

**READ THIS
PROPERTY REPORT
BEFORE SIGNING
ANYTHING**

This report is prepared and issued by the Developers 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 received 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: COMPASS POINTE

NAME OF DEVELOPERS: CP BRUNSWICK, LLC and YDV, INC.

DATE OF THIS REPORT: November 12, 2013

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NOTE: In this Property Report, the words "You" and "Your" refer to the buyer. The words "we", "Us" and "Our" refer to the Developers. The words "the applicable Developer" refer to the Developer who owns the lot or lots in question being discussed.

RISKS OF BUYING LAND

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

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

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 Subdivision 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. Subdivisions which 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.

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

GENERAL INFORMATION

This report covers an offering of 713 lots in Compass Pointe (the "Subdivision") in Brunswick County, North Carolina. See Pages 38-40 for a listing of these lots. It is estimated that this Subdivision could eventually contain 5800 lots, as defined in 12 CFR Section 1010.1.

The Developers of this Subdivision are:

CP BRUNSWICK, LLC.
P. O. Box 699
Wilmington, North Carolina 28402

Phone number: 910-392-9325

and

YDV, Inc.
P. O. Box 1967
Wilmington, North Carolina 28402

Phone number: 910-392-9325

Answers to questions and information about this Subdivision may be obtained by telephoning the Developers 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 to buy a lot may give you possession but doesn't give you legal title. You won't have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the Subdivisions, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land 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

We intend to use the cash method of selling. Installment contracts will not be used. Settlement will normally take place within 30 to 60 days of the date you sign a contract. At settlement, you will receive a general warranty deed. If needed, you will have to obtain financing from an institution of your choice for the remainder of the purchase price. The general warranty deed will be delivered to you at your closing which will be no later than 180 days after you sign the sales contract.

Type of Deed

The transfer of legal title will be accomplished by a general warranty deed, subject only to general exceptions customary in North Carolina. The general warranty deed will convey the title of the lot free and clear of monetary liens and encumbrances.

Oil, Gas and Mineral Rights

The oil, gas and mineral rights to all of the lots in this Subdivision will belong to the purchaser of those lots.

ENCUMBRANCES: MORTGAGES AND LIENS

In General

The lots in this Subdivision are subject to the blanket encumbrances listed below:

TYPE OF LIEN	HOLDER OF LIEN	LOTS SUBJECT TO LIEN
Deeds of Trust & UCC Financing Statements	US Income Partners, L.L.C.	All Lots and Common Areas
Deed of Trust	74 Holdings, LLC	Lots in Phase 4

Release Provisions

The provisions for the release of property from the deeds of trust and encumbrances are as follows:

When you pay the full purchase price of your lot, we will pay to the holder of the deeds of trust on your lot an amount sufficient to release your lot from the applicable deed of trust. You will receive a written deed of release for your lot from the deeds of trust on your lot. We will deliver to you a general warranty deed, which is free and clear of the deeds of trust; the expenses incurred in obtaining releases from these deeds of trust and terminations of the UCC Financing Statements will be paid by us.

Lot Release provisions for the above-referenced deeds of trust are contained in the recorded Deeds of Trust and in written loan agreements with the lenders. The release provisions contained in the written loan agreements have not been recorded. Therefore, they may not be honored by subsequent holders of the mortgage. 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 you take title to your lot subject to the deeds of trust, and if we should default prior to obtaining a release of your lot, you may lose your lot and all monies paid. However, you will not be required to close the purchase of your lot unless you receive a release from the deeds of trust at closing.

Until settlement, when we will secure a deed of release from the deeds of trust and deliver to you a recorded general warranty deed, any potential default under these encumbrances or bankruptcy could result in the loss of your right to purchase a lot.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

The contract for the purchase of a lot between the buyer and the applicable Developer will not be recorded because settlement will take place usually not later than 30 to 60 days after you execute your contract. The contract that we normally use is not suitable for recordation. However, if a buyer wishes to have a contract suitable for recording, then the buyer may have such a contract at no additional cost. It will be the responsibility of the buyer to record the contract.

By recording the contract to purchase in the Office of the Register of Deeds of Brunswick County, the buyer will be giving record notice that he has a contract to purchase the property described in the contract. Upon giving record notice, the buyer protects himself against purchasers with unrecorded contracts or subsequently recorded contracts to purchase the property described in the buyer's contract to purchase.

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

Despite the protections afforded by recording the contract to purchase, it is general practice in Brunswick County, North Carolina, not to record a contract to purchase a lot.

The deed from the applicable Developer to the buyer will be suitable for recording and the settlement attorney will record the deed. However, the responsibility for paying the recording fees will rest with the buyer. By recording the deed in the Office of the Register of Deeds of Brunswick County, the buyer will be giving record notice that he owns the property described in the deed. Upon giving record notice, the buyer protects himself and his property from others with unrecorded deeds or subsequently recorded deeds or liens.

Title Insurance

You should obtain an attorney's opinion of title or a title insurance policy which will describe the rights of ownership which are being acquired in the lot. You should also have the opinion or policy interpreted by a professional so that you fully understand the provisions contained in the opinion or the policy. The settlement attorney can arrange for a title opinion or title insurance policy for your lot at your expense.

PAYMENTS

Escrow

Your deposit on your lot will be held in an escrow account by Chicago Title Insurance Company, whose address is 2602 Iron Gate Drive #202, Wilmington, NC 28412. Your deposit will be held in an escrow account that fully protects you because neither of the Developers have any financial interest in and to or any type of controlling interest over or with Chicago Title Insurance Company.

Prepayments

We do not offer financing to purchasers. If you finance the purchase of your lot, you must do so with a third-party lender. Third party loans will be governed in accordance with their terms and documents, which should be reviewed by your legal advisor.

We do not impose any penalties for purchasing your lot earlier than the contract closing date. In some cases, we may provide a discount on the purchase price if you close earlier than the contract closing date. An early closing discount will only be available if we have agreed in writing (in your purchase contract) to the discount and early closing date.

Default

If you default by breaching your contract for the purchase of a lot, no refund of your earnest money deposit will be made. Your earnest money deposit will be forfeited to us. We will not bring any action against you for the balance of the purchase price.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

The entire Subdivision is governed by the Master Declaration of Covenants, Conditions and Restrictions for Compass Pointe (herein called "Master Declaration") which is recorded in the Brunswick County Registry, and by certain other instruments defined in the Master Declaration, including the Articles of Incorporation and Bylaws of the Compass Pointe Master Association, Inc. (the "Master Association"), the Architectural Design Standards and the other Governing Documents (as defined in the Master Declaration). Any capitalized words or terms in this Property Report not otherwise defined herein, shall have the meanings assigned to them in the Master Declaration or Governing Document.

Some neighborhoods or Villages within Compass Pointe may be subject to additional supplemental declarations, which either the Master Association or a neighborhood association may administer. In such case, if there is a conflict between or among the Governing Documents and any such supplemental declaration, the Governing Documents shall control.

The Governing Documents apply to all Owners and occupants of property within Compass Pointe, as well as to their respective tenants, guests and invitees. There is no absolute assurance that the provisions of the Governing Documents will always be applied uniformly. They may be difficult to enforce. They may be amended or changed as provided in the applicable Governing Document. We reserve the specific right to amend or change the Master Declaration and any supplemental declarations. A complete copy of the Governing Documents, including the recorded Master Declaration and any amendments or supplements thereto, is available upon request.

Some provisions of the Master Declaration and any supplemental declarations applicable to particular neighborhoods will be summarized in the paragraphs below. However, this discussion will only highlight certain areas of the Master Declaration and should not be a substitute for a careful study of these instruments by you.

The Master Declaration controls, among other things, the use of property in the Subdivision. The Master Declaration restricts the use of property in the Subdivision to residential uses, except for certain limited exceptions. Architectural Design Standards for the Subdivision which regulate, among other things, the landscaping of lots and the exterior design, location and appearance of homes in the Subdivision, have been established. The Architectural Design Standards are administered by the Master Association through its Architectural Review Committee (the "ARC"). Prior to beginning construction, you must pay any required fees and submit your building plans for the review and approval of the ARC. We or the Master Association may choose to adopt building requirements which are more restrictive than the governmental regulations.

A copy of the current Architectural Design Standards is available upon request. No residence shall be occupied until it has been substantially completed in accordance with its plans and specifications, an occupancy inspection has been satisfactorily completed by the Master Association, and a certificate of occupancy by any public agency having jurisdiction over such construction has been received. A certificate of compliance, as defined in the Master Declaration and if appropriate, will be issued by the Association upon your written request.

Among other standards, construction of homes within the Subdivision must meet the requirements of the storm water runoff rules and regulations adopted by the state of North Carolina. These regulations provide that each lot in the Subdivision is subject to a certain maximum area which may be covered by structures and/or impervious surfaces, including paved surfaces or patios of brick, stone, slate or similar material. These rules are included in the Master Declaration but are subject to change at any time.

The Master Declaration provides certain Use Guidelines and Restrictions. Among other things, signs are subject to regulation by the ARC and subject to its rules and regulations. No noxious, offensive or illegal activities shall be carried on within the Subdivision nor shall anything be done that shall be or become an unreasonable annoyance or nuisance to any person. The Master Declaration contains restrictions on the conduct of a business within the Subdivision. If a Unit is leased, the lease shall provide that the tenant and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents.

With regard to all of the lots in Phase 1, Section 2A; Phase 1, Section 2B; Phase 1, Section 3A; Phase 1, Section 3B; Phase 1, Section 4A; Phase 1, Section 5A; Phase 2, Section 1A; Phase 2, Section 1C; and Phase 2, Section 2A and Phase 2, Section 2B, the Master Declaration provides for, among other things, the required maintenance of landscaping on each lot by the Master Association. We may impose these requirements on additional lots by recording a Supplemental Declaration so you should obtain and review all of the current Governing Documents applicable to your lot.

With regard to all of the lots in Phase 2, Section 1A, the Master Declaration provides for, among other things, the required maintenance of certain exterior improvements on each lot by the Master Association. We may impose these requirements on additional lots by recording a Supplemental Declaration so you should obtain and review all of the current Governing Documents applicable to your lot.

With regard to all of the lots in Phase 1, Section 2A; Phase 1, Section 4A; Phase 1, Section 5A; Phase 2, Section 1A and Phase 2, Section 2A, the Master Declaration provides for, among other things, a requirement to build a home on such lot within 2 years after the date of recordation of a deed from the applicable Developer or an affiliate of that Developer to a party other than the Developer or an affiliate of Developer. The Developer has the option whether to enforce this requirement. We may impose these requirements on additional lots by recording a Supplemental Declaration so you should obtain and review all of the current Governing Documents applicable to your lot. A complete copy of these restrictions is available upon request.

Easements

The Master Declaration contains the usual utility and drainage easements which affect all lots in this Subdivision. They restrict interference with the installation, maintenance or use of utilities, or the flow or drainage of surface water within the easement areas as defined in the Master Declaration. Generally, you are responsible to maintain the easement areas on your lot.

