

EXHIBIT A
(9/16/2005 Charter Investor Offering)

HAMPTON LAKE

Charter Investor Offering

September 16, 2005

HAMPTON LAKE, LLC
a South Carolina limited liability company

September 16, 2005

**CONFIDENTIAL
OFFERING
MEMORANDUM**

NUMBER

Confidential Offering Memorandum

Hampton Lake, LLC

Capitalized terms used in this Confidential Offering Memorandum have the definition provided in the Glossary of Defined Terms, affixed hereto as Exhibit A.

Hampton Lake, LLC is a South Carolina limited liability company which has been formed to acquire approximately 950 acres of real estate located in Beaufort County, South Carolina. The Property will be developed into a private residential, water oriented community with other recreational amenities. The Company is offering a minimum of 40 and a maximum of 75 Charter Investor Notes to raise capital to partially fund the acquisition of the Property and initial development activities. A Charter Investor Note is given to an individual who provides an unsecured loan to the Company in an amount equal to Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00). Accordingly, the Offering Proceeds are a minimum of \$14,000,000 and a maximum of \$26,250,000. The Offering is made pursuant to Rule 506 of Regulation D, promulgated under the Act.

This Offering involves a high degree of risk, including, without limitation, the following:

1. The success of the Project is dependent upon the Company obtaining the necessary permits, approvals and licenses for the Project, and compliance by the Company with laws, statutes, codes, rules and regulations, including, without limitation, those pertaining to zoning, subdivision, land use, environment, endangered species, archeological matters, fire, health, life, safety, wetlands, discrimination, land sales registration, construction and clean water.
2. The Company's primary source of revenue is through the sales of Homesites. There are no assurances as to the timing of sales or the prices for the homesites.
3. Equity capital in the amount of \$8,000,000 has been committed to Hampton Lake, LLC.
4. The Company expects to obtain a credit facility from an institutional lender which will be secured by the property and other assets owned by the Company. The initial credit facility is expected to range from \$30,000,000 to \$40,000,000 partially depending on the number of Charter Investor Notes subscribed for pursuant to this Offering. If the Company is unsuccessful in making any scheduled payment on such indebtedness, material adverse economic consequences may result.
5. There will be substantial fixed annual expenses associated with the development and operation of the Project, regardless of the demand for Homesites. As a result, the Company

will be subject to significant risk of depleting its capital if adverse economic events occur which slow the development of the project.

This Memorandum is delivered to select individuals who meet certain investment criteria.

This Confidential Offering Memorandum is dated 16th day of September, 2005.

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Section 1 Legal Statements	1
Section 2 Summary of the Project and the Offering	3
Section 3 Access to Information	5
Section 4 Forward-Looking Statements	6
Section 5 Investor Suitability	7
Section 6 The Project	9
Section 7 Terms of the Offering	11
Section 8 Procedure for the Offering	16
Section 9 Risk Factors	18
Section 10 Compensation and Conflicts of Interest	22
Section 11 Management Profiles	24

TABLE OF CONTENTS
(Continued)

Description

Exhibit A

Glossary of Defined Terms

Exhibit B

Contract to Purchase the Property

Exhibit C

Charter Investor Note

Exhibit D

Representation and Warranty Statement

Exhibit E

Forward-Looking Statement – 40 Charter Investor Notes

Exhibit F

Forward-Looking Statement – 75 Charter Investor Notes

Exhibit G

Escrow Agreement

Exhibit H

Priority Selection List

Exhibit I

Vicinity Maps and Initial Master Plan

CONFIDENTIAL OFFERING MEMORANDUM

dated the 16th day of September, 2005

SECTION 1

LEGAL STATEMENTS

ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS TO ANY PERSON OTHER THAN THE PERSON TO WHOM THIS MEMORANDUM WAS FURNISHED BY THE COMPANY WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED. THE PERSON TO WHOM THIS MEMORANDUM WAS FURNISHED BY THE COMPANY, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN THIS MEMORANDUM TO THE COMPANY IF HE DECLINES TO PURCHASE A CHARTER INVESTOR NOTE.

THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT OR LEGAL ADVICE, AND NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN WHICH MAY ACCRUE TO A PURCHASER OF THE CHARTER INVESTOR NOTE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN ADVISOR REGARDING THE FINANCIAL, TAX AND LEGAL IMPLICATIONS OF AN INVESTMENT IN THE CHARTER INVESTOR NOTE. THE STATEMENTS MADE IN THIS MEMORANDUM ARE MADE AS OF THE DATE OF THIS MEMORANDUM, EXCEPT AS OTHERWISE INDICATED. NEITHER THE DELIVERY OF THE MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS MEMORANDUM OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THAT DATE.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM OTHER THAN THIS MEMORANDUM AND THE DOCUMENTS REFERRED TO HEREIN MAY BE EMPLOYED IN THE OFFERING OF THE CHARTER INVESTOR NOTES.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, IN ANY STATE OR OTHER JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

THE CHARTER INVESTOR NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES ARE OFFERED IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE TRANSFERABILITY OF THE CHARTER INVESTOR NOTES IS RESTRICTED BY FEDERAL AND STATE SECURITIES LAWS. MOREOVER, NO PUBLIC MARKET FOR THE CHARTER INVESTOR NOTES EXIST AND NONE WILL DEVELOP.

THE CHARTER INVESTOR NOTES OFFERED HEREBY ARE HIGHLY SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. NO MARKET FOR THESE CHARTER INVESTOR NOTES EXISTS AND INVESTORS SHOULD NOT ANTICIPATE THAT ONE WILL DEVELOP. THE CHARTER INVESTOR NOTES MAY NOT BE TRANSFERRED. THE CHARTER INVESTOR NOTES ARE UNSECURED.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

SECTION 2

SUMMARY OF PROJECT AND OFFERING

This Memorandum is to be employed solely in connection with the offering. Delivery of this Memorandum to any other person or in any other manner is not to be construed as an offer. Investments may be tendered only by persons to whom offers are made and then only in accordance with the procedures described in this Memorandum. All investments are subject to acceptance by the Company.

Section 2 – Part A – Summary of the Project

The Company has entered into a contract to acquire the Property from JPR Properties, Inc., an entity wholly owned by John P. Reed. After the property is acquired, the Company intends to commence development activities for a private residential, water oriented community with other recreational facilities located on the Property. The contract of purchase is affixed to the Memorandum as Exhibit B.

The Project will be developed as a private residential, water oriented community. The total number of Homes, Condominiums and/or Homesites contained in the Preliminary Master Plan for the Project is approximately 939. Planned amenities for the project include: (i) 165 acres of lake and waterways; (ii) 345 acre nature preserve; (iii) a Boathouse; (iv) The Lakehouse; (v) a health and fitness center; (vi) tennis courts; (vii) a Feature swimming and activity pool; (viii) children's play area; (ix) barbeque/picnic areas; (x) beach area; (xi) nature trail system; (xii) wilderness campsite; and (xiii) boat ramp.

The Company will develop the Project with Homes, Condominiums and/or Homesites available for purchase. All purchasers of Homes, Condominiums and/or Homesites will obtain rights in the Community Association which are included with the purchase price of the Home, Condominium and/or Homesite.

Section 2 – Part B – Summary of the Offering

This Offering by the Company is for a Charter Investor Note and includes Charter Investor rights and privileges. The following is a summary of the Offering.

1. An individual who provides an unsecured loan to the Company, in an amount equal to Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00), will be identified as a Charter Investor as defined in the Glossary of Defined Terms affixed hereto as Exhibit A. The unsecured loan will be evidenced by the Charter Investor Note, affixed hereto as Exhibit C. Commencing when the Offering Proceeds are released to the Company, simple interest at an annual rate of twelve percent will accrue on the outstanding balance of the Charter Investor Note. The Company shall make interest payments to the holder of the Charter Investor Note on a semi-annual basis with the first such payment to occur six months after the Offering Proceeds are released to the Company. Thereafter, interest payments shall be made each and every six months. Principal reduction payments, in the amount of Seventeen Thousand Five Hundred and

No/100 Dollars (\$17,500.00), shall be made semi-annually (\$35,000.00 annually) commencing eighteen months after the Offering Proceeds are released to the Company. The remaining principal balance of the Charter Investor Note will be paid on or before December 31, 2010. The Charter Investor Note may be prepaid, in whole or in part, at any time without penalty.

2. Each Charter Investor is required to purchase an Initial Homesite in Phase I of the Project. The Company shall determine the list price of each Initial Homesite. Each Charter Investor shall receive a 20% discount from the initial list price, subject to a maximum discount of Eighty Thousand and No/100 Dollars (\$80,000.00). The Charter Investor must close on the Initial Homesite purchase within forty five days of the day written notice is sent by the Company to the Charter Investor, but not earlier than December 31, 2005 (projected closing date February 2006). If a Charter Investor fails to purchase the Initial Homesite within the requisite time period, the principal balance of the Charter Investor Note shall be reduced by One Thousand and No/100 Dollars (\$1,000.00) for each day of delay, subject to a maximum reduction of Thirty-Five Thousand and No/100 Dollars (\$35,000.00). If the maximum reduction to the Charter Investor Note occurs, the interest rate paid on the Charter Investor Note shall be permanently reduced to ten percent, and the Charter Investor shall no longer retain any of the rights and privileges of a Charter Investor.

