

No-Discharge Section Expired Permits Review Sheet

NOV 17 2014

Permit No.:4543-W	AFIN:04-00464	Expiration Date:9/28/03
Permittee Name: Sunset Bay Subdivision		Staff Member Assigned: Colby

Application for renewal received?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If yes, explain (incomplete & returned, withdrawn, etc.):
Renewal application required at 120 days or 180 days prior to expiration?	<input checked="" type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> Other, list:	
Does the AFIN list an NPDES permit or another No-Discharge permit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, Permit No.: Is the permit for the same waste(s) and activities as the expired ND permit? <input type="checkbox"/> Yes <input type="checkbox"/> No Is the permit active? <input type="checkbox"/> Yes <input type="checkbox"/> No
Is the permit status in PDS listed as Expired?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If no, should this permit be expired? Explain:
Does the permittee have unpaid fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, forward invoice and permittee information to Enforcement via email to Richard and Miles, CC Engineer Supervisor
Was a letter sent at 365 days prior to expiration requesting a renewal application?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, date letter sent:
Was a letter sent at 270 days prior to expiration requesting a renewal application?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, date letter sent:
Last inspection date:	4/11/12	Does the inspection report state the facility is no longer in operation? <input type="checkbox"/> Yes <input type="checkbox"/> No
What type of permit is this?	<input type="checkbox"/> Land Application (Storage Covered <input type="checkbox"/> Yes <input type="checkbox"/> No) <input type="checkbox"/> Drip/Septic <input type="checkbox"/> Saltwater/Brine Management <input type="checkbox"/> Reg. 5 <input type="checkbox"/> Other/Unclear, Explain:	

Comments: Inspector made multiple site visited. The facility had three repeatable violations for operating without a permit. I drove by the subdivision on 10/20/2014. Subdivision gates closed no one at the gate. Department received a letter from Attorney said Rolling Hill Investment does not own the facility. This needs to be turned over to legal in order to find who we need to permit.

HOPE, TRICE & O'DWYER, P.A.

ATTORNEYS AT LAW
211 SPRING STREET
LITTLE ROCK, ARKANSAS 72201
(501) 372-4144
FACSIMILE (501) 372-7480

RONALD A. HOPE
WILLIAM H. TRICE III
KEVIN M. O'DWYER
RALPH ("WIN") WILSON III
ANGELA GALVIS SCHNUERLE

rhope@htolaw.com
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angie@htolaw.com

November 7, 2011

Lorielle Gutting
Arkansas Department of Environmental Quality
5301 North Shore Dr
North Little Rock, AR 72118-5317

**Re: My Client, Rolling Hills Investment, Inc.
Case No: AFIN: 04-00464**

Dear Ms. Gutting:

I have enclosed the following documents for your review, to show that during this entire time, Rolling Hills Investment, Inc., was the wrong party for the Arkansas Department of Environmental Quality to be going after concerning the water system. The documents I am referencing are as follows:

1. A letter to you dated 31 May 2011 which confirms that I sent to you a \$4,500 consent civil penalty, and a request that you redraft the Consent Order to reflect that Charles Foster is the correct person to be signing any documents for Rolling Hills Investment, Inc.
2. A letter from you dated 6 June 2011, confirming that Arkansas Department of Environmental Quality received the \$4,500.
3. The original real estate contract where the Buyer, Rolling Hills Investment, Inc., only purchased legal Lots in the Sunset Bay Division.
4. Lenders Title Company Insurance policy, again reflecting that they only purchased specified Lots and Rolling Hills were only insuring specified Lots.
5. A survey from Ramsey Surveying, Inc., reflecting that the septic system that is the issue for Arkansas Department of Environmental Quality is within the common area of the project.
6. A letter dated 14 September 2011, from Jim Ramsey confirming that the septic system is only within the common area and not within any of the Lots of Rolling Hills.
7. A letter dated 24 October 2011 from R.C. Foster of Rolling Hills Investment, Inc., confirming that they never owned any land within the common areas, and thus never owned or were responsible for the septic system.

Lorielle Gutting
November 7, 2011
Page 2

Hope, Trice & O'Dwyer, P.A.

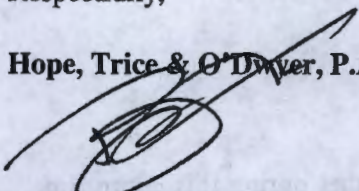
As a result of the above information, I would request the following:

- a. Return the \$4,500 payment made out to you on 21 May 2011.
- b. Close the file in which you are seeking to have Rolling Hills Investment, Inc., responsible for the septic system that they do not and have not ever owned.

I wait to hear from you.

Respectfully,

Hope, Trice & O'Dwyer, P.A.



William H. Trice, III

WHT/ly

Enclosure

cc: Ted Suhl, Joel Landreneau, Charles Foster

HOPE, TRICE & O'DWYER, P.A.

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211 SPRING STREET
LITTLE ROCK, ARKANSAS 72201
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wwilson@htolaw.com
angie@htolaw.com

May 31, 2011

Lorielle Gutting
Arkansas Department of Environmental Quality
5301 North Shore Dr
North Little Rock, AR 72118-5317

Re: My Client, Rolling Hills Investment, Inc.
Case No: AFIN: 04-00464

Dear Ms. Gutting:

Enclosed is the Consent Order that you sent over involving Rolling Hills Investment. It involves the payment of a \$4,500 voluntary civil penalty.

The Order has been signed by the new manager of the Company, Charles Foster.