The location and size of such easements vary and you cannot construct any buildings or structures on the areas affected by easements, but there are adequate construction sites on all of the lots for homes construction on any lot. The Subdivision is not subject to flood control or flowage easements.

The Master Declaration provides certain rights for CP Brunswick, LLC and specifically provides for the following easements:

1. Easements in Common Area
2. Easements of Encroachment
3. Easements for Utilities, Etc
4. Easements to Serve Additional Property
5. Easements for Maintenance, Emergency, and Enforcement
6. Easements for Lake and Pond Maintenance and Flood Water

7. Golf Course Easements
8. Easement to Inspect and Right to Correct
9. Setback Easement
10. Easements for Special Events

In addition, property within the Subdivision may be subject in the future to recorded easements or unrecorded instruments which govern the relationship between the Subdivision and any commercial area adjacent to or in the vicinity of Compass Pointe.

As further provided in the Master Declaration, the Developers have reserved for themselves, the Master Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement over any portions of any lot within Compass Pointe lying within fifteen (15) feet of the property lines of such lot (but not through a structure) for the purpose of installing, inspecting, maintaining, operating, repairing and replacing utilities, stormwater facilities or any other reasonable use related to the orderly development, maintenance and use of the property within Compass Pointe.

In addition to the above easements of record, certain easements exist on the lots in the Subdivision as they are shown on the plats of the Subdivision which are more particularly listed in the chart below. As with the easements contained in the Master Declaration, the location and size of these additional easements vary and you cannot construct any buildings or place any structures on the areas affected by easements, but there are adequate construction sites on each of the lots for a residential home. Unless you obtain prior approval from the Association, you will not be permitted to place any structures (including but not limited to pavement, buildings, pools, patios, playground equipment, storage units, sheds, etc.) within the easement areas listed in the below chart.

Phase	Section	Lot(s)	Type of Easement(s)	Recorded Plat showing easement
1	1	1-26	10' Conservation Buffer Easement	Map Cabinet 54, Pages 55-56
1	1	4 & 5	20' Utility Easement (10' of which lies on the boundary of each lot)	Map Cabinet 54, Pages 55-56
1	1	21 & 22	20' Utility and Recreational Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 54, Pages 55-56
1	1	13	15' Landscape Easement; 10' Conservation Buffer Area	Map Cabinet 61, Page 58
1	1	1	10' Conservation Buffer Area	Map Cabinet 62, Page 16
1	2A	1-2, 9-10	10' Conservation Buffer Area	Map Cabinet 58, Page 72
1	2A	3 & 4	20' Utility Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 58, Page 72
1	2A	3-8	20' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 58, Page 72
1	2A	23-26	10' Conservation Buffer Area	Map Cabinet 58, Page 72
1	2A	11	20' Drainage Easement	Map Cabinet 68, Page 72
1	2A	11 & 12	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 68, Page 72

1	2A	12-14	10' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 68, Page 72
1	2A	15-22	10' Conservation Buffer	Map Cabinet 68, Page 72
1	2A	15 & 16	15' Access & Maintenance Easement (7.5' of which lies on the boundary of each Lot); 15' Access, Drainage & Maintenance Easement	Map Cabinet 68, Page 72
1	2A	16	Drainage Easement	Map Cabinet 68, Page 72
1	2A	17	Drainage Easement	Map Cabinet 68, Page 72
1	2A	17 & 18	15' Access & Maintenance Easement (7.5' of which lies on the boundary of each Lot);	Map Cabinet 68, Page 72
1	2B	1-12	10' Conservation Buffer Area	Map to be recorded
1	2B	12	20' Landscape, Maintenance & Conservation Buffer – a portion of which is adjacent to lot)	Map to be recorded
1	3A	1-2, 39-42	10' Conservation Easement	Map Cabinet 68, Page 43
1	3A	44-50	10' Conservation Buffer Area	Map Cabinet 61, Page 99
1	3A	43	20' Utility Easement	Map Cabinet 65, Page 59
1	3B	4-14, 51-57	10' Conservation Easement	Map Cabinet 68, Page 44
1	3B	7 & 8	20' Access Easement (10' of which lies on boundary of each Lot)	Map Cabinet 68, Page 44
1	3B	58	20' Conservation Easement (10' of which lies on boundary of Lot)	Map Cabinet 68, Page 44
1	3B	20-25	20' Pond Maintenance Easement	Map Cabinet 80, Page 97
1	3B	20	20' Drainage Easement	Map Cabinet 80, Page 97
1	3B	25	10' Access & Recreational Pathway Easement	Map Cabinet 80, Page 97
1	3B	26-30	20' Drainage Easement (10' of which lies on boundary of each Lot)	Map Cabinet 80, Page 97
1	3B	22 & 23, 27 & 28	20' Drainage Easement (10' of which lies on boundary of each Lot)	Map Cabinet 80, Page 97
1	3B	32 & 33, 72 & 73	20' Recreational Pathway Easement (10' of which lies on boundary of each Lot)	Map Cabinet 80, Page 97
1	3B	31-34, 59-73	10' Conservation Easement	Map Cabinet 80, Page 97
1	3B	33 & 34	20' Utility Easement (10' of which lies on boundary of each Lot)	Map Cabinet 80, Page 97
1	4A	1	20' Utility Easement	Map Cabinet 65, Page 60
1	4A	2	20' Utility Easement (10' of which lies on boundary of Lot)	Map Cabinet 65, Page 60
1	4A	3	20' Utility Easement (10' of which lies on boundary of Lot); 20' Utility Easement (a small portion of which lies on boundary of Lot)	Map Cabinet 65, Page 60
1	4A	4-15	10' Conservation Easement	Map Cabinet 75, Page 39
1	4A	41-49	20' Pond Maintenance Easement	Map Cabinet 75, Page 39

1	4A	41 & 42, 45 & 46	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 75, Page 39
1	4A	16-25	10' Conservation Easement	Map to be recorded
1	4A	25	20' Recreational Pathway Easement (a portion of which lies on boundary of Lot)	Map to be recorded
1	4A	24 & 25	20' Utility Easement (10' of which lies on boundary of Lot)	Map to be recorded
1	4A	27-30	10' Utility Easement	Map to be recorded
1	4A	30-40	20' Pond Maintenance Easement	Map to be recorded
1	5A	1-12	10' Conservation Buffer Area	Map Cabinet 65, Page 60
1	5A	15	Pond Maintenance Easement	Map Cabinet 65, Page 60
1	5A	16	Pond Maintenance Easement	Map Cabinet 65, Page 60
1	5A	17-24	20' Pond Maintenance Easement	Map Cabinet 68, Page 48
1	5A	25	20' Pond Maintenance Easement	Map to be recorded
2	1A	3C, 3D, 3E	10' Conservation Easement	Map Cabinet 62, Page 13
2	1A	3A, 3B, 3C	10' Conservation Easement	Map Cabinet 70, Page 7
2	1C	1	20' Utility Easement (various portions of which lie in boundary of Lot)	Map Cabinet 80, Page 84
2	1C	1-4	30' Pond Maintenance Easement	Map Cabinet 80, Page 84
2	1C	5-11	30' Pond Maintenance Easement	Map to be recorded
2	2A	1-6, 48-53	10' Conservation Easement	Map Cabinet 57, Page 55
2	2A	4 & 5	20' Utility Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 57, Page 55
2	2A	6	20' Utility Easement (10' of which lies on boundary of Lot)	Map Cabinet 57, Page 55
2	2A	53	15' Landscape Easement; 10' Conservation Easement	Map Cabinet 61, Page 57
2	2A	48	10' Utility Easement	Map Cabinet 62, Page 11
2	2B	36-47	10' Conservation Buffer Area	Map Cabinet 74, Page 36
2	2B	38 & 39	20' Utility Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 74, Page 36
2	2B	40 & 41	20' Utility and Recreational Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 74, Page 36
2	2B	47	20' Drainage Easement (10' of which lies on the boundary of the Lot)	Map Cabinet 74, Page 36
2	2B	7	10' Drainage Easement	Map to be recorded
2	2B	7-15	20' Pond Maintenance Easement	Map to be recorded
2	2B	11 & 12	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map to be recorded
2	2B	15-22, 32-35	10' Conservation Easement Buffer	Map to be recorded
2	2B	15 & 16	20' Access Easement (10' of which lies on the boundary of each Lot)	Map to be recorded

2	2B	23-24, 29-31, 54	10' Landscape Easement	Map to be recorded
2	3A	1-33	20' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 55, Pages 56-59
2	3A	4 & 5	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
2	3A	8 & 9	20' Recreational & Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
2	3A	16 & 17	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
2	3A	20 & 21	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
2	3A	33	20' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 62, Page 63
2	3A	34-62	10' Conservation Buffer Area	Map Cabinet 55, Pages 56-59
2	3A	50 & 51	20' Utility Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
2	3A	52 & 53	20' Utility Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 55, Pages 56-59
4	1	1-20	30' Pond Maintenance Easement	Map to be recorded
4	1	19 & 20, 21 & 22	20" Golfcart Pathway	Map to be recorded
4	1	2	10' Drainage Easement and 20' Drainage Easement	Map to be recorded
4	1	1	20' Utility Easement	Map to be recorded
4	2	2 & 3	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	2	6 & 7	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	2	11 & 12	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	2	15 & 16	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	2	1-17	40' Pond Maintenance Easement	Map to be recorded
4	2	21-38	10' Conservation Buffer	Map to be recorded
4	2	38	10' Utility Easement	Map to be recorded
4	3	1-13?	30' Pond Maintenance Easement	Map to be recorded
4	3	2 & 3	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	3	5 & 6	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded

4	5	1-5	40' Pond Maintenance Easement	Map to be recorded
4	5	5-11	10' Conservation Buffer Easement	Map to be recorded
4	5	4 & 5	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
4	5	37-46	20' Pond Maintenance Easement	Map to be recorded
4	5	37 & 38, 41 & 42, 44 & 45	20' Drainage Easement (10' of which is located on each Lot)	Map to be recorded
10	1A-1	20-31, 37-39, & 59-63	10' Conservation Buffer Area	Map Cabinet 68, Page 45
10	1A-1	31	10' Drainage Easement	Map Cabinet 68, Page 45
10	1A-1	39	20' Pond Maintenance Easement	Map Cabinet 68, Page 45
10	1A-1	40 & 41	20' Pond Maintenance Easement; 20' Drainage Easement (10' of which is located on each Lot)	Map Cabinet 68, Page 45
10	1A-1	42-43	20' Pond Maintenance Easement	Map Cabinet 68, Page 45
10	3	9, 47 & 55	10' Conservation Buffer Area	Map Cabinet 76, Page 61
10	3	55	10' Recreational Pathway Easement	Map Cabinet 76, Page 61
10	3	1-19, 32-36, 44-58 (less 9, 47 & 55)	20' Conservation Easement	Map to be recorded
10	3	54	20' Recreational Pathway Easement	Map to be recorded
10	1B	73-83	10' Conservation Buffer Area	Map Cabinet 68, Page 46
10	1B	73-74	10' Conservation Buffer Area	Map Cabinet 70, Page 93
10	1B	77 & 78	15' Access Easement (8' of which lies on boundary of Lot 77, 7' of which lies on boundary of Lot 78)	Map Cabinet 70, Page 94
10	1B	84 & 85	10' Conservation Buffer Area	Map Cabinet 75, Page 81
10	1B	86	10' Conservation Buffer Area	Map to be recorded
10	2A	1-21, 23-28	10' Conservation Buffer Area	Map Cabinet 68, Page 47
10	2A	9 & 10	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 68, Page 47
10	2A	32-42	15' Conservation Buffer Area	Map Cabinet 68, Page 47
11	1A	8-13	20' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 59, Pages 1-3
11	1A	12 & 13	20' Drainage Easement on eastern boundary (10' of which lies on the boundary of each Lot)	Map Cabinet 59, Pages 1-3
11	1A	14-32, 51-62, 126-134	10' Conservation Buffer Area	Map Cabinet 59, Pages 1-3
11	1A	30 & 31	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 59, Pages 1-3