3. A Charter Investor is precluded from selling the Initial Homesite until the earlier of (i) December 31, 2010 or (ii) Turnover, unless the Company in its absolute discretion waives this holding period. No assessments or dues attributable to the Initial Homesite are payable until the earlier of (i) January 1, 2011, or (ii) Turnover.

4. A Charter Investor can purchase merchandise, excluding food and beverage, at the planned Hampton Lake Lakehouse, Boathouse and Fitness Center at cost plus 10% until the earlier of Turnover or January 1, 2011.

5. For as long as the Company is offering its Homesites for sale or until Turnover if earlier, a Charter Investor has a one-time right to exchange the Initial Homesite for another Developer Homesite of equal or greater value then being offered for sale by the Company. The credit allowed for the Initial Homesite shall be its fair market value, which is determined in the absolute discretion of the Company. All expense of such an exchange shall be paid by the Charter Investor. If such exchange occurs, the acquired Homesite shall be considered the Initial Homesite under the terms of this Memorandum.

6. The Offering Proceeds will be primarily utilized to purchase the Property, or pay off existing debt related to the purchase of the Property, construction costs of Phase I infrastructure, sales and marketing expenses, expenses related to this Offering, and other capital requirements.

SECTION 3

ACCESS TO INFORMATION

This Memorandum is intended to provide prospective Investors with summary information. Since all Investors must be Accredited Investors, this Memorandum does not contain all of the disclosure information normally contained in a private placement memorandum involving non-accredited investors or a prospectus for a public offering.

All prospective Investors and their advisors are entitled to ask questions of, and obtain answers from, members of the Company regarding all matters related to this Offering to the extent that such information is available or can be obtained without unreasonable burden or expense.

SECTION 4

FORWARD-LOOKING STATEMENTS

Statements and financial information regarding the performance of the Company provided to potential Charter Investors constitute “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such Forward-Looking Statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements, expressed or implied, by such Forward-Looking Statements. Such risks, uncertainties, and other important factors include, without limitation: general political, economic and business conditions; industry trends; competition; non-performance of other parties; the loss of significant customers; potential catastrophic loss and liability; dependence on affiliates; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; changes in, or the failure or inability to comply with, government regulations, including environmental regulations; and other factors referenced in this Memorandum. These Forward-Looking Statements represent the estimates and assumptions of the Company’s management only as of the applicable dates. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any Forward-Looking Statements contained herein to reflect any change in its expectations with regard hereto or any change in events, conditions or circumstances on which any statement is based.

SECTION 5

INVESTOR SUITABILITY

The Company will only offer Charter Investor Notes to individuals who satisfy certain suitability standards as described herein. In general, the Charter Investor Notes offered by the Company are suitable only for an individual (i) whose business and investment experience makes him/her capable of evaluating the merits and risks of this type of investment in the Company and (ii) who has sufficient net worth and financial liquidity to sustain a loss of his/her entire investment in the Company. The Charter Investor Note lacks liquidity and involves risk. There will not be any market for the Charter Investor Note. Every Charter Investor should be aware the Company has no obligation nor does it intend, to repurchase the Charter Investor Note from Charter Investors who wish to terminate his/her investment in the Company.

Charter Investor Notes are offered and issued only to "Accredited Investors" as such term is defined in Rule 501, of Regulation D, of the Act. An individual qualifies as an Accredited Investor if one of the following criteria is satisfied:

(1) The individual is a natural person whose gross income exceeded \$200,000 in each of the two calendar years prior to his purchase of the Charter Investor Note or whose gross joint income with his spouse was at least \$300,000 in each of the two calendar years prior to his purchase of the Charter Investor Note and who reasonably expects at least an equivalent income level for the calendar year during which he purchases the Charter Investor Note; or

(2) The individual is a natural person whose individual net worth, or whose joint net worth with such person's spouse at the time of his purchase of the Charter Investor Note, exceeds \$1,000,000 (net worth for this purpose includes the value of the person's home, home furnishings, and automobiles).

Additionally, a Charter Investor Note will be issued only to a prospective Charter Investor who represents in writing that: (i) the acquisition of the Charter Investor Note is acquired for investment on his/her own account and not for the purpose of resale; (ii) he/she is able to bear the economic risks of this investment and at the present time could afford a complete loss of such investment; (iii) he/she has adequate means of providing for his/her current needs and personal contingencies; and (iv) he/she has such knowledge and experience in business and financial matters that he/she is capable of evaluating the risks and merits of an investment in the Company.

Representations and warranties will be made to the Company by each Charter Investor in Exhibit D, affixed hereto. The Representation and Warranty Statement should be carefully read by each prospective Charter Investor prior to execution. The Company shall be entitled to rely on all representations and warranties made by a Charter Investor.

It should be noted that the above suitability standards are minimum requirements for prospective Charter Investors and that the satisfaction of these standards does not necessarily

mean or assure that the Company will allow a prospective Charter Investor to subscribe for a Charter Investor Note. Such a decision is in the absolute discretion of the Company.

Subject to the limitations imposed by federal and state securities laws, the Company may modify the above standards if it determines that a prospective Charter Investor has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of the prospective investment.

SECTION 6

THE PROJECT

Hampton Lake, LLC (Company) has been formed to develop a private residential, water oriented community located in Beaufort County, South Carolina. Hampton Lake will encompass a wide array of water oriented and other recreational amenities which will be available to individuals and guests of individuals who own: (i) a Home, a Homesite, a Condominium; or (ii) has the rights and privileges of a Developer Member.

Hampton Lake is located in the heart of the South Carolina Lowcountry, near the center of the Buckwalter Tract which has been annexed into Bluffton, approximately 8 miles from the bridge to Hilton Head Island, long regarded as a desirable resort destination. Hampton Lake is approximately 18 miles from Savannah, Georgia; 25 miles from Beaufort, South Carolina; and 105 miles from Charleston, South Carolina.

It is the Company's intent to develop and sell approximately 939 Homes, Condominiums and/or Homesites unless additional land is acquired and annexed into the community.

1. Homesites.

The Preliminary Master Plan for the Project provides for Homes and/or Homesites with lakefront and wooded rear lot orientations. Additionally, there will be a number of smaller Homes and/or Homesites for Lifestyle Homes and Condominiums. There will be a variety of Home, Condominium and/or Homesite orientations, including lake views and wooded views. Homes, Condominiums and/or Homesites will be restricted by the Charter and the Covenant which will establish architectural controls, set-back requirements, a community association, rules and regulations for the Community Association, lake maintenance governance and rules and regulations and annual and special assessments.

2. Privileges.

Each purchase of a Home, Condominium and/or Homesite will include full privileges in the Community Association. These privileges include the right to use all Community Association and community amenities in accordance with the Charter and the Covenant. Annual assessments will be imposed on each Home, Condominium and/or Homesite to fund operations and maintenance of all amenities and common areas operated by the Community Association. Until Turnover, the Company will subsidize the operations of the Community Association to the extent that its expenses exceed its revenues.

3. Developer Members.

There will also be 20 persons having the rights and privileges of a Developer Member granted in the Community Association. These rights and privileges will be granted in the absolute discretion of the Company.

4. **Boathouse & Lake.**

This amenity is planned to include an enclosed community boat slip facility, nature center, powerboat, canoe and kayak rentals and boardwalk to other village amenities. A boat ramp will be located nearby for launching owners boats onto the 165 acre lake and waterway system.

5. **Lakehouse.**

This is the planned community clubhouse facility with both indoor and outdoor gathering spaces, catering kitchen, break-out rooms, restrooms, and lawn and outdoor function spaces. Outdoor barbeque areas are also planned. Boat slips are planned nearby for lake access.

6. **Fitness Center/Tennis Complex.**

This planned recreational amenity represents a multitude of health and fitness activities. This state-of-the-art facility is planned to consist of a central building containing a work-out area with fitness equipment, changing rooms, spa treatment rooms, food and beverage café, outdoor pool with lap lanes and tennis courts.

7. **Feature Swimming Pool/Beach.**

This recreational amenity is planned to cater to both young and old alike. The pool or pools are planned to include adult and child friendly areas including a wet-play jet and bubbler area and a beach entry walk-in. A restroom and concession area, children's playground, sunbathing deck areas, a shade terrace and beach area will all be immediately adjacent to the feature pool.

8. **Nature Preserve/Trail System/Wilderness Camp Site.**

In addition to the 165 acres of lake and waterways, there is planned to be over 345 acres of preserve which meanders throughout the community, including 7 miles of walking/jogging trails and a wilderness campsite on the lake.

