

# **READ THIS**

# **PROPERTY REPORT**

# **BEFORE SIGNING ANYTHING**

This report is prepared and issued by the developer of this Subdivision. It is not prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a Lot in this Subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you receive this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two years from the date of signing.

Name of Subdivision:	<b>Sago Plantation at Legends</b>
Name of Developer:	<b>NorthEast Development Associates, LLC</b>
Date of This Report:	<b>March 30, 2007</b>

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In this Property Report the words “you” and “your” refer to the buyer. The words “we”, “us” and “our” refer to the developer.

## RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land or dwellings to increase in value.

Any value that your Lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

The resale of your Lot may be difficult or impossible, since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your Lot.

Any project will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact will depend on the location, size, planning, and extent of development. Projects that adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your Lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

### WARNINGS

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

## GENERAL INFORMATION

The name of the subdivision is Sago Plantation at Legends (the "Subdivision" or "Sago Plantation"). This Report covers 247 Lots ("Lots") in the Subdivision. The Subdivision is located in Horry County, South Carolina. See page 27 for a listing of these Lots. It is estimated that this Subdivision will eventually contain a total of 440 Lots.

The Developer of this Subdivision is:

NorthEast Development Associates, LLC  
100 West Main Street  
Babylon, NY 11702  
Telephone No: (631) 930-7607

Answers to questions and information about the Subdivision may be obtained by telephoning the Developer at the number listed above.

## TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use and enjoy the property. A contract or agreement to buy a Lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your Lot or on the Subdivision could adversely affect your title.

Here we will discuss the Lot purchase agreement ("Purchase Agreement") you will sign and the deed you will receive. We will also provide you with information about any use restrictions and encumbrances, mortgages, or liens affecting your Lot and some important facts about payments, recording and title insurance.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

In order to purchase a Lot in the Subdivision, you will sign a Lot Purchase Agreement, which is effective, and binding upon you on the date we accept it. After signing the Purchase Agreement, you have the right to cancel your purchase until midnight of the seventh (7<sup>th</sup>) day following the date of signing.

You may purchase a Lot for cash or you may utilize financing afforded by a number of local lenders. We are not providing financing to purchasers. At signing of a Purchase Agreement, you must make an earnest money deposit in an agreed upon amount, followed by an additional earnest money deposit to be paid on the date specified in the Purchase Agreement. The balance of the purchase price shall be in cash and is due at closing. Your deposit will be held in escrow until closing of the purchase and sale of your Lot and our delivery of a deed to you, all as set forth below.

At closing of the sales transaction, which will occur in no more than 180 days of the date you sign your Purchase Agreement, we will provide you with a General Warranty Deed, free and clear of all liens and encumbrances except those listed in the Purchase Agreement, restrictions, easements and covenants of record and any purchase money mortgage you may obtain to finance the purchase of your Lot.

#### Type of Deed

The transfer of legal title to you will be accomplished by a general warranty deed.

## Oil, Gas, and Mineral Rights

The mineral rights to the property located within the Subdivision will not belong to the purchasers of the Lots. The exercise of these rights could affect the use, enjoyment, and value of your Lot.

### ENCUMBRANCES, MORTGAGES AND LIENS

Currently, the Subdivision is subject to the following mortgages:

Type of Encumbrance	Original Principal Amount	Holder
Mortgage - May 19, 2004	\$2,000,000	Horry County State Bank
Mortgage - June 13, 2005	\$600,000	Horry County State Bank
Mortgage - June 23, 2006	\$500,000	Horry County State Bank

### Release Provisions

These mortgages do not contain release provisions. It is anticipated that these mortgages will be paid off by a development loan, which will provide for the individual release of a Lot from the mortgage at closing.

THE RELEASE PROVISIONS FOR THE MORTGAGES ON THE LOTS HAVE NOT BEEN RECORDED. THEREFORE, THEY MAY NOT BE HONORED BY SUBSEQUENT HOLDERS OF THE MORTGAGES. IF THEY ARE NOT HONORED, YOU MAY NOT BE ABLE TO OBTAIN CLEAR TITLE TO A LOT COVERED BY THESE MORTGAGES UNTIL WE HAVE PAID THE MORTGAGES IN FULL, EVEN IF YOU HAVE PAID THE FULL PURCHASE PRICE OF THE LOT. IF WE SHOULD DEFAULT ON THE MORTGAGES PRIOR TO OBTAINING A RELEASE OF YOUR LOT, YOU MAY LOSE YOUR LOT AND ALL MONIES PAID.

