

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

BIG ELK RESORT, LLC (A Tennessee limited liability company)

Big Elk Resort, LLC (the “**Company**”) has been organized to (1) develop a condo hotel, retail, restaurant, indoor water park and recreational outdoor opportunities for a project known as **Big Elk Resort** located in Gatlinburg, Tennessee (the “**Big Elk Resort Project**” or “**Project**”). The Company intends to take advantage of the extensive experience of the principals of **Gateway Gatlinburg, LP** (the “**Seller**” and the “**Developer**”) and **American Resort Management/Big Elk Resort, LLC** (Management Company) in developing and operating the Project. The Managing Member of the Company will be **Redt LP** (the “**Managing Member**”), which is also the license holder for the regional license for the EB-5 program for the general vicinity of the Project.

This is an offering (the “**Offering**”) of up to 400 Units (the “**Units**”) with each Unit consisting of a Membership Interest in the Company.

Offering Price:*	\$500,000 per Unit
Minimum Offering:	\$30,000,000 (60 Units)
Maximum Offering:	\$200,000,000 (400 Units)
Minimum Purchase:*	\$500,000 (1 Unit)

The Offering Price of each Unit is payable \$35,000 in cash upon subscription and the unpaid balance is funded upon EB-5 Application approval for each investor, as described below.

*Excludes \$35,000 per Unit for Offering costs and migration services. Immigration legal expenses will be separately charged by the retained United States immigration attorney.

The Company is offering for purchase (the “**Offering**”) to a limited number of individual investors who are not “U.S. persons,” as such term is defined in Rule 902(k) of the Securities Act of 1933, as amended (the “**Securities Act**”), on a limited and private basis, a maximum of Two Hundred Million Dollars (\$200,000,000) (“**Maximum Offering Amount**”) of Member Interests in the Company (the “**Member Interests**”), as such Member Interests shall be described in the Operating Agreement of the Company (the “**Operating Agreement**”) to be entered into by and among the Company, the Managing Member, and each of the subscribers for Member Interests (“**Subscribers**”) whose subscriptions are accepted by the Company pursuant to the Subscription Agreement between each Subscriber and the Company (the “**Subscription Agreement**”).

The Offering of the Member Interests is limited to only individual persons (not any legal entities) who are “Accredited Investors,” as such term is defined in Rule 501(a) under the Securities Act. See “Overview,” “Summary of Terms of the Offering,” “Summary of Principal Documents—Subscription Agreement” and the form of the Subscription Agreement attached hereto as **Exhibit A**. Subscribers for Member Interests must subscribe for Five Hundred Thousand Dollars (\$500,000) of Member Interests, plus the \$35,000 per Investor cost amount) no more and no less, except as the Managing Member, in its sole discretion, may determine. Subscribers for Member Interests, in the aggregate, will own one hundred percent (100%) of the Investing Member Interests in the Company, and each Subscriber to be issued a Member Interest that represents a percentage ownership equal to the Capital Contribution to the Company made by the Subscriber in proportion to the Capital Contributions made by all the Subscribers, as more fully described in the Operating Agreement.

GATEWAY GATLINBURG, L. P., a Tennessee limited partnership (the “Seller” and the “Developer”), that is affiliated with the Managing Member and/or its affiliates, is the current owner of the Big Elk Resort Project. This Project has received governmental development approvals for construction of up to 400 hospitality/lodging units, together with related recreational facilities and up to approximately 115,000 square feet of commercial/retail space, approximately 750 car parking garage and a indoor water park on top of the garage. The completed Project that will be owned by the Company will include up to a 400± Hotel Unit Lodge, the parking garage and the water park. The Hotel Lodge will consist of three (3) separate buildings containing approximately sixty (60) Units, one hundred twenty (120) Units and two hundred twenty (220) Units. The Developer and/or its affiliate shall retain the rights to the water park, the retail/commercial facility and a portion of the parking garage pursuant to a long term lease. **A detailed description of the Project is contained in Exhibit F.**

The Company has been organized to acquire and develop the Project. The Company will acquire the Project from the Developer pursuant to a Purchase Agreement, substantially in the form attached hereto as **Exhibit D**. The Offering has been structured so that each Subscriber, by becoming a Member in the Company, will have made an investment that qualifies as the investment component required for an EB-5 Visa entitling the Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to seek permanent United States residency and, ultimately, to apply for U.S. citizenship. The Project has been submitted for approval for an EB-5 investment by the United States Citizenship and Immigration Service (“USCIS”). See “Immigration Matters” and “Immigration Risk Factors.” The Company has arranged for an immigration attorney to file an EB-5 Application on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber as a Managing Member of the Company. It is anticipated that the USCIS will act on each EB-5 Application within approximately one hundred twenty (120) days after the completed EB-5 Application is filed. If the EB-5 Application is granted, the Subscriber will become a regular Member of the Company. If a Temporary EB-5 Application is denied, without appeal or after denial of any appeal, the Company will cancel such subsidiary Member’s Interest by returning to the Member all of the Five Hundred Thirty-Five Thousand Dollar (\$535,000) subscription price (that includes the \$35,000 cost amount).

The Units are being offered for sale on a “best efforts minimum/maximum basis.” The Company must sell at least sixty (60) Units (\$30,000,000) (excluding the \$35,000 per Unit cost allocation) if any Units are to be subscribed for. All funds received from subscribers will be held in an escrow account with **RBC Bank** (the “Escrow Agent”) and is to be maintained at **RBC Bank**, until at least sixty (60) Units are subscribed for, at which time, the Company may close on such subscriptions and distributed in accordance with the provisions of the Escrow Agreement contained in **Exhibit B** attached hereto. Thereafter, the Company may continue to offer and close on subscriptions for the remaining Units until the offering period expires or is terminated.

The Offering will end on April 1, 2011, unless extended by the Company. If at least sixty (60) Units (\$30,000,000) are not subscribed for by termination of the offering period, the Offering will be terminated, and all funds received from subscribers will be returned to them without interest. The Units will be offered by the Managing Member and its principals, who will not be compensated therefor. The Company or the Investing Member may, however, pay registered broker-dealers and authorized funders who sell Units for a fee. It is anticipated that a certain number of Units will be sold without paying any fee. The Units will be sold on a private placement basis only to “**accredited investors**,” as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”) and pursuant to Regulation S of the Act.

These Units have not been registered under the Securities Act applicable state securities laws. These Units are being sold in reliance on exemptions from such registration requirements and may not be transferred or resold except as permitted under such laws.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved the offer and sale of these Units or determined if this confidential private placement memorandum (the “Memorandum”) is accurate or complete. Any representation to the contrary is a criminal offense.

These Units involve a **high degree of risk and substantial restrictions on transferability**. You should not invest in the Units unless you can bear the complete loss of your investment. See “**Risk Factors**”

January 31, 2010

NOTICES TO INVESTORS

THIS MEMORANDUM IS BEING PROVIDED TO EACH PROSPECTIVE INVESTOR (“**PROSPECTIVE INVESTOR**”) IN CONNECTION WITH SUCH PROSPECTIVE INVESTOR'S INTEREST IN PURCHASING ONE OR MORE UNITS. THE PURPOSE OF THIS MEMORANDUM IS TO FURNISH PROSPECTIVE INVESTORS WITH CERTAIN INFORMATION REGARDING A PROSPECTIVE INVESTMENT IN THE UNITS AND THE COMPANY AND CERTAIN OF THE RISKS ATTENDANT THERETO. ALL OF THE INFORMATION CONTAINED IN THIS MEMORANDUM IS BASED ON THE CURRENT, GOOD FAITH INTENTIONS OF THE COMPANY AND THE MANAGING MEMBER. INFORMATION REGARDING THE COMPANY CONTAINED IN THIS MEMORANDUM IS BASED ON INFORMATION AVAILABLE TO THE COMPANY AND THE MANAGING MEMBER AS OF THE DATE HEREOF AND BELIEVED BY THE COMPANY AND THE MANAGING MEMBER TO BE ACCURATE. CAPITALIZED TERMS USED IN THIS MEMORANDUM BUT NOT DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH IN THE COMPANY'S LIMITED LIABILITY COMPANY OPERATING AGREEMENT (THE “**OPERATING AGREEMENT**”) OR THE SUBSCRIPTION AGREEMENT INCLUDED AS PART OF THE SUBSCRIPTION DOCUMENTS (THE “**SUBSCRIPTION AGREEMENT**”) ATTACHED HERETO AS EXHIBITS C AND D, RESPECTIVELY.

THE UNITS OFFERED HEREBY ARE SPECULATIVE AND AN INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE INFORMATION SET FORTH HEREIN UNDER “**RISK FACTORS.**” PROSPECTIVE INVESTORS MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THEIR INVESTMENT.

THE UNITS ARE RESTRICTED SECURITIES UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. ADDITIONALLY, THE TRANSFER OF UNITS WILL BE RESTRICTED UNDER THE OPERATING AGREEMENT. ACCORDINGLY, INVESTORS WILL BE REQUIRED TO HOLD THE UNITS INDEFINITELY.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAVE BEEN NO CHANGES IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS MEMORANDUM. THIS MEMORANDUM SUPERSEDES AND REPLACES ANY AND ALL INFORMATION DELIVERED OR MADE AVAILABLE BY OR ON BEHALF OF THE COMPANY TO THE RECIPIENTS OF THIS MEMORANDUM PRIOR TO THE DATE HEREOF.

WITH RESPECT TO THE UNITS OR THIS MEMORANDUM, ONLY THE MANAGING MEMBER HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR GIVE ANY INFORMATION OTHER THAN THOSE CONTAINED HEREIN; AND, IF GIVEN BY THE MANAGING MEMBER, SUCH REPRESENTATIONS AND INFORMATION ARE NOT TO BE RELIED UPON UNLESS GIVEN IN A WRITTEN MEMORANDUM FURNISHED BY THE MANAGING MEMBER. NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM SHOULD BE RELIED UPON IN CONNECTION WITH THIS OFFERING EXCEPT FOR THIS MEMORANDUM, AND ANY OTHER INFORMATION FURNISHED BY THE MANAGING MEMBER IN RESPONSE TO A PROSPECTIVE INVESTOR'S REQUEST. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION (WHETHER ORAL OR WRITTEN) NOT CONTAINED IN THIS MEMORANDUM (WHETHER ORAL OR WRITTEN), AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE MANAGING MEMBER.

THE MANAGING MEMBER UPON WRITTEN REQUEST WILL MAKE AVAILABLE TO A PROSPECTIVE INVESTOR AND/OR HIS/HER/ITS ADVISORS ALL DOCUMENTS RELATING TO THIS OFFERING AND ANY ADDITIONAL INFORMATION REGARDING THE COMPANY AND THIS OFFERING TO THE EXTENT THE MANAGING MEMBER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. REQUESTS FOR SUCH DOCUMENTS OR INFORMATION SHOULD BE MADE IN WRITING TO THE MANAGING MANAGER, C/O PETER MEDLYN, BIG ELK RESORT, LLC, 109 S. BROADWAY, KNOXVILLE, TENNESSEE 37902.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE COMPANY OR PROFESSIONALS ASSOCIATED WITH THIS OFFERING AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS/HER/ITS OWN PERSONAL ATTORNEY, ACCOUNTANT AND OTHER ADVISORS, AT HIS/HER/ITS OWN EXPENSE, AS TO THE LEGAL, TAX, ECONOMIC, AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS AND THE INVESTMENT'S SUITABILITY FOR HIM/HER.

THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE DOCUMENTS RELATING TO THIS INVESTMENT AND VARIOUS PROVISIONS OF RELEVANT STATUTES AND APPLICABLE REGULATIONS THEREUNDER; HOWEVER, SAID SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXT OF THE ORIGINAL DOCUMENTS, STATUTES AND REGULATIONS.

EACH PROSPECTIVE INVESTOR WHO SUBSCRIBES TO INVEST WILL BE REQUIRED TO REPRESENT AND WARRANT TO THE COMPANY IN HIS/HER/ITS SUBSCRIPTION AGREEMENT THAT AMONG OTHER THINGS HE/SHE: (1) IS BUYING THE UNITS FOR HIS/HER/ITS OWN ACCOUNT AND NOT WITH ANY VIEW TO THEIR DISTRIBUTION OR RESALE IN THE FORESEEABLE FUTURE; (2) POSSESSES SUCH KNOWLEDGE AND

EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT HE/SHE IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE UNITS; (3) IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH AN INVESTMENT; (4) COULD AFFORD A COMPLETE LOSS OF SUCH AN INVESTMENT; AND (5) UNDERSTANDS THE TERMS, RIGHTS, DUTIES, OBLIGATIONS, AND RESTRICTIONS CONTAINED IN THIS MEMORANDUM, THE OPERATING AGREEMENT AND THE SUBSCRIPTION AGREEMENT. A SUBSCRIPTION MAY BE VOID, AT THE OPTION OF THE MANAGING MEMBER, IF ANY REPRESENTATIONS MADE BY THE PROSPECTIVE INVESTOR IN HIS/HER/ITS SUBSCRIPTION AGREEMENT OR ARE DELIVERED TO THE MANAGING MEMBER ARE UNTRUE.

THE MANAGING MEMBER RETAINS THE RIGHT, IN ITS SOLE DISCRETION, TO ACCEPT OR REJECT, IN WHOLE OR IN PART, ANY SUBSCRIPTION AND TO SELL FRACTIONAL UNITS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON RESIDING IN A JURISDICTION WHERE SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

CONFIDENTIALITY AND UNDERTAKINGS

The information contained in this Memorandum is confidential and proprietary to the Company. By accepting delivery of this Memorandum, the Offeree whose name appears on the cover page of this Memorandum is deemed to have acknowledged and agreed to the following:

- The information contained in this Memorandum will be used by the Offeree solely for the purpose of deciding whether to proceed with a further investigation of the Company;
- This Memorandum or information derived from this Memorandum will be kept in strict confidence by the Offeree and will not, whether in whole or in part, be released or discussed by the Offeree for any purpose other than an analysis of the merits of an eventual investment in the Company by the Offeree, nor will recipient make any reproductions of such information; and
- Upon the written request of the Managing Member, this Memorandum, and any other documents or information furnished to the Offeree and any and all reproductions thereof and notes relating thereto will be promptly returned to the Company.

FORWARD-LOOKING STATEMENTS - IMPORTANT FACTORS AND ASSOCIATED RISKS

This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21 E of the Securities Exchange Act of 1934, as amended, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the future economic performance of the Company. The forward-looking statements and associated risks set forth in this Memorandum include or relate to the successful implementation and operation of the Company's investment strategies and business plan.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on various assumptions regarding the Company and its proposed operations. Such assumptions involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company and the Managing Member. Although the Managing Member believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere and under “**Risk Factors**,” the business and operations of the Company are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation by the Managing Member, the Company or any other person that the objectives or plans of the Company will be achieved.

THE WORDS “ESTIMATE,” “PLAN,” “INTEND,” “EXPECT,” “PROPOSED,” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS INVOLVE AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE (FINANCIAL OR OPERATING) OF THE FUND OR ACHIEVEMENTS TO DIFFER MATERIALLY FROM THE OUTCOMES, EXPRESSED OR IMPLIED, BY SUCH FORWARD-LOOKING STATEMENTS OR THE PROJECTIONS SET FORTH HEREIN. PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE FUND AND THE MANAGING MEMBER SPECIFICALLY DISCLAIM ANY OBLIGATION TO RELEASE ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OF CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

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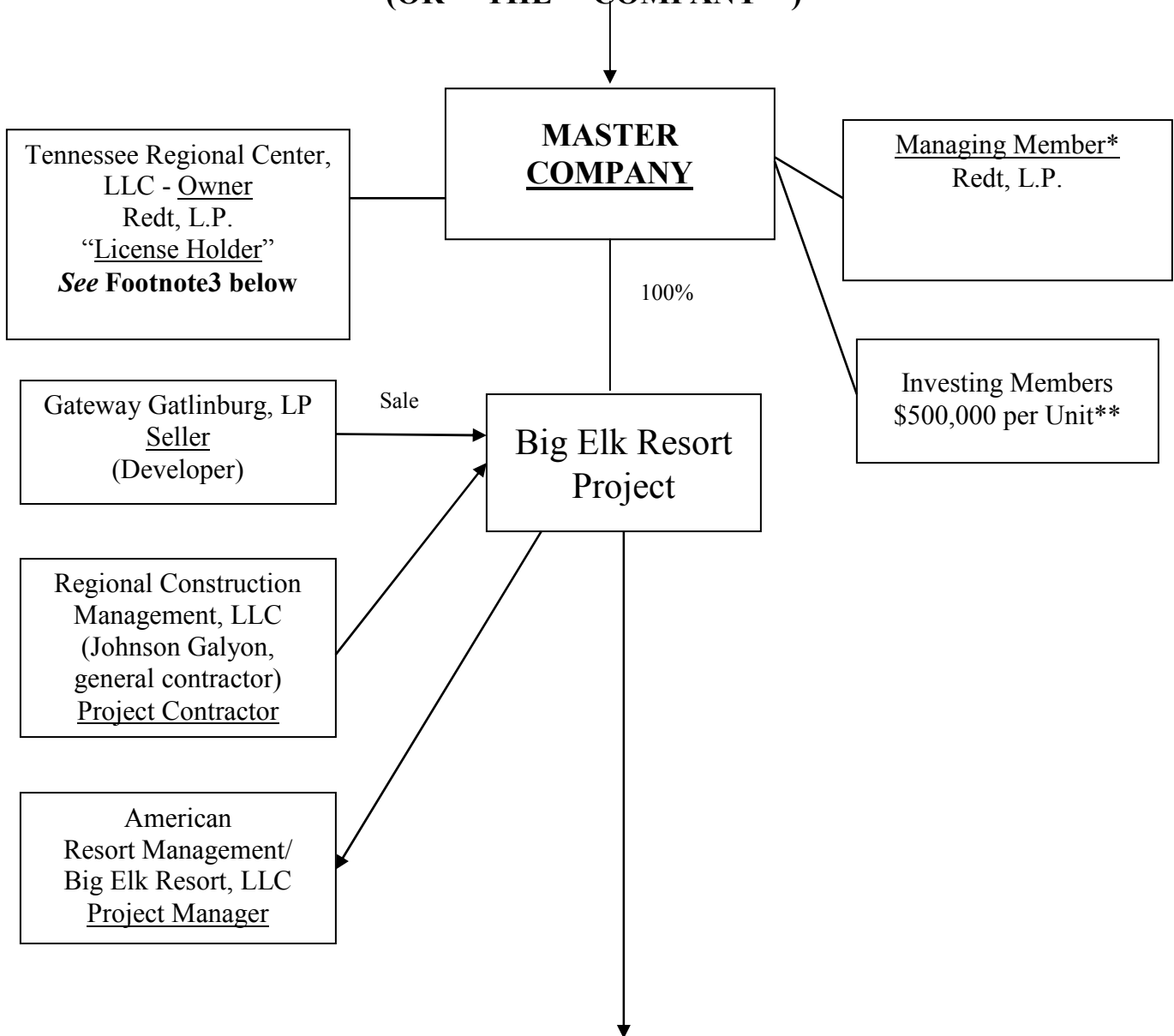
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LIST OF EXHIBITS

- Exhibit A - Subscription Agreement
- Exhibit B - Form of Escrow Agreement
- Exhibit C - Operating Agreement
- Exhibit D - Form of Purchase and Sale Agreement to Acquire Project
- Exhibit E - Background of Principals of Managing Member
- Exhibit F - Executive Summary, Description of Project (including Financial Projections)

OVERVIEW STRUCTURE

**RE: BIG ELK RESORT, LLC
(OR “THE “COMPANY”)**



Special Allocations of Profits and
Losses and Distributions for all
subsidiary entities to reflect business
transactions described in the Offering.