11	1A	32	15' Landscape Easement	Map Cabinet 59, Pages 1-3
11	1A	51	15' Landscape Easement	Map Cabinet 59, Pages 1-3
11	1A	54	15' Landscape Easement	Map Cabinet 59, Pages 1-3
11	1A	55 & 56	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 59, Pages 1-3
11	1A	9 & 10	20' Landscape, Maintenance & Conservation Buffer Area; 20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 62, Page 12
11	1A	132 & 133	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map Cabinet 62, Page 12
11	1A	53	10' Conservation Buffer Area	Map Cabinet 66, Page 95
11	1A	7	20' Landscape, Maintenance & Conservation Buffer Area	Map Cabinet 67, Page 90
11	1A	135	10' Conservation Buffer Area	Map Cabinet 67, Page 90
11	1B	1-6	20' Landscape, Maintenance & Conservation Buffer Area	Map to be recorded
11	1B	136-145	10' Conservation Buffer Area	Map to be recorded
11	1C	33 - 40	10' Conservation Buffer Area	Map to be recorded
11	1C	41 - 43	20' Landscape, Maintenance and Conservation Buffer Area	Map to be recorded
11	1C	41 & 42	20' Drainage & Access Easement (10' of which lies on the boundary of each Lot)	Map to be recorded
11	2	1-14	10' Conservation Buffer Area	Map to be recorded
11	2	3 & 4	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map to be recorded
11	2	12 & 13	20' Drainage Easement (10' of which lies on the boundary of each Lot)	Map to be recorded
11	2	19 & 20	20' Utility & Pedestrian Access Easement (10' of which lies on the boundary of each Lot)	Map to be recorded
All	All	All	5' Drainage Easement on each side of all lot lines	Reserved in notes on all Maps
All	All	All	15' Utility Easement on inside of all lots along right of way of streets	Reserved in notes on all Maps

For any lots affected by a Conservation Buffer Easement, no hardscapes are allowed on those buffer areas and only approved plantings may be used, all as more particularly set out in the Master Declaration. For any lot affected by a Utility Easement as shown on the above chart, certain utility lines (water, sewer, etc.) may be located underground in the easement area. For any affected by a Drainage Easement as shown on the above chart, stormwater runoff may traverse over the easement area to reach a stormwater pond. For any lot affected by a Recreational Easement as shown on the above chart, other lot owners in the Subdivision may be granted pedestrian access over the limited easement area to access a recreational amenity such as a pond or trail. For any lot affected by a Landscape, Maintenance Easement or a Pond Maintenance Easement as shown on the above chart, the Association may access a common area such as pond through the easement area in order to perform landscaping and/or maintenance on

such common area. For any lot affected by an Access Easement, as shown on the above chart, other lot owners in the Subdivision may be granted pedestrian access over the limited easement area to access a right of way or a recreational amenity such as a pond or trail.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENTS

Plats

The Subdivision plats for the lots in Phase 1, Section 1; Phase 1, Section 2A; Phase 1, Section 3A; Phase 1, Section 3B; Phase 1, Section 4A (Lots 1-3, 4-15, and 41-49); Phase 1, Section 5A (all lots except Lot 25); Phase 2, Section 1A; Phase 2, Section 1C (Lots 1-4 & 20-22); Phase 2, Section 2A; Phase 2, Section 2B (Lots 25-28 and 36-47); Phase 2, Section 3A; Phase 4, Section 1; Phase 10, Section 1A-1; Phase 10, Section 1B (all lots except Lot 86); Phase 10, Section 2A; Phase 10, Section 3; Phase 11, Section 1A; Phase 11, Section 1B (all lots except Lots 6 and 142-143); and Phase 11, Section 2 (Lots 15-20) have been approved by Brunswick County and have been recorded in the Brunswick County Registry, Brunswick County Courthouse, Bolivia, North Carolina. The description of these lots is legally adequate for the conveyance of the lots.

The Subdivision plat for the Lot 25, Phase 1, Section 5A has been approved by Brunswick County and must be recorded in the Brunswick County Registry, Brunswick County Courthouse, Bolivia, North Carolina. The description of this lot is not legally adequate for the conveyance of the lot and it will not be until the Subdivision plats are recorded in the Brunswick County Registry. However, this lot will not be sold until and unless the Subdivision plats are approved and recorded in the Brunswick County Registry.

The Subdivision plats for the lots in Phase 1, Section 2B; Phase 1, Section 4A (Lots 16-25 and 27-40); Phase 2, Section 1C (Lots 5-19); Phase 2, Section 2B (Lots 7-24, 29-35, 54); Phase 4, Section 2; Phase 4, Section 3; Phase 4, Section 5; Lot 86 in Phase 10, Section 1B; Phase 11, Section 1B (Lots 6 and 142-143); Phase 11, Section 1C; and Phase 11, Section 2 (Lots 1-14) have not been approved by Brunswick County and have not been recorded in the Brunswick County Registry, Brunswick County Courthouse, Bolivia, North Carolina. Because these plats have not been approved by Brunswick County, they may require significant alterations before they are approved and the land may not be allowed to be used for the purpose for which it is being sold. The description of these lots is not legally adequate for the conveyance of the lots and it will not be until the Subdivision plats are recorded in the Brunswick County Registry. However, these lots will not be sold until and unless the Subdivision plats are approved and recorded in the Brunswick County Registry.

Zoning

All of the lots in Phase 1, Phase 2 and Phase 4 of this offering are subject to the Brunswick County Unified Development Ordinance, and have been zoned as a Planned Unit Development ("PUD") and approved for residential use. All of the lots in Phase 10 and Phase 11 of this offering are subject to the Brunswick County Zoning Ordinance, and have been zoned as a Planned Unit

Development (“PUD”) and approved for residential use.

Surveying

All of the lots in this offering have been surveyed, staked and marked for identification.

Permits

Before beginning construction on a residence on your lot, you must obtain approval of your plans and specifications from the ARC prior to commencing construction. Currently, for all lots, a non-refundable design review fee, any required mailbox fee and a refundable construction deposit may be charged in connection with the review of your plans by the ARC. These fees are subject to change at any time.

After obtaining approval of your plans and specifications from the ARC, prior to beginning construction, you must procure a Building Permit from the Brunswick County Building Inspections Department, in Bolivia, North Carolina. You will be required to pay any required fee for a building permit. These fees are subject to change at any time.

After completion of construction, an occupancy inspection must be satisfactorily completed and a certificate of occupancy must be obtained from the Brunswick County Building Inspections Department, in Bolivia, North Carolina. You may also request a certificate of completion to be issued by the Master Association.

Environment

An Update Report for prior Phase I Environmental Site Assessment for YDV, Inc., ZDV, Inc., 74 Holdings, Exum Family, LLC dated December 19, 2007 has been performed and no areas of environmental concern were found in the lots in this offering. 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

Access to the Subdivision is currently provided by the public highways and roads listed below:

<u>ROUTE NUMBER</u>	<u>SURFACE</u>	<u>WIDTH OF WEARING SURFACE</u>	<u>LANES</u>
1. U.S. Hwy. 74/76	Asphalt	26 ft.	4

This road is a public road which is maintained by the State of North Carolina. Future improvements to this road will be planned and implemented by the North Carolina Department of Transportation. You will not be assessed by the Master Association for the maintenance costs incurred for this road.

ACCESS WITHIN THE SUBDIVISION

Access from the Subdivision entrance to the lots in the Subdivision will be provided by 18' wide, two-lane roads on rights-of-way that varies from 40-feet to 50-foot. These roads will be shown on recorded plats and dedicated for use of property owners, as well as certain other users including but not limited to persons entitled to use the golf course located within the Subdivision. All roads within the Subdivision are private and the Subdivision will initially be gated (the Master Declaration sets out the procedure required for the owners to change the gate rules and operating hours).

We will retain ownership of sections of the road system until those sections of the road system are fully completed and transferred to the Association. Any transfer of roads to the Association will be free and clear of liens. The Association is responsible for the year-round repair and maintenance of all roads within the Subdivision that have been recorded on plats in the Brunswick County Registry. All roads will be maintained to provide for year-round access.

Currently, the Developer collects a \$1000 Road Impact Fee from each builder at the beginning of the home construction process. This fee is put into a road maintenance fee to be used by the Association for the repair and maintenance of the private roads and rights of way within the Subdivision. In the future, a portion of the Common Expense for each year as determined by the Master Association may be for the repair and maintenance of the private roads and rights of way within the Subdivision. You will be assessed an annual Base Assessment by the Association to fund the Common Expenses. The Base Assessment may be increased as provided in the Master Declaration. As the amenities that we provide in the Subdivision may be turned over to the Master Association, the assessments paid by you may increase accordingly. These assessments are subject to change as provided in the applicable Master Governing Document. You may also be responsible for the payment of assessments administered by a neighborhood association, as provided in any applicable Supplemental Declaration.

Set out below is the completion schedule for any unfinished roads in the Subdivision.

AS TO THE ROADS SHOWN BELOW THAT ARE NOT ALREADY COMPLETE, WE HAVE NOT SET ASIDE ANY FUNDS IN AN ESCROW ACCOUNT OR MADE ANY OTHER FINANCIAL ARRANGEMENTS TO ASSURE THE COMPLETION OF THE ROADS, SO THERE IS NO ASSURANCE WE WILL BE ABLE TO COMPLETE THE ROADS.

HOWEVER, WE WILL NOT CONVEY TITLE FOR A LOT TO YOU (AND YOU ARE NOT REQUIRED TO PURCHASE SUCH LOT) UNLESS THE NECESSARY ROADS

SERVING THAT LOT ARE EITHER 100% COMPLETE OR GUARANTEED TO BE 100% COMPLETE WITH AN IRREVOCABLE LETTER OF CREDIT ISSUED BY A FINANCIAL INSTITUTION AND DEPOSITED WITH AND APPROVED BY BRUNSWICK COUNTY PRIOR TO ANY CLOSING AND/OR CONVEYANCE OF TITLE FOR THE LOT.

