

BEFORE THE ARKANSAS CEMETERY BOARD

IN THE MATTER OF:

**REST HAVEN MEMORIAL
GARDENS, EL DORADO,
ARKANSAS**

ORDER NO. C-08-071-08-OR03

ORDER APPROVING APPLICATION FOR TRANSFER OF OWNERSHIP

A special meeting of the Arkansas Cemetery Board (“Board”) was held on August 13, 2008. Among the matters considered was an application for transfer of ownership of Rest Haven Memorial Gardens (“Rest Haven”), from Forest Hill Funeral Home and Memorial Park, LLC (“Forest Hill”), to Serenity Cemeteries II, LLC (“Serenity”). Mr. Max Shelton, an attorney, appeared on behalf of Forest Hill in his capacity as its court-appointed receiver. Also appearing with Mr. Shelton was his attorney, Mr. Philip Hicky. Appearing on behalf of Serenity was Mr. Steven McDonald, its president. Upon consideration of the testimony, the exhibits, and all other matters presented, the Board hereby finds and concludes:

FINDINGS OF FACT

1. Rest Haven is perpetual care cemetery located in El Dorado, Arkansas. Rest Haven is licensed by the Board as a perpetual care cemetery as defined by the Cemetery Act for Perpetually Maintained Cemeteries, Ark. Code Ann. §§ 20-17-1001—20-17-1028. Rest Haven has been owned by Forest Hill since 2006. Forest Hill is a Tennessee limited liability company, with a home office located in Memphis, Tennessee. Max Shelton has served as receiver for Forest Hill since his appointment by the Chancery Court of Shelby County, Tennessee, (“Court”) on April 4, 2007.

Forest Hill owns four perpetual care cemeteries in Arkansas, including Rest Haven.

2. On October 10, 2007, Max Shelton obtained permission from the Court to offer for the sale the four Arkansas cemeteries owned by Forest Hill. The offer of the cemeteries was advertised by publishing a bid notice in the Arkansas Democrat-Gazette on three consecutive Sundays, November 18, 2007, November 25, 2007, and December 2, 2007. The bid submission period closed on December 14, 2007. The highest bid for the four cemeteries was placed by Serenity. On January 25, 2008, the Court authorized Mr. Shelton to complete the sale of the four Arkansas cemeteries to Serenity.
3. On January 29, 2008, Forest Hill and Serenity submitted an application to the Board proposing a transfer of ownership of Rest Haven from Forest Hill to Serenity. The original application has since been supplemented to include documents and information as requested by the Staff of the Arkansas Securities Department.
4. Forest Hill and Serenity have submitted all documents and information required for a transfer of ownership of a perpetual care cemetery, pursuant to Ark. Code Ann. § 20-17-1012(a)(2) and Rule 11 of the Rules of the Arkansas Cemetery Board. Based upon a review of these filings, Serenity meets all statutory and regulatory requirements necessary for approval of the proposed transfer of ownership of Rest Haven from Forest Hill to Serenity.

CONCLUSIONS OF LAW

5. Ark. Code Ann. § 20-17-1012(a)(1) states that when a change is proposed in the controlling interest or ownership of a perpetual care cemetery or any cemetery company, the cemetery that holds the current permit and the individual or organization proposing to obtain ownership or gain control shall file an application for the issuance of a new permit.
6. An application for transfer of ownership of a perpetual care cemetery must contain certain specified fees, documents, statements, and accountings. Ark. Code Ann. § 20-17-1012(a)(2), and Rule 11 of the Rules of the Arkansas Cemetery Board.
7. If the Board finds that the seller and purchaser have complied with the Act and Rules of the Arkansas Cemetery Board, the Board shall order the issuance of a new permit to the purchaser. Rule 11.06 of the Rules of the Arkansas Cemetery Board.
8. Ark. Code Ann. § 20-17-1012(c)(3) states that the Board may additionally require the presentation of proof of the continued current status of the permanent maintenance trust fund by the purchaser for such a reasonable period of time as the Board may determine to be necessary in the public interest.

ORDER


The Board hereby orders that the transfer of ownership application for Rest Haven shall be approved. Serenity shall be issued a new permit to operate Rest Haven, under the name Serenity. Issuance of the new permit shall be conditioned upon the written

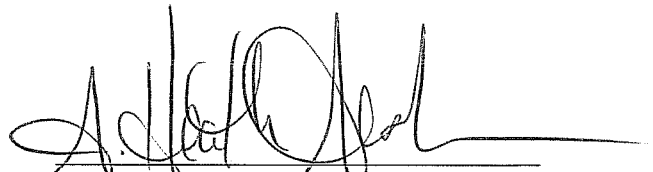
approval of the proposed transfer of Rest Haven by the Arkansas Insurance Department and execution of a written agreement between the Chairperson and Secretary of the Board, the authorized agent of Serenity, and the financial institution in which the permanent maintenance trust fund of Rest Haven is deposited. The agreement should contain language requiring the approval of the Board prior to any action being taken to transfer any portion of the principal of the permanent maintenance trust fund to another financial institution, or prior to redirecting or reinvesting any portion of the permanent maintenance trust fund into other investment vehicles or instruments. Upon receipt of the aforementioned items, the Staff of the Arkansas Securities Department shall be authorized to issue a new permit to Serenity for the operation of Rest Haven.

IT IS FURTHER ORDERED that the Serenity shall be required to place into Rest Haven's permanent maintenance trust fund a minimum of fifteen percent (15%) of the gross sales price of each lot sold in Rest Haven.

Dated: October 2, 2008

ARKANSAS CEMETERY BOARD


BETTY FINLEY
Chairperson


A. HEATH ABSHURE
Secretary