9. **Contract of Purchase for the Property.** See Exhibit B.

10. **Forward-Looking Statements.** See Exhibits E and F.

**ALL AMENITIES DESCRIBED ABOVE ARE CONCEPTUAL. DEVELOPER
RESERVES THE RIGHT TO SUBSTANTIALLY CHANGE OR ADD TO THESE
AMENITIES.**

SECTION 7

TERMS OF THE OFFERING

This Memorandum must be read in its entirety by prospective Charter Investors

1. Offering Period.

Unsecured funds loaned to the Company by each Charter Investor should be directed to the law firm of Bird, Cofield & Moise, LLC, legal counsel to the Company and Escrow Agent for this Offering. These funds shall be held until the release of the Offering Proceeds are authorized by the terms of this Offering. This Offering is scheduled to close on October 28, 2005. However, the Company in its absolute discretion may extend the Offering Termination Date to a date no later than December 30, 2005.

2. Termination of Escrow Account and Release of Funds.

The Offering Proceeds will be placed in a non-segregated, non-interest bearing account. The Company must (i) receive Offering Proceeds in a minimum amount of Fourteen Million and No/100 Dollars (\$14,000,000.00) and (ii) obtain title to the Property, in order for the Offering Proceeds to be released by the Escrow Agent to the Company. If the Offering does not close and fund by December 30, 2005, the Escrow Agent shall return to each prospective Charter Investor the funds received, but such amount shall not include interest. See the terms and conditions of the Escrow Agreement affixed hereto as Exhibit G.

3. Offering Amount.

The minimum amount raised by the Offering must be Fourteen Million and No/100 Dollars (\$14,000,000.00) and the maximum amount to be raised is Twenty Six Million Two Hundred Fifty Thousand and No/100 Dollars (\$26,250,000.00). The Company has the absolute discretion to determine how many Charter Investor Notes to sell, subject to a minimum of 40 and a maximum of 75. Unless waived by the Company, on or before October 14, 2005, the Escrow Agent must receive from a prospective Charter Investor (i) Thirty-Five Thousand and No/100 Dollars (\$35,000.00); (ii) a properly completed and executed Representation and Warranty Statement; and (iii) an executed Escrow Agreement. The Thirty-Five Thousand and No/100 Dollars (\$35,000.00) deposit shall be non-refundable, except if the Offering Proceeds are not released to the Company by December 30, 2005 due to a reason set forth in this Memorandum.

4. **Estimation of the Source and Use of Funds – For Closing**

A. **Charter Investor Note Issue - \$14,000,000**

Sources

Equity Contribution	\$ 8,000,000
Charter Investor Notes	\$14,000,000
Bank Borrowings	\$ 8,000,000
Total Sources	<u>\$30,000,000</u>

Uses

Land Purchase	\$26,825,000
Predevelopment Costs	\$ 1,757,104
Closing Costs and Fees	\$ 637,500
Working Capital	\$ 780,396
Total Uses	<u>\$30,000,000</u>

B. **Charter Investor Note Issue - \$26,250,000**

Sources

Equity Contribution	\$ 8,000,000
Charter Investor Notes	\$26,250,000
Bank Borrowings	\$ 0
Total Sources	<u>\$34,250,000</u>

Uses

Land Purchase	\$26,825,000
Predevelopment Costs	\$ 1,757,104
Closing Costs and Fees	\$ 567,500
Working Capital	\$ 5,100,396
Total Uses	<u>\$34,250,000</u>

5. Offering Terms

(a) Loan to Company. A Charter Investor must provide an unsecured loan to the Company in an amount equal to Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00). The unsecured loan shall be evidenced by the Charter Investor Note which shall be in the exact form of Exhibit C affixed hereto. Commencing when the Offering Proceeds are released to the Company, simple interest at an annual rate of twelve percent will accrue on the outstanding balance of the Charter Investor Note. The Company shall make interest payments to the holder of the Charter Investor Note on a semi-annual basis with the first such payment to occur six months after the Offering Proceeds are released to the Company. Thereafter, interest payments shall be made each and every six months. Principal reduction payments in the amount of Seventeen Thousand Five Hundred and No/100 Dollars (\$17,500.00) shall be made semi-annually with the first such payment to occur eighteen months after the Offering Proceeds are released to the Company. Thereafter, principal reduction payments shall be made each and every six months. The remaining principal balance of the Charter Investor Note will be paid on or before December 31, 2010. The Charter Investor Note maybe prepaid, in whole or in part, at anytime without penalty. The Charter Investor Note is subject to a significant set-off and a reduction in the interest rate if the Initial Homesite is not purchased within forty five days after the Company sends written notice to the Charter Investor stating the Initial Homesite determined pursuant to the Drawing is available to purchase.

(b) Non-Refundable Deposit. A ten percent non-refundable deposit is required to be remitted by each Charter Investor to the Escrow Agent no later than October 14, 2005. See Section 8, paragraph 2.

(c) Homesite Purchase. Each Charter Investor is required to purchase an Initial Homesite. The Company, in its absolute discretion, shall determine the list price of each Initial Homesite. Each Charter Investor shall receive a 20% discount from the initial list price, subject to a maximum discount of Eighty Thousand and No/100 (\$80,000.00). The closing on the Initial Homesite purchase must occur within forty five days of the day written notice is sent by the Company to the Charter Investor, but not before December 31, 2005.

(d) Drawing For Homesite Purchases. Within not less than fourteen days and not more than one hundred twenty days after the Offering Termination Date, a drawing will be held in the office of the Company to determine the Initial Homesite for each Charter Investor. At least fifteen (15) days prior to the drawing, the Company shall provide each Charter Investor with a price list for the Priority Selection List. At least five days prior to the drawing, each Charter Investor shall return the completed and executed Priority Selection List to the Company. Each Priority Selection List shall be placed in an envelope and all envelopes shall be placed in a bowl. The Company shall then draw the first envelope from the bowl and that Charter Investor's Initial Homesite shall be the Homesite which was his first priority. Then a second envelope will be selected and that Charter Investor's Initial Homesite shall be the Homesite which is the highest priority on his Priority Selection List that is still available. This process shall continue until every Charter Investor has selected his Initial Homesite.

If a Charter Investor does not return a Priority Selection List, or if all the Homesites on his Priority Selection List have been previously selected, the Company shall select the Initial

Homesite for that Charter Investor. However, prior to the closing of Phase I Homesites, the Charter Investor may choose a different Phase I Homesite which is then currently available. This Homesite shall then become his Initial Homesite. This exchange shall not count as the one-time exchange set forth in Section 7, paragraph 5(g). The Charter Investor shall indemnify and hold the Company, its representative and agents harmless from any and all claims and damages arising from the Drawing.

(e) Set-Off Against Charter Investor Note and Interest Rate Reduction. If a Charter Investor fails to close on the purchase of the Initial Homesite within forty five days after the Company sends written notice to the Charter Investor stating the Initial Homesite is available to close, the principal balance of the Charter Investor Note shall be reduced by One Thousand and No/100 Dollars (\$1,000.00) for each day of delay, subject to a maximum reduction of Thirty-Five Thousand and No/100 Dollars (\$35,000.00). If the maximum reduction to the Charter Investor Note occurs, the interest rate paid on the Charter Investor Note shall be permanently reduced to ten percent, and the Charter Investor shall no longer retain any rights or privileges of a Charter Investor.

(f) Mandatory Holding Period. A Charter Investor is precluded from selling the Initial Homesite, or the Homesite obtained in an exchange, until the earlier of (i) December 31, 2010 or (ii) Turnover. No assessments or dues attributable to the Homesite are payable until the earlier of (i) January 1, 2011 or (ii) Turnover.

(g) Exchange Program. For as long as the Company is offering its Homesites for sale or until Turnover if earlier, a Charter Investor has a one-time right to exchange the Initial Homesite for another Developer Homesite of equal or greater value then being offered for sale by the Company. The credit allowed for the Initial Homesite shall be its fair market value, which is determined in the absolute discretion of the Company. All expense of such an exchange shall be paid by the Charter Investor. If such an exchange occurs, the acquired Homesite shall be considered the Initial Homesite under the terms of this Memorandum.

The contents of this Memorandum, or any prior or subsequent communications from the Company or its representatives, should not be viewed or relied upon as legal or tax advice. Each prospective investor should consult his/her own counsel, accountants and other advisors with regard to legal, tax, investment and other related matters concerning this Offering.

The descriptions and summaries in this Memorandum do not purport to be a complete description of every term and condition in the Exhibits, and such descriptions are qualified in their entirety by reference to the Exhibits. If any of the descriptions or summaries are in conflict with any of the terms of the actual Exhibits, the terms and conditions of the Exhibits will govern. Each person considering a Charter Investor Note in the Company is urged to review all Exhibits.