## RECORDING THE PURCHASE AGREEMENT AND DEED

### Method or Purpose Of Recording

Under South Carolina law, the recording of your deed would provide notice of your interest in your Lot to subsequent creditors of us. You are responsible for recording the deed and all costs associated with its recordation. Your Purchase Agreement may not be recorded because it is not customary to record contracts for sale of property in South Carolina and it will not be in recordable form.

UNLESS YOUR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE PROPERTY.

### Title Insurance

Purchasers will receive a title insurance policy. The purchasers will be responsible for all costs associated with obtaining the title insurance policy. The cost of the title insurance policy is approximately \$315.00 to \$375.00. It is recommended that an appropriate professional interpret the policy.

## PAYMENTS

### Escrow

The deposit you make on the Lot when you sign the Purchase Agreement will be placed in an independent, third party, segregated escrow account with Legends Real Estate, PO Box 2038, Myrtle Beach, South Carolina 29578. In the event we are unable to convey the Lot to you by general warranty deed as required by your Purchase Agreement, free and clear of any blanket liens or encumbrances, excepting any purchase money financing that you may obtain and other non-monetary covenants, easements and encumbrances, the escrow agent shall refund all of your deposit monies to you. You may lose your deposit on your Lot if we fail to deliver legal title to you as called for in the Purchase Agreement, because they are not held in an escrow account which fully protects you.

### Prepayments

There are no prepayments as all sales are for cash and you must pay the full purchase price of your Lot at closing. We are not offering financing to prospective purchasers. The right to pre-pay will depend on the terms of your agreement with your lender.

### Default

Pursuant to the Purchase Agreement, in the event you default on your obligation to purchase your Lot, we may retain all amounts paid under the Purchase

Agreement as liquidated damages, or we can exercise any and all other rights and remedies available under South Carolina law.

## RESTRICTIONS ON THE USE OF YOUR LOT

### Restrictive Covenants

We intend to record the Declaration of Covenants, Easements And Restrictions for Sago Plantation (the "Declaration"). The Declaration, once recorded, will impose general restrictions and easements over the project, the Lots and the common areas. The Declaration has not been recorded. Until such time as the Declaration is recorded there is no assurance that the provisions contained in the Declaration will be applied uniformly and they may be changed at any time and may be difficult to enforce. A complete copy of the proposed Declaration is available from us upon request. You are urged to carefully review the proposed Declaration with your advisor.

The Lots in the Subdivision may be used for single-family residential purposes only. The Declaration requires that your plans and specifications for any temporary or permanent structure, including, but not limited to, fences, walls and landscaping must be submitted to the Developer for approval. The Developer has the right to appoint an Architectural Review Board ("ARB") to oversee the installation and construction of all structures to ensure a coherent community.

A summary of restrictions is as follows:

- Size of Residences - All residences constructed upon any Lot shall have a minimum of 1,600 square feet.
- Residential Use of Lots – All Lots shall be used for residential purposes only. Only one (1) detached single family dwelling shall be constructed on the Lot.
- Elevation and Drainage Changes – No changes in elevation, topography, or drainage characteristics of any Lot shall be made without written approval of the Developer or the Association nor shall any fill be used to extend any property beyond any water line.
- Nuisances – No noxious, unlawful or offensive activity shall be carried on upon any Lot or common property, nor shall anything be done to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood.
- Signs – No signs, billboards, posters of any kind shall be placed on any Lot, without prior written consent of the Developer, including, but not limited to "For Sale" or "For Rent" signs. The Developer reserves the right to place signs for purposes of marketing.
- Oil and Mining Operations. No oil drilling, oil development operations, mining operations of any kind, including exploration, shall be permitted on any Lot, nor shall any oil wells, tanks, tunnels, mineral excavations or the construction of

mining shaft be permitted on any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any Lot.