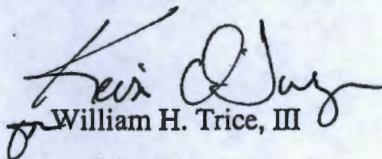
I have enclosed for you our firm check for \$4,500.00.

If the application for Rolling Hills needs to be redrafted and resigned by Mr. Foster, please forward me that information and I will have him do it immediately.

Your patience and indulgences helped us resolve this problem, and I apologize.

Respectfully,

Hope, Trice & O'Dwyer, P.A.


William H. Trice, III

WHT/ly

Enclosure
cc: Ted Suhl, Charles Foster

ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**Rolling Hills Investments, Inc.
1033 Old Burr Road
Warm Springs, Arkansas 72478**

**LIS No. 11-
Unpermitted
AFIN 04- 00464**

CONSENT ADMINISTRATIVE ORDER

This Consent Administrative Order (hereinafter "Order") is issued pursuant to Ark. Code Ann. § 8-1-202(b)(2)(B), which authorizes the Director of the Arkansas Department of Environmental Quality (hereinafter "ADEQ" or "Department") to initiate and settle administrative enforcement actions to compel compliance with laws, orders, and regulations charged to the responsibility of the Department, including, but not limited to, the Federal Water Pollution Control Act, 33 U.S.C § 1311 *et seq.*, and the Arkansas Water and Air Pollution Control Act, Ark. Code Ann. § 8-4-101 *et seq.*, and all regulations issued thereunder. The Director may also propose the assessment of civil penalties as provided by Ark. Code Ann. § 8-4-103(c) and the Arkansas Pollution Control and Ecology Commission Regulation No. 7, Civil Penalties, and take all actions necessary to collect such penalties.

The issues herein having been settled by the agreement of Rolling Hills Investments, Inc. (hereinafter "Respondent") and ADEQ, it is hereby agreed and stipulated that the following

FINDINGS OF FACT and ORDER AND AGREEMENT be entered.

FINDINGS OF FACT

1. Rolling Hills Investments, Inc. operates a no discharge waste treatment and disposal facility at the Sunset Bay Subdivision. The facility is located in Rogers, Arkansas, which is in Benton County.

2. On January 22, 2010, a compliance inspection of the facility was conducted by ADEQ District Field Personnel. The inspection revealed that since becoming the owner, the Respondent had not obtained proper permit coverage for the facility. This is a violation of Ark. Code Ann. §§ 8-4-217(a)(3) and (b)(1)(C).

3. Notice of the inspection was sent to the Respondent on February 5, 2010, and included a response due date of February 16, 2010. The respondent failed to respond to the inspection. This is a violation of Ark. Code Ann. §§ 8-4-216(a) and 8-4-217(a)(3).

4. On or about April 22, 2011, Respondent, through its legal counsel, submitted its permit application to ADEQ.

ORDER AND AGREEMENT

Therefore, without admitting or denying liability to the violations set forth herein, the parties do hereby stipulate and agree that:

1. The Respondent shall comply with the conditions and terms set forth in its permit upon issuance of the permit.

2. In compromise and full settlement of the civil penalties for violations (specified in the Findings of Fact), the Respondent agrees to pay to ADEQ the total sum of Four Thousand Five Hundred Dollars (\$4,500.00) as a voluntary civil penalty. Payment of the penalty shall be made within thirty (30) days of the effective date of this Order, made payable to the Arkansas Department of Environmental Quality, and mailed to the attention of:

Fiscal Division
Arkansas Department of Environmental Quality
5301 Northshore Drive
North Little Rock, AR 72118

3. Failure to meet any requirement or deadline of this CAO constitutes a violation of said CAO. If the Respondent should fail to meet any such requirements or deadlines, the Respondent consents and agrees to pay on demand to ADEQ stipulated penalties according to the following schedule:

- First day through tenth day: \$100.00 per day
- Eleventh day through the twentieth day: \$200.00 per day
- Twenty-first day through the thirtieth day: \$300.00 per day
- Each day beyond the thirtieth day: \$500.00 per day

These stipulated penalties for delay in performance shall be in addition to any other remedies or sanctions which may be available to ADEQ by reason of failure by the Respondent to comply with the requirements of this CAO.

4. If any event, including but not limited to an act of nature, occurs which causes or may cause a delay in the achievement of compliance by the Respondent with the requirements or deadlines of this Order, the Respondent shall so notify ADEQ, in writing, as soon as reasonably possible after it is apparent that a delay will result, but in no case after the due dates specified in this Order. The notification shall describe in detail the anticipated length of the delay, the precise cause of the delay, the measures being taken and to be taken to minimize the delay, and the timetable by which those measures will be implemented.

5. ADEQ may grant an extension of any provision of this Order, provided that the Respondent requests such an extension in writing and provided that the delay or anticipated delay has or will be caused by circumstances beyond the control of and without the fault of the

Respondent. The time for performance may be extended for a reasonable period but in no event longer than the period of delay resulting from such circumstances. The burden of proving that any delay is caused by circumstances beyond the control of and without the fault of the Respondent and the length of the delay attributable to such circumstances shall rest with the Respondent. Failure to notify the ADEQ promptly, as provided in Paragraph 4 of this Section, shall be grounds for a denial of an extension.

