

COST SEGREGATION ENGAGEMENT LETTER OF AGREEMENT

Prepared for

We are pleased to provide this engagement letter to you outlining the Cost Segregation Study for your firm by Segregation Holding LLC, also herein referred to as SHLLC. Our analysis will entail a cost classification study, the preparation of the cost segregation report, as required by the Internal Revenue Service, and review with you and your designated tax counsel or accountant for the application of depreciation for these assets. These results may be applied to your financial records by you. This engagement letter of agreement does not provide for services otherwise provided by your accountant.

Our engagement is divided into the following two phases:

PHASE I: Preliminary Analysis and Identification

Phase I of the engagement consists of familiarization with the project, establishment of the working relationship between our firm, your organization and others (architect, engineer, general contractor, etc.), the actual dollar amount spent to construct or acquire this property, and preliminary identification of asset categories under MACRS (Modified Accelerated Cost Recovery System) including the initial Benchmark Analysis provided. We require a high level of cooperation from you and your staff during this process. You are required, as the authorized representative herein, to designate a contact person who is tasked with handling full implementation of this agreement. Additionally, we expect you and your staff to facilitate the timely (within ten (10) business days) submission of the required documents, in digital format, as indicated on Exhibit B, Document Checklist.

This may require a significant time investment on your part depending on your individual situation. We require these documents to be submitted electronically. Paper documents are acceptable but will incur additional expense to convert to an appropriate electronic format. There is a minimum additional \$250 fee for document conversion for documents not provided in the required format. In the event we are unable to obtain the cooperation needed from you or your staff, or receive non-electronic documents, we will notify you in writing via Change Order regarding the expected additional fees required to complete the study on a timely basis.

No work shall commence until 100% of all required documents are in hand.



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PHASE II: *In-Depth Analysis and Report Compilation*

Our completion of the study is dependent on the availability, accuracy and substantiation of the project records. Phase II consists of analyzing the accumulation of cost information and any Change Orders. It will also include a physical inspection of the subject property. Our compilation will segregate all of the construction costs of the project according to the appropriate MACRS category and depreciable life. In addition, we will appropriately allocate indirect costs to the direct construction costs as finally segregated among 5-, 7-, 15-, 27.5-, 31.5-, and/or 39-year depreciable lives. Once the study is completed and classification changes are properly identified we will review the accuracy of the Cost Segregation Final Report with you and your accountant for application to your financial records by you.

GENERAL TERMS:

All work performed by us shall be carried out in strictest confidence. Our work will not constitute an audit, the objective of which is the expression of a professional opinion regarding the construction costs, nor will it constitute a review, the objective of which is the expression of limited assurance that no material modifications need to be made to the building costs for conformity with generally accepted accounting principles. Accordingly, we will not express an opinion nor any form of assurance on the building costs referred to above. To complete your study in a timely matter, it may be necessary for us to utilize an engineering partner and we reserve the right to do so at our expense. This is an engineering study of your building(s) where we allocate building components according to the IRC for purposes of accelerating depreciation.

It is solely incumbent on you, our client, to properly apply our engineered study to your tax return. Any advice or recommendations SHLLC may or may not make is solely the opinion of SHLLC and shall not be used to make any decisions directly affecting your particular tax situation. All accounting-related questions should be directed to your accountant and/or financial advisor. Client hereby agrees to hold harmless SHLLC for any comments or recommendations made about financial ramifications of our work regardless of outcome.

Our work is not designed to disclose errors, irregularities or illegal acts, including fraud or defalcations and therefore should not and shall not be used for those purposes. Jurisdiction and venue for any litigation that may arise as a result of this agreement shall properly lie in Collin County, Texas. You further agree that if any dispute arises regarding this engagement, our liability will be limited solely to the fees collected and said liability can only be asserted within three tax-years from the date of our report. The Client and SHLLC agree that this Agreement shall be binding upon their respective successor(s) and assignee(s), and SHLLC reserves the right to assign this agreement without notice. SHLLC shall make every reasonable effort to identify all Tax Credits available, however, SHLLC shall not be held responsible in any way whatsoever for any tax credits not specifically sought or pertaining directly to the results of our engineered cost segregation study. No other agreement is, or has been, made that supersedes this agreement.

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FEES AND PAYMENTS

All fees and payment terms are as stated in Exhibit A, attached hereto and incorporated by reference.

We look forward to the opportunity of working with you. We will set forth a project timetable that allows us to deliver a report in a timely manner.

The parties do hereby enter into this agreement, acknowledging and agreeing to the terms stated, and the client hereby authorizes and engages Segregation Holding LLC to perform the work and services described herein.