* Principals include Peter Medlyn, Ron Hensarling, Bob Woerner and David Buschmann.
 *** Excludes \$35,000 per Investor for Offering costs and migration services.

Notes

1. Subscription proceeds, except for \$35,000 per Unit for migration and offering costs funded into an Expense Escrow Account, to be funded in a Project Escrow Account as described below and disbursed by the escrow agent in accordance with budget and draw requests that will be made by the Managing Member from time to time.
2. Job creation through Master Company.
3. License Holder of EB-5 Regional Center for the Gatlinburg, Tennessee area will grant a license to the Company to utilize the EB-5 Regional Center designation. Tennessee Regional Center, LLC as the License Holder for the USCIS territorial rights for the EB-5 program and will assign its development rights to the Company in consideration of receiving a payment of \$1,000.00. The License Holder is the same entity as the Managing Member.
4. The Seller affiliate will deed the existing Project to the Company and/or its wholly owned subsidiary for its MAI appraised value of \$17,500,000 that includes Tracts 2 through 6 containing approximately 6.5 acres with frontage along New City Street and significant river frontage. The Seller may elect to receive less than a full 17,500,000 payment and have the difference contributed to the Company as an Investing Member. Developer will continue to provide ongoing development services for the fees set forth in the Executive Summary attached as Exhibit F.
5. American Resort Management/Big Elk LLC will serve as the Project Manager for fees as set forth in the Executive Summary. See website American Resort Management.com. (See **Exhibit F**).
6. The Managing Member of Big Elk Resort LLC is **Redt LP**, a Florida limited liability company. The Managing Member is also the License Holder of the EB-5 Regional Center for the Gatlinburg, Tennessee area.

The limited partners of REDT, LP. are Ron Hensarling, Peter Medlyn, Bob Woerner, and David Buschmann. See REDTLP.com website for resumes on certain of these principals.

7. The Contractor for the development is Regional Construction Management, LLC. This is a limited liability venture between Regional Construction (Johnson Galyon) and Managing Member affiliates. See website JohnsonGalyon.com for more information on the Contractor.

I. OFFERING SUMMARY

This Offering Summary should not be considered comprehensive or complete and is qualified by the more detailed information appearing elsewhere in this Memorandum, including the Exhibits hereto. Prospective Investors should carefully read this entire Memorandum, especially the matters discussed under “Risk Factors”.

The Company	Big Elk Resort, LLC , a Tennessee limited liability company.
Investment Objective	To invest in the Big Elk Resort Project pursuant to the maximum Offering.
Managing Member	REDT, LP , a Florida limited liability company.
The Principals and the Managing Member	See Exhibit E for background information of the Principals.
Maximum Offering	400 Units (\$200,000) (plus \$35,000 per Unit for Offering costs and migration services).
Minimum Offering	60 Units (\$30,000,000).
Offering Price	\$500,000 per Unit, payable \$35,000 in cash upon subscription and the balance upon conditions of EB-5 immigration application being satisfied, plus \$35,000 per Investor for Offering and migration costs, including the processing fees to the migration broker in China. This cost amount does not include the fees and costs to be charged by the United States immigration attorney.
Minimum Subscription	1 Unit (\$500,000) (plus \$35,000 expense amount), subject to the discretion of the Managing Member to accept subscriptions for lesser amounts.
Term of Company	December 31, 2040.
Leverage	Target average debt to total book capitalization ratio not to exceed 60%, although Managing Member hopes to minimize the amount of financing required, and the amount of leverage will be based upon the amount of capital raised. No additional financing will be required if the full \$200,000,000 is raised
Distributions	Distributions of Cash Flow (net cash available from operations and or sales of investments less any reserves established by the Managing Member) will be made in the following order of priority: (a) Cash Flow from operations will be distributed to the Investing Members, including the Developer and/or its affiliates, as Investing Members on a priority basis based upon their Interest in the Company.

- (b) After the necessary jobs are approved by the USCIS and the conditional green cards to be provided to the Investing Members are convertible to permanent green cards, which time period is estimated to be two (2) years after completion of construction, then each Investing Member will receive deed/title to one (1) unit at the Project and one (1) parking space.
- (c) The Investing Members, as direct unit owners of the Project, will be required to enter into a 25 year management agreement (the “Management Agreement”) with American Resort Management/Big Elk, LLC (the “Project Manager”) after receiving ownership/title to the units, pursuant to the terms and conditions set forth in Section II.B.4 of this Offering.
- (d) Termination of Investing Member Interest in the Company. Once each Investing Member has received a distribution of his or her condominium unit and the allocated parking space as a return of capital, such Investing Member shall no longer have an Interest in the Company, and such Investing Member’s continued benefit in the Project shall be derived solely from his or her allocable distributions under the Management Agreement with the Project Manager.

Offering Proceeds:

	Purchase Price	Offering Expenses ⁽¹⁾	Net Proceed to Company
Per Membership Interest	\$500,000	\$35,000	\$500,000
Maximum Total Offering	\$200,000,000	\$14,000,000	\$200,000,000

- (1) From the gross proceeds of \$535,000 received from each Subscriber, the Company will incur opening expenses of \$35,000 for the filing of the EB-5 Application and for administration costs for USCIS compliance and related matters and the Offering costs. Although the Company may pay from the subscription proceeds fees to certain licensed securities brokers or non-licensed “finders,” the Company does not anticipate paying fees on certain subscriptions. It is possible that an Investing Member may separately pay its own broker and therefore the Company will not pay same.
- (2) Assumes all Member Interests are sold.

EB-5 Application:

The Offering has been structured so that a subscriber will have made an investment that qualifies for an EB-5 Visa entitling such EB-5 Application Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to conditional permanent United States residency and, ultimately, to apply for US citizenship. The Project is located in a Regional Center to be designated by the U.S. Citizenship and Immigration Services (“USCIS”) as a qualifying investment for the EB-5 Program and, accordingly, the factors that will lead to grant or denial of the EB-5 Visa are solely based upon the personal facts and circumstances of each Subscriber. The Company has

arranged for an immigration attorney to file the EB-5 Application (an I-526 Immigration Petition by Alien Entrepreneur) for an EB-5 Visa on behalf of each Subscriber promptly following acceptance of the subscription and admission of the Subscriber as a Managing Member of the Company. It is anticipated that the USCIS will act on each Petition within approximately one hundred twenty (120) days after the completed Petition is filed. If the Petition is granted, the Subscriber will become a regular Member of the Company.

Subscription Procedure: Pursuant to the Subscriber Agreement executed by an Investing Member (the “Subscriber”), the first installment of subscription proceeds in the amount of Thirty-Five Thousand Dollars (\$35,000) (the “First Installment”). The second installment in the amount of Five Hundred Thousand Dollars (\$500,000) (“Second Installment”) is due and payable when the I-526 application is submitted to USCIS. Upon delivery of the Second Installment, the Subscriber shall no longer have the right to revoke its subscription and request a refund of its investment, except as otherwise described below.

All payments and monies will be handled by **RBC Bank** (the “Escrow Agent”). The escrowed monies will be held in the escrow account at the bank. \$35,000 of the escrow funds will be released upon the acceptance of the Subscription and the balance of the funds will be released to Big Elk Resort LLC once the I-526 is approved, approximately 4 months after application.

Once the minimum offering has been subscribed to and the proceeds of the Offering are to be made available for the Project, the escrowed proceeds held by the Escrow Agent (**RBC Bank**) pursuant to the Escrow Agreement substantially in the form set forth in **Exhibit B** attached hereto.

Escrow Accounts: All subscription proceeds will be held in escrow by the Escrow Agent pursuant to the Escrow Agreement which establishes the Expense Escrow Account and the Project Escrow Account. The Investing Member's initial installments, in the amount of Thirty-Five Thousand Dollars (\$35,000), will be deposited in the Expense Escrow Account. The final installment will be deposited in the Project Escrow Account. Except as may be otherwise provided in the Subscription Agreement, all investment earnings on subscription proceeds shall inure to the benefit of the Company. The escrowed proceeds in the Project Escrow Account will only be released to the Company and its affiliates if the Company receives and accepts subscriptions for at least Thirty Million Dollars (\$30,000,000) of Member Interests (excluding the \$35,000 per Unit cost amount) by the end of the Offering Period (the “Initial Condition”) and Investing Members for that amount have received EB-5 Conditional Approval in response to their EB-5 Application within one hundred

eighty (180) days after the end of the Offering Period (together with the Initial Condition, the “Minimum Condition”). However, once the Initial Condition is met, the Escrow Agent will release funds deposited by the Investing Member in the Expense Escrow Account to the Company, at its unilateral request, to enable the Company to pay certain offering expenses and the legal fees and out of pocket expenses for immigration visa services in connection with preparing and filing the EB-5 Application for that Investing Member. If Investing Member's EB-5 Application is approved by USCIS, the unused portion of Investing Member's investment deposited to the Expense Escrow Account and all of Investing Member's funds in the Project Escrow Account shall be disbursed by the Escrow Agent to the Company and used by the Company to purchase Units and for working capital. If the Initial Condition is not met by the end of the Offering Period, the Escrow Agent will return one hundred percent (100%) of the subscription amount to each Investing Member. If the Initial Condition is met but the Minimum Condition is not met by one hundred eighty (180) days after the end of the Offering Period, the Escrow Agent shall return Five Hundred and Thirty Five Thousand Dollars (\$535,000) from the expense and Project Escrow Account to the Investing Member, without interest, and the Investing Member's Member Interest in the Company shall be automatically be cancelled.

Operating Agreement

The Operating Agreement will be entered into by and among the Company, the Managing Member and each of the Investing Members for Member Interests whose subscriptions are accepted by the Company pursuant to the Subscription Agreement. The Managing Member will have the complete responsibility of managing the operations of the Company, subject to the provisions described below and in the Operating Agreement. The Company may take certain actions only with the consent of the Managing Member and Members owning, in the aggregate, a majority of the Member Percentages applicable to all Member Interests.

Exit Strategies

Big Elk Resort Project

The primary exit strategy is to transfer one (1) Lodging Unit to each Investing Member, including one (1) parking garage space and the furniture and fixture package. The Company will retain title to retail/commercial, the parking garage and the indoor water park to be located on top of the garage. The Company may also acquire a small site directly across from the river for purposes of further development and to provide the potential for zip lines across the river that will connect the Project and such park.

*The Seller:
(Gateway Gatlinburg,*

Gateway Gatlinburg, LP, the Seller of the Project, will sell the Project

LP)

rights and assets to the Company on the following terms:

1. The Seller shall receive an amount of \$17,500,000. This shall include the completed horizontally developed land of approximately 6.5 acres, including all permitted and zoning rights. The land will have infrastructure of underground water, sanitary sewer, storm sewer, gas, electrical, telephone line and most retaining wall site work complete, but excluding work related to the vertical development.

The Migration Broker:

The Migration Broker will be instrumental in processing exit and entry documentation for the EB-5 immigration process. The Migration Broker will process all paperwork in China that will be required for United States immigration purposes and coordinate with the United States immigration counsel in connection therewith.

Management Services:

The following different management services will be required to service the different aspects of the Project when same is completed:

- (1) Property Management for the Project by American Resort Management/Big Elk Resort, LLC on industry standard terms and conditions.
- (2) Construction services by Regional Construction Management Services, LLC (Johnson Gaylon).

Development Services:

By Real Estate Development Trust, LLC (Managing Member) for fees as outlined herein.

Project Size:

The Offering has been segmented to reflect the size of the Offering. The Project to be owned by the Company will include up to three (3) buildings as follows:

Building A - 220 Units

Building B - 120 Units

Building C - 60 Units

The minimum offering of \$30,000,000 will accommodate the sixty (60) unit building and the maximum offering of \$200,000,000 will accommodate all three (3) buildings containing 400 units. The Managing Member may elect to obtain leverage over and also the minimum offering amount to enable the Company to develop a larger number of lodging units. The Managing Member reserves the right to separately develop the additional units that are not funded by the Company. As of the date hereof, the subject property has been platted and zoned and site plan approval has been obtained. The Developer will still need to obtain final construction plans for permitting. The estimated time to complete the Project after the Closing of the Offering is eighteen (18) to twenty-four (24) months.

II. THE OFFERING

A. General

The Company is offering for purchase (the “Offering”) to a limited number of individual investors who are not “U.S. persons,” as such term is defined in Rule 902(k) of the Securities Act of 1933, as amended (the “Securities Act”) (a copy of which Rule is annexed to the Subscription Agreement), on a limited and private basis, a maximum of Two Hundred Million Dollars (\$200,000,000) (“Maximum Offering Amount”) of Member Interests in the Company (the “Member Interests”), plus the Thirty-Five Thousand Dollars (\$35,000) per Unit cost allocation for Offering costs and migration services, Member interests are described in the Operating Agreement of the Company (the “Operating Agreement”) to be entered into by and among the Company, **Redt LP.**, a Florida limited liability company, as manager of the Company (“Managing Member”), and each of the subscribers for Member Interests (“Subscribers” or “Investing Members”) whose subscriptions are accepted by the Company pursuant to the Subscription Agreement between each Subscriber and the Company (the “Subscription Agreement”). See “Summary of the Terms of the Offering.” Forms of the Subscription Agreement and Operating Agreement are attached hereto as **Exhibits A and C**, respectively. Any capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed in the Operating Agreement. The main principals of the Managing Member are Peter Medlyn, Ron Hensarling, Bob Woerner and David Buschmann, who have collectively had expertise in the acquisition, development and management of residential and recreational real estate projects in the states of Tennessee, Georgia, Texas, Florida and in Australia. (**See Exhibit E for background information on these principals**).

This Offering of the Member Interests is limited to only individual persons (not any legal entities) who are “Accredited Investors,” as such term is defined in Rule 501(a) under the Securities Act. The Offering will not be made to any U.S. Person, no offer to sell or sale will be made in the United States and no buy order will be accepted if it is originated from within the United States. See “Summary of Terms of the Offering,” “Summary of Principal Documents—Subscription Agreement” and the form of the Subscription Agreement attached hereto as **Exhibit A**. Subscribers for Member Interests must subscribe for Five Hundred Thirty-Five Thousand Dollars (\$535,000) of Member Interests (including the \$35,000 cost allocation), no more and no less, except as the Managing Member, in its sole discretion, may determine. Subscribers for Member Interests, in the aggregate, will own one hundred percent (100%) of the Investing Member Interests in the Company. Each Subscriber to be issued a Member Interest that represents a percentage ownership based upon the Capital Contribution to the Company made by the Subscriber in proportion to the Capital Contributions made by all the Subscribers, as more fully described in the Operating Agreement.

In order to purchase a Member Interest, potential investors must represent to the Company that he or she is not resident in the United States at the time of the offer of the Member Interest, will not be resident in the United States at the time of the sale of the Member Interest and is not acquiring the Member Interest for the benefit of a U.S. Person. Any potential investor that lies or misrepresents information on the application will forfeit all of their funds deposited.

The EB-5 Application

The Offering has been structured so that each Subscriber, by becoming a Member in the Company, will have made an investment that qualifies as the investment component required for an EB-5 Visa entitling the Subscriber, assuming the Subscriber otherwise satisfies the non-investment criteria for an EB-5 Visa, to seek permanent United States residency and, ultimately, to apply for U.S. citizenship. The Project is located in a Regional Center designated by the United States Citizenship and Immigration Services (“USCIS”) as a qualifying investment for the EB-5 program. However, Subscribers must be aware that there are numerous other factors that will lead to the grant or denial of the EB-5 Visa based upon the personal facts and circumstances of each Subscriber. See “Immigration Matters” and “Immigration Risk Factors.”

The Company has arranged for a licensed Migration firm in China and a U S immigration law firm, to represent each Subscriber and, on each Subscriber's behalf, to file an I-526 Immigration Petition by Alien Entrepreneur (the “EB-5 Application”) for an EB-5 Visa on behalf of each Subscriber, which will be done promptly following acceptance of the subscription and admission of the Subscriber as a Managing Member of the Company. It is anticipated that the USCIS will act on each EB-5 Application within approximately one hundred twenty (120) days after the completed EB-5 Application is filed. If the EB-5 Application is granted, the Subscriber will become a regular Member of the Company. If an Investing Member's EB-5 Application is denied, the Company will redeem the Investing Member's interest by returning to the Investing Member all of the Five Hundred Thirty-Five Thousand Dollars (\$535,000) subscription price. See “Overview,” “Offering Summary,” for more information on the staged funding of this investment.

B. The Project

1. The completed components of the **Big Elk Resort, LLC Project** will consist of the following:

- (a) **Condo/Hotel Units.** Up to 400 fully entitled and developed lodging Units for rent to customers on a nightly basis as a resort hotel, although the Company intends to distribute a fully furnished unit and a parking space to each Investing Member upon the applicable USCIS immigration requirements being satisfied to meet the EB-5 requirements. (Average Unit size of approximately 700 square feet). Two-thirds of such Units will have a water view and also have balconies. All Units are being designed to sleep 6-8 people and have a kitchen, fire place and bunk beds prepared as a hideaway for the children, together with an upscale furniture, electronic and fixture package to accommodate guests.

