management company is a C Corporation that provides management services.
Q What sorts of management services?
A Management services for Ed Lloyd and Associates to be able to do some of the managerial things that are needed for the company, and so Ed Lloyd and Associates pays them to be able to do managerial type work as a C corporation structure.
Q What is the name of that?
A Benefit Administrative Services.
Q Okay. What corporate form is that?
A C.
Q Oh, C. I'm sorry. You told me that.
BY MR. BASINGER:
Q Mr. Lloyd, in the last five years are there other business accounts that you opened and have since closed at BB&T?
A Well, I know I've closed Ed Lloyd PA. I've opened and closed, for clients, numerous stuff. As far as the entities go, not that I can recall.
Q What do you mean you've opened and closed --
A Well, that's --
Q -- things for client's stuff?

A That may be too broad of a statement. My clients will ask me to open up an account for them so we can do accounting work for them, so they will be signators on that account because they, of course, own them, but they would also ask me to be signator on their account because they would want me to write checks for them after they've approved them.
Q Okay. Earlier you were talking about -- let me make sure I get your words right. You were describing a multitude of tax services that you do for form. Let's talk a little bit more specifically about, I guess, tax savings strategies for clients. If you could just tell me generally about the tax savings strategies that you offer?
A There are a multitude of tax savings strategies, as you can imagine with the complexity of the Internal Revenue Code, and the different complexities of individuals and business owners as far as their needs, so we have a multitude of tax reduction strategies that we utilize for clients. Everybody's situation is, of course, unique. There's no two circumstances that I'm familiar with that are going to be exactly the same.
Q So is it fair to say that you try to tailor the strategy to an individual client?
A You really have to, in my opinion.
Q And are there -- let me rephrase.

Are you familiar with the term conservation easement?

A Yes.

Q What is your understanding of what that is?

A How it works?

Q Correct.

A My understanding of how that works is that there is a piece of land that is deemed to be suitable for conservation, for conserving, for my understanding, is typically preservation for natural reasons of -- multitude of reasons, whatever -- based upon what Congress has said is allowable. I don't know all of those reasons. And then when you look at a conservation easement, my understanding is there are two functions that are primary to that process.

The first is an appraisal of the land at its best use. So the appraiser is charged with analyzing the land and the situation and determining, in their -- their professional opinion, what is the best use for that property, and based upon the best use, what is the value. Now, my understanding is that these appraisers have rather rigorous standards that they're required to adhere to as far as being allowed for the service, and there may be -- and I cannot recall, but there may be a special certification or something that they need to have to be able to do that.

In any event, that's my understanding and that is

a process that's taken to get a best use value. And my understanding, of course, is a best use would be a highest value because they look at a piece of land and try to determine what is the best that this could be used for. So that's one measuring point.

Then you have another measuring point which the appraiser has to analyze and they have to render an opinion on what is the value of this property after this easement is granted. So as you can envision from a process standpoint, the other piece of property owned with the most value is for, then what it's for when after you give up an easement which, my understanding is, would be greatly diminished because you can't do probably what you would do on a best use that that is the basis that they use to determine what the easement is going to be.

Q And how -- does a conservation easement such as you described in your understanding have a potential impact for tax savings?

A Well, the tax savings is because you're able to take a -- Congress has allowed for a charitable deduction of the difference between your best use and your use after the easement, and they have allowed for this to be a deduction for up to 50 percent of your adjusted gross income. There are some modifications to that, but that's just a good overall statement.

Q Thank you. And are conservation easements, such as you've described, some of the tax strategies that you've employed for some of your clients?

A That is one of the strategies that we have employed, yes.

Q When did you first start using the conservation easement strategy, to the best of your recollection?

A To the best of my recollection, that would have started in 2011.

Q And was that when you first heard about it?

A No.

Q Why -- why 2011?

A Well, you have to kind of sit on things and research them and try to gain an understanding. I don't know there are many things that I would feel comfortable with if somebody told me about them today and I started implementing them tomorrow. Could be, but typically, you need to do some research to gain an understanding of what's going on. Conservation easements historically have potential for questions with the IRS. They have issues with some of the way people do valuations. If you can imagine, from the scenario that I'm describing, it would be very tempting for a land owner to try to do -- and I think that has happened -- try to do their own values and submit things in because it kind of suits their purpose, but the IRS is -- and

justifiably, I believe, had procedures as far as: This is the way that you do it. And I don't know of all the details, but I do know that there are lots of little pieces in the puzzle that you have to adhere to, and if you don't do that, then you have a problem. So you have to look at court cases that where people won, why, because if the IRS is going to take you to court, they don't want to take you to court if they're going to lose.

Q Well, let me just -- to keep us moving forward. I appreciate the answer.

How did you first come in 2011 to start offering conservation easements as a tax saving strategy for your clients?

A I was at a seminar, years though before -- I'm not quite sure when. It was not -- it was just a seminar. It wasn't on this. And I was talking with several people on a break and kind of just talking about accounting stuff, and so, you know, you banter back and forth about different things, did you hear about this, did you hear what stupid thing somebody did and got in trouble, and those types of things. And somebody in the discussion brought up -- brought them up, and I was -- I was unaware of their existence.

Q And so how did that translate into you offering a conservation easement as a potential tax saving strategy for a client?

A I was given either one or two different individuals to contact about possibly implementing that, and so I contacted -- I was able to contact one of those individuals to get a little bit of a better understanding of what was going on.

Q And who was that?

A Nancy Zak.

Q Can you spell that name, please?

A N-a-n-c-y Z-a-k.

Q And who is Ms. Zak?

A She has a company that does conservation easements.

Q What is the name of that company?

A I do not recall.

Q What did you learn from talking with Ms. Zak?

A A lot of the information that I relayed to you.

Q Did you ultimately end up working with her on the conservation easements that you worked -- that you offered to your clients?

A Yes, I did.

Q Who was the -- you said you spoke to another person as well?

A I was given a couple of names. I could never get ahold of anybody else to be able to speak with them.

Q Okay. So after you talked with Ms. Zak, what

happened next in terms of getting to the point where you were able to talk with your own clients about conservation easements as tax saving strategies?

A I queried her on their processes and what they did in their approach, as well as asked questions in regards to IRS court cases that had won and lost, and her thoughts and understandings on the -- on that process, and her thoughts and understanding of the validity of the process that she was representing.

Q Does Ms. Zak have a particular relevant background in terms of whether she is an accountant or a CPA or an attorney?

A I do not know.

Q Please continue.

A I'm sorry. I'm not sure what else about the question I have left.

Q Maybe the broader question is, from talking with Ms. Zak, how did you end up coming to offer conservation easements as potential tax saving strategies for your clients?

A With my understanding from talking with her, I gained an understanding of the -- how it could apply to clients on a more specific basis. And then once I had that understanding, I was -- I was then in a position to be able to let clients that, you know, were interested in tax

planning know about that availability.

Q And at that point, you're letting clients -- you say you're letting clients know about that tax planning ability, do you mean that you would talk to clients about the general concept of conservation easements?

A That would be one of our topics of discussion, yes.

Q When did you first have a particularly concrete specific conservation easement to discuss with a client?

A It would have been sometime in 2011.

Q And how did you identify that particular conservation easement that you discussed?

A I'm not sure I understand.

Q Well, as a part -- apart from the general concept of these easements, how did you come to identify a particular one that might be something that you could offer to a client?

A Well, that's kind of like an inventory thing. They come and they go as far as, like, you have a -- a property that's available for easement, and then once all the dollars are in, it shuts down and then another one comes up.

BY MR. DONAHUE:

Q If I could just interject because I think it would be helpful for me to understand. You mentioned Ms. Zak and her company. What exactly was your understanding of the business that she was in and what she did for you and your

clients?

A My understanding of what she did was she was an interface to be able to work with the landowners. My understanding is that she kind of manages that process and that's what she's done for a considerable amount of time, and that she manages that process to kind of pull everything together, if you will. That could be or not be typically correct, but my understanding is she's -- kind of puts those pieces together and works with professionals to make that all happen.

BY MR. BASINGER:

Q Okay. So you're saying -- Mr. Lloyd, previously you were saying that the conservation easements would come up, they would open up. How were you finding out about ones that were available?

A She would notify me.

Q Okay. Did she do that through e-mail?

A Correspondence, we spoke on the telephone, we e-mailed. It varied.

Q Had you made a decision that you wanted to start offering the services to your clients, so therefore, you asked Ms. Zak to let you know when opportunities came up?

A Yes.

Q Okay. And so after you were aware from Ms. Zak that there were certain easements that were available, how

did you end up from there talking to your clients about these opportunities?

A Well, I would talk to them conceptually about the concept. I don't -- I don't recall anything being so specific to a property, because if I recall correctly, property A, B or C are pretty much, within a marginal amount, the same thing, so there's not a this has to be the one type of approach, from my understanding.

Q So walk me through what was the general structure of how one of these conservation easements actually would work for any one of your particular clients.

A Sure. When you're looking at something like this, you're only -- this is only going to work, that I have ever been able to mathematically determine, for somebody who is making a substantial amount of money.

Q Is there a particular threshold that you mean by back that?

A 250, $300,000 approximately. There are always exceptions, but just from a -- if you're looking from a scope standpoint, you know, typically 250, 300 or better is -- is a scope standpoint of, you know, a perfect benefit for a client.

Q Uh-huh.

A And the reason for that is, when you have a deduction, you have to measure what is their benefit. When

you're driving a benefit, of course, a deduction for this or any other tax deduction, you have to measure. You know, people get excited about something, but what is your benefit. You have to -- you're wanting to look at people that are in the top rates because you get a better return the higher your tax rate is. There are also lots of other considerations that could make it still not work for them; alternative minimum tax could -- could blow them out. They could already have been very generous, and some of my clients are very, very generous at church and give 10 percent of their gross receipts, not their income. So even if those people are successful, that wouldn't be -- you know, they wouldn't derive a benefit, so that's just a very general overall piece. It's very -- everything that does -- that goes on with taxes is very specific, and every answer is truly: It depends. Because there's just not a concrete, this is the way to do it, type of approach for any type of deduction that you're looking at.

Q So once you find a particular client that meets that threshold and they don't have these extenuating -- or I should say, other factors such as existing additional charity, and it looks like it's an appropriate tax saving strategy for one of these -- one of your clients, what would happen to actually get the ball rolling so they can actually participate in one of these easements?

A Well, these type of individuals, as you can envision, are in your ear every year about "cut my taxes" because they want to cut their taxes, so this is a perpetual thing that you're constantly hearing from your clients, "What can you do for me, what is there, I need help." You know, "You're paid to help me cut my taxes, what do you got?" So I would reach out to those individuals and let them know this is something that would work for you if you're interested.

Q And so let's say Ms. Zak has contacted you and said I have an easement that is now accepting investments, what would you then do?

A If there was a contribution that was available, I would let my clients know that there was a contribution available and explain the process to them, how it would work; explain to them this is how much you need to be able to write a check for. There is a cost for my fee to do this service; this is my fee. This is the net benefit to you. That was my process that I went through to explain from -- to my clients.

Q Well, let's -- let's go through those steps that you just laid out in a little more detail. So when you talk about here's the process with your clients and you talk about how much they need to write a check for, to whom would they write the check out?

A Well, as you probably have gathered from the documentation that you -- that I submitted as far as I did a

full deposit analysis for you guys, initially in the year 2011, the checks were all written to my CPA firm.

Q And why was that?

A Because there was not time available to open up a new account. Are you saying --

Q Let me jump in. When you say new account, do you mean a bank account?

A A bank account.

Q Okay.

A There was not time to open up a bank account, have a check deposited, and as you're probably aware, when you have a brand new account, checks are being held for five, 10 business days. There was not enough time for that to happen.

BY MR. DONAHUE:

Q Could you backup and just explain to me what -- what is this process? What exactly is a transaction, a deal that Ms. Zak would present to you that you would then communicate to your clients, and can you give me an overview so I understand exactly how this opportunity would work for your clients to reduce their taxes?

A She would say, blah, blah, blah project, whatever it is, is available. If you're interested, there's X number of contribution dollars available. And then I would take that information and formulate it and try to find something that was suitable.

Q Well, what project is she talking about?
A Well, there's -- I'm not trying to be vague.
Q And that's fine.
A But they really varied because today -- you're Ms. Zak, we could be talking about project A. I think about it, I talk to people about it, they get back to me. Project A is gone and Project B could come up. Project B may be -- may get up before everybody kind of thinks about it and we would be into Project C. So, I mean, she gives me information on different ones as they come along, but there's not -- it's not just, this is it. Nobody holds anything for anybody. It doesn't happen.
Q Does it all start with raw land?
A To the best of my understanding, that would be correct, because that is something that I have no knowledge of the intricacies of all that. As far as who has got what and what land, I don't -- I don't know those intricacies.
Q But you have a general sort of overview of -- of how the raw land starts out owned by somebody, then ultimately ends up with an easement on the land?
A My understanding and of course, these all vary too -- is that there is a landowner who wishes to conserve some property and makes it part of the process to be able to do all of that.
Q And then how do your clients ultimately

participate in that process?
A Well, they -- they make contributions which go towards the land so that they can participate in the tax benefits.
Q Okay. Do your clients purchase the land from the landowner? That's what I'm not understanding how the -- the flow of funds and the transaction that ultimately generates this easement.
A Well, to be -- I mean, I know -- I know at the end, the money is wired in for this. Where all those dollars go exactly, I -- I don't know. That's something that they've all figured out.
Q At that end of the day, your clients end up with a charitable --
A At the end of the day --
Q -- deduction?
A -- they end up with a charitable deduction. They are ecstatic about it and they're happy and they say, "Do it again."
Q And what's the basis for them getting that charitable deduction?
A The basis for it is based upon what we had talked about before. The basis is based upon the two appraisal values. That's your calculator. There are other specifics that are involved, but that's your calculator.

Q Right. The tax basis, I understand that, but well, how do they end up with -- with rights to this deduction?
A Okay. So I think that you're asking me how does it all work. Let's say --
Q Exactly.
A Which is easy math. Okay? Let's say there's a four times, which is approximately a good number. There's approximately a four times differential between what land's worth, if you're doing it conservatively. There are 15s out there, but you -- you know, you just might as well open the door.
Q To the IRS, you mean?
A That -- that doesn't -- doesn't work typically.
But anyway, the differential between the best use and then the use after gives you -- that's where your charitable multiple comes from, so that is how you're able to make it beneficial to the clients. Because if it was dollar for dollar, some people would -- honestly, some people would do it just because they want to conserve land. I've got some clients like that. I've got some clients that say, I'll give to my church instead because I know them. But from a -- a tax -- a pure tax planning and not personal perspective, that multiple is what drives the huge tax deduction for the client. So if you're taking a dollar and you're multiplying

it by four and then you're taking it off at 44 percent, that's a -- that's a good -- that's a great tax savings for a client. Great tax savings.
Q And why does the deduction not go to the original landowner?
A They allocate the K-1s out for everybody that's -- that put money into -- into the easement. Now, does the original landowner get part of the deduction? I don't -- probably. I don't know those intricacies. I don't -- I was never part of or know anything about that ultimate reporting at that level. I just don't know.
Q What happens to the money your clients put into the easement, or put into whatever?
A What happens to it?
BY MR. BASINGER:
Q Yeah, after -- let me jump in. After you said they would send the money to the Ed Lloyd and Associates account at BB&T?
A Right.
Q Or I believe it was at BB&T. I'm assuming?
A You are -- you're correct.
Q Well, what would happen with the money from there?
A The money would go into the BB&T account, it would sit. They would request a wire.
BY MR. DONAHUE:

Q Who's they?
A I'm sorry. Nancy would send me wire instructions, say, this -- this sheet of paper on there -- and that's in included with your -- that deposit analysis, I believe -- needs to go here; send this money to this account and this is what you -- you need for your contribution amount.
Q Do you know what would happen when the money went to that account, whatever account Zak told you to send it to?
A The true mechanics of that, I'm not aware of the true mechanics of then what and how it was allocated.
Q Do you have a general idea of what happens with the money?
A I quite honestly don't. I mean, I don't know. I mean, there are all kinds of people that did all kinds of stuff, but I don't know what they did with the money. All I knew was what I was told that I had to contribute and I knew what the tax benefit was for my client. I was not a party to and I'm sure they wouldn't have told me the intricacies because it was none of my business of what they do with the money on their side.
Q Did you ever get a copy of the various appraisals? Like, say, you got a high appraisal and a low appraisal?
A Ycah. Those are in -- in the documents that you've been supplied.
Q Okay. Would you distribute those to your -- to

your clients?
A Yes, and they're also attached to their tax return submitted with the IRS. Because if you have something over $5000 in value from a charity thing, just like you use to have to start having to list your kids, it's the same thing with charity. You have to be able to substantiate that deduction. It's about that thick (indicating).
BY MR. BASINGER:
Q Now, was the money that went from your clients into the Ed Lloyd and Associates account, was that going in and then moving out of that account through the wire process that you just described for each individual client as an individual movement of money, or was --
A No. One.
Q Okay. And why was that?
A Why was that? Well, because we had one amount that was due for everybody, so it was one net contribution amount.
Q And that's what I'm trying to understand is that net contribution amount, that was being sent forward as a single amount under what name?
A Forest Conservation.
Q And what is Forest Conservation?
A Forest Conversation is an LLC that was basically a conduit to be able to receive the deductions for the

contributions that everybody had made.
Q And is that the process that you -- how did you learn of that process of creating that kind of entity?
A Nancy Zak recommended that to me.
Q And is that a requirement to have one entity bundle together these individual amounts of money and then wire it on to the ultimate entity?
A No, it was not a requirement. There are numerous things that you look at and contemplate when you look at a structure like this and you look at tax stuff for clients. One is, you know, you've got fees that are being paid for the work that I do. Those fees can or cannot be deductible for a client, so if you have an individual that's paying you to do work for them, you're not going to be able to deduct those planning fees. And a part of my job is to be a tax planner. All right? Part of being a tax planner is, as long as it is allowed by the code, that you want to do whatever you can do pre-tax versus post-tax, right, because it's -- it's allowed and it's kind of negligent in my part if you don't take advantage of it that way, in my opinion.
So, the LLC was utilized to be able to make sure that everybody, regardless of their entity or whatever structure -- and then also you have business owners with multiple owners and those types of things, so by doing it this way, they were able to garner the benefit of the costs

that they had agreed to and incurred, so that was -- that's a net benefit utilizing that way for the client.
The other consideration is there are -- we talked a little bit earlier about when you do an analysis for a client, you look at what makes sense for them, and when you look at what makes sense for them, you look at -- well, you look at it from a dollar standpoint, how does this impact, based upon -- you really are looking for the best tax reduction for them. It's like with anything. You can put more in, but do they start to lose that additional benefit because of other factors, which happens, so there is typically a sweet spot based upon their cash availability, which is always a concern, and then a deductibility standpoint, and you try to marry those two for the client. With these particular contributions, they won't -- they have minimum amounts that they were seeking for these, which those minimum amounts may be in excess of what a particular client's needs are, so you couple all of those things together when you're trying to do an analysis and a plan for a client, wants to be able to have the fees be deduetible, want the dollar amounts to be most beneficial for them from a tax reduction standpoint, you have to adhere to what their cash requirements are and availability is, and you have to blend those together.
Q And in light of all of that, when it came time to

get together money in order to meet that minimum requirement of money -- for the contribution, did you yourself create the Forest Conservation LLC?

A That's correct.

Q And there was more than one LLC, correct?

A That is correct.

Q How many were there total for conservation easements?

A Three.

Q Were there any other conservation easements that you offered?

A No.

Q Okay. And when you created this LLC's, were those North Carolina companies?

A Those were Wyoming entities.

Q Why were they Wyoming entities?

A Wyoming first established LLC law. They have -- you know, as you may or may not be aware, LLC is a relatively new type of entity structure, and I'm not an attorney, but I have spoken with numerous attorneys and I have seen numerous asset protection attorneys advocate the strength of the Wyoming LLC law, so that was the reason.

Q It was simply advantageous; is that what you're saying?

A Yeah. I can't -- I'm not an attorney, but my

understanding is that it was advantageous, just like people go to Nevada, Delaware. Just based upon my understanding, it seemed to be a good place to do that.

Q Going back to the broader question we were talking about, just the process, so you've got Ms. Zak having called you, she's identified a potential easement. You reach out to clients who, after having their own individual analysis to find out if these easements might be suitable for a client, then you determine that there are clients that would potentially benefit from one of these easements, you then explain to the clients, as you've said, the process, you told them that they were to make a check out to -- at that time in 2011, to Ed Lloyd and Associates to send to your -- well, was it a check or a wire? I'm sorry.

A Checks.

Q Okay. So there would be checks made out to Ed Lloyd and Associates to go into the BB&T account. What would you say to the clients about how your personal fee would be part of this mix?

A Well, some people wrote me individual checks for the fee, and then those individuals complained about having to write more than one check, so as any businessman does, you listen to your clients and you try to accommodate them if it makes sense. So beyond those, I let everybody know what their fees were and that they were included in the fees and

that everything would be broken out. And when I say broken out, when you look at the K-1s, you'll notice that there are two line items on the K-1s that affect your -- your personal tax return and flow to different places on your tax return. You've got the charitable contribution amount, which is one number, then you've got an operating loss amount, which accommodates the fees, so those two pieces flow to the individual and provide them a tax benefit on each one of their individual tax returns.

Q And how did you arrive at what the fee amount would be for an individual client?

A I -- I charged my fee based upon what I, you know, personally felt was appropriate for the work that I was doing. There's a substantial amount of work, as I briefly outlined, from an investigation standpoint, as well as ongoing. Whenever you're working on a recommendation, there are -- I mean, court cases and things that you have to stay abreast of. There's also additional work that you're doing for the client. You're gaining an understanding of what works for them, and then, you know, I guess the hidden piece of all this is this is a highly litigated piece with the Internal Revenue Service. I'm basically -- well, it's not basically. I'm responsible. If I'm recommending strategy to a client and there is an issue or there is an audit, I'm responsible for that. So you have to put all those factors

into play when you're determining -- I mean, you've got true risk. If you have an individual, it's very expensive to go in front of the IRS and -- for an audit. If the individual also has businesses, it's crazy the dollar amounts that it costs to be able to represent somebody in front of the Internal Revenue Service.

BY MR. DONAHUE:

Q Have you ever had to do that? I'm sorry Brian.

A Oh, yeah.

Q How did you charge your clients when that happened?

A When that particular thing happened, well, I have gotten them because I have picked up clients from CPAs that have done work for them. So I haven't, you know, had my particular clients be audited for things that were my fault. I had a very large audit for a client that basically, the way the tax return was prepared, they might as well have put "audit me" on the front of it, it was that stupidly done. So I've had situations like that that I've billed clients for. I've had clients that have gone through and themselves prepared returns that they had no justification for, and any competent professional could look at that and say, "Are you crazy, that doesn't make any sense."