Access within the Subdivision from the general access roads to the lots in this offering will be provided by the following roads within the Subdivision:

<i>Road</i>	<i>Property served</i>	<i>Estimated Start Date</i>	<i>Percent of construction now complete</i>	<i>Estimated Completion Date</i>	<i>Present surface</i>	<i>Final Surface</i>	<i>Number of lanes</i>
Interior access roads – Phase 1, Section 1	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads Phase 1, Section 2A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads Phase 1, Section 2B	All of Compass Pointe	7/13	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 1, Section 3A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 1, Section 3B (Lots 3-19, 35-38, 51-58)	All of Compass Pointe	4/10	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 1, Section 3B (Lots 20-33, 59-74)	All of Compass Pointe	11/14	100%	Complete	Dirt	Asphalt	2
Interior access roads – Phase 1, Section 4A (Lots 1-3)	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 1, Section 4A (Lots 4-15, 41-49)	All of Compass Pointe	3/12	100%	Complete	Asphalt	Asphalt	2
Interior access roads - Phase 1, Section 4A (Lots 16-25, 27-40)	All of Compass Pointe	11/14	0%	5/15	Dirt	Asphalt	2

Interior access roads – Phase 1, Section 5A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 2, Section 1A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads Phase 2, Section 1C (Lots 1-4, 20-22)	All of Compass Pointe	1/13	100%	Complete	Asphalt	Asphalt	2
Interior access roads Phase 2, Section 1C (Lots 5-19)	All of Compass Pointe	10/13	5%	1/15	Dirt	Asphalt	2
Interior access roads – Phase 2, Section 2A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 2, Section 2B (Lots 25-28, 36-47)	All of Compass Pointe	11/13	100%	Complete	Asphalt	Asphalt	2
Interior access roads Phase 2, Section 2B (Lots 7-24, 29-35, 54)	All of Compass Pointe	8/13	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 2, Section 3A	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Phase 4, Section 1	All of Compass Pointe	9/12	100%	Complete	Asphalt	Asphalt	2
Interior access roads - Phase 4, Section 2	All of Compass Pointe	4/13	80%	4/14	Dirt	Asphalt	2
Interior access roads - Phase 4, Section 3	All of Compass Pointe	4/13	100%	Complete	Asphalt	Asphalt	2
Interior access roads - Phase 4, Section 5	All of Compass Pointe	10/13	10%	1/15	Dirt	Asphalt	2
Interior access roads – Ph 10, Section 1A-1	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2

Interior Access roads – Ph 10, Section 1B	All of Compass Pointe	3/10	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 10, Section 2A	All of Compass Pointe	3/10	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 10, Section 3	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 11, Section 1A	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 11, Section 1B	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 11, Section 1C	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2
Interior access roads – Ph 11, Section 2	All of Compass Pointe	1/08	90%	12/15	Rock	Asphalt	2
Main access road – Phases 1 and 2	All of Compass Pointe	10/07	100%	Complete	Asphalt	Asphalt	2
Main access road – Phase 4	All of Compass Pointe	9/12	100%	Complete	Asphalt	Asphalt	2
Main access road – Phase 10	All of Compass Pointe	1/08	100%	Complete	Asphalt	Asphalt	2
Main access road – Phase 11	All of Compass Pointe	1/09	100%	Complete	Asphalt	Asphalt	2

Primarily due to a shift in the Developer's marketing plans, previously provided estimates of completion dates were not met for Phase 1, Section 3A; Phase 1, Section 4A; and Phase 1, Section 5A; however these roads are all now complete. Previously provided estimates of completion dates were not met for Phase 10 or Phase 11; however these roads are all now complete.

We will be responsible for the cost of all road construction and there will be no road construction costs to you. We will retain ownership of sections of the road system until those sections of the road system are fully completed and transferred to the Master Association. The Association is responsible for the year-round repair and maintenance of all roads within the Subdivision that have been recorded on plats in the Brunswick County Registry. All roads will be maintained to provide for year-round access.

Currently, the Developer collects a \$1000 Road Impact Fee from each builder at the beginning of the home construction process. This fee is put into a road maintenance fee to be used by the Association for the repair and maintenance of the private roads and rights of way within the Subdivision. In the future, a portion of the Common Expense for each year as determined by the Master Association may be for the repair and maintenance of the private roads and rights of way within the Subdivision. You will be assessed an annual Base Assessment by the Association to fund the Common Expenses. The Base Assessment may be increased as provided in the Master Declaration. As the amenities that we provide in the Subdivision may be turned over to the Master Association, the assessments paid by you may increase accordingly. These assessments are subject to change as provided in the applicable Master Governing Document. You may also be responsible for the payment of assessments administered by a neighborhood association, as provided in any applicable Supplemental Declaration.

The following table identifies the distance (in miles) from the center of the Subdivision to nearby communities.

NEARBY COMMUNITIES	POPULATION	DISTANCE OVER PAVED ROADS	DISTANCE OVER UNPAVED ROADS	TOTAL
Bolivia, NC (county seat of Brunswick County)	150	20 miles	0	20 miles
Wilmington, NC (county seat of New Hanover County)	109,000	10 miles	0	10 miles
Raleigh	400,000	130 miles	0	130 miles
North Myrtle Beach, SC	150,000 (summer)	70 miles	0	70 miles
Shallotte, NC	3,000	40 miles	0	40 miles
Leland, NC	15,000	3 miles	0	3 miles
Belville, NC	2,000	5 miles	0	5 miles
Ocean Isle Beach, NC	575	40 miles	0	40 miles
Sunset Beach, NC	3,500	45 miles	0	45 miles
Wrightsville Beach, NC	2,534	20 miles	0	20 miles

UTILITIES

Here we will discuss the availability and cost of basic utilities. The areas covered will be water, sewer, electricity, telephone and fuel or other energy sources.

WATER

Central Water System

Brunswick Regional Water and Sewer H2GO (formerly known as North Brunswick Sanitary District), will provide water service (except for irrigation service) to the Subdivision. You will be responsible for the payment to the Brunswick Regional Water and Sewer H2GO (formerly known as North Brunswick Sanitary District), 516 Village Road, N.E., Leland, North Carolina, of certain fees for the connection of the residence on your lot to the public water system. The current fees for a water meter for a two bedroom home are estimated to be \$860.00 for the impact fee, \$50.00 for the security deposit fee, \$270.00 for the meter fee and \$600.00 for the capital recovery fee, for a total of approximately \$1780.00. You will also be required to pay the standard charges by the Brunswick Regional Water and Sewer H2GO for the use of the system and the consumption of water supplied to your lot. These fees are subject to change at any time.

The Developers have reserved for themselves or their designee(s), currently Irrigation, LLC or Brunswick Regional Water and Sewer H2GO (formerly known as North Brunswick Sanitary District), all rights but not the obligation to provide irrigation water to lots in Compass Pointe. You will be responsible for the payment to the Developers or their designee of certain fees for the connection of your residence to the irrigation system. Currently, the set-up and connection fees charged by Irrigation, LLC for an irrigation meter are estimated to be \$1500 for the capital recovery fee for a total of approximately \$1500.00. Currently, the set-up and connection fees charged by Brunswick Regional Water and Sewer H2GO for an irrigation meter are estimated to be \$570 for the tap fee, \$860.00 for the impact fee, \$50.00 for the security deposit fee, \$252.00 for the meter fee and \$600.00 for the capital recovery fee, for a total of approximately \$2332.00. You will also be required to pay the standard charges by the Developers or their designee for the use of the irrigation system and the consumption of irrigation water supplied to your lot. These fees are subject to change at any time.

The central water system has not yet been extended to serve all lots to be developed in the future. When the central water system is in operation, it will be properly dedicated and accepted by the Brunswick Regional Water and Sewer H2GO.

We are informed that Brunswick Regional Water and Sewer H2GO has made or caused to be made hydrological surveys which determine that sufficient water is available to serve the anticipated population of the Subdivision. The water in the central system has been tested for purity and chemical content and such tests show that the water meets all standards for a public water system.

<i>Area served</i>	<i>Estimated Start Date</i>	<i>Percent of construction now complete</i>	<i>Estimated Completion Date</i>
Phase 1, Section 1	April 2008	100%	Complete
Phase 1, Section 2A	April 2008	100%	Complete
Phase 1, Section 2B	April 2008	100%	Complete
Phase 1, Section 3A	April 2008	100%	Complete
Phase 1, Section 3B (Lots 3-19, 35-38, 51-58)	April 2010	100%	Complete
Phase 1, Section 3B (Lots 20-33, 59-74)	March 2013	100%	Complete
Phase 1, Section 4A (Lots 1-3)	October 2007	100%	Complete
Phase 1, Section 4A (Lots 4-15, 41-49)	March 2012	100%	Complete
Phase 1, Section 4A (Lots 16-25, 27-40)	October 2013	25%	May 2015
Phase 1, Section 5A	June 2010	100%	Complete
Phase 2, Section 1A	April 2008	100%	Complete
Phase 2, Section 1C (Lots 1-4, 20-22)	April 2008	100%	Complete
Phase 2, Section 1C (Lots 5-19)	October 2013	0%	January 2015
Phase 2, Section 2A	April 2008	100%	Complete
Phase 2, Section 2B (Lots 25-28, 36-47)	November 2013	100%	Complete
Phase 2, Section 2B (Lots 7-24, 29-35, 54)	June 2013	100%	Complete
Phase 2, Section 3A	April 2008	100%	Complete

Phase 4, Section 1	September 2012	100%	Complete
Phase 4, Section 2	April 2013	80%	Complete
Phase 4, Section 3	April 2013	100%	Complete
Phase 4, Section 5	October 2013	10%	January 2015
Phase 10, Section 1B	March 2010	100%	Complete
Phase 10, Section 2A	March 2010	100%	Complete
Phase 10, Section 3	September 2012	100%	Complete
Phase 11, Section 1A	April 2008	100%	Complete
Phase 11, Section 1B	January 2008	100%	Complete
Phase 11, Section 1C	January 2008	100%	Complete
Phase 11, Section 2	April 2011	90%	December 2013

Primarily due to a shift in the Developer’s marketing plans, previously provided estimates of completion dates were not met for Phase 10 or Phase 11; however these water systems are all now complete.

All lot purchasers must connect to the central system. Irrigation systems serving individual lots must be approved by the Master Association. Lot owners are not permitted to construct their own wells.

AS TO THE SECTIONS OF THE WATER SYSTEM THAT ARE NOT CURRENTLY COMPLETE, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT, NOR HAVE ANY OTHER FINANCIAL ARRANGEMENTS BEEN MADE TO ASSURE THE COMPLETION OF SUCH SECTIONS.