CLIENT:

By: _____
(Authorized Signature)

Printed Name: _____

Title: _____

Designated Contact: _____

Company: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone (Office): _____ Phone (Mobile): _____

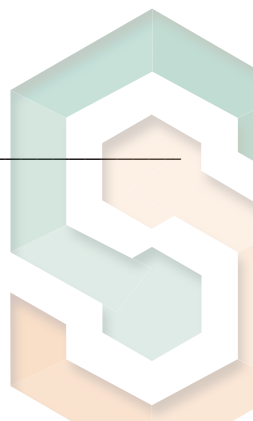
Facsimile: _____ Alternate Phone: _____

Email: _____

(All information is required.)

SEGREGATION HOLDING LLC:

By: _____
Jeffrey M. Hobbs, Managing Director





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EXHIBIT A - FIXED FEE PAYMENT

FEES AND PAYMENT TERMS

Fees and payment terms are set forth as follows:

You, the Client, may select any one of the following payment options. Please indicate the desired option and sign where indicated acknowledging your selection.

DISCOUNTED SINGLE PAYMENT

The Client hereby agrees to make a one-time payment, due upon engagement and prior to commencement of the work to be performed, in the amount of _____.

I hereby acknowledge all payment options have been fully presented to me and select this option.

CLIENT: By: _____

DISCOUNTED INSTALLMENT PAYMENT

The Client hereby agrees to make an initial payment, due upon engagement and prior to commencement of the work to be performed, in the amount of _____, and a final payment due contemporaneous with the delivery to you of the post-study results gleaned from the Cost Segregation Study Final Report of _____.

I hereby acknowledge all payment options have been fully presented to me and select this option.

CLIENT: By: _____

PAYMENT UPON COMPLETION

The Client hereby agrees to make a one-time payment due contemporaneous with the delivery to you of the post-study results gleaned from the Cost Segregation Study Final Report of _____.

I hereby acknowledge all payment options have been fully presented to me and select this option.

CLIENT: By: _____

All payment options are subject to the following additional terms:

Fees are payable by direct wire transfer into the bank account provided by SHLLC. An electronic invoice will be provided. Interest, if applicable, accrues at the rate of 1.5% per month or the maximum allowed by US law, whichever is greater. Payment is not dependent upon the credit or refund being issued since this is solely based upon the Client's requirement to file the appropriate IRS forms to obtain the income tax credit or refund. The Agreement can not be canceled except under terms that compensate SHLLC. A minimum of twenty-five percent (25%) of the full payment amount will be assessed for administrative and documents fees and expenses in the event of cancellation of this Agreement by the client.

EXHIBIT B

DOCUMENTS CHECKLIST

We will need as much of the following information readily available in Digital Format:

In order for us to perform your cost segregation study and/or prepare a proposal for the construction of a new facility or the acquisition of an existing facility, the following information is required.

Please indicate all documents that are or can be readily available to Segregation Holding:

CHECK IF	<input type="checkbox"/>	<u>NEW CONSTRUCTION IN CURRENT YEAR</u>	
<i>Unavailable</i>	<i>Available</i>		
<input type="checkbox"/>	<input type="checkbox"/>	Copy of most recent contractor's pay application (including schedule of values)	
<input type="checkbox"/>	<input type="checkbox"/>	Copies of any contract change orders	
<input type="checkbox"/>	<input type="checkbox"/>	Complete set of design drawings (e.g., site, architectural, structural, etc.)	
<input type="checkbox"/>	<input type="checkbox"/>	Anticipated in-service date	
<input type="checkbox"/>	<input type="checkbox"/>	Method of financing (e.g., tax-exempt or not)	
<input type="checkbox"/>	<input type="checkbox"/>	Building Asset General Ledger Activity Summary	_____
<input type="checkbox"/>	<input type="checkbox"/>	Client's tax rate and year-end	<i>Initials</i>

CHECK IF	<input type="checkbox"/>	<u>ACQUISITION OF EXISTING BUILDING IN CURRENT YEAR</u>	
<i>Unavailable</i>	<i>Available</i>		
<input type="checkbox"/>	<input type="checkbox"/>	Copy of real estate appraisal	
<input type="checkbox"/>	<input type="checkbox"/>	Copies of any available drawings or floor plans	
<input type="checkbox"/>	<input type="checkbox"/>	Copy of site survey	
<input type="checkbox"/>	<input type="checkbox"/>	Copy of tax assessment in effect at time of acquisition	
<input type="checkbox"/>	<input type="checkbox"/>	Purchase price	
<input type="checkbox"/>	<input type="checkbox"/>	Date of acquisition	
<input type="checkbox"/>	<input type="checkbox"/>	Building Asset General Ledger Activity Summary	_____
<input type="checkbox"/>	<input type="checkbox"/>	Client's tax rate and year-end	<i>Initials</i>

