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- and -

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Co-Counsel for the Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
THE 1031 TAX GROUP, LLC, et al., : Case No. 07-11448 (MG)
Debtors. : Jointly administered
: :
----- X

**NOTICE OF MOTION OF THE CHAPTER 11 TRUSTEE
TO APPROVE SALE OF CHRISTIAN COVE HOUSE,
AND FOR RELATED RELIEF**

PLEASE TAKE NOTICE, that Gerard A. McHale, Jr., as the Chapter 11 Trustee of The 1031 Tax Group, LLC, *et al.* (the “Trustee”), by his undersigned co-counsel, has filed with the United States Bankruptcy Court for the Southern District of New York a Motion, pursuant to §§ 105(a), 327, 330 and 363(b) of the Bankruptcy Code, to (i) sell certain residential real property located at 16 Christian Cove, Tuftonboro, New Hampshire; (ii) retain and compensate local counsel and real estate broker; and (iii) to approve agreement with Kluger Perez Kaplan and Berlin regarding lien.



PLEASE TAKE FURTHER NOTICE, that a hearing (the “Hearing”) to consider the relief sought in the Motion will be held before the Honorable Martin Glenn, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green – Room 623, New York, New York 10004, at 10:00 a.m., Eastern Time, on December 7, 2007.

PLEASE TAKE FURTHER NOTICE, that objections to the relief requested in the Motion, if any, must be filed with the Court in accordance with the Court’s electronic filing procedures (along with two copies marked “Chambers Copy” delivered to Judge Glenn’s Chambers) and served so that they are received by (i) the Court; (ii) Johnson, Pope, Bokor Ruppel & Burns, LLP, 911 Chestnut Street, Clearwater, Florida 33756 (Attn: Angelina E. Lim, Esq.); (iii) Golenbock Eiseman Assor Bell & Peskoe LLP, 437 Madison Avenue, New York, New York 10022 (Attn.: Jonathan L. Flaxer, Esq.); and (iv) The Office of the United States Trustee, 33 Whitehall Street – 21st Floor, New York, New York 10004 (Attn: Andrew Velez-Rivera, Esq.), together with proof of service thereof, by 5:00 p.m., Eastern Time, no later than. December 4, 2007.

PLEASE TAKE FURTHER NOTICE, that the Hearing may be adjourned from time to time without further notice to any creditor or other party in interest other than the

announcement of the adjourned date(s) in open Court on the date of the Hearing or at any adjourned date thereof.

Dated: New York, New York
November 16, 2007

JOHNSON, POPE, BOKOR, RUPPEL &
BURNS, LLP
Co-Counsel to the Chapter 11 Trustee
911 Chestnut Street
Clearwater, FL 33756
(727) 461-1818

By /s/Angelina E. Lim
Michael C. Markham (FNB)
Angelina E. Lim (AL-8845)

GOLENBOCK EISEMAN ASSOR BELL
& PESKOE LLP
Co-Counsel to the Chapter 11 Trustee
437 Madison Avenue
New York, NY 10022
212-907-7327

By /s/Jonathan L. Flaxer
Jonathan L. Flaxer, Esq. (JF-7096)

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Co-Counsel for the Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
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THE 1031 TAX GROUP, LLC, et al.,¹ : Case No. 07-11448 (MG)
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Debtors. : Jointly administered
:
:
----- X

MOTION TO SELL CHRISTIAN COVE PROPERTY

Gerard A. McHale, Jr., as chapter 11 trustee (the “Trustee”) to The 1031 Tax Group, LLC, *et al.* (the “Debtors”), by and through his undersigned counsel, respectfully submits this Motion to Sell 112 Christian Cove Road, Tuftonboro, New Hampshire (the “Property”), respectfully represents and set forth as follows:

Background

1. On May 14, 2004 (the “Petition Date”), each of the Debtors (excluding AEC Exchange Company, LLC) filed voluntary petitions for relief under chapter 11 of

¹ The Debtors are: The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; Shamrock Holdings Group, LLC; and AEC Exchange Company LLC.

Title 11, United States Code, as amended (the “Bankruptcy Code”), together with various motions and applications seeking certain typical “first day” orders.

2. On June 11, 2007, Debtor AEC Exchange Company LLC (“AEC”) filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Thereafter, the Bankruptcy Court issued separate orders directing that the AEC case be jointly administered with the other Debtors’ cases, and further that certain “first day” orders shall apply in the AEC case.

3. The Debtors continued in possession of their properties and continued to operate and manage their businesses pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On May 30, 2007, the United States Trustee appointed an official committee of unsecured creditors (the “Committee”) to serve in these cases pursuant to section 1102 of the Bankruptcy Code.

5. On October 25, 2007, the United States Trustee appointed Gerard A. McHale, Jr., as Chapter 11 Trustee for the Debtors.

6. This Court has jurisdiction of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a “core” proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicate for the relief sought herein is 11 U.S.C. § 363(b).

7. Prior to the Petition Date, each of the Debtors acted as a regional “qualified intermediary” (also referred to as a “QI,” “exchange accommodator titleholder,” “EAT,” “accommodator,” or “facilitator”) for deferred like kind property exchanges consummated by exchangers pursuant to section 1031 of the Internal Revenue

Code, 26 U.S.C. § 1031. A Section 1031 tax deferred exchange, named for the Internal Revenue Code Section to which it refers (also known as a Starker exchange, tax free exchange, or like kind exchange), allows a deferral of the capital gains tax that would otherwise be due.