6. This Order is subject to public review and comment in accordance with Ark. Code Ann. § 8-4-103(d) and Arkansas Pollution Control and Ecology Commission Regulation No. 8 and shall not be effective until thirty (30) days after public notice is given. ADEQ retains the right to rescind this Order based upon the comments received within the thirty-day public comment period. Notwithstanding the public notice requirements, the corrective actions necessary to achieve compliance shall be taken immediately. The publication of this CAO shall occur on or about the 10th or 25th day of the month following the date this CAO is executed.

As provided by Arkansas Pollution Control and Ecology Commission Regulation No. 8, this matter is subject to being reopened upon Commission initiative or in the event a petition to set aside this Order is granted by the Commission.

7. Nothing in this Order shall be construed as a waiver by ADEQ of its enforcement authority over alleged violations not specifically addressed herein. Also, this Order does not exonerate the Respondent from any past, present, or future conduct which is not expressly

addressed herein, nor does it relieve the Respondent of its responsibilities for obtaining any necessary permits.

SO ORDERED THIS _____ DAY OF _____, 2010.

TERESA MARKS, DIRECTOR

APPROVED AS TO FORM AND CONTENT:

Rolling Hills Investments, Inc.

BY:

(Signature)

R CHARLES FOSTER

(Typed or printed name)

TITLE:

MANAGER

DATE:

May 26, 2011

ADEQ

ARKANSAS
Department of Environmental Quality

June 6, 2011

William H. Trice, III
Hope, Trice & O'Dwyer, P.A.
Attorneys at Law
211 Spring Street
Little Rock, Arkansas 72201

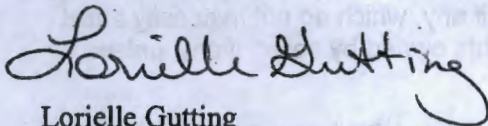
**Re: Rolling Hills Investment, Inc.
AFIN: 04-00464**

Dear Mr. Trice:

I received the Consent Administrative Order and check in the amount of four thousand five hundred dollars (\$4,500.00) for the above-referenced case. However, the Order as submitted was deficient for the following reasons: (1) It did not contain an original signature; and (2) The Order was signed by the new manager, Charles Foster, without any documentation that Mr. Foster is authorized to represent or bind the corporation.

To expedite matters, I am enclosing another embossed original of the Consent Administrative Order for an original signature and a Resolution Approving Officer Authorization to Bind Corporation. The check has been sent to the Fiscal Division. Thank you for working towards settlement of this matter. If you have any questions, please do not hesitate in contacting me directly at (501) 682-0888.

Best regards,



Lorielle Gutting
Attorney

ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY

5301 NORTHSHORE DRIVE / NORTH LITTLE ROCK / ARKANSAS 72118-5317 / TELEPHONE 501-682-0744 / FAX 501-682-0880

www.adeq.state.ar.us

Real Estate Contract
Wilson Auctioneers, Inc.
929 Airport Road, Hot Springs, Arkansas 71913
(Phone) 501-624-1825 501-624-3473 (Fax)

1. The "Buyer": Rolling Hills Investments, LLC
offers to purchase, subject to the terms set forth herein, from the "Seller", the following real property.

2. Property Description and Address:

Legal: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9a, 9b, 10, 11, 12, 13, 15, 16, 18, 19, 21, 22, 23, 24, 25, 30, 31, 32, 36, 37, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 54, 55, 56, 57, 60, 61, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 125, 127, 128, 129, 130, 131, 132, 133, 136, 137, 138, 139, 140, 141, and 99, less and except the Northernmost one square foot of Lot 99,
Sunset Bay Subdivision, Benton County, Arkansas as shown in
Plat Record P2 at Page 788 recorded on February 22, 2000 along with an easement
for ingress and egress along the private streets as shown on Plat Record P2 at Page 788.

3. Purchase Price: Buyers Premium has become part of Total Purchase Price. Buyer shall pay \$ 935,000.00 for the property at closing, subject to the following conditions:

- a. Purchase pursuant to cash at closing in the sum of \$ 935,000.00
b. Other: _____

4. Agency:

- a. Buyer acknowledges that Listing Firm and Selling Firm are Agents of Seller.
b. Other: _____

5. Earnest Money: Buyer herewith tenders a check in the amount of \$ 100,000.00 as Earnest Money, which shall apply toward purchase price or closing costs. This sum shall be deposited by Agent and if offer is not accepted or title requirements are not fulfilled, it shall be promptly refunded to Buyer. Otherwise, Earnest Money is NON-REFUNDABLE and if Buyer fails to fulfill his obligations under this contract, Earnest Money shall become liquidated damages, which fact shall not preclude Seller or Agent from asserting other legal rights which they may have.

6. Conveyance: Unless otherwise specified, Conveyance shall be made to Buyer by general warranty deed, in fee simple absolute, subject to recorded instruments and easements, if any, which do not materially affect the value of the property. Such Conveyance shall include all mineral rights owned by seller, if any, unless otherwise specified herein.

7. Title Requirements: Seller shall furnish, at Seller's cost, an owner's policy of title insurance in the amount of the purchase price. If objections are made to Title, Seller shall have a reasonable time to cure the objections.

8. Survey:

- a. No Survey shall be provided.
b. New Certified Survey will be provided to Buyer by Seller and paid for by _____
c. Seller will provide existing Survey for information purposes only.
d. Other: _____

9. Termite Control Requirements:

- a. None
b. A Letter of Clearance requiring a Termite Protection Contract with a One (1) Year Warranty shall be provided by Seller at Seller's cost.
c. Seller to provide proof of Current Termite Protection Contract which may be transferred.