Q Have you ever had to supply additional information to the IRS based on tax work that you or individuals in your

firm performed?
A I'm not sure I follow that question. I'm sorry.
Q You or individuals in your firm do tax work for -- for a client.
A Yes.
Q And subsequently that tax work is questioned and the IRS asks for information.
A Yeah.
Q Or asks you to appear at meetings or whatnot.
A Yes, I have had that happen.
Q And how have you billed your clients for those appearances, for the additional information requests?
A For the audits that I've had? Like I said, for all the audits that I've had were just billed for on an hourly basis.
Q So I'm not quite sure then I understand your question as to the fee for these easements.
A Well, sure, because if my client gets issues for easement, and they told me and they were very specific with me, if I get audited on this, you're representing me and you're taking care of it, they were very, very clear to me that that was my responsibility. The other audits that I have had are things that are not my fault. Therefore, I should bill them for those things to help clean them up from their mess. Now, does the IRS and the states give general

inquiries about things that -- just because they want to? Yes. Do we bill for that? Sometimes. Do we not bill for that? Sometimes. There's no general hard and fast rule. It depends. But this is -- this is a unique situation because you have a lot more volatility, you have a lot more potential problems that you've got or have to be able to be prepared to deal with.
Q Which of your clients ask you to -- to basically represent them before the IRS if there was a problem here, and not charge any additional fee?
A I had numerous of them, and I do not recall which ones, at the beginning which made it very clear to me what everybody's thought process was, that they knew, if I'm presenting something to them that I'm going to have to stand behind it. And I've had people tell me that for other things as well.
Q When you say make it clear, did they verbally say that to you?
A Oh, they -- right like this?
Q No, with words is what I'm talking about.
A No, what I'm saying -- but yeah, yes, they verbally told me in my face and it was -- it was pretty stern, you do understand.
Q Would more than half of your clients that invested in these conservation easements?

A I don't -- I mean, I don't know that I have a percentage as far as who does, but my clients have a general understanding and they know how they'll operate. They know that if I'm charging a fee that I'm covering them. They know that if they're paying for something by the hour that I'm billing them by the hour.
Q How do you normally charge for your tax services?
A For planning is always by a fee. By tax preparation, it's typically based upon the complexity of the work. Hourly is configured into it; other complexities is figured into it; risks can be figured into it as well. Unfortunately, there's not quite as much of a -- it's more of an art, if you will, than a science, as opposed to, you know the best way to be able to do that.
Q To do what? What's an art?
A From a billing -- from a billing standpoint. In other words, what are you doing for your client. What is -- how should you bill for that, what are your responsibilities. All of those things quantify into what my bill is going to be.
BY MR. BASINGER:
Q And is that statement true also for the fee calculation for the conservation easements?
A I'm not sure I understand your question.
Q Is it -- the statement you just made that you were

looking at these multiple things such as how much you may have charged per hour and the risks or the complexity and you arrived at an actual fee, is that the same process you went through for the Forest Conservation easement fees?
A No. When you do a plan for somebody, you're looking at hours -- it's hard to quantify hours because when you're looking at a planning strategy, be it this or anything else, you've already spent a considerable amount of time and resources to be able to offer that for somebody. So that's a consideration as far as what is the value that I'm delivering. And only I, in my opinion, can determine what that value is or is not. The client can determine whether they accept it or not. That is their -- that is their right.
Q I guess I'm trying to understand though, when you end up making that personal determination on your own, do you have some kind of schematic or sliding scale such as a more simple case, or a more simple preparation plan which is more of a, you know, the fee is two percent or four percent, whereas more complex is typically you're going to be looking at eight to 10 percent of the overall amount that would be, you know, the fee? Or how would you arrive at that dollar figure?
A No, there's nothing from a percentage standpoint. When I look at -- when I look at my -- the varying plans that I offer -- and again, there's no specifics, but within a

general range, certain things cost this much, bigger things cost this much, bigger things cost more, so you're looking at what you're doing for the client. And when you're -- you're doing a bill like that, you're not looking so much at what is it taking me to do it today, because there's a lot more than just today involved. I may have weeks and weeks and weeks of time that I've devoted to something to be able to bring something to a client and I've not billed anybody for that.

Q So is it possible that -- well, I guess at this point, let's kind of pivot back -- I mean, are you -- is it okay to pivot back to talking about the fees for the easements?

A Go ahead.

Q So specifically looking at the fees for the Forest Conservation easements and how you arrived at those amounts, are you saying depending on the individual client, it's possible that two clients would each put in, say, $50,000 but one might have a higher fee component than the other if the fee was included with that overall amount, or...

A Well, I think -- I think if you're looking for a reason, anything's possible. I think if you're looking for a response, you know, you have to look at 2011 -- and I'm giving you all these details. You know all this -- was a flat fee that everybody paid of $4,500. Just started the process, just got into it, wasn't much time, didn't fully

take into account some of the things that justifiably needed to be taken into account. It is what it is. I had -- I had a limited time. I had to put something together; I had put it together. It was an excellent benefit for my clients and they were all ecstatic about it.

Q For 2011, did you, yourself, end up making money on offering these conservation easements as a tax reduction strategy?

A Do I make money off tax planning? If I don't make money off tax planning, I'll go home.

Q Well, I guess my question is, you said you offered -- you offered these through a flat fee or a for a flat fee. What did you do the next year?

A In 2012, I realized that besides one, my fees went up in general because my fees always go up every year. And also, I realized that the larger the deduction I've got for somebody, the larger the number it is on the return, the larger my risk is. Risk is a cost. You have to somehow try to factor in costs that you have when you're trying to develop fees.

Q So you did not use a flat fee in 2012?

A That is correct.

Q Okay. So when it came to easements that were offered to your clients in 2012, you were looking at several factors including potential risk?

A Audit risk is bloody huge.

BY MR. DONAHUE:

Q What other factors did you look at?

A Well, the complexity of the work. But I mean, audit factor is a big deal. If one guy gets audited, his whole fee plus probably two other people's is gone.

BY MR. BASINGER:

Q So looking at that, though, how did that translate into ascertaining a dollar amount to charges as a fee?

A I used a judgment of what I felt that at the time would be appropriate. And that's what I do. I mean, my job is to -- is to charge what I feel is appropriate. That's all I can do.

Q Now, you mentioned --

A It's the same with an hourly rate. Hourly rate is what I feel is appropriate.

Q Now, you mentioned earlier that you charged a flat fee in 2011. Would clients who were investing in Forest Conservation LLC in 2011 have been told the specific amount of that $4,500 flat fee amount before they wrote a check?

A Well, of course.

Q Okay. And then going forward into 2012 where you're making more of a judgment call on how much the fee was going to be, how -- first, when it came to your clients, would you tell them what the fee amount was going to be

before they wrote a check?

A My business practice is to identify what your check needs to be made for, got to know cash flow considerations, what my fee is, and what your benefit is. It's not a -- we don't talk about one thing. Nobody cares, quite honestly, about one thing.

BY MR. DONAHUE:

Q Well -- well -- are you done with your answer? I'm sorry.

A Yes, sir.

Q Just to be clear, we're talking about checks. Did your clients know your fee before they invested in the easement in 2011?

A Yes.

Q In 2012, did they know your fee before they invested in the easement?

A Yes, I communicated that to them.

BY MR. BASINGER:

Q Okay. And so once the clients wrote the check, did they have any other role to play as far as getting these easements, getting the tax saving strategy formalized and then had that deduction flow to them?

A Yes. My process, again, just so we're clear, they would express a need, I would tell them we'll fulfill that need and how much they have to write a check for, my process

was to let them know what their deduction amount was, what their fee was, what their contribution amount was, they knew what that benefit was, and all of the benefits for these client were substantial. It is a substantial tax benefit to these clients, otherwise they wouldn't take time out of their busy day to do all this.

Q Well, I understand. My question was, though, after they had written the check, it was you that then wired the money on to the larger entity that has the conservation easement, correct?

A That's correct.

Q So your tax clients that had written a check at that point, they weren't having to sign anything or do anything related to the wire?

A I did the wire myself. They didn't have control of the checking account.

Q Okay. And then the K-1s would -- after the contribution is formalized with the broader conservation easement entity, such as say Piney Cumberland, the money -- I'm sorry, the K-1s would then be issued to the -- your clients, correct?

A Yes. They would be issued to the LLC, and the LLC issued them to the clients.

Q And was it one single K-1 going to the LLC?

A One single K-1.

Q And then the LLC would issue to the individual client the K-1s?

A Yes.

Q Okay. And so at that point then, the taxes would be prepared for that calendar year incorporating that K-1 as one of the additional components of the overall tax planning for an individual for that year?

A Yes.

Q Okay. In 2012, when you were talking about the fee amount, would you perform -- I'm trying to understand still when you would calculate the fee for an individual person. Would it be before you met with them to propose it, would you kind of come up with the overall, as you were saying, what the potential, I guess, ballpark benefit you wanted to achieve for them would be and then figure out what the fee amount attached to that person was going to be and then communicate that in a meeting, or how would that actually work?

A Most communications with my clients regarding this were over the telephone. My process was to communicate them what the check needed to be, what the fee was, what the net benefit was. That was my process.

Q And then when you did that, you were actually articulating a dollar amount for the fee?

A That is correct.

Q Not saying a potential percentage or a ballpark range?

A There isn't a -- there isn't a percentage. Again, it's the same -- it's the same thing. My process was to identify the dollar amount of the contribution, identify what the fee was, identify those assets.

Q So you were working at -- with LPL in 2011 when these easements, when you started offering these easements as strategies to your clients?

A Yes.

Q Did you inform LPL that you were doing this?

A This was done through Ed Lloyd and Associates, which is an outside business activity, which was disclosed and reported to LPL. I do tax planning. That was disclosed to LPL. So yes, this activity that I was doing through my CPA firm, by the nature of my CPA firm, was disclosed.

Q And was that in a general sense of we're working on things such as tax planning, tax deduction strategies?

A Yes. You are not required to call your broker dealer and tell them every tax strategy it is that you're doing because they don't really -- that's not what they do.

Q When you say there was notice of your tax planning strategies generally, how was that notice achieved?

A You're required to go online under -- and report your outside business activities, and that was reported to

them at the inception when I started with them, however many years ago that was.

Q And is that an annual notification?

A If something changes, you change it annually, but it resides in their system.

Q But you -- to your recollection, were you under any obligation to ever amend or provide any updates once you had made that initial disclosure?

A To my understanding, as long as I was still doing business under Ed Lloyd and Associates, just like with the other OBAs, I don't have any obligations that I'm aware of to tell them anything unless something's -- you know, I did a different business, I would need to report that.

Q And just to make sure that you have given a clear answer, because I think I asked a specific question and you may have given more of a general answer, when it came, though, to the Forest Conservation LLCs and your role as far as that being an outside business away from your work at LPL, you did not specifically inform LPL of those Forest Conservation LLCs?

A I believe personally that they were informed of that because they were aware that Ed Lloyd and Associates, who was doing the work, was disclosed to LPL as an outside business activity.

Q I don't know that I necessarily follow your

response. I'm sorry.
A Ed Lloyd and Associates did the planning work for the conservation easements. That was disclosed to LPL when I first did my OBA.
BY MR. DONAHUE:
Q What's an OBA?
A I'm sorry. Outside business activity.
BY MR. BASINGER:
Q But would that have been around the '07, '08 time frame when you first joined LPL?
A Yes.
Q Okay. So I'm just trying to clarify the record just to make sure that I've got your specific answer. You have -- what you did around the '07, '08 when you did that outside business activity disclosure, you did let LPL know about your Ed Lloyd and Associates, the tax planning and everything.
A Yes.
Q But you did not subsequently, in 2011, let them know specifically about Forest Conservation?
A Forest Conservation is tax planning.
Q I understand your statement, but if you could answer the question either yes or no, did you specifically tell LPL specifically about Forest Conservation?
A I specifically don't think that there is any

requirement to report every specific -- any specific activity of tax planning to LPL once you've disclosed what you do.
Q I hear you saying what you think, Mr. Lloyd, but can you answer my question, tell me did you specifically tell LPL about Forest Conservation, 2011, LLC?
A I did not specifically tell LPL about Forest Conservation LLC or any other tax reduction strategy specifically.
Q Any specific ones?
A Or have I ever seen any guidelines requesting that I do so.
Q Okay. Thank you. I want to make sure we have the question answered specifically.
A I understand.
Q Now, last year the SEC's exam program came to your office there in Charlotte to do an examination of the Charlotte branch of LPL.
A Yes.
Q And you were present during that examination?
A That is correct.
Q And during the exam program's examination, did -- were you asked about outside business activities?
A Yes.
Q And what is your recollection as to what you were asked by the exam program about outside business activities

and how you responded?
A My recollection is fairly similar to what you've asked me today.
Q And can you tease that out for me and explain what you mean by that?
A Well, he -- they basically asked me -- they basically asked me about the entities that we referred to previously. They asked me about Ed Lloyd and Associates. They asked me about Lloyd Wealth. I recall they asked me about Lloyd Investments, what is that. They asked me about Forest Conservation. They asked me what is my management structure for managing money, which is what we covered earlier, what I do, what is my mix. You know, numerous questions that I recall they asked me about.
Q And then did the exam program staff start asking you specific questions about, say, tax reduction strategies that you may have offered to your tax planning clients?
A I don't recall them asking me specific questions on what is -- what are your tax planning lists. I don't recall them asking that.
Q Do you recall discussing the Forest Conservation easements with the SEC exam program staff?
A I do recall that they asked me questions in relation to that.
Q Okay. And what do you recall of that

conversation?
A I quite honestly don't recall all of the details of that conversation. I know that they asked me questions about it and I communicated to them, I believe, information very similar to what we're discussing today as far as it was a tax reduction for my clients, and tried to outline the benefits. The gentleman told me that he was -- I do not recall his name -- was very knowledgeable on conservation easements and that I really didn't need to go into a lot of detail about as far as some of the intricacies.
Q I think we're probably --
BY MR. DONAHUE:
Q Let me ask you a couple of follow-up questions.
The Forest Conservation investment in 2011, in order to achieve that for your clients, did you have to pay a fee to either Ms. Zak or her entity?
A I have never paid nor received anything of any material, non-material, any value from anybody going or coming back. So I haven't paid them anything --
Q You mean -- I'm just asking about Ms. Zak.
A I haven't paid Ms. Zak anything and Ms. Zak hasn't paid me anything. There's been no reciprocal -- that may have been a follow-up question, but I just wanted to let you know there's been no money exchanged hands.
Q Do you have an understanding of how Ms. Zak makes

her money in these ventures?
A Not totally, to be perfectly honest with you.
Q How about partially?
A I can guess.
Q Please do.
A I can guess that she might make some money from all the managerial dealings. She might make some money there. I don't know. She may make some money -- and I don't know this -- from a brokerage standpoint, she may make money from that. Her compensation is really -- structure is just conjecture on my terms.
Q So your entity Forest Conservation, didn't pay a fee to her?
A No.
Q Do you know if any of your clients could have -- and this is just in the realm of whether you know this is possible or not. Could any of your clients have gone to Ms. Zak or her entity and just dealt with her directly?
A To the best of my knowledge, absolutely not.
Q Why do you say that with such force?
A The reason I say that, because -- and I feel confident about that -- and I could be wrong -- is everybody that I have spoken to did not have any idea what it was I was talking about initially. So if they didn't know it, I don't know how they could seek somebody out if they don't even know

what the concept is. I mean, something could happen then.
Q You mean your clients? You're talking about your clients?
A I didn't speak to any of my clients, that I can recall, that even knew before I had a discussion, what I was talking about. I don't recall anybody saying that. So the possibility of somebody going direct would be impossible, in my opinion. I don't know how you could if you didn't know it existed. Right? I don't know if something was there how could I -- how could I even know to seek somebody out?
Q Do you know whether Ms. Zak or her entity accepts individuals outside of professionals like yourself who basically are just --
A I don't know --
Q -- facilitating it for someone else?
A I don't know Mrs. Zak's total business practice. I know -- I believe she gets a lot of her people from professionals, but I do not know her general acceptance business practices.
Q Did any of your clients offer to write two checks, one for the investment and one for your fee in '11 or '12, 2012 or '12?
A '11, yes. I started out that way because I felt that it was easier in my mind, but then they started complaining to me. It's December, they only had a couple of

days and then they were complaining about having to write two checks, "Well, I'm writing two checks to you; I just want to write one check to you and I want you to take care of it." That's what my clients, that's what they wanted me to do, they wanted me to take care of it. So I initially started that way, and then, again, you listen to your clients, I adhered to what their request was. I didn't -- wasn't doing anything incorrectly with it, I was just trying to make it easier for them. If you double work, even though I don't think it's much work, but for them, it's a pain and they don't want to double it. Ed, what is the check amount?
Q And do you remember any particular client who told you, No, I just want to write one check?
A I'm just guessing. I can't recall, like, exactly -- I just remember -- I just recall people asking me why am I having to write you two checks.
Q Okay.
A I explained it to them, but they said, I just would rather prefer writing one check.
BY MR. BASINGER:
Q In 2011 when they did have to write that second check, would the amount that was going to be the contribution to the easement go to a different account for deposit than the fee check, or would they both go to the same account?
A I don't have but one business account.

Q Okay.
MR. DONAHUE: You mean you had one business account for Forest Conservation?
THE WITNESS: No, sir. I believe the question that he's asking is in relation to 2011.
MR. DONAHUE: Oh, I'm sorry.
BY MR. BASINGER:
Q And in 2012 would all of the checks have gone to one account?
A Everything was -- to the best of my ability and from the accounting that I did, which ties it all out, everything went into one and went out of one.
Q And so the money that went into -- let's talk about accounting year 2012 and then we'll break for lunch in a minute.
For when the checks went into the BB&T account for 2012 and they were a single check from each individual representing both the contribution and the fee amount, I understand that a wire was sent out of that account to go on to Piney Cumberland to buy a certain amount of units meeting that minimum dollar threshold for the easement. For the amount, though, that remained in the account that represented your tax planning fees, did that remain there or did it get transferred on to, say, a personal checking account or what happened to the fee money?

A The fee money stayed there until the wire was out, right, because, don't take things until it's done. So you just -- you send the money out and then they were paid back to my business.

Q Okay.

A Because my business did the work.

Q So that would have just simply been either wired out of the account or a check sent --

A I don't really wire. I don't like wires.

Q So you would have written checks to Ed Lloyd and Associates LLC --

A Or either a transfer of a --

Q Let's hold on.

A Sorry.

Q So would you have, for the money that was in the account in 2012, in the BB&T account that represented your tax planning services fee, you would have written checks back to your business and so the money would have gone to the business account, separate business account?

A Well, when you -- I'm sorry, I'm not understanding. When you separate, I don't mean yet just another account. I didn't have -- I did not set up a separate account just for fees. That went to my business account.

Q I just didn't know -- and we'll get into the

documents more after lunch, but from the way you described it, I thought you were saying that you would send a wire out of the account to Piney Cumberland to buy into the easement for everybody, but then for the money that remained behind, that accounted for your fees.

A I paid my businesses.

Q Okay.

A Well, I individually didn't do the work. The businesses did the work, right?

Q Uh-huh.

A And then from a pure tax standpoint, that's not smart.

Q Okay. Well, we can get into those details when we have the documents in front of us after lunch.

MR. BASINGER: I think if we're good now, we can break til 1:00.

MR. RUE: That's fine.

MR. BASINGER: And then we'll come --

MR. RUE: Let me give you -- I was hoping --

MR. BASINGER: We're still on the record.

MR. RUE: That's fine. I'll be happy to be -- I'd be happy to be on the record.

MR. BASINGER: Okay. Let's be on the record.

MR. RUE: I was hoping you were going to show me the subpoena from March of 2013. I think these documents,

these three documents are responsive to it. These are the invoices that Mr. Lloyd sent and got paid for the tax planning fee for the people that didn't write one check. I mean, you bring that -- his document up, explains the tics and ties for the 2011 transaction and you'll see three guys on there didn't write one check. They got separate bills and those are the bills that they got paid.

MR. BASINGER: Were these -- were these documents previously produced or --

MR. RUE: No, they weren't.

MR. BASINGER: Okay.

MR. WEBB: They were lost in the cracks or the shuffle, I suppose.

MR. DONAHUE: Okay. So we'll -- we'll mark these and talk about them after lunch.

Is that all?

MR. RUE: Yeah, that's it.

MR. BASINGER: Let's go off the record. It's 11:59 a.m.

(Luncheon recess at 11:59 a.m.)

MR. BASINGER: We are back on the record at 1:04 p.m. on Thursday, February the 6th, 2014.

BY MR. BASINGER:

Q Mr. Lloyd, can you please confirm that while we were off the record, we did not have any substantive

discussions of this matter?

A That is correct.

Q Thank you. And before the break, Mr. Rue, you were providing to us some newly produced documents. If we could mark this as Ed Lloyd and Associates Exhibit No. 4, please.

MR. DONAHUE: I would do each page separately.

MR. BASINGER: Okay, 4, 5 and 6.

(Exhibit Number 4, 5 and 6 were marked for identification.)

MR. BASINGER: Thank you. These which have now been marked as Ed Lloyd and Associates Exhibits 4, 5, and 6, Mr. Rue, you said these are -- that's a supplemental production response to the subpoena that was issued by our office on March the 20th -- I'm sorry, March the 25th, 2013?

MR. RUE: Yep.

MR. BASINGER: At this time, I'd like to have this marked as Ed Lloyd and Associates Exhibit No. 7, please.

(Exhibit Number 7 was marked for identification.)

MR. BASINGER: Then what has been marked as Exhibit No. 7, this is a subpoena from our office to Mr. Lloyd on March the 25th, 2013, subpoena for documents in this matter. And just to make sure I understand, Alex, what you

said the before the break was that what we have here now provided as Exhibits 4, 5 and 6 are in response to what is now marked as Exhibit No. 7.

MR. RUE: Yeah. I don't have the subpoena, but it is.

MR. BASINGER: Are you looking at March 25th, 2013?

MR. WEBB: Correct. Yes. Yes, it is responsive, supplemental. It would be responsive to 1 and 4 of the document request.

BY MR. BASINGER:

Q Mr. Lloyd, if we could, let's please take some time and talk about Forest Conservation 2012 LLC, which I believe, based on the documents we have discussed, that was regarding easements through Piney Cumberland Holdings LLC?

A Okay.

Q Is that your understanding?

A I don't recall which one relates to which.

Q Okay. Regarding Forest Conservation 2012 LLC, that would have been offered to your clients to invest in for calendar year 2012, correct?

A For contribution in 2012, yes.

Q Okay. Do you recall how -- I'm sorry.

Would any of the Forest Conservation easements have involved working -- pardon me, I forgot Nancy's last

name.

A Zak.

Q Zak, thank you.

A Yes.

Q Okay. So you would've come to have known about the easement that was available for the clients through Ms. Zak as regards the 2012 LLC Forest Conservation?

A That would be correct.

MR. BASINGER: Okay. And pardon me, since we've introduced new things, my numbers are a little off here. So at this time I would like to mark this document as Ed Lloyd and Associates Exhibit No. 8.

(Exhibit Number 8 was marked for identification.)

BY MR. BASINGER:

Q Mr. Lloyd, I'm handing you what has been marked as Ed Lloyd and Associates Exhibit No. 8, which is a 79-page document consisting of a document production by your counsel to the SEC exam program dated March 14th, 2013.

Mr. Lloyd, can you identify this document?

A Well, I mean, this is a document my attorney submitted to the SEC.

Q And did you help assemble the documents --

A No.

Q -- that are -- let me -- if you'd -- I could

finish the question, please.

A I apologize.