Total Building Square Feet	330,904 S.F.
Type A Units - 672 S.F.	162 Units
Type B Units - 725 S.F.	238 Units
Total Units	400 Units

The Unit sizes and other components of a Unit are subject to change without notice, although each Unit will be fully furnished.

(b) **Water Park.**

Water Park	53,376 S.F.
Retail & Restaurants	113,437 S.F.
Parking Garage	746 SPACES

(c) Approximately 113,000 square feet of retail/commercial space, consisting of the following:

Restaurants (Potential Interested Parties):

Mr. Gatti's Pizza
TGI Fridays
The Martini and Tequila Bar
Cantina La Mexicana
Too Bizare Wine and Sushi Bar
Connors Steak & Seafood
Austin BBQ

Retail:

General Store Anchor (Level 3)
Other Retail

Water Park Amenity (Level 4)
The water park amenity floor will include gift shop, full service spa, food and beverage court for water park guests.

Arcade & Amusements (Level 5)
Magi Quest and Space Tech Center. This level will also include management office space for water park and hotel operations.

(d) 746 space Parking Garage

(e) Potential land expansion either near the Project site and/or across the river.

2. The Company, through subsidiary entities, will own all components of the Projects.

3. Construction of the Project is estimated to take twenty-four (24) months after the initial closing of the Offering. The amount of financing to be obtained by the Company will be directly dependent upon the amount of funds raised pursuant to this Offering. However, if all Units are subscribed to, no funds will need to be borrowed.

4. The unit owners will be required to enter into a 25 year management agreement (the "Management Agreement") with American Resort Management /Big Elk, LLC (the "Management Company") after receiving ownership / title to the units. The management company will guarantee a minimum rental/return equal to the annual real estate taxes, property insurance and home owner association fees. The management company will charge a fee of ten percent (10%) of gross revenues for managing the hotel and the net operating income from hotel operations will be distributed equally to the applicable unit owners. Each unit owner will have the right to use his or her unit for four (4) weeks annually at no rental cost at off peak times.

The Project is described in more detail in the "Description of Projects" contained in **Exhibit F** attached hereto entitled "Executive Summary."

C. The Subscription Procedure

The period for the Offering has commenced on April 1, 2010 and will end on April 1, 2011 at 5:00 p.m. EST, unless extended by the Company for up to an additional one hundred and twenty (120) days (the "Offering Period"). The Company will first accept subscriptions for Investing Member Interests, subject to risking a maximum of Thirty Five Thousand Dollars (\$35,000) in order to obtain immigration approval, after the Initial Condition has been met. The Initial Condition means at least sixty (60) subscriptions have been received and accepted by the Company. Thereafter, the Company may accept additional subscriptions, in the aggregate not to exceed the Maximum Offering Amount, until the end of the Offering Period. Subscription proceeds shall be contributed to the Company in two (2) installments. Pursuant to a Subscription Agreement executed by the Investing Member, the first installment in the amount of Thirty Five Thousand Dollars (\$35,000) will be contributed by Investing Member to the Escrow Agent. The second installment in the amount of Five Hundred Thousand Dollars (\$500,000) ("Second Installment") from each Investing Member is due and payable to the Escrow Agent within thirty (30) days after the initial installment. **Upon delivery of the Second Installment and the executed Subscription Agreement, the Investing Member shall no longer have the right to revoke its subscription and request a refund of its Initial Installment. However, if the Investing Member's EB-5 Application is denied, the Company shall refund the Investing Member all of the total funds deposited (\$535,000), and said Investing Member will not become a Member of the Company unless the potential investor has misrepresented or failed to properly disclose information, in which case all of the funds paid towards the \$35,000 first installment shall be retained by the Company.** The Investing Member's funds shall remain in escrow until Investing Member's EB-5 Application is granted, at which time the Five Hundred and Thirty Five Thousand Dollars (\$535,000), the Investing Member's investment, together with any investment earnings thereon, shall be released by the Escrow Agent to the Company to use to develop the Project and pay other operating expenses.

In addition to executing the Subscription Agreement and remitting the purchase price amount for subscribed Member interests to the Escrow Agent as described herein, the Investing Member will also need to execute the Company's Operating Agreement, and deliver the executed Operating Agreement to the Company in order to complete its subscription. A form of the Operating Agreement is attached as **Exhibit C**.

D. Escrow Accounts

All subscription proceeds from this Offering will be held in escrow by the Escrow Agent pursuant to the terms of the Escrow Agreement between the Company and the Escrow Agent (the “Escrow Agreement”). A form of the Escrow Agreement is attached hereto as Exhibit B. Except as may be otherwise provided in the Subscription Agreement, all investment earnings on subscription proceeds shall inure to the benefit of the Company. By execution of the Subscription Agreement, each Investing Member agrees to become a party to and be bound to the terms and conditions of the Escrow Agreement to the same extent as if the Investing Member had separately executed the Escrow Agreement.

The escrowed proceeds in the Escrow Account will only be released to the Company and its affiliates if the Company receives and accepts subscriptions for at least Thirty Million Dollars (\$30,000,000) of Member Interests (excluding the \$35,000 per Investor cost as described above) during the Offering Period (the “Initial Condition”) and Investing Members for that amount have received EB-5 Conditional Approval in response to their EB-5 Application within one hundred eighty (180) days after the end of the Offering Period (together with the Initial Condition, the “Minimum Condition”). However, once the Initial Condition is met (*i.e.*, while a Investing Member remains an Investing Member waiting for approval of its EB-5 Application) the Escrow Agent will release funds deposited by a Investing Member in the Escrow Account to the Company, at its unilateral request, to enable the Company to pay certain offering expenses, migration expenses and the legal fees and out of pocket expenses incurred for legal services in connection with preparing and filing the EB-5 Application for that Investing Member. If Investing Member's EB-5 Application is approved by USCIS, any unused portion of Investing Member's investment deposited to the Escrow Account shall be disbursed by the Escrow Agent to the Company to fund Project acquisition and development costs in accordance with the terms of the Escrow Agreement. If the Initial Condition was not met by the end of the Offering Period or if the Initial Condition is met by the end of the Offering Period but the Minimum Condition is not met because at least sixty (60) Investing Members' EB-5 Applications have not been approved by the USCIS within one hundred eighty (180) days after expiration of the Offering Period, then, if there was a failure of the Initial Condition, the Escrow Agent will refund all the money paid by Investing Member from the Escrow Account to Investing Member, without interest (\$535,000 per Unit), and such Investing Member's Member Interest in the Company shall be cancelled, so that Investing Member shall not be deemed a Member of the Company.

Once the I-526 status of the Project has been confirmed, then the Managing Member reserves the right to have the escrowed proceeds held in other currencies and/or properly hedged to protect against the potential erosion of the United States dollar.

E. Closings

Closings of sales of Member Interests following satisfaction of the Initial Condition will occur periodically on one or more business days that are designated by the Managing Member, in its sole discretion. The final closing will occur not more than sixty (60) days following the end of the Offering Period or earlier termination of the Offering if all or the minimum amount of the Member Interests have been subscribed for. Investing Member will be notified of the satisfaction or failure of the Initial Condition and the Minimum Condition, the acceptance or rejection in whole

or part of your subscription. Promptly after the closing of the required minimum number of Units, the Company will execute and deliver an Operating Agreement to each Investing Member whose subscription is accepted.

F. Failure to Satisfy Initial Condition or Minimum Condition

If the Initial Condition is not satisfied on or before the end of the Offering Period, the Company will return all subscription proceeds to each Subscriber. If the Minimum Condition is not satisfied within one hundred twenty (120) days after expiration of the Offering Period, (i) the Company will cancel the Interests of any Members whose subscriptions were accepted following satisfaction of the Initial Condition by paying Five Hundred Thirty-Five Thousand Dollars (\$535,000) to each such Subscriber, and (ii) any Member Interests acquired by such Subscriber shall become null and void *ab initio*, and of no further force or effect. Notwithstanding satisfaction of the Minimum Condition, any Subscriber who becomes an Investing Member but thereafter has his or her EB-5 Application denied, will have its Member Interest cancelled by the Company and be refunded the sum of Five Hundred and Thirty Five Thousand Dollars (\$535,000).

G. Risk Factors

An investment in the Units involves substantial risks and significant restrictions on transferability. An investment in the Company should be viewed as highly speculative and is designed only for foreign Investors who maintain their investment over a significant period of time and who can afford the loss of their investment. See “**Risk Factors.**”

H. Leverage

The Company may obtain financing for a portion of the development cost of each Project, with the target debt to total cost ratio not exceeding sixty percent (60%). To the extent the Company uses leverage to develop and/or operate the Project, it will be subject to the additional risks that arise from the use of leverage, including the fixed payment obligations attributable to the leverage which must be met on certain specified dates regardless of the amount of revenues derived by the Company from operations.

I. Payment Of Expenses

The Managing Member will pay out of its management fee all ordinary administrative and operating expenses of the Company incurred by the Managing Member in connection with maintaining and operating its office (such as compensation of its employees, rent, utilities, and general office expenses, etc.). The Company will bear all other expenses, including legal, accounting, investment banking, travel, consulting, research, brokerage, finders’ fee, insurance, interest, and similar expenses. Finders’ fees will be paid to the various agent employees who will be engaged for the purpose of identifying potential investors for the Company.

Third party expenses, including fees, costs, and expenses (including travel expenses) and the acquisition, financing, development, redevelopment, management, leasing and disposition of any assets of the Company, will be an expense of the Company.

J. Organizational Expenses

The Company will reimburse the Managing Member for the Company's organizational and startup expenses, including legal, accounting, filing, capital raising and expenses related to the Company's organization and this Offering, estimated not to exceed \$500,000 for the maximum offering and \$100,000 for the minimum offering.

K. Formation

a. Formation and Purpose.

The Company is a limited liability company organized under the Tennessee Limited Liability Company Act. The Company will terminate on December 31, 2040, unless sooner terminated as provided in the Operating Agreement. The Company will form multiple subsidiary entities to take indirect ownership of the various components of the Project.

b. Managing Member and the Principals.

The Managing Member of the Company is **Redt LP**, a Florida limited liability company. The key Principals are Peter Medlyn, Ron Hensarling of the Managing Member.

The Address of the Company and certain of the principals of the Managing Member are:

Ron Hensarling
Chairman of the Board
Real Estate Development Trust, LP
hensarlingrl@hotmail.com

Peter Medlyn
Big Elk Resort, LLC
109 S. Broadway
Knoxville, Tennessee 37902
Telephone: (865) 599-2322
Facsimile: (865) 544-4226
Eb5-invest.com

See **Exhibit E** for the resumes of the Principals of the Managing Member.

c. Investing Members.

The Investing Members are those investors who purchase or one or more Units in the Company in this Offering and those persons who subsequently are admitted as substitute Investing Members in the event of a transfer of Units.

L. Executive Summary

An Executive Summary detailing the Company's business, including a detailed description of both projected Projects, the development budget, the anticipated operating budget, the scheduled timetable and a forecast of projected operations is attached as **Exhibit F** to this Memorandum.

M. Suitability Standards And How To Subscribe

Suitability Standards

The purchase of the Units offered hereby is speculative and involves a high degree of risk. In addition to the suitable standards set forth above, an investment in the Company is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and can afford a total loss of their investment. Consequently, an investment in the Units offered hereby is not a suitable investment for all potential investors and the sale of the Units hereunder will be made on a selected private basis to a limited number of investors who meet the suitability standards set forth below.

The suitability standards set forth below represent minimum suitability standards for investors. The satisfaction of such suitability standards by an investor does not necessarily mean that an investment in the Interests is suitable for the investor. Investors are encouraged to consult their personal professional advisors to determine whether an investment in the Units is appropriate for them. The Managing Member may reject subscriptions, in whole or in part, in its sole discretion.

There is no established market for the Units. Because there are only a limited number of investors and restrictions on the transferability of the Units, a market in the Interests will likely never develop. The Units cannot be resold unless: (i) subsequently registered under the Securities Act and applicable state securities laws, or (ii) an exemption from such registration is available.

Units are being offered and will be sold only to "**accredited investors**," as defined in Rule 501 under the Securities Act, as follows: (a) any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000; (b) any natural person whose individual income exceeded \$200,000, or whose joint income with that person's spouse exceeded \$300,000, in each of the two most recent years and who has a reasonable expectation of reaching that income level in the current year; (c) an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, business trust or partnership having total assets in excess of \$5,000,000 which was not formed for the specific purpose of acquiring Interests and, in the case of trusts, the purchases of which are directed by a sophisticated person; (d) a bank, savings and loan association, broker, dealer, insurance company, investment company, business development company, small business investment company or private business development company, or 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, in each case, as defined or described under various federal laws; (e) any executive officer or general partner of the issuer of the Interests, or any executive officer or general partner of a general partner of that issuer; or (f) any entity in which all of the equity owners are accredited investors.

Each Prospective investor will be required to represent and to establish to the satisfaction of the Company that such investor meets one or more of the criteria for accredited investors. The Company reserves the right to refuse a subscription for Units in its sole discretion for any reason, including concern that the Prospective Investor may not meet the requirements for accredited investors or that the Units are otherwise an unsuitable investment for the Prospective Investor. Each Prospective Investor must also meet the further suitability criteria and make the representations and warranties set forth in the Subscription Agreement.

N. How to Subscribe

ANY INVESTOR WHO WISHES TO SUBSCRIBE FOR UNITS MUST DELIVER BY CERTIFIED U.S. MAIL OR OTHER NATIONALLY RECOGNIZED TRACKING DELIVERY SERVICES (FEDERAL EXPRESS, UPS, ETC.) THE FOLLOWING ITEMS TO:

PETER MEDLYN
BIG ELK RESORT, LLC
109 S. BROADWAY
KNOXVILLE, TENNESSEE 37902
TELEPHONE: (865) 599-2322
FACSIMILE: (865) 544-4226
EMAIL: pmedlyn@eb5-invest.com
EB5-INVEST.COM

- (i) THE SUBSCRIPTION AGREEMENT (**EXHIBIT A**)
- (ii) ONE EXECUTED COPY OF THE OPERATING AGREEMENT (**EXHIBIT C**);
- (iii) ONE EXECUTED COPY OF THE MANAGEMENT AGREEMENT
- (iv) A CHECK OR WIRE TRANSFER IN AN AMOUNT EQUAL TO \$35,000, PAYABLE TO THE ESCROW AGENT, RBC BANK.

O. Miscellaneous

1. Reports to Investors. Investing Members will receive annual internally prepared financial statements and will also receive necessary information for tax reporting, together with quarterly financial statements and other regular operating and/or financial reports as determined by the Managing Member.

2. Certain Regulatory Matters. The Company is not registered and does not intent to register as an investment company and, therefore, is not required to adhere to certain investment policies under the Investment Company Act of 1940, as amended.

3. Tax Considerations. The Company intends to operate as a partnership for U.S. Federal income tax purposes that is not a publicly traded partnership taxable as a corporation. Accordingly, the Company should not be subject to U.S. Federal income tax, and each Member will be required to report on his/her/its own annual tax return such Member's distributive share of the applicable Company's taxable income or loss.

4. Foreign Investors. Foreign investors should consult their tax advisors with respect to the U.S. federal and state and the foreign tax consequences of an investment in the Company, including the requirements with respect to withholding relative to amounts distributed to such Members.

III. DESCRIPTION OF BUSINESSES OF COMPANY

A detailed description of both of the businesses of the Company is contained on **Exhibit F** attached hereto as the “Executive Summary”.

Although the Managing Member believes that the enclosed Executive Summary accurately reflects the current status of the Projects and their development potential, there are no assurances that facts and circumstances will not arise that will necessitate a modification of the business plan set forth in the Executive Summary.

The Executive Summary contains financial projections related to the Projects, which are subject to the “Forward-Looking Statements - Important Factors and Associated Risks” disclosure set forth above.

The Project currently consists of approximately 6.5 acres of land that is entitled and ready for the construction of up to approximately four hundred (400) unit condo hotel along Little Pigeon River in Gatlinburg, Tennessee. The site represents a premium location directly on the Parkway, adjacent to Smokey Mountains National Park. The downtown Gatlinburg is in the process of undergoing the upgrading of streets and underground utilities and a new bridge to Hope Park adjacent to the Project.

Most of the Units will have balconies and two-thirds (2/3) are on the river. The Project includes an indoor water park and about 113,000 sq. ft. for retail space, including restaurants and recreational games for children, together with a large parking garage for up to approximately 750 cars. The Company will retain ownership of the lodging Units, the garage space, the retail/restaurant areas but lease the retail/restaurant area to the Developer and/or its assigns. There are three (3) curb cuts to the Parkway that lead into the National Park. The Park is the twelfth (12th) most heavily visited tourist attraction world, following visitation to the Great Wall of China, receiving approximately 10 million visitors annually. During peak season (6 months of the year), traffic moves at 10 miles an hour in front of the site. Currently the project along with the City is adding traffic lights and widening the Parkway entrance into the site.

Other major attractions near the Gatlinburg area include Dollywood, in the city of Pigeon Forge approximately 5 miles to the north, on the other side of the mountains (20 – 30 minutes), is Cherokee and an Indian gaming casino. The entire area has a lot to draw upon, including the University of Tennessee in Knoxville 40 miles to the west. The reason for the name Big Elk is that in 2002 the Park Service reintroduced the elk, which had dwindled in population. They are flourishing now.

The Company will be deeded Lots 2 thru 6 for a sale price of \$17,500,000. The sale price is in part based on (MAI) appraisal value obtained by a bank of \$16,785,000 prior to all of the components of the Project being entitled. The Company will eventually own the following components as constructed:

- (1) a 400± Unit Lodge;
- (2) a 750± car parking garage;
- (3) an indoor water park; and
- (4) Retail space adjoining the water park and under the lodge (All Retail on Lots 2 to 6).

The transaction for the Company is being structured to include the following:

(1) The Investors receiving a minimum annual rate of return after the Project is completed guaranteed by the Management Company equal to the taxes, insurance and association fees.

(2) At completion of the construction, the exit strategy will include the Investing Members receiving the following:

- (a) each Investing Member shall receive one (1) condo unit, including the furniture, electronic, equipment package, and one (1) parking space per condo unit.
- (b) The remaining parking spaces in the garage will be leased to an affiliate of the Developer.
- (c) All Retail areas will be leased to an affiliate of the Developer.
- (d) All public spaces of the hotel component including lobby, corridors, lower level of hotel will be deeded to the Big Elk Home Owners Association.