SECTION 8

PROCEDURE FOR THE OFFERING

1. Selling Arrangements.

The Company intends to offer the Charter Investor Notes directly without the assistance of, or any payment to, third-party broker/dealers. However, the Company reserves the right to retain third-party broker/dealers to assist in the sale of the Charter Investor Notes if the Company determines this is necessary or desirable. In the event third-party broker/dealers are retained, the Company reserves the right to pay commissions to such broker/dealers and any related expenses.

2. Subscription Procedures.

Along with a copy of this Memorandum, each prospective Charter Investor received (i) a Representation and Warranty Statement; (ii) an Escrow Agreement; and (iii) wiring instructions for the Escrow Agent. Unless waived by the Company, in order to become a Charter Investor, each of the following must be delivered to the Escrow Agent:

- (a) No later than October 14, 2005, an executed Representation and Warranty Statement;
- (b) No later than October 14, 2005, an executed Escrow Agreement;
- (c) No later than October 14, 2005, a check in the amount of \$35,000.00 made payable to Bird, Cofield & Moise, LLC, which represents a non-refundable deposit;
and
- (d) No later than forty eight-hours prior to the Offering Termination Date, immediately available funds in the amount of \$315,000.00, transferred to the Escrow Account of Bird, Cofield & Moise, LLC. These funds must be wired to Bird, Cofield & Moise, LLC.

The address and contact for Bird, Cofield & Moise, LLC:

Bird, Cofield & Moise, LLC
15 Clark's Summit Dr
Post Office Box 2474
Bluffton, SC 29910
Attention: Stephen S. Bird, phone number (843) 815-3900

Wiring Instructions:

THE NATIONAL BANK OF SOUTH CAROLINA
3 BELFAIR VILLAGE DRIVE
BLUFFTON, SC 29910

Receiving Bank: Columbus Bank and Trust Company
ABA Routing Number: 061100606
Beneficiary Bank: NBSC (053200666)
Beneficiary Account Name: Bird, Cofield & Moise Escrow Account
Beneficiary Account Number: 477531402001
Attention: Karin M. Cimino

3. Closing of the Offering.

Upon the closing of the Offering, the Escrow Agent shall release the Offering Proceeds to the Company and shall deliver an executed Charter Investor Note to each Charter Investor at the address provided in the Representation and Warranty Statement.

SECTION 9

RISK FACTORS

In addition to the factors set forth elsewhere in this Memorandum, prospective Charter Investors should carefully consider all risk factors associated with this investment some of which are set forth below. The order in which the risks are presented is not intended to represent the magnitude of the risks described.

1. Development Risks.

(a) Inability to Construct the Project. At the time that this Offering is closed and the Property is acquired, the Company will not have obtained all of the permits and licenses necessary to enable it to commence construction of the Project or to operate the Project once it is constructed. While the Company is not aware of any factors which would lead it to believe that such approvals and licenses will not be obtained, certain approvals and licenses must be obtained from governmental entities which have substantial discretion and latitude in determining whether to issue such approvals and licenses. The Company has received permits from the Corps of Engineers and OCRM to create the lake. The Company has received approval for the Initial Master Plan from both the Bluffton Planning Committee and Bluffton Town Council. Currently the Company is doing the design and engineering work to submit for the Development Permit which is expected to be received late in 2005.

(b) General Risk of Real Estate Development. The Property developed by Company is subject to those risks generally inherent to the development and ownership of real property. These risks include, without limitation, economic uncertainties, local marketing conditions, acts of nature and other factors which are beyond the control of the Company.

(c) Development Costs and Delays. Development and construction of the Project is subject to significant risks of increased costs and delay due to inflation, environmental matters, increases in the cost of materials and labor, strikes, acts of nature and other factors. Any increases or delays will likely have a negative effect on the economics of the Project and could have an adverse effect on the marketing of the Homes, Homesites and Condominiums.

(d) Effect of Leverage. In addition to this Offering, the Company is incurring debts to purchase the Property and develop the Project. These debts and other obligations increase the risk of loss of a Charter Investor's entire investment, since interest will continue to accrue and principal payments may be required to be paid even if sales of Homes, Homesites or the Condominiums are delayed. If payments are not made on the debts, the Company is likely to sustain a loss of its investment in the Project if any lender forecloses on its mortgage.

2. Operating Risks.

(a) Economic Risk of Real Estate Ownership. The development and ownership of the Project will be subject to general and local economic conditions as well as competitive factors affecting the profitability of real estate in the area of Beaufort County, South Carolina. The Company intends for sales of the Homesites to be the primary source of revenue, therefore, any such sales are subject to the following risk factors: increased operating costs resulting from inflation or poor management; increased costs of electricity, fuel and other utility charges; vandalism and resultant security costs; the enactment of laws or regulations concerning real estate, environment, tax or zoning laws or regulations; the availability and cost of borrowed funds; the general level of real estate values; real estate taxes; state and federal income tax laws; and real estate patterns and uses.

(b) Sale of Homesites. The Company believes that a sufficient number of Homes, Homesites and Condominiums can be sold to permit the Company to meet its financial obligations, including the payment of the Charter Investor Notes held by the Charter Investors. However, there is no guarantee or assurance that this objective will be achieved. The sale of exclusive residential homesites is often affected by matters beyond the control of the Company, including, without limitation, adverse economic conditions, natural disasters, rising interest rates and changes in tax laws or land use laws or regulations. If the Company requires funds to meet obligations in excess of revenue, there may be an adverse impact on the availability of funds necessary to make payments on the Charter Investor Notes.

(c) Homesite Prices. Due to the number of variables associated with exclusive residential homesites and the lack of accurate data as to the current and future purchaser markets, comparable sales information regarding other exclusive properties may not be sufficient to properly establish prices for the Homesites. Even though the Company has reviewed competitive financial data, no assurance can be provided that the proposed prices of the Homesites will be adequately received by potential purchasers to maintain sales at levels sufficient to satisfy ongoing obligations or achieve the returns forecasted by the Company.

(d) Uncertainty of Master Plan. Although the Company has a Preliminary Master Plan, it is subject to change based upon financial or market conditions and restrictions placed upon the Property by various governmental authorities.

(e) Competition. The Project will compete with other exclusive residential properties located in the immediate area, as well as throughout the Southeastern United States. Significant competition exists for sellers in the exclusive private residential communities similar to the Project and there is no assurance that the Company will be able to attract purchasers in sufficient numbers to be successful in its operations.

(f) Governmental Regulations. The success of the Project is dependent upon the Company obtaining the necessary permits, approvals and licenses for the Project, and compliance by the Company with all laws, statutes, codes, rules and regulations, whether local, state or federal, including, without limitation, those pertaining to zoning, subdivision, land use, environment, endangered species, archeological matters, fire, health, life, safety, wetlands, discrimination, land sales registration, construction and clean water. The Company has not obtained assurances from all the various governmental entities that may have jurisdiction over the Project. Further, applicable law and governmental requirements are always subject to change in a manner which may create material adverse consequences to the Project. The initial Master Plan for the Project has been approved by the Town of Bluffton. The Wetlands Permit for the property and the construction of the lake has been approved by the U.S. Army Corp of Engineers. We are currently waiting for final approval on minor modifications for which we had applied.

3. Investment Risks.

(a) Limitations on Transferability of Charter Investor Notes. Unless waived by the Company, the Charter Investor Note is not transferable. Before the Company waives the transferability restriction, it may require an opinion of legal counsel that states the transfer will not violate federal or state securities laws, and such Charter Investor Note purchaser will then be responsible for paying said legal counsel's fee for such opinion in addition to paying all other costs to the Company in connection with such transfer, including a transfer fee of \$2,500 to the Company to cover its expenses. The Company has no obligation to repurchase a Charter Investor Note from a Charter Investor. There is no re-sale market for the Charter Investor Notes.

(b) Lack of Control. The Charter Investors will have no right or power to participate in the management or control of the Company or the Project.

(c) Forward-Looking Statements. The Forward-Looking Statements provided in Exhibits E and F are based upon proposed operations of the Company. Accordingly, certain assumptions and estimates, which are subject to uncertainties of future events beyond the control of the Company, have been included. In addition, these statements do not and cannot take into account factors such as unforeseeable events (natural disasters, major economic changes, etc.), the terms and conditions of any refinancing of the Company's debt, changes in the tax laws or certain other risks inherent in the ownership of the Project which may affect the future value of the Project. The timing of certain events may have a substantial impact on the actual results.

(d) Uninsured Losses. The Company will arrange for the Project to be covered by comprehensive insurance, including public liability and property damage, which the Company believes in its absolute discretion are customarily obtained for similar properties, including the insurance required by the Project's institutional lenders. However, there are certain types of losses (generally of a catastrophic nature) that are entirely uninsurable or not economically insurable. Should such an under-insured or

uninsured casualty cause damage or destruction to the Project, the Company and each Charter Investor could lose its investment in the Project.

(e) Conflicts of Interest. See Section 10.