8. As of the Petition Date, there were in excess of three hundred open exchange contracts representing an estimated liability of \$162.2 million. By the nature of the exchanges, the estimated liability matures within 180 days. The size of each exchange ranges from the tens of thousands to more than \$10.5 million and averaged approximately \$550,000.

9. By Order dated October 26, 2007, the Court approved that certain asset transfer agreement, dated October 11, 2007, pursuant to which, in essence, Edward S. Okun and Simone Bolani, subject to certain exclusions, conveyed essentially all of their assets to the Debtors' Estate. One of the assets conveyed to the Trustee under the Transfer Agreement is the Property.

The Sales Contract

10. Prior to the appointment of the Trustee, Okun had entered into a contract dated October 8, 2007 (the "Contract") a copy of which is annexed hereto as **Exhibit A** for the sale of the Property, a legal description of which is annexed hereto as **Exhibit B**, to "Ronald Harrison or assigns" for \$1,775,000 (the "Buyer"). The closing was originally scheduled for November 6, 2007. Upon information and belief, the sale price was originally \$1,750,000 but evidently Okun negotiated an additional \$25,000 in consideration of a firm November 2, 2007 closing date. Since it was not possible for the Trustee to negotiate the stipulation with KPKP (described below) and obtain court

approval of the sale in five business days, the Trustee negotiated an extension of the closing date, but in exchange for the extension, the sale price was reduced by \$25,000 to reflect the original offer to Okun by Buyer of \$1,750,000. The closing is now scheduled for December 7, 2007, which is the date of the hearing to approve the sale.

The KPKB Stipulation

11. The Trustee filed an adversary proceeding, No. 07-03069 on October 25, 2007 to obtain an injunction against, *inter alia*, the law firm of Kluger, Peretz, Kaplan & Berlin (“KPKB”) and others to prevent parties from exercising their rights over assets transferred pursuant to the Transfer Agreement. KPKB is Okun’s bankruptcy counsel and it has a pending motion to withdraw as his counsel, which is pending before this Court.

12. KPKB alleges that after the Petition Date, but prior to the appointment of the Trustee, Okun granted to it a mortgage on the Property to secure payment of unpaid attorneys fees and cost rendered to Okun individually, in the approximate amount of \$1.8 million.

13. Attached hereto as **Exhibit C** is a copy of a stipulation (the “KPKB Stipulation”) under which KPKB has agreed to permit the sale of the Property so long as it preserves its claim to the proceeds. The Trustee has agreed to hold the proceeds of the sale pending resolution of issues pertaining to KPKB’s lien and potentially other issues. The Trustee seeks approval of that transaction.

Retention of Local Counsel

14. The law firm of Walker & Varney, PC in New Hampshire had been retained by Okun to close upon the sale of the Property and is owed approximately

\$4,788.80 in fees. Annexed hereto as **Exhibit D** is an affidavit of disinterestedness for that firm, together with a bill and biographical information. The Trustee seeks permission to retain and compensate that firm. Based upon the items included in **Exhibit D**, the Trustee respectfully requests that the foregoing be deemed sufficient for an application for an allowance of compensation and reimbursement of expenses pursuant to §330 of the Bankruptcy Code.

Retention of Broker

15. The real estate broker, Prudential Spescer-Hughes R. E., broker ("Prudential") is also owed \$87,500, representing a total of 5 percent (5%) of the sales price of the Property. One half of this amount will be paid to a co-broker: HS Maxfield RE Inc. ("Maxfield"). The Trustee also seeks to retain, and assume the contract with, Prudential and pay the sum of \$87,500 in connection therewith. Affidavits of disinterestedness for Prudential and Maxfield are annexed hereto as **Exhibit E**, and the Trustee seeks to retain and pay that firm and assume the brokerage agreement.

Legal Authority

16. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part: "the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. §363(b)(1). Courts in the Second Circuit, in examining section 363(b)(1) of the Bankruptcy Code, have required that a sale be based upon the sound business judgment of the trustee. See *In re Chateaugay Corp.*, 973 F.2d 141 (2d Cir. 1992); *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983).

17. The Trustee submits that the proposed sale of the Property meets the criteria of section 363(b)(1) of the Bankruptcy Code. Annexed hereto as **Exhibit F** is the Declaration of Rick Mazzarella of Prudential dated November 15, 2007 wherein Mr. Mazzarella explains the marketing efforts and expenses undertaken by Prudential, and the reasons why the sale price is reasonable. Based thereon, the Trustee submits that the sale price of \$1.75 million is reasonable.

18. In addition, the sale price was derived at arms-length negotiation with a non-insider, independent third party. The consideration is fair and Trustee respectfully requests that the Court issue and enter an order, (i) authorizing the Trustee to sell the Property pursuant to the Contract, (ii) authorizing the Trustee to assume the brokerage agreement with Prudential, retain Prudential, and pay it a commission in the amount of \$43,750; (iii) authorizing the Trustee to retain and compensate Walker & Varney P.C. as local counsel; (iv) approving the KPKB Stipulation; and (v) granting the Trustee such other relief as is just.