HOWEVER, WE WILL NOT CONVEY TITLE FOR A LOT TO YOU (AND YOU ARE NOT REQUIRED TO PURCHASE SUCH LOT) UNLESS THE NECESSARY SECTIONS OF THE WATER SYSTEM SERVING THAT LOT ARE EITHER 100% COMPLETE OR GUARANTEED TO BE 100% COMPLETE WITH AN IRREVOCABLE LETTER OF CREDIT ISSUED BY A FINANCIAL INSTITUTION AND DEPOSITED WITH AND APPROVED BY BRUNSWICK COUNTY AND/OR BRUNSWICK REGIONAL WATER AND SEWER H2GO PRIOR TO ANY CLOSING AND/OR CONVEYANCE OF TITLE FOR THE LOT.

SEWER

A central waste water treatment system will be the method of sewage disposal required for all lots in the Subdivision. Use of this central system is mandatory. The central waste water system treatment plant and the main waste water lines will be constructed in front of or adjacent to the lots within the Subdivision served by this system. The central waste water system will be operated by Brunswick Regional Water and Sewer H2GO (formerly known as North Brunswick Sanitary District), whose address is P. O. Box 2230, Leland, North Carolina 28451.

You will be responsible for the payment to the Brunswick Regional Water and Sewer H2GO of certain fees for the connection of the residence on your lot to the waste water system. The 2010 fees for a two bedroom home are estimated to be \$3000.00 for the impact fee, \$1000 for the sewer transmission fee, \$50.00 for the security deposit fee, \$600.00 for the capital recovery fee, for a total of approximately \$4650.00. You will also be required to pay the standard charges by the Brunswick Regional Water and Sewer H2GO for the use of the system. You or your builder, as applicable, will be responsible for all costs for the construction of the connection lines from your house to the central waste water collection line in front of or adjacent to your lot. The fees and costs for the waste water system are subject to change at any time.

Waste water collection lines are being constructed to serve all lots in this registration. The following chart shows the status of the waste water system which will serve the lots covered by this Property Report:

<i>Area served</i>	<i>Estimated Start Date</i>	<i>Percent of construction now complete</i>	<i>Estimated Completion Date</i>
Phase 1, Section 1	April 2008	100%	Complete
Phase 1, Section 2A	April 2008	100%	Complete
Phase 1, Section 2B	April 2008	100%	Complete
Phase 1, Section 3A	April 2008	100%	Complete
Phase 1, Section 3B (Lots 3-19, 35-38, 51-58)	April 2010	100%	Complete
Phase 1, Section 3B (Lots 20-33, 59-74)	March 2013	100%	Complete
Phase 1, Section 4A (Lots 1-3)	October 2007	100%	Complete
Phase 1, Section 4A (Lots 4-15, 41-49)	March 2012	100%	Complete

Phase 1, Section 4A (Lots 16-25, 27-40)	October 2013	25%	May 2015
Phase 1, Section 5A	June 2010	100%	Complete
Phase 2, Section 1A	April 2008	100%	Complete
Phase 2, Section 1C (Lots 1-4, 20-22)	April 2008	100%	Complete
Phase 2, Section 1C (Lots 5-19)	October 2013	0%	January 2015
Phase 2, Section 2A	April 2008	100%	Complete
Phase 2, Section 2B (Lots 25-28, 36-47)	November 2013	100%	Complete
Phase 2, Section 2B (Lots 7-24, 29-35, 54)	June 2013	100%	Complete
Phase 2, Section 3A	April 2008	100%	Complete
Phase 4, Section 1	September 2012	100%	Complete
Phase 4, Section 2	April 2013	80%	April 2014
Phase 4, Section 3	April 2013	100%	Complete
Phase 4, Section 5	October 2013	10%	January 2015
Phase 10, Section 1B	March 2010	100%	Complete
Phase 10, Section 2A	March 2010	100%	Complete
Phase 10, Section 3	September 2012	100%	Complete
Phase 11, Section 1A	April 2008	100%	Complete
Phase 11, Section 1B	January 2008	100%	Complete
Phase 11, Section 1C	January 2008	100%	Complete
Phase 11, Section 2	April 2011	90%	December 2013

Primarily due to a shift in the Developer's marketing plans, previously provided estimates of completion were not met for Phase 1, Section 3A; Phase 1, Section 4A; Phase 1, Section 5A; and Phase 10, Section 1A; Phase 10; and Phase 11, Sections 1B and 1C; however these sewer systems are all now complete.

AS TO THE SECTIONS OF THE SEWER SYSTEMS THAT ARE NOT CURRENTLY COMPLETE, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT, NOR HAVE ANY OTHER FINANCIAL ARRANGEMENTS BEEN MADE TO ASSURE THE COMPLETION OF SUCH SECTIONS.

HOWEVER, WE WILL NOT CONVEY TITLE FOR A LOT TO YOU (AND YOU ARE NOT REQUIRED TO PURCHASE SUCH LOT) UNLESS THE NECESSARY SECTIONS OF THE SEWER SYSTEM SERVING THAT LOT ARE EITHER 100% COMPLETE OR GUARANTEED TO BE 100% COMPLETE WITH AN IRREVOCABLE LETTER OF CREDIT ISSUED BY A FINANCIAL INSTITUTION AND DEPOSITED WITH AND APPROVED BY BRUNSWICK COUNTY AND/OR BRUNSWICK REGIONAL WATER AND SEWER H2GO PRIOR TO ANY CLOSING AND/OR CONVEYANCE OF TITLE FOR THE LOT.

ELECTRICITY

Carolina Power & Light Company (d/b/a Progress Energy Carolinas, Inc.), P.O. Box 2041, Raleigh, North Carolina 27602, will supply electrical service by constructing primary and service electrical lines at no cost to you.

The following chart shows the status of the main lines and electrical service which will serve the lots covered by this Property Report:

<i>Area served</i>	<i>Estimated Start Date</i>	<i>Percent of construction now complete</i>	<i>Estimated Completion Date</i>
Phase 1, Section 1	Complete	100%	Complete
Phase 1, Section 2A	Complete	100%	Complete
Phase 1, Section 2B	Complete	100%	Complete
Phase 1, Section 3A	January 2010	100%	Complete
Phase 1, Section 3B (Lots 3-19, 35-38, 51-58)	April 2010	100%	Complete
Phase 1, Section 3B (Lots 20-33, 59-74)	November 2014	100%	Complete
Phase 1, Section 4A (Lots 1-3)	October 2007	100%	Complete
Phase 1, Section 4A (Lots 4-15, 41-49)	March 2012	100%	Complete
Phase 1, Section 4A (Lots 16-25, 27-40)	November 2014	0%	May 2015
Phase 1, Section 5A	January 2010	100%	Complete
Phase 1, Section 5B	April 2010	100%	Complete
Phase 2, Section 1A	Complete	100%	Complete
Phase 2, Section 1C (Lots 1-4, 20-22)	Complete	100%	Complete
Phase 2, Section 1C (Lots 5-19)	January 2015	0%	April 2016

Phase 2, Section 2A	Complete	100%	Complete
Phase 2, Section 2B (Lots 25-28, 36-47)	April 2013	100%	Complete
Phase 2, Section 2B (Lots 7-24, 29-35, 54)	April 2013	100%	Complete
Phase 2, Section 3A	Complete	100%	Complete
Phase 4, Section 1	September 2012	100%	Complete
Phase 4, Section 2	April 2013	80%	April 2014
Phase 4, Section 3	April 2013	100%	Complete
Phase 4, Section 5	January 2015	10%	May 2015
Phase 10, Section 1A-1	April 2011	100%	Complete
Phase 10, Section 1B	March 2010	100%	Complete
Phase 10, Section 2A	March 2010	100%	Complete
Phase 10, Section 3	September 2012	100%	Complete
Phase 11, Section 1A	January 2010	100%	Complete
Phase 11, Section 1B	January 2008	100%	Complete
Phase 11, Section 1C	January 2008	100%	December 2013
Phase 11, Section 2	April 2011	90%	December 2013

No estimate can be given as to when service will be available to your lot as that depends on the actual construction of houses. Duke Progress Energy has advised us that it would normally provide service within 30 days of a request after service is available to the lot.

You or your builder, as applicable, will be responsible for the extension of the line to the residence on your lot at a cost of approximately \$500. You may also be responsible for a security deposit fee. You will pay a monthly charge for the cost of service to your lot. These amounts are subject to change at any time.

TELEPHONE SERVICE

The Developers have reserved for themselves or their designee(s), currently Pointe Communications, LLC and/or Time Warner Cable, all rights but not the obligation to provide telephone, cable television and internet service to lots in Compass Pointe. You will be responsible for the payment to the Developers or their designee of certain fees for the connection of your residence to these systems. The main service lines are generally completed within 60-90 days after the affected roads are paved (see road construction schedule above). Where roads are already complete, main service lines are also complete. Service lines will be extended from the main lines to individual lots by the provider upon request. Service will normally be available within thirty (30) days after it has been requested. To obtain telephone service, you will be responsible for a connection fee currently estimated to be \$70 and a cable/internet hook-up fee of \$100. The provider currently is offering to waive connection/hook-up fees in the event you choose to connect telephone and cable/internet at the same time, but this waiver is subject to change at any time. You may also be required to pay a security deposit. Current regular monthly service charges are \$30 for telephone and \$85 for cable service and internet service. These charges are subject to change at any time.

GARBAGE DISPOSAL:

Garbage pickup will be handled by Brunswick County, under contract with Waste Management, Inc. The charge for this service is included in the annual ad valorem tax bill. Use of this system is mandatory. The charge for this service is subject to change at any time.

FUEL AND OTHER ENERGY SOURCES

The only other energy source available in the Subdivision will be propane gas or fuel oil. The estimated cost for installation of propane gas or fuel oil is \$1 per gallon and the estimated cost to fill the tank is \$1 per gallon. For example, a 100 gallon gas tank would cost approximately \$100 for installation and \$100 to be filled. Most local companies do not sell the actual storage tanks but instead the cost of leasing the storage tanks is already included in the installation fee described above. These fuels are available from local distributors, including, but not limited to the following:

1. Amerigas Propane
214 Roymac Drive
Wilmington, NC
2. Suburban Propane
430 Landmark Drive
Wilmington, NC
3. W. K. Hobbs, Inc.
1332 Castle Hayne Road
Wilmington, NC

FINANCIAL INFORMATION

Copies of YDV Inc.'s audited financial statements for the period ending December 31, 2012 and our unaudited financial statements for the period ending June 30, 2013 are available from us upon request.

Copies of CP Brunswick, LLC's unaudited financial statements for the period ending December 31, 2012 and our unaudited financial statements and accountants' compilation report for the period ending June 30, 2013 are available from us upon request.

THE DEVELOPERS HAVE EXPERIENCED AN OPERATING LOSS DURING THE LAST FISCAL YEAR. THIS MAY AFFECT THE DEVELOPERS' ABILITY TO COMPLETE PROMISED FACILITIES AND TO DISCHARGE FINANCIAL OBLIGATIONS.