SECTION 10

COMPENSATION AND CONFLICTS OF INTEREST

1. Project Management.

Reed Development Group, Inc.

The manager of Hampton Lake, LLC is Reed Development Group, Inc., a South Carolina Corporation. The sole shareholder of Reed Development Group, Inc. is John P. Reed. In addition to Mr. Reed's management services to Hampton Lake, LLC, Reed Development Group will engage Mr. Glenn Barber as Chief Financial Officer responsible for the financial oversight and operations of the LLC. The appropriate accounting and information technology support staff will also be retained by Reed Development Group to properly carry out its project management responsibilities. A monthly management fee of \$100,000 is to be paid to Reed Development Group for its services. The fee shall be paid beginning July 1, 2005, and shall run for forty eight months or until Turnover, whichever shall occur first. A biography of both Mr. Reed and Mr. Barber is included in this material.

Hampton Lake, LLC

Hampton Lake, LLC is a single purpose limited liability company which is under contract to purchase the Property for development and sale in line with the Project overview presented in Section 6.

Mr. William Lattimore, Jr. will be President and in charge of day-to-day operation and development activities. A biography of Mr. Lattimore is also included.

Mr. Gary Sandor will be Senior Vice-President – Marketing and Product Development. A biography of Mr. Sandor is included.

Mr. Johnny Ussery will be Vice-President – Sales and will have the day-to-day responsibility of managing the sales force, planning marketing launches, planning member events and sales promotion activities along with Mr. Sandor.

Mr. Duke Delcher will be Vice President – Offsite Sales.

2. Purchase of the Property from JPR Properties, Inc.

JPR Properties, Inc. is under contract to sell the Property to the Company. JPR Properties, Inc. purchased a larger tract of the land which encompasses the Property in 2004. The purchase price for the Property is \$26,825,000, plus the costs and expense incurred or accrued by JPR Properties, Inc. or its related parties to plan and permit the Property, which includes, without limitation, engineering, land planning and legal fees, taxes, and insurance, estimated to be \$1,800,000.

3. Activities of the Members and their Related Parties.

The Company's members and their related parties presently act, and in the future may act, in a variety of real estate ventures for their own account and as members, shareholders or partners in other entities. These real estate ventures may compete with the Project. In addition, the members and their related parties may, and currently intend to, act in the future as members of other limited liability companies, partners in partnership, or shareholders in corporations, including entities which acquire, own and operate real estate projects similar to the Project. If the members or their related parties undertake major developments in the future, its ability to commit substantial time, effort and finances to the Company may be limited. Each member is required to devote only such time to the affairs of the Company as, in its sole discretion, it deems reasonably necessary to manage the Project. All of these factors lead to the possibility that now, and in the future, each member may incur substantial other commitments of its time and resources which will conflict with its commitments to the Company. A Charter Investor has no right to participate in any real estate venture undertaken by the Company, its members or their related parties.

4. Lack of Separate Representation.

The law firm of Bird, Cofield & Moise, LLC, has been retained as legal counsel to the Company for this Offering and other matters. Bird, Cofield & Moise, LLC does not represent any prospective Charter Investors in connection with this Offering, even if a prospective Charter Investor has been represented by Bird, Cofield & Moise, LLC in the past or if currently represented on other matters. Bird, Cofield & Moise, LLC also represents several of the members of the Company, their related entities and affiliates. The use of the same legal counsel by the Company and its related entities and affiliates may affect the exercise of such legal counsel's independent judgment and there may be potential conflicts of interest in such representation. It is currently anticipated that Bird, Cofield & Moise, LLC may be retained to render additional services to the Company or for related entities or affiliates which might be involved in competitive real estate activities.

SECTION 11

MANAGEMENT

REED DEVELOPMENT GROUP, INC.

Reed Development Group, Inc. (RDG) will serve as the manager of Hampton Lake, LLC. John P. Reed and Glenn Barber, as well as accounting and information technology personnel, will be employed by RDG. RDG will perform management services for the LLC. The biography of Mr. Reed and Mr. Barber follow.

Mr. John P. Reed has been involved in the development of premier properties in the Hilton Head area for over thirty (30) years. His efforts have encompassed over \$400,000,000 in development and \$800,000,000 in sales.

Mr. Reed moved to Hilton Head Island, South Carolina, in January 1973 and began his real estate career in sales and marketing with the Sea Pines Company. He was a founding partner of Lighthouse Realty in 1976 and helped develop it into one of South Carolina's largest real estate sales and marketing organizations. The company was sold to a subsidiary of Marathon Oil in 1981 and Mr. Reed subsequently founded and served as general partner of The Delta Group, which became one of the largest developers of residential properties in the Hilton Head area.

In 1989, Mr. Reed was a partner in a partnership that assembled the land and began the development of Colleton River Plantation, just off Hilton Head Island, South Carolina. In 1995 he was instrumental in forming a partnership to acquire the land and develop Belfair Plantation, another successful private golf course and residential community in the Bluffton, South Carolina area.

Today, Mr. Reed is a member in the development of Berkeley Hall, a successful high-end golf club community nearing completion in Beaufort County, South Carolina. He also serves as President of BHR Investments, Inc., the co-managing member (along with Toll Brothers) of Hampton Hall, LLC. This premier residential development, in Bluffton, consists of approximately nine hundred forty (940) homesites with a Pete Dye golf course and is adjacent to Hampton Lake. The Hampton Hall project is still being developed and marketed.

Over the course of his career, Mr. Reed has established an outstanding reputation within the real estate industry and the Hilton Head/Bluffton marketplace. His extensive sales, marketing and development experience, comprehensive knowledge of the Hilton Head area, commitment to the environment, professional relationships and keen sense of vision have made him one of the premier developers in the Southeast.

Mr. C. Glenn Barber has over thirty (30) years of highly diversified experience in financial and operational management for numerous corporations throughout the South.

Mr. Barber holds a Bachelor of Arts Degree in Accounting from Harding College in Searcy, Arkansas, and a Certified Public Accountant Certificate. In 1971 he accepted his first executive position as Vice-President, Finance and Controller for the Arkansas Gazette Company, Arkansas' largest newspaper. From 1982 – 1987, he was a management Consultant for Lynxx Limited and then President of Iver Johnson Arms, Inc.

In 1987, Mr. Barber assumed the position of Chairman and CEO of three companies within General Properties, Inc. in Little Rock, Arkansas. He was responsible for operational and financial leadership in the reorganization and the development of improved profitability for the three entities, each of which had annual sales ranging from \$2 million to \$6 million. Additionally, he facilitated the complete liquidation of a \$7 million hardware distribution company without bankruptcy, despite there being over four hundred (400) creditors.

From 1991-1996, he served as Executive Vice-President and General Manager of JRD Brass Company of Tyler, Texas, a corporate enterprise encompassing three manufacturing entities and a winery.

In 1996, as Principal for Herrington, Inc., Mr. Barber assisted with the reorganization and operational management of multiple business entities. He provided management in the areas of operations, finance and sales for Belfair Plantation in Bluffton, South Carolina. For Hilton Suites-Dallas North, he was responsible for the construction and budget of an upscale 258-suite Hilton Suites Hotel, which was completed both on time and within budget. He also successfully led Destine Pointe, a high-end beach community in Destin, Florida, to a complete sell out, turned the real estate sales and management company into a profitable venture and, ultimately, negotiated and executed the sale of the company. At Herrington, Inc., Mr. Barber was also responsible for the marketing and sales of approximately \$20 million of high-end residential and commercial real estate.

In February 2004, Mr. Barber joined Berkeley Hall, a successful private golf club community in Bluffton, South Carolina. As Chief Financial Officer, he brings extensive experience and significant expertise to the management of operations, budget and reporting for the company.

HAMPTON LAKE, LLC

Mr. William Lattimore, Jr. has over 30 years experience in real estate and community development in the Lowcountry. Mr. Lattimore will serve as President and shall be responsible for the day to day operation and development of the Project.

Mr. Lattimore is a native of Savannah, Georgia, and a graduate of the University of Georgia (1975).

Immediately after college, Mr. Lattimore joined a small advertising firm in Connecticut – Chandler and Marvel, Inc. After eighteen months in Connecticut, Mr.

Lattimore returned to Savannah, Georgia, to join his father in a family real estate firm, which specialized in residential development in the Savannah and Brunswick, Georgia markets. In 1984 and upon his father's retirement, Mr. Lattimore joined Union Camp Corporation's wholly owned real estate development subsidiary, the Branigar Organization, as assistant to the Project Director at The Landings on Skidaway Island (a 4,500 acre community located in Savannah). In 1986, Mr. Lattimore was named Project Director of The Landings and, in 1994 was named President of Branigar. In addition to The Landings, Branigar developed several other residential communities, including the Galena Territory in Galena, Illinois, and Champion Hills in Hendersonville, North Carolina. The company also managed Union Camp's 'high value' land inventory of approximately 75,000 acres primarily located in the Hilton Head / Savannah area and including much of the lands located in southern Beaufort and Jasper Counties. Branigar assumed the role of "master developer" for these high value lands, which entailed master planning of the properties, vesting of development rights and strategic sales of the tracts. The Palmetto Bluff, Argent, Buckwalter and Sun City tracts were part of the Branigar holdings during this period.