10. Prorations: Taxes and special assessments due on or before closing shall be paid by Seller. Buyer and Seller agree to Pro-rate general ad valorem taxes at closing.

11. Closing Costs: Unless otherwise specified, Buyer's Closing Costs are to be paid by Buyer. Seller is to pay Seller's Closing Costs.

12. Closing: Closing is the date and time at which Seller delivers the executed and acknowledged deed. The Closing date is designated to be no later than fifteen (15) days after the U. S. Bankruptcy Court enters an order approving the Chapter 9 Plan to be filed by Seller. Otherwise, the Closing date may be extended only by written agreement of Buyer and Seller.

13. Possession: Possession of the Property shall be delivered to Buyer.

a. Upon closing (Seller's delivery of executed and acknowledged Deed)

b. After closing, but no later than _____ days after closing. Seller agrees to pay \$ _____ per day from day of closing to date Possession is delivered and to pay this sum directly to Buyer on date Possession is delivered.

14. Fixtures and Attached Equipment: Unless specifically excluded herein, all Fixtures and Attached Equipment, if any, are included in the purchase price.

15. Inspection and Repairs: The Sale of the Property is made strictly on an "AS IS, WHERE IS, WITH ALL FAULTS BASIS" and Buyer acknowledges Buyer has inspected the property and is not relying upon any warranties, representations or statements of Agent or Seller as to condition. Buyer accepts the property in its present condition and agrees to voluntarily waive and decline any right to require repair of the property.

16. Lead-Based Paint Risk Assessment/Inspection:

a. Buyer understands and agrees that, according to the best information available, improvements on this property were not constructed prior to 1978 and should not contain lead-based paint hazards.

b. Buyer has been informed that improvements on this property that were constructed prior to 1978 may contain lead-based paint.

c. Not Applicable.

17. Seller Property Disclosure: Buyer has neither received nor requested and does not desire from Seller a written Disclosure concerning the condition of the property, including lead-based paint/and or lead-based paint hazards, prior to the execution of this Real Estate Contract. Buyer is strongly urged by Selling Firm and Listing Firm to make all independent inspections deemed necessary prior to signing this Real Estate Contract.

18. Risk of Loss: Risk of Loss or damage to the Property by fire or other casualty occurring up to time of closing is expressly assumed by the Seller.

19. Assignment: This Real Estate Contract may not be assigned by Buyer unless the written consent of Seller is obtained.

20. Merger Clause: This Real Estate Contract, when executed by both Buyer and Seller, shall contain the entire understanding and agreement between Buyer and Seller and shall supersede all prior or contemporaneous agreements, representations, discussions and understandings, oral or written, with respect to all matters referred to herein.

21. Time: Buyer and Seller agree time is of the essence with regard to all times and dates set forth in this Real Estate Contract. Further, all times and dates set forth in this Real Estate Contract refer to Arkansas Central time and date.

22. Auctioneer Remarks: The parties hereto acknowledge that this purchase is being made at public auction and the parties are thereby bound by all terms and conditions stated in the auctioneer's opening remarks.

23. Governing Law: This Real Estate Contract shall be governed by the laws of the State of Arkansas.

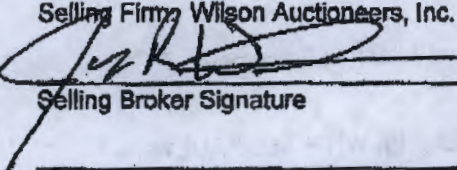
24. Other Conditions: This Contract is subject to approval by the U. S. Bankruptcy Court of a Chapter 9 Plan to be filed by Seller. If Real Estate Closing does not occur within 60 days of Auction, Seller will pay five percent (5%) interest on Buyer's Earnest Money until transaction is closed or it is determined that no Real Estate Closing will occur. Buyer acknowledges that streets have been constructed which deviate from the location shown on the recorded plat for Sunset Bay and acknowledges that Exhibit A hereto reflects the general location of said streets.

25. Expiration: This Real Estate Contract expires if not accepted on or before (date) Monday, June 16, 2008, at (time) 5:00 PM.

THIS IS A LEGALLY BINDING REAL ESTATE CONTRACT WHEN SIGNED BY THE PARTIES BELOW. IF YOU DO NOT UNDERSTAND THE EFFECT OF ANY PART, CONSULT YOUR ATTORNEY BEFORE SIGNING.

The above Real Estate Contract is executed on (date) Thursday, June 5, 2008 at (time) 10:00 AM.

Selling Firm: Wilson Auctioneers, Inc.


Selling Broker Signature

Selling Agent Signature

Buyer Name (Please print legibly)

Buyer Name (Please print Legibly)


Buyer Signature

Buyer Signature

Address, City, State ZIP


Address, City, State ZIP

Phone Numbers

Phone Numbers

The above Real Estate Contract is executed on (date) _____ at (time) _____.

Listing Firm: Wilson Auctioneers, Inc.


Listing Broker Signature

Listing Agent Signature

Benton County Property Owner's Improvement
District No. 6 - Sunset Bay Subdivision Project
Seller Name (Please print legibly)

Seller Name (Please print Legibly)

Seller Signature

Seller Signature

Address, City, State ZIP

Address, City, State ZIP

Phone Numbers

Phone Numbers

Fax

Phone 870-647-1400

Fax 870-647-3344

Date:

6-28-11

To:

Joel

From:

MARY

Fax:

Total # of pages

4

Lenders Title Company
 Authorized Agent
 for
Lawyers Title Insurance Corporation

COMMITMENT FOR TITLE INSURANCE

Please read the exceptions and the terms shown or referred to herein carefully. The exceptions are meant to provide you with notice of matters that are not covered under the terms of the title insurance policy and should be carefully considered.