HOWEVER, as provided in prior sections of this Property Report, we will not and legally cannot convey title for a lot to you (and you are not required to purchase such lot) unless the necessary utilities (roads, water, sewer systems) serving that lot are either 100% complete or guaranteed to be 100% complete with an irrevocable letter of credit issued by a financial institution and deposited with and approved by Brunswick County and/or Brunswick Regional Water and Sewer H2GO prior to any closing and/or conveyance of title for the lot.

LOCAL SERVICES

In this topic, we will discuss the availability of fire and police protection and the location of schools, medical care and shopping facilities.

FIRE PROTECTION

Fire protection is provided by the Brunswick County Fire Department (Northwest Fire District). This fire department's headquarters are located approximately five (5) miles from this Subdivision. Services are available 24 hours a day, each day of the year.

Brunswick County does not have a system for rating Subdivisions for fire hazards. However per the Brunswick County Unified Development Ordinance, U.D.O., 6.11 Emergency management Standards, Compass Pointe is required to be constructed to meet the specific standards established by the U.D.O. and North Carolina Fire Code, 2002 Edition, "Table B105.1, Minimum Required Fire Flow and Flow Duration for Buildings", "Table C105.1, Number and Distribution of Fire Hydrants" and "Appendix D, Fire Apparatus Roads." Compass Pointe will be constructed to meet or exceed these requirements.

POLICE PROTECTION

Police protection is provided by the Brunswick County Sheriff's Office, located in Bolivia, North Carolina. This protection is available 24 hours a day. Highway 74/76 providing access to the Subdivision is also patrolled by the North Carolina State Highway Patrol.

SCHOOLS

Elementary, junior and senior high schools are available to residents of the Subdivision. The nearest elementary school is Belville Primary School, located in Belville, less than five miles from the Subdivision. The nearest junior high school is Leland Middle School located in Leland, North Carolina, less than five miles from the Subdivision. The nearest high school is North Brunswick High School located in Leland, North Carolina, approximately seven (7) miles from the Subdivision. School bus transportation for each school is available at a county-approved bus stop which may not be located within the Subdivision.

The nearest private schools are Cape Fear Academy (K-12 grades) in Wilmington, approximately twenty (20) miles from the Subdivision; St. Mary's Catholic School (PreK-8) in Wilmington, approximately ten (10) miles from the Subdivision; Wilmington Christian Academy (PreK-12 grades) in Wilmington, approximately fifteen (15) miles from the Subdivision; Roger Bacon Charter Academy (K-8) in Maco, approximately two (2) miles from the Subdivision; Harrell's Christian Academy (K-12), approximately forty-five (45) miles from the Subdivision; and Waccamaw Academy (K-12 grades) in Whiteville, approximately forty-five (45) miles from the Subdivision.

HOSPITAL

The nearest hospital available to residents of this Subdivision is the New Hanover Regional Medical Center located at 2131 South 17th Street, Wilmington, NC 28401. Brunswick Novant Medical Center is located at 240 Hospital Drive NE, Bolivia, NC 28422. Ambulance service is provided by Brunswick County Emergency Services.

PHYSICIANS AND DENTISTS

The nearest physicians' and dentists offices available to residents of this Subdivision are located at 509 Olde Waterford Way, Leland, North Carolina and at 1014 Grandiflora Drive, Leland, North Carolina 28451.

SHOPPING FACILITIES

The nearest shopping facilities available to residents of the this Subdivision are within Waterford Shopping Center located at 501 Olde Waterford Way and within Cross Creek Commons located at 1107 New Pointe Boulevard Leland, NC 28451.

MAIL SERVICE

Currently, there is mail service to the Subdivision by the postal home delivery service through the United States Post Office in Leland, North Carolina. Currently, individual mailboxes on lots are prohibited under the Master Declaration and all owners' mail will delivered to central mailbox kiosks within the Subdivision. The current zip code is 28451.

PUBLIC TRANSPORTATION

Public bus transportation is available to Wilmington, North Carolina from a bus stop within Waterford Shopping Center at Old Regent Way, Leland, North Carolina (two and one half (2 ½ miles) from the Subdivision) and to destinations within New Hanover County which are served by the Wilmington Transit Authority. There is no other public transportation from the Subdivision to nearby towns. Furthermore, there is no public transportation system within the Subdivision.

Taxi service is available from Leland, North Carolina or from Wilmington, North Carolina. Bus transportation is available from Wilmington, North Carolina to destinations served by Greyhound Bus lines. Commercial airline service is available at New Hanover International Airport, Wilmington, North Carolina approximately fifteen (15) miles from the Subdivision or at Horry County Jetport, Myrtle Beach, South Carolina approximately eighty (80) miles from the Subdivision.

RECREATIONAL FACILITIES

The following recreational facilities exist or are tentatively planned for the Subdivision.

Facility	% of Const. Now Complete	Est. Date of Start of Const.	Est. Date of Start of Use	Financial Assurance of Completion	Buyer's Annual Cost or Assessment
Ahh-mentiy Center: Recreational Events Lawn & Picnic Area	100%	Complete	Complete*	Complete	See Note #1 below
Ahh-mentiy Center: Lap Pool & Cabanas	100%	Complete	Complete*	Complete	See Note #1 below
Ahh-mentiy Center: Grand Lanai, Grill & Sports Theater	100%	Aug-2011	Oct-2012*	Complete	See Note #1 below
Ahh-mentiy Center: Fitness Center	20%	Oct-2013	April-2014***	None	See Note #1 below
Ahh-mentiy Center: Tennis/Multi-Use Courts	100%	Apr-2013	Oct-2013*	Complete	See Note #1 below
Ahh-mentiy Center: Fun Pools Each Side of Lap Pool	0	Jan-2017	Jun-2017*	None	See Note #1 below
Ahh-mentiy Center: Kids Splash Pad	0	Jan-2018	Jun-2018*	None	See Note #1 below
The Pointe Club: Indoor Pool	0	Apr-2019	Oct-2019**	None	See Note #1 below
The Pointe Club: Tennis Complex	0	Jan-2022	Jun-2022**	None	See Note #1 below
The Pointe Club: Outdoor Amphitheater	0	Jan-2022	Jun-2022**	None	See Note #1 below
The Pointe Club: Outdoor Pool	0	Jan-2026	Jun-2026**	None	See Note #1 below
The Pointe Club: River Club	0	Jan-2027	Jun-2027**	None	See Note #1 below
Walking and Recreational Trails and sidewalks	35%	Dec-2008	Oct -2015	None	See Note #1 below
Recreational Lakes	100%	Dec-2008	Complete	Complete	See Note #1 below
Lake Beach	100%	Dec-2008	Complete	Complete	See Note #1 below
Dog Park	100%	Jan-2013	Jun-2013	Complete	See Note #1 below

*Primarily due to the Developer's expanded plans for the Social Club (as expanded, now known as the Ahh-Menity Center), previously provided estimates for start of use in 2010, 2011 and 2012 were not met, but portions of the expanded Ahh-Menity Center are complete as shown on the chart above.

** Primarily due to Developer's expanded plans for the Ahh-Menity Center, previously provided estimates for start of use of The Pointe Club in 2015 have been revised as shown on the chart above.

*** Primarily due to Developer's expanded plans for the Fitness Center Ahh-Menity Center which now is planned to include much of what was previously proposed as the "Pointe Club Sports Club", previously provided estimates for start of use of Fitness Center Ahh-Menity Center have been revised as shown on the chart above.

Notes concerning recreational facilities:

1. The initial annual Base Assessment, which will include amounts allocated for the recreational facilities and road maintenance on an annual basis, is currently \$840 for improved and unimproved lots. The Base Assessment may be increased as provided in the Master Declaration. In the future, as the recreational facilities and private roads that we provide in the Subdivision are turned over to the Master Association, the assessments paid by you may increase accordingly. These assessments are subject to change.

2.

WE HAVE NO CONTRACTUAL OBLIGATION TO PROVIDE THESE RECREATIONAL FACILITIES. WE PRESENTLY HAVE NO BOND FOR THE COMPLETION OF THESE FACILITIES AND THERE IS NO ASSURANCE THAT THEY WILL BE BUILT. WE DO NOT CURRENTLY OWN THE PROPERTY ON WHICH THE RIVER CLUB IS PLANNED SO WE CANNOT ASSURE ITS CONTINUED AVAILABILITY, BUT WE WOULD PURCHASE THE PROPERTY PRIOR TO ANY BUILDING OF THE RIVER CLUB.

3. We reserve the right to delete, revise, augment, reduce or increase the size or scope of or to make any other changes to the recreational facilities listed herein, and to add other recreational facilities to the Subdivision, in our sole discretion.

4. As currently planned, approximately 10 miles of Walking and Recreational Trails and sidewalks will be located throughout the entire Subdivision, but have not yet been completed.

5. We have reserved the right in the Master Declaration on behalf of the Board of Directors to adopt rules regulating use and enjoyment of any recreational facilities located on the common area, including but not limited to establishment of operating hours, rules limiting the number of guests who may use the recreational facilities, membership requirements and admission or other use fees for the use of any recreational facilities situated upon the common area.

6. Located within and adjoining the Subdivision, but not a part of the recreational or common facilities of the Subdivision, is a planned 27 hole golf course known as Compass Pointe Golf Club, which will be open to non-equity members and daily-fee users. Owners of property in the Subdivision may utilize the golf course on the same terms and conditions as non-owners. Non-owners utilizing the golf course facility shall have the right of access to and from said facility over certain of the private roads of the Subdivision. We have no contractual obligation to property owners to provide this golf course; we presently have no bond for the completion of the golf course; and there is no assurance that it will be built. We reserve the right to delete, revise, augment, reduce or increase the size or scope of or to make any other changes to the golf course, in our sole

discretion.

Constructing the Facilities

The Developers are responsible for all costs of construction of the recreational facilities as described herein which the Developer decides to construct. You will not be required to pay any of the cost or construction of these facilities.

Maintaining the Facilities

The Compass Pointe Master Association, Inc. (the "Master Association") will be responsible for the operation and maintenance of the recreational facilities.

Transfer of Facilities

We may transfer title to the recreational facilities within the Subdivision to the Association by means of special warranty deeds and any other necessary documents of transfer. Any transfer of the recreational facilities to the Master Association will be free and clear of any liens and encumbrances. There will be no adverse effect on, or tax to you as a lot purchaser from our transfer of these facilities to the Master Association.

Permits

Building permits are required for the construction of all of the recreational facilities listed other than the lakes and pathways. The building permit has not been obtained for all of the recreational facilities listed above, and therefore, there is no assurance that lot owners will be able to use the facilities. Upon their completion, occupancy permits are required to be obtained from the appropriate governmental agency. Occupancy permits have been obtained for the Ahh-menity Center Grand Lanai and pool. Occupancy permits have not been obtained at this time for any other recreational facilities.