Q Thank you. Did you help assemble the documents that are attached to Exhibit No. 8 as exhibits?

A No, I did not.

Q Okay. Are you aware of how these documents were identified and subsequently produced to the exam staff?

A As far as in this context and as far as the numbering situation, no, I was not involved in that.

Q Okay. Do you believe what your counsel that would have reviewed and identified these documents and produced them?

A Yes.

Q Okay. Mr. Lloyd, if you could turn to Exhibit -- and for the record, Exhibit No. 8 has two yellow Post-It flags on it and I have -- I, Brian Basinger have placed the Post-It notes on there for identification purposes.

A Yes.

Q Mr. Lloyd, if you can turn to what is the first flag, which is flagging Exhibit 1 within Ed Lloyd and Associates Exhibit No. 8. This is Exhibit No. 1 of the production from March 14th, 2013?

A Yes.

Q Mr. Lloyd, are you familiar with this document which is attached as Exhibit 1 within Exhibit No. 8?

A Yes.

Q What is this Exhibit No. 1 within Exhibit No. 8?

A The SEC requested a listing of information, and the information was prepared and sent based upon a request that we had from the SEC.

Q And what was the specific request to which Exhibit No. 1 was prepared?

A Well, they wanted to know what the conservation contribution was, whether they were a brokerage or advisory client, and whether they were a CPA client.

Q And did you -- and this was for Exhibit 1 specifically. This was regarding Forest Conservation 2012 LLC? The clients who contributed to Forest Conservation 2012 LLC?

A That would be correct.

Q Did you create this document that's Exhibit No. 1?

A Yes, I did.

Q And did you create it using, to your recollection, an Excel file or how was this created?

A I was able to ascertain what everybody's contributions were from information that I had and accumulated the other.

Q And would you have -- tell me generally, as far as finding out that information, did you simply have paper files or electronic files that had this information?

A I don't recall where I ascertained all the information from. I mean, I'm sure there's a combination of things to be able to put everybody's together.
Q And did you save this on a particular computer or a server somewhere?
A Yes.
Q And where was that?
A In my office.
Q Okay. Now, does this represent all of the individuals who ultimately invested in Forest Conservation 2012 LLC?
A I mean, I'm just looking at a list, but I believe so.
Q Okay. And if you could just walk me through what your understanding is for each of these columns. So we've got -- obviously, starting on the left side of the page there's the -- the last name and first name of each individual; is that correct?
A Yes.
Q Okay. And then we have Conservation Contribution is the title of the next column. What does that signify?
A They requested that I identify the amount that was utilized for the conservation component.
Q And when you say the amount, do you mean -- well, what do you mean by that?

A Well, what I mean by that is there was a gross amount that they paid, there was a tax fee that they paid, and then there's a net conservation contribution, and that is what this column represents.
Q And at the bottom of that column, the conservation contribution column, there is a standalone figure of 543,552. What does that represent?
A That's the total.
Q Is that dollars?
A Yes, sir.
Q Are all these figures in dollars on this page?
A Yes.
Q Okay. Now, the next two columns are titled Brokerage Clients and then Advisory Client.
A Yes.
MR. DONAHUE: Let me just interject here.
MR. BASINGER: Sure.
BY MR. DONAHUE:
Q Just so I'm clear, is your fee included in the amount that's listed as the conservation contribution?
A My recollection is I was requested to provide a net dollar amount that went into -- that was utilized exclusively for the conservation component. If I remember correctly, that's what this would have been for.
Q So meaning a -- the fees were in addition to this?

A Yes, sir.
Q Okay. So Mr. Gary Appel, if that's how you pronounce his last name, the first line there, he would have given you a check ultimately that was larger than --
A For a larger amount than this amount, yes, sir.
Q Larger, okay.
By the fee?
A That is correct.
Q Okay. I'm sorry. Go ahead, Brian.
A There were several ways they asked me to slice and dice things and that's what I did.
BY MR. BASINGER:
Q So the next two columns are titled Brokerage Client and Advisory Client. And what do these represent?
A They were asking me to identify if they were a brokerage client or an advisory client.
Q And then some of them have NA next to your name. I assume because that is you, Ed Lloyd?
A Yeah, I don't consider myself a client.
Q Okay. And in the final column this is titled CPA Client. Does that mean these are obviously clients of your tax planning services?
A That's correct.
BY MR. DONAHUE:
Q And let me just ask, is this Ed Lloyd, you

individually?
A Yes, sir.
Q Did you pay a fee to your firm?
A Did I pay a fee to plan for myself?
Q Yes.
A No. I did not pay a fee to plan for myself. I got mine pro bono.
BY MR. BASINGER:
Q Now, Mr. Lloyd, if you could turn to the second Post It flag in Exhibit No. 8, that will take you to what is titled Exhibit No. 3 within Exhibit No. 8.
A Yes.
Q And I believe earlier today before the lunch break, you have referenced that you had prepared and provided to us a deposit analysis.
A Yes, sir.
Q Is this what's marked as Exhibit No. 3 within Exhibit No. 8, is this the deposit analysis that you were referencing earlier?
A Yes, I was requested to prepare this and that's what I did.
Q Okay. Can you walk us through how this was prepared and what this represents?
A Well, I mean, this was created in response to a request by the initial -- is examiner the right term?

Q Yeah, the exam program.
A The exam program requested analysis of the funds that I submit to them, and they requested that I identify the deposit, the tax planning fee, and the conservation contribution with the ability to be able to tie back to the bank statements so you could reconcile the activities.
Q Okay. And before -- well, actually, I'll move on. Sorry.
So the first page of Exhibit 3 within Exhibit 8 had the title of Forest Conservation 2012 LLC Deposit Analysis October 2012. Is it correct that the way this Exhibit No. 3 is structured is that you've got monthly deposit analysis summaries in here?
A Yes. I felt it was easier for somebody to understand if I'm breaking it out so that you can reference it to a statement as opposed to one massive document, which I construed to be possibly confusing.
Q And so looking at, pardon me, the first page of October 2012 Deposit Analysis, there are -- there is a column that -- on the far left, which is a date. For the first one, it says 10/1/2012. What does that date represent?
A My recollection is it was the date of the deposit.
Q Would that be the date of the deposit meaning the date that you received a check from the client deposited into the Ed Lloyd and Associates account at BB&T?

A Well, this is 2012, so it's a different scenario, so it would not have gone into Ed Lloyd and Associates' bank account. It would have gone into the Forest Conservation bank account.
Q Okay. Let's -- since that distinction is important, can you walk me through how that was set up and just kind of explain a little bit about the 2012 situation for the account?
A Well, it was just an account opened up just for this.
Q Yes, and was that in your name? Or let me rephrase. So this was an account in the name of Forest Conservation 2012 LLC?
A That is correct.
Q And were you the only signer on the account?
A To my recollection, yes.
Q Okay. And this was an account that was opened at BB&T?
A That is correct.
Q Okay. So the dates that are on here, you believe that's the date that the money was deposited into the Forest Conservation 2012 LLC account?
A I believe that is correct.
Q Okay. And then the next column over are names. Are these the names of the individual investors?

A That would be, those are the people that made contributions.
Q And then the next column has the title which is Deposit. What does that deposit represent?
A That would reflect the dollar amount that hits the bank statement.
Q And would that include both the contribution going to the easement as well as the tax planning fee for each individual?
A Yes. That is the deposit.
Q Okay. Then the next two columns appear to be -- they are titled Tax Service Fee and Conservation Contribution respectively. Are these the two components that add up to the total in the deposit column?
A That would be correct.
Q Okay. And obviously these are dollar figures on this page.
A Yes.
Q Okay. On the next page within Exhibit No. 3 of Exhibit 8, you have provided a -- a bank statement from BB&T
A Yes.
Q For the record, you have -- would you have done this for each of the monthly three breakouts that are here for October, November, and December 2012?
A Correct.

Q And this is simply the printout of the individual deposits that we saw on the prior page? Or I guess I should say, this is a printout from the account of the individual deposits that went in as you had listed them on the prior page we were just looking at?
A Yes.
Q So it appears that the first deposit came in on October 13, 2012, the first deposit to Forest Conservation 2012 LLC, and there were three deposits in October 2012, 11 deposits in November 2012, and then four deposits in December of 2012 adding up to a total of 18 individual contributions to Forest Conservation 2012.
A Okay.
Q Did you -- is my math correct?
A I'm not sure. I can add them.
Q If you could take a moment just to make sure we've looked at those 18 individual contributions, that would be good.
(Witness reviews document.)
A I count 18 people on here as well.
Q Okay. Thank you. Now, Mr. Lloyd, looking at the December deposit analysis, you are listed as the final person chronologically providing a deposit into the account on December the 7th, 2012 for the amount of $16,802.
A Yes.

Q How did you arrive at that amount of money? And I ask that because it contrasts with the other amounts from the individuals seem to end in either 100 -- or I should say, 1,000, 250, 500, 750.

A There is a certain dollar amount that's allowed for a conservation easement and those dollar amounts change sometimes as far as what's available or not available, and if they change and it's reduced, then sometimes a participant is not able to contribute as much as would be appropriate for them, so the individual that is limited is me. So it's -- if I've gone through an analysis and told someone what their contribution is, what their fee is, what their benefit is, to the best of my ability, if they shortchange what's available, then the mess -- that reduction is borne by me, not my clients, because I've already gone through this process with them.

Q And do you recall, with regard simply to Forest Conservation 2012 LLC, was there any change of that nature?

A If I recall correctly, there was a reduction, if my recollection serves me right.

Q Do you recall how much that was?

A I do not recall how much that was, I just -- it just sometimes happens.

Q Now, is it a fair statement to say that once it came to December the 4th, 2012, when you got a deposit from

James Carson of $30,000, at that point you understood how much money needed to be provided by yourself in order to meet the threshold that was needed to be participating in the easement?

A Somewhere around that -- that range period, I would have -- I would not have any idea what day, but I would have -- but somewhere in that period, that would make sense, yes.

Q Okay. And so looking over at that -- at the next page within Exhibit 3 to Exhibit 8, we're looking at the BB&T account statement for the month of December 2012, let the record reflect that there is a section on the account statement that says, Other Withdrawals, Debits and Service Charges, and it reflects that on December the 7th, 2012, there was an outgoing wire transfer of $543,552. Mr. Lloyd, do you recall what this outgoing wire transfer was?

A If you reference the next page of the exhibit, it identifies BB&T Wire Transfer Request that was sent out to Oak North Capital Bank for the benefit of -- let's see here -- Piney Cumberland Holdings, so that was what that wire would have been for.

Q So this is the wire transfer which is sending out the money from your clients, as well as the funds from yourself in order to participate in the easement offering that was part of Piney Cumberland?

A Yes.

Q Okay.

BY MR. DONAHUE:

Q Is this refreshing your recollection as to the -- Ms. Zak's company?

A Do I see Ms. Zak's company on here? Not from a recollection standpoint, no.

Q Do you -- do you have any reason to believe that Piney Cumberland is the company that Ms. Zak has?

A Not to my knowledge. I don't -- I don't -- I don't know any of Ms. Zak's holdings or -- I just don't know. I don't know what she owns or doesn't own.

Q What's your understanding of what Piney Cumberland is?

A My understanding of Piney Cumberland from the offering documents is that that is a contribution easement. That is my understanding.

MR. RUE: You meant a conservation easement, not a contribution, correct?

THE WITNESS: Thank you.

MR. DONAHUE: Understood.

THE WITNESS: But the underlines of ownership on these things I have, was never privy to, don't know or have any information in regard to that.

BY MR. BASINGER:

Q Do you know where Ms. Zak resides?

A She is somewhere in Georgia. Her exact location, I don't know.

BY MR. DONAHUE:

Q And just to be clear, you prepared the deposit analysis per month, correct, that's in this exhibit?

A This was prepared post fact. This was prepared upon request by the examination force. This wasn't something that was --

Q I understand that, but you prepared in response to the request?

A Yes.

Q You personally prepared in response to the request from the examination staff?

A Yes.

MR. DONAHUE: Thank you.

BY MR. BASINGER:

Q Mr. Lloyd, continuing to look at the December 2012 account statement for the Forest Conservation 2012 LLC account, there are checks, three checks listed as having been written from the account in December of 2012. One on December 21st for the amount of $22,750, and then two checks on December 31st, 2012, one for $22,000 and one for $59,000.

A Right.

Q The total of these three checks is listed as

$103,750.
A Yes.
Q Do you recall what these checks were for?
A Well, I believe if you add up the tax service fees for all three of those months, then that's what the total would be.
Q So this would be -- those checks would be representing your tax planning service fees to your clients?
A Yes.
Q And where -- were these checks being written to your business or who was going to be the recipient of the funds on these checks?
A My business would be the recipient of the funds.
Q Okay. And just to flip back again, within Exhibit No. 8, go back to Exhibit No. 1 of Exhibit No. 8.
MR. BASINGER: Just for the record, let the record reflect that there are on Exhibit No. 1, there are 18 individual investors -- there are 18 individual investors listed on Exhibit No. 1 of Exhibit No. 8.
THE WITNESS: If they asked -- I think I remember what the request was. They were asking me to tie this number to this wire.
BY MR. BASINGER:
Q And so you're pointing to the 543,000 --
A Yes.

Q Let me finish, if you don't mind.
The $543,552 amount at the bottom of Exhibit 1 of Exhibit 8, you're saying the exam program wanted you to tie that to the amount of money on the wire transfer record that you provided in Exhibit No. 3, Deposit 8?
A That -- that's what I recall, yes.
Q Okay. Thank you.
MR. RUE: Are you done with this exhibit?
MR. BASINGER: I would keep it in front of you. We're going to look at it again, please.
MR. RUE: Okay.
MR. BASINGER: Mark this as Exhibit No. 9, please.
(Exhibit Number 9 was marked for identification.)
MR. BASINGER: Thank you.
BY MR. BASINGER:
Q Mr. Lloyd, I hand you what has been marked as Ed Lloyd and Associates Exhibit No. 9, which is a 28-page document titled Operating Agreement of Forest Conservation 2012 LLC, and which states on its cover, quote, Dated March 26th, 2012, Revised December 7th, 2012, unquote.
Mr. Lloyd, can you identify this document that has been marked as Exhibit No. 9, Ed Lloyd and Associates Exhibit No. 9?
A It's an Operating Agreement of Forest Conservation

LLC.
Q And who prepared Exhibit No. 9?
A If I recall correctly, I did.
Q And can you explain to me what is the purpose of this Operating Agreement that we have here in Exhibit No. 9?
A It's just an Operating Agreement.
Q I understand that. But just to make sure that we kind of have a more robust understanding, what exactly does this Operating Agreement and Exhibit No. 9 spell out and, you know, for whom does it spell out information?
A It just gives information about the Operating Agreement for the LLC.
Q And this is for Forest Conservation 2012 only?
A Yes.
Q Okay. And did investors, any of your individual tax clients that provided money, did they receive copies of this Operating Agreement?
A I do not recall.
Q On the first page, it says, dated March 16, 2012 on the cover page?
A Yes.
Q What was going on at that point? Do you recall, is that when you first started working on Forest Conservation 2012 and considering it as a potential tax savings opportunity for your clients?

A That's very possible.
Q Okay. And then it notes that it was revised on December 7, 2012, which we saw a minute ago on -- in Exhibit No. 8. December 7, 2012 was the date that you provided your contribution of $16,802, and then it's the same date on which you sent the wire for the $543,000 -- $543,552 on to --
A Piney Cumberland.
Q Essentially with the Oak Worth Bank for the benefit of Piney Cumberland Holdings?
A Right.
Q Is this the final version of this document?
A I don't recall.
Q Do you recall if you would have made any more revisions of this Operating Agreement in Exhibit No. 9?
A I don't recall.
Q Okay. Now, did you revise it on December 7, 2012?
A What day I did anything in December of any year, I couldn't begin to quantify except for maybe Christmas.
Q Well, you say that you are the author of the document, correct?
A Yes.
Q And it states on here, Revised December 7, 2012, which you have made those revisions that day?
A It's quite possible, yes.
Q Okay. Do you think that you made the revisions

because you had finalized the name off that wire payment?
A I don't recall why, the significance of the date.
Q Okay.
BY MR. DONAHUE:
Q Did you draft this document?
A No.
Q You didn't?
A No. I'm not that smart. I've got a LLC template and I basically edited and changed the state name.
Q Okay. So using a template, you were the author of this document?
A That would make sense, yes.
Q Okay. And did you have it on -- is it on your computer at your office?
A Yes.
Q And to the extent that it was revised, would that have been you doing it.
A Yes.
Q Did anyone else have access to the document to revise it?
A Yes. It's on a server, so every document has the ability for anybody to revise it.
Q Do you have any knowledge of anyone revising this document?
A I don't have any knowledge of it, no.

BY MR. BASINGER:
Q Do you recall instructing anyone else to modify this document, or revise it in any way?
A I don't recall.
Q Do you believe that you are likely the only person that modified this document as it was on the computer in your office?
A I don't know -- I don't know that anybody else did it, if that's what you're asking.
Q Yes, that's what I'm asking.
A I don't know of anybody else that would've made a change to it.
Q Okay. Mr. Lloyd, if you could turn to the page that has a yellow Post-it flag on it. In Exhibit No. 9, this is a yellow Post-it flag that I added to the document for ease of reference.
A Yes.
Q That page is titled Schedule I -- Schedule I – Updated Membership as of December 7, 2012.
A Yes.
Q Did you prepare this Schedule I?
A I believe so.
Q And what does Schedule I represent?
A Those people that are involved in the -- would've

been the owners at the time in the LLC.
Q And Forest Conservation 2012?
A Uh-huh.
Q If you could give a verbal response, please.
A Yes.
Q Thank you. So for the record, there are three columns on the page, the first two of which are first and last names, and then there is a column titled ownership. Mr. Lloyd, what does that ownership column represent?
A That's a percentage of the contribution that they made versus a total.
Q And when you say versus you mean versus the overall 100 percent total?
A Versus the contribution total, yes.
Q Okay. So is it fair to say that each individual ownership percentage listed is the individual's percentage that's next to that amount? So, for example, Gary Apple contributes or owns 5.52 percent of Forest Conservation 2012 LLC?
A Yeah. It would be a contribution for that. That makes sense, yes.
Q Okay. Now, let the record reflect that Schedule I of Exhibit No. 9 lists 15 individual investors including Mr. Lloyd.
Mr. Lloyd, do you agree that there are 15

individual investors listed here on Schedule I? Actually, that's Schedule Roman numeral I.
A Yes.
Q Now, Mr. Lloyd, why is it that there are 15 individual investors listed here on Schedule I within Exhibit No. 9, because we saw earlier there were 18 individual investors listed in Exhibit 8 for the Forest Conservation 2012 LLC?
A I don't know.
Q Well, Mr. Lloyd, on December 7, 2012, as we saw in the bank records for -- within Exhibit 8, all of the contributions had been made as of December 7 of 2012, correct?
A Yes.
Q Okay. And now we are -- we've got three fewer people here, correct?
A Of accounts, your correct.
Q Okay. For the record, the missing three investors who appeared in Exhibit No. 8, but do not appear on Schedule I within Exhibit No. 9 are Chris Brown, James Carson, C-a-r-s-o-n, and Mike Malloy, M-a-l-l-o-y.
A Right.
MR. DONAHUE: Feel free to take a look compare the lists if you'd like to make sure that Mr. Basinger is correct.

MR. WEBB: Would you repeat their names again.
MR. BASINGER: Yes. Chris Brown, James Carson and Mike Malloy.
MR. WEBB: Thank you.
BY MR. BASINGER:
Q Going back to Exhibit No. 8, on the October 2012 Deposit Analysis in Exhibit No. 8, which will be Exhibit No. 3 within Exhibit No. 8 --
A Yes.
MR. BASINGER: Let the record reflect that Chris Brown contributed on October 1st, 2012, providing a total of $50,000, which, according to the deposit analysis, consisted of $42,500 that was a conservation contribution, and $7,500 that was a tax service fee.
Let the record also reflect that on the November 2012 deposit analysis, the deposit analysis lists Mike Malloy as having contributed on November 15, 2012, a total of $50,000, which was $42,500 that was a conservation contribution, and $7,500 that was a tax service fee.
And then finally, on the December 2012 deposit analysis, let the record reflect that James Carson provided $30,000 on December 4, 2012, consisting of $24,500 for his conservation contribution, and $5,500 as part of -- for his tax service fee.
BY MR. BASINGER:

Q Mr. Lloyd, did you intentionally leave Mr. Brown, Mr. Malloy, and Mr. Carson off of Schedule I in Exhibit No. 9?
A Not to my recollection. It looks like I've got an error.
Q Okay. What do you think could be the possible source of that error?
A I don't know. I don't recall. This doesn't tie out to a -- I don't recall.
BY MR. DONAHUE:
Q What does it not tie out to?
A Well, it's a percentage. I don't -- this all was done at a later date when going through bank records here. This was not --
Q I'm sorry. The record doesn't understand what you were just pointing to, so if you could verbalize with the exhibit numbers.
A Oh, I'm sorry. The request that I had from the SEC examiners detail all of this information. This was not that information, so there's obviously an error.
Q But it ties out to a hundred percent, correct, on Schedule I?
A Yes.
MR. BASINGER: Mark this as Ed Lloyd and Associates Exhibit No. 10, please.

(Exhibit Number 10 was marked for identification.)
MR. BASINGER: Let the record reflect I am handing to Mr. Lloyd what has been marked as Ed Lloyd and Associates Exhibit No. 10, which is a one-page document titled Forest Conservation 2012, and which has a production Bates number SEC-Lloyd-P-0000638.
BY MR. BASINGER:
Q Mr. Lloyd, are you able to identify what has been marked as Ed Lloyd and Associates Exhibit No. 10?
A It says it's a list of the 2011 members, and the 543 ties to the deposit list.
Q When you say the 543, just for the benefit of the record, you're referring to there's a total amount on here that says 543,552; is that correct?
A Yes, that is correct.
Q And you're saying that ties to what now?
A The wire transmittal.
Q Okay. That we saw earlier within Exhibit No. 3 of Exhibit 8 in the deposit analysis?
A That would be correct.
Q Okay. Mr. Lloyd, did you prepare Exhibit -- Ed Lloyd and Associates Exhibit No. 10?
A I believe so.
Q And this is the document that you produced to the

SEC exam program through your couns- -- I'm sorry, pardon me -- to the SEC enforcement staff through your counsel?
A To the best of my recollection, yes.
Q Okay. And let's walk through what this document represents. You've got 15 people listed here on this document, including yourself, what -- if we go on these three columns, the first name and last name, and then there's the contribution received column. What does that contribution received column represent?
A The dollar amounts received.
Q And these are the dollar amounts that were received from individual investors to participate in the easement of the Forest Conservation 2012 easement that was being bought or purchased through the Piney Cumberland entity?
A That's correct.
MR. BASINGER: Now, let the record reflect that on Exhibit No. 10, Mr. Lloyd's contribution is listed as $41,052.
BY MR. BASINGER:
Q Now, Mr. Lloyd, earlier in Exhibit No. 8, in Exhibit 1 to Exhibit No. 8, we saw -- and also within Exhibit 3 of Exhibit 8, we saw that your amount for your contribution to Forest Conservation 2012 LLC was listed as $16,802.
A Yes.