This report is a written representation as to the condition of title for purposes of providing title insurance and lists all liens, defects, and encumbrances affecting title to the land that are filed of record. No title insurance agent or any other person other than a licensed Arkansas attorney may provide legal advice concerning the status of title to the property described in the title commitment.

SCHEDULE A

Date Issued: October 20, 2008, 09:30 am
 Commitment No: 08-031612-500
 Effective Date: October 12, 2008, 07:00 am

Prepared For: **Elly Parizek**

- | | | |
|----|---|----------------------|
| 1. | The policy or policies to be issued are: | POLICY AMOUNT |
| | (a) ALTA Owner's Policy - (06-17-06)
Proposed Insured: Rolling Hills Investments, LLC | \$935,000.00 |
| | (b) ALTA Loan Policy - (06-17-06)
Proposed Insured: Heritage Bank, its respective successors and assigns as their interests may appear. | \$785,000.00 |
| | Proposed Borrower: Rolling Hills Investments, LLC | |
2. The Estate or interest in the land described or referred to in this Commitment and covered herein is a Fee Simple.
3. Title to said estate or interest in said land is at the effective date hereof of record in: **Benton County Property Owners' Improvement District No. 6**
4. The land referred to in this Commitment is located in the County of Benton, State of Arkansas and described as

Lawyers Title Insurance Corporation

This commitment is invalid unless the
 Insuring provisions and Schedules A
 & B are attached.

Countersigned
 Lenders Title Company
 1046 Stearns Road
 Fayetteville, AR 72703
 479-444-3333

Arkansas Title Agency License No. 324673

By Stephanie R. Sides
 Stephanie R. Sides
 Title Agent License No.: 324639

follows:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9a, 9b, 10, 11, 12, 13, 15, 16, 18, 19, 21, 22, 23, 24, 25, 30, 31, 32, 36, 37, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 54, 55, 56, 57, 60, 61, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 125, 127, 128, 129, 130, 131, 132, 133, 136, 137, 138, 139, 140, 141 and 99, less and except the Northernmost One square foot of Lot 99, Sunset Bay Subdivision, Benton County, Arkansas, as shown in Plat Record P2 at page 788, recorded on February 22, 2000, along with an easement for ingress and egress along the private streets as shown on Plat Record P2 at page 788.

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION II

Commitment No: 08-031612-500

Effective Date: October 12, 2008

II. Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the Proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

2. Standard Exception:

- (a) Rights or claims of parties in possession not shown by the public records.
- (b) Easements or claims of easements, not shown by the public records.
- (c) Encroachments, overlaps, boundary line disputes and any matters which would be disclosed by an accurate survey and inspection of the premises.
- (d) Any lien or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

3. Special Exceptions:

- (a) Loss arising from any Oil, Gas or Mineral interests, conveyed, retained, assigned or any activity on or damage to the insured land caused by the exercise of sub-surface rights or ownership, including but not limited to the right of ingress and egress for said sub-surface purposes.
- (b) Taxes and assessments for the year(s) 2008 and thereafter, which are not yet due and payable, plus any penalties and interest which may accrue.
- (c) Future dues and assessments of the Sunset Bay Property Owners Association.
- (d) Future dues and assessments of the Beaver Lake Fire District Tax.
- (e) Terms, provisions, options, rights of first refusal, covenants, conditions, restrictions, easements, charges, assessments and liens provided in the Covenants, Conditions and Restrictions recorded in Instrument No. 2000-15646, Instrument No. 2000-20489, Instrument No. 2000-50487 and Instrument No. 2000-93098, Benton County, Arkansas, but omitting any covenant, condition or restriction, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code, or (b) relates to handicap, but does not discriminate against handicapped persons.
- (f) Building setback lines and easements as shown on plat of record in Plat Record P2 at page 788 in the real property records of Benton County, Arkansas.
- (g) Right of Way/Easement in favor of Carroll Electric Cooperative Corp., and recorded in Deed Record 545 at page 849, in Benton County, Arkansas.
- (h) Easement Agreement as set forth in Deed Record 681 at page 387, in Benton County, Arkansas.
- (i) Right of Way/Easement in favor of Southwestern Gas & Electric Company, and recorded in Deed Record 308 at page 275, in Benton County, Arkansas.

- (j) **Right of Way/Easement in favor of Southwestern Electric Power Company, and recorded in Deed Record 353 at page 70, in Benton County, Arkansas.**
- (k) **Right of Way/Easement in favor of Carroll Electric Cooperative Corporation, and recorded in Deed Record 538 at page 853, in Benton County, Arkansas.**
- (l) **Right of Way/Easement in favor of Southwestern Electric Power Company, and recorded in Deed Record 352 at page 419, in Benton County, Arkansas.**
- (m) **Right of Way/Easement in favor of Southwestern Electric Power Company, and recorded in Deed Record 340 at page 236, in Benton County, Arkansas.**
- (n) **Right of Way/Easement in favor of Benton County Water District No. 1, and recorded in as Instrument No. 1994-31470, in Benton County, Arkansas.**
- (o) **Oil, Gas and Mineral Royalties, as reserved in Warranty Deed recorded in Deed Record 302 at page 02 and assigned in Deed Record 563 at page 898, in Benton County, Arkansas.**
- (p) **Any right, title or interest of the spouse (if any) of any married vestee herein, including, but not limited to, dower, curtesy, and/or homestead.**