Following the merger of Union Camp and International Paper in 2000, Mr. Lattimore left the new company and joined Sea Island Company in Sea Island, Georgia. His responsibilities at Sea Island included real estate development, landscaping and land planning Cabin Bluff (50,000 acre hunting preserve and lodge), golf operations and maintenance and all retail shops.

In the year 2003 Mr. Lattimore returned to Savannah and started a family real estate business with his three (3) children. There he serves as Chairman and President of The Lattimore Company, which provides real estate market research and development consulting services in the coastal Georgia and South Carolina areas.

Mr. Gary Sandor has over 30 years of multi-faceted experience in resort and real estate development. Over the course of his career, he has held responsibility for sales, marketing, development, operations, planning, and financial performance for several premier developers. Mr. Sandor will be Senior Vice President – Marketing and Product Development. As such he will be responsible for the communities overall sales effort and for product work with different builders to create the product mix at Hampton Lake.

Mr. Sandor holds a Bachelor of Architecture from the University of Southern California and a Master of Arts in Urban Studies from Occidental College in Eagle Rock, California. His early career endeavors were in the fields of market research, financial feasibility and public relations for two firms which served resort and golf community clients. He also managed a general real estate brokerage company in Colorado which serviced East-West Partners' projects. Under his leadership, the company's market share grew from 10% to 39%.

Mr. Sandor's extensive expertise in Sales and Marketing, management, and development was acquired at numerous upscale resorts and golf communities including: Mahogany Run Resort in St. Thomas, U.S.V.I.; the 712-acre Vintage Club in California; Bay Colony of Naples; and Fisher Island (Miami). As Vice President for these

organizations, he was responsible for the design, introduction, marketing and sales of a variety of products such as patio homes, homesites, and two 75-unit gulf-front towers averaging \$1 million/unit. While achieving strong annual sales of \$60-\$125 million, he also increased total sales volume (by as much as 80% at Fisher Island) and decreased club operating deficits (by 49% at Vintage). He achieved a successful sell-out three years ahead of schedule at The Vintage Club.

Prior to joining Berkeley Hall, Mr. Sandor served as Senior Vice President of The Bonita Bay Group (Bonita Springs, Florida), a high-quality, multi-project developer with annual revenues of over \$160 million. There he directed the executive staff in all BBG communities including Bonita Bay (3400 units), The Brooks (3800 units), Mediterra (950 units) and Verandah (1451 units). He also led builder/sub-developer programs, commercial development programs, the company's efforts to diversify geographically, and land acquisition. He played a critical role in the recognition of the company throughout the industry, as the winner of numerous awards, among them the ULI "Award for Excellence."

Berkeley Hall selected Gary Sandor to establish the product division within its cadre of companies and assist in the sell-out of the community. His leadership and management of the Carolina Lifestyle Homes and Cottages have been critical to the success not only to these products but also to the entire community.

Mr. John Ussery was born and raised in Mount Gilead, North Carolina. He graduated from the University of North Carolina at Chapel Hill in 1976 with a B.S. in Business Administration. Upon graduation Mr. Ussery was employed by The Southwestern Company in Nashville, Tennessee where he served as District Sales Manager from 1977 – 1980. Mr. Ussery relocated to Hilton Head in 1980 where he began his real estate career in the sales and marketing of planned communities, the most recent being Colleton River Plantation, Belfair and Berkeley Hall. In addition to his personal sales, the past several years Mr. Ussery has served as Director of Sales for Berkeley Hall.

Mr. Duke Delcher was born and raised in Philadelphia, Pennsylvania. He graduated from Council Rock High School in 1973. He played professional golf up until 1984. During that time he competed not only in the United States, but in Europe and Asia. After regaining his Amateur Status he competed in many national championships including representing the United States in the 1997 Walker Cup Matches. In 1985 he started his real estate career in general brokerage in the Atlantic City, New Jersey area where he was a leader in sales throughout Atlantic County. In 1995 he relocated to South Carolina and joined John Reed and the sales team at Belfair as a Senior Sales Representative. He has continued on as a Senior Sales Executive with Berkeley Hall and has also held the position of Vice President in charge of Golf Marketing and Development.

Glossary of Defined Terms

1. "Act" means the Securities Act of 1933.
2. "Accredited Investor" means an individual who satisfies the criteria set forth in Section 5 of the Memorandum.
3. "Charter" means the covenants and restrictions to be placed upon the Project and the Community Association by the Company.
4. "Charter Investor" means an investor who has the rights and privileges of a Charter Investor.
5. "Charter Investor Note" means the unsecured promissory note, in the exact form of Exhibit C of the Memorandum, executed by the Company and delivered to each Charter Investor upon release of the Offering Proceeds to the Company.
6. "Community Association" means the entity which will be formed to manage, and eventually own, the amenities and common areas of the Project as set forth in the Charter.
7. "Company" means Hampton Lake, LLC, a South Carolina limited liability company, its successors and assigns.
8. "Condominium" means an individual apartment or residence in a building or separately delineated place of a horizontal property regime and the common right to share, with the other co-owners, in the general and limited common elements of the property.
9. "Covenant" means the Covenants and Restrictions to be placed upon the Lake and the wetlands by the Company for their joint maintenance.
10. "Developer Member" means those individuals who have been granted Member privileges in the Community Association by the Company.
11. "Drawing" means the process for determining the order of selection of the initial Homesites, as set forth in Section 7, paragraph 5(d) of the Memorandum.
12. "Escrow Agent" means Bird, Cofield & Moise, LLC, a South Carolina LLC.
13. "Escrow Agreement" means Exhibit G of the Memorandum.
14. "Forward-Looking Statement" means Exhibit E and F of the Memorandum.
15. "Homesite" means real property owned by the Company and sub-divided for sale which includes appurtenant thereto rights and privileges to use the amenities and common areas of the Community Association, as set forth in the Charter.
16. "Initial Homesite" means the Homesite required to be purchased by a Charter Investor pursuant to the Drawing and a Homesite acquired in an exchange for the Initial Homesite.

17. "Member" means Reed Development Group, Inc. as Manager and four (4) other individual investor Members.
18. "Memorandum" means the Confidential Offering Memorandum, dated the 16th day of September, 2005.
19. "Offering" means the offer by the Company to Accredited Investors of a minimum of 40 and maximum of 75 Charter Investor Notes.
20. "Offering Proceeds" mean the funds raised by the Company pursuant to the Offering which shall be a minimum of \$14,000,000 and a maximum of \$26,250,000.
21. "Offering Termination Date" means October 28, 2005, unless extended by the Company, in its absolute discretion, to a date no later than December 30, 2005.
22. "Preliminary Master Plan" means Exhibit I of the Memorandum.
23. "Priority Selection List" means substantially the same form as Exhibit H of the Memorandum.
24. "Project" means the private residential water oriented community containing certain recreational amenities developed by the Company.
25. "Property" means approximately 950 acres of real property described in the contract of purchase, which is Exhibit B of the Memorandum.
26. "Representation and Warranty Statement" means Exhibit D of the Memorandum.
27. "Turnover" means the date when the Company no longer has the right to control the board of directors of the Community Association, in accordance with the Charter.

CONTRACT OF SALE

This contract of sale ("Agreement") is entered into this 6th day of September, 2005, by and between **JPR PROPERTIES, INC.**, a South Carolina corporation, whose address is 1024 Berkeley Hall Blvd., Bluffton, South Carolina 29910 (hereinafter called the "Seller") and **HAMPTON LAKE, LLC**, a South Carolina limited liability company, whose address is P.O. Box 21587, Hilton Head Island, South Carolina 29925 (hereinafter called the "Purchaser").

WITNESSETH:

IN CONSIDERATION OF the mutual benefits to the parties and the premises herein contained, the receipt and adequacy of such consideration being acknowledged by the undersigned, the parties agree as follows:

1. Real Property: The Seller agrees to sell and the Purchaser agrees to purchase that certain property known as the Lake Tract located in the Buckwalter PUD, Town of Bluffton, such property being more particularly described on Exhibit "A" attached hereto and incorporated herein (the "Property"). The Property will be conveyed pursuant to a boundary survey of the Property in recordable form as approved by the Town of Bluffton, and prepared by a licensed South Carolina surveyor with Purchaser being responsible for the cost of such survey.

This sale and conveyance of the Property shall be subject to all Permitted Exceptions (as defined below).

2. Purchase Price: The purchase price ("Purchase Price") of the Property is TWENTY SIX MILLION EIGHT HUNDRED TWENTY FIVE THOUSAND AND NO/100 (\$26,825,000). The Purchase Price shall be payable at Closing, subject to such other credits, pro-rations and adjustments as are set forth hereinafter, by certified or cashiers check from a U.S. national bank or by bank wire transfer of immediately available federal funds to such account as shall be designated by Seller.