Q Mr. Lloyd, what accounts for the difference between what we see listed as your contribution in Exhibit No. 10 with what we see in Exhibit No. 8?

A I'm not sure.

Q Okay. Well, let's go back to Exhibit No. 8 for a second and go to Exhibit 3 within Exhibit No. 8.

Now, Mr. Lloyd, in Exhibit No. 3 to Exhibit No. 8, which is the deposit analysis for the months of October 2012 through December 2012, we saw the individual pages that you prepared listing the individual deposit analysis from each individual investor in Forest Conservation 2012. And in that, in the December section, we have you as the final investor depositing $16,802.

A Yes.

Q And then on next page, we have the December 2012 bank statement from BB&T which shows a final deposit go into the account on December 7, 2012 for $16,802.

A Yes.

Q Now, we saw on Exhibit No. 10 that you are listed as having contributed $41,052. Do you see anywhere in your deposit analysis the amount of $41,052 going into the BB&T account for Forest Conservation 2012 LLC?

A No.

Q Mr. Lloyd, what amount of money do you believe you put into Forest Conservation 2012 LLC?

A 16,000 -- 16,802.

Q Now, do you know that because you remember that that's the amount of money that you put in, or are you saying that --

A I don't remember it. I'm saying that's what's on this deposit analysis here, I have on this list that I did subsequently.

Q Okay. Where would the amount in Exhibit 10 of $41,052 have come from?

A I'm not sure.

Q On Exhibit No. 10, the amounts that are in the contribution received column, do these amounts reflect both the amount of money that was provided as a contribution as well as your tax planning services fee?

A I don't recall.

Q Okay.

A I don't always --

Q Well, for ease, let's actually, if you don't mind, let me ask you to turn to Exhibit No. 8 in Exhibit 3 and the deposit analysis section.

A Yes.

Q And let's look because there you have broken --

A You know what, to answer your question, that's the wire amount. Is that what you're asking me?

Q No. I'm actually asking you about the individual

amounts next to each person's name and that column, the contribution received column. So, for example, in Exhibit No. 10, you've got Gary Appel and the contribution received amount for him says $30,000. Now, if you go to Exhibit No. 3 within Exhibit No. 8, which is the deposit analysis, and you go to the November section of the deposit analysis, you see that Mr. Appel's deposit is broken out as total is $30,000, but the contribution amount is listed as 24,500 and the tax service fee is 5,500?

A Uh-huh.

Q And I believe if we went through each of the additional folks listed in Exhibit No. 10, with the exception of yourself, we would see that the amount listed on Exhibit No. 10 matches up with the amount listed in the deposit analysis, so going back to my -- my question is, is the column that's actually titled Contribution Received in Exhibit No. 10, which is this one page document here, does that actually -- not Contribution Received, but it's also the total of the contribution and the tax service fee for each individual listed exclusive of yourself?

A It appears to be so.

Q Okay. Why would you have a column titled Contribution Received when the amount listed actually includes the tax service fee?

A I don't know.

Q Okay.

MR. BASINGER: Now, let the record reflect that if you -- if you take the amounts that are listed within Exhibit 3 to Exhibit 8 within the deposit analysis section, the total -- and that, for the record, in the month of October 2012 was $155,000, in November of 2012 was $382,500, and in December was $111,802, you end up with a total going into the BB&T account for Forest Conservation 2012 LLC of $649,302. And again, if you need me to repeat that, that's $649,302.

BY MR. BASINGER:

Q Now, Mr. Lloyd, that amount of money from those 18 individual investors that are listed there in Exhibit 3 of Exhibit 8 adding up to $649,302, if you remove all of the tax service fees that are listed for those 18 individuals including yourself, I believe you listed a zero for your tax service fee. If you remove those tax service fees in Exhibit 3 of Exhibit 8, you're left with conservation contributions of $543,552. Now, that amount of money is the exact same amount that you've listed here on Exhibit 10 as the amount of contribution received when there was only 15 people listed, including yourself, including $41,052 as your contribution amount. Is that just a coincidence?

A I don't know. I don't -- I mean, I don't recall exactly -- you have all the schedules here that are done at

different times, so --

Q I think were just looking at two.

MR. DONAHUE: Do you need to know what two we're looking at?

THE WITNESS: I think so.

BY MR. BASINGER:

Q I'm looking at Exhibit 10, which is the one page listing of the 15 individuals, and then I'm contrasting that with the total amount. I've done the math myself.

A Okay.

Q If you take your Exhibit 3 within Exhibit No. 8, which is the deposit analysis that you prepared and provided.

A Yes.

Q Those three pages -- I'm sorry, those three months worth of deposit analysis for October, November and December 2012, the total deposits that went into the account add up to the amount of $649,302.

A Okay.

Q But then if I subtract off the tax service fees that you have in the deposit analysis, that leaves jut the conservation contribution amounts, which is $543,552 from 18 individuals, which happens to be the exact same amount that Exhibit No. 10 is listing over here from 15 individuals. I'm trying to understand how this happens to be when these three individual investors Mr. Brown, Mr. Carson and Mr. Malloy

are taken out of the picture and then you list the full amount of money that was received and termed it contribution received were ending up with the same amount of money and why?

A I guess it was an error.

Q Okay.

MR. WEBB: Can I interject? What again is Exhibit 10? What is this schedule and what was it prepared for? Did he -- I'm sure he answered that already. I can't recall.

THE WITNESS: I'm not clear myself.

MR. DONAHUE: I think your testimony was that you prepared it.

BY MR. BASINGER:

Q Do you know what the phrase "look at all of 2011 numbers" means that's on Exhibit No. 10?

A No, because it has nothing to do with 2012. I thought it was 2011 at first.

Q If you -- if you could say that again. I think I'm a little confused. This document has to do with 2012, not 2011.

A So I have no idea why that's stated on there because it has nothing to do with 2012.

Q This statement, "look at all of 2011 numbers" has nothing to do with the 2012 LLC?

A No.

Q Okay.

A No correlation.

Q Am I correct -- and my statement, I'm sorry, just to make sure I'm --

A Yes, you are correct.

Q I just want to make sure our record is clear. Okay.

MR. WEBB: Can we take a brief break right now since we're in a little lull? Maybe he can look over some of these documents and I can run to the bathroom or something.

MR. DONAHUE: Are you done with your questions?

MR. BASINGER: For a minute, yeah, we can take a brief break.

MR. WEBB: Okay.

MR. BASINGER: Off the record at 1:51 p.m.

(Brief pause.)

MR. BASINGER: We are back on the record at 2:06 p.m. on Thursday, February 6th, 2014.

BY MR. BASINGER:

Q Mr. Lloyd, can you please confirm that while we were off the record, we didn't have substantive discussions of this matter?

A That is correct.

Q Thank you. Mr. Lloyd, now that you've had some time to look over Exhibits 8, 9 and 10, can you tell me, what

is your -- your theory of what happened to the funds that -- I'm sorry, the investment contributions that came in and why we have two differing amounts for you of $16,802 on one document in Exhibit No. 8 and the $41,052 in Exhibit 10?

A I do not recall at this time.

Q Okay. Do you have a recollection, when it comes -- well, let me start over.

Did you, yourself, receive a K-1 from Forest Conservation 2012 LLC?

A Yes.

Q Do you recall what amount of contribution that K-1 you received would have been for?

A It would have reflected the amount that I contributed.

Q And what do you believe that amount was?

A The amount that's written on this check for this $16,802.

Q And is that something you independently recall or are you referencing Exhibit No. 8 to find that amount?

A I'm referencing Appendix No. 8 to reference that amount. I don't recall specifically.

Q Is it still your testimony that you discussed the fees that your clients were going to be charged in advance before they wrote checks to Forest Conservation 2012 LLC?

A Yes. My process is to explain the amount the

individual needs to contribute, talk with them about fees, talk with them about the benefit. That is my process to talk with my clients.

Q And were those fees -- is it still your testimony that the fees, the specific amount of the fee for each individual was discussed up front before a check was written?

A Again, that is part of my process.

BY MR. DONAHUE:

Q Did that occur in this instance?

A Yes. That is my process. That is what I do with my clients.

Q My question is, is that what you did in this instance?

MR. WEBB: What instance?

MR. DONAHUE: The instance of these investors who contributed, did you speak about --

A When I talked to my clients, I spoke to them about those three components, which is one of the questions that you're asking me about. That is what I do.

Q I understand that's what you do as a business practice. That's what I'm hearing.

A Yes.

Q What I'm asking you, when the investors invested in Forest Conservation 2012, did you disclose to them the fee that you were going to take in advance of them making the

investment?

A Yes.

Q I understand that you may have a practice. My question is very specific, did you do it with the investors who invested in 2012?

A To the best of my recollection, I followed this practice in everything that I do.

Q Everything that you did in this instance?

A Everything that I did in this instance, and everything that I do in general. That is my recollection.

BY MR. BASINGER:

Q Given that you've stated that you believe you provided $16,802, which is correct -- is that correct?

A To the best of my recollection, that is correct.

Q Okay. If you look at Exhibit No. 8, going back to this deposit analysis within Exhibit No. 8, is it your belief, starting with the October 2012 analysis, that the amount of money from Chris Brown's deposit of $50,000 -- well, I'll wait until you're ready.

Is it -- is it your belief that the amount of money from Chris Brown's total deposit of $50,000 that was provided to the conservation contribution was $42,500?

A Yes. On the schedule, that is correct.

Q Do you have any reason to believe that is not what happened?

A I do not have any reason to believe that..

Q Going to the next one. In November of 2012, is it your belief that the $50,000 -- of the $50,000 deposit from Mike Malloy, that $42,500 was provided as his conservation contribution?

A I believe that is correct.

Q Okay. Going to the December analysis, is it your belief that of the $30,000 provided by James Carson, $24,500 was his conservation contribution?

A I believe that is correct.

Q Okay.

BY MR. DONAHUE:

Q Was Mr. -- was Mr. Brown told by you that his conservation contribution would be $42,500?

A Yeah, my client would have been informed what the contribution amount is. Is that what you're asking me?

Q Was -- did you tell -- and this specific client, Mr. Brown --

A I can't recall exactly every single conversation I had with every single client, but I told everybody the same things that I've told you before. I cannot -- I don't have total recall to be able to tell you, you know, what date or -- but I did communicate the information to them, yes. In the tax returns, I feel confident, would match up with these questions that you're asking.

BY MR. BASINGER:

Q Do you have any theory at this point as to why in Exhibit 10 you've got a document with just 15 investors listing yourself as having given $41,052?

A I don't have any additional theories at this time since what you've just shown me, no.

Q Okay. So Mr. Lloyd, last year in 2013, did any of your tax service clients contact you regarding the fact that they had received subpoenas from the SEC?

A Yes.

Q And what was the substance of the discussions that you had with your clients about those subpoenas?

A Why did I receive this subpoena, am I being investigated?

Q How many of your clients contacted you about the subpoenas?

A A fair amount.

Q Do you think it was pertinent -- go ahead.

Do you think it was more than five, more than 10?

A We'll say 10 thereabouts may be a good number.

Q Okay. And were these phone discussions?

A Yes.

Q And what did you say in response to your clients?

A Well, I received the same document requests and a

lot of their concern was they correlated the SEC investigation with an IRS investigation, so that of course caused some concern as well. I explained to them that that was not the case.

Q Did you assist any of your tax clients in preparing the responses to the SEC subpoenas?

A Some people had questions that I -- that I asked them because people had forgotten some things, so I discussed that with them. Some people asked me for a copy of the documents that I provided to them before because they didn't have them.

Q Did you discuss the tax service fees related to Forest Conservation 2012 with any of your clients that received subpoenas from the SEC?

A I explained everything about this to them again.

Q Okay. And that included discussing how much you received as part of the tax service fee?

A Sure, because I had to explain to them that you remember what the contribution amount was. I had to explain the whole process to them. It had been over a year or so. They don't remember those details.

Q Did anybody profess to you that they learned about the amount they paid as a tax service fee for the first time when they were discussing the subpoenas with you?

A Not that I recall.

Q Did you tell any of your clients to include the amount that they paid to you as a tax service fee in the response letters to the SEC?

A Again, I told them again the same information that I told you when I talk to them about the process. I told them the contribution amount, the fee, I told them the contribution amount.

Q Okay.

A Same thing before.

MR. DONAHUE: I don't think you answered Mr. Basinger's question.

THE WITNESS: Okay.

BY MR. BASINGER:

Q Did you tell any of your clients to include in their response letters to the SEC the exact amount of money that you told them they had paid to you as a tax service fee for Forest Conservation 2012 LLC?

A Yes, I told them all the components were important, that information that you were requesting.

Q And so you provided to them, or you reiterated to them what the amount was that they paid as a fee?

A That is correct.

Q And did you tell them or suggest to them that they put it in their production letters responding to the SEC?

A Your production letters were requesting that

information, if I recall correctly.

MR. DONAHUE: Did you suggest --

THE WITNESS: I mean --

MR. DONAHUE: Go ahead.

THE WITNESS: Well, I mean, if you're requesting the information and somebody doesn't remember -- my clients don't remember how much their checks that they wrote for.

BY MR. BASINGER:

Q Did you write any of the responses for any of your clients?

A No, I did not.

BY MR. DONAHUE:

Q Did you suggest language to them?

A I told them information that you are looking for.

Q My question is, did you suggest the language to them?

A I reiterated to them what this was, that this was a conservation easement for contribution of land. I told them all of those things.

Q I hear you. My question is, did you suggest language to them?

A I suggested what information did she need, and yes, I did.

Q So you suggested specific language to put in the letter to us?

A I suggested that they include the information that you are seeking in your document. They don't remember or recall all the details of -- I have people that don't even remember what the conservation was, what is this exactly? They come back to me asking again; they don't understand. And you get a document from a government agency and they don't understand.

Q Did you suggest wording of the letter to them?

A I told them the information that was important for them, yes.

Q I'm not getting a yes or no question, and it really is a yes or no question. Did you suggest wording for them to use in their letter?

A I suggested information that they needed to include, yes.

Q Okay. My question is yes or no.

A Okay.

Q Did you suggest the wording for them to use in their letter to the SEC?

A I don't know how -- if how much clearer I can respond to that. I apologize. I told them the information that you are seeking because I had read the document, the information he felt was pertinent, and what this was about. I reiterated to them, which I had explained to them several times before, that this is a conservation easement.

Q Telling them that were looking for particular information, in my mind, is different than providing specific wording. Did you provide wording for them?

A Well, if that's the case, if that's your response, then I would say I don't believe so.

Q That's my question.

A Yes.

BY MR. BASINGER:

Q Did you email anybody any draft language to consider for using in their response letters to the SEC subpoenas?

A Not that I can recall.

Q Do you recall narrating any potential draft language for your clients to consider including in their response letters?

A I, again, reminded them of the information that they were going to include in their letter because they could not recall the details, they could not recall -- and quite honestly, the SEC and LPL is very similar in whether they questioned my clients, so the information they had gotten before was very similar with LPL. The whole twist was, you know, this is an investment, this is an investment. My clients were very firm with me and reiterated the fact that this was where a conservation easement and a charitable deduction, and there was a lot of frustration on their part,

so we had to go through this. Because quite honestly, they are pissed. They have to go through and answer all of this information and they would like some help from a professional to help them re-understand what had been submitted to them before. The same thing if the IRS came knocking on the door, they'd be pissed at them too, and it would be my responsibility again to assist them. That's what I do is I help them. That is my job.

BY MR. DONAHUE:

Q In this instance, you are under investigation. Your entity, not -- it's different than the IRS.

A Not really, because I'm still under investigation because with the IRS, it's my work on the line, so it's different but it's very parallel.

BY MR. BASINGER:

Q Okay. Did any of your clients send you a draft letter to review for their responses to the SEC?

A I don't recall that.

Q Okay. Going back to calendar year 2013 -- tax year 2013, I should say, for your clients, did you arrange for any Forest Conservation 2013 entities to be created or easements to be sold?

A I think that's two questions that you're asking. Are you asking me did I create a Forest Conservation 2013?

Q Yes.

A No.

Q Okay. Did you identify any conservation easements for your clients in 2013?

A Did I do tax planning that included conservation easements in 2013? Is that what your question is?

Q Yes, that's my question.

A Yes.

Q Okay. What were the easements that you identified in 2013?

A I didn't identify an easement. I identified a provider that could do that for them.

Q Okay. Did you create any LLC or other entity in 2013 related to a conservation easement or contribution to an easement?

A Absolutely not.

Q Okay. What was the name of that provider that you identified?

A Land -- I'm not sure of the name of the company -- Conservatory, something like that.

Q What -- do you recall, was there a contact person associated with this?

A Yes.

Q Who is that?

A James -- James Jowers, I believe, is his last name.

Q Any idea how to spell that last name? Is it a J?

A Just a J -- I guess J-o-w-e-r-s.

Q And how did you come to meet Mr. Jowers, or become aware of Mr. Jowers?

A I've worked with him in the past.

Q Do you know if he's in North Carolina?

A My -- I don't believe so. I think he's in Georgia as well.

Q Okay. And what was the -- what was the discussion that you had with him regarding the easements?

A I asked him if there were easements that were available.

Q And what was his response?

A Yes.

Q Okay. And then how many clients did you offer this opportunity to discuss this opportunity with?

A I'm thinking, and I'm just guessing eight.

Q Okay. And did you do the same analysis that you've described to us earlier today about first looking at each individual client and deciding if it would meet their needs and deciding that they would benefit because they haven't already done some other kind of charitable contribution?

A Yeah, I don't know how you've been -- how you can do it any other way.

Q And that company, is that Land Guard Management?
A That could be it.
Q Okay. You're not sure though?
A I remember Land, but the other part, I don't recall.
Q What is Cabarrus Insurance, Inc.?
A Cabarrus Insurance, Inc.? That is an insurance company.
Q And are you affiliated with it, involved with it?
A I do management work for it.
Q Okay. How did that come to transpire?
A I do management services for -- for insurance companies.
Q Does Cabarrus Insurance offer any kind of potential tax reduction vehicle that your clients can take advantage of?
A It's an asset protection strategy, yes.
Q Okay. Will circle back to that in a minute. I need to also ask you, regarding the easements through -- if it was Land Guard or whatever, that you are able to identify for Mr. Jowers, did you charge a fee for identifying those in helping your clients access those in 2013?
A I did charge them a plan for tax planning work just like I always have, yes.
Q Okay. And how were those fees calculated?

A Based upon what I felt was appropriate.
Q Okay. So it's not a flat fee for 2013?
A People -- I do different things for some of the people, but the fee was what I felt appropriate.
Q Okay. I'm just contrasting with what you've articulated earlier about 2011 where there was a flat fee. Is what you did in 2013 more similar to what happened in 2012 where it was more of an individual analysis for what the fee would be?
A It was -- it was more closer to 2011, yes.
Q Okay. And were the fees communicated --
MR. DONAHUE: Sorry to interrupt, you mean 2012 or 2011?
THE WITNESS: 2011.
MR. DONAHUE: You said 2011. Okay.
BY MR. BASINGER:
Q If you can make this statement again. I'm sorry, I think I missed.
A There were more of a flat fee arrangement.
Q For 2013?
A Yes.
Q Okay. Thank you. I misunderstood.
MR. DONAHUE: So is flat a flat fee in 2011?
THE WITNESS: It's flat, flat, flat, it's just different flats. In other words, a flat fee's a flat fee,

right. You are charging a certain amount, but there were varying amounts that I charged in 2012. 2013 was similar to 2011 in that it was a very last-minute thing that I didn't really want to participate in, to be quite honest with you, and even recommend it with all of the things that we're going through here today.
BY MR. BASINGER:
Q Correct me if I'm wrong, I feel like you said earlier today that in 2011, it was a flat fee for about $4,500 for each individual.
A That's correct.
Q But then you stated later for 2012 it as more of a analysis of mix of looking at things like risk factor, potential litigation down the road, and it was more of a subjective. I believe you said it was more of an art and not a science to calculate what you charged as a fee for 2012; is that correct?
A That's correct.
Q Okay. So it would -- is not a flat fee in 2012, correct?
A That's -- well, you've seen the numbers. They're varying, if that's what your question is.
MR. DONAHUE: I think we're talking about different -- flat in a different way.
THE WITNESS: I think we are.

MR. DONAHUE: So.
THE WITNESS: Okay.
BY MR. BASINGER:
Q Well, moving on to 2013.
A Yes.
Q I'm trying to understand how you determined the fees in 2013 for your clients that were going to take part in contributing --
A I charged -- for the most part, everybody was charged a $4,500 fee.
Q Okay.
BY MR. DONAHUE:
Q How many clients were not charged a $4,500 fee?
A I'm trying to -- I'm sorry, I'm trying to recall if I did any additional work for any of those people. And if I did, that could have been a separate billing, so just from my recollection, I would say the majority, if not all, would have been the $4,500 fee.
Q Okay. And where in your records would that information be?
A As far as what my fees were?
Q Yes.
A The engagement letter signed by my clients.
Q That's what they promised to pay. Where would be the records of what they actually paid?

A Checks that they wrote.
Q So if I'm -- if I'm correct here, so if it was $4,500 in 2011 for everyone who participated in the conservation easement --
A Yes.
Q Then we get to 2012 and the fees -- you may call them flat, but they varied in dollar amount per client, correct?
A Yes.
Q And now we're back in 2013 to a flat fee for tax planning; is that correct?
A Yes.
Q Of $4,500.
A Yes.
Q Okay.
A That's correct.
Q And do you know how many clients didn't pay $4,500 in 2013?
A Nobody that participated was not invoiced for the fee.

MR. DONAHUE: I'm assuming a negative in that sense. I'm trying to understand.
A Okay. Everybody was charged a fee.
Q Understood.

A Except for me.
Q And who was char- -- not charged a $4,500 fee, a different fee? Like a different amount than 4,500?
A I don't recall off the top of my head anybody being charged a different amount.
Q Than the $4,500?
A That's correct.
Q Thank you.
BY MR. BASINGER:
Q While we're on the topic of fees, if we could just briefly go back, and I appreciate your patience, to Exhibit No. 8.
MR. WEBB: Which one is that?
MR. BASINGER: That's the one that has the deposit analysis.
BY MR. BASINGER:
Q This will be quick and then we'll move back on to Cabarrus Insurance.
If you could go back to the deposit analysis in Exhibit No. 3 which is within Exhibit No. 8, and my question is really about ascertaining what the total amount of tax service fees was that you were paid from all of the -- the 17 individual investors listed here as part of Forest Conservation 2012, and when I take the amounts listed for each of these three months in the tax service fee column from

October, November and December, I believe that totals up to, if I remember correctly -- pardon me, I'm trying to find the exact number here -- $105,750. Is it -- Mr. Lloyd, is it correct that whatever this -- these three columns added together, the tax service fee amount for October, November and December total up to, that would be the amount that you were taking total as your fee for these 17 individuals tax service fees?
A Yes.
Q Okay. And that -- pardon me for not having my calculator, but I am checking real quick my math. Yeah, $105,750. Did you have anything else on those fees or are you good?
A I'm okay.
Q $105,750. Thank you, okay.
MR. BASINGER: Did you have anything else on fees?
MR. DONAHUE: I'm good.
BY MR. BASINGER:
Q So then going back to Cabarrus Insurance, Inc., you were describing, I believe -- or I was asking about if Cabarrus Insurance offered a potential vehicle that could be a tax savings idea for some of your clients, and I don't think I quite -- you answered or responded, but I don't think I quite heard you.
A Yes, you can get tax savings with that.