CHECK IF	<input type="checkbox"/>	<u>PRIOR YEAR CONSTRUCTION OR ACQUISITION</u>	
<i>Unavailable</i>	<i>Available</i>		
<input type="checkbox"/>	<input type="checkbox"/>	Tax depreciation schedules (Tax Asset Detail)	
<input type="checkbox"/>	<input type="checkbox"/>	Copy of real estate appraisal	
<input type="checkbox"/>	<input type="checkbox"/>	Copies of any available drawings or floor plans	
<input type="checkbox"/>	<input type="checkbox"/>	Copy of site survey	
<input type="checkbox"/>	<input type="checkbox"/>	Copy of tax assessment in effect at time of acquisition	
<input type="checkbox"/>	<input type="checkbox"/>	Purchase price	
<input type="checkbox"/>	<input type="checkbox"/>	Date of acquisition	
<input type="checkbox"/>	<input type="checkbox"/>	Client's tax rate and year-end	_____
			<i>Initials</i>



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EXHIBIT C - PERFORMANCE GUARANTEE

Segregation Holding LLC (SHLLC) guarantees our work will produce a gross savings equal to, or greater than, 500% of our fixed fee for services rendered for assets with a tax basis of \$500,000 or more. If the tax basis is under \$500,000 but more than \$200,000, the guaranteed gross savings is 300%. The savings are calculated based on the federal income tax bracket of 39.6% multiplied by net engagement fee (*see attached Benchmark Analysis*). If SHLLC fails to meet the minimum threshold to deliver a 500% ROI savings as described above, SHLLC will adjust our fee for services rendered to meet said guaranteed ROI savings percentage.

If client has assets that are inaccurately classified or mis-classified for any reason, this Performance Guarantee does not apply to those assets specifically. The purpose of our cost segregation study is to correctly classify and allocate building components and land improvements under the Internal Revenue Code according to IRC §§ 1245 and 1250. If building components are classified incorrectly, the corrective nature of moving the asset from a “short-life (*Sec. 1245*)” to a “long-life (*Sec. 1250*)” classification will result in a decrease in accelerated depreciation. The improperly allocated assets would then be reallocated to their appropriate life class(es) per the Internal Revenue Code.

SHLLC warrants its work to meet and exceed all IRS Cost Segregation Audit Techniques Guidelines for veracity and accuracy.

Additionally, if client is audited by the IRS within the three-year audit period, SHLLC will defend our study against the IRS at no additional charge to client.

SEGREGATION HOLDING LLC:

By: _____

Jeffrey M. Hobbs, Managing Director





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EXHIBIT D - INCLUDED STUDY UPDATES AND TRANSFERABLE DISCOUNT

Segregation Holding LLC (SHLLC) as part of this Engagement, shall provide any required updates to our study made necessary by any qualifying significant improvements to the subject property as defined herein for a period of three (3) years following the completion date of the study. The Client shall be responsible for notifying SHLLC in writing at the address of record of any qualifying significant improvements that have been made within thirty (30) days of completion of the improvements. Upon notification, SHLLC shall conduct a review of the stated improvements, and make a determination of any potential additional tax benefit that may be due the Client. If it is determined that an update is warranted, SHLLC shall provide said update(s) annually for a three (3) year period following the completion of the study for no additional service fees. Client will be responsible for reimbursement of any and all reasonable expenses (to include any required travel expenses as necessary to confirm the veracity of improvements, for example) incurred by SHLLC in the performance of providing said update(s). SHLLC will provide to Client a written estimate of anticipated expenses if requested by Client.

SHLLC warrants its work to meet and exceed all IRS Cost Segregation Audit Techniques Guidelines for veracity and accuracy.

Additionally, if client is audited by the IRS within the three-year audit period, SHLLC will defend our study against the IRS at no additional charge to Client.

FURTHER, in the event Client sells or otherwise transfers ownership of the subject property, SHLLC agrees to provide with this Engagement a transferable Ten Percent (10%) Discount on any future engagement entered into with SHLLC for a Cost Segregation Study by the new owning entity for a period of ninety (90) days following the closing date of the sale or transfer. This discount cannot be combined with any other discount or promotional offer other than any incentive proffered for early or advanced payment of the new study.

SEGREGATION HOLDING LLC:

By: _____

Jeffrey M. Hobbs, Managing Director





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CONTACTS TO BE INCLUDED ON CORRESPONDENCE FOR THIS PROJECT

Please provide the following information for all contacts that you want to be included on correspondence regarding this Engagement and Project:

ACCOUNTANT

Name: _____

Office Phone: _____ Mobile Phone: _____

Email: _____

ARCHITECT/BUILDER/GENERAL CONTRACTOR

Name: _____

Office Phone: _____ Mobile Phone: _____

Email: _____

OFFICE MANAGER/PROJECT MANAGER

Name: _____

Office Phone: _____ Mobile Phone: _____

Email: _____

OTHER (Title: _____)

Name: _____

Office Phone: _____ Mobile Phone: _____

Email: _____

OTHER (Title: _____)

Name: _____

Office Phone: _____ Mobile Phone: _____

Email: _____