Dated: New York, New York
November 16, 2007

GOLENBOCK EISEMAN ASSOR BELL &
PESKOE LLP
437 Madison Avenue
New York, New York 10022
Tel: (212) 907-7300
Fax: (212) 754-0330

By: /s/ Jonathan L. Flaxer
Jonathan L. Flaxer

- and -

JOHNSON POPE BOKOR RUPPEL &
BURNS LLP
911 Chestnut Street
Clearwater, FL 33756
Tel: (727) 461-1818
Fax: (727) 441-8617

Co-Counsel for the Chapter 11 Trustee

Exhibit A



PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
New Hampshire Association of REALTORS® Standard Form



1. THIS AGREEMENT made this 8th day of October, 2007 between Ronald Harrison or assigns (SELLER) Buyer of 10402 Stable Lane, City of Falmouth, County of ... and Edward H Olson (BUYER) Seller of 10548 Coppergate Drive, City of Carmel, County of ...

2. WITNESSETH: That SELLER agrees to sell and convey, and BUYER agrees to buy certain real estate located in City/Town of Tufftonboro known as or described as 12 Christian Cove Road, 75 acres, 250' Lake Winnepesaukee, 3 bedroom, 3 bath Contemporary. County of Carroll, Book 2458, Page 918, Date 8/8/05 (PROPERTY).

3. The SELLING PRICE is One million seven hundred and seventy five thousand Dollars \$ 1,775,000.00. DEPOSIT, receipt of which is hereby acknowledged in the form of Check, is to be held in an escrow account by HS Maxfield RE Inc (ESCROW AGENT), in the sum of \$ 10,000.00. ADDITIONAL DEPOSIT will be paid on or before within 24 hours of effective date, in the sum of \$ 50,000.00. CASH, CERTIFIED CHECK OR BANK DRAFT will be paid on the date of transfer of title in the sum of \$ 1,715,000.00.

4. DEED: Marketable title shall be conveyed by a Quit Claim deed, and shall be free and clear of all encumbrances except usual public utilities serving the PROPERTY.

5. TRANSFER OF TITLE: On or before November 6, 2007 at HS Maxfield RE Inc or some other place of mutual consent as agreed to in writing.

6. POSSESSION: Full possession and occupancy of the premises with all keys shall be given upon the transfer of title free of all tenants and occupant's personal property and encumbrances except as herein stated. Said premises to be then in the same condition in which they now are, reasonable wear and tear excepted. SELLER agrees that the premises will be delivered to BUYER free of all debris and in "broom clean" condition. Exceptions:

Buyer reserves the right to conduct a walk through inspection upon reasonable notice to SELLER's AGENCY within 48 hours prior to time of closing to ensure compliance with the terms of this Agreement.

7. AGENCY: The undersigned SELLER(S) and BUYER(S) acknowledge the roles of the agents as follows: Denise Williams of HS Maxfield RE Inc is a [] seller agent [X] buyer agent [] non-agent [] disclosed dual agent. Erik Mazzarella of Spencer Homes RE is a [X] seller agent [] buyer agent [] non-agent [] disclosed dual agent. *If agent(s) are acting as disclosed dual agents, SELLER and BUYER acknowledge prior receipt and signing of a Dual Agency Informed Consent Agreement.

8. INSURANCE: The buildings on said premises shall, until full performance of this Agreement, be kept insured against fire, with extended coverage by SELLER. In case of loss, all sums recoverable from said insurance shall be paid or assigned, in delivery of deed, to BUYER, unless the premises shall previously have been restored to their former condition by SELLER; or, at the option of BUYER, this Agreement may be rescinded and the DEPOSIT refunded if any such loss exceeds \$ 20,000.00.

9. TITLE: If upon examination of title it is found that the title is not marketable, SELLER shall have a reasonable time, not to exceed thirty (30) days from the date of notification of defect (unless otherwise agreed to in writing), to remedy such defect. Should SELLER be unable to provide marketable title within said thirty (30) days, BUYER may rescind this Agreement at BUYER'S sole option, with full deposit being refunded to BUYER and all parties being released from any further obligations hereunder. SELLER hereby agrees to make a good faith effort to correct the title defect within the thirty (30) day period above prescribed once notification of such defect is received. The cost of examination of the title shall be borne by BUYER.

SELLER(S) INITIALS [Signature]

BUYER(S) INITIALS [Signature]

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
New Hampshire Association of REALTORS® Standard Form



10. TAXES, condo fees, special assessments, rents, water and sewage bills and fuel in storage shall be prorated as of time and date of closing or _____

11. PROPERTY INCLUDED: All Fixtures Air conditioner, dishwasher, dryer, gas range, microwave, refrigerator, Security system, smoke detectors, washer, window treatments, kitchen island

12. In compliance with the requirements of RSA 477-A, the following information is provided to BUYER relative to Radon Gas and Lead Paint:

RADON GAS: Radon gas, the product of decay of radioactive materials in rock may be found in some areas of New Hampshire. This gas may pass into a structure through the ground or through water from a deep well. Testing can establish its presence and equipment is available to remove it from the air or water.

LEAD PAINT: Before 1978, paint containing lead may have been used in structures. The presence of flaking lead paint can present a serious health hazard, especially to young children and pregnant women. Tests are available to determine whether lead is present. Disclosure Required YES NO

BUYER ACKNOWLEDGES PRIOR RECEIPT OF SELLER PROPERTY DISCLOSURE FORM ATTACHED HERETO AND SIGNIFIES BY INITIALING HERE: R. T. H. & B. L. H.