Q And what would exactly be the avenue through which you would have tax savings?
A It's a captive insurance company.
Q And just as a basic kind of, you know, intro to what that is, how would you describe that to somebody, say if you're talking to one of your clients as to what captive insurance is?
A You know what a property and casualty insurance policy is?
Q Explain to me what you --
A Well, I am.
Q Let's say I have -- I come to you and I have no understanding of any of -- I'm a busy -- you know, I run a restaurant or something and I'm a busy person and I have no clue and you're saying, Hey, I have this idea, it's captive insurance. Tell me how it works.
A Captive insurance company is an asset protection strategy devised to provide asset protection for your business. It provides coverages for your business in case you have claims. It is like a property and casualty insurance policy that you have for your car, your house. You pay -- but the difference is you own the company. It's your company.
Q And is this -- how is it structured in terms of can individuals own their own company? Or how would your

clients, I guess, is the better question. How would your clients make use of this as a tax reduction vehicle? Would they have to pool money together with others?

A No. They own their own -- they own their own company and then -- it's quite complicated, but you have to have reinsurance to be able to have it be deductible. It requires 51 percent reinsurance.

BY MR. DONAHUE:

Q And what is deductible?

A What is deductible is the dollar amounts that you put in for your insurance policies. So typically, it will have 10 or 15 insurance policies. Fifteen's high. Maybe six or eight.

Q Insurance policies that cover yourself and --

A No, it covers a business risk -- business risks.

BY MR. BASINGER:

Q When did you start offering these to your clients as a potential tax saving idea?

A I don't recall.

Q Would it have been more than a year or two ago?

A Yeah.

Q Okay. So it's something you've done for before 2010, 2011?

A Yeah.

Q Okay. Is this something you're still actively

offering to clients as a potential option?

A No. I still -- I have a reinsurance company that I run, and my clients will set up their own insurance companies and utilize my reinsurance services because reinsurance services provide that 51 percent that you need for a distribution.

Q So walk me through what your client would do. Would they go and set up their own company and --

A Yes, they did.

Q So your answer's yes.

And do you play a role in that process?

A No. That's their -- their company. They own it. They set it up.

Q Who -- does anyone help them set up that company?

A Yes.

Q Who is that?

A There is a trust company in Nevis that's --

Q I'm sorry. Is that one word, Anevis or just --

A N, Nevis, N-E-V-I-S, and they do that paperwork.

Q Are you affiliated in any way with Nevis?

A I am not.

Q Do you receive any contribution -- or I'm sorry, any compensation from Nevis?

A I only pay them fees.

Q And what are you paying fees for?

A They're insurance managers.

MR. DONAHUE: Well, Nevis is the island, right?

THE WITNESS: Yes, sir.

MR. DONAHUE: Yeah, okay. So it's not the company.

THE WITNESS: Yes.

MR. DONAHUE: Okay.

THE WITNESS: It's something totally separate.

MR. DONAHUE: Do your clients pool money together or is it all individual?

THE WITNESS: It's all individual and then they're established in St. Lucia. So they are issued a -- incorporation paperwork from St. Lucia or from Nevis.

BY MR. BASINGER:

Q Can you -- you may have said it and I missed it. Did you say this is a corporation that your client establishes?

A They establish their own corporation, their own company that they -- that they establish.

Q And then they purchase reinsurance from you or from your company?

A Yes. They pay a fee for that, that's correct.

Q And what is the name of that entity again that they're buying from?

A They are buying from Franklin Insurance.

Q And that's your reinsurance company?

A Yes.

Q Is anyone else involved in that with you or are you the sole owner of that?

A No, I'm not the sole owner. I have a partner that's an owner in that as well.

Q Is it a partnership? Is that the structure or --

A No. It's a C corporation.

Q Okay.

A All of the insurance companies are going to be C corporations.

MR. BASINGER: Do you want to take a quick break?

MR. DONAHUE: Uh-huh.

MR. BASINGER: We're going to take a -- we're going to go off the record. Off the record at 2:34 p.m.

(Brief pause.)

MR. BASINGER: We are back on the record at 3:04 p.m. on Thursday, February the 6th, 2014.

BY MR. BASINGER:

Q Mr. Lloyd, can you please confirm that while we were off the record we did not have any substantive discussions of this matter?

A That's correct.

Q Thank you.

MR. BASINGER: Can you mark this as Ed Lloyd and Associates Exhibit No. 11, please.

(Exhibit Number 11 was marked for identification.)

MR. BASINGER: Thank you. Let the record reflect that I'm handing Mr. Lloyd what has been marked as Ed Lloyd and Associates Exhibit No. 11, which is a one-page document titled Additional Disclosures Private Direct Participation Programs on Developed Land.

BY MR. BASINGER:

Q Mr. Lloyd, can you identify this document?

A Yeah. It's a document that was submitted for a broker-dealer they had requested me to submit for conservation easement.

Q Is it Piney Cumberland Holdings LLC that requested this document?

A They just told me to send it today. I mean, I don't know who exactly requested me to send it in, to be honest with you.

Q On the bottom left side of Exhibit No. 11, is that your signature?

A It appears to be.

Q And what is the date next to your signature?

A 12/3/12.

Q December 3rd, 2012?

A Yes.

MR. DONAHUE: Do you remember signing this?

THE WITNESS: Do I remember signing?

MR. DONAHUE: That's the question.

THE WITNESS: Yeah, I don't remember signing anything back that far. I mean, this looks like my signature, so...

BY MR. BASINGER:

Q Why would you have received this document to fill out?

A To prove that I'm an accredited investor.

Q Is that because you were one of the investors seeking to invest in the Forest Conservation 2012 LLC?

A Yes.

BY MR. DONAHUE:

Q Did you complete the numbers in the columns?

A I believe so.

Q Including the ones in handwritten?

A I believe so.

BY MR. BASINGER:

Q Now, Mr. Lloyd, you see on the middle of the left side it says the amount of the purchase is $41,052?

A Yes.

Q Earlier we saw in Exhibit No. 10 there was the listing of the 15 investors in Forest Conservation 2012, including yourself listing the $41,052 amount. But previously, we also saw an Exhibit No. 8, there was a list there, the deposit analysis showing you put in $16,802.

A Yes.

Q Why is it here in Exhibit No. 11, he said -- or I'm sorry, that you wrote that you are purchasing $41,052?

A Again, the same thing with this, I don't recall.

Q Well, were you anticipating to purchase $41,052 at this time on December the 3rd, 2012?

A Based upon this, I would assume so.

Q Okay. Would other people that were investing in Forest Conservation 2012 have received this document to fill out as well?

A Yes.

Q And would it have come directly from Piney Cumberland or would it have gone to your office to distribute to the individuals, your tax service clients?

A I believe, if I recall correctly, both.

Q And why is it both?

A Well, some people needed assistance knowing what their business interests were worth and those types of things.

Q Did you help complete any of these forms for any of the individuals that were investing in Forest Conservation

2012?

A The client completed information, I provided information. I know that there was information provided once they were submitted. There were numerous people in contact with all of these forms.

Q On the specific form though, for your clients, who would have filled out the amount of purchase amount? Would it have been you or would it have been your clients?

A I don't recall.

Q Okay.

BY MR. DONAHUE:

Q Did these documents come to your office from the broker dealer and then distributed to the investors in Forest Conservation?

A I know that we got -- these documents did come into my office. I recall some went to my clients. The exact total flow for every thing, I can't tell you. I just know that there were lots of documents floating around to lots of places.

BY MR. BASINGER:

Q And did your office have a role -- did your office have a role in identifying who else besides you was going to receive one of these forms to fill out?

A Well, I mean, did I work with Nancy Zak on the individuals here? Yes. Is that your question?

Q Did you identify who was going to receive one of these forms to fill out?

A I don't recall.

Q Did you fail to inform Nancy Zak and/or Piney Cumberland Holdings that Chris Brown, James Carson and Mike Malloy needed to receive these fill out?

A I don't recall. I don't recall any of these reconciliations.

Q Do you know whether Chris Brown, James Carson or Mike Malloy received one of these forms to fill out?

A I don't recall.

Q Did you intentionally fail to notify Piney Cumberland or Nancy Zak that Chris Brown, James Carson and Mike Malloy were providing money and were going to invest in this?

A I don't recall.

Q You don't recall or you did or did not do that?

A I don't recall.

MR. DONAHUE: Are you listening to this question?

THE WITNESS: I am listening.

BY MR. BASINGER:

Q You don't recall whether you intentionally failed to tell Piney Cumberland or Nancy Zak about Chris Brown, Mike Malloy and James Carson providing you money as part of their contribution --

A I don't recall ever --

Q -- going to Forest Conservation 2012?

A I don't recall ever doing that.

Q Okay.

BY MR. DONAHUE:

Q Does that mean you did not do it?

A I'm saying I don't know exactly what happened with -- you're asking about these documents, so I have to be very careful what I'm saying because there are a ton of documents floating around, being submitted by different people in different ways, and I have to be very careful to answer your question in a way that is correct. And we're also talking about stuff that happened in 2012 and I can't recall everything that happened in 2012 during a time when I'm working an enormous amount of hours. So I'm just being very clear as far as what I can say that I do and do not recall.

Q So who in your office can we speak to who would have knowledge as to how these documents, if there's anyone, came from Piney Cumberland to the clients?

A Like I said before, some went to the clients, some came into our office; the client completed them and sent them in to us. Information was transmitted back over to Nancy Zak. Nancy Zak would call and ask some information, Nancy Zak would fill in some information, I believe. I don't know who on her team was helping or working on file documents.

You know, I haven't seen all this stuff that we got here, so things are beyond my control that you're asking me questions on, so that's why I have to be -- the way I'm responding to you.

Q What determines whether a document went to your office before going to the client or went directly to the client?

A I don't know if it was a total procedure on it. I know some things -- I recall some things being sent directly to clients because she had an email list of people to send things to, so...

Q Who in your office had the responsibility of filling out these forms?

A Well, Amanda would transmit the blank forms to the client who would fill them back in and then return them to us.

Q Who's Amanda?

A She's my assistant.

Q What's her last name?

A Pilman.

Q What parts of the form would Amanda fill in?

A I don't know.

Q So we would have to talk to her to figure it out?

A Well, I mean, most of this stuff people had and they may have a question and if they would -- like to ask her

and so a client couldn't complete the question because they didn't know what something was worth. They don't know what tax bracket they're in.

Q Okay. So I'm hearing different things. You said that she helped fill out the form and now you're saying that she would just answer questions when clients would fill out the form.

A My recollection is she sent the blank forms to the clients. The clients would complete them, have questions, and she would ask me and we would correspond in regards with those questions. So I guess the primary source of the information, at least initially for what was completed, what have been from a client.

Q Okay. Were these documents run through any sort of printer in your office so that these numbers of people's net worth, annual income, other assets be printed out?

A No.

BY MR. BASINGER:

Q Mr. Lloyd, you signed -- you testified a minute ago that you signed Exhibit No. 11 on December the 3rd, 2012. As we saw earlier today in Exhibit No. 8 which has the deposit analysis the deposit analysis for December 3, 2012 shows that you deposited your money into the Forest Conservation 2012 account at BB&T four days later on December the 7th of 2012 in the amount of $16,802. After you

completed this form, do you recall if you ever filled out a different version or an amendment to it?

A I do not recall.

Q Do you believe this version, as we have here in front of us in Exhibit 11, was actually sent to Piney Cumberland Holdings?

A I could not begin to tell you that.

MR. BASINGER: I'm going to mark this as Exhibit No. 12, please.

(Exhibit Number 12 was marked for identification.)

BY MR. DONAHUE:

Q Who in your office would have filled out these forms in 2011? Was it Amanda?

A I don't recall.

Q Well, was your assistant Amanda at that time?

A Yes. It was Amanda at that time, yes.

Q Okay. Did anyone else assist you with the task in your office at that point relating to Forest Conservation forms?

A Not that I can recall, no.

BY MR. BASINGER:

Q So I believe you testified earlier that you have two CPAs, three accountants, and one assistant working there, correct?

A That's correct.

Q So is Amanda ordinarily the only person you would have assisting as part of her responsibilities there?

A Typically, yes.

MR. BASINGER: Let the record reflect that I'm handing Mr. Lloyd what has been marked as Ed Lloyd and Associates Exhibit No. 12, which is a four-page document also titled Additional Disclosures Private Direct Participation Program Undeveloped Land, and it is with a client Gary Appel. A-p-p-e-l.

BY MR. BASINGER:

Q Mr. Lloyd, did you assist in filling out Exhibit No. 12 for your client, Mr. Appel?

A I don't recall any specifics. I know that, in general, some people didn't total things and I assisted with totaling.

Q Okay. Now, you see on the first page of Exhibit No. 12, Mr. Appel's amount to purchase is filled in in handwriting in the amount of $30,000.

A Yes.

Q And on the bottom of the first page, Mr. Appel has signed and dated this form on 12/3/2012.

A Yes.

Q That's the same day that you filled out your form, correct?

A They are dated the same day, yes.

Q Do you recall whether clients came into your office to complete these forms and fill them out?

A Some did.

Q Okay. Do you recall how many of them would have done?

A I don't.

Q Do you recall specifically witnessing any of your clients filling out these forms in your office?

A They didn't do it in my particular office.

Q Okay. But at your place of business, on premises did they fill it out?

A I believe so.

Q Okay.

A But I couldn't begin to tell you who.

Q Okay. Well, as I noted, the amount of purchase was/is for $30,000. As we saw earlier today looking back in the deposit analysis in Exhibit No. 8, Mr. Appel's total deposit on November 2nd, 2012 was for $30,000, however, that consisted of the conservation contribution of $24,500 and the tax service fee of $5,500.

Mr. Lloyd, can you explain why Mr. Appel would have put down $30,000 which is the amount of the purchase for the Piney Cumberland offering as opposed to $24,500 which was his contribution per the deposit analysis that you provided

in Exhibit No. 8?

A No.

Q Did you review Mr. Appel's form for accuracy before was provided on to Piney Cumberland Holdings?

A I don't recall.

Q Is it accurate that Mr. Appel purchased $30,000 as part of his contribution for Piney Cumberland Holdings? I should say, is it accurate that Mr. Appel provided $30,000 to Forest Conservation 2012 LLC for his conservation easements?

A Yeah, according to the schedule, that is correct.

Q That amount of $30,000 includes your tax service fee, correct?

A That is correct.

Q Is it appropriate for the tax service fee to be included in the amount of purchase on Exhibit No. 12? Because as you stated earlier today, you only sent on the amount that was the conservation contribution in your wire that went to the bank for the benefit of Piney Cumberland Holdings, correct?

A Right. That is correct.

Q So is it correct that the tax service fee in the amount of $5,500 should be included within the amount of purchase that Mr. Appel is designating here on Exhibit No. 12?

A Well, do you mean do those numbers tie out? No.

My understanding of these forms is they were looking to make sure they made sense from a contribution versus income perspective.

Q Was Mr. Appel contributing $24,500 or was he contributing $30,000 to Forest Conservation 2012?

A He contributed $30,000 into Forest Conservation 2012.

Q I don't follow that because earlier I thought you said that what he did was he provided a deposit of $30,000, but only $24,500 of that was the conservation contribution, while the remaining $5,500 was for your tax service fee?

A Yeah, that was -- the $24,500 was what went into his particular easement.

Q Okay. So when Mr. Appel here indicates that he's purchasing $30,000, does that not represent that he's saying he's anticipating purchasing $30,000 in the easement as opposed to $24,500?

A I don't know.

Q Well, it seems like a pretty simple question, Mr. Lloyd. Is the number that's listed here on Exhibit No. 12 the correct amount that Mr. Appel was purchasing, or is it not correct?

A It is the correct deposit that he made, but it is not the contribution that he made.

Q Okay. Thank you. Do you recall if your other

clients would have listed the total amount they deposited into the BB&T account on these forms as opposed to the amount that was actually their conservation contribution?

A I am not sure.

Q Okay.

BY MR. DONAHUE:

Q Does Amanda keep copies of this in your office, all these forms?

A No. Once this thing's over, it's done. There's not -- this is -- this is all for their records. It's not for my records.

Q Who's "their"?

A Well, the Strategic Financial Alliance.

Q What is that?

A My understanding is that they are the people that the paperwork is submitted to. So exactly who they are, I don't know. I don't know -- I mean, I don't know them.

Q Is that Nancy's company?

A I don't think so. I mean, I've never heard her company called that.

BY MR. BASINGER:

Q Is Nancy Zak's name and signature on the bottom of Exhibit No. 12?

A It says her name and signature, yes.

Q Is Nancy Zak's name and signature on the bottom of

Exhibit No. 11, which is your form?

A Yes.

Q But you have no recollection of Ms. Zak being affiliated with something called Strategic Financial Alliance?

A Well, you were asking me if it was her company, like if she had an ownership was the interpretation that I was taking.

BY MR. DONAHUE:

Q Well, how about interpretation like does she work for them?

A I mean, I think that she was an employee of theirs. Yes, I think that would be correct, if I remember correctly, yes.

Q Okay. Yeah, that's what I meant.

A Okay. I thought you were talking about ownership as opposed to an employee.

Q No.

A Okay.

MR. BASINGER: Do you have anything?

MR. DONAHUE: No, I don't.

MR. BASINGER: Take a quick break?

MR. DONAHUE: Yeah.

MR. BASINGER: We'll go off the record. Off the record at 3:22 p.m.

(Brief pause.)

MR. BASINGER: We are back on the record at 3:27 p.m. on Thursday, February the 6th, 2014.

BY MR. BASINGER:

Q Mr. Lloyd, can you please confirm that while we were off the record we did not have any substantive discussions of this matter?

A That is correct.

Q Thank you.

MR. BASINGER: Mr. Lloyd, we have no further questions at this time. We may, however, call you again to testify in this investigation. Should this be necessary, we will contact your counsel.

Mr. Lloyd, do you wish to clarify anything or add anything to the statements that you have made today?

THE WITNESS: Not that I'm aware of at this point.

MR. RUE: We have nothing.

THE WITNESS: Not that I'm aware of.

MR. BASINGER: Mr. Rue, Mr. Webb, you have nothing to add at this time?

MR. WEBB: Nothing.

MR. RUE: Nothing.

MR. BASINGER: Does either of you wish to ask any clarifying questions?

MR. RUE: I do not.

MR. WEBB: I do not.

MR. BASINGER: Okay. We are off the record at 3:27 p.m.

REPORTER'S CERTIFICATE

I, Ronda D. Neff, reporter, hereby certify that the foregoing transcript, consisting of 163 pages is a complete, true and accurate transcript of the testimony indicated, held on February 18, 2014.

In the Matter of: Ed Lloyd & Associates.

I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

Date: February 18, 2014

_____

Official Reporter

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THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)

) File No. A-03493-A

ED LLOYD & ASSOCIATES, PLLC) Amended: 7/22/2014

WITNESS: Paul E. Lloyd, Jr.

PAGES: 164 through 256

PLACE: Securities and Exchange Commission

950 East Paces Ferry Road, Suite 900

Atlanta, Georgia 30326

DATE: Thursday, June 12, 2014

The above-entitled matter came on for investigative hearing, pursuant to notice, at 9:40 a.m.

APPEARANCES:

On behalf of the Securities and Exchange Commission:
BRIAN BASINGER, STAFF ATTORNEY
STEPHEN DONAHUE, ASSISTANT REGIONAL DIRECTOR
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On behalf of the Witness:
FREDERICK SHARPLESS, ESQ.
Sharpless and Stavola, P.A.
[redacted]

WILLIAM WOODWARD WEBB, JR.
The Edmisten & Webb Law Firm
[redacted]

CONTENTS

PROCEEDINGS

MR. BASINGER: We are on the record at 9:40 a.m. on Thursday, June 12, 2014.

Will the witness please raise your right hand. Do you swear to tell the truth, the whole truth and nothing but the truth.

MR. LLOYD: I do.

Whereupon,

PAUL E. LLOYD, JR.

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. BASINGER:

Q Thank you.

Please state and spell your name for the record including your middle name.

A P-a-u-l E-d-w-a-r-d L-l-o-y-d J-r.

Q Please state your date of birth.

A 05/30/62.

Q Please state and spell your home address.

A 1510 V-e-n-i-t-i-a-n W-a-y D-r-i-v-e, W-a-x-h-a-w, N-C 28173.

Q Thank you. My name is Brian Basinger and I am an officer of the Commission for the purpose of this proceeding. Along side me are Steven E. Donahue and

Robert F. Schroeder, who also are officers for the purpose of this proceeding.

This is an investigation by the United States Securities and Exchange Commission in the matter of Ed Lloyd and Associates, case number A-3493, to determine whether there have been violations of certain provisions of the Federal Securities Laws. The facts developed in this investigation however might constitute violations of other federal or state civil or criminal laws.

Before we went on the record, Mr. Lloyd, you were provided with a copy of the Formal Order of Investigation in this matter. It will be available for your examination during the course of this proceeding. Let the record reflect that since Mr. Lloyd's first testimony the formal order in this case has been amended to add Robert F. Schroeder as an additional officer for the purposes of this proceeding.

Mr. Lloyd, have you had an opportunity at this time to review the formal order and the amendment to it?

A Yes.

Q Do you have any questions about the formal order or its amendment?

A Not at this time.

Q Thank you. Let the record reflect that Mr. Lloyd has been handed Ed Lloyd & Associates Exhibit

Number 1. Exhibit Number 1 is Commission Form 1662, Mr. Lloyd, please take a moment to look over Ed Lloyd & Associates Exhibit Number 1 and let me know when you are ready to proceed with questions.

A I'm ready.

Q Mr. Lloyd have you had an opportunity to read Ed Lloyd & Associates Exhibit Number 1?

A I have glanced over it, yes.

Q Do you have any questions concerning Exhibit Number 1?

A No.

Q Mr. Lloyd, are you represented by counsel today?

A Yes, I am.

MR. BASINGER: Would counsel please identify themselves for the record including your full name, your firm name, your firm address and any other counsel present?

MR. WEBB: William Webb, Jr., W-i-l-l-i-a-m W-e-b-b, J-r. My address is P.O. Box 1509, Raleigh, North Carolina 27602. I represent Mr. Lloyd.

MR. SHARPLESS: I am Frederick Sharpless, F-r-e-d-e-r-i-c-k S-h-a-r-p-l-e-s-s with the law firm Sharpless and Stavola, S-t-a-v-o-l-a, P.A., 200 South Elm Street, Suite 400, Greensboro, G-r-e-e-n-s-b-o-r-o, North

Carolina 27401. I also represent Mr. Lloyd and will happy to send you a 102 Notice of Appearance.

MR. BASINGER: Thank you.

Would you please mark this as Ed Lloyd & Associates Exhibit Number 25?

(Ed Lloyd & Associates Exhibit No. 25 was marked for identification.)

BY MR. BASINGER:

Q Mr. Lloyd this is a copy of a Subpoena, its cover letter and attachments and has been marked as Ed Lloyd & Associates Exhibit Number 25. Is this is a copy of the subpoena pursuant to which you are appearing here today?

A I believe so.