In addition to the Purchase Price, the Purchaser shall pay to the Seller or designee all out of pocket expenses incurred by the Seller, whether paid or accrued, relating to the Property, including but not limited to expenses of land planners, engineers, surveyors, and attorneys (but specifically excluding any interest expense incurred by the Seller).

Included as a part of the Purchase Price, Seller at Closing will convey to Purchaser nine hundred fifty five (955) residential dwelling units together with approximately twenty (20) acres of neighborhood commercial pursuant to a Partial Assignment And Assumption Of Rights And Obligations Under Development Agreement to be signed by Seller, Purchaser, and the Town of Bluffton; provided, however, Seller makes no warranty as to the amount of such density that Purchaser may actually use.

3. Conveyance of Property: The Seller shall convey marketable title to the Property to Purchaser in fee simple by limited warranty deed, free from encumbrances except those Permitted Encumbrances (as defined below). If any dispute exists between the parties as to whether title for the Property is such as is required by the terms of this Agreement, the willingness

Additionally, Seller shall assign to Purchaser all its rights in any permits, licenses, applications and the like dealing with the Property. Further, all work relating to the Property in the possession of Seller or its agents shall be assigned to Purchaser at Closing. Purchaser acknowledges and agrees that all such work, permits, licenses, applications, and any other documents delivered by Seller to Purchaser in connection with the Property are delivered for information purposes only and without any representation or warranty of any kind.

4. Title: The Property will be conveyed subject to the following liens, encumbrances, conditions, easements, assessments, restrictions and other conditions (the "Permitted Exceptions"):

- (i) general real estate taxes for the year of the Closing and subsequent years and roll back taxes;
- (ii) all matters as would be revealed by a physical inspection of the Property and/or as shown on the survey of the Property to be obtained for Closing;
- (iii) all easements, restrictions, covenants, and other encumbrances of record which do not prevent the development of the Property for residential purposes and or neighborhood commercial as applicable;
- (iv) all zoning ordinances and regulations and any other ordinances or regulations which are part of the public record, including but not limited to the Development Agreement between the Town of Bluffton and SP Forests dated April 19, 2000, as amended;
- (v) the Declaration Of Covenants, Conditions And Restrictions For Buckwalter Property Owners Association, Inc. dated October 22, 2001 and recorded on April 12, 2002 in the Office of the Register of Deeds for Beaufort County in Book 1567 at page 2325; the Declaration Of Covenants, Conditions And Restrictions For Hwy 278/Bluffton Parkway Connector Road Association, Inc. recorded on January 4, 2005 in the Office of the Register of Deeds for Beaufort County in Book 2078 at page 658; and the notice of agreement with Palmetto Electric Cooperative, Inc. recorded in the Office of the Register of Deeds for Beaufort County in Book 1699 at page 797.
- (vi) all claims of governmental authorities in and to any portion of the Property lying in the bed of any streams, creeks or waterways or other submerged lands or land now or formerly subject to the ebb and flow of tidal waters or any claims of riparian rights; all restrictions on use of, and all interests in, the Property as a result of environmental protection laws, rules, regulations, permits and orders;

8. Brokers: Seller and Purchaser represent and warrant to each other that no entity is entitled to a real estate commission or other fee resulting from the execution of this Agreement or the sale and conveyance herein contemplated. Seller and Purchaser hereby indemnify and hold each other harmless from and against any and all losses, costs, damages and expenses (including reasonable attorney's fees), incurred or paid as a result of any such claim arising out of the actions of Seller or Purchaser, as the case may be. However, Purchaser discloses to Seller that John P. Reed as a beneficial owner of Purchaser is an actively licensed South Carolina real estate broker.

9. Default: Upon the failure of Purchaser to comply with the terms hereof within the stipulated time, and after receipt of notice of said default with a twenty-day (20-day) right to cure, it is understood and agreed by and between the parties hereto that the Seller may at its option because of the difficulty in ascertaining actual resulting damages, retain the earnest money deposit as liquidated and agreed damages, this being the sole remedy of Seller. Upon the failure of Seller to comply with the terms hereof within the stipulated time and after receipt of notice of said default with a twenty-day (20-day) right to cure, it is understood and agreed by and between the parties hereto that the Purchaser may cancel this Agreement and obtain refund of the earnest money deposit or may seek specific performance of this Agreement.

10. Inspection: Purchaser or its agents shall have the privilege at any time during the existence of this Agreement of going upon the Property to inspect, examine, survey, and to make test borings, soil boring tests, and any other tests which Purchaser may deem necessary, at Purchaser's expense; provided, however, that no grading shall be done and no trees shall be cut other than bushes necessary to clear for survey or testing purposes. Except for such clearing, Purchaser shall at Purchaser's expense; restore the Property to its former condition in the event Purchaser does not acquire the Property. Purchaser hereby agrees to indemnify and hold Seller harmless for any damages, and any injury or death to persons occurring on the Property as a result of Purchaser's exercise of such inspection rights.

11. Sellers Representations and Warranties: In order to induce Purchaser to enter into this Agreement and to purchase the Property, and in addition to warranties and representations contained elsewhere in this Agreement, Seller hereby makes the following representations, warranties and covenants, each of which is material and is relied upon by Purchaser.

a. Title to Property. Subject to matters as set out in Paragraph 4, Seller is the sole owner of good, marketable and insurable fee simple title to all of the Property, subject only to the Permitted Encumbrances.

b. Authority of Seller. Seller is resident of the State of South Carolina.

c. Options. No options or other contracts are still outstanding giving any other party a right to purchase any interest in the Property or any part thereof.

e. Compliance with Existing Laws. Seller possesses all licenses, certificates, permits and authorizations (hereinafter "Authorizations") of any kind required to transfer the Property, copies of these Authorizations shall be supplied to the Purchaser upon request. Seller to its actual knowledge is not in violation of, and has not received notice of, any applicable building, zoning, or other ordinances, resolutions, statutes or regulations or any government, governmental agency, including but not limited to environmental control agencies, in respect to the use and condition of the Property.

g. Mechanic's Liens. No payments for work or improvements furnished to Property are due or owing or will be due or owing at Closing. There are no judgment men's or mechanic's liens filed of record affecting the Property and no work has been performed for which a mechanic's or material men's lien can be claimed.

i. No Defaults. Neither the execution of this Agreement nor the consummation of the transaction contemplated hereby will: (i) conflict with, or result in breach of, the terms, conditions or provisions of, or constitute a default under, any indenture or instrument to which Seller, or any predecessor of Seller, is a party; or (ii) violate any restriction to which the Seller is subject; or (iii) constitute a violation of any applicable code, resolution, law, statute, regulation, ordinance, rule, judgment, decree, or order; or (iv) result in the acceleration of any deed of trust or note pertaining to the Property; or (v) result in the creation of any lien, charge, or encumbrance upon any of the Properties or assets to be sold or assigned to Purchaser pursuant to the provisions of this Agreement.

5

k. Further Acts of Seller. On or before the date of Closing, Seller will do, make, execute and deliver all such additional and further acts, things, deeds, instruments and documents as may be reasonable required by Purchaser to completely vest in and assure to Purchaser full rights in or to the Property and to assist the Purchaser in its attempt at rezoning, if required, for development of the Property.

l. Hampton Parkway; Trunk Water & Sewer. Seller warrants to either cause the construction of or to post security sufficient for the construction of the roadway running from Highway 278 to the right-of-way of the Bluffton Parkway which is known as the Highway 278/Bluffton Parkway Connector Road (to be named the Hampton Parkway), together with trunk sewer and water lines to the boundary of the Property. While the Hampton Parkway may be dedicated to a governmental entity, Seller makes no warranty or representation that any governmental entity will agree to take title to the Hampton Parkway. If not so dedicated, the Hampton Parkway will be maintained by the Hwy 278/Bluffton Parkway Connector Road Association, Inc. through assessments, including assessments against Purchaser's project for the Property.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PURCHASER ACKNOWLEDGES THAT (i) SELLER MAKES NO EXPRESSED OR IMPLIED WARRANTIES RELATING TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR THE TYPE OR NUMBER OF DWELLING UNITS THAT MAY BE DEVELOPED ON THE PROPERTY, AND (ii) PURCHASER SHALL BE SOLELY RESPONSIBLE FOR OBTAINING ALL PERMITS AND LICENSES REQUIRED BY PURCHASER TO CARRY ON ITS INTENDED OPERATIONS AT THE PROPERTY. FURTHER, PURCHASER ACKNOWLEDGES THAT THE ONLY PHYSICAL ACCESS TO THE PROPERTY IS OFF OLD MILLER ROAD. THE BLUFFTON PARKWAY IS NOT YET BUILT AND SELLER MAKES NO WARRANTY OR REPRESENTATION THAT THE BLUFFTON PARKWAY WILL BE BUILT OR THE TIMING OF COMPLETION IF THE BLUFFTON PARKWAY IS EVER CONSTRUCTED.

