

7.

Letter Agreement regarding Amendments to Membership Interest Purchase Agreement

David F. Moore
230 Maggie Bluff
Lookout Mountain, Georgia 30750

October 4, 2006

Southern Properties Group
6315 East Brainerd Road, Suite E
Chattanooga, TN 37421

Re: Victorian Properties, LLC- Membership Interest Purchase Agreement

Gentlemen:

This letter is to confirm our understandings with respect certain matters related to the Membership Interest Purchase Agreement (the "Purchase Agreement") dated July 21, 2006 between Southern Properties Group, a Tennessee general partnership ("Buyer") and David F. Moore ("Seller"), pursuant to which Buyer will purchase from Seller all of the outstanding membership interests in Victorian Properties, LLC, a Tennessee limited liability company (the "Company").

Notwithstanding anything to the contrary in the Purchase Agreement, Buyer and Seller agree that:

(i) The Company shall consummate the sale of Unit 201 to CMC Investors II, LLC (the "Unit Sale"), pursuant to the Commercial Unit Purchase and Sale Agreement between the Company and CMC Investors II, LLC, immediately prior to the sale of the membership interests in the Company by Seller to Buyer.

(ii) Section 2(c)(ii) of the Agreement is hereby deleted in its entirety and replaced with the following:

After the Closing Date, Buyer shall pay to Seller an amount equal to Four Hundred Twelve Thousand, Three Hundred Fifteen and 00/100 Dollars (\$412,315.00), which shall be paid as follows: (A) upon the sale of each unit at the Property, 80% of the net sales proceeds shall be applied to reduce the Company's indebtedness, 15% shall be paid to Seller within two (2) days of the closing of the sale of such unit, and 5% shall be retained by the Company; (B) when the Company achieves positive cash flow (i.e., income exceeds expenses), 50% of all excess cash flow shall be paid to Seller; provided, that for the purpose of determining the cash flow of the Company, any Company indebtedness shall be treated as if such indebtedness were amortized over a twenty (20) year period at an interest rate of eight percent (8%) per annum, regardless of the actual terms of

such indebtedness, and (C) after the Company's indebtedness (in the amount of \$1,606,000) has been paid in full, Seller shall receive 75% of the net sales proceeds from the sales of all units at the Property. The amounts payable under Sections (A), (B) and (C) above shall be due and payable until Seller receives an aggregate amount equal to Four Hundred Twelve Thousand, Three Hundred Fifteen and 00/100 Dollars (\$412,315.00).

(iii) Notwithstanding Sections 2(c)(i) and 8 of the Purchase Agreement, the consideration payable under the Purchase Agreement (other than Section 2(c)(ii) as amended above) and the Unit Sale shall be paid as set forth in the Closing Statement of even date herewith executed by the Buyer and Seller.

~~(iv) Seller shall retain all cash held in Company bank accounts as of October 4, 2006, other than security deposits paid by tenants at the Company's property. Seller and Buyer shall pro-rate all accounts receivable, accounts payable, rents, utilities, property taxes and other similar items of income and expenses of the Company, with Seller receiving the benefit or responsibility for such items through and including October 4, 2006, and Buyer receiving the benefit or responsibility for such items after October 4, 2006. Buyer and Seller shall use their best efforts to cooperate with one another with respect to such pro-rated items and shall provide the other party evidence of any such income or expense items promptly upon request.~~

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(v) Except as specifically agreed to in this letter agreement, the terms and conditions of the Purchase Agreement shall continue in full force and effect without amendment or modification.

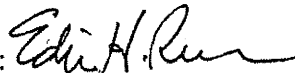
Please acknowledge your acceptance of this arrangement by signing this letter below and returning a copy to me.


Very truly yours,


David F. Moore

Acknowledged and accepted
this 4th day of October, 2006:

SOUTHERN PROPERTIES GROUP

By: 
Edwin H. Reeves, Partner

By: 
J. Robert McKenzie, Partner