Who May Use the Facilities

The recreational facilities will be maintained substantially for the use of the lot owners. The Developers, any lot owner and his or her family members, guests and invitees may use the recreational facilities, subject to the right of the Master Association to adopt reasonable rules and to charge a reasonable fee for the use of recreational facilities within the Subdivision, as provided in the Master Declaration. At various times, the Developers and/or the Master Association may permit use of any recreational facilities situated on the Common Area by private groups and persons other than lot owners, their families, lessees, and guests (for example, a 5k charity race or a social event) upon payment of use fees established by the Board; and in that event, the applicable recreational facilities would be open to use by the general public and their use may limit the use thereof by lot owners.

The proposed Compass Pointe Golf Club described above, which will not be a part of the recreational facilities of the Subdivision, is expected to be open for use by the general public in the form of non-equity members and daily fee users and their use may limit use of the golf course by lot owners. Lot owners in the Subdivision may utilize the golf course on the same terms and conditions as non-owners.

SUBDIVISION CHARACTERISTICS AND CLIMATE

GENERAL TOPOGRAPHY

The Subdivision is located approximately twenty-five (25) miles from the Intracoastal Waterway and thirty (30) miles from the Atlantic Ocean. It is a level area with no severe slopes and the soil is basically sandy or sandy loam. The lowest lots are approximately 20 feet above mean sea level. The highest lots are approximately 78 feet above mean sea level. Approximately fifty percent (50%) of the lots are covered in hardwood and pine forests. Approximately thirty (30%) of the Subdivision will remain as open space.

WATER COVERAGE

No lots of the Subdivision described in this Property Report are covered by water throughout the entire year. Based on our most recent surveys, no portion of the lots covered by this Property Report contain wetlands, as defined and determined in accordance with current regulations of the U. S. Army Corps of Engineers, except for a portion of:

Lots 1, 2, 14-26, Phase 1, Section 1;
 Lots 1, 2, 15-22, 23-26, Phase 1, Section 2A;
 Lots 2-8, Phase 1, Section 2B;
 Lots 1, 2, 44-50, Phase 1, Section 3A;
 Lots 3-15, 25, 31, 32 and 33, Phase 1, Section 3B;
 Lots 25, 32 and 33, Phase 1, Section 4A;
 Lots 1-12, Phase 1, Section 5A;
 No lots in Phase 1, Section 5B;
 Lots 2A, 2B, 2C, 2F, 2G, 2H, 2I in Phase 2, Section 1A;
 Lots 13, 14, 16, 20-22, Phase 2, Section 1C;
 No lots in Phase 2, Section 2A;
 Lots 16-21, 32-35, 36-40 in Phase 2, Section 2B;
 Lots 1, 55, 57-60, Phase 2, Section 3A;
 No lots in Phase 4, Section 1;
 No lots in Phase 4, Section 2;
 No Lots in Phase 4, Section 3;
 Lots 30-36, Phase 4, Section 5;
 Lots 37, 38, 59-63, Phase 10, Section 1A-1;
 Lots 73-86, Phase 10, Section 1B;
 No lots in Phase 10, Section 2A;
 Lots 54-58, Phase 10, Section C;
 Lots 14-18, Phase 11, Section 1A;
 Lots 1-3, Phase 11, Section 1B;
 No lots in Phase 11, Section 1C; and
 Lots 16-19, Phase 11, Section 2.

During periods of exceptionally heavy rain, any of the lots in the Subdivision could temporarily be subject to standing water (i.e., puddles) if the underlying ground becomes saturated. Temporary situations such as this are not unique to this Subdivision and no corrective action is necessary to address this possibility as the temporary standing water would not affect your home.

DRAINAGE AND FILL

Under current regulations, no lots of the Subdivision described in this Property Report require drainage or fill prior to being used for the purposes for which they are being sold (other than any reasonable fill for house pad elevation that is normal and customary procedure when building a house). These regulations are subject to change at any time. If drainage or fill is required prior to the sale of a lot, the Developers are responsible for such corrective action.

FLOOD PLAIN

No lots of the Subdivision described in this Property Report lie either wholly or partially within an area designated to be flood prone (i. e. Flood Zone "A", according to the current Flood Insurance Rate Map), except a non-buildable portion of Lot 1, Phase 1, Section 1; Lots 15-18, Phase 1, Section 2A; and Lots 7-11 and 14-15, Phase 1, Section 3B. For all other lots, flood insurance is not required but may be desirable to obtain in connection with the purchase of or any improvements to these lots. Flood insurance is currently available at an estimated cost of \$292.00 per year on a \$200,000.00 home, depending on the height of the lowest floor of the home above the Base Flood Elevation for the site. The cost and availability of flood insurance may vary from time to time.

FLOODING AND SOIL EROSION

We have a plan to control soil erosion and drainage. Soil erosion could result in property damage and create a possible safety and health hazard. The overall sedimentation and erosion control plan in effect within the Subdivision has been established, supervised and administered by the North Carolina Department of Environment and Natural Resources, Division of Land Resources, Land Quality Section ("Land Resources") by means of a series of permit approval letters beginning May 3, 2007. We are obligated to comply with the approved plan and we are currently in compliance. The Developers are financially responsible to Land Resources for continued compliance with the plan.

We have a plan to control stormwater disposal. Soil erosion caused by stormwater could result in property damage and create a possible safety and health hazard. The stormwater plan in effect within the Subdivision has been established, supervised and administered by the North Carolina Department of Environment, Health and Natural Resources - Division of Water Quality ("DWQ") by means of a series of permit approval letters beginning August 15, 2007. We are obligated to comply with the approved plans and we are currently in compliance. The stormwater system for the lots in Phase 1, Phase 2, Phase 10, Phase 11 and Phase 4, Section 1 are completed. For lots other than those referenced above, there are currently no financial assurances of completion or continued compliance with the plan. However, we will not convey title for a lot to You (and

You are not required to purchase such lot) unless the necessary sections of the stormwater system serving that lot are either 100% complete or guaranteed to be 100% complete with an irrevocable Letter of Credit issued by a financial institution and deposited with and approved by Brunswick County prior to any closing and/or conveyance of title for the lot.

Both Land Resources and DWQ have the legal authority to enforce compliance with these permits.

NUISANCES

We are not aware of any nuisances that would adversely affect the Subdivision. A portion of the CSX Railroad is located to the north of the Subdivision.

HAZARDS

We are aware of no unusual safety factors or any proposed plans, private or governmental, for the construction of any facility which may create a nuisance or safety hazard or adversely affect the use of the land, other than the construction of the I-140 bypass located near the subdivision which may result in increased noise but will also benefit residents due to improved connectivity to New Hanover County.

Federal, State and/or local agencies have identified the general region in which the subdivision is located as being subject to the following frequently occurring natural hazards, as indicated below:

1) Local Identified Natural Hazards

Brunswick County is one of the jurisdictions that participated in the development of, and is included in, the Brunswick County Multi-Jurisdictional Hazard Mitigation Plan. The Mitigation Plan, which was developed in July 2004, has identified certain natural hazards as posing the greatest risk to the jurisdiction and has rated the risk of the hazards in the County on a scale of low, moderate and high for each identified hazard. For the Brunswick County area, tsunamis or volcanoes were rated as not a risk. Dam and levee failures, earthquakes, and landslides and sinkholes were rated as a "low" risk. Riverine erosion, droughts, heat waves, severe storms, tornadoes, wildfires and winter storms/freezes were rated as "moderate" risk. Hurricanes and coastal storms, coastal erosion and floods were rated as a "high" risk. The Brunswick County Mitigation Plan is available for review at the following website:

http://www.brunswickcountync.gov/Portals/0/bcfiles/Planning/CAMA_Appendix_III.pdf

2) State Identified Natural Hazards

The State of North Carolina also adopted a Hazard Mitigation Plan updated October 2010 which identifies of particular statewide concern flood hazards associated with thunderstorms, hurricanes and tropical storms. The State of North Carolina Mitigation Plan is available for

review at the following website:

<http://www.nccrimecontrol.org/Index2.cfm?a=000003,000010,001623,000177,001563>

The State of North Carolina also has a Risk Assessment and Vulnerabilities as to Natural Hazards. This is available for review at the following website:

<http://www.nccrimecontrol.org/Index2.cfm?a=000003,000010,001623,000177,000891,000913>

Each hazard is assessed in terms of its likelihood of occurrence, the vulnerability within the state to the hazard, and the hazard's historical impact. For the Brunswick County area (Climate Division 6), earthquakes, landslides, severe winter weather, dam failures, geological (i.e., sinkholes, landslides/debris flows, acidic and/or expansive soils) and infectious diseases were rated as a "low" risk. Hurricanes, Nor'easters, tornados, wildfires, and flood were rated as a "high" risk. Drought was rated as "moderate" risk.

3) Federal Identified Natural Hazards

FEMA is initiating Risk Mapping, Assessment, and Planning (Risk MAP) and has developed a multi year plan spanning FY10-FY14. The vision for Risk MAP is to deliver quality data that increases public awareness and leads to action that reduces risk to life and property. The plan was approved on March 16, 2009. This plan provides details on how Risk MAP is building on the successes of Map Mod and includes the goals and objectives for the five year effort. Questions regarding the plan should be directed to FEMA-RiskMaps@dhs.gov.

In addition, more information regarding FEMA risk mapping, assessment, and planning for the Compass Pointe Subdivision is available for review at the following website:

<http://hazards.fema.gov/femaportal/wps/portal/mmvmapviewer>

http://hazards.fema.gov/femaportal/wps/portal/!ut/p/c5/04_SB8K8xLLM9MSSzPy8xBz9CP0os3gDCyNfM_OAYHcnA3cPH19vY09DAwgAykci5J0tDJyN3A2cTI0NYPL4dYeD7MPUbxIA0I9NHtl8sDwO4Gig7-eRn5uqX5AbYZAZkK4IANkh-c!/dl3/d3/L2dJOSEvUUt3QS9ZQnZ3LzZfMDgyTTY3UFNHQjBHSExNSzFJMTAwMDAwMDA!/

With regard to fire hazard ratings, the Insurance Service Office (ISO) of North Carolina has a grading schedule for rural and municipal fire protection. Individual communities are surveyed every nine or ten years, and the grading process used considers the following: water supply 39%, fire department 39%, fire communications 9%, and fire safety 13%. A rating of 1 is the best possible, with the lowest rating of 10 being assigned to areas with essentially no protection. The ratings have a financial impact on property owners because fire insurance premiums depend on the grade or class assigned by the ISO. The first number (and in some cases, the only number) in the sequence represents the rating if a structure is within 1,000 feet of a fire hydrant. The second number in the sequence represents the rating if a structure is beyond

1,000 feet of a fire hydrant. A 9E sequence is a five-mile rating, which means that the department can carry 1,500 gallons of water on wheels, has 20 personnel, and meets certain minimum equipment requirements. Compass Pointe Subdivision is rated at 6/9E and is protected by the Leland Fire/Rescue which is located at 1004 Village Road, Leland, NC 28451.

CLIMATE

The average temperature for the warmest and coldest months of the year are contained in the table below. The area has an average rainfall of 56 inches and an average snowfall which is negligible.