13. DUE DILIGENCE: The BUYER is encouraged to seek information from professionals normally engaged in the business regarding any specific issue of concern. SELLER'S AGENCY makes no warranties or representations regarding the condition, permitted use or value of the SELLER'S real or personal property. This Agreement is contingent upon the following inspections, with results being satisfactory to the BUYER:

TYPE OF INSPECTION:	YES	NO	RESULTS TO SELLER:	TYPE OF INSPECTION:	YES	NO	RESULTS TO SELLER:
a. General Building	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	f. Lead Paint	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
b. Sewage Disposal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	g. Pests	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
c. Water Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	h. Hazardous Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days
d. Radon Air Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	i. _____	<input type="checkbox"/>	<input type="checkbox"/>	within _____ days
e. Radon Water Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	within _____ days	j. _____	<input type="checkbox"/>	<input type="checkbox"/>	within _____ days

The use of days is intended to mean calendar days from the effective date of this Agreement. All inspections will be done by professionals normally engaged in the business, to be chosen and paid for by BUYER. If BUYER does not notify SELLER that the results of an inspection are unsatisfactory within the time period set forth above, the contingency is waived by BUYER. TIME IS OF THE ESSENCE. If the results of any inspection specified herein reveal significant issues or defects, which were not previously disclosed to BUYER, then:

(a) SELLER shall have the option of repairing or remedying the unsatisfactory condition(s) prior to transfer of title, so long as BUYER and SELLER both agree on the method of repair or remedy; or

(b) if SELLER is unwilling or unable to repair or remedy the unsatisfactory condition(s) or BUYER and SELLER cannot reach agreement with respect to the method of repair or remedy, then this Agreement shall be null and void, and all deposits will be returned to BUYER in accordance with the procedures required by the New Hampshire Real Estate Practice Act (N.H. RSA 331-A:13); or

(c) BUYER may terminate this Agreement in writing and all deposits will be returned to BUYER in accordance with the procedures required by the New Hampshire Real Estate Practice Act (N.H. RSA 331-A:13).

SELLER(S) INITIALS [Signature]

BUYER(S) INITIALS R.T.H. / B.L.H.

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
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Notification in writing of SELLER'S intent to repair or remedy should be delivered to BUYER or BUYER'S Agent within five (5) days of receipt by SELLER of notification of unsatisfactory condition(s). In the absence of inspection mentioned above, BUYER is relying upon BUYER'S own opinion as to the condition of the PROPERTY.

BUYER HEREBY ELECTS TO WAIVE THE RIGHT TO ALL INSPECTIONS AND SIGNIFIES BY INITIALING HERE: R.T.H. / B.C.H.

This Agreement is contingent upon BUYER'S review of the following:

- | | | | | | |
|------------------------------------|--------------------------|-------------------------------------|--|--------------------------|-------------------------------------|
| | YES | NO | | YES | NO |
| a. Restrictive Covenants of Record | <input type="checkbox"/> | <input checked="" type="checkbox"/> | d. Condominium documentation per N.H. RSA 356-B:58 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Easements of Record/Deed | <input type="checkbox"/> | <input checked="" type="checkbox"/> | e. Co-op/PUD/Association Documents | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Park Rules and Regulations | <input type="checkbox"/> | <input checked="" type="checkbox"/> | f. Availability of Property/Casualty Insurance | <input type="checkbox"/> | <input type="checkbox"/> |

If such review is unsatisfactory, BUYER must notify SELLER in writing within _____ days from the effective date of the Agreement failing which such contingency shall lapse.

14. LIQUIDATED DAMAGES: If BUYER shall default in the performance of their obligation under this Agreement, the amount of the deposit may, at the option of SELLER, become the property of SELLER as reasonable liquidated damages. In the event of any dispute relative to the deposit monies held in escrow, the ESCROW AGENT may, in its sole discretion, pay said deposit monies into the Clerk of Court of proper jurisdiction in an Action of Interpleader, providing each party with notice thereof at the address recited herein, and thereupon the ESCROW AGENT shall be discharged from its obligations as recited therein and each party to this Agreement shall thereafter hold the ESCROW AGENT harmless in such capacity. Both parties hereto agree that the ESCROW AGENT may deduct the cost of bringing such Interpleader action from the deposit monies held in escrow prior to the forwarding of same to the Clerk of such court.

15. PRIOR STATEMENTS: Any verbal representation, statements and agreements are not valid unless contained herein. This Agreement completely expresses the obligations of the parties.

16. FINANCING: This Agreement (is) (is not) contingent upon BUYER obtaining financing under the following terms:

AMOUNT _____ TERM/YEARS _____ RATE _____ MORTGAGE TYPE _____
CASH OFFER CLOSE 30 DAYS

For the purposes of this Agreement, financing is to be demonstrated by a conditional loan commitment letter, which states that BUYER is creditworthy, has been approved and that the lender shall make the loan in a timely manner at the Closing on specified customary conditions for a loan of the type specified above. BUYER is responsible to resolve all conditions included in the loan commitment by the Closing date.

The existence of conditions in the loan commitment will not extend either the Financing Deadline described below or the closing date.

BUYER hereby authorizes, directs and instructs its lender to communicate the status of BUYER'S financing and the satisfaction of lender's specified conditions to SELLER and SELLER'S/BUYER'S AGENCY.

TIME IS OF THE ESSENCE in the observance of all deadlines set forth within this financing contingency.

SELLER(S) INITIALS [Signature]

BUYER(S) INITIALS R.T.H. / B.C.H.

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
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BUYER agrees to act diligently and in good faith in obtaining such financing and shall, within N/A calendar days from the effective date, submit a complete and accurate application for mortgage financing to at least one financial institution currently providing such loans, requesting financing in the amount and on the terms provided in this Agreement.