- Altering Lakes and Wetlands No owner of a Lot that as joins a lake, pond, waterway, or other wetland shall dredge or otherwise alter the water feature or wetlands without the Developer’s written permission and approval from the required governmental and regulatory agencies.
- Pets – No animals or livestock shall be kept or maintained on any Lot except that no more than two (2) household pets (including no more than one (1) dog and one (1) cat) may be maintained. Pets shall be allowed, leashed, on common property, subject to any rules and regulations of the Property Owners’ Association.
- Lakes and Drainage Areas – No lake shall be used for water irrigation purposes. No lake may be used for swimming or for personal watercraft. All owners who are adjacent to the ponds shall maintain the lakefront on their Lot.

### Easements

General easements have been or will be granted to utility providers and the Association for the maintenance and repair of telephone, cable TV, gas, electric, water, storm drain, and sewer lines and similar easements for access to facilities. Easements have been reserved in the Declaration for the use and enjoyment of the common areas and any amenities. Additionally, the Developer will maintain the right to convey portions of the Land to any public agency or governmental authority for streets, utilities, rights-of-way and, easements therefore and similar matters.

As set forth on the preliminary plats for the Subdivision, there are a number of easements on the Lots of Sago Plantation. These are as follows:

Lot on Preliminary Plat	Easement
13,14, 63, 64, 91, 247	12' private maintenance easement
21-22, 45-46, 50-51, 54-55, 56-57, 61, 65-66, 70, 92-93, 95-96, 100, 102-103, 117-118, 194-195, 196-197, 198	20' private drainage/access easement
14-15, 18-19, 74-75, 79, 104, 141-142, 150-151, 154-155, 158-159, 172-173, 176-177, 180-181	25' private drainage/access easement
52-53, 116, 169-170, 182-183	30' private drainage/access easement
71-72, 83-84, 137-138, 162-163	35' private drainage/access easement
145-147, 187-193, 195-196, 199-209, 211-218,220,222-231, 240-246	Wetland Area

Additional easements may be set in the final Declaration or on the final plats for the Subdivision. All purchasers should carefully review the Declaration and the plat for a determination of the easements that affect their Lot.

## PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

### Plats

The plats for the Lots in Sago Plantation have not been recorded. Changes may occur in the final plats that may affect the Subdivision. No Lots will be transferred until such time as the final plats are recorded.

REGULATORY AUTHORITIES HAVE NOT APPROVED THE PROPOSED PLATS; THEY MAY REQUIRE SIGNIFICANT ALTERATIONS BEFORE THEY WILL APPROVE THEM AND THEY MAY NOT ALLOW THE LAND TO BE USED FOR THE PURPOSE FOR WHICH IT IS BEING SOLD.

While some of the plats have not been recorded, the description of all Lots given in this report is legally adequate for the conveyance of land in Horry County, South Carolina. Please note, however, that we will not convey any Lots in Sago Plantation until such time as the final plats for your Lot have been duly recorded and we can convey title to you by reference to the final plat.

### Zoning

Sago Plantation is zoned for residential purposes only. There is no present or contemplated use that would violate this zoning ordinance. The Declaration limits the use of the Lots and the homes constructed on the Lots to single-family, detached residential housing only.

### Surveying

All Lots will be surveyed and marked for identification by us at our expense before Closing. You will not bear any of the cost of the Subdivision survey or staking.

### Permits

We will obtain the necessary permits prior to construction of the improvements to the Lots in the Subdivision. When you construct your home you will need to obtain a building permit from the Horry County Code Enforcement Department Government & Justice Center. The cost is approximately \$25.00 for the zoning fee and an additional 35¢ per square foot based on the home being constructed. The purchaser must pay this fee directly to Horry County.

### Environment

No determination has been made as to the possible adverse effects the Subdivision may have upon the environment and surrounding area.

## ROADS

### ACCESS TO THE SUBDIVISION

Highway 501 and Legends Drive provide access to the Subdivision. Highway 501 is a dual lane asphalt highway maintained by South Carolina Department of Transportation. Legends Drive is a private 2 lane asphalt road maintained by the owner of Legends Resort. You will not be assessed for the maintenance costs incurred for these roads. To our knowledge, no current improvements to these roads are planned.

### ACCESS WITHIN THE SUBDIVISION

Access within the Subdivision will be provided through interior roads which will be accessible year round by conventional automobiles.

