

WARLICK, MILSTED & DOTSON, P.A.  
ATTORNEYS AT LAW  
320 NEW BRIDGE STREET  
P.O. BOX 766  
JACKSONVILLE, NC 28541-0766

COPY  
TELE: (910) 455-1215  
FAX: (910) 455-4702

ALEX WARLICK, JR.  
CARL S. MILSTED  
MARSHALL F. DOTSON, JR.

April 23, 2004

Capital Werks Company  
d/b/a Preferred Lease  
Attention: Mark Strickland  
5 Hutton Center Drive, 12th Floor  
Santa Ana, CA 92707

Dear Mr. Strickland:

This firm represents Terry Norton, President of Jacksonville Paving Co., Inc. located in Jacksonville, NC.

On or about February 20, 2004, Capital Werks agreed to provide a line of credit to our clients in the amount of \$150,000.00 under a lease arrangement. Apparently, Mr. Norton has conducted business with your company before.

I am providing you with a signed copy of this proposal for lease agreement that Mr. Norton accepted and returned to you with his cashier's check in the amount of \$9,155.00. Mr. Norton was told that this was all approved and he would have his money in short order. It is my understanding that Mr. Norton has called your office on several occasions and apparently the rate that you quoted to him on the initial lease application of 8% was later quoted by your company at a much larger rate which was unsatisfactory to Mr. Norton.

I am also advised that Mr. Norton has contacted your company for the return of his \$9,155.00 but your company has failed and refused to return these funds to Mr. Norton. Failure to provide funding at the agreed upon terms with Mr. Norton and return his funds caused Mr. Norton to have to go to another institution to obtain funding for his equipment purchase and has created considerable delay and expense in finalizing his transaction.

The purpose of my letter on behalf of Jacksonville Paving Co., Inc. is to demand the return of \$9,155.00 deposited with you by Mr. Norton within ten days of your receipt of this communication. In the event this office or Mr. Norton does not receive a full refund of his deposit, we will advise Mr. Norton to proceed with other legal efforts to collect this indebtedness.

FROM :

FAX NO. :

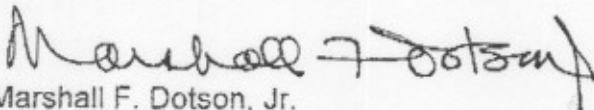
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Capital Werks Company  
April 23, 2004  
Page 2

I trust that you will give this matter your immediate attention and that further action on the part of this office will not be necessary.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

Very truly yours,

  
Marshall F. Dotson, Jr.

MFDjr/dd  
Enclosure

cc: Jacksonville Paving Co., Inc.



A CapitalWerks Company

15714-2100-1116  
mark  
Shilling  
Overall

February 20, 2004

Terry Norton  
President  
Jacksonville Paving Co., Inc.  
1513 Uranus Lane  
Jacksonville, FL 28540

Dear Terry,

CapitalWerks, L.L.C. dba Preferred Lease (CapitalWerks) is pleased to submit the following proposal for a lease transaction with Jacksonville Paving Co., Inc. (hereinafter referred to as "Lessee").

- Lessor:** CapitalWerks, L.L.C. dba Preferred Lease and/or its assigns.
- Lessee:** Jacksonville Paving Co., Inc.
- Guarantor:** All Corporate Shareholders and Principals
- Credit Facility:** Master Lease Line of Credit for Sale Leaseback
- Equipment:** Used Asphalt Plant
- Equipment Cost:** \$150,000.00
- Term:** 60 months
- Payment Amount:** \$3,077.50 (Assuming Full Line Amount is Drawn Down)
- First and Last Payment:** \$6,155.00
- Securitization Fee:** \$3,000.00 (Equivalent to 2% of transaction amount)

**Purchase Options:** Provided all monies due and payable CapitalWerks or its assigns have been received, lessee may purchase the equipment for Five Percent (5%) of the original invoice amount, return the equipment or continue leasing. Each equipment schedule purchased or renewed must be done so on an all or nothing basis.

T.A.