If BUYER provides written evidence of inability to obtain financing to SELLER by N/A ("Financing Deadline"), then:

- (a) This Agreement shall be null and void; and
- (b) All deposits will be returned to BUYER in accordance with the procedures required by the New Hampshire Real Estate Practice Act (N.H. RSA 331-A:13) ("the Deposit Procedures"); and
- (c) The premises may be returned to the market.

BUYER may choose to waive this financing contingency by notifying SELLER in writing by the Financing Deadline and this Agreement shall no longer be subject to financing.

If, however:

- (a) BUYER does not make application within the number of days specified above; or
- (b) BUYER fails to provide written financing commitment or written evidence of inability to obtain financing to SELLER by the Financing Deadline,

Then SELLER shall have the option of either:

- (a) Declaring BUYER in default of this Agreement; or
- (b) Treating the financing contingency as having been waived by BUYER.

If SELLER declares BUYER in default, in addition to the other remedies afforded under this Agreement:

- (a) SELLER will be entitled to all deposits in accordance with the Deposit Procedures; and
- (b) This Agreement will be terminated; and
- (c) The premises may be returned to the market for sale.

If SELLER opts to treat the financing contingency as waived or relies on a conditional loan commitment and BUYER subsequently does not close in a timely manner, SELLER can then declare BUYER in default. SELLER then, in addition to the other remedies afforded under this Agreement:

- (a) Will be entitled to all deposits in accordance with the Deposit Procedures; and
- (b) This Agreement will be terminated; and
- (c) The premises may be returned to the market for sale.

BUYER shall be solely responsible to provide SELLER in a timely manner with written evidence of financing or lack of financing as described above.

SELLER(S) INITIALS [Signature]

BUYER(S) INITIALS R.T.H. / 1

PURCHASE AND SALES AGREEMENT AND DEPOSIT RECEIPT
New Hampshire Association of REALTORS® Standard Form



17. ADDITIONAL PROVISIONS:

This offer is good until 5 PM October 8, 2007 Eastern Standard Time.

18. EFFECTIVE DATE: This is a binding contract and the effective date is when signed and dated, whether by electronic transfer or original, and all changes initialed and dated, by SELLER and BUYER.

Each party is to receive a fully executed duplicate original of this Agreement. This Agreement shall be binding upon the heirs, executors, administrators and assigns of both parties.

PRIOR TO EXECUTION, IF NOT FULLY UNDERSTOOD, PARTIES ARE ADVISED TO CONTACT AN ATTORNEY.

Received by
Ken C. [Signature] 10-9-07 12:30 PM
BUYER Ken C. [Signature] DATE TIME

BUYER _____ DATE / TIME

ADDRESS 10407 Stable Lane

ADDRESS _____

CITY / STATE / ZIP Potomac, DC 20854

CITY / STATE / ZIP _____

SELLER accepts the offer and agrees to deliver the above-described PROPERTY at the price and upon the terms and conditions set forth:


Edward H. Olan 10-10-07 10:45 AM
SELLER DATE TIME

SELLER _____ DATE / TIME

ADDRESS 10548 Coppergate Drive

ADDRESS _____

CITY / STATE / ZIP Carmel, ID 46032

CITY / STATE / ZIP _____

The Purchase and Sales Agreement for 12 Christian Cove Road is accepted and the appropriate approvals needed for execution will be given no later than 12:00 p.m. tomorrow October 10, 2007.



Edward H. Okun

Exhibit B

LEGAL DESCRIPTION

Parcel 1

Beginning at an iron pipe driven in the ground at high water mark opposite a marked rock on the westerly side of Tuftonboro Bay and turning S 62° W and running 118.00' to an iron pipe driven in the ground and three stones; thence turning S 36° E and running 166.00' to an iron pipe driven in the ground; thence turning N 65° E and running 100.00' to an iron pipe driven in the ground on the shore of said Bay; thence turning in a generally northerly direction and running 175.00' along the shore of said Bay to the point of beginning.

Together with a right to use as a right of way to and from said lot the way which was formerly a path leading from said premises to a private way which leads to the Tuftonboro Neck Road by the house now or formerly of Lora H. Ferguson and which has been lately converted into a roadway to said premises, also the right to use as a right of way said private way to the Tuftonboro Neck Road.

Parcel 2

Beginning at an iron hub of a rock on the shore of said Tuftonboro Bay at the northerly corner of Parcel 1 and turning S 62° W and running 118.00' to an iron pipe driven in the ground; thence turning N 60.5° W and running 80' 8" to an iron pipe driven in the ground; thence turning N 60.5° E and running 144' 6" to an iron pipe driven in the ground on the lake shore; thence turning S 42° E and running 75.00' to the point of beginning.

Together with the right to use as a right of way to and from said lot the way which was formerly a path leading from said premises to a private way which leads to the Tuftonboro Neck Road by the house now or formerly of Lora H. Ferguson which has been lately converted into a road way to said conveyed premises, also the right to use as a right of way said private way to the Tuftonboro Neck Road.