(3) The Big Elk Resort (HOA) Association will split the costs of grounds maintenance according to the existing agreement with the owner of Tract 1 (Leasehold portion adjacent to the project). The applicable agreement will be assigned to the new HOA on behalf of the Project.

BIG ELK RESORT

DEVELOPMENT COSTS & INCOME - EXPENSE PROFORMA

SOURCE OF FUNDS

LIMITED PARTNERSHIP INTEREST: MINIMUM INVESTMENT \$500,000: TOTAL \$200,000,000 \$200,000,000

Construction Breakdown:

Hotel Units/Bar/Laundry/Kitchen/Meeting Area	\$82,726,000
Indoor Water Park Structure & Pools	\$22,791,125
Indoor Water Park Attractions & Equipment	\$9,589,200
Parking Garage/Equipment/Vehicles/Security	\$17,052,552
Retail & Resturant Areas	\$13,612,440
Hotel Furniture/Fixtures/Equipment	\$3,000,000
Land at Appraised Value	\$16,785,000
Landscaping/Riverwalk/Signage	\$2,000,000
Architectural/Engineering/Civil	\$6,000,000
Unit Furniture/Furnishings/Electronics	\$15,000,000
Development Overhead	\$6,000,000
Contingency/Bonds/Permits	\$4,000,000
Pre-Opening/Marketing/Advertising	\$1,500,000

TOTAL PROJECT COST \$200,056,317

PROJECTED STATEMENT OF INCOME

YEAR OF OPERATION	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$23,158,375	\$23,995,138	\$24,985,200	\$25,189,600	\$25,394,000
Net Investor Income	\$8,198,602	\$8,668,536	\$9,203,092	\$9,294,235	\$9,486,994
Annual Percentage Investor Return	4.10%	4.33%	4.60%	4.65%	4.74%
Annual Return per Investor	\$20,497	\$21,671	\$23,008	\$23,236	\$23,717

Business Plan Summary - \$30 Million Investor Participation

If Big Elk Resort LLC raises \$30 Million then the project will be scaled back to allow for bank financing. The scaled back development will include Lot 2 and Lot 4 of the Gateway Gatlinburg development. Both sites contain combined land area of 2.14 acres. These two sites will accommodate the following improvements.

Water Park	53,376 S.F.
Retail	47,946 S.F.
Hotel 60 Units	113,437 S.F.
Parking Garage	746 Bays
Land Cost	\$ 7,400,000
Building Cost	<u>\$72,600,000</u>
Total Cost	<u>\$80,000,000</u>
Equity	\$30 Million
Bank Financing	\$50 Million

The third party financing is at 60% LTV. Each investor will still receive ownership in one unit and one parking space for the \$30 million / 60 units or \$500,000. There will be a long term lease from Big Elk Resort LLC to the Developer for the parking garage and retail.

BIG ELK RESORT

DEVELOPMENT COSTS & INCOME - EXPENSE PROFORMA

SOURCE OF FUNDS

LIMITED PARTNERSHIP MINIMUM INVESTOR INVESTMENT: \$500,000 = \$30,000,000 LOAN: \$50,000,000

Construction Breakdown:

Hotel Units - 60 Units Building A	\$11,418,000
Indoor Water Park Structure & Pools	\$22,791,125
Indoor Water Park Attractions & Equipment	\$9,589,200
Parking Garage/Equipment/Vehicles/Security	\$17,052,552
Hotel Furniture/Fixtures/Equipment	\$500,000
Land (Appraised Value Lot 2 & 4)	\$7,400,000
Architectural/Engineering/Civil	\$1,500,000
Unit Furniture/Furnishings/Electronics	\$2,250,000
Salaries/Construction Management/Overhead	\$2,400,000
Construction Interests	\$3,500,000
Development Fee	\$3,500,000
Contingency/Bonds/Permits	\$1,099,123
Pre-Opening/Marketing/Advertising	\$500,000
TOTAL PROJECT COST	\$83,500,000
Minus Developer Contribution	\$3,500,000
Minus Investor Participation	\$30,000,000
Loan of 60% LTV	\$50,000,000

General Terms

The management company will guarantee the investor a minimum return equal to the cost of real estate taxes, insurance, HOA fees whereby the annual expenses for the property are covered, that way there is no negative cash flow for the investor. In addition the management company will split the net operating profits from the operations of the Hotel among the Investing Members after charging a 10% management fee to the investors.

Example from the Spreadsheet.

Year 1 Projected Gross Income from Hotel operations	\$27,428,875
Projected Net Income from Hotel operations after management fee of 10%	\$ 8,198,602
Estimated Income to each Investor	\$20,496

In addition, each Investor shall have the right to use his or her unit for their own use up to 4 weeks per annum at no cost to the investor. Some restrictions will apply on public holidays and other black-out dates.

RESORT LOCATION		Big Elk Resort 400 rooms Gatlinburg, TN									
YEARS		Year 1		Year 2		Year 3		Year 4		Year 5	
Number of Rooms 400	\$	400		400		400		400		400	
Occupancy		75.0%		77.5%		80.0%		80.0%		80.0%	
ADR w/o Water Park Revenue allocation	\$	210.00		215.00		220.00		225.00		230.00	
Days Open	\$	365		365		365		365		365	
Rooms Occupied	\$	109,500		113,150		116,800		116,800		116,800	
Rooms Available	\$	146,000		146,000		146,000		146,000		146,000	
Revenues											
Rooms	\$	22,995,000		24,327,250		25,696,000		26,280,000		26,864,000	
Food Hotel	\$	2,299,500		2,376,150		2,452,800		2,452,800		2,452,800	
Beverage Hotel	\$	547,500		565,750		584,000		584,000		584,000	
Conference Ctr F&B & Rental	\$	1,450,000		1,450,000		1,450,000		1,450,000		1,450,000	
Telephone	\$	136,875	\$ 1.25	141,438	\$ 1.25	146,000	\$ 1.25	146,000	\$ 1.25	146,000	\$ 1.25
Food WP	\$	-		-		-		-		-	
Beverage WP	\$	-		-		-		-		-	
Gift Shop	\$	-		-		-		-		-	
Spa	\$	-		-		-		-		-	
Indoor Waterpark Tickets, upgrades & misc	\$	-		-		-		-		-	
Total Revenue	\$	27,428,875		28,860,588		30,328,800		30,912,800		31,496,800	
Departmental Expenses											
Rooms	\$	5,633,775	24.5%	5,984,504	24.6%	6,321,216	24.6%	6,570,000	25.0%	6,716,000	25.0%
Food & Beverage Hotel	\$	1,708,200	60.0%	1,765,140	60.0%	1,822,080	60.0%	1,822,080	60.0%	1,822,080	60.0%
Conference Ctr	\$	841,000	58.0%	841,000	58.0%	841,000	58.0%	841,000	58.0%	841,000	58.0%
Telephone	\$	123,188	90.0%	127,294	90.0%	131,400	90.0%	131,400	90.0%	131,400	90.0%
Gift Shop	\$	-	56.0%	-	56.0%	-	56.0%	-	56.0%	-	56.0%
F&B Water Park	\$	-	58.0%	-	58.0%	-	58.0%	-	58.0%	-	58.0%
Indoor Waterpark	\$	-	40.0%	-	40.0%	-	40.0%	-	40.0%	-	40.0%
Spa	\$	-	50.0%	-	50.0%	-	50.0%	-	50.0%	-	50.0%
Total Dept. Expenses	\$	8,306,163		8,717,937		9,115,696		9,364,480		9,510,480	
Departmental Income	\$	19,122,713		20,142,650		21,213,104		21,548,320		21,986,320	
Undistributed Operating Expenses											
Administrative & General	\$	1,920,021	7.0%	2,020,241	7.0%	2,123,016	7.0%	2,163,896	7.0%	2,204,776	7.0%
Marketing	\$	2,221,739	8.1%	2,366,568	8.2%	2,486,962	8.2%	2,565,762	8.3%	2,645,731	8.4%
Franchise Fees	\$	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Prop. Oper. & Maintenance	\$	1,371,444	5.0%	1,443,029	5.0%	1,516,440	5.0%	1,545,640	5.0%	1,574,840	5.0%
Energy Costs	\$	1,179,442	4.3%	1,241,005	4.3%	1,304,138	4.3%	1,329,250	4.3%	1,354,362	4.3%
Total Und. Oper. Expenses	\$	6,692,646		7,070,844		7,430,556		7,604,549		7,779,710	
Gross Operating Profit	\$	12,430,067	45.3%	13,071,806	45.3%	13,782,548	45.4%	13,943,771	45.1%	14,206,610	45.1%
Management Fees	\$	2,742,888	10.0%	2,886,059	10.0%	3,032,880	10.0%	3,091,280	10.0%	3,149,680	10.0%
Fixed Charges											
Land Lease	\$	-		-		-		-		-	
Property Tax	\$	500,000		500,000		500,000		500,000		500,000	
Insurance	\$	440,000		440,000		440,000		440,000		440,000	
Reserve for Replacement	\$	548,578		577,212		606,576		618,256		629,936	
Total Fixed Charges	\$	1,488,578		1,517,212		1,546,576		1,558,256		1,569,936	
Net Income	\$	8,198,602	35.3%	8,668,536	35.3%	9,203,092	35.4%	9,294,235	35.1%	9,486,994	35.1%

IV. IMMIGRATION MATTERS

Overview

The EB-5 fifth employment-based visa preference is intended to encourage the flow of capital into the United States economy and to promote employment of workers in the United States. To accomplish these goals and so that foreign investors may obtain immigration benefits for having made an investment, the program mandates the minimum capital that foreign investors must contribute and it mandates that 10 full-time jobs must be created on account of each investment. In addition to the return that investors hope to achieve on their investment, foreign investors and their qualifying family members are offered the prospect, but not the guarantee, of conditional lawful permanent residence in the United States. Investors are responsible to apply for the lifting of their conditional status by filing an I-829 within two (2) years of receiving conditional status. Neither the Company nor the Managing Member is responsible to undertake this process on behalf of any individual investor.

The Offering has been structured so that investors may meet the investment requirements of the EB-5 program (8 U.S.C. § 1153 (b)(5)(A) - (D); INA § 203(b)(5)(A) - (D) of the Immigration & Nationality Act) (the “Act”) and qualify under this program to become eligible for admission to the United States of America as lawful permanent residents with their spouses and unmarried, minor children.

The Offering relies on the provisions of the Act concerning a Regional Center and upon the fact that the Project, as it is planned to be expanded is within a Regional Center authorized by the Act.

Amount of Investment

As a general rule, the EB-5 program calls for a minimum investment of \$1,000,000 per investor, in U.S. dollars, with exceptions for high unemployment or low permanent population areas, where the minimum investment has been reduced to \$500,000 per investor. The Managing Member has been advised by its economist, that the Project should qualify for the lower investment amount based upon the rural nature of each Project.

Counting Jobs Created

To qualify as an EB-5 investor, each investor must demonstrate that 10 full-time, year-around jobs will be created on account of the investment. These jobs must be for U.S. citizens, lawful permanent residents and those lawfully admitted to the United States, such as asylees, refugees, conditional residents and some others. Non-immigrant (temporary) workers are not included in the count. Also excluded are the investor, the investor's spouse and the investor's children.

A full-time job means one that requires at least 35 hours each week to fulfill. Job sharing is permitted so long as the total weekly-hours requirement is met. The EB-5 program does not permit the combination of part-time jobs in an effort to create a full-time position.

Normally, under the EB-5 regime, a job is deemed created when the employee provides services or labor to the new commercial enterprise and is remunerated directly by the new enterprise. Independent contractors are excluded from the job creation count. Payment or other remuneration does not have to come directly from the new enterprise if it is located within a Regional Center.

Tennessee Regional Center

In further support of the EB-5 visa preference program the U.S. Congress created a Pilot Program that provided for the authorization of Regional Centers by the U.S. Department of Justice, Immigration and Naturalization Service (now, United States Citizenship and Immigration Services). Enterprises located within a Regional Center are not required to employ 10 workers for each EB-5 qualifying investment. It suffices if the investor demonstrates that at least 10 qualifying jobs will be created directly or indirectly on account of the investment.

It is anticipated that in approximately first quarter of 2010, the Tennessee Regional Center will be granted a designation as an approved Regional Center. An investment in a commercial enterprise situated within that Regional Center fosters economic expansion through increased exports, greater regional productivity, job creation or additional domestic capital investment and qualifies for the broader view of job creation.

The Company had an independent economist conduct an economic and statistical analysis to determine the number of jobs expected to be created as a result of foreign investors each contributing \$500,000 (U.S. Dollars) (assuming \$500,000 funding to the Company per Investor) to the Company to enable it to acquire and develop the Project. This analysis was conducted using the Regional Dynamics Economic Analysis Model (REDYN). This analysis demonstrated that new jobs are anticipated from expenditure of the proceeds of this Offering in excess of the 4000 jobs required under EB-5 law and regulations if all Member Interests being marketed in this Offering are sold pursuant to the maximum offering of 400 Units.

The EB-S Application Process

For investors seeking lawful permanent residence, the first step in the process is to file an I-526 immigration Petition for Entrepreneur, referred to in this Offering Memorandum as the EB-5 Application, together with accompanying evidence in support of the program's requirements. The United States Citizenship and Immigration Services (USCIS) adjudicates I-526 petitions by reviewing these criteria, among others:

New Commercial Enterprise

There must be evidence that shows that the enterprise is new, and authorized to transact business.

Investment Capital

The petition must be supported by evidence that the petitioner has invested (or is actively in the process of investing) the minimum required capital. USCIS expects these funds to be "at risk", connoting an irrevocable commitment to the enterprise. The funds must be used by the enterprise

exclusively to create employment. Funds used to pay administrative costs or other obligations undertaken to promote the investment in the enterprise are not deemed “at risk.”

Source of Capital

Evidence must support the legal acquisition of capital. Funds earned or obtained in the United States while the investor was in unlawful immigration status are not deemed to be lawfully acquired. If funds are not lawfully acquired, they may not be deemed “at risk.” Interest earned on the funds while the investor is gaining lawful immigration status will be deemed earned by the company.

Managerial Role

The investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in the Tennessee Limited Liability Company Act, and as otherwise set forth in the Operating Agreement, investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable Tennessee Limited Liability Act (the “Act”). The rights of the Investing Members under the Operating Agreement are consistent with rights normally granted to non-managing members under the Act.

Amount of the Investment

The petition must be supported by evidence that the required minimum sum has been invested.

Employment Creation

There must be evidence that 10 jobs will be created on account of each EB-5 investment. See the earlier discussion about qualifying jobs and investment in a Regional Center, which may permit counting employment created outside the qualifying enterprise.

EB-5 Conditional Approval Not Guaranteed

The I-526 immigration Petition for Entrepreneur will be approved only if USCIS is satisfied that the foregoing criteria have been met. The determination of whether these criteria have been established is within the discretion of USCIS. It is also within the power, if not the discretionary authority, of USCIS to seek information about other aspects of the investment and the relationship of the investor to the enterprise. USCIS frequently reinterprets the meaning of qualifying criteria. There can be no certainty that compliance with the foregoing criteria, supported by appropriate documentation, will lead to the EB-5 Conditional Approval.

In the event that USCIS denies the EB-5 Application, the investor may not proceed with the next step in the immigration process, consular processing or adjustment of status. Instead, the investor must decide whether to appeal the denial of the EB-5 Application at its own cost and expense with consent of the Company or abandon the prospect of investing in the Company and obtaining lawful permanent resident status thereby.

Consular Processing or Adjustment of Status

Approval of the EB-5 Application means that the alien and the alien's spouse and children under the age of 21 years may apply for admission as conditional lawful permanent residents (CLPR). Approval of the EB-5 Application does not mean that the investor has been granted admission to the United States as a lawful permanent resident. Approval means that the investment documented by the EB-5 Application has qualified the investor as an alien entrepreneur.

The application for admission is a separate and subsequent process that concerns issues common to all aliens who wish to live in the United States permanently. Admission as a CLPR may be sought using one of two methods: consular processing or adjustment of status.

Consular Processing

Consular processing is designed for aliens who are living outside of the United States, who prefer to process at a consulate for strategic reasons or as a matter of convenience or are ineligible to adjust status. Typically, the consular post, which is chosen at the time the EB-5 Application is filed, is in the country of last residence, i.e., the last principal actual dwelling place. In very limited instances, usually involving a recognized hardship, a different consular post may process for lawful permanent residence.

Before issuing an immigrant visa, the consular post must determine if each alien is admissible to the United States. Receipt of EB-5 Conditional Approval does not by itself establish admissibility. An alien is admissible who proves that no grounds of inadmissibility exist and the alien has proper travel documents. (See the discussion on Immigration Risk Factors, below, for a list of the grounds of inadmissibility). Waivers are available for certain of the many grounds of inadmissibility, but the grant of a waiver is in the discretion of the government and aliens seeking waivers experience lengthy delays in adjudication of waiver applications. Investors should consult with independent immigration counsel to determine if any grounds of inadmissibility may affect the investor's admission or the admission of the investor's spouse or children to the United States.

If the consular post finds that the investor is admissible, it will issue a CLPR visa to the investor. The consular post will also determine if the spouse and the qualifying children of the investor are admissible. A determination of admissibility must be made as to each visa applicant. There is no guarantee that all members of the investor's family will be granted a CLPR visa. If the investor is denied a CLPR visa, applications by the spouse and children of the investor for such a visa will be denied.

Notably, consular posts are administered by the U.S. Department of State (DOS), an agency unrelated to the Department of Homeland Security (DHS) and its sub-agency, USCIS. Consular processing subjects both the visa applicant and the EB-5 Application to the scrutiny of a second government agency whose decisions are not appealable. If the consular officer, based upon information not available to USCIS in its adjudications process, suspects fraud or misrepresentation in the EB-5 Application process or if the consul doubts the eligibility for lawful permanent resident status, the consul may return the case to USCIS for re-adjudication of the EB-5

Application. If USCIS reaffirms its approval, the consul is expected to issue a CLPR visa, assuming there are no other grounds of inadmissibility.