Q I would like to go over a few preliminary matters. If you do not understand the question, please tell me and I will rephrase it. If you need to take a break for any reason, please let me know and I will instruct the court reporter to go off the record. As long as there is not a question pending that should not be a problem.

I also want to make clear that I control the record during this testimony and the reporter will go off the record only at my request. When responding during this testimony, for the benefit of the court reporter,

please make sure to give verbal answers to questions as opposed to nodding or shaking your head. Make sure to say "yes" or "no" instead of uh-huh so that we have a clear record.

Also, please do your best to wait for me to finish my question before you answer and I will try to do the same for you. During the course of your testimony today, I'm going to ask you questions about that things that happened or that may have happened in the past. Obviously, time has gone by since those events and you are likely to have a better and more complete memory of some events than others.

In answering a question about these events, however, you should tell me about all of your memories or recollections, including those of which you are one hundred percent certain or those of which you are less certain. We can sort out later which ones are clear memories and which ones are more vague memories. I just want to make sure you understand that we're asking for your general memories, your cloudy memories, memories of which you are less than a hundred percent certain and then we'll sort through which ones are the clear ones and which ones are less clear. Do you understand this?

A Yes.

Q Thank you. Do you have any questions, Mr.

Lloyd, about these preliminary matters?

A No.

Q Mr. Lloyd, is there is any reason that you would be unable to give accurate testimony today?

A No.

Q Mr. Lloyd, are you taking any medications that could impart the accuracy or truthfulness of any of the answers that you give today?

A No.

Q Mr. Lloyd, do you have any other condition that could impact the accuracy or truthfulness of the answers that you give today?

A No.

Q Thank you. You are under oath here and you should make every effort to give the best most complete and honest answers to our questions today. Do you understand this?

A Yes.

Q Thank you. Have you told anyone else that you received a subpoena from the SEC to appear here today?

A Yes

Q Who did you tell?

A My wife and my attorneys.

Q And apart from telling your wife you received it, what else did you tell her about the subpoena?

A That I was coming to Atlanta.
Q Did you discuss with your wife any of what you planned to testify about here today?
A I have no idea what I'm testifying about.
Q Okay. Did you discuss with your wife what you planned to testify about today?
A No.
Q Thank you. Have you had any discussions with anyone else who has provided testimony in this matter?
A You had subpoenaed my assistant Amanda Pilman and she works for me, so of course, I have spoken with her.
Q Did you discuss with Ms. Pilman the subject or the nature of her testimony with the SEC?
A No the subject matter, but of course, she told me that she had a deposition with you and --
Q Was that the extent of what you discussed with Ms. Pilman concerning the testimony?
A She revealed a couple of things regarding the testimony.
Q What did she reveal?
A That you were asking questions about her husband which she felt to be rather odd, because he has no relationship to our firm at all.
Q Was there anything else that Ms. Pilman

revealed to you about the context of her testimony with the SEC?
A No.
MR. BASINGER: Do you have anything else?
MR. DONAHUE: No.
BY MR. BASINGER:
Q We're going to move on Mr. Lloyd and get back to some of the broader subject areas we want to discuss with you today. And the first thing we wanted to do is touch on your home where you live, your residential address there in Waxhaw. Do you have a home office at that address?
A I do.
Q Can you describe to us where that office is in the house and how it is used by members of the household?
A It's in a room and there's a computer. That's basically what it is.
Q Is it a room that is mostly used by you?
A Not a hundred percent, no.
Q Who else in the household would use that room?
A Whoever goes in there.
Q Who else lives with you?
A My wife, my stepson, my two children.
Q Does anyone else conduct business out of that room?

A No.
Q How do you use that room?
A I use that room to go into my office -- my office at work.
Q And how do you achieve that?
A Through a program that lets you just go straight into that.
Q So can you walk us through what you do -- are you saying you sit down at your computer and you log in and you're able to access your network at work?
A Yeah.
Q Okay.
A It's a dummy terminal almost, if you will. It's not -- you go in URL, push a button just like you can any where in the world. It's no different than me sitting at my desk and sitting there as far as what happens. That computer is an old computer. It is used for a pass through.
Q Describe to me what the furniture is in that room. Are there file cabinets, book shelves?
A There is a desk, there's a chair, there's a sofa, there's a TV.
Q Are there any file cabinets?
A No, there are not.
Q Do you keep any paperwork from Ed Lloyd &

Associates or any other business interest that you have in that office at home?
A No.
Q Have you ever?
A Have I ever brought anything home and then taken it back, well, of course.
Q Such as what?
A Billings, firm billings, if I'm doing firm analysis on a firm.
Q Going back about three years to say 2011, about three years ago were you living in this house?
A Yes.
Q Okay. Did you have any file cabinets or any other bookshelves in the room at that time?
A I have never had any file cabinets or bookshelves in that office.
Q Okay. Back in 2011, were you bringing home paperwork related to Forest Conservation 2011?
A No, I was not.
Q Make sure you let me finish the question, first. We'll ask it again. Back in 2011, did you ever bring home any Forest Conservation 2011 paperwork to work on at home in that home office?
A No.
Q With regards to the other Forest Conservation

entities that we discussed in your prior testimony, Forest Conservation 2012 and Forest Conservation 2012 II, did you ever bring home paperwork related to those entities to work on at home?

A No.

Q Okay. When you're in that office, at home and you're logging into your computer, is it a secure log in? Do you use a password I should say?

A You enter a password into my computer at work.

Q So let me understand, so you're at home in your house and you're going to a specific web site that allows you to log in to your computer at home?

A Yes.

Q I'm sorry, your computer at work.

A Yes.

Q Okay. So when you do that, are you in an environment while sitting at your residential home that allows you to access files on the servers at Ed Lloyd & Associates office?

A Yes.

Q Okay. Did you ever save any files at Ed Lloyd & Associates on the servers there related to Forest Conservation entities that you then accessed from home?

A No.

Q Okay. Did you ever have any documents or

paperwork at your home, in the home itself or in the office, related to your work at LPL?

A No.

Q I should probably ask that in multiple ways, did you ever store anything at home related to LPL?

A No.

Q Did you ever bring things home on a daily basis to work on related to LPL?

A No.

Q Is there anywhere else in the house where you live that you would have brought paperwork related to Forest Conservation or any of the Forest Conservation entities?

A No.

Q What about LPL?

A No.

Q I'll turn back over to your office which we previously discussed where you work at Ed Lloyd & Associates. In your office that you have there, your personal space where you work from, does anyone else share that room with you?

A No.

Q Do you have file cabinets in that room?

A No. I don't have file cabinets.

Q Relating to the Forest Conservation entities,

is there any paperwork anywhere in the office whether your room or anywhere on the premises?

A I don't understand your question.

Q Okay. I can ask it a different way. Last year we issued a subpoena for records related to the Forest Conservation entities and through your counsel you produced records related to the three Forest Conservation entities.

Where did those records come from, how did you find them, access them and produce them to us?

A My office.

Q When you say your office, do you mean the room where you sit or is it within the greater footprint of the business?

A Various places.

Q Okay.

A There were numerous requests over numerous times with numerous different individuals and numerous things were accessed to provide the information that was requested.

Q Yes. But what we're trying to understand is so you previously testified that you've got this office area at Ed Lloyd & Associates and you serve approximately about 500 clients, if I remember correctly. What I'm trying to understand is was any paperwork or files

relating to Forest Conservation and Forest Conservation entities kept in a singular area or in three separate areas related to the three entities, or exactly how did you keep files related to those?

A There is information related to each one that is kept separately.

Q Walk me through each one. Where would they be?

A The tax file.

Q And is that a file that is for the individual entity, the LLC?

A Yes.

Q Okay. Is that in the room where you sit with your computer?

A No.

Q Where is it located?

A In the file cabinet room.

Q Okay. And that's a file cabinet room that's used generally by Ed Lloyd & Associates for what purposes?

A Files.

Q Just for Ed Lloyd & Associates and the Forest Conservation entities or anything else?

A Tax clients is what -- it was tax work so it's tax clients.

Q Okay. So in that room, let's take someone that

participated in say Forest Conservation 2012.
So do you recall Mr. Gary Appel?
A Yes.
Q Explain to me, if I was trying to find documents in your office related to Forest Conservation 2012, would they be in multiple places or just one if it involved Mr. Appel?
A An entity's information is kept in an entity file.
Q Okay.
A If an individual had a K-1 from an entity that K-1 is in the individual file.
Q Okay. Would there be anywhere else that there would be documents related to any of the Forest Conservation entities, or records I should say?
A Not that I'm aware of, no.
Q I think we previously discussed that there are some electronic documents saved on the system, so I guess I should rephrase my question. When it comes to paperwork, are these files that you described in the file room the only place that there would be paper records related to the Forest Conservation entities?
A Yes. Some of the ones when I'm saying paper may just be electronic.
Q Okay.

A K-1's are electronic.
Q Going back to 2011, was it any different back then in terms of how this paperwork or electronic files would have been saved and/or stored related to the Forest Conservation 2011 entity?
A Different than?
Q Were you storing the documents in the way you just described in the file room then, as well?
A To the best of my recollection.
Q Okay. And as regards the LPL files that were there, did you ever have paperwork related to LPL?
A Yes, at one time, I did. And those were all kept in a separate file cabinet.
Q And was that within the greater file room that you addressed previously?
A Yes.
Q Okay. And was anything else in that file cabinet that was not LPL?
A No.
Q We discussed a couple of other entities the last time that you were here and I wanted to get a little more detail on those. The first is Benefit Administration Services.
A Uh-huh.
Q Can you give us an explanation as to what that

is and how you and/or your company interact with it?
A As I stated last time, it's a C corporation that's a management company that I own.
Q What does it manage?
A It helps manage Ed Lloyd & Associates.
Q And how does it do that?
What are the actual responsibilities and roles that it plays?
A It just provides some of the oversight.
Q Well, I'm trying to understand what would it do. Let's say in the month of June, what's it doing right now, is it having a role in any specific function besides the general category of oversight?
A In this month, no.
Q What has Business Administration Services done in the past?
A Management services for different activities that are going on.
Q Can you give me some concrete examples?
A Maybe some assistance with the management of the entire operations, consulting, those types of things.
Q So you say that you own Benefit Administration Services, is that something you own solely?
A Yes.
Q Okay. I'm not really sure I understand what it

does, though. I trying to understand specifically, as --
A It specifically does management services and that's it.
Q Can you explain what that means, though?
A Management services?
Q Yes.
A It helps manage the operations.
Q So what would be some of the things that Benefit Administration Services would do?
A Work on analysis, work on planning, those types of functions.
Q Who does that work?
A I do.
Q Okay. So can you give me an example of a piece of work that Ed Lloyd & Associates gave to Benefit Administration Services to perform in the last three years?
A Sure. To do firm analysis and to go through and work on operations and things to enhance the performance of the firm.
Q Okay. Are there broader categories or types of services that Benefit Administration Services performs, such as anything related to your employees at Ed Lloyd & Associates?
A No.

Q Well I'm trying to understand. You seem to have said the same thing about management services and consulting analysis, but I'm trying to understand more detail about what exactly that is. What would you at Ed Lloyd & Associates hire Benefit Administration Services to do, for example?

A I just told you, management services.

Q Can you please elaborate on that?

A I just did.

MR. DONAHUE: Please do so again, because I don't understand you either.

THE WITNESS: Okay. When you have a firm you have different operations. You have things that you need to have looked at. Benefit Administrative Services does management services for Ed Lloyd & Associates to analyze things that need to be analyzed on a periodic basis.

BY MR. BASINGER:

Q Is the name administrative or administration?

A Tion services. Sorry.

Q Okay.

MR. DONAHUE: So give me some examples of some management services that this entity has done for your business over the past year.

THE WITNESS: Performance analysis, employees, clients, profitability, pricing, margins, focus,

industry, growth.

MR. DONAHUE: And these are examples of services -- management services? That's what I asked.

THE WITNESS: Yes.

MR. DONAHUE: So tell me what does focus mean in terms of management services?

THE WITNESS: What do you focus on as a business? What are you trying to do as a business? Where are you trying to grow? Who is your customer going to be? What do they look like? Who does your customer not need to be? Who do you need to hire? Who do you need to fire?

BY MR. BASINGER:

Q Is Benefit Administration Services owned by you as Paul Edward Lloyd, Jr., an individual?

A Yes.

Q Is it owned in any way by Ed Lloyd & Associates PLLC?

A No.

Q So if Ed Lloyd & Associates, PLLC decides that they want Benefits Administration Services to perform one of these management services tasks, how would that be executed, how is that worked assigned or given out, if you will?

A I assign it.

Q Is there a contract?

A For every individual assignment?

Q You tell me.

A No.

Q What -- is there any kind of agreement whatsoever even for just general services?

A I do not recall.

Q So for the examples you were just giving Mr. Donahue of work that Benefits Administration would perform, how are those assignments provided to Benefit Administration Services?

A I'm sorry, I don't understand what your asking.

Q I'm trying to understand how Ed Lloyd & Associates engages Benefit Administration Services to do these services you just described. Do you simply know yourself I need to do this and now I'm wearing the hat of Benefit Administration Services and log out of your time at Ed Lloyd & Associates and now, in your mind, you've logged into Benefit Administration Services?

A Thank you, yes.

Q Well, walk me through how you would do that. I'm trying to understand how that happens.

A If I deem those activities are necessary, then I do them.

Q Does Ed Lloyd & Associates pay Benefit

Administration Services for the work that it performs?

A Yes.

Q How do you calculate what Ed Lloyd & Associates pays to Benefit Administration Services?

A What I deem to be appropriate.

Q Is it an hourly amount of work that you're charging Ed Lloyd & Associates for?

A No.

Q When you say, it's how you deem it to be appropriate, can you give me an example of one of the most recent projects that Ed Lloyd & Associates has given to Benefit Administration Services?

A Well what we were just discussing.

Q Which one?

A The focus, all the things I'm currently working on right now.

Q Is it focus for Benefit Administration Services -- let me rephrase that. Did Ed Lloyd & Associates ask Benefit Administration Services to focus on a particular client?

A No.

Q What was the focus?

MR. SHARPLESS: Mr. Basinger, I've got a personal emergency that I need to make a quick call. Can we take a short break. I apologize.

MR. BASINGER: We are off the record at 10:03 a.m.

(A short recess was taken.)

MR. BASINGER: We're back on the record at 10:17 a.m., on Thursday, June 12, 2014.

BY MR. BASINGER:

Q Mr. Lloyd, can you confirm that while we were off the record we did not have any substantive discussions of this matter?

A We did not.

Q Thank you.

Going back to Benefit Administration Services, Mr. Lloyd, did Benefit Administration Services provide any kind of services for Ed Lloyd & Associates that you can describe in terms of specific types of work. What I'm trying to get a sense of is did they do things like payroll for you that's more business operations or was it more the general categories as you have described before like "focus?" I'm trying to understand that.

A Okay. It is not payroll related. It is administrative consulting, those types of administrative type services.

Q With regard to the Forest Conservation entities did Benefit Administration Services ever perform any work for either of the Forest Conservation entities or Ed

Lloyd & Associates?

A Yes.

Q What work did Benefit Administration Services do related to Forest Conservation?

A It did some analysis and research work.

Q Can you flesh out what that research work was?

A As you're fully aware there is a lot of research that's involved as far as taxation and entities and properties, those types of things that are involved with this. Just like with any tax related matter and that's what they were involved with.

Q At the end of that process did Benefit Administration Services provide any kind of deliverable back to Ed Lloyd & Associates or to you in terms of a paper, findings, emails?

A It's all in my brain. So --

Q That's fair. We're just trying to understand.

A So to answer your question, do I have something tangible? No. It's all research that I have in my brain.

Q Is there any particular other examples you could provide such as, let's say we took a -- actually let's take a quick break for a moment.

MR. BASINGER: We're off the record at 10:19 a.m.

(A short recess was taken.)

MR. BASINGER: We're back on the record at 10:21 a.m. on Thursday, June 12, 2014.

Mr. Lloyd, can you please confirm that while we were off the record we did not have any substantive discussions of this matter.

THE WITNESS: We did not.

BY MR. BASINGER:

Q Going back to the question that was posed before we took a break, related to Benefit Administration Services, I was trying to get a sense of the work that it would have done as relates to any particular individuals that participate in the Forest Conservation entities, and so can you tell me, were you -- when Benefit Administration Services did work that related to the Forest Conservation entities was it evaluating the offerings themselves or was it also looking at things such as how much maybe an individual should contribute? I'm just trying to get a sense of how Benefit Administration Services did work related to the Forest Conservation entities?

A It was a concept related as opposed to an individual related.

Q Okay. Would that have been on the front-end of deciding whether or not your clients should or could

participate generally?

A And ongoing, yes.

And what would have been some of the ongoing tasks that Benefit Administration Services would have done related to the Forest Conservation entities?

A There are constantly IRS rulings and cases and updates and informational matters that you need to be abreast of on an ongoing basis.

Q And how does -- stepping back to the general sense, how does Ed Lloyd & Associates bill or invoice Benefit Administration Services for the work that it does?

A I just deem whatever I feel appropriate for Benefit Administration Services to be paid and that's what they're paid.

Q Is there an invoice generated?

A I guess when you put it into the system you have one.

Q When you say the system, what do you mean by that?

A Well you're putting it into an accounting, right? You've got an invoice that comes in to record -- to recognize sales, revenue. So at that point you would have an invoice that would be created.

Q Do you recall -- does Ed Lloyd & Associates

itself issue invoices to Benefit Administration Services?

A I do not recall one.

Q So the process you're talking about there in terms of generating an invoice are you talking about on the Benefit Administration Services side that is -- are you logging down payments received?

A Well of course.

Q So walk me through how that works. I'm trying to understand how money would flow from one entity to the other.

A And I think -- this is much more simplistic than a Fortune 500 company. This is me doing work with my management company for me, my CPA firm, okay? So you're not going to have all of the things that you're possibly accustomed to seeing when you're auditing a large company, okay? This is me doing work, so if I have a sale, I record that deposit which goes in the bank account and I pay taxes on the money. And that's what it is.

Q And I mean you say -- so walk me through the particulars in terms of understanding that statement. Is it going into an account for Benefit Administration Services?

A If it is made out to Administration Services, well of course, it's going to Administration Services.

Q At what bank is Benefit Administration Services account held?

A BB&T.

Q Okay. And so, when you said a second ago "and pay taxes on it," are you meaning the entity paying its taxes -- Benefit Administration Services?

A Of course.

Q Make sure you let me ask the question, first. So you're saying, Benefit Administration Services would pay taxes on the income that it's making.

A Yes.

Q Okay. I just wanted to make sure we understood what you were referring to there.

MR. BASINGER: Can we mark this as Ed Lloyd & Associates Exhibit No. 26, please. If you all want to put the other exhibits that we have already looked at back in here, I don't think we will have any need to look at number 25, the subpoena. We can leave them out if you for some reason need them, but it's to keep the table from --

(Ed Lloyd & Associates Exhibit No. 26 was marked for identification.)

MR. SHARPLESS: Do we get to keep a copy.

MR. BASINGER: We can send you a copy. We're not going to let you leave with copies of these today,

but if you want to keep it in front of you for some reason, please feel free, if you need it. But if you don't, I'm just trying to keep the table from getting covered in documents. It'll be right here if you need it.

BY MR. BASINGER:

Q Mr. Lloyd, I'm handing you what has been marked as Ed Lloyd & Associates Exhibit No. 26 which is a one-page document consisting of the image of a check written on December 20th, 2012 in the amount of $22,750.00 from the account of Forest Conservation 2012, LLC to a payee named Benefit Administration Services, LLC. Mr. Lloyd, can you identify Ed Lloyd & Associates Exhibit No. 26?

A Yes.

Q What is it?

A It's a check. Just what you said.

Q Do you -- is that your signature on Exhibit No. 26 in the signature line for the check image?

A Yes.

Q Do you recall what this payment related to?

A What I just spent the last fifteen minutes describing to you.

Q And when you say that, I guess what I'm trying to understand is can you explain was it Benefit

Administration Services receiving money for specific tasks or a broader array of services? I'm trying to just understand what this amount of money represents?

A It represent amounts that I deemed to be appropriate for the work that I had done in relation to the conservation easements.

Q Are there any details about this particular amount of money that you recall in terms of how you arrived at that amount?

A At this point, I have no recollection of exactly how I arrived at that amount.

Q Do you have a checkbook for Forest Conservation 2012 or I should say, back at the time this check was written in December of 2012, did you have a checkbook for the Forest Conservation 2012 bank account?

A No.

Q How did you get a hold of the check itself that you wrote this on?

A And I apologize, my answer was not correct. I do have a checkbook. I do not keep a check register.

Q Okay. So there is a checkbook for the Forest Conservation 2012 account?

A Yes.

Q And where was that checkbook kept?

A My office

Q And is that your actual business office?
A Yes.
Q Okay. And so, when you wrote this check what did you do with it?
A Well as you can see, it's marked on the back, "for deposit only," right? And it was deposited into the account of Benefit Administration Services.
Q Just for the record's clarity, Mr. Lloyd is referencing handwriting on the check which is Exhibit No. 26 which says, "for deposit only."
I guess what I'm trying to understand Mr. Lloyd, so you've determined that at this point, back in December 2012 that Benefit Administration Services has performed work for the Forest Conservation 2012 offering and I'm trying to understand what occurred here. Did you sit down and determine the amount of money, write the check, then go deposit it into the Benefit Administration Services Account?
A Yes.
Q And would this have been -- this check the amount of money would -- sounds like you said a minute ago that you did not keep a ledger for the Forest Conservation 2012 account, is that correct?
A Yes.
Q So you weren't logging a deduction of

$22,750.00 on a check register?
A Yes.
Q You were not or you were?
A Excuse me, I was not.
Q As far as Benefit Administration Services books, do you keep a -- is there a software system or something where you would record the receipt of a payment such as this?
A Yes.
Q Tell me about that and how that process works generally for Benefit Administration Services?
A It's accounting for a company. When you write a check, you record it as money going out. When you receive income, you record it as money coming in
It is literally that simple.
Q I understand that it sounds like a simple process, but I'm just trying to understand what actually occurred. A second ago as regards the Forest Conservation 2012 entity you told me you didn't write down that the money went out. So put that to the side.
I'm trying to understand just on the Benefit Administration Services side, do you have a software system where you would log in and have an account for Benefit Administration Services and keyed in $22,750 --
A Yes.

Q What's the name of that software system?
A QuickBooks.
Q QuickBooks. And is it a specific account that you have in there for just Benefit Administration Services?
A Yes.
Q Just for the ease of the record, is it okay if I call it BAS?
A That's great.
Q Just for Ronda's ease. Okay.
So walk me through what you recall related to payments that related to -- from Forest Conservation 2012 to Benefit Administration Services, how would it have been recorded in that QuickBooks' software?
Since we don't watch you do it, I'm trying to understand -- do you sit down, log in, pull up an account for BAS and then is there a way, like a drop down deal where you can book, you know, income or payments or something. How is something like this booked I should say?
A It's booked to income.
Q Okay. And is that something that you do?
A Yes.
Q So that's a task that you perform for Benefit Administration Services.

