

L&M Land Company

Spruce Creek Properties

Jamestown, Tennessee

July 26, 2003

Dear Spruce Creek Property Owner:

This letter is to inform you of an important milestone concerning your investment in Spruce Creek Acres. We recognize, as we are sure you do, that trails within Spruce Creek are an integral and vital aspect of your land investment. They hold the drawing power to what has been dubbed the "Jewel of the Cumberland," Big South Fork National River & Recreation Area. They provide you the means of easy access to some of the most spectacular views of canyon bluffs, gorges, streams, rock formations, and woodlands in the east.

As you may be aware, the developers of Spruce Creek held the concept that upon completion, or near completion, of Spruce Creek an organization would assume ownership of the trails.

Because we feel the time has now come for this transition, we have organized and incorporated the Spruce Creek Trails Association. An initial transfer of some plated trails will occur with future transfers occurring as the developers deem appropriate. This corporation will be run by a nine-member board of directors. The Board has conducted the organizational meeting and has begun operation of the corporation. Attached is a newsletter giving you information on their organizational activities and a questionnaire seeking your input.

We are excited about this new development. This organization is very necessary, not only in terms of managing Spruce Creek trails, but also in interfacing with the National Park Service. Corporate headquarters will be located at Ricky Rains' property at 463 Spruce Creek Drive.

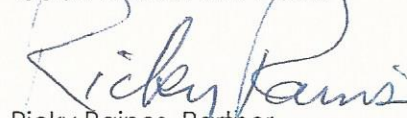
We look forward to working with this organization and know that you are eager to do the same.

Sincerely,

L&M LAND COMPANY


Robert L. Livingston, Partner

SOUTH FORK PROPERTIES


Ricky Raines, Partner