COMMITMENT FOR TITLE INSURANCE**SCHEDULE B - SECTION I**

Commitment No: 08-031612-500

Effective Date: October 12, 2008

I. The following are the requirements to be complied with:

1. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.
2. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest or mortgage to be insured.
3. Real Estates for subject properties have been FORFEITED to the State starting with the tax year of 2002.
4. Submit proof that all dues and assessments levied by Sunset Bay Property Owners' Association, Inc. are current.
5. In the event that a Power of Attorney will be utilized by any one of the Parties to this transaction, said Power of Attorney must be supplied to Lenders Title prior to closing for approval. Transaction specific Power of Attorney is preferred and it must be filed of record.
6. Redemption Deed from the Commissioner of State Lands, State of Arkansas, to Rolling Hills Investments, LLC. (ALL LOTS)
7. Warranty Deed from Benton County Property Owners' Improvement District No. 6 executed by an authorized representative of said Property Owners' Improvement District, vesting fee simple title in Rolling Hills Investments, LLC.
8. Duly authorized (mortgage) (deed of trust) from Rolling Hills Investments, LLC to Heritage Bank.
9. Furnish a copy of the Articles of Organization and Operating Agreement, including any and all amendments thereto, of Rolling Hills Investments, LLC. All necessary instruments must be executed in conformity with said Operating Agreement. Unless the necessary instruments are executed by all members, we must be furnished with evidence satisfactory to Lenders Title Company that all necessary consents, authorizations, resolutions, notices and actions relating to the subject transaction have been provided and/or taken.
10. Furnish a current membership roster of Rolling Hills Investments, LLC.
11. Furnish a Certificate of Good Standing for Rolling Hills Investments, LLC from the Arkansas Secretary of State.
12. Furnish executed Owner's Disclosure & Agreement.

NOTE: The instruments required by this commitment must be executed by the properly identified and authorized parties to this transaction. Any variance requires underwriting approval by the Company prior to closing.

Rainey Surveying, Inc.

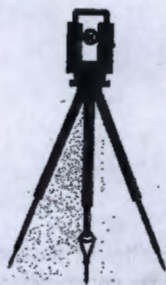
1728 West Berlin Street
Rogers, AR 72758
(501) 626-4433
www.raineyinc.com

10/24/2008 13:28
8706472337

The purpose of this survey was to mark the property corner locations of the single tracted parcel of land of Sweet Bay, Subdivision 2-28E identified as Parcel #1-1584-000 owned by Central Georgia Property Co. and to show the location of the utility system lines on the particular portion of the property. Other utility lines were located and marked on the survey. Other common area also located and marked on the survey. Other utility lines and other improvements were not a part of the survey.

10/24/2008 13:28
Rainey

1728 West Berlin Street
Rogers, AR 72758



Ramsey Surveying, Inc.

1729 West Poplar Street
Rogers, AR. 72758
(479) 631-6663 or 479-582-4977
fax 479-636-4429
www.ramseysurveying.com

Wednesday, September 14, 2011

To whom it may concern:

The purpose of this survey was to mark the property corner monuments of the single, largest common area of Sunset Bay, Plat Record P2-788, identified as Parcel #15-15584-000 owned by Benton County Property Owners and to show the location of the septic system areas on this particular common area. Six, separate pit areas were found inside of two fenced septic system areas. Other common areas also identified as Parcel #15-15584-000 which contain streets and other improvements were not a part of this survey.

Jim Ramsey, PS #1227

Jim Ramsey

1729 West Poplar Street
Rogers, AR. 72758

September 11, 2014
Bill
This is a survey and letter from the surveyor for the Sunset Bay Subdivision.
Thank you
Bill

**MAP(S)/PLAN(S) SCANNED IN
SEPARATE FILE**

September 21, 2011

Bill,

This is a survey and letter from the surveyor for the Sunset Bay Subdivision.

Thank you

Ted Suhl

MAP(S) PLAN(S) SCANNED IN
SEPARATE FILE

Rolling Hills Investments, LLC

1033 Old Burr Road
Warm Springs, Arkansas 72478

October 24, 2011

Dear DEQ,

Please find enclosed a letter from Ramsey Surveying, Inc. pursuant to a survey we recently procured that shows that the septic systems at Sunset Bay residential development in Benton County, Arkansas are clearly within the boundaries of the common area of that development. In addition to the letter from Ramsey Surveying, Inc., we are also enclosing a copy of the completed survey. Again, this clearly depicts that the lots in this development, now owned by Rolling Hills Investments, LLC, surround a common area owned by Benton County Property Owners' Association but are distinctly separate from it.

The survey begins in the upper left hand corner of the map, and clearly shows a detailed boundary of the confines of the common area, comprising a total of 21.459 acres. Within this common area, there are two separate areas in which septic system facilities are located. One such area, near the center of the common area, contains two pit areas. This area is located deeply within the common space. The second septic system area, located in the southeastern corner of the common area, contains four pit areas, and is also clearly within the common area.

Because the sale of the properties at auction only involved the individual lots that are depicted in this survey on the exterior as "Rolling Hills Investments" properties, the 21+ acres that comprise the common area in the center of the lots were never part of the transaction. I thought it would be appropriate to share this information, including an actual copy of this survey, to be included as part of our record in the matter concerning the licensing of the Septic System. Rolling Hills Investments, LLC does not own or control, and never has owned or controlled the common areas in which the septic system is situated.