<u>MONTH</u>	<u>HIGH</u>		<u>LOW</u>		<u>MEAN</u>
January	58		37.4		48.2
July	86		67		84.7

OCCUPANCY

Approximately 190 homes have been occupied on a full or part-time basis in the Subdivision which is the subject of this offering as of October 2013.

ADDITIONAL INFORMATION

In this section, we will discuss the following areas:

1. The Property Owners' Association
2. The Annual Real Estate Taxes
3. Equal Opportunity in Lot Sales
4. Listing of Lots

PROPERTY OWNERS' ASSOCIATION

A property owners' association, Compass Pointe Master Association, Inc. (herein "Master Association") has been incorporated. We will exercise, or have the right to exercise control over the Association until two (2) years after the Class "B" Control Period (as defined in the Master Declaration) ends. The Class "B" Control Period shall terminate on the first to occur of the following:

- (a) when 80% of the total number of Units permitted by the Master Plan for the property described in the Master Declaration have certificates of occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;
- (b) December 31, 2064; or
- (c) when, in its discretion, the Class "B" Member so determines and declares in an instrument Recorded in the Register of Deeds of Brunswick County, North Carolina.

The functions and responsibilities of the Association are to protect the value and desirability of the property for residential purposes, to provide for and carry out maintenance, replacement and administration of the Common Areas and Limited Common Areas, and to enforce the provisions of the Master Declaration. The Architectural Review Committee has architectural control of structures built within the Subdivision.

All property owners are members of the Association. Non-owners are not eligible for membership. Membership in the Association is mandatory. The Association's Base Assessment is currently \$840 per year for improved and unimproved lots. The initial capital contribution required by the Master Declaration is \$840. These amounts are subject to change as provided by the Master Declaration.

The Base Assessment is believed sufficient to meet all current operating expenses, including, but not limited to, maintenance of the roads and reserves for replacement of capital items. Should this amount prove to be insufficient, members are subject to Special Assessments for the purpose of defraying in whole or in part unbudgeted expenses, the costs of any construction, reconstruction, unexpected repair or replacement of a capital improvement; provided, the assessment is approved as provided by the Master Declaration. In addition, the Master Declaration provides for Village Assessments or Specific Assessments for the provision of services to specific

units.

Individual neighborhoods within the Subdivision may be subject to Supplemental Declarations which provide for either the Master Association or a neighborhood association with the authority to impose and collect additional assessments.

There are certain functions or services that we now provide at no charge for which the Master Association will be required to assume responsibility in the future. An increase in assessments or fees may be necessary in the future to continue these functions or services.

In addition, the Master Declaration provides that during the Class "B" Control Period, we may satisfy our obligation for assessments on Units which we own by: (i) paying such assessments in the same manner as any other Owner; (ii) by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Master Association during the fiscal year; or (iii) paying one-half of the assessments for an unimproved Unit for all Units which are platted and Recorded but which have not yet been sold to someone other than us or to a Builder. Regardless of our election, our obligations may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

There are currently no written contracts between the Association and the Developers or any affiliate or principal of the Developers. There are verbal contracts for provision of optional services to owners which are generally described as follows: 1) If lot owners choose to sign up for cable/internet services, they will be billed a monthly fee (currently approximately \$84) through the Association assessments payable to Pointe Communications, LLC (an affiliate of the Developers.). In the alternative, owners may also choose to obtain satellite dish services from companies other than Pointe Communications, LLC that are not affiliated with the Developers. 2) If lot owners choose to sign up for irrigation services, they have the option of choosing irrigation services from either Irrigation, LLC (an affiliate of the Developers) or Brunswick Regional Water and Sewer H2GO (not an affiliate of the Developers). If an owner chooses to obtain irrigation services from Irrigation, LLC, the owner will be billed a monthly fee (currently approximately \$50 for patio homes & \$35 for townhomes) through the Association assessments payable to Irrigation, LLC. 3) Irrigation, LLC currently provides irrigation services for common areas and charges the Association \$100 per meter. The Association may modify or terminate any of these verbal contracts after the owners assume control of the association

TAXES

Effective with the date of recording of your deed, you will be required to pay Brunswick County, North Carolina real estate ad valorem taxes.

The 2013 Brunswick County tax rate is currently \$0.44 per \$100 of property value. The 2013 Brunswick County taxes for a lot assessed at \$100,000.00 are estimated to be \$440.00.

These taxes are billed on September 1 of each year and are payable by December 31 of the

calendar year. Taxes are paid to the Brunswick County Tax Collector, Brunswick County Government Complex, Bolivia, North Carolina. Tax rates are subject to change by the respective governing authority.

VIOLATIONS AND LITIGATIONS

YDV, Inc. was previously in negotiations with the U.S. Environmental Protection Agency (EPA) to resolve allegations by that agency concerning unpermitted activities in wetlands located within and outside the Subdivision. A summary of these negotiations is provided below. There are no allegations of any such unpermitted activities on any lot described in this Property Report. All negotiations are complete with the EPA.

Based on a July 2010 inspection of the project by an EPA inspector from the stormwater compliance program, a number of minor violations of the stormwater discharge permit were alleged pertaining to maintenance of sediment control devices and nonconformance with the approved sediment and erosion control plan in that several erosion control devices had been installed that were not indicated on the approved plans. Administrative Orders (AOs) were issued in September 2010 citing the alleged violations, and a "letter of concern" was also issued on October 8, 2010. Responses to the AOs and the letter of concern were timely provided and corrective action and maintenance was promptly completed in accordance with the AOs and the letter of concern, except in areas where EPA personnel from the wetlands compliance program would not allow work to proceed. Work in those areas had been delayed pending approval by the U.S. Army Corps of Engineers of wetlands delineation, pending with the Corps for many months. Other than the response and updates provided to EPA by YDV, Inc. with regard to the activities to remedy the alleged violations, the only communication from EPA with regard to the AOs since the date of their issuance was the receipt of two documents referencing Phases 2 and 3 of the subdivision entitled Consent Agreement and Final Order (CAFO). The CAFOs each assessed civil penalties and YDV, Inc. did not admit any factual allegations or liability for the alleged violations, but paid the administrative civil penalties to avoid the cost and uncertainty of litigation. YDV, Inc. denies that it was in violation of the provisions of its stormwater discharge permit. All negotiations and discussions with the EPA over this matter are complete and have been settled between the parties.

RESALE OR EXCHANGE PROGRAM

You have the option of handling the resale of your property through a voluntary resale program administered by and through a subsidiary realty company, known as Pointe South Realty, Inc. We do not have a program which assures that you will be able to exchange your lot for another.

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, directly or indirectly, discriminate against you because of your race, color, religion, sex or national origin, familial status and handicap in any of the following general areas: lot marketing

and advertising, rendering of lot services, and in requiring terms and conditions on lot sales and leases.

LISTING OF LOTS

Phase #	Section #	Lot #	Total Number of Lots
1	1	1-26	26
1	2A	1-34	34
1	2B	1-12	12
1	3A	1-2, 39-50	14
1	3B	3-19, 35-38, 51-58, 20-34, 59-73	59
1	4A	1-15, 41-49, 16-25, 27-40	48
1	5A	1-12, 14-25	24
2	1A	1A-1F, 2A-2I, 3A-3E	20
2	1C	1-4, 5-22	22
2	2A	1-6, 48-53	12
2	2B	7-24, 25-28, 29-35, 36-45, 54	42
2	3A	1-62	62
4	1	1-40	40
4	2	1-38	38
4	3	1-19	19
4	5	1-5, 30-46	22
10	1A-1	20-31, 37-43, 59-63	24
10	1B	73-86	14
10	2A	1-28, 31-42	40
10	3	1-36, 45-58	39
11	1A	7-32, 51-62, 126- 135	48
11	1B	1-6, 136-145	16
11	1C	33-50	18
11	2	1-20	20
			Total = 713

COST SHEET

In addition to the purchase price of your lot, there are other expenditures which must be made. Listed below are the major costs, some of which are incurred at closing and some of which are incurred during construction of a home on your lot. There may be other costs not listed (including but not limited to optional irrigation connection fees), or fees charged for the use of the recreational areas. All estimated costs and fees are current as of the date of this Cost Sheet. All costs and fees are subject to change at any time.

Estimated Cash Price of Lot		\$ 100,000.00	
<u>Estimated One-Time Charges</u>	<u>Charged at time of construction</u>	<u>Charged at closing</u>	
1. Application for approval of residential plans from ARC	\$350.00	\$0.00	
2. Building permit from Brunswick County	\$800.00	\$0.00	
3. Water Service meter fee	\$270.00	\$0.00	
4. Water Service impact fee	\$860.00	\$0.00	
5. Water Service capital recovery fee	\$600.00	\$0.00	
6. Water Service security deposit fee	\$50.00	\$0.00	
7. Water and Wastewater administrative fee	\$100.00	\$0.00	
8. Wastewater Treatment impact fee (3000) and Transmission fee (1000)	\$4000.00	\$0.00	
9. Wastewater Treatment capital recovery fee	\$600.00	\$0.00	
10. Wastewater Treatment security deposit fee	\$50.00	\$0.00	
11. Electricity connection/extension fee	\$0.00	\$0.00	
12. Telephone connection/extension fee	\$70.00	\$0.00	
13. Zoning review fee	\$50.00	\$0.00	
14. Initial Capital Contribution to Master Association	\$0.00	\$840.00	
15. Closing Cost Estimates			
Attorney's Fees	\$0.00	\$450.00	
Recording Fees (deed & mortgage)	\$0.00	\$100.00	
Owner's Title Insurance Premium	\$0.00	\$250.00	
Survey	\$0.00	\$250.00	
Total of Estimated One-Time Charges	\$7,700.00	\$1890.00	
Total of Estimated Sales Price and One-Time Charges	\$109,590		

Estimated annual charges, exclusive of utility use fees

- | | | |
|----|---|----------|
| 1. | County Taxes-Average unimproved lot after sale to purchaser (\$.44 per \$1000 in value) | \$440.00 |
| 2. | Basic annual assessments-all improved and unimproved lots | \$840.00 |

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

YDV, Inc.

By: Robert C. G. Exum
 Name: Robert C. G. Exum
 Title: President

CP Brunswick, LLC

By: Bobby W. Harrelson
 Name: Bobby W. Harrelson
 Title: Manager/President

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE

**PURCHASER RECEIPT
IMPORTANT: READ CAREFULLY**

NAME OF SUBDIVISION: Compass Pointe
DATE OF REPORT: November 12, 2013
OISLR Number: 32327

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 _____
Street Address: _____
City _____ State _____ Zip _____

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

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

AGENT CERTIFICATION

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

Phase _____, Section _____, Lot(s) _____, Compass Pointe
Name of Salesperson: _____
Signature: _____
Date of signature: _____

PURCHASE 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 Compass Pointe, Phase _____, Section _____, Lot _____
Date of Contract _____

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

Purchaser(s) signature: _____
Date _____

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Print Purchaser(s) Name(s)

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