We are responsible for constructing all interior roads. It is contemplated that the interior roads will be two lane roads. You will bear none of the cost of the construction of these roads. Horry County requires us to post a letter of credit in the amount of 125% of the estimated cost to complete the infrastructure improvements. The letter of credit will be posted prior to the commencement of construction.

Sago Plantation Property Owners' Association ("Association") will maintain the roads, which will be included in the Property Owners' Association fees. This will be part of the common expense of the Association and will be paid from assessments collected from Lot Owners. Until such time as the common areas and maintenance responsibilities are transferred to the Association, we will maintain the roads in the Subdivision. The construction of the interior roads for the Lots subject to this Property Report commenced in January 2007 and is estimated to be complete by March 2008.

NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE ROADS.
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The table below identifies the distance from the center of the nearby communities:

## DISTANCES TO NEARBY COMMUNITIES

NEARBY COMMUNITIES	POPULATION	DISTANCE OVER PAVED ROADS	DISTANCE OVER UNPAVED ROADS
Myrtle Beach South Carolina	25,000	6 miles	0 miles
<b>Conway</b> <b>South Carolina</b> <b>(County Seat)</b>	12,000	8 miles	0 miles
N. Myrtle Beach South Carolina	12,000	15 miles	0 miles

## UTILITIES

In this section we will discuss the availability and cost of basic utilities. The areas covered will be water, sewage disposal, electricity, telephone, and fuel or other energy sources.

### WATER - CENTRAL SYSTEM

Water will be supplied to all Lots in the Subdivision by means of a central water distribution system. Grand Strand Water & Sewer Authority ("GSWA"), located at 170 Jackson Bluff Road, Conway, South Carolina 29528 is the supplier of water to the Subdivision. Grand Strand Water & Sewer Authority is a regulated, public, municipal utility, which is not controlled or affiliated with us.

We will construct water distribution lines for the central system in front of, or adjacent to, each Lot in the Subdivision at our expense and at no cost to you. The construction of the water distribution lines for the Lots subject to this Property Report commenced in January 2007 and is estimated to be complete by March 2008.

The water system for the Subdivision has a sufficient capacity to supply the water needed for the anticipated population of the Subdivision, and its water is tested regularly to be sure that it meets the standards for a public water system.

Horry County requires us to post a letter of credit in the amount of 125% of the estimated cost to complete the infrastructure improvements. The letter of credit will be posted prior to the commencement of construction.

You will not be required to pay for the construction of the central water system, but when you construct your home, you must pay for the extension of the water lines from the Lot line to your home. The estimated cost of the extension of water lines to your home is approximately \$500.00. You must currently pay a one-time connection fee to connect to the central water system. The estimated cost to connect to the central system is currently \$750.00. You must pay this fee for water service when you build your house on your Lot.

Pursuant to the Declaration, you will not be permitted to use individual water systems. Water will not be available to a Lot until after the water distribution lines have been extended to your Lot and accepted for operation by GSWA. The Declaration requires all Lot owners to utilize the central water system for their domestic water supply.

NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE WATER SYSTEM.
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## SEWER - CENTRAL SYSTEM

Sewer service will be supplied to all Lots in the Subdivision by means of a central sewage system. Grand Strand Water & Sewer Authority, located at located at 170 Jackson Bluff Road, Conway, South Carolina 29528 is the supplier of sewer service to the Subdivision. Grand Strand Water & Sewer Authority is a regulated, public, municipal utility, which is not controlled or affiliated with us.

We will construct sewer lines for the central system in front of, or adjacent to, each Lot in the Subdivision at our expense and at no cost to you. The construction of the sewer lines for the Lots subject to this Property Report commenced in January 2007 and is estimated to be complete by March 2008.

Horry County requires us to post a letter of credit in the amount of 125% of the estimated cost to complete the infrastructure improvements. The letter of credit will be posted prior to the commencement of construction.

Grand Strand Water & Sewer Authority is regulated by a governmental agency and is not affiliated with us. The supplier has indicated that the sewer service is sufficient to serve the anticipated population of the Subdivision.

You will not be required to pay for the construction of the central sewer system, but when you construct your home, you must pay for the extension of the sewer lines from the Lot line to your home. The estimated cost of the extension of sewer lines to your home is approximately \$1,000 . You will also be required to pay a one-time impact fee. You must pay a fee to connect to the central sewer system. The current fee is \$1,200 per Lot. This fee must be paid when you build a home on your Lot.