Consular processing begins when USCIS transmits the EB-5 Conditional Approval to the National Visa Center (NVC). At appropriate intervals, the NVC issues instructions and appointment packages and requests required documents and information. In time, the alien will be instructed to obtain fingerprints and a physical examination and to report to a consular interview. CLPR visas usually are issued shortly after the interview unless the consul detects problems in the visa application, the underlying EB-5 Application or during the interview process. Visa applicants should allow about twelve months to complete consular processing, although times for processing vary greatly among consular posts.

Visa Issuance Not Guaranteed

Decisions by consuls are discretionary and unreviewable. USCIS and DOS report recent efforts to communicate more efficiently regarding their respective roles in determining the eligibility of EB-5 investors for CLPR visas. There cannot be any assurance that improved communications will occur generally or with respect to a particular investor or the investor's spouse or minor children. Neither may it be assured that improved communications will result in the issuance of a visa. Other factors that a consul may, with unreviewable discretion, elect to consider could result in the denial of a visa.

Visa applicants should not change any living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued a CLPR visa based upon an approved EB-5 Application.

Admission After CLPR Visa Issued Not Guaranteed

After issuance, CLPR visas remain valid for six (6) months. During this period, the holder of the visa must use it to apply for admission to the United States at a designated port of entry. The port of entry is frequently in an international airport. When the alien arrives at the port of entry, he or she will present the CLPR visa to a Customs and Border Protection officer who has the authority to admit the investor to the United States as a CLPR. This process is known as inspection. Generally, possession of a valid immigrant visa will result in an admission unless the inspecting officer suspects fraud, the alien's travel documents are not in order or the alien has become inadmissible in the time between the date of visa issuance and the date admission is sought. Possession of a CLPR visa does not guarantee admission to the United States.

Adjustment of Status

The Adjustment of Status (AOS) procedure is designed to permit aliens who have been admitted to the United States as non-immigrants or who have been paroled into the country to apply for admission as permanent residents without leaving the country. These non-immigrants must establish that they are admissible permanently, meeting the same standards as aliens who use consular processing to obtain a permanent resident visa. (See the discussion, above, on Consular Processing and see the section on Immigration Risk Factors—Aliens, below).

Aliens seeking AOS must also comply with requirements peculiar to the AOS process. Aliens who do not meet these additional requirements will be required to use consular processing to obtain a CLPR visa, which will necessitate a departure from the United States. Aliens admitted in certain non-immigrant statuses may encounter more difficulties (and may not be successful) adjusting status than aliens admitted in other non-immigrant statuses. Investors should consult with immigration counsel regarding these issues before the EB-5 Application is filed.

An alien investor or the investor's spouse or children who are eligible for CLPR may not be eligible for AOS if they: (1) were employed in the U.S. without authorization; (2) were not in lawful status on the date their AOS application was filed or if they failed to maintain lawful status thereafter; (3) were ever out of status during earlier admissions to the U.S.; (4) are admitted in certain non-immigrant statuses, such as “A”, “G” or “J” (unless the two-year foreign residency requirement does not apply or a waiver of the requirement has been obtained); (5) have been in removal proceedings in the ten years prior to seeking AOS; (6) were admitted under the visa waiver program at the time AOS is sought; or, (7) obtained CLPR as the spouse of a U.S. citizen or as the son or daughter of a spouse of a U.S. citizen and have not abandoned this CLPR prior to seeking AOS.

There may be additional reasons why an alien may not adjust status, which is a benefit granted in the discretion of USCIS. There is no appeal from a denial of AOS; the only relief available is a request to re-open or re-consider the AOS application. Investors should consult with immigration counsel to determine if they, their spouse and their children are eligible for AOS.

During AOS processing, the applicant will be required to submit a medical examination and will receive instructions from USCIS regarding biometric data collection and an interview. The interview may be waived by USCIS, but the waiver should not be expected. USCIS uses profiling information to determine who will be interviewed and it also interviews some AOS applicants to maintain the integrity of its screening process. There is no formal process to request the waiver of an interview. If the investor is interviewed, the spouse and children of the investor will be required to attend the interview.

The USCIS Texas Service Center currently has jurisdiction of the AOS process for investors in the Project. It will schedule the interview of investors in the Project. The Texas Service Center is currently reporting a six month processing time for AOS applications. The interview follows this processing and is conducted at a USCIS office near the investor’s residence. USCIS uses the interview to update information about AOS applicants that may have changed subsequent to the filing of the AOS application and to explore any issue that USCIS believes is

relevant to deciding the AOS case. Typically, CLPR is conferred on the AOS applicants at the conclusion of the interview.

Travel During Adjustment of Status Processing

An alien investor who leaves the United States without advance permission while an AOS application is pending is deemed to have abandoned that application unless the applicant has been admitted in and continues to hold valid H or L non-immigrant status pending adjudication of the AOS application.

Advance permission to depart the U.S. is issued routinely if the alien articulates a *bona fide* need to travel. It is not necessary to demonstrate an emergent need to travel; any purpose not contrary to law is usually deemed sufficient. Advance permission, known as Advance Parole, is usually granted for multiple entries during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for Advance Parole if the AOS process is not complete within a year.

Advance Parole is not available to aliens who are outside the U.S. It is important for AOS applicants who wish the right to travel to make application for Advance Parole while they are in the U.S. They must remain in the U.S. until Advance Parole is granted to avoid abandonment of the AOS application. Advance Parole applications may take about 60-90 days to be granted. Processing times may be longer if an applicant is subjected to extended background checking. In demonstrated emergent circumstances, an AOS applicant may receive expedited Advance Parole.

Alien investors admitted to the United States in any non-immigrant status who have obtained Advance Parole during the AOS process should consult with immigration counsel before traveling. Re-admission to the U.S. using the Advance Parole document may jeopardize the non-immigrant status of the alien's family members who did not travel. The consequences, if any, of this situation should be examined prior to travel.

Employment During The Adjustment of Status Processing

Applicants for AOS who wish to work in the United States must obtain employment authorization unless they have been admitted to the U.S. in a non-immigrant status that confers employment authorization that does not end before AOS is granted. Self-employment requires employment authorization.

Employment authorization applications currently take 60-90 days to be adjudicated. Processing times may be longer if an applicant is subjected to extended background checking. Employment authorization is usually granted during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for employment authorization if the AOS process is not complete within a year. To avoid a lapse in employment authorization re-applications should be made sufficiently in advance of the expiry of existing authorization. Employment without authorization at any time in the U.S. is a violation of immigration status and may jeopardize the right to adjust status.

Adjustment of Status Cannot Be Guaranteed

AOS is granted in the discretion of USCIS. Its decision is unreviewable. An alien whose AOS application has been denied may request that the case to be re-opened or re-considered by the same office that denied AOS. If the request to re-open or re-consider the case is denied, or, if, after such a review, the alien fails to convince this office to reverse its original decision, the alien is without further recourse.

Aliens admitted in unexpired non-immigrant status who are denied AOS to CLPR are usually entitled to remain in the U.S. in that status and may seek an extension of that non-immigrant status or seek a change to a different non-immigrant status for which they are qualified. At such time as the alien's non-immigrant status expires, the alien is expected to depart the U.S. If at the time of the denial of AOS, the alien's non-immigrant status was expired, the alien is expected to depart the U.S. Failure to depart timely is a violation of U.S., immigration law and regulation which may affect the ability of the alien to qualify for future immigration benefits.

If an alien investor is admitted to the U.S. in a non-immigrant status (pending AOS), the spouse and children of the alien investor are frequently admitted for a time coincident with the authorization of the investor to remain in the U.S. If AOS is not granted to the alien investor and the investor's non-immigrant status expires, the status of the spouse and children will be deemed to have expired at the same time. They, too, will be expected to depart the U.S. at that time.

AOS applicants should not make any permanent connections to the United States or change any permanent living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued AOS based upon an approved 1-526 Petition.

Removal of Conditions

Approval of an AOS application or the grant of an EB-5 visa followed by entry into the U.S. in EB-5 status means that the investor and the spouse and qualified children of the investor have been granted Conditional Lawful Permanent Residence (CLPR) for two years. The "conditions" must be removed so that the aliens may reside in the U.S. indefinitely. Failure to remove the conditions results in the termination of CLPR status and will likely result in the commencement of removal proceedings.

Removal of conditions is sought by the filing of a petition in the 90-day period immediately preceding the second anniversary of the grant of CLPR status. In support of the petition, the alien investor must demonstrate full investment in the enterprise and compliance with the requirement that 10 jobs have been created as a result of the investment. The investor must also demonstrate maintenance of the investment continuously since becoming a CLPR. The Managing Member will provide documentation, upon request by a Member, as reasonably necessary and available in support of such Member's application for removal of conditions

The Texas Service Center currently has jurisdiction to decide a petition to remove conditions. It is authorized to approve a petition, seek additional written information before deciding the petition, refer the petition to a local office where information will be elicited in an interview, or, it may deny the petition. If the petition is referred for an interview, the local office of USCIS will decide the petition after the interview.

During the pendency of the petition, aliens admitted in CLPR Status remain in valid status even if the petition is not decided before the expiry of the two year period of admission. CLPR is extended in one year increments or until the petition to remove conditions is adjudicated. Unfortunately, some USCIS offices have been reluctant to extend CLPR status, presumably in ignorance of the law. Aliens have also experienced difficulty obtaining advance permission to travel during this period. This difficulty is not experienced in all instances and it may abate as local USCIS offices become more familiar with the law. Delays and improper denials of documents evidencing extended CLPR status and Advance Parole cannot be ruled out. Denial of such documents does not end the lawful status granted by statute.

Removal of Conditions Not Guaranteed

In the history of the EB-5 program, INS (now USCIS) modified the requirements for removal of conditions after the time that some investors were granted CLPR. As a result of this action, some of those investors were unable to comply with the new requirements, creating the possibility that they would be removed from the United States. Some of these investors contested the change in rules after their investments were made.

Their position was supported in litigation that resulted in INS being ordered to reconsider their applications to remove conditions by applying the original rules.

There cannot be any assurance that USCIS will not change the requirements for removal of conditions after investors are granted CLPR status through investment in the Project. There cannot be any assurance that an investor will be able to demonstrate to the satisfaction of USCIS that the Project is operating within its business plan, that it has created the requisite jobs at the time required by USCIS or that any other requirements for the removal of conditions have been met.

V. RISK FACTORS

THE PURCHASE OF UNITS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO CAN BEAR THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT AND WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. IN ADDITION TO ALL OTHER INFORMATION SET FORTH ELSEWHERE IN THIS MEMORANDUM, INCLUDING THE EXHIBITS HERETO, A PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AND SHOULD CONSULT HIS OWN LEGAL, TAX, REAL ESTATE AND FINANCIAL ADVISORS WITH RESPECT THERETO, BEFORE MAKING A DECISION TO PURCHASE UNITS. THE ORDER IN WHICH THE FOLLOWING RISKS ARE PRESENTED DOES NOT NECESSARILY CORRELATE TO THE MAGNITUDE OF THE RISKS DESCRIBED. THE FACT THAT THE FOLLOWING RISK FACTORS ARE ENUMERATED IN NO WAY IMPLIES THAT THESE ARE THE ONLY RISK FACTORS ASSOCIATED WITH THIS INVESTMENT AND ARE MERELY ILLUSTRATIVE OF THE TYPES OF RISKS INVOLVED IN THIS TYPE OF INVESTMENT.

A. RISKS RELATED TO THE COMPANY'S PROPOSED BUSINESSES-GENERAL

1. ***The Company has limited Operating History.*** The Company was recently organized and has a limited history of operations. The Company therefore should be considered a development stage company and its operations are subject to all of the risks inherent in the establishment of a new business enterprise, including, but not limited to, hurdles or barriers to the implementation of its business plans. Further, because there is a limited history of operations there is also a limited operating history from which to evaluate the Managing Member's ability to manage the Company's operations and achieve its goals or the likely performance of the Company. However, the Managing Member and its Principals and other affiliates have had a reasonable degree of success in projects similar to the **Big Elk Resort, LLC Project**, and such Principals and affiliates have had significant experience in acquiring, developing, operating and selling various real estate properties. No assurances can be given that the Company can operate profitably.

2. ***Investing Members Will Bear a Significant Financial Risk.*** Purchasers of Units (including the Managing Member, the Principals and its other affiliates) will be providing basically all of the equity risk capital for the Company and will be investing at a time when the success of the Company remains uncertain. Accordingly, Investing Members will incur substantially all of the capital risk related to Company.

3. ***The Managing Member, the Principals and its Other Affiliates will be Subject to Conflicts of Interest.*** The Operating Agreement provides the Managing Member with broad powers and authority which could result in one or more conflicts of interest between the interests of the Investing Members and the Managing Member, the Principals and its other affiliates. The potential conflicts of interest include, but are not limited to, the following:

(a) The Managing Member, the Principals and/or its other affiliates may acquire and operate other real estate projects for their own respective accounts, provided same is not directly competitive with the Project; there may be a Phase II within one mile that would

attempt to raise funds on generally the same basis. This shall not be considered to be a conflict of interest.

(b) The Managing Member, the Principals and its other affiliates will not be required to disgorge any profits or fees or other compensation they may receive from any other business they own separate from the Company, and Investing Members will not be entitled to receive or share in any of the profits, return, fees or compensation from any other business owned and operated by the Managing Member, the Principals and its other affiliates for their own benefit;

(c) The Managing Member, the Principals and its other affiliates are not required to devote all of their time and efforts to the affairs of the Company and this could result in a conflict of interest for the time and attention of the Managing Member, the Principals and its other affiliates; and;

(d) The Company, the Managing Member, and the Prospective Investors have not been represented by separate counsel in connection with the formation of the Company, the drafting of the Operating Agreement or the Subscription Documents, or this Offering.

4. *The Managing Member's Liability will be Limited.* Pursuant to the Operating Agreement, the Managing Member, the Principals and its other affiliates will not be liable to the Company or any Members for any damages, losses, liabilities or expenses (including reasonable legal fees, expenses and related charges and cost of investigation) unless one of those parties is guilty of fraud, deceit, gross negligence, willful misconduct or wrongful taking. Thus, Members will have limited recourse against those parties. The Operating Agreement also provides that the Company will indemnify, hold harmless and waive any claim against the Managing Member, the Principals and its other affiliates, for any and all losses, damages, liability claims, causes of action, omissions, demands and expenses or any other act or failure to act arising from or out of the performance of their duties to the Company under the Operating Agreement or as a result of any action which the Managing Member is requested to take or refrained from taking by the Company unless such loss has arisen as a result of their gross negligence or willful misconduct.

5. *The Company will have no Diversification of its Investment.* The Company will invest its capital in the Project, thus limiting the diversification of the investment into one (1) industry (resort/recreational real estate).

6. *The Company's Success is Dependent Upon the Successful Implementation of its Business Plan.* The success of the Company will largely depend upon the Managing Member's success in implementing the Company's business plan. Because many of the factors necessary for success are beyond the control of the Managing Member, there can be no assurance that the Managing Member will be able to successfully implement the Company's business plan, or that the Managing Member can carry out that business plan as circumstances require.

7. ***The Company will be Subject to Insurance Risks.*** The Company intends to obtain and maintain insurance on any property that it acquires. The foregoing notwithstanding, no assurance can be given that either the Company or a particular client will have or be able to obtain sufficient insurance in the event of a catastrophic loss to a particular property.

8. ***Distributions by the Company are not Guaranteed.*** Payment of distributions and the amounts thereof will be dependent upon returns received by the Company on its investments. No assurances can be given that the Company will operate profitably or be able to declare and pay any distributions to the Members, or that Investing Members will earn a positive return on their investment or receive a return of any or all of their investment.

9. ***Investors may be Liable in Certain Circumstances for Repayment of Distributions.*** Members are not personally liable for any debts or losses of the Company beyond the amount of their capital contributions and profits attributable thereto (if any) if the Company is otherwise unable to meet its obligations. However, Members might be required to repay to the Company cash or in-kind distributions (including distributions on partial or complete redemption of Units and distributions deemed a return of capital) received by them to the extent of overpayments and to the extent such distribution made the Company insolvent at the time of the payment or the distribution.

B. SPECIAL RISKS ASSOCIATED WITH THE BIG ELK RESORT PROJECT

1. **Zoning Approvals.** Although all required zoning approvals have been obtained in order to develop the Big Elk Resort Project in accordance with the current business plan, there are no assurances that the business plan may have to be modified and accordingly, that additional or modified zoning approvals need to be obtained.

2. **Marketing of Hospitality Units.** One of the most significant risks of this Project is the ability of the Company to market the hospitality units to the general public as a hospitality destination resort. Although the Project is quite unique in its location, habitat and recreational offering and setting, there are no assurances that the Company will be able to successfully market or rent units at projected rates as set forth in the financial forecasts contained in **Exhibit F**.

3. **Timing of Completion.** Included in the Executive Summary [*see Exhibit F*] is a time schedule for the completion of improvements and substantial selling of the Project. There are no assurances that such time schedule can be satisfied, and if the timing for the completion of development is delayed by any significant degree, then the cost of said development will increase accordingly.

4. **Cost Overruns.** Cost overruns may be encountered as a result of numerous factors, including not only the delay in the development process, the failure of certain contracted parties to complete their work in accordance with the contracted amount, necessitating the substitution of subcontractors and potential increases in pricing. Furthermore, unforeseen issues may be encountered that otherwise require an increase in the development budget that have not otherwise been reserved for in the contingency fund.

5. Management of the Project. The success of the Project in large part will be dependent upon the ability of the Company to develop and promote the Project through the marketing channels generated by the Managing Member.

Another key factor in connection with the resort/recreational business is the state of the tourism market in the State of Tennessee, and in particular the needs of the local market to provide recreational facilities to the public. The recreation business is volatile in nature and dependent upon many factors, including the state of both the local and national economy, the status of tourism in the immediate area, issues involving the traveling plans of tourist from specific locales. The recreation and residential industries have been impacted in the State of Tennessee as a result of the economic downturn, and as a result, occupancy rates and pricing have both declined. There are no assurances as to the status of the recreation market when the Project is actively marketed. (**See discussion below for more details concerning issues involving the risk involved in the recreation business in general**).

6. Concentration on Residential/Recreation Industry. The investment in the Project substantially involves the concentration in the residential and recreation industries, which industries have been seriously impacted in recent times due to the downturn in the economy. The Managing Member is hopeful that by the time the Project comes on line, that the recovery would have been in place and that the residential/recreation market would be normalized.