TO BE SUPPLIED

Exhibit C

Exhibit D

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
In re: Chapter 11
07-11448(MG)
THE 1031 TAX GROUP, LLC, *et al*,
Debtor.
----- x

**AFFIDAVIT OF DISINTERESTEDNESS OF THOMAS
RANDY WALKER, ESQ. FROM WALKER & VARNEY, PC**

THOMAS RANDY WALKER, under penalty of perjury, states and represents as follows:

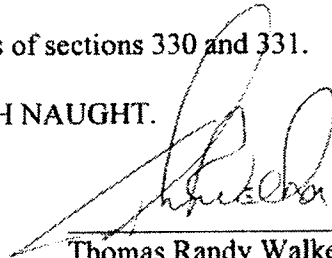
1. I am a shareholder of Walker & Varney, PC ("WV") with offices at 26 North Main Street, Wolfeboro, NH 03694. I submit this affidavit in connection with my retention as the attorney representing Gerard A. McHale, Jr., chapter 11 trustee in the above-entitled cases, specifically only for the closing of real property located at 12 Christian Cove, Tuftonboro, NH ("Property"). My resume is annexed hereto as Exhibit A.
2. I have reviewed the schedules filed by the Debtors.
3. To the best of my knowledge, information and belief, with respect to the above captioned Chapter 11 cases, I do not have any connection with the above Debtors, or the Debtors' attorney, the Debtors' creditors or any other parties in interest or their respective attorneys. I believe that I am a "disinterested person" pursuant to and within the meaning of the United States Bankruptcy Code, 11 U.S.C. 101(14). I was, however, initially retained by Edward Okun specifically to close upon the sale of this Property [and WV had acted as his counsel in the past to close upon

unrelated properties].

4. I represent that, to the best of my knowledge and belief, I do not hold or represent any interest adverse to the Debtors' estate or the Debtors' creditors in this case and have no connection with the Debtors, their creditors or any other parties in interest or their respective attorneys in this matter, except as disclosed in the above paragraph.

5. I agree that my retention shall be pursuant to the standards of section 327(a) of the United States Bankruptcy Code and that all fees shall be pursuant to fee application under the standards of sections 330 and 331.

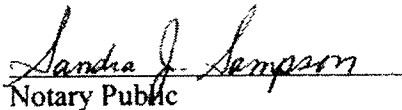
FURTHER AFFIANT SAYETH NAUGHT.



Thomas Randy Walker, Esq.

STATE OF NEW HAMPSHIRE
COUNTY OF Carroll

The foregoing instrument was sworn to, subscribed and acknowledged before me this 16th day of September, by THOMAS RANDY WALKER, who is personally known to me.

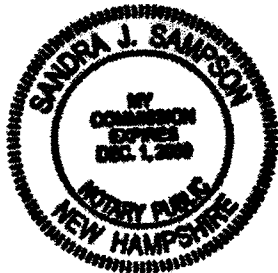


Notary Public

Print Name: Sandra J. Sampson

My Commission Expires: 12/1/09

420672\1



WALKER & VARNEY P.C.
ATTORNEYS AT LAW
26 North Main Street - P.O. Box 509
WOLFEBORO, NEW HAMPSHIRE 03894

GEORGE W. WALKER
ROBERT C. VARNEY
THOMAS R. WALKER
JENNIFER G. HASKELL

Tel: (603) 569-2000
Fax: (603) 569-4759

TRW/RCV/sjs

Gerard A. McHale, Jr., Esquire
8191 College Parkway, Suite 302
Fort Myers, FL 33919-5190

Edward H. Okun
394 South Hibiscus Drive
Miami Beach, FL 33139

November 16, 2007

FOR PROFESSIONAL SERVICES RENDERED:

Legal services rendered from September 8, 2007 to November 16, 2007

Review of file, telephone conference with Ed Okun, telephone conference with Realtor Mazzarella, telephone conference with Attorney Sullivan, preparation and draft of closing documents, numerous telephone conferences with Attorney Sullivan, Realtor Mazzarella and Realtor Williams, witnessed and notarized multiple documents, telephone conference with Realtor Mazzarella re sale of Tuftonboro property, telephone conference with Realtor Mazzarella, telephone conference with Realtor Williams, multiple telephone conferences with Attorney Rosen, office conference with Ed Okun to execute multiple documents, copied same, overnighted documents to attorneys as instructed, received and read multiple e-mails, multiple telephone conferences with Jaime, multiple telephone conferences with Attorney Lim, letter to Attorney Lim, telephone conferences with Marie Zucker, telephone conference with Attorney McHale's office, telephone conference with Attorney Harrison, telephone conference with Attorney Lim, faxed Attorney Lim a draft settlement statement, telephone conference with Ed Okun re insurance, winterization of house, and household contents, follow up telephone conference with Attorney Lim re same, telephone conference with Attorney Sullivan and Realtor Mazzarella, telephone conference with Attorney Lim who requested a copy of the Okun/Harrison purchase and sales agreement and quitclaim deed, telephone conference with Attorney Lim re December 7, 2007 hearing date and faxing documents with hard copy of order to follow after December 7, 2007 hearing, telephone conference with Attorney Sullivan re same, follow up telephone conference with Attorney Sullivan re same, follow up telephone conference with Attorney Lim re same, read Attorney Lim's November 16, 2007 e-mail requesting execution of an affidavit for Bankruptcy Court, executed and e-mailed same to Attorney Lim.

LEGAL FEES:	9.1 hours @ \$250 per hour (TRW)	2,275.00
	6.0 hours @ \$250 per hour (RCV)	1,500.00
	6.0 hours @ \$50 per hour (Paralegal)	300.00

DISBURSEMENTS

Overnight mailings	155.00
Photocopies	58.80
Anticipated time to close transaction 2.0 hours @ \$250	500.00

AMOUNT DUE	4,788.80
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Walker & Varney P.C.