A Yes.
Q Does anyone else that works with you in any way, whether at Ed Lloyd & Associates, PLLC or anyone else, ever perform any of the work for Benefit Administration Services?
A Other people in the office will do it if something is needed, yeah.
Q Can you give me an example?
A I can't think of anything off hand.
Q Okay. Do you think you would have been the one that would have recorded the amount here that we see on Exhibit 26 into the software system?
A Probably so.
Q Okay.
MR. SCHROEDER: Mr. Lloyd, if I could ask you a question. The check is dated December 20th, of 2012.
How long did you have this checkbook prior to that time? I mean, did you have the checkbook with these checks or did you just get them or did you have them for a year or longer?
THE WITNESS: Well I don't recall. I don't know how long I've had them.
MR. SCHROEDER: Well, at the time you wrote this check had you just gotten these checks or had you had them for awhile?

THE WITNESS: I would assume since it's for 2012 that I wouldn't have had them for an extremely long period of time.

MR. SCHROEDER: You would assume you wouldn't have had them for an extremely long time?

THE WITNESS: Right. Because 2012 was for 2012 exclusively that year.

MR. SCHROEDER: Right. So what does that have to do with how long you might have had this checkbook?

THE WITNESS: I'm just trying to give you some logic behind how long I think I might have had it because I don't know exactly when I got or how long I had.

MR. SCHROEDER: When you got the checkbook and when you got the checks that -- this is written on Forest Conservation, was it -- did it start at the number 1000, do you know what numbers it started at?

THE WITNESS: I would assume so. I could be wrong, but I would assume so.

MR. SCHROEDER: Is this the first check you wrote on this or do you know.

THE WITNESS: I have no idea.

MR. SCHROEDER: How could we find that out?

THE WITNESS: I could look at the check register.

MR. SCHROEDER: Okay.

THE WITNESS: But I would assume that was probably the second check that was written.

MR. SCHROEDER: Did you write many checks in Forest Conservation 2012, LLC?

THE WITNESS: No. There was not many checks to write.

MR. SCHROEDER: Okay. What were some of the checks you would write on Forest Conservation 2012, LLC?

THE WITNESS: Payment for services for work that it had performed.

MR. SCHROEDER: How many checks would you say you wrote after this one on Forest Conservation 2012, LLC?

THE WITNESS: Not very many.

MR. SCHROEDER: So it's an unusual event to write a check from this account, correct?

THE WITNESS: Unusual would not be a correct term.

MR. SCHROEDER: Infrequent?

THE WITNESS: Thank you. That would be a correct term. It is not -- you would not be writing multitudes of checks from this account.

MR. SCHROEDER: Okay, that's all I've got.

BY MR. BASINGER:

Q If we could step back and just talk about Forest Conservation 2012's bank account generally. As far as funds that were in the Forest Conservation 2012 bank account that were that available to be used for writing checks such as this, what were the sources of the funds in that account?

A Well as you are fully aware because I've given you a full accounting of everything that happened, I've shown you all the checks, all the bank statements and everything that happened, the proceeds that came in were from my clients for paying for conservation easements and for paying for my fees and that was the source of funds.

Q Was there any other source of funds that went into the account besides that?

A I may have written a personal check to open up the account or a check from somewhere to open up the account.

Q Would that have been a nominal amount, you think?

A I would -- yes.

Q Okay. We probably have that in the deposit analysis you provided us earlier.

My next question really is more about, as you just referenced, your fees. We talked about it in your prior testimony that you wrote a check from this account for the contribution to the Piney Cumberland Offering and

that was the check for $543,552.00 and then that left a certain amount of money left in this account which you described in your prior testimony as your tax services fees.

A Yes.

Q And what I'm trying to understand is here's a check from Forest Conservation 2012 that's going to Benefit Administration Services, not to Ed Lloyd & Associates PLLC. So were these -- when you say you charged fees to your clients who participated in Forest Conservation 2012, was it just Ed Lloyd & Associates that was charging fees or was it both Ed Lloyd & Associates PLLC and Benefit Administration Services, each charging fees to the clients who were contributing?

A It Ed Lloyd & Associates.

Q Okay. So was this 22,750 due to Ed Lloyd & Associates PLLC or to Benefit Administration Services?

A It was due to the entity it was written to.

It was due to the entity it was written to?

A Yes.

Q But it sounded like a second ago you just said that the fees were only due to Ed Lloyd & Associates.

A The clients paid Ed Lloyd & Associates for the work, right? You've got a company.

If you have somebody else doing the work you're

going to pay that other company or you're going to shaft them and get into trouble, right? So there was checks written to BAS and to Ed Lloyd & Associates. Both are my companies, my money, I can do whatever I want to with it. It's my money that I earned.

Q But is this $22,750.00 ever recorded on the books of Ed Lloyd & Associates as fees that Ed Lloyd & Associates charged for tax planning services?

Because from looking at the exhibits we've seen, it seems your clients wrote checks to Forest Conservation 2012 which is the free standing North Carolina LLC -- I'm sorry, Wyoming LLC.

A Yes.

Q And then you as the manager of Forest Conservation 2012 wrote a check to Benefit Administration Services.

A That's correct.

Q Did Forest Conservation 2012 hire Benefit Administration Services to perform work?

A Ed Lloyd & Associates did.

Q Okay. I'm trying to understand -- in your prior testimony you described what was left in the Forest Conservation 2012 account after you paid the contribution amount over to Piney Cumberland as being your fees due to you from the clients for the tax planning services that

you performed for them. And now we're not seeing the money that's left over in this account, Forest Conservation 2012, going to Ed Lloyd & Associates. It just seems to me that would it have not been more correct for the Ed Lloyd & Associates to have received this $22,750 and then Ed Lloyd and Associates write the check to Benefit Administration Services?

A More correct is not a correct term. Could it have been done that way? Of course. I could have written it all to Benefit Administration Services and then written it back to Ed Lloyd. I could have written the check all out to me and wrote it out to 20 different entities. It really is a non-issue.

Q But did Benefit Administration Services ever have any contracts to do work for Forest Conservation 2012?

A Benefit Administrative Services does work for Ed Lloyd & Associates. Ed Lloyd & Associates made money off of the work that it did.

Q Did anyone else do work for Ed Lloyd & Associates or for Forest Conservation 2012 in the same way that Benefit Administration Services did?

A I don't recall.

MR. BASINGER: That's all I have on that exhibit at this time.

Can we mark this as Ed Lloyd & Associates Exhibit No. 27, please.

(Ed Lloyd & Associates Exhibit No. 27 was marked for identification.)

BY MR. BASINGER:

Q Mr. Lloyd, I'm handing you what has been marked as Ed Lloyd & Associates Exhibit No. 27 which is a one page document consisting of a check image written on December 31st, 2012 in the amount of $22,000.00 from the account of Forest Conservation 2012 to a payee named Benefit Administration Services.

Mr. Lloyd, can you identify Ed Lloyd & Associates Exhibit No. 27?

A Yes.

Q And what is it?

A It's a check made payable to BAS.

Q And is this your signature on this check image?

A Yes.

Q And do you recall what this $22,000 payment was for?

A Same thing that we described before.

Q Was this for new work that was done between the date of the prior check we saw as Exhibit No. 26 on December 20th and the date of this check on December 31st?

A I have no idea.

Q We've got an aggregate total amount now of about $44,750.00, can you walk me through -- I think earlier you kind of touched on how you were able to calculate what was due to Benefit Administration Services. I'm just trying to understand between these two checks what was the $44,750.50 worth of services that was performed?

A Just what I told you earlier.

Q Is there any other record that exists that would detail the type of work that was done and the particular tasks that were performed?

A Not that I'm aware of.

Q So this is all entirely in your head?

A That would be correct.

Q Okay. Would this amount of money have been recorded in the QuickBooks software for Benefit Administration Services -- and when I say this amount, I mean the amount on this Exhibit No. 27?

A Yes.

Q Okay. Would you have been the one to have entered that $22,000 into the BAS QuickBooks account?

A I would assume so, yes.

MR. BASINGER: I don't have anything else on this exhibit.

MR. DONAHUE: Mr. Lloyd, was there a reason that you wrote two checks based ten days apart for a total of $44,750.00 as opposed to just one check for that amount?

THE WITNESS: Not that I have any recollection of, no.

MR. DONAHUE: Do you believe there was a reason at that time?

THE WITNESS: I quite honestly do not know. I'm sure there must have been, but I don't know.

MR. DONAHUE: Because the money was available in the account. The full $44,750.00 was available in the account at the time you wrote the first check, correct?

THE WITNESS: I'm assuming so, yes.

MR. DONAHUE: Would there be any reason that it wasn't available?

THE WITNESS: Not that I can recall.

MR. DONAHUE: Because the proceeds had already been received by that time from your clients participating in Forest Conservation 2012, correct?

THE WITNESS: I have no specific recollection of exact dates of contributions. That sounds correct, but I don't have any materials in front of me to corroborate any dates.

BY MR. BASINGER:

Q Mr. Lloyd, what is Corporate Solutions, Incorporated?

A Corporate Solutions provides registered agent services.

Q To whom does it provide those services?

A Numerous companies.

Q Does it provide those services to any company that you're affiliated with?

A Yes.

Q Okay. Can you tell me about those?

A Well it provided work for Forest Conservation.

Q So what did it do in terms of the work as a registered agent?

A Well as you may or may not be aware, as the registered agent you have to file reports, there are filing fees and those things that, on an annual basis, you have to file and pay.

Q Are you talking about with a specific state license and/or state government?

A That is correct.

Q Who owns Corporate Solutions Incorporated?

A I do not own Corporate Solutions.

Q Do you know who does own it?

A Yes.

Q Who runs it?

A My wife owns it.

Q Okay. Can you state your wife's name for the record, please?

A Shannon Andreini.

Q Can you spell that, please?

A S-h-a-n-n-o-n A-n-d-r-e-i-n-i.

Q And does she operate that Corporate Solutions Incorporated business from a particular location?

(Brief pause.)

A I'm sorry, I'm trying to recall where she does the work. I can't recall exactly where she does the work.

Q She does work for your staff at Ed Lloyd & Associates?

A Yes, she does, but I can't recall if she does work at the office for that or where she does it. She does all that on her -- whenever she feels necessary.

Q Do you have any role in any way with Corporate Solutions, Inc.?

A No.

Q So are you or entities that perhaps you're related to simply customers of Corporate Solutions?

A Merely customers.

Q When was it created, Corporate Solutions?

A I do not know. I don't recall.

Q Did you have any role in the creation of Corporate Solutions, Inc.?

A Not that I can recall.

Q Did you suggest that it would be beneficial for your companies to have a registered agent such as Corporate Solutions, to your wife?

A Well we discussed different business opportunities, yes.

Q Did you discuss this specific business opportunity such a creating Corporate Solutions, Inc. with Ms. Andreini?

A I'm sure that I did at some point.

Q Okay. Do you know what she did subsequently after that discussion?

A No.

Q How did you come to be aware that Corporate Solutions, Inc. existed?

A Well it's her company, she's my wife.

Q And so she told you about it?

A Yes.

Q Okay. What role -- when was the decision made for Corporate Solutions, Inc. to provide services to Forest Conservation?

A When the LLC was opened.

Q Who made that decision?

A I did.
Q Okay. And what specifically did you engage them to do?
A To be a registered agent for the LLCs and to file the annual filing fees.
Q Okay.
MR. BASINGER: Will you mark this as Exhibit No. 28, please.
(Ed Lloyd & Associates Exhibit No. 28 was marked for identification.)
BY MR. BASINGER:
Q Mr. Lloyd, I'm handing you what has been marked as Ed Lloyd & Associates Exhibit No. 28, which is a one page document consisting of the image of a check written on November 28, 2012 in the amount of $2,000 from the account of Forest Conservation 2012 to a payee named Corporate Solutions, Inc.
A Yes.
Q Can you identify Exhibit No. 28, Mr. Lloyd?
A It's a check to Corporate Solutions, Inc.
Q And why was this check being written?
A As we previously discussed for registered agent work.
Q And is this your signature on this check?
A Yes, it is.

Q Okay. And what would have happened to this check?
Would you have walked down the hall to your wife and handed it to her?
A Yes.
Q Is there a bank account for Corporate Solutions, Inc?
A Yes.
Q Is your name on that account?
A No.
Q Whose name is on that account?
A Hers.
Q Okay. Do you know which bank has that account?
A Yes.
Q Which bank is that?
A BB&T.
Q And do you ever go with your wife to make deposits in the Corporate Solutions account?
A I don't recall ever doing that.
Q Do you recall anything else about this check and why it was written for this amount of money?
A Not specifically, no.
Q Do you recall whether Forest Conservation received an invoice from Corporate Solutions, Inc.?
A I do not recall that.

Q Do you recall any discussions with your wife about owing money, about Forest Conservation owing money to Corporate Solutions, Inc. for work performed?
A She reminded me.
Q And what did she remind you?
A I need a check.
Q Do you know if this check here in Exhibit No. 28 was for services already performed versus services to be performed?
A I don't recall exactly. I would assume for work performed and possibly work that had to be done in the future as well. I'm just guessing at this point, I really don't recall.
Q If we could now turn back, to the topic we talked about last time, to Forest Conservation 2011. This is the first conservation easement entity that we discussed.
A Yes.
Q I would like to go back to a discussion about the fees that were charged to your clients to participate in that offering. In your prior testimony on February 6th of this year, you testified that you recalled charging your clients a flat tax service fee of $4,500 to participate in that offering.
Is that something you recall testifying to?

A I do recall that, yes.
Q Okay. And do you recall whether there were any clients that were ever charged more than that amount of money for their fee?
A There well could have been.
Q What would have been the difference for why some where charged one rate versus the other?
A It could have been doing additional work. I really don't know at this point.
Q Do you recall anything about how you calculated the fee that was charged to the Forest Conservation 2011 participants?
A I calculated and charged them what I deemed to be appropriate?
MR. BASINGER: We're going to mark Exhibit No. 29.
(Ed Lloyd & Associates Exhibit No. 29 was marked for identification.)
BY MR. BASINGER:
Q I hand you what has been marked as Ed Lloyd & Associates Exhibit No. 29 which is a ten-page document consisting of a cover letter from Thaddeus Cook, which is T-h-a-d-d-e-u-s, addressed to the SEC Exam Program here in Atlanta, on March 13, 2013. You can take a minute to look over that Mr. Lloyd. Let me know when you're ready

for questions.
A Okay.
Q Mr. Lloyd, can you identify Exhibit No. 29?
A It's a letter my attorney wrote to the SEC.
Q Have you seen this before?
A I believe so.
Q Apart from the letter, there are eight other pages attached. What -- do you know what the attachments are to this letter in Exhibit No. 29?
A That was the deposit analysis reconciliation provided initially to the SEC in 2012, I believe.
Q Did you create the deposit analysis that's attached to Exhibit 29?
A I did.
Q How did you go about creating this deposit analysis?
A Excel.
Q Well I guess what I'm trying to understand is, can you walk me through, what were you asked to do and how did you go and find the information that you ended up putting into this exhibit?
A Well, I was asked to perform a reconciliation for the deposits and the fees charged and the contribution made and I did so.
Q Okay. Are the contents of this document true

and accurate?
A To the best of my knowledge.
Q Okay. Does this document still exist in an electronic format? I'm talking about the deposit analysis that's specifically on page 3 of Exhibit No. 29.
A I don't recall.
Q Tell me, Mr. Lloyd, about the columns specifically on this page which says -- it's the third page of Exhibit No. 29, titled, Forest Conservation 2011 LLC Deposit Analysis -- tell me about the contents, the particular columns that are on this page, what they represent and how we would read this document.
A Again -- I believe we did this last time -- left side is deposit, middle side the tax paying fee, right side is contribution.
Q Let me actually walk you through a couple of pieces. So we've got actually several different columns. On the furthest to the left there is not a header at the top of that column it looks like it's some dates. The top one being 12/20/2011. What does that column represent?
A Okay. I was reconciling the deposits in the bank accounts to the individual deposits.
Q Okay. So is that date, the date of the deposit into the Forest Conservation 2011 account?

A I assume so.
Q Okay. The next column over are names. These are the names of who?
A The participants.
Q In Forest Conservation 2011?
A Yes.
Q And as you were stating there are three more columns on this page and each of them has a header on it. The first one is Deposit.
A Yes.
Q What does that column represent?
A The total amount of deposit.
Q Okay. And that would be the amount of money that an individual was providing to Forest Conservation 2011?
A Yes. To cover the conservation contribution and the tax planning fee.
Q Okay. So the next column over is the Tax Plan Fee, as you have already indicated.
A Yes.
Q There are several people on this page that don't have a tax plan fee amount next to their names, why is that?
A They wrote me an individual check.
Q Okay. And is that true for each one of these

people that did not have a tax plan fee noted on this page which would be Dennis Hall --
A Everybody but me, that is true.
Q If you could let me finish the question, please. So is that true that they wrote you an individual check as regards to Dennis Hall, James Jones, Ray Bouley which is B-o-u-l-e-y and you, Mr. Lloyd?
A I didn't write myself a check.
Q Okay. But the other three individuals did write you a separate check?
A To the best of my recollection, that is correct.
Q Okay. Do you know why they would have written a separate check versus not writing a singular check for the two amounts?
A Ray wanted to float the cash and pay me later. Initially, I was having everybody write two checks and that's why they wrote those checks that way.
Q Was that at your request or was that -- I'm sorry I kind of lost you there.
A Yes, you did.
Q I knew you said initially, you were having people write two checks.
A Yes.
Q What changed?

A They complained about writing two checks. They wanted to write just one.

Q So the rest of the people wrote a singular check which you've split out here on the tax fee plan versus the conservation contribution amount?

A Correct.

Q Okay. At the very bottom of the page there is two numbers at the very bottom. One is 384,000 and the other is 377,480. What do those two numbers represent?

A The left-hand column, the 384, was the total deposits.

Q So are they sums of those columns?

A Yes.

Q And did you perform this using the Excel auto sum feature that it has?

A Couldn't have used auto sum. I had to select each number because you've got totals in there.

Q Okay. And just to make sure we understand what's going on with regards to a participant named Lee Powell. There is a line that says, Lee Powell Excess. And for the benefit of the record can you explain what that is?

A He wrote a check for more than I could accept based upon the limit of what's allowed and therefore I refunded him his money.

Q Do you recall, Mr. Lloyd, did you yourself deposit $30,000?

A I don't recall.

Q Do you think that you attributed a certain amount of the tax planning fees that went into this account and used that as your contribution?

A This came out of my Ed Lloyd & Associates business account, so there was dollars in there available well before any of these came into play.

Q Were the individuals that participated in Forest Conservation 2011 required to fill out any kind of participant paperwork?

A Yes.

Q What did they have to complete?

A The SFA paperwork that we went over last time.

Q And just for the benefit of the record that's the Strategic Financial Alliance paperwork?

A Yes.

Q Okay. How did the paperwork go from SFA to the participants? Did someone at SFA send it to your office?

A To the best of my recollection.

Q And then how would it have gotten to the clients from there?

A I believe Amanda sent information to them.

Q This is your assistant, Ms. Pilman?

A Yes. That you have talked to. Clients would come in and pick-up information. Just different ways, depending upon whatever the client wanted to do.

Q And do you recall anything about how the paperwork came back to your or to Ed Lloyd & Associates? Did it come back through the mail, in person, through email or fax?

A All above, delivery.

Q And as far as the fees, how did the fees end up coming back end? Were they mailed, do you recall, or were the checks brought to you or is it a mixture?

A It would have been a mixture.

Q And did you provide paperwork on everyone that participated in Forest Conservation 2011 to SFA?

A I don't understand what you're trying to ask.

Q Of all these participants that are listed here on page 3 of Exhibit No. 29, did every one of these individuals that participated in Forest Conservation 2011 complete the paperwork that SFA required?

A I have no recollection of exactly who completed what.

Q Okay. Did you intentionally fail to provide any of the paperwork for any of these individuals back to SFA?

A No, I did not.

Q Okay. Mr. Lloyd, if you turn to page 4 of Exhibit No. 29, the bank account statement there. What can you tell me about this bank account statement?

A It's a bank account statement for Ed Lloyd & Associates.

Q And as you mentioned earlier, this is the account into which the participants' checks were being deposited for Forest Conservation 2011?

A Yes.

Q And you have some handwritten notes that are on both, on page 3 of the exhibit that we just saw, numbers one through eight. And then there is also the same handwritten notes on the fifth page and I believe on the seventh page of the exhibits. Can you explain to us what those handwritten notes one through eight represents?

A Those, to the best of my recollection, were references to tie out to the information requested on this page. This is the page they agree.

Q So for example, number 1 there is the handwritten number 1 on Exhibit 29, page 3, which is the deposit analysis.

A Yes.

Q There is an item next to it of 105,750.

A Yes.

Q These are all dollars on this page, I assume?

A That would be correct.
Q What does that number 1 represent?
A Number 1 on the bank statement which is page 2 of 8.
Q So that's the deposit you're tying the amounts on the deposit analysis page to the actual deposits in the account?
A Yes.
Q Thank you.
MR. BASINGER: Let's take a short break. We're off the record at 11:01 a.m.
(A short break was taken.)
MR. BASINGER: Okay. We are back on the record at 11:20 a.m. on Thursday, June the 12th, 2014.
Mr. Lloyd, can you confirm that while we were off the record we did not have any substantive discussions of this matter?
THE WITNESS: That's correct.
MR. BASINGER: Thank you.
Also, let the record reflect that Mr. Donahue has stepped out of the room at the moment and is not present at the moment.
BY MR. BASINGER:
Q Going back to Exhibit No. 29, Mr. Lloyd, and the deposit analysis on page 3. In the Tax Plan Fee

column where the $4,500 amounts are listed, do those fees represent just charges to the client for work that was done related to Forest Conservation 2011?
A To the best of my recollection -- let me rephrase that. '11 is part of a process, as we discussed before, part of a planning piece, and '11 would be part of that planning piece, so '11 was part of that.
Q Thank you.
MR. BASINGER: Let the record reflect that Mr. Donahue has rejoined the testimony.
BY MR. BASINGER:
Q Going back to your answer, Mr. Lloyd, so there's planning involved, but was that planning related just to the participation in Forest Conservation 2011 and how that would impact, say, the taxes of the individual participant?
A That was definitely one of the areas in there. Exactly what was done for exactly each participant, I couldn't begin to tell you at this point.
Q Do these $4,500 amounts relate in any way to doing the annual tax work for these clients as well?
A No.
Q Would they have been charged separately for annual tax work that you would have done?
A Yes.

Q Okay. So the $4,500 amounts on here though, they do relate to the planning related to the Forest Conservation 2011, I guess, services, you would say?
A That is a component of the fee divided out.
Q Okay. I guess, do you recall anything else about what other components would have gone into that fee? I think before, you did mention in your prior testimony, you know, there was research that you did related to this. I'm just trying to understand what else could be there.
A There's a multitude of things and it depends on the client, so everybody is different. I can't begin to tell you what I did for each one of these individuals in 2011.
Q Is it fair to say that for each of the individuals on this page, on Exhibit 29's third page, with the exception of yourself, those that are charged a $4,500 fee would not have been charged that $4,500 fee if they did not participate in Forest Conservation 2011?
A And if I didn't do any tax planning for them, that would be correct.
Q Okay. So this $4,500 fee, just so we're clear, that's on the third page of Exhibit 29, it does relate to the participation in Forest Conservation 2011 and the tax advice you provided, and there are no other factors that

went into this fee itself?
A It is a component.
Q Okay. But can you identify any other components?
A No, I cannot.
Q Okay. When it came to Forest Conservation 2011, you created that LLC entity, correct?
A To the best of my recollection.
Q Were you the one that filed the paperwork with the state of Wyoming to create that entity?
A To the best of my recollection.
Q Okay. And you're the one that identified the opportunity to participate in Forest Conservation 2011 to these clients listed in Exhibit 29, correct?
A My clients asked me for tax planning advice, and upon their request we look at, and people were identified that met those needs, yes.
Q And just to be clear though, none of these clients knew about Forest Conservation 2011 independently. You informed them about Forest Conservation 2011, correct?
A About this particular strategy, that would be correct.
Q As regards Forest Conservation 2011?
A That would be correct.