7. Intense Competition. There is intense competition with respect to the marketing of the Project since there are a variety of other competing opportunities for the public to invest in and/or utilize other residential and recreation facilities in comparable geographic locations, although the Managing Member believes that the features of the Project are unique as well as price competitive.

8. Seasonal Revenue. Unit rentals may also be affected by seasonal affects, and the lodging rental market in the region of operations may require the Company to charge less for the rental of units during certain times of the year in order to remain competitive. Other similar properties that may be deemed competitive to the Project, often experience gaps in business from season to season, month to month and even weekdays versus weekends. Any decrease in revenue could reduce the net operating profits, or even result in operating losses; either of which could adversely affect the results of operations and the ability to make distributions to members.

9. Discretionary Consumer Spending. The strength and profitability of the business depends on consumer demand for alternative residential and recreational opportunities. Changes in consumer preferences or discretionary consumer spending could harm the business. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel and business conventions could significantly harm our operations. In particular, because the business will rely heavily upon high-end customers, including international customers, factors resulting in a decreased propensity to travel could have a negative impact on our operations. Terrorist attacks, the outbreak of infectious diseases such as the avian flu (hereinafter mentioned), the impact of a natural disaster such as a hurricane, and other factors affecting travel and discretionary consumer spending, including general economic conditions, disposable consumer income, fears of recession and reduced consumer confidence in the economy, may negatively impact our business. Negative changes in factors affecting discretionary spending could reduce

customer demand for hotel services, thus imposing practical limits on demand, pricing and harming our operations.

10. Terrorism and Military Conflicts. The terrorist activities in the United States and elsewhere, military conflicts in Iraq and in the Middle East, and past outbreaks of infectious disease have had negative impacts on travel and leisure expenditures, including lodging, travel and tourism. It is difficult to predict the extent to which similar events and conditions may continue to affect us, directly or indirectly, in the future. However, any disruptions or declines in airline travel and business conventions could significantly harm operations.

11. The Company's Investment is Speculative. Investing in real estate as contemplated by the Company involves an inherent exposure to fluctuations in the real estate market, including the availability of financing, increases in mortgage rates and borrowing rates and general economic conditions, and there is no assurance that the Company's investment strategy will be successful. Prospective Investors should not subscribe for Units unless they can afford a loss of all their capital invested in the Company.

12. The Company's Investment is Illiquid. The Project may not be easy to liquidate. No assurance can be given that any of the Company's assets can or will be sold or liquidated, if necessary.

13. There may be Difficulty in Valuing the Company's Investment. It may be difficult to value the investment in the Project that will be made by the Company. Although the Managing Member has obtained a qualified appraisal indicating that the value of the current Project approximates the sales price from the Developer to the Company, no assurances can be given that the underlying real estate can be sold at the price reflected in any such appraisal.

14. The Company's Project Will be Subject to Typical Real Estate Investment Risks. The typical risks relating to an investment in real estate will apply to an investment in the Units including, but not limited to, the national, regional and local economic climates, competitive market forces, changes in market values, changes in market rates of interest and competition from other existing competing properties and new competing properties that may be developed in the future.

15. The Company may be Subject to the Risks of Leverage. The Company may obtain new first mortgage financing on all or a portion of the Project in order to minimize the amount of equity to be invested by the Members. The Company's target average debt to total book capitalization ratio will not exceed 60%. If its operations of a Property deviate in any material adverse respect from those projected, the Company may not have sufficient cash flow to service the required indebtedness as to a particular property. If the Company cannot do so, regardless of the cause, the Company will face a risk of forfeiture or foreclosure of its interest in a particular property.

16. The Managing Member and its Affiliates will Receive a Management Fee Regardless of the Company's Performance. The Company will pay the Managing Member and/or its Affiliates various fees for services rendered regardless of whether any distributions are made to the Members.

C. RISKS RELATED TO THE OFFERING

1. Determination of the Offering Price and Other Terms of the Units have been Arbitrarily Determined. The Offering Prices for the Units, and the returns proposed to be paid to Members and other terms of the Units have been arbitrarily determined by the Managing Member and do not and will not bear any relationship to assets acquired or to be acquired or the book value of the Company or any other established criteria or quantifiable indicia for valuing a business. No representation is being made by the Company or the Managing Member that the Units have or will have a market value equal to their Offering Price or could be resold (if at all) at their original Offering Price. The Offering Price for the Units should not be considered an indication of the actual value of the Units or the business of the Company or the price at which the Units may be transferred following the consummation of this Offering.

2. There will be no Public Market for the Units and the Units are Subject to Significant Restrictions on Transferability. There is no public market for the Units and no such market is expected to develop in the future. The sale of the Units is being made without registration under the Securities Act and applicable state securities laws in reliance upon various exemptions under the Securities Act, including the “**private offering**” exemption of Section 4(2) and Regulation D promulgated under the Securities Act and available exemptions under applicable state securities laws. Such Federal and state securities laws severely restrict the transferability of the Units offered hereby. Accordingly, an investment in the Units will be highly illiquid. The Units are considered “**restricted securities**” under the Securities Act and applicable state securities laws and cannot be resold or otherwise transferred unless they are registered under the Securities Act and any applicable state securities laws or are transferred in a transaction exempt from such registration requirements. Consequently, a holder of the Units may not be able to liquidate his/her/its investment and each investor's ability to control the timing of the liquidation of his/her/its investment in the Company will be restricted. Investors should be prepared to hold their Units indefinitely. In addition, an investor should be able to withstand a total loss of his/her/its investment in the Company.

3. The Operating Agreement also Limits Transferability of Units. Pursuant to the Operating Agreement, the Units are not readily transferable and no transfer of Units may be made unless, among other things, the transferor delivers to the Managing Member an opinion of counsel satisfactory to the Company that the transfer will not create adverse tax consequences and would not violate federal or state securities laws. Obtaining such an opinion on securities laws would generally require for its basis that the Units be registered under such laws or that an exemption from registration exists and there can be no assurance that an exemption will be available.

4. There are Important Factors Related to Forward-Looking Statements and Associated Risks. This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21 E of the Securities Exchange Act of 1934, as amended, and the Managing Member intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the products and future economic performance of the Company.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions, including but not limited to, the following: that the Company will be able to find investment opportunities that meet the criteria established by Company; that the Company will be able to negotiate terms of its investments on a basis favorable to the Company; that acquired real estate is operated and sold profitably; that the Company will accurately anticipate market demand; and that there will be no material adverse change in the Company's operations or business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere under other risk factors, the business and operations of the Company are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation or assurance by the Company or any other person that the objectives or plans of the Company will be achieved.

5. The Operating Agreement has not been Negotiated at Arm's - Length. The Managing Member has generally determined the terms of the Operating Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the Company and the Managing Member has not acted as counsel for or represented the interests of the Prospective Investors. Prospective Investors should consult with their own legal counsel with respect to the investment to the Company.

6. Risks Related to the Investment Company Act of 1940. The Company intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "**1940 Act**"). However, it cannot absolutely assure Prospective Investors that under certain conditions, changing circumstances or changes in the law, it may not become subject to the Act of 1940 Act in the future. Becoming subject to the 1940 Act could have a material adverse effect on the Company. It is also probable that the Company would be terminated and liquidated due to the cost of registration under the 1940 Act.

7. Returns To Investing Members. The Offering has been structured to provide an Investing Member the right to receive title to a furnished hospitality unit and a designated parking space in the parking garage. Accordingly, the value of such assets is limited and Investing Members will only share in their proportionate allocation of the profits and losses generated by the hospitality units owned by them and not in the overall operation of the Project, which benefit shall be retained by the Managing Member. Furthermore, each hospitality unit will be restricted in use by the applicable twenty-five (25) year management contract with the Project Manager. The costs of operating the hospitality project will be guaranteed to be funded by the Project Manager, but not any profit on the investment. Furthermore, there are no assurances that the Project Manager will continue to be able to fund the required cost expenses since the Project Manager is a newly formed entity that is not being separately capitalized and will be dependent upon the performance of the Project as a whole to fund such expenses. Based upon current estimates, the value of each

hospitality unit, including the furnishings and the allocable parking space, is projected to be below the Five Hundred Thousand Dollar (\$500,000) investment amount.

D. TAX RISKS

There are various federal income tax risks associated with an investment in the Units. Some, but not all, of the various risks associated with the federal income tax aspects of the Offering of which Prospective Investors should be aware are set forth below. The effect of certain tax consequences on a Member will depend, in part, on other items in the investor's tax return. No attempt is made herein to discuss or evaluate the state or local tax effects on any Prospective Investor. Although each Prospective Investor is urged to consult the Prospective Investor's own tax advisor concerning the effects of federal, state and local income tax laws on an investment in the Units and on the Prospective Investor's individual tax situation.

1. There are Risks Related to the Status of the Company for Federal Income Tax. The Company has been organized as a limited liability company under the laws of the State of Tennessee. The Company will not apply for a ruling from the Internal Revenue Service (the "IRS") that it will be treated as a partnership for federal income tax purposes. Therefore, no assurance can be given that the IRS will not successfully challenge the classification of the Company as a partnership.

The Company intends to file its tax returns as a partnership for federal and state income tax purposes. Prospective Investors should recognize that many of the advantages and economic benefits of an investment in the Interests depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. A change in this classification would require the applicable Company to pay a corporate level tax on its income which would reduce cash available to fund distributions to Members or for internally funding growth of the Company, prevent the flow-through of tax benefits, if any, for use on Members' personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in a Company's tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the Members could have tax liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of each Company as a partnership is dependent on present law and regulations, which are subject to change, and on the Company's ability to continue to satisfy a variety of criteria.

2. Members may have Possible Federal Income Tax Liability In Excess of Cash Distributions. The Managing Member believes that there is a reasonable basis to assume that the Company will be treated as a partnership for federal income tax purposes and will not be subject to federal income tax. Further, each Member will be taxed on the Member's allocable share of the Company's taxable income, regardless of whether the Company distributes cash to Members. Prospective Investors should be aware that although the Company will use its best efforts to make distributions in an amount necessary to pay income tax at the highest effective individual income tax rate on Company's income, the federal income tax on a Member's allocable share of the Company's taxable income may exceed distributions to such Member. A Member's allocable share of the Company's cash distribution is subject to federal income taxation only to the extent the amount of such distribution exceeds the Member's tax basis in the Member's Membership Interest

at the time of the distribution. Additionally, distributions, which exceed the amount for which a Member is considered “**at-risk**” with respect to the activity, could cause a recapture of previous losses, if any. There is a risk that a Member may not have sufficient basis or amounts “**at-risk**” to prevent allocated amounts from being taxable.

3. Deductibility of Employee's Salaries and Other Fees May be Challenged. To be deductible, payments for services must be ordinary and necessary expenses of a trade or business, reasonable in amount, and for services performed during the taxable year in which paid or accrued (or for past, but not future, years' services). The IRS has stated publicly that the deduction of fees and syndication costs will receive close scrutiny when returns are audited. If the informational tax return filed annually for federal income tax purposes by a Company is audited, no assurance can be given as to what extent the deductions claimed for these fees will be allowed. Any disallowance by the IRS which is not successfully rebutted will have the effect of increasing the taxable income of a Member by decreasing the allowable deduction attributed to each Member for the year in question.

4. Tax Auditing Procedures will be under Control of the Managing Member. Any audit of items of income, gain, loss or credits of a Company will be administered at the partnership level. The decisions made by the Managing Member with respect to such matters will be made in good faith consistent with the Managing Member's fiduciary duties to both the Company and to the Members, but may have an adverse affect upon the tax liabilities of the Members.

5. Changes in Federal Income Tax Laws and Policies may Adversely Affect Members. There can be no assurance that U.S. federal income tax laws and IRS administrative policies respecting the U.S. federal income tax consequences described in this Memorandum will not be changed in a manner which adversely affects the interests of Members.

6. Risks Related to Tax Shelter - Imposition of Accuracy-Related Penalty on Underpayments (Code Section 6662). A Member who is an individual could be subject to the Internal Revenue Code Section 6662 understatement penalty, if the Member's federal income tax liability is understated by the greater of \$5,000 or ten percent (10%) of the tax shown on the return.

The exceptions to the understatement penalty apply different standards based on whether the item giving rise to the tax understatement resulted from a “**tax shelter**.” The term “**tax shelter**” is defined to include a partnership if a significant purpose of such partnership is the avoidance or evasion of federal income tax. The Managing Member believes that that there is a reasonable basis to assume that the Company should not be classified as a tax shelter for purposes of the understatement penalty. If a tax shelter does exist, the understatement penalty will not be reduced even with adequate disclosure on the Member's tax return.

7. Risks Related to Disclosure of “Reportable Transactions” and Related Penalties. Pursuant to the regulations under Code section 6011, taxpayers are required to disclose with their tax return certain information for each “**reportable transaction**” in which the taxpayer participates. The disclosure is on Form 8886 Reportable Transaction Disclosure Statement filed with the taxpayer's income tax return for each year which the taxpayer participates in a reportable transaction, with a copy to the Office of Tax Shelter Analysis (“**OTSA**”) in Washington, D.C. for the first taxable year for which the transaction is disclosed.

Reportable transactions fall into six categories: listed transactions (transactions that IRS has determined to be a tax avoidance transaction and identified by published guidance), confidential transactions, transactions with contractual protection, loss transactions, transactions with a significant book-tax differences, and transactions involving a brief asset holding period.

Pursuant to Code Section 6111, each material advisor is required with respect to any reportable transaction to make a return of (i) information identifying and describing the transaction; (ii) information describing any potential tax benefits expected to result from the transaction; and (iii) other information as the Secretary may prescribe. A “**material advisor**” is defined as any person who (i) provides material aid, assistance or advice with respect to organizing, managing, promoting, selling, implementing, insuring or carrying out any reportable transaction; and (ii) directly or indirectly derives gross income in excess of \$250,000 (\$40,000 in cases involving a reportable transaction of which all of the tax benefits are provided to natural persons) or another amount as prescribed by the Internal Revenue Service.

A material advisor with respect to any reportable transaction is also required to maintain a list identifying each person with respect to whom the advisor acted as a material advisor with respect to the transaction.

Code Section 6662A - Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, provides that a 20-percent accuracy-related penalty may be imposed on any reportable transaction understatement. In addition, a higher 30-percent penalty applies to a reportable transaction understatement if a taxpayer does not adequately disclose, in accordance with regulations prescribed under Code Section 6011, the relevant facts affecting the tax treatment of the item giving rise to the reportable transaction understatement.

Code Section 6707A - Penalty For Failure To Include Reportable Transaction Information With Return, imposes a penalty of \$10,000 on natural persons who fail to include on any return or statement any information with respect to a reportable transaction that is required under Code section 6011. All other taxpayers are subject to a \$40,000 penalty for the same type of violation. For failures with respect to listed transactions, the penalty is increased to \$100,000 for natural persons and \$200,000 for all other taxpayers.

These penalties are effectively automatic and apply even if there is no understatement of income.

IN VIEW OF THE FOREGOING, IT IS ABSOLUTELY NECESSARY THAT EACH AND EVERY PROSPECTIVE INVESTOR CONSULT WITH THE PROSPECTIVE INVESTOR'S OWN ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, ACCOUNTING AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS.

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR NO. 230, BE ADVISED THAT ANY FEDERAL TAX ADVICE IN THIS COMMUNICATION, INCLUDING ANY ATTACHMENTS OR ENCLOSURES, WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY PERSON OR ENTITY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY INTERNAL REVENUE CODE PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON OR ENTITY. SUCH ADVICE WAS

WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED BY THE WRITTEN ADVICE. EACH PERSON OR ENTITY SHOULD SEEK ADVICE BASED ON THE ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

E. IMMIGRATION RISK FACTORS

A SUBSCRIBER SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH UNITED STATES IMMIGRATION LAWS AND PRACTICE. PURCHASE OF A MEMBER INTEREST DOES NOT GUARANTEE LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES. THE MEMBER INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK RELATING TO IMMIGRATION MATTERS. AMONG THE IMMIGRATION RISK FACTORS THAT A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY ARE THE FOLLOWING; HOWEVER, THIS LIST IS NOT EXHAUSTIVE AND DOES NOT PURPORT TO SUMMARIZE ALL RISKS ASSOCIATED WITH THE PURCHASE OF A MEMBER INTEREST. SEE “GENERAL RISK FACTORS” FOR CERTAIN ADDITIONAL RISKS ASSOCIATED WITH A PURCHASE OF A MEMBER INTEREST.

1. General.

While best efforts have been made to structure this offering so that you may meet EB-5, fifth employment-based visa preference requirements under 8 U.S.C. § 1153 (B)(5)(A) - (D); Immigration and Nationality Act § 203 (B)(5)(A) - (D) (the “Act”) and qualify as “alien entrepreneurs,” a preliminary step to becoming eligible for admission to the United States with your spouse and qualifying children as lawful permanent residents, no representations can be made and no guarantees can be given with respect to the ability of this investment to guarantee or otherwise assure that your application will be approved as an “alien entrepreneur” and will be granted by USCIS and obtain conditional or unconditional lawful permanent resident status.

2. Approval Of Investments In The Offering.

There is no procedure in the Act or its enabling regulations to pre-qualify an investment for the EB-5 alien entrepreneur program: an application on form 1-526 must filed with USCIS by you to determine the suitability of the investment offered herein for immigration purposes under 8 U.S.C. § 1153 (B)(5)(A) - (D); INA § 203 (B)(5)(A) - (D). USCIS may deny such an application for cause (as described in the statutes cited above).

3. Attaining Lawful Permanent Residence.

Despite the approval of your EB-5 Application, there cannot be any guarantee that you or your spouse or any of your minor, unmarried children will be granted lawful permanent residence. The grant of such immigration status is dependent, among other things, upon the personal and financial history of each applicant. Any one of the several government agencies may determine in its discretion, sometimes without the possibility of appeal, that an applicant for lawful permanent residence is excludable from the United States. In limited instances, a waiver of a ground of exclusion may be available under the law, but adjudications of waiver applications are themselves made in the unreviewable discretion of the government.

4. Grounds For Exclusion.

Persons applying for lawful permanent residence must overcome the statutory presumption of inadmissibility. Applicants must demonstrate, affirmatively, that they are admissible to the United States. There are many grounds of inadmissibility that the government may cite as a basis to deny admission for lawful permanent residence. Various statutes, including for example Sections 212, 237 & 241 of the Act, the Antiterrorism & Effective Death Penalty Act of 1996 (AEDPA) and the Illegal Immigration Reform & Immigrant Responsibility Act of 1996 (IIRAIRA) set forth grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa, entering the United States or adjusting to lawful permanent residence.