ATTORNEYS AT LAW

George W. Walker
Robert C. Varney
Thomas R. Walker
Jennifer G. Haskell

26 North Main Street + PO Box 509
Wolfeboro, New Hampshire 03894
Tel. 603-569-2000 + Fax. 603-569-4759

Civil Trials in all Courts, Corporate, Probate, Real Property, Personal Injury, Banking.

MEMBERS OF FIRM

GEORGE W. WALKER, born Boston, Massachusetts, April 22, 1929; admitted to bar 1954, New Hampshire and Massachusetts; 1959, U.S. District Court, District of New Hampshire; 1960, U.S. Supreme Court. **Education:** University of New Hampshire; Boston University (L.L.B., cum laude, 1954, J.D. 2004). County Attorney, Carroll County, 1967-1968. Justice, Wolfeboro District Court, 1972-1990. Judicial Council 1974-1984 (Chair 1984); Moderator, Governor Wentworth Regional School District, 1975-1989. Member: Carroll County Bar Association (President, 1963), New Hampshire and American Bar Associations; New Hampshire Trial Lawyers Association (President, 1979); The Association of Trial Lawyers of America. Trustee, Huggins Hospital 1965-2007, [Capt., U.S.A.F., 1955-1959]. **Practice Areas:** Personal Actions; Probate Law, Estate Planning, Corporate Law; Banking Laws.

ROBERT C. VARNEY, born London, England, November 28, 1944; admitted to bar 1973, New Hampshire. **Education:** University of Pennsylvania (A.B., 1966); Georgetown University (J.D., 1972). Law Clerk for the Hon. Howard F. Corcoran, United States District Court of the District of Columbia, 1972-1973. Special Justice, 1974-1990 and Justice, 1990 - , Southern Carroll County District Court. Town Moderator, Wolfeboro, 1976-2003, Member, Supreme Court Professional Conduct Committee, 1992- , Chairman 2000-2004. **Member:** Carroll County and New Hampshire Bar Associations; New Hampshire Trial Lawyers Association. [1st Lieut., U.S.A., 1967-1969]. **Practice Areas:** Real Estate Development Law; Business Law; Probate Law; Trial Litigation; Trusts Law.

THOMAS R. WALKER, born Wheelus USAF, Tripoli, Libya, January 15, 1958; admitted to bar 1983; New Hampshire and U.S. District Court, District of New Hampshire. **Education:** University of New Hampshire (B.A., 1980); Vermont Law School (J.D., 1983). **Member:** Carroll County Bar Association (President 1988), New Hampshire Bar Association, New Hampshire Trial Lawyers (Member, Board of Governors, 1990-1993), Past Member American Trial Lawyers Association; **Community:** Moderator, Governor Wentworth Regional School District (1989- present), Town Moderator, Wolfeboro (2002 - present). **Practice Areas:** Civil Litigation, Personal Injury, Real Estate, Estate Planning, Domestic Relations.

JENNIFER G. HASKELL, born Catskill, New York ; admitted to bar 2002, New Hampshire and U.S. District Court of New Hampshire, Massachusetts and U.S. District Court, District of Massachusetts and District of New Hampshire; 2004, 1st Circuit Court of Appeals. **Education:** University of Michigan (A.B. Honors Program, Phi Beta Kappa, 1986); Massachusetts School of Law (J.D., magna cum laude, 2001). Law Clerk for the Justices of the Massachusetts Superior Court, 2001-2001. **Member:** Carroll County Bar Association, New Hampshire Bar Association, New Hampshire Trial Lawyers (Member, Board of Governors, 2004-2005), Past Member American Trial Lawyers Association. **Community:** Advisory Council Kingswood Youth Center (Director, 2004-2006). Lakes Region Humane Society (President, 2005-2007). Great Waters Music Festival (Director, 2005 - present), Wolfeboro Camp School (Director, 2006 - present). **Practice Areas:** Civil Litigation, Domestic Relations, Estate Planning, Probate Law, Business Law, Real Estate.

Exhibit E

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
In re:

Chapter 11
07-11448(MG)

THE 1031 TAX GROUP, LLC, *et al*,

Debtor.
----- x

**AFFIDAVIT OF DISINTERESTEDNESS OF RICK MAZZARELLA
FROM PRUDENTIAL SPENCER-HUGHES R. E.**

Rick Mazzarella, under penalty of perjury, states and represents as follows:

1. I am a real estate associate broker from Prudential Spencer Hughes R.E. ("Prudential") with offices at 22 South Main Street, Wolfeboro, NH 03894. I submit this affidavit in connection with my retention as the real estate broker representing Gerard A. McHale, Jr., chapter 11 trustee in the above-entitled cases, specifically only for the sale of real property located at 12 Christian Cove, Tuftonboro, NH ("Property"). My resume is annexed hereto as Exhibit A.

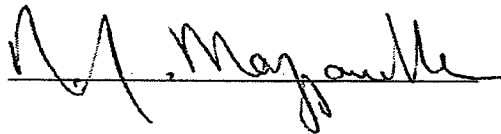
2. I have reviewed the schedules filed by the Debtors.

3. To the best of my knowledge, information and belief, with respect to the above captioned Chapter 11 cases, I do not have any connection with the above Debtors, or the Debtors' attorney, the Debtors' creditors or any other parties in interest or their respective attorneys. I believe that I am a "disinterested person" pursuant to and within the meaning of the United States Bankruptcy Code, 11 U.S.C. 101(14). I was, however, initially retained by Edward Okun specifically to list and sell upon the sale of this Property and Prudential is his broker for the sale of his other residence located at Aaron Road.