**Rental Adjustment:** The lease rates quoted in this proposal have been calculated, in part, using an interest rate tied to the corresponding U.S. Treasury Note. The lease rate quoted is subject to change in the event such Treasury Notes yields fluctuate more than ten (10) basis points prior to the lease commencement date or where there is a material adverse change in the Lessee's credit.

**Type of Lease:** The lease would be a triple net lease, whereby the Lessee would be responsible for all expenses related directly or indirectly to the transaction, including, but not limited to, maintenance, taxes (other than the taxes imposed on the net income of the Lessor), insurance coverage, etc. The Lessee would be responsible for certain indemnifications including, but not limited to, indemnifications against all hazards, liabilities, damages and risks of loss.

**Initial Deposit:** An Initial Deposit of First and Last Payment plus the Securitization Fee of Two percent (2%) is required upon acceptance of this letter. Should CapitalWerks approve this transaction, this initial deposit shall be applied thereto. The Initial Deposit will be returned to the Lessee, less reasonable due diligence expenses to be capped at \$7,000.00, promptly should CapitalWerks decline to approve this transaction. The fee will be forfeited, however, should the Lessee decline to close on this transaction after CapitalWerks has granted its approval for same.

This transaction is subject to a final due diligence of the Lessee and approval by the appropriate officers of CapitalWerks. CapitalWerks will notify the Lessee in writing of its approval. This transaction, if approved, is contingent upon the successful execution of all required final documentation, including Master Lease, Addendums, and Schedules.

Upon receipt of an executed copy of this letter along with the required check in the amount of \$9,155.00 CapitalWerks will finalize its due diligence of this transaction. This letter will remain in effect until the close of business on March 15, 2004.

We at CapitalWerks, L.L.C. dba Preferred Lease look forward to pursuing a mutually beneficial relationship. In the event that any questions arise, please do not hesitate to contact me at (714) 210-7401.

Sincerely,

Ziya "Eric" Arik  
Commercial Account Manager

February 20, 2004

Accepted By: Terry Norton

Printed Name: TERRY NORTON

Title: President

Date: 3-3-04

FROM :

FAX NO. :

Jul. 09 2000 01:21AM P3

**JACKSONVILLE PAVING CO, INC.**

1513 URANUS LANE

JACKSONVILLE, NC 28540

OFFICE(910)938-9399 FAX(910)938-9454

04-12-04

**To Whom It May Concern**ⓂMARK STRICKLAND,LUIS ZENDEJAS,ERICK  
THIS LETTER IS TO INFORM YOU,THAT WE ARE TURNING THIS OVER  
TO OUR LAWYERS.WE HAVE SIGNED A AGREEMENT CONTRACT AND SENT  
PREFERRED LEASE A CHECK IN THE AMOUNT OF \$9155.00.PREFERRED  
LEASE HAS HAD OUR CHECK SINCE 03-04-04.WE WILL BE ASKING FOR  
THE FULL AMOUNT BACK,ALONG WITH INTEREST ON MONIES AND  
LAWYER FEES.WE HAVE CONTACTED ALL OF YOU ABOUT THIS MATTER  
SEVERAL TIMES.WE WILL GIVE PREFERRED LEASE 3 BUSINESS DAYS TO  
RETURN OUR MONEY TO STOP LEGAL ACTION.  
WE HAVE STUCK WITH OUR AGREEMENT AND PREFERRED LEASE  
CERTAINLY HAS NOT.

THANK YOU,  
TERRY NORTON

FAX NO. :

FROM :

7003 0320 0000 8292 3647

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
Domestic Mail Only (not for use on international mail)

SANTA ANA CA 92707

Postage	\$ 90.37	0600	Restrict:
Certified Fee	2.30	12	None
Return Receipt Fee (endorsement Required)	1.75		
Restricted Delivery Fee (endorsement Required)	50.00		
Total Postage & Fees	\$ 144.42	04/23/2004	

Send To  
 Recipient Name  
 or PO Box No. Capital Works Company  
 5 Stutton Center Dr. 12th Floor  
 City, State ZIP+4  
 Santa Ana, CA 92707