Examples of aliens precluded from entering the United States include:

(a) persons who are determined to have a communicable disease of public health significance;

(b) persons who are found to have, or have had, a physical or mental disorder and behavior associated with the disorder which poses or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior.

(c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime.

(d) persons who have been convicted of any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same;

(e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude;

- (f) persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances;
- (g) persons engaged in prostitution or commercialized vice;
- (h) persons who have committed in the United States certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity;
- (i) persons excludable on grounds related to national security, related grounds, or terrorist activities;
- (j) persons determined to be excludable by the secretary of state of the United States on grounds related to foreign policy;
- (k) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide;
- (l) persons who are likely to become a public charge at any time after entry;
- (m) persons who were previously deported or excluded and deported from the United States;
- (n) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the United States or other benefit under the Immigration Act;
- (o) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law;
- (p) certain aliens who have departed the United States to avoid or evade U.S. Military service or training;
- (q) persons who are practicing polygamists; and
- (r) persons who were unlawfully present in the United States for continuous or cumulative periods in excess of 180 days.

5. No Return of Funds if Visa or Adjustment of Status is Denied.

Following receipt of EB-5 Conditional Approval, you, your spouse and qualifying children must timely apply for an immigrant visa or adjustment to permanent resident status. As part of this process, you will undergo medical, police, security and immigration history checks to determine whether you, your spouse and qualifying children are inadmissible to the United States for any of the reasons mentioned above or for any other reason. The visa or adjustment of status may be denied notwithstanding EB-5 Conditional Approval. If, following closing and disbursement of both the Expense Escrow Account and the Project Escrow Account, you or your spouse or any of your children are denied a visa for conditional lawful permanent residence or denied adjustment of

status to conditional lawful permanent residence such action will not entitle you to the return of any funds paid to the Company or its affiliates.

6. Conditional Lawful Permanent Residence.

Lawful permanent residence status granted initially to you, your spouse and your qualifying children is “conditional;” you, your spouse and your qualifying children must seek removal of conditions before the second anniversary of lawful permanent admission to the United States. There cannot be any assurance that the USCIS will consent to the removal of conditions as to you, your spouse and your qualifying children, each of whom must make a separate application to remove conditions. If you fail to have conditions removed, you, your spouse and your qualifying children will be required to leave the United States and may be placed in removal proceedings. Even if you succeed in having conditions removed, your spouse and each of your qualifying children, separately, must have conditions removed. Failure to have conditions removed as to any of these members of your family may require some members to depart from the United States and such family members may be placed in removal proceedings.

7. No Regulations Regarding Removal of Conditions.

The USCIS regulations governing lawful permanent residence for investors do not state specifically the criteria which USCIS must apply to determine eligibility for the removal of conditions to lawful permanent resident status. Courts have determined some standards to be followed by USCIS in some, but not all, circumstances. The Company may make certain management decisions in the absence of these specific eligibility criteria. The Company will seek as much information as possible from USCIS in an effort to assist you qualify for the removal of conditions, where good business practices permit. This notwithstanding, you should become educated about the standards that will determine eligibility of an investor and the spouse or children of the investor to achieve unconditional lawful permanent residence in the United States pursuant to this program which currently is in a state of evolution.

8. Numerical Quotas.

Currently, ten thousand (10,000) EB-5, fifth preference visa statuses are allocated annually to alien investors and the spouse and qualifying children of the investor of which 3,000 are currently allocated to Regional Centers. EB-5 status is available on a first-come, first-served basis. If more statuses are sought than are available, a delay in the availability of EB-5, lawful permanent resident status will result. There is no reliable means to predict if such a delay will occur, or if it occurs, how long an investor or the spouse and qualifying children of the investor will wait before visa status for them becomes available. Sometimes the number of visa statuses authorized changes or the preference of a visa status is redefined. There is no reliable means to predict whether or when either or both of these changes will occur. In the event of either or both of these changes, the availability of current EB-5, fifth preference visa statuses may end, the number of EB-5, fifth preference statuses may decrease or increase, or the time it takes to acquire EB-5 status may increase significantly. Other changes in the administration of the visa preference system may affect and even preclude the ability to obtain a visa for lawful permanent residence or to adjust to lawful permanent residence.

9. Expiration Of The Regional Center Pilot Program.

The regional center pilot program was first created in 1992. Since then it has been extended, most recently through October 31, 2009 and then for an additional three (3) years. This project relies on the regional center pilot program so that employment created indirectly by investments in the project may be counted towards the minimum number of jobs needed to qualify an investor, the investor's spouse and the qualifying children of the investor to have conditions removed. It is reported that EB-5 petitions are increasing in regional centers. There is not reliable means to know if the regional center program will be extended or made permanent. If the regional center program is not extended, applicants from this project seeking removal of conditions may have their applications delayed or denied causing serious hardship, including possible removal from the United States.

10. Active Participation in the Company's Business.

The EB-5 program requires that an applicant is actively involved in the business affairs of the Company. Failure to be actively involved may jeopardize your EB-5 Conditional Approval or result in the denial of lawful permanent residence status for you, your spouse and your qualifying children. The Operating Agreement, reflecting the EB-5 regulations governing what level of participation is acceptable to meet the EB-5 criteria, mandates that each member shall participate in the management of the Company to the extent reflected therein. The right to approve certain decisions of the Company as set forth in the Operating Agreement is expected to be sufficient to meet these requirements, or else the Managing Member will cause the Operating Agreement to be amended to conform with EB-5 regulations.

11. Risks Attendant to the EB-5, Fifth Preference Visa Status.

The EB-5 program has many requirements that must be met to the satisfaction of USCIS. The failure to meet even one of these requirements to the satisfaction of USCIS may result in the denial of a I-526 petition.

12. Family Relationships.

(a) spouses of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor and the spouse, deemed a derivative beneficiary, were married at the time of the investor's first admission to the United States as a conditional lawful permanent resident or following adjustment of status to lawful permanent residence. USCIS will not recognize common law marriages for the purpose of permitting a spouse to be a qualifying derivative beneficiary. If the relationship is one of common law, the "spouse" of the investor may not acquire lawful permanent resident status on account of the relationship.

(b) Children or step-children of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor can establish parentage or step-parentage at the time of the investor's first admission to the United States as a conditional lawful permanent resident or adjustment of status to lawful permanent residence. Failure to comply with all applicable requirements may result in the separation of a

child from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(c) A “child” is someone under the age of 21 years who is unmarried. If a child becomes age 21 or marries before being admitted to the U.S. as a lawful permanent resident or adjusting to lawful permanent resident status, the former child, now deemed a son or daughter may not be eligible to accompany or follow to join the investor. In some circumstances, the child status protection act may assist a son or daughter to qualify as a child by reducing the deemed age of the son or daughter to less than 21 years. Failure to meet the requirements of the child status protection act may result in the separation of a son or daughter from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(d) Under some circumstances, a child who becomes 21 years of age or marries while holding conditional lawful permanent resident status may remain eligible to remove conditions. Failure to meet qualifying conditions, most of which are not within the child's control, will result in the child being placed in removal proceedings and may require the child to depart the United States.

(e) Upon the death of an investor before conditions are removed, a spouse and qualifying children of the investor are entitled to seek removal of conditions by submission of the same evidence demonstrating compliance with required criteria that USCIS requires of an investor seeking to remove conditions. Failure of each member of the family to establish these criteria will result in the denial of the application to remove conditions, placement of the family members in removal proceedings and their mandated departure from the United States.

(f) It is unclear under USCIS procedures if a child who becomes a son or daughter before the death of the investor is entitled to seek removal of conditions. USCIS regulations are silent on this matter. If USCIS does not extend this benefit, such a son or daughter will be denied an application to remove conditions and will be placed in removal proceedings and may be mandated to depart the United States.

VI. SUMMARY OF THE OPERATING AGREEMENT

The Company is organized under the Tennessee Limited Liability Company. The rights and obligations of the Members are governed by that statute and by the Operating Agreement. A copy of the Operating Agreement is attached as **Exhibit C** to this Memorandum. Prospective investors should review the Operating Agreement carefully before investing in the Company. The following discussion of the Operating Agreement is intended to be summary only, does not purport to be complete, and is qualified by reference to the Operating Agreement in its entirety.

1. Responsibilities of the Managing Member.

The Managing Member has the exclusive management and control of all aspects of the business of the Company, including the overseeing of the development and operation of the Project. The Managing Member may transfer its interest in the Company to an unaffiliated party only with the consent of a majority in interest of the Investing Members.

2. Company Finances.

Capital Accounts. A Member's interest in a limited liability company consists of a capital account maintained for the Member on the books of such Company, the value of which is calculated not less frequently than as of the end of each fiscal quarter. The capital account is credited with a Member's capital contributions to, as well as the amount of net income allocable to the Member, and is charged with the amount of the distributions to the Member and the amount of any net losses allocable to the Member. The net profits and losses will be allocated among the Members in a manner consistent with distributions as outlined below and elsewhere in this Memorandum. Certain special allocations may, however, be made in accordance with the provisions of the Operating Agreement to prevent Members from having negative balances in their capital accounts.

Distributions. Net Cash Flow (in excess of reasonable reserves to pay expenses including management fees) will be distributed at the discretion of the Managing Member. The Managing Member will endeavor to cause the Company to distribute this amount within ninety (90) days after the close of each calendar year in order to provide funds to Members to satisfy their federal income tax obligations relating to the Company.

3. Withdrawals.

Generally, an Investing Member may not withdraw from a Company unless the Managing Member consents to such withdrawal, which consent may be withheld in the Managing Member's sole discretion.

4. Affiliated Transactions.

The Operating Agreement contains a number of provisions which, consistent with the Managing Member's fiduciary duties to the Investing Members, establish certain procedures and

rights in favor of the Investing Members while at the same time delineate the areas in which the Managing Member and its affiliates may act independently of the Company.

Other Business. The Managing Member, the Principals and its other affiliates and its employees will devote such time as they deem necessary to the Company. Further, the Managing Members, the Principals and its other affiliates may, with certain exceptions, engage or have an interest in any other business venture or activity of any kind, even if such venture or activity is competitive with the business of the Company.

5. Exculpation and Indemnification of the Managing Member.

The Operating Agreement exculpates the Managing Member, the Principals and its other affiliates, to the fullest extent permitted by law, from liability for acts or omissions or errors in judgment in the performance of its duties under the Operating Agreement if they acted in good faith and in a manner they reasonably believes to be within the scope of authority granted to them and in or not opposed to the best interests of the Company, unless such liability arises out of their gross negligence, fraud, or willful misconduct in the performance of their duties. The Operating Agreement also provides for indemnification by the Company of the Managing Member, the Principals and its other affiliates, to the fullest extent permitted by law, for liabilities incurred in their respective capacities, except for acts of gross negligence, fraud, or willful misconduct. As a result of such exculpation and indemnification provisions, an Investing Member may have a more limited right of action than he/she would otherwise have in the absence of such provisions. Investing Members will be notified if any indemnification is made and of the reasons therefore.

6. Term and Dissolution.

The term of the Company will continue until December 31, 2040. The Company may be dissolved at an earlier date if certain contingencies occur. On dissolution of the Company, the assets will be liquidated and the proceeds distributed to the Investing Members in proportion to their respective Interests in the Company. A final accounting will be made by the Managing Member and furnished to all Investing Members.

7. Amendments.

The Operating Agreement may not be modified except with the written consent of the Managing Member and a majority in interest of the Investing Members, (excluding, in certain cases, the interest of the Managing member, the Principals and its other affiliates as Investing Members), except that, for certain limited purposes relating to administrative matters, the Managing Member may amend the Operating Agreement without the consent of the Investing Members. Any amendment that would have a material adverse effect on the rights or interest of any Investing Member would also require the consent of such Investing Member.

8. Restrictions on Transfer.

An Investing Member may not transfer any portion of its Interest in the Company without (a) the prior written consent of the Managing Member, which may be withheld in its sole discretion (except on the death of an individual Investing Member or by operation of law pursuant to the reorganization of an Investing Member) and (b) receipt by the Managing Member of an

opinion of counsel that such transfer would not result in a violation of the Securities Act or any applicable state securities laws.

9. Limited Liability.

Investing Members are prohibited from participating in control of the Company. If an Investing Member participated in the control of the Company, such Investing Member would be liable to persons who transact business with the Company reasonably believing, based on such Investing Member's conduct, that such Investing Member is a general partner. Assuming that an Investing Member does not take part in the control of the business of the Company, and otherwise acts in conformity with the provisions of the Operating Agreement, its liability will be limited to return of distributions which the Investing Member knew were made while the Company was insolvent or which rendered the Company insolvent or which the Investing Member knew were otherwise made in contravention of the Operating Agreement. Under Tennessee law, a limited liability company may not make a distribution to its Members to the extent that, immediately after giving effect to the distribution, all liabilities of such limited liability company, other than liabilities to Members in respect of their membership interests and liabilities for which the recourse of creditors is limited to specific property of the limited partnership, exceed the fair value of the limited liability company assets (subject to certain adjustments with respect to nonrecourse indebtedness). If the Company were to make such a prohibited distribution, an Investing Member who received such a distribution would be obligated under state law to return it to the Company if the Investing Member knew that the distribution was made in violation of the foregoing prohibition. Any such liability that a person may incur as an Investing Member of the Company for return of a wrongful distribution would not be released by the sale of its Interest. Under Tennessee law, an assignee who becomes a substitute the Company is liable for the obligation of its assignor to make capital contributions, except that the assignee is not obligated for liabilities unknown to him at the time he became a Member and which could not be ascertained from the Operating Agreement.

10. Distributions. Reference is made to "OFFERING SUMMARY - Distribution" for a description of distributions to Members.

11. Termination of Investing Member Interest in the Company. Once each Investing Member has received a distribution of his or her hospitality unit and been allocated a parking space as a return of capital, such Investing Member shall no longer have an Interest in the Company, and such Investing Member's continued benefit in the Project shall be derived solely from his or her allocable distributions under the Management Agreement with the Project Manager.

VII. SUBSCRIPTION AGREEMENT

Subscription Agreement

General

A Subscriber will be required to deliver an executed Subscription Agreement to the Company. A form of the Subscription Agreement is attached hereto as **Exhibit A**. By execution of the Subscription Agreement, a Subscriber irrevocably subscribes for and agrees to purchase a Member Interest and fund the First Installment. The Company reserves the right to reject a subscription (the “Subscription”) in its sole discretion. If the Subscription is accepted, the Company will notify Subscriber of same and will notify Subscriber of the scheduled date of funding the First Installment and the Second Installment. If the Subscription is rejected in full, all funds received from the Subscriber will be returned without interest, and thereafter the Subscription Agreement shall be of no further force or effect.

Representations, Warranties and Covenants

In the Subscription Agreement, a Subscriber makes various representations, warranties and covenants to the Company, including without limitation, the following:

(a) that the Subscriber understands that the offer and sale of the Member Interests have not been registered under the Securities Act, any state securities or “blue sky” laws, or any rules or regulations promulgated thereunder (collectively, “Securities Laws”), pursuant to applicable exemptions. Without such registration, such Member interests may not be sold, pledged, hypothecated or otherwise transferred at any time whatsoever, and such Member Interests may not be offered or sold in the United States or to a U.S. Person, except upon delivery to the Company of an opinion of counsel satisfactory to the Managing Member and/or the Company's counsel that registration is not required for such transfer or the submission to the Managing Member of such other evidence as may be satisfactory to the Managing Member and/or the Company's counsel to the effect that any such transfer will not be in violation of the Securities Laws. No hedging transactions involving the Member Interests may be conducted unless in compliance with the Securities Laws;

(b) that Subscriber acknowledges that neither the Company nor the Managing Member is obligated to register the Member Interests under the Securities Laws. Subscriber further understands that the transfer of the Member Interests may be substantially restricted by the Securities Laws and by the absence of a trading market therefor, and the transfer of the Member Interests is additionally restricted by the terms of the Operating Agreement; that no trading market for the Member Interests exists and none is expected to develop, and that any sale or other disposition of the Member Interests may result in unfavorable tax consequences to the Subscriber. The Subscriber acknowledges that the restrictions on the transferability of the Member Interests are substantial and may require the Subscriber to hold the Member Interests indefinitely;

(c) that the Subscriber has adequate means of providing for the Subscriber's current and future needs and possible personal contingencies and has no need for liquidity of the Member Interests;

(d) that Subscriber understands that the Company has been recently formed to acquire, develop and operate the Project and has no operating history. The Company is in its early stages of operation, is not profitable, and its future profitability cannot be assured. If the Minimum Condition is satisfied but the Company is unable to raise the Maximum Offering Amount prior to the expiration of the Offering Period, the Company will be required to obtain financing, which will result in increased fixed operating expenses as a result of such leverage;

(e) that the Subscriber understands that: (i) its subscription for Member Interests is irrevocable until the Offering Period ends without the Company's written consent; (ii) an investment in the Member Interests is a speculative investment that involves a high degree of risk, including the risk of loss of the entire investment of the Subscriber in the Company; (iii) no federal or state agency has passed upon the adequacy or accuracy of the information made available to the Subscriber, or made any finding or determination as to the fairness for investment, or any recommendation or endorsement of the Member Interests as an investment; (iv) there will be restrictions on the transferability of the Member Interests under the Securities Laws and the Operating Agreement and there will be no public market for the Member Interests, and, accordingly, it may not be possible for the Subscriber to liquidate its investment in the Member Interests; (v) any anticipated federal and/or state income tax benefits applicable to the Member Interests may be lost through changes in, or adverse interpretations of, existing laws and regulations; and (vi) there is no assurance that the Company will ever be profitable, or that the Subscriber's investment in the Member Interests will ever be recoverable;

(f) that the Subscriber acknowledges that there is no assurance that its EB-5 Application will be granted. Neither the Company, its Managing Member, nor the Company's selected immigration counsel has made any effort to pre-determine Subscriber's personal qualifications and circumstances and whether Subscriber is likely or not likely to obtain favorable action on its EB-5 Application or EB-5 Visa. By subscribing for a Member Interest in the Company, Subscriber acknowledges that, once the Initial Condition is met, the portion of its subscription that will be deposited to the Expense Escrow Account will not be returned under any circumstances and that there are numerous reasons, aside from the Project qualifying as an appropriate EB-5 investment, upon which Subscribers may be denied residency in the United States;

(g) that the Subscriber has been provided with a **copy** of the Company's Offering Memorandum, including, as exhibits thereto, the Operating Agreement, the Escrow Agreement, a form of this Subscription Agreement, the Purchase Agreements, has reviewed same, has had the opportunity to ask questions of the Company's Managing Member, has received answers adequate to Subscriber with respect to same, and has no further questions regarding the Company or the Managing Member.;

(h) that the Subscriber acknowledges that: (i) the risks inherent to this investment have been fully considered; (ii) the Managing Member will have substantial and exclusive authority to conduct the operation of the Company; (iii) the Company will be relying on outside management

companies to manage portions of the Project; and (iv) an investment in the Member Interests has neither been approved nor disapproved by the United States Securities and Exchange Commission or the Securities Division of the Department of Banking and Finance of the State of Tennessee or any other department or agency of any other jurisdiction, and such authorities have not passed upon the adequacy or accuracy of the disclosure provided to investors in connection with an investment in the Member Interests;

(i) that the Subscriber acknowledges that neither the Company nor any representative of the Company has made any representations or warranties in respect of the Company's business or profitability. Without limiting the generality of the foregoing, the undersigned acknowledges and agrees that information, including any business plan or financial projections or forecasts or other information contained in written materials provided or made available to the undersigned, and any oral, visual or other presentations made by the Company or its representatives to the Subscriber shall not be deemed a representation or warranty in respect of the matters therein. Subscriber acknowledges that the Offering Memorandum contains information that the Managing Member believes is accurate and, as same relates to the projected revenues and expenses of the Company, data that the Managing Member believes is a reasonable forecast of the results that the Company will achieve; however, as an accredited, experienced and sophisticated investor, Subscriber is aware that there are myriad foreseeable and unforeseeable events that could cause the assumptions underlying the financial projections to not materialize, and the results of same may cause material adverse consequences to the financial results of the Company;

(j) that the Subscriber is acquiring the Member Interests solely for the account of the Subscriber for investment purposes only and not for distribution or resale to others. The Subscriber will not resell or offer to resell all or a portion of the Member Interests except in strict compliance with all applicable Securities Laws including, without limitation, Regulation S (Rules 901 through 905 and Preliminary Statement) under the Securities Act of 1933, as amended, and the Operating Agreement.