4. I represent that, to the best of my knowledge and belief, I do not hold or represent any interest adverse to the Debtors' estate or the Debtors' creditors in this case and have no connection with the Debtors, their creditors or any other parties in interest or their respective attorneys in this matter, except as disclosed in the above paragraph.

5. I agree that my retention shall be pursuant to the standards of section 327(a) of the United States Bankruptcy Code and that all fees shall be pursuant to fee application under the standards of sections 330 and 331.

FURTHER AFFIANT SAYETH NAUGHT.



STATE OF NEW HAMPSHIRE
COUNTY OF Carroll

The foregoing instrument was sworn to, subscribed and acknowledged before me this 16th day of November, 07, by Richard J. Mazzarella, who is personally known to me.



Notary Public

Print Name: Doreen C. Blaisdell

My Commission Expires: 2/15/08

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
In re: Chapter 11
07-11448(MG)
THE 1031 TAX GROUP, LLC, *et al*,
Debtor.
----- x

**AFFIDAVIT OF DISINTERESTEDNESS OF DENISE WILLIAMS
FROM MAXFIELD REAL ESTATE**

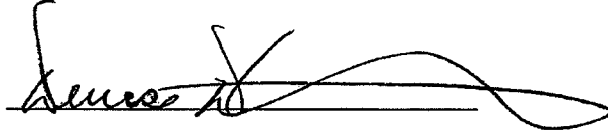
Denise Williams, under penalty of perjury, states and represents as follows:

1. I am an associate real estate broker from Maxfield Real Estate ("Maxfield") with offices at 15 Railroad Ave Wafarao ^{my}. I submit this affidavit in connection with my retention as the real estate broker representing the buyer, Christian Cove, LLC, a Maryland limited liability company, of the real property located at 12 Christian Cove, Tuftonboro, NH ("Property"). My resume is annexed hereto as Exhibit A.
2. I have reviewed the schedules filed by the Debtors.
3. To the best of my knowledge, information and belief, with respect to the above captioned Chapter 11 cases, I do not have any connection with the above Debtors, or the Debtors' attorney, the Debtors' creditors or any other parties in interest or their respective attorneys. I believe that I am a "disinterested person" pursuant to and within the meaning of the United States Bankruptcy Code, 11 U.S.C. 101(14).
4. I represent that, to the best of my knowledge and belief, I do not hold or represent any interest adverse to the Debtors' estate or the Debtors' creditors in this case and have no connection with the Debtors, their creditors or any other parties in interest

or their respective attorneys in this matter, except as disclosed in the above paragraph.


5. I agree that my retention shall be pursuant to the standards of section 327(a) of the United States Bankruptcy Code and that all fees shall be pursuant to fee application under the standards of sections 330 and 331.

FURTHER AFFIANT SAYETH NAUGHT.



STATE OF NEW HAMPSHIRE
COUNTY OF Carroll

The foregoing instrument was sworn to, subscribed and acknowledged before me this 16th day of November 07, by Denise D. Williams who is personally known to me.



Notary Public
Print Name: Dreen Blaisdell
My Commission Expires: 2/15/08

Exhibit F

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	
In re	: Chapter 11
	: Case No. 07-11448 (MG)
THE 1031 TAX GROUP, LLC, <i>et al.</i> ¹ ,	: :
	: :
Debtors.	: :
	: :
-----X	

DECLARATION OF RICK MAZZARELLA

RICK MAZZARELLA, pursuant to 28 U.S.C. § 1746, hereby deposes and says:

1. I am a real estate broker with Prudential Spencer-Hughes, which has three offices in New Hampshire. I was the listing agent for the sale of the property located at 12 Christian Cove Road in Tuftonboro, New Hampshire, bordering on Lake Winnepesaukee (the "Property"), previously owned by Mr. Edward H. Okun. As such I have personal knowledge of this sale and the state of real estate in this part of New Hampshire.

2. Mr. Okun twice listed the Property, first in the spring of 2006 and later in the spring of 2007. Upon Mr. Okun's second listing, Prudential Spencer-Hughes paid for expensive print and internet advertisements featuring the Property. I showed the Property to 12-15 parties and conducted two open houses.

3. The Property was originally listed at \$2.595 million and reduced to \$2.3 million, and \$1.85 million. Prior to Mr. Ronald Harrison's accepted offer to purchase the Property, there were two other verbal lower offers that were rejected. Mr. Harrison had originally agreed to

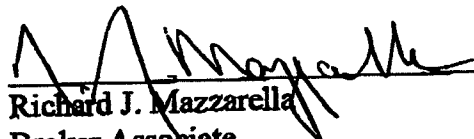
¹ The Debtors are: The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; Shamrock Holdings Group, LLC; and AEC Exchange Company LLC.

purchase the Property for \$1.775 million, which was reduced \$25,000 to \$1.750 million for an extension of time until December 2, 2007.

4. The New Hampshire lake front real estate market is very poor. Prudential Spencer-Hughes specializes in New Hampshire lake homes, as featured at www.spencerhughes.com. At present there are more than 100 Lake Winnepesaukee lake front homes in the \$1-4 million range that are on the market that are not receiving strong activity at this time. I believe that if the sale of the Property does not occur on or before December 2, 2007, that Mr. Harrison will likely not purchase the Property and it will be difficult to sell the Property at the present \$1.75 million price.

5. I declare under penalty of perjury that the foregoing is true and correct.

Dated: Wolfeboro, New Hampshire
November 15, 2007


Richard J. Mazzarella
Broker Associate