Please do call me with any questions you may have, or to discuss this matter in more detail.

Sincerely Yours,

RC Foster / us

RC Foster



Ramsey Surveying, Inc.

1729 West Poplar Street
Rogers, AR. 72758
(479) 631-6663 or 479-582-4977
fax 479-636-4429
www.ramseysurveying.com

Wednesday, September 14, 2011

To whom it may concern:

The purpose of this survey was to mark the property corner monuments of the single, largest common area of Sunset Bay, Plat Record P2-788, identified as Parcel #15-15584-000 owned by Benton County Property Owners and to show the location of the septic system areas on this particular common area. Six, separate pit areas were found inside of two fenced septic system areas. Other common areas also identified as Parcel #15-15584-000 which contain streets and other improvements were not a part of this survey.

Jim Ramsey, PS #1227

A handwritten signature in cursive script that reads "Jim Ramsey".

1729 West Poplar Street
Rogers, AR. 72758

**MAP(S)/PLAN(S) SCANNED IN
SEPARATE FILE**

ADEQ

ARKANSAS
Department of Environmental Quality

May 15, 2012

Ted Suhl
Rolling Hills Investment
Sunset Bay
1033 Old Burr Road
Warm Springs, AR 72478

AFIN: 04-00464

Permit # Unpermitted

Dear Mr. Suhl:

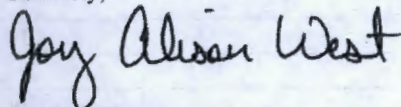
On April 11, 2012, I performed an inspection of the above-referenced Sanitary Treatment System in accordance with the provisions of the Arkansas Water and Air Pollution Control Act and the regulations promulgated thereunder. The following violation was noted:

The facility has been operating under an expired permit. **This is the third repeat violation.** The previous permit (4543-W) was allowed to expire on September 6, 2003. It appears that you became the operator of the sanitary treatment system during the month of November 2008. Therefore, you are operating a sanitary treatment system under an expired permit in violation of the Federal Clean Water Act and the Arkansas Water and Pollution Control Act - A.C.A. §8-4-101. On April 27, 2011, the Department received an application for a no-discharge permit. The Department issued you letters on June 20, 2011, and October 27, 2011, stating that your application was incomplete. According to the Department's records, you have not provided the information requested in both letters. Immediate action is required to obtain the necessary permit(s). Please contact Colby Ungerank, Engineer in the Water Division No-Discharge Section, at 501-682-0047 for further permitting information.

The above item requires your immediate attention. Please submit a written response to this finding to the Water Division Inspection Branch of this Department. This response should be mailed to the address at the bottom of the first page of the letter or e-mailed to Water-Inspection-report@adeq.state.ar.us. This response should contain documentation describing the course of action taken to correct each item noted. This corrective action should be completed as soon as possible, and the written response with all necessary documentation (i.e. photos) is due by May 28, 2012.

If I can be any assistance, please contact me at west@adeq.state.ar.us or (479)267-0811, ext. 12.

Sincerely,



Alison West
District 1 Field Inspector
Water Division

cc: Mike Whitehead, Operator
Nealey of Northwest Arkansas, Inc.
5766 N. Thompson, Street #F
Bethel Heights, AR 72764

Water Division Enforcement Branch
Water Division Permits Branch

ADEQ

State Sanitary Treatment System Inspection Form

AFIN# 04-00464 Permit # Unpermitted Date of Inspection: 4/11/2012

Name of Facility: Sunset Bay Compliance Status: OUT

Location: Old Prairie Creek Road, ~1 mile from Hwy 12E on the left

County: Benton Coordinates: 36 21'45" 94 04'30"

On Site Representative: NA Title: NA Phone # NA

SECTION A:

1. Responsible Official: Ted Suhl, Rolling Hills Investments, Inc.

2. Mailing Address: 1033 Old Burr Road, Warm Springs, AR
Phone #: 870-647-2541

3. Operators Name: Mike Whitehead

4. Licensed Operator? Y N NA Class of License: III

5. Date of Last Inspection: May 17, 2010

6. Principal Type of Waste Received: Residential

7. Are there any additions, corrections or repairs to the facility since the last inspection? No

8. If the facility is a package plant, list type, manufacturer's name and address and approximate number of years in service:

Recirculating Sand Filter, Orenco, ~12 years

9. What is the appearance of effluent? NE

10. Is there any visible effect on receiving stream? NE

11. Are there any complaints against this facility? Y N NA

If yes, of what nature? On May 6, 1999, Jamie Huens, District Field Inspector, performed an investigation on Sunset Bay

Subdivision regarding storm water issues.

SECTION B: OPERATION and MAINTENANCE

1. Are odors a problem at the plant? Y N NE

2. Is industrial waste a problem? Y N NE

3. Is infiltration a problem? Y N NE

4. Does plant have a flow meter? Y N NE

5. Is flow measuring device properly operated? Y N NE

6. Is flow measuring device being properly calibrated? Y N NE

7. Are all treatment units operational? Y N NE

If no, what units are out and why:

8. Is overall maintenance satisfactory? Y N NE

If no, list areas for improvement:

9. Are operating records kept? Y N NE

If yes, describe:

10. Are maintenance records kept? Y N NE

If yes, describe:

11. Are samples routinely taken? Y N NE

12. Are sampling techniques adequate? Y N NE

13. Are lab records adequate? Y N NE

14. What laboratory does the facility use?

15. List laboratory address and telephone:

16. Are solids or sludges disposed of? Y N NE

17. Are solids or sludges disposed of adequately? Y N NE

Explain (including destination):

18. Any evidence of unpermitted discharges. Y N NE

19. In the space below, furnish a simplified diagram, flow diagram, or a written description of the separate plant units in flow sequence. Include whether flow to the plant is pump or gravity.