Q Okay. And you were the one that recommended that this would be a potential -- I think we called it a special tax savings idea before?

A That's correct.

Q Okay. And when these fees -- I'm sorry, let me rephrase that.

When the deposits came in and went into this account that we see here in Exhibit 29 in the attachments to the account statements, this is the Ed Lloyd & Associates PLLC account, correct?

A Yes.

Q Okay. So this money in this account that we see here in these exhibit pages, there are entries on these bank account statements that have nothing to do with Forest Conservation 2011, correct?

A Correct.

Q This is for -- this is the general business bank account for Ed Lloyd & Associates PLLC?

A Correct.

Q Okay. So these funds are not from Forest Conservation 2011 participants. They're not segregated any particular way once they're in this account?

A Correct.

Q Okay.

MR. BASINGER: Please mark this as Exhibit

No. 30.

(Ed Lloyd & Associates Exhibit No. 30 was marked for identification.)

BY MR. BASINGER:

Q What I'd like to do, Mr. Lloyd, is switch gears and talk about the fees related to Forest Conservation 2012, the next year, which related to the Piney Cumberland easement. And Mr. Lloyd, I'm handing to you what has been marked as Ed Lloyd & Associates Exhibit No. 30, which is a one-page document consisting of the image of a check for $59,000 issued from the account of Forest Conservation 2012 to Ed Lloyd & Associates PLLC on December 31, 2012.

Mr. Lloyd, can you identify Exhibit No. 30?

A Yes. It's a check.

Q And is it your signature --

A Yes.

Q -- that's on Exhibit No. 30?

A Yes.

Q What do you recall about what this $59,000 represents?

A The work that Ed Lloyd & Associates had done.

Q So and with this check, was Forest Conservation 2012 paying Ed Lloyd & Associates for the tax planning that we previously discussed related to this particular

offering?

A The tax planning fees, yes, that would be the tax planning fees.

Q And in this case, this money is going from the Forest Conservation 2012 separate account in BB&T to your general work account at BB&T for Ed Lloyd & Associates PLLC?

A Yes.

Q Okay. Now, when it comes to Ed Lloyd & Associates PLLC, do you also use QuickBooks to track the income that comes in to Ed Lloyd & Associates PLLC?

A No.

Q What is used to track payments such as this to Ed Lloyd & Associates?

A BusinessWorks.

Q BusinessWorks.

Would this check for $59,000 have been recorded in BusinessWorks?

A Yes.

Q That's all I have on that exhibit.

A Just so we're clear, this was the tax planning fees from '12 that went into Forest Conservation '12 that went into Ed Lloyd & Associates.

Q Correct. So now I'd like to stay on the topic of Forest Conservation 2012 and the Piney Cumberland

easement. At your prior testimony, Mr. Lloyd, we talked about Schedule K-1s and how those documents are used in order to indicate the tax deductions that the participants in Forest Conservation 2012 were receiving, as well as the other Forest Conservation entities as well. If you could again, just try to -- we're trying to get a little education on how the K-1s work, how they're prepared, how they're created. Can you give us kind of a general walk-through in terms of how the individual Forest Conservation entity receives its singular K-1 from the easement-creating entity, then how you would turn around and use that to prepare K-1s for the individual clients participating in Forest Conservation?

A As we discussed before, a K-1 is issued to Forest Conservation noting the amount of the charitable deduction that the clients are entitled to take. The clients receive the benefit of that deduction based upon the pro rata amount that they put in.

Q And when you say they receive the benefit of that deduction, I guess what I'm trying to understand is what are the steps that occur in there. So after that singular K-1 comes into Forest Conservation 2012, for example, what would then happen in terms of how that would be used to prepare the individual K-1s? Who would do that work and how would it be done?

A Let me explain how partnership taxation works. You receive a K-1, it's got a charitable deduction on it. It comes into -- this is a partnership, okay? You have X number of participants. Their pro rata share of ownership, the amount of charitable contribution is allocated based upon that, which then goes onto their K-1, which goes onto their individual tax return, and that's where they receive their benefit.

Q Okay.

A That's the process of how that -- that's -- that's all there is to it. You have a K-1 from the issuer, goes to the recipient, the partnership. The partnership issues a K-1 to all the participants. It goes from the K-1s to the participants to the participant's tax returns. The participant's tax return is filed and they get the benefit.

Q That makes sense, thank you, that's helpful, but we're trying to understand also is just some of the finer details related to Forest Conservation 2012. So would it have been you that would have been the one preparing those K-1s on -- for the individuals showing their pro rata share?

A I don't recall who prepared that.

Q **Ordinarily -- well, with regard to these three conservation easements we've talked about, do you recall**

did other people on your staff work on preparing K-1s for any of those?

A I cannot recall.

Q Okay. Do you have any recollection of you working on any of the K-1s for any of the participants in Forest Conservation 2012?

A Yes.

Q Which ones?

A I could have done all of them. I -- we do over 500 tax returns a year -- I'm sorry. We do over 700 tax returns a year. I had over 500 clients. I know I had participation. I can't begin to tell you exactly what I did, two tax returns, 1400 tax returns ago.

Q What I'm trying to understand is when a K-1 would be prepared, you've got to indicate the pro rata share for an individual participant. How would you know what the individual participant's share should be? Would there be another document to reference to figure that amount out?

A In a partnership taxation, it's kind of easy. It's like an internal spreadsheet inside of a program, okay, that's how they work. So you put the contribution amount, you put "Fred, $50,000; Susie, $50,000; dah, dah, dah," get your total contributions. It calculates a percentage and allocates it pro rata.

Q Is that a calculation that's being done -- and I'm sorry, what was the name of the software program you referenced earlier?

A UltraTax.

Q So it's a different -- not what was used for booking the payments to Ed Lloyd & Associates, it's a different software program?

A It's a tax software program.

Q And what's the name again?

A UltraTax.

Q Can you spell that for the record?

A Ultra, U-l-t-r-a, Tax, T-a-x.

Q So are you saying that you have an UltraTax software system at Ed Lloyd & Associates in which there's a Forest Conservation 2012 account or file?

A Yes, that's what is used. Just like if you do TurboTax online or wherever you do it, everybody's got a program, but you put it in the program and you print the return.

Q Okay. And so once that individual K-1 is prepared for the individual, you or your staff, whoever is preparing the taxes for an individual client would then use that as part of the overall tax preparation for that individual?

A Yes.

MR. BASINGER: Can we mark this as Exhibit No. 31, please?

(Ed Lloyd & Associates Exhibit No. 31 was marked for identification.)

BY MR. BASINGER:

Q Mr. Lloyd, I'm handing you what has been marked as Ed Lloyd & Associates Exhibit No. 31, which is an 18-page document consisting of the schedule K-1s for partners 1 through partner 18 participating in Forest Conservation 2012.

Mr. Lloyd, can you identify Exhibit No. 31?

A Those are K-1s from Forest Conservation 2012 to the individual participants.

Q And were these individual K-1s prepared by Ed Lloyd & Associates PLLC?

A Yes.

Q And to your knowledge, are the contents of these true and accurate?

A To the best of my knowledge, they are true and accurate.

Q Okay. I thought what we could do, what would be helpful for us to understand is walk through a couple of these and just kind of understand what some of the items are that are on these. So we can start with partner number 1, which for the record is Mr. Gary Appel,

A-p-p-e-l. And if you want to take a minute, Mr. Lloyd, and look over it, I'd kind of like to hear from you, just kind of, if you could, educate us and walk us through what are the numbers that are on here and how we would read these to understand what the contents are.

A Okay. All of them are going to be the same, so we could do a thousand of them and they should all be the same. One, ordinary business income and income loss, those are the operating expenses of the LLC that are allocated to the participant based upon their ownership percentage.

Q If you could, just to help us for the record, if you could -- I understand you're pointing to the document, but if you could let us know for the record that you're in part 3, item number 1, that would just be helpful for the record's clarity.

A Part 3, item 1, ordinary business income/loss.

Q And so what would that actually be, that $5,319?

A That would be an operating loss for the LLC.

Q And where did a loss come from for Forest Conservation 2012 LLC?

A Those are in relation to the tax planning fees and any other costs incurred for the LLC that were paid.

Q Paid to -- to you?

A Uh-huh.

Q Okay.

A Yes.

Q So that is the amount of money that's being deducted from the amount that was the overall contribution to Forest Conservation 2012?

A This is the amount that they're giving -- given a deduction for on their individual tax return for -- for a loss for the LLC.

Q But is that a payment that was made by the LLC? That's what I'm trying to understand.

A You have an entity, you've got income, expenses, net income, net loss. This is the net loss.

Q So is that related to the payment that was made by Forest Conservation 2012 to Ed Lloyd & Associates, such as that $59,000 check that we saw?

A That would be a component of it, yes.

Q Okay. What else would be in that bucket? And I guess I should rephrase it. Is this Mr. Appel's share of what's in that bucket?

A That's correct.

Q Okay. And is it going to be simply the business losses that were paid out of the Forest Conservation 2012 account which was not the wire of the contribution money going over to participate?

A That's correct.

Q Okay.

A That's the deduc- -- that the contribution amount.

Q Okay. Go ahead.

A If you go to part three, 13A, other deductions, those are other deductions that would have flowed through from -- and I'm just going to call a master K-1, okay -- the big K-1 that came down, that's what's going to flow through on that. The one that everybody cares about, 13C, is the charitable deduction that flows through to the individual's tax return. That is where the participant has a tax benefit from utilizing this structure.

Q So for Mr. Appel, that's the $104,125 figure?

A That would be correct.

Q Okay. And is that -- it indicates in part 2, line J -- for lines J, I should say, of Mr. Appel's return, there is a profit/loss capital percentage of 4.5 and change percent. Is that 104,125 Mr. Appel's share of the overall profit and loss of the entity, which was 4.5 percent personally for him?

A Yes. Yes, that's how the calculation works. Everything with a partnership, unless you override it or there's special allocations, is going to be total times

the percentage flow through.

Q And what is in section -- or part 2, line L, what is the $134,318 figure?

A That came down from the master K-1, as well as from capital that is contributed as far as how they are looking at it and how they report the fair market value of the asset that's been given away, so those components come in there, basically give your amount contributed and amount going out. Amount contributed is not, of course, a purely cash component. When you have contributions, that can also be, and which is in this case a majority of it, has to do with the property that was contributed.

Q So if we looked back at the master K-1, the singular K-1 issued from Piney Cumberland to Forest Conservation 2012, is this a pro rata amount of a larger number on that K-1?

A That is part of it, yes.

Q And I'm trying to understand how that is different from the 104,125, because I understand you said that was the deduction, the 104,125 is the deduction. Is the capital, what else goes into that besides money being sent over?

A I didn't prepare those master ones so I don't know all the components behind it. There is a difference in there. I mean, at the end of the day it kind of is

whatever they report to me I have to calculate it in and put it into the K-1. The money is basically coming in and going back out, so you're zeroing out the capital account. There is not a correlation between this and cash coming in. It's a couple of different things.

Q And just so we can look at another one I know they're similar, but if we could turn to participant number 4, Mr. Brown, Christopher R. Brown, the fourth page into Exhibit 31. Can you just kind of walk us through the same parts again and just --

A You can repeat the prior discussion and if you look at part three, it is identical to the description I gave before.

Q So that $7,186 is Mr. Brown -- that's the amount of loss attributed to him under a pro rata amount?

A That would be correct.

Q Okay. And then his deduction is part 3, 13C, the $180,625 amount?

A Correct.

Q Is there any other part of this that you used in any way to help apply the deduction over to the client when preparing taxes?

A The relevant pieces for this particular -- they're all different, but for this particular type of return, for this particular deduction, the items in part

3 are what affect their individual tax return.

Q Is there any difference between the K-1s for Forest Conservation 2012 and those that would have been used for Forest Conservation 2011 and Forest Conservation 2012 II?

A Not that I'm aware of.

Q Turning to the Forest Conservation 2012 II, which is the Meadow Creek conservation easement, we didn't really get into that in your last testimony, but if you could just give me kind of a high-level overview, is that a similar type of tax savings vehicle that you identified and offered to your clients in 2012?

A Identical.

Q So basically, the descriptions you provided previously for Forest Conservation 2011 and 2012, this other one, 2012 II was to achieve the same type of tax deduction benefit for clients?

A You're correct.

Q And was there anything different about the process in terms of how participants were contributing money to participating Forest Conservation 2012 II?

A Not to my recollection.

Q And was there a separate bank account -- I believe we may have touched on that last time, but was there a singular bank account for Forest Conservation

2012 II?

A That is correct.

Q And is that where all of the client funds to participate went into?

A That is correct.

Q Was that account in your name? Or I guess let me rephrase that. That account was in the name of Forest Conservation 2012 II, correct?

A You're correct.

Q And were you the only person who was able to access the funds in that account?

A To the best of my knowledge, yes.

Q Did you have a checkbook similar to the one you had for Forest Conservation 2012?

A Yes.

Q For clients whose money went into that account, did they ever receive any kind of notice or any kind of access to the statement of that account to see how funds for the partnership -- or I'm sorry, for the LLC were being used for Forest Conservation 2012 II?

A Not to my recollection, no.

Q So once an individual wrote a check to participate in 2012 II, they didn't get any other update except for the K-1 down the road?

A That's correct.

Q Okay. Was the bank account for Forest Conservation 2012 II ever independently audited?

A By?

Q Anyone apart from you?

A You guys.

Q Well, apart from the government and apart from you.

A There would never be anybody having an audit done of a -- so no.

Q Okay. What is Alamance Protection, Incorporated?

A That's a captive insurance company.

Q And who owns it?

A Who owns it? Well, I own it.

Q Does anybody else or are you the sole owner?

(Brief pause.)

A My partner and I own it.

Q And who is your partner?

A Robert Spivey.

Q And who is that?

A My partner.

Q But is he someone that works with Ed Lloyd & Associates, or what is his background?

A No. He -- he doesn't work for Ed Lloyd & Associates.

Q What is his profession?
A He's a financial planner.
Q Okay. Does he have a separate job apart from Alamance Protection, Incorporated?
A Yes.
Q And what is that?
A Financial Directions Inc.
Q And is that in North Carolina?
A Yes.
Q Where at?
A Cary.
Q So near the Raleigh area?
A Yes.
Q Okay. Does anybody else -- does anybody else work for Alamance Protection?
A No.
Q What are the types of services that it provides?
A Well, it provides insurance services.
Q To a particular type of client?
A Yes.
Q And what would that type of client be?
A A client that needs coverages for their business.
Q Is there a particular client focus or industry

focus to that?
A Not an industry focus. Well, there has to be insurance risk.
Q Can you give me some examples of the types of risks that are insured for?
A Sure. It's business risks. Deductibles for your -- taking your existing policies that you have in your business and making high deductibles of them. Sorry, I'm kind of drawing a blank here.
Q Is it a very large client base or a small one?
A Small.
Q Less than 10?
A More than that.
Q Less than 50?
A Yes.
Q Okay.
MR. BASINGER: For the record, it's A-l-a-m-a-n-c-e, Alamance.
BY MR. BASINGER:
Q How long ago was Alamance Protection created?
A I do not recall what year it was created.
Q Was it fairly recent, the last three years?
A My recollection, it's been longer than three years.
Q Does your wife Shannon work for it in any way?

A Well, she does some accounting work for it, yes.
Q Okay. And is that as part of her role at Ed Lloyd & Associates?
A Yes.
Q Does she do any work with Alamance through Corporate Solutions as a registered agent?
A She does registered agent work for them, yes.
Q And I don't think we ever got back to it. Do you have any further recollection as to does Corporate Solutions have an office?
A Like a standalone office?
Q Correct.
A No.
Q Do you have any further recollection as to where your wife Shannon does the work related to Corporate Solutions?
A No. Wherever she wants to do it.
Q Okay. So it is something that's fairly portable that she can do on a laptop?
A I mean, any business you can do on a laptop.
Q Do you know what she does specifically as relates --
A Specifically, I really can't tell you exactly what she does with it.

Q Okay. Does money -- well, let me rephrase this. Does Alamance Protection have a business relationship with Ed Lloyd & Associates?
A Yes.
Q And what is that business relationship?
A Ed Lloyd & Associates does accounting work.
Q For Alamance Protection?
A Yes.
Q So it's one of the 500 clients that you referenced before?
A Yes.
Q Okay. So does Alamance pay Ed Lloyd & Associates for those services?
A Yes.
Q Okay. And so how does that work? Who writes the checks for Alamance Protection? Or sends wires, however payment's made, I should say.
A Well, I don't -- I don't -- I mean, payments are made by check. An invoice is created and payment's made.
Q And who has the checkbook for Alamance?
A I have -- I have check stock. It's in my office.
Q Do you usually write the checks for Alamance to Ed Lloyd & Associates for the work that Ed Lloyd &

Associates does?
A Yeah, typically I will do that in QuickBooks.
Q So does that generate a check from QuickBooks that you can sign?
A QuickBooks? Yes.
Q Okay. And does Ed Lloyd & Associates ever make any payments to Alamance?
A Yes.
Q And for what purpose?
A Insurance coverage.
Q Okay. So Ed Lloyd & Associates is insured through Alamance Protection?
A That's correct.
Q What kind of policy is that?
A There are numerous policies.
Q That Ed Lloyd & Associates holds?
A Yes.
Q Okay. What are they?
A I don't know exactly what every -- each one of them is. There are about eight or ten policies.
Q Do they cover individuals that work for you or do they cover certain types of business groups?
A Well, a part of it covers, like, if there's -- will cover employees, like, employee dishonesty, like if somebody steals something from a client. There is an

audit coverage. There is business interruption type coverage. Sorry, I just can't recall all the policies at this point.
Q No, those are helpful. Those are helpful examples. Thank you.
How long has Ed Lloyd & Associates had these policies from Alamance?
A Numerous years.
Q Okay. What is Beaufort Insurance, Incorporated?
A That's another insurance company.
Q Is it captive insurance?
A Yes.
Q Okay. Is it something that you own?
A Yes.
Q Does anybody else own it with you?
A Robbie.
Q Okay. And does it do basically the same work as Alamance?
A Yes.
MR. BASINGER: And for the record, that's B-e-a-u-f-o-r-t.
BY MR. BASINGER:
Q Does Ed Lloyd & Associates pay Beaufort Insurance for any services such as that -- those

policies?
A No.
Q Does Beaufort pay Ed Lloyd & Associates for any work?
A Whatever work was done, yes.
Q So that would be accounting work?
A Yes.
Q Okay. And is Shannon, your wife, Ms. Andreini, is she the registered agent for Beaufort Insurance?
A Yes.
MR. BASINGER: I'm going to take a quick break. It's 11:51 a.m. We're off the record.
(A short recess was taken.)
MR. BASINGER: We are back on the record at 12:11 p.m. on Thursday, June the 12th, 2014.
Mr. Lloyd, can you please confirm that while we were off the record we did not have any substantive discussions of this matter?
THE WITNESS: That is correct.
BY MR. BASINGER:
Q Thank you. Going back to Exhibit No. 31, Mr. Lloyd, if you could please turn to the K-1 that relates to your own contribution. I believe you are participant number 13 -- partner number 13, I should say.
MR. WEBB: Do you know what Bates stamp that

is?
MR. BASINGER: Yeah, 24.
MR. WEBB: Thank you.
THE WITNESS: Okay.
BY MR. BASINGER:
Q What we wanted to ask about was in part 3, line 1, the ordinary business income or loss, and it's got $124 income represented there. Everyone else that are participants here, partners, are showing a loss, but you're showing an income. We're trying to understand why is that? Where does that $124 number come from?
A I don't recall, but that's not in my best interest. I don't recall.
Q Do you think that's an error or do you think that -- you simply don't recall where that number's coming from.
A I know I don't recall where the number's coming from. Obviously I did not allocate part of the loss to myself.
Q Were individuals supposed to bear the loss on a pro rata basis?
A In partnership taxation, yes, but of course there are always exceptions in partnership taxation. It's the most complicated kind of taxes that you can do because there's different ways that you can legitimately

do allocations. So there's a lack of a loss allocation to me and a -- and net income of $124, which means I would have paid taxes on $124 as opposed to having a loss of whatever. So I cannot recall at this point since it's been a measurable amount of time. I can tell you it's not a benefit to me.

MR. DONAHUE: I'm sorry, I didn't hear the --

THE WITNESS: I can tell you it's not a benefit to me from a tax standpoint.

MR. DONAHUE: By $124?

THE WITNESS: As opposed to having a loss. A loss, of course, as we all know is good.

MR. DONAHUE: Did Forest Conservation 2012 have operating income.

THE WITNESS: Not that I can recall.

MR. DONAHUE: But based on that K-1 that you were just looking at, it appears that there was, at least based on what is there, $120 -- I don't have it in front of me -- 3 or 4 dollars?

THE WITNESS: One thing that happens, and I'm just talking theory, when you're looking at a partnership tax return, is all of your debits and credits have to balance. All of your capital accounts, everything has to balance. All of the losses were allocated to the individual participants based upon the expenses. Again,

I'm just -- I could have been the plug and picked up the income to make it all balance. But at some point, to be perfectly honest with you, partnership taxation is -- it gets to be very frustrating because there are so many different calculations that go on, so that -- that's a theoretical possibility it's a balancing because they all have to balance. All of the losses have to balance out. All of the capital accounts have to balance out. All of those components have to balance out.

So exactly what makes up that number, I can't tell you. Do I know as an entity it was a loss, yes. It looks -- appears to me, looking at this, this was a balancing adjustment that I made and just picked up myself. And if it was $124, it was $124. It's not a profit. You can look at it as a rounding.

MR. BASINGER: Mr. Lloyd, we have no further questions at this time. We may, however, call you again to testify in this investigation. Should this be necessary, we will contact your counsel. Mr. Lloyd, do you wish to clarify anything or add anything to the statements that you made here today?

THE WITNESS: I do not recall any clarifications that I need to make at this time.

MR. BASINGER: Thank you. Mr. Sharpless, Mr. Webb, does either of you wish to ask any clarifying

questions for the record?

MR. SHARPLESS: No, I do not.

MR. BASINGER: We are off the record at 12:17 p.m. on Thursday, June the 12th, 2014.

(Whereupon, at 12:17 p.m., the examination was concluded.)

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REPORTER'S CERTIFICATE

I, Ronda D. Neff, reporter, hereby certify that the foregoing transcript of Paul Ed Lloyd, consisting of 92 pages is a complete, true and accurate transcript of the testimony indicated, held on June 12, 2014, in the Matter of: Ed Lloyd & Associates.

I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

Date: June 18th, 2014

Official Reporter