(k) that the Subscriber's financial condition is such that it has no need for liquidity with respect to its investment to satisfy any existing or contemplated undertaking or indebtedness and is able to bear the economic risk of its investment for an indefinite period of time, including the risk of losing all of its investment;

(l) that the Subscriber acknowledges that the offer and sale of the Member Interests is not taking place within the United States, but rather in an "offshore transaction," as defined in Rule 902 of Regulation S adopted by the Securities Exchange Commission pursuant to the Securities Act of 1933, as amended. "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(m) that the Subscriber acknowledges that the Member Interests have not been registered under the Securities Act and therefore cannot be offered and sold in the United States or to U.S. Persons, unless the Member Interests are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Subscriber is not a U.S Person and is not acquiring the Member Interest for the account or benefit of any U.S. Person;

(n) that the Subscriber acknowledges and confirms that the Subscriber has been given complete access to all documents, records, contracts and books of or relating to the Company and the Member Interests now existing, and all other information to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, and that the Subscriber has engaged in a complete examination of all such documents, records, contracts and books to the extent deemed necessary by the Subscriber in reaching the Subscriber's decision to invest in the Company. The Subscriber further acknowledges and confirms that the Subscriber has had an opportunity to ask questions of and receive answers from the Company and the Company's Managing Member concerning the Member Interests, the prospective contemplated business and purpose of the Company, and with respect to any other matter the Subscriber has deemed relevant, and all such inquiries have been answered to the Subscriber's satisfaction. In addition, Subscriber acknowledges that it has had and may have, at any reasonable hour, after reasonable prior notice, access to the financial and other records of the Company which the Company can obtain without unreasonable effort or expense, and further acknowledges that Subscriber has obtained, in Subscriber's judgment, sufficient information from the Company to evaluate the merits and risks of an investment in the Company;

(o) that in making the decision to purchase the Member interests, Subscriber has relied solely upon independent investigations made by Subscriber, and the Subscriber further represents and warrants that the Subscriber is not acquiring the Member Interests as a result of any advertisement, article, notice or other communication published in any newspaper, magazine or similar media distributed in the United States, any seminar in the United States or any solicitation by a person in the United States not previously known to the Subscriber, and that Subscriber is not aware of any general solicitation within the United States or general advertising within the United States regarding the purchase or sale of the Member Interests. The Subscriber acknowledges and confirms that it is not relying upon any statement, representation or warranty made by the Company or its respective representatives in making a decision to subscribe for the Member Interests. Subscriber must rely solely on the terms of the Operating Agreement for the terms of Subscriber's participation in the Company and the rights and responsibilities of owning its Member Interests;

(p) that the Subscriber is a bona fide resident of the country set forth in his or her address in the Subscription Agreement, and agrees that if his or her principal residence changes prior to his/her/its purchase of the Member Interests, he/she/it will promptly notify the Managing Member of the Company. The Subscriber represents and warrants that the Subscriber is not a U.S. Person, is not a citizen or resident alien of the United States, and did not receive an offer to purchase the Member Interests or the Offering Memorandum in the United States and did not execute the Subscription Agreement and pay the Initial Installments or Final Installment from within the United States. If requested by the Company, Subscriber further agrees to execute and deliver to the Company an appropriate IRS Form W-8 certifying that he or she is a Non-Resident Alien and deliver a renewal of this form every three (3) years; and

(q) that the Subscriber understands that the Company and its Managing Member will be relying on the accuracy and completeness of all matters set forth in the Subscription Agreement, and the Subscriber represents and warrants to the Company, its Managing Member and each of their affiliates that the information, representations, warranties, acknowledgments and all other matters set forth in the Subscription Agreement with respect to the Subscriber are complete, true

and correct and does not fail to include any material fact necessary to make the facts stated, in light of the circumstances in which they are made, not misleading, and may be relied upon by them in determining whether the offer and sale of the Member Interests to the Subscriber is exempt from registration under the Securities Laws, and the Subscriber will notify them immediately of any change in any statements made in the Subscription Agreement that occurs prior to the consummation of the purchase of the Member Interests.

Accredited Investor

A Subscriber will represent and warrant in the Subscription Agreement that Subscriber is an “Accredited Investor” and has accurately completed the Accredited Investor Status section of the signature page to the Subscription Agreement in order to evidence same. The Subscriber will represent and warrant that it is also a “sophisticated person” in that Subscriber has such knowledge and experience in financial and business matters that individually and/or with the aid of advisers, it is capable of evaluating the merits and risks of an investment in the Company by making an informed investment decision with respect thereto.

VIII. ESCROW AGREEMENT

Escrow Agreement

General

By execution of the Subscription Agreement, each Subscriber agrees to be bound to the terms and conditions of the Escrow Agreement to the same extent as if the Subscriber had separately executed the Escrow Agreement. **RBC Bank** is the designated Escrow Agent under the Escrow Agreement, and escrowed funds will be maintained at **RBC Bank**. All subscription proceeds from this Offering will be held in escrow by the Escrow Agent pursuant to the terms of the Escrow Agreement establishing the Expense Escrow Account and the Project Escrow Account. A form of the Escrow Agreement is attached hereto as Exhibit B.

Deposit to Escrow Accounts; Release from Escrow Accounts

From Subscriber's Five Hundred Thirty Five Thousand Dollar (\$535,000) investment, the sum of Thirty-Five Thousand Dollars (\$35,000) will be deposited in the Expense Escrow Account and the balance in the Project Escrow Account. Except as may be otherwise provided in the Subscription Agreement, all investment earnings on subscription proceeds shall inure to the benefit of the Company.

A Subscriber's escrowed proceeds in the Project Escrow Account will only be released to the Company and its affiliates if the Initial Condition is met (*i.e.* Company receives and accepts subscriptions for at least Thirty Million Dollars (\$30,000,000) of Member Interests during the Offering Period) (excluding the \$35,000 per Investor Offering costs) and Subscribers for at least that amount, including the Subscriber whose funds are to be released from the Project Escrow Account, have received EB-5 Conditional Approval in response to their EB-5 Application within one hundred eighty (180) days after the end of the Offering Period (together with the Initial Condition, the "Minimum Condition"). However, once the Initial Condition is met, each Subscriber whose Subscription is accepted becomes an Investing Member of the Company and the Escrow Agent will release such Member's funds in the Expense Escrow Account to the Company, at its unilateral request, to enable the Company to pay certain offering expenses and the legal fees, migration expenses and fees and out of pocket expenses and fees incurred for legal services in connection with preparing and filing the EB-5 Application for Subscriber and administrative costs incurred in connection with USCIS compliance, Regional Center administration, international marketing advisement and for interfacing with agents, attorneys, and others. If Subscriber's EB-5 Application is approved by USCIS, any unused portion of Subscriber's investment deposited to the Expense Escrow Account and all of Subscriber's funds in the Project Escrow Account shall be disbursed by the Escrow Agent to the Company and used by the Company to fund the acquisition and development of the Project and for working capital. If the Initial Condition is met and a Subscriber became an Investing Member but the Minimum Condition is not met by one hundred eighty (180) days after the end of the Offering Period (as same may be extended) or the Minimum Condition is met but the Investing Member's EB-5 Application is not approved by the USCIS, the Escrow Agent will return the Five Hundred and Thirty Five Thousand Dollars (\$535,000) from the

expense Project Escrow Account to the Investing Member, without interest, and such Investing Member's Member Interest in the Company shall be automatically terminated *ab initio*, so that such Investing Member is no longer a Member of the Company or a party to the Operating Agreement.

IX. PROJECT MANAGEMENT AGREEMENTS

See Summary of Offering and information contained in Exhibit F concerning the Contractors Agreement and Project Manager Agreement to be entered into by the Company, as well as the separate Management Agreement to be entered into by each Investing Member with respect to the rental pool management of his or her hospitality unit upon the distribution of same by the Company as described above.

X. TAX MATTERS

No Federal income tax ruling will be requested from the IRS with respect to any of the income tax consequences or Federal estate tax consequences attributable to the Company's activities or ownership of a Unit. Therefore, a material risk exists that upon audit certain items of deduction may be disallowed in whole or in part or required to be capitalized by the Company. The Managing Member presently intends to prepare the Company's information returns based on interpretations of tax law it deems to be most favorable to the majority of investors. However, it will be the responsibility of each Member to prepare and file all appropriate tax returns that he or she may be required to file as a result of his participation in the Company. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT WITH HIS OWN TAX ADVISOR AND COUNSEL WITH RESPECT TO ALL TAX ASPECTS OF THE ACQUISITION AND OWNERSHIP OF A UNIT.

United States Tax Status

The Company will be classified for U.S. federal income tax purposes as a partnership rather than as an association taxable as a corporation under currently applicable tax laws. This advice, however, is not binding on the IRS or the courts, and no ruling has been, or will be, requested from the IRS. No assurance can be given that the IRS will concur with such opinions or the tax consequences set forth below.

The Company will not pay U.S. federal income taxes, but each Member will be required to report his or her distributive share (whether or not distributed) of the income, gains, losses, deductions and credits of the Company. It is possible that the Members could incur income tax liabilities without receiving from the Company sufficient distributions to defray such tax liabilities. The Company's taxable year will be the calendar year, or such other year as required by the Code. Tax information will be distributed to each Member as soon as reasonably practicable after the end of the year.

Certain Considerations for U.S. Investors

The following discussion summarizes certain significant U.S. federal income tax consequences to a Prospective Investor who: (a) owns, directly or indirectly through a partnership

or other flow-through entity, an interest as an Investing Member; (b) is, with respect to the United States, a citizen or resident individual, a domestic corporation, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust for which a court in the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions, as such terms are defined for U.S. federal income tax purposes; and (c) is not tax-exempt.

Except as described in the following paragraph, interest on any amount borrowed by a Member (other than a corporation) to purchase Units in the Company will generally be “**investment interest**,” subject to a limitation on deductibility. In general, investment interest will be deductible only to the extent of the taxpayer’s “**net investment income**.” For this purpose “net investment income” will generally include net income from the Company and other income from property held for investment (other than income treated as passive business income). However, long-term capital gain is excluded from the definition of net investment income unless the taxpayer makes a special election to treat such gain as ordinary income rather than long-term capital gain. Interest which is not deductible in the year incurred because of the investment interest limitation may be carried forward and deducted in a future year in which the taxpayer has sufficient investment income.

Interest on any amount borrowed by an Investing Member to make a capital contribution to the Company which amount is allocable to a portfolio company that is a limited liability company engaged in business will generally be treated as a passive business activity expense (rather than an “**investment interest**”). As discussed below, certain categories of Investing Members are subject to limitations on deducting losses from passive business activities.

The Operating Agreement will contain provisions intended to comply substantially with IRS regulations describing partnership allocations that will be treated as having “**substantial economic effect**,” and hence be respected, for tax purposes. However, those regulations are extremely complex, and there can be no assurance that the allocations of income, deduction, loss and gain for tax purposes made pursuant to the Operating Agreement will be respected by the IRS, if reviewed. Even if the IRS were to review the Company’s allocations and determine that they do not technically comply with such regulations, such allocations would be determined “in accordance with each partner’s interest in the partnership (determined by taking into account all facts and circumstances).” The allocations under the Operating Agreement should in most cases be substantially identical to each “**partner’s interest in the partnership**.”

Non-corporate investors (and certain closely held, personal service and S corporations) are subject to limitations on using losses from passive business activities to offset active business income, compensation income, and portfolio income (e.g., interest, dividends, capital gains from portfolio investment, royalties, etc.). The Company’s distributive share of income or losses generally will be treated as passive activity income or losses. Accordingly, a Member will be subject to the passive activity loss limitations on the use of any allowable Company losses and allocable Company expenses.

Certain U.S. Tax Considerations for Foreign Investors

The U.S. federal income tax treatment of a non-resident alien (a “**non-U.S. Investing Member**”) investing as an Investing Member in the Company is complex and will vary depending on the circumstances and activities of such Investing Member and the Company. Each non-U.S. Investing Member is urged to consult with its own tax advisor regarding the U.S. federal, state, local and foreign income, estate and other tax consequences of an investment in the Company. The following discussion assumes that a non-U.S. Investing Member is not subject to U.S. federal income taxes as a result of the Member’s presence or activities in the United States other than as an Investing Member in the Company.

A non-U.S. Investing Member will generally be subject to U.S. federal withholding taxes at the rate of thirty percent (30%) (or such lower rate provided by an applicable tax treaty) on its share of Company income from dividends interest (other than interest which constitutes portfolio interest within the meaning of the Code) and certain other income.

The Company will be deemed to be engaged in a U.S. trade or business. A non-U.S. Investing Member’s share of Company income and gains will be deemed “effectively connected” with such a U.S. trade or business of the Company (including operating income from Company) will be subject to tax at normal graduated U.S. federal income tax rates. A non-U.S. Investing Member generally will be required to file a U.S. federal income tax return with respect to the non-U.S. Investing Member’s share of the Company’s effectively connected income. The Company will be required to withhold U.S. federal income tax with respect to the non-U.S. Investing Member’s share of Company income that is effectively connected income.

A non-U.S. Investing Member’s share of the Company’s gain from the sale of the Property will be subject to U.S. capital gains taxes since same constitutes a United States real property interest, in which case such gain would be deemed to be “effectively connected income” and subject to the treatment described in the previous paragraph.

As the interest in the Company constitutes a United States real property interest, each non-U.S. Investing Member is subject to US estate tax on his or her interest in the Company, if at the time death, the non-U.S. Investing Member remains a non-U.S. resident. Currently, under the Internal Revenue Code, a non- U.S. Investing Member may pass, free of US estate tax, the first \$60,000 of U.S. situated assets. The value in excess of this \$60,000 exemption will be subject to federal estate tax at a 45% rate. In order to alleviate the potential burden of US estate tax, the Managing Member has consulted with a licensed insurance agent who may offer each non-U.S. Investing Member, on an individual basis, the opportunity to purchase a life insurance policy insuring their individual lives for a period of five (5) years. While this does not avoid or minimize the US estate tax, it provides liquidity to pay such tax.

This Memorandum does not address all of the U.S. federal income tax consequences to the Members of an investment in the Company, and does not address any of the state or local tax consequences of such an investment to any Member, or all of the United States or foreign tax consequences of such an investment to any Member that is not a United States person or entity. Each prospective investor is advised to consult its own tax counsel as to the U.S. federal income tax consequences of an investment in the Company and as to applicable state, local and foreign taxes. Special considerations may apply to prospective investors who are not United States

persons or entities and such investors are advised to consult their tax advisors with regard to the United States, state, local and foreign tax consequences of an investment in the Company.

Real Estate Business Features

Given the nature of the Big Elk Resort Project and the intended operation of the Property and liquidation of completed units in the ordinary course of business, this component of the Project will subject the Company, and therefore its members, to ordinary income tax treatment on profits generated from this activity. Currently, the maximum United States tax rate is thirty-five percent (35%), although there are pending proposals by the President and in Congress to increase this maximum rate to forty percent (40%) or even more, depending upon the level of income of the taxpayer. Furthermore, there is an effective State of Tennessee income tax, which tax serves as a deduction against ordinary income otherwise includible.

The operation of the hospitality portion of the Project also involves a trade or business and will subject the Company, and therefore its members, to ordinary income treatment on operating profits. However, the sale of the capital based components of the Project, such as the recreational facilities, should result in a reduced capital gains treatment.

Possible Tax Law Changes

The foregoing discussion is only a summary and is based upon existing U.S. federal income tax law. Investors should recognize that the U.S. federal income tax treatment of an investment in Units may be modified at any time by legislative, judicial or administrative action. Any such changes may have retroactive effect with respect to existing transactions and investments and may modify the statements made above.

XI. ADDITIONAL INFORMATION

Prior to the consummation of the Offering, the Company will provide to each Prospective Investor and such Prospective Investor's representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information which the Company may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such prospective investor. Any such questions should be directed to Peter Medlyn, a principal of the Managing Member. No other persons have been authorized to give information or to make any representations concerning this Offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Company.