

HUSE
LAW OFFICE, P.C.

August 10, 2007

North American Shagya-Arabian Society (NASS)
35185 Hwy 93
St. Ignatius, MT 59865

Re: North American Shagya-Arabian Society (NASS)

Dear North American Shagya-Arabian Society (NASS):

I am writing at the request of the Board of Directors of North American Shagya-Arabian Society ("NASS") to provide a brief overview of the status of the Company. It is my understanding that questions have arisen, and have been presented, in relation to the operational aspects of NASS. As you know, my Firm was not familiar with NASS until just recently, when the Board of Directors (the "Board") contacted this Office and requested my review of the entity and its operational past, and based upon that evaluation, determine if there are functional aspects of the Company which may need to be addressed. I have, in fact, completed most of my review of NASS, and its operational aspects and documents, and the content of this correspondence will provide some of my conclusions based on that review.

In short, the Board requested that this correspondence provide a general overview of the status of the Entity, mainly providing some insight from a legal professional's standpoint. Further, the Board advised me that there have been some allegations that, in essence, the Corporation may be conducting operations in a manner that may void its status as a viable entity. However, in truth, to accomplish what the Board is requesting—updating and clean-up of the Corporation so that it can continue to operate as it has before—NASS Corporate documents need some refining, but the Entity is not operating illegally nor are potential minor issues beyond repair, under Montana Law.


The members of NASS should also be advised that, pursuant to Montana Code Annotated Statute §35-2-516, a member of a corporation is not, as a member, personally liable for the acts, debts, liabilities, or obligations of the corporation. I cite this Statute not because NASS has potential liabilities or obligations that are of concern, but more so because I think it is important that members understand they cannot be held personally liable for any of the Corporation's acts. Based on my conversation with the Board, I get the sense that members are unsure of what the Corporation's decisions might mean to them personally, and again, I cite the above-referenced Statute to put their minds at ease that they are not liable, personally, for any of the Corporation's actions.

In regard to the status of NASS, as a Montana Corporation, I am reasonably certain that, with a few modifications to the Entity's formation documents, NASS can be updated to meet the

operational expectations and desires of the Board, and the Corporation's members. If Board members or members of the Corporation have heard implications, by third parties, that NASS cannot continue operations or make changes necessary to accomplish the desires of the Board for continuing operations, as it has in the past, it is my position that such implications are inaccurate.

At this time, this office is working at the direction of the Board to take any actions necessary to allow NASS to continue to operate as a stand-alone entity that operates, as it has in the past, and offers the services it has offered in the past. Again, pursuant to Montana law, this is achievable, and please rest assured that actions are being taken to meet the Board's desires in this regard."

Very truly yours,
HUSE LAW OFFICE, P.C.


Thad A. Huse

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