SUMMARY OF FINDINGS/ COMMENTS:

The facility has been operating under an expired permit. This is the third repeat violation. RSF #3 is the only filter being used at this time.

PDS #065666

Inspector: Alison West <i>Alison West</i>	Arkansas Department of Environmental Quality	Date Report: May 11, 2012
Reviewed by: <i>Steve W. Johnson</i>	Arkansas Department of Environmental Quality	Date Report May 15, 2012:

**Arkansas Department of Environmental Quality (ADEQ)
Official Photograph Sheet**

Location:	Sunset Bay						
Photographer:	Alison West				Witness:	John Fazio	
Photo #	1	Of	6		Date:	4-11-2012	Time: 2:38 p.m.
Description:	IMGP1225. Recirculating Sand Filter (RSF) #3.						
							
Photographer:	Alison West				Witness:	John Fazio	
Photo #	2	Of	6		Date:	4-11-2012	Time: 2:40 p.m.
Description:	IMGP1227. Orifi showing in RSF #3.						
							

**Arkansas Department of Environmental Quality (ADEQ)
Official Photograph Sheet**



Location:	Sunset Bay						
Photographer:	Alison West			Witness:	John Fazio		
Photo #	3	Of	6	Date:	4-11-2012	Time:	2:43 p.m.
Description:	IMGP1229. Piping and orifi showing in RSF #3.						



Photographer:	Alison West			Witness:	John Fazio		
Photo #	4	Of	6	Date:	4-11-2012	Time:	~2:45 p.m.
Description:	Liner coming apart in RSF #3.						



**Arkansas Department of Environmental Quality (ADEQ)
Official Photograph Sheet**

Location:		Sunset Bay						
Photographer:		Alison West			Witness:		John Fazio	
Photo #	5	Of	6		Date:	4-11-2012	Time:	~2:50 p.m.
Description:		Standing near the leach field above recirculating sand filter #3.						
								
Photographer:		Alison West			Witness:		John Fazio	
Photo #	6	Of	6		Date:	4-11-2012	Time:	~2:50 p.m.
Description:		According to WMP, area appears to be the location for one of the zones for RSF #3.						
								

ADEQ

ARKANSAS
Department of Environmental Quality

CERTIFIED MAIL: 91 7199 9991 7030 4905 0363

June 12, 2012

Ted Suhl
Rolling Hills Investment
Sunset Bay
1033 Old Burr Road
Warm Springs, AR 72478

Re: AFIN 04-00464 Permit No. Unpermitted- Failure to Respond to Inspection

Dear Mr. Suhl:

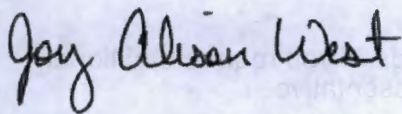
A letter dated May 15, 2012, was sent by ADEQ to you. The letter outlined the findings of my April 11, 2012, inspection of the above referenced facility. The letter requested that a written response be submitted to the Water Division Inspection Branch of this Department by May 28, 2012. To date, no response has been received.

Please submit a written response by June 19, 2012. A copy of the inspection report may be viewed at this web address:

http://www.adeq.state.ar.us/home/pdssql/p_inspections.asp?ComplInspNbr=065666

Thank you for your attention to this matter. Should you have any questions, feel free to contact me at 479-267-0811, ext. 12 or you may e-mail me at west@adeq.state.ar.us.

Sincerely,



Alison West
District 1 Inspector
Water Division

cc: Enforcement Branch

cc: Mike Whitehead, Operator
Nealey Of Northwest Arkansas, Inc
5766 N. Thompson Street #F
Bethel Heights, AR 72764

CERTIFIED MAIL: 91 7199 9991 7030 4905 0370

ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY

5301 NORTHSHORE DRIVE / NORTH LITTLE ROCK / ARKANSAS 72118-5317 / TELEPHONE 501-682-0744 / FAX 501-682-0880

www.adeq.state.ar.us



Date: 06/18/2012

DENNISE MILLER:

The following is in response to your 06/18/2012 request for delivery information on your Certified Mail(TM) item number 7199 9991 7030 4905 0363. The delivery record shows that this item was delivered on 06/13/2012 at 10:46 AM in WARM SPRINGS, AR 72478. The scanned image of the recipient information is provided below.

Signature of Recipient:

Delivery section	
Signature	<i>Mary Sharp</i>
Initials	<i>MS</i>

Address of Recipient:

Address	1033 Old Burr Rd.
---------	-------------------

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service



Date: 06/18/2012

DENNISE MILLER:

The following is in response to your 06/18/2012 request for delivery information on your Certified Mail(TM) item number 7199 9991 7030 4905 0370. The delivery record shows that this item was delivered on 06/16/2012 at 08:46 AM in LOWELL, AR 72745. The scanned image of the recipient information is provided below.

Signature of Recipient:

Delivery Section
no
Annamine Whitehead
id
Annamine Whitehead

Address of Recipient:

505 Prairie St

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service