Pursuant to the Declaration, you will not be permitted to use your Lot until the sewer lines have been extended to your Lot line and is accepted for operation by GSWA. You may not install an individual septic system on your Lot. Service will not be available to your Lot until the central system reaches the Lot.

NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE SEWER SYSTEM.
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## ELECTRICITY

Santee Cooper, located at 305-A Garner Lacy Road, Myrtle Beach, South Carolina 29579 will provide electric service to the Subdivision. Santee Cooper will install the electric lines to the Lot lines of the Lots in the Subdivision at not cost to you. You will be responsible for the extension of the electrical service from the main power lines to your home when your home is constructed. The power lines have not yet been installed in the Subdivision. The construction of the electric lines for the Lots subject to this Property Report commenced in January 2007 and is estimated to be complete by March 2008.

Santee Cooper is a publicly regulated utility and will maintain the electric lines in the Subdivision. Santee Cooper sets rates for service.

## TELEPHONE

Telephone service will be provided by Horry Telephone Cooperative, 3480 Highway 701N, Conway, SC 29526. Service lines have not been extended in front of or adjacent to each Lot. Horry Telephone Cooperative is responsible for the installation and maintenance of the telephone lines in the Subdivision. When you build your home you will need to pay for the installation of the telephone lines from the Lot line to your home. Horry Telephone Cooperative sets the rates. The power lines have not yet been installed in the Subdivision. The construction of the telephone lines for the Lots subject to this Property Report commenced in January 2007 and is estimated to be complete by March 2008.

## FUEL OR OTHER ENERGY SOURCE

Other than electric, no other energy source is currently available in the Subdivision.

## FINANCIAL INFORMATION

Copies of our financial statements for the month ending December 31, 2006 are available from us upon request.

## LOCAL SERVICES

In this section we will identify the availability of fire and police protection and the location of schools, medical facilities, shopping facilities, and mail service.

### FIRE PROTECTION

Year-round fire protection is provided by the Horry County Fire Department – Station 39 Carolina Forest. The nearest fire station is approximately four (4) miles from the Subdivision.

### POLICE PROTECTION

Police protection is provided by Horry County Police, 2560 Main Street #7, Conway, South Carolina. The nearest police station is approximately eighteen (18) miles from the Subdivision.

### SCHOOLS

Residents of Sago Plantation will be entitled to attend Carolina Forest Elementary, Ocean Bays Middle, and Carolina Forest High School. School bus service will be provided from the Subdivision to the local public schools.

### HOSPITALS

The nearest hospital to the Subdivision is Conway Medical Center, located approximately three (3) miles from the Subdivision in Conway, South Carolina. Ambulance service will be provided.

### PHYSICIANS AND DENTISTS

There are numerous physicians' and dentists' offices in Horry County, South Carolina.

### SHOPPING FACILITIES

There are a number of shopping areas located within 5 miles of the Subdivision.

### MAIL SERVICE

Mail service is provided by the United States Postal Service. The Carolina Forest post office is located approximately two (2) mile from the Subdivision.

## PUBLIC TRANSPORTATION

Public transportation is available through LYMO Transportation Service which is located in Conway, SC and is approximately 8 miles from the Subdivision.

## RECREATIONAL FACILITIES

Proposed Facility	% of Construction now complete	Estimated date of start of construction (month/year)	Estimated date available for use (month/year)	Financial assurance of completion	Buyer's annual cost or assessments
Owner's Clubhouse	0%	In progress	07/08	None	*
Two (2) Tennis Courts	0%	In progress	07/08	None	*
Swimming Pool	0%	In progress	07/08	None	*

\* The cost to use the recreational facilities is included in the annual assessment paid by all Lot owners. It is not anticipated at this time that the Association will charge additional fees to Lot owners to use these facilities.

The Developer intends to construct an Owner's Clubhouse, two (2) tennis courts, and a swimming pool as recreational facilities.

### Constructing the Facilities

We will be responsible for constructing any recreational facilities that are to be built in the Subdivision. As set forth in the contract, the Developer is obligated to construct these recreational facilities. You will not bear any costs in connection with this construction.

### Maintaining the Facilities

When the recreational facilities are transferred to the Property Owners' Association, the Association will be responsible for operating and maintaining the recreational facilities listed above, out of funds collected from the general annual assessments paid by owners.

### Transfer of the Facilities

Once constructed, inspected, and operational approval of certificate of occupancy is issued, the Developer will convey the recreational facilities to the Sago Plantation Property Owners' Association upon completion of the facilities.

## Who May Use the Facilities

Only residents (and their invited guests) may use these recreational facilities. The general public will not be permitted to use these facilities.

## THE SUBDIVISION'S CHARACTERISTICS AND CLIMATE

In this section we will discuss the basic terrain of the Subdivision, its climate, and any nuisances or hazards in the area.

### GENERAL TOPOGRAPHY

Sago Plantation is relatively level land and some areas are comprised of fresh water wetlands. The soil is primarily sandy and of a fine to medium texture with traces of clay. A variety of trees, predominately pine, are prevalent on the property. There are no steep slopes, rock outcroppings, or unstable soil conditions which will necessitate the use of special techniques to build on. There are no Lots in the Subdivision that have a slope of 20% or more. Approximately six percent (6%) of the Subdivision will remain natural open space or developed parkland.

### WATER COVERAGE

Lots 145,146,147,187-193, 195-196, 199-209,211-218,220,222-231, 237-246 contain wetland areas on the Lots. Lots 153-186 contain stormwater ponds on the Lots. Additional lands may also be affected and it is suggested that you walk, inspect and survey your lot prior to purchase. All lots have a sufficient area to build a home.

### DRAINAGE AND FILL

All Lots may require fill placement in order to obtain a finished floor elevation greater than or equal to one vertical foot above the centerline of the adjacent roadway as required by Horry County. Purchasers will be responsible for the cost of this corrective action. At this time, it is estimated that the cost for such measures is approximately \$500.00 to \$1,500.00.

### FLOOD PLAIN

The Subdivision is not located within the 100-year flood plain.

### FLOODING AND SOIL EROSION

We have developed a comprehensive plan to control soil erosion and/or sedimentation issues as required by Horry County and the State of South Carolina consisting of temporary measures such as mulching and hydro-seeding of exposed areas, and silt basins to trap sediments in runoff water, and permanent measures such as sodding and seeding, and construction of diversion channels and ditches. The plan has been implemented since January 2007 and it is anticipated to be complete by March 2008. As with all infrastructure improvements, Horry County requires us to post a letter of credit in the amount of 125% of the estimated cost to complete the

infrastructure improvements. The letter of credit will be posted prior to the commencement of construction. These financial assurances have not been posted yet.

## NUISANCES

Sago Plantation is adjacent to two highways. The noise associated with the traffic may be considered a nuisance to some.

## HAZARDS

During the construction of the homes and other improvements in the Subdivision there will be construction machinery, materials and operations that will not be safe to venture onto, for purchasers and especially for children. Purchasers should not walk on any such sites, including their own Lot, at anytime or at least without proper supervision. The Subdivision is located in an area which has a state fire rating of seven (7). The ratings range from one (1) to ten (10) with one (1) being the most desirable. The developer is unaware of any other hazards associated with the location of the Subdivision.

## CLIMATE

The average temperatures for this area are:

Summer:	88° high	68° low	78° average
Winter:	61° high	38° low	50° average

## OCCUPANCY

As of the date of the preparation of this Property Report, no homes have been constructed in the Subdivision.

## ADDITIONAL INFORMATION

In this section we will discuss the following areas:

Property Owners' Association  
The Annual Real Estate Taxes  
Resale or Exchange Program  
Equal Opportunity in Lot Sales  
Listing of Lots

### SUBDIVISION ASSOCIATION

We have formed the Sago Plantation Property Owners' Association, Inc. on behalf of all Lot owners in the Subdivision. All Lot owners will automatically be members of the Property Owners' Association. We will have voting control of the Association until the turnover date as described in the bylaws. The Developer retains control of the Association until the occurrence of the first of the following: i) all Lots are conveyed to Lot Owners, ii) December 31, 2020, iii) or such earlier time as elected by the Developer.

You will be subject to the regular annual assessments of the Property Owners' Association. Each year, the Board of Directors of the Property Owners' Association will adopt a budget and establish the annual assessment that must be paid by all Lot owners. At this time, the annual assessment is \$300.00. All assessments are subject to change in every fiscal year in accordance with the Declaration. It is anticipated that the current level assessment will allow for the Association to meet its present, or planned financial obligations, including operating costs, maintenance, and reserves for replacement. However, if the assessments are insufficient to meet the Property Owners' Association's expenses in the future, the membership assessments will be increased to cover any such projected shortfalls. Additionally, at closing, each owner shall pay \$150.00 towards the working capital contribution of the Association.

In addition to regular assessments, members may also be subject to special assessments levied by the Property Owners' Association. The Property Owners' Association may levy a special assessment to defray the cost of unexpected repair or replacement of a capital improvement upon the common areas.

The Property Owners' Association has the right to place a lien upon your Lot if you fail to pay the assessments.

The Property Owners' Association is responsible for the exclusive management, control and maintenance of the common areas and improvements thereon, including the recreation areas. Other functions and responsibilities of the Property Owners' Association include, but are not limited to, making and enforcing reasonable regulations governing the use of the property; seeking relief for nuisances; imposing sanctions;

enforcing county ordinances or any provision of the rules, regulations, or bylaws of the Property Owners' Association, or of the Declaration.

## TAXES

After title is transferred to your Lot, you will be responsible for real property taxes assessed by Horry County. The following formula is used to determine taxes: 100% of the appraised value \* 6% = assessed value; Assessed value \* 370.0 mills (2006 millage rate) = annual ad valorem taxes. The range of taxes for 2007 approximately \$2,109.00 for a Lot with a purchase price of \$95,000 to \$2,553.00 for a lot with a purchase price of \$115,000.00. You will pay these taxes directly to Horry County.

## RESALE OR EXCHANGE PROGRAM

We have no program to assist you in the sale of your Lot. We do not have a program which assures that you will be able to exchange your Lot for another.

The Declaration will prohibit the posting of "For Sale" signs that may hinder Lot owners in the resale of their Lot. Resales could be in competition with our sales of Lots as well as other residential Subdivision in nearby areas. The Developer reserves the right to post signs for purposes of marketing. Furthermore, the Declaration contains various restrictions on use and occupancy that could affect the resale of your Lot.

## EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We have not, and will not discriminate against you because of your race, color, religion, sex or national origin. Furthermore, we will not indicate a preference for, or a rejection of any particular group in our advertising, rendering of Lot services, or in any other manner.

LISTING OF LOTS

**Lots 1 - 247**

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER  
COST SHEET

In addition to the purchase price of your Lot, there are other expenditures that must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities.

All costs are subject to change.

Sales Price of Lot

Cash Price of Lot	\$ _____
Finance Charge	\$ NA _____
Closing Fee	\$ _____

Total \$ \_\_\_\_\_

Estimated One-time Charges

- |   |            |
|---|------------|
| 1. Water Connection Fee   | \$ 1 _____ |
| 2. Sewer Connection Fee   | \$ _____   |
| 3. POA Capital Contribution                                       | \$ _____   |
| 4. Construction costs to extend electric and/or telephone service | \$ _____   |
| 5. Other (Identify)   | \$ _____   |

Total of estimated sales price and one-time charges \$ \_\_\_\_\_

Estimated annual charges, exclusive of utility use fees:

Taxes – Average unimproved Lot after sale to purchaser	\$ _____
Dues & Assessments	\$ _____

The information contained in this Property Report is an accurate description of our Subdivision and development plans.

Receipt, Agent Certification and Cancellation Page  
PURCHASER RECEIPT  
IMPORTANT: READ CAREFULLY

Name of Subdivision: **Sago Plantation at Legends**  
ILS Subdivision Number: 31913  
Date of Report: March 30, 2007

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received By:		Date:
Address:		
City	State	Zip

If any representations are made to you which are contrary to those in this report, please notify the:

Office of Interstate Land Sales Registration  
HUD Building, 451 Seventh Street, S.W.  
Washington, D.C. 20410

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report that are contrary to the information contained in this Property Report.

Lot \_\_\_\_\_ Block \_\_\_\_\_ Section \_\_\_\_\_  
Name of Salesperson \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

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PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below.

Name of Subdivision \_\_\_\_\_  
Date of Contract \_\_\_\_\_

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) Signature \_\_\_\_\_ Date \_\_\_\_\_

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