12. Conditions to Closing. Anything in this Contract to the contrary notwithstanding, the obligations of Purchaser to purchase the Property is expressly made subject to the following conditions:

a. that, as of the date of closing, the warranties and representations of the Seller shall be true and accurate, and

b. that Purchaser closes a private offering of interests for at least \$8,000,000 and closes certain Charter Member Notes for a minimum of \$14,000,000.

Exhibit A- Part 2 of 2 Page 6 of 33
c. that Seller must have Part 2 of 2 Page 6 of 33
design, construction, and installation of the Highway 278/Bluffton Parkway Connector Road (to be known as the Hampton Parkway), together with trunk sewer and water lines to the boundary of the Property, or Seller shall have escrowed with an acceptable third party security sufficient to construct the Highway 278/Bluffton Parkway Connector Road together with trunk sewer and water lines to the boundary of the Property.

The foregoing conditions are for the sole benefit of and may be waived by the Purchaser by written notice to the Seller, but if such conditions are not met and waived by Purchaser on or before the date of Closing, Purchaser may, at its option, prior to the Closing, terminate this Agreement, and all earnest money, if any, shall be returned to Purchaser and neither party hereto shall have any further rights, duties or obligations hereunder.

13. Assignment. Purchaser may assign its rights under this Agreement without prior written consent of Seller upon prior written notice to Seller.

14. Miscellaneous Approvals. Both parties recognize that Purchaser's proposed development of the Property may necessitate a modification of existing approvals, if any, for the Property. While Purchaser is solely responsible for obtaining any such approvals and/or modifications, Seller will cooperate with Purchaser if such cooperation becomes reasonably necessary; provided, however, Seller shall not incur any expense in connection with any such cooperation. Further, it is recognized that this approval process has many steps and timing requirements and, until such has been completed, Purchaser will not be able to develop the Property.

15. Miscellaneous.

a. All rights, powers and privileges conferred hereunder upon the parties shall be cumulative, and not restricted to those given by law.

b. Purchaser's intended use of the Property is confidential and until the use is a matter of record, Seller agrees not to divulge the intended use to any party except to its attorneys, engineers, and other professionals.

c. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

d. This Agreement shall be construed under the laws of the State of South Carolina.

e. All agreements, undertakings, hold harmless, and indemnifications contained in this Agreement shall expressly survive the Closing of the Property and delivery of the deed and such agreements, undertakings and indemnifications shall not be merged therein.

f. If either party is required to institute suit against the other party to enforce its rights under this Agreement, and if such party obtains a valid judgment against the other party, the non-prevailing party agrees to pay all reasonable costs, expenses and reasonable attorney's fees of the prevailing party attributable to the enforcement of this Agreement.


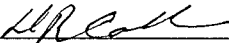
g. Whenever possible, each provision of this Agreement shall be interpreted so as to be valid and effective under applicable law, but if any provision of this Agreement shall be prohibited or invalid under applicable law, that provision shall be ineffective only to the extent of the prohibition or invalidity, without invalidating the remainder of that provision or the remaining provisions of this Agreement.

h. Any notices required or permitted hereunder shall be deemed delivered when mailed, postage prepaid, by registered or certified mail, addressed to the respective parties at the address first above shown.

i. Purchaser acknowledges and agrees to use Palmetto Electric Cooperative, Inc. ("Palmetto") for the Property and acknowledges that Palmetto has the exclusive rights to provide electrical power to the Property under an Agreement between Palmetto and Winding River B.T.S. 1, LLC and RRZ, LLC dated June 21, 2001

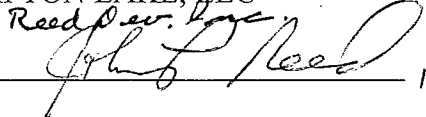
IN WITNESS WHEREOF, the Purchaser hereto has caused this Agreement to be duly executed as the 6th day of September, 2005

WITNESSES:

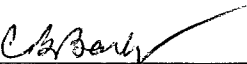
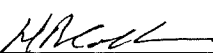
PURCHASER:

HAMPTON LAKE, LLC

By: , Pres.

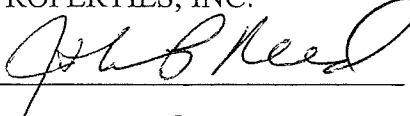
Its: _____

WITNESSES:

SELLER

JPR PROPERTIES, INC.

By: 

Its: Pres.

Exhibit A

ALL those certain piece, parcel, and tract of land, situate, lying and being within the Buckwalter Planned Unit Development, Town of Bluffton, Beaufort County, South Carolina containing approximately 950 acres, more or less, with said property being more specifically shown and described as the Lake Tract (959.407 acres, more or less on plat entitled "A Plat Of A 1746.952 Acre Portion Of The Southwest Tract Formerly Known As A Portion Of The Buckwalter Tract And Jones Estate", said plat being dated November 10, 2004, prepared by Thomas & Hutton Engineering Co., Boyce L. Young, SCLRS #11079, and recorded in the Office of Deeds for Beaufort County, South Carolina, in Plat Book 103 at page 58).

Grantor reserves for itself and its successors and assigns a perpetual, non-exclusive easement for access of ingress, egress, and regress over the approximately 125 ft. wide entrance way into the Lake Tract from the access off the Bluffton Parkway Right-Of-Way down to the parcel labeled as Resort Tract C on the aforementioned plat of record.

PROMISSORY NOTE

Principal Sum: \$350,000.00

FOR VALUE RECEIVED, Hampton Lake, LLC, a South Carolina limited liability company (the "Debtor") promises to pay to the order of _____ (the "Holder"), in lawful money of the United States of America, the principal sum of **Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00)** (the "Note"). The principal sum shall accrue simple interest at the annual rate of twelve percent. Interest shall commence accruing on the date the principal sum is released to the Debtor pursuant to the terms of the Confidential Offering Memorandum (the "Memorandum") which is incorporated herein by this reference.

The principal sum and interest accruing thereon shall be due and payable as follows:

(i) semi-annual interest payments on the outstanding principal sum with the first such payment due six months after the funds are released to the Company and thereafter such interest payments shall be due each and every six months until the Note is paid in full;

(ii) semi-annual principal reduction payments in the amount of Seventeen Thousand Five Hundred and No/100 Dollars (\$17,500.00), with the first such payment due eighteen months after the funds are released to the Company and thereafter such principal reduction payments shall be due each and every six months until the Note is paid in full; and

(iii) a balloon payment of all unpaid interest and principal shall be due and payable on the 31st day of December 2010.

The above payments are hereinafter collectively referred to as "installment payments".

This Note may be prepaid, in whole or part, without penalty. If, for any reason, an installment payment is not paid when due, interest shall immediately accrue on the unpaid installment payment at an annual rate of fourteen percent. Further, if an installment payment remains due and unpaid for more than ninety days after its due date and after the Holder provides the Debtor with thirty days written notice to cure the non-payment, the entire amount owed hereunder shall be accelerated and shall immediately be due and payable. Interest shall accrue on this amount at the annual rate of fourteen percent.

All amounts owed hereunder are payable in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment. In the event of: (i) any payment owed hereunder remains unpaid after ninety days from its due date and after the Holder provides the Debtor with thirty days written notice to cure the non-payment; (ii) the filing of a petition by or against the Debtor under the provisions of any state insolvency law or under the provisions of the Federal Bankruptcy Act; or (iii) any assignment of this Note by the Debtor for the benefit of its creditors, then at the option of the Holder of this Note, the principal sum shall immediately become due and payable. From and after the acceleration of this Note, the entire principal sum shall bear interest at the annual rate of

fourteen percent. Failure to exercise such option or any other rights the Holder may be entitled to, shall not constitute a waiver of the right to exercise such option or any other rights in the event of any subsequent default.

The Debtor expressly agrees to remain and continue bound for the payment of the Note, notwithstanding any extension or extensions of the time for the payment of said Note, or any change or changes in the amount or amounts agreed to be paid hereunder.

The Debtor waives presentment, protest and demand, and notice of protest, demand and dishonor and non-payment of this Note.

If this Note is collected through legal proceedings, then all costs of collection, including reasonable attorney's fees, shall be added hereto and collectable as the principal hereof.

This Note shall be governed as to the validity, interpretation, construction, effect, and in all other respects by the laws and decisions of the State of South Carolina. Wherever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Note or portion thereof shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

All amounts owed under this Note are subject to set-off by the Debtor if the Holder does not purchase an Initial Homesite (as defined in the Memorandum) in the time and manner required under the terms and conditions of the Memorandum. The Debtor has the absolute discretion to set-off against the principal sum an amount equal to One Thousand and No/100 Dollars (\$1,000.00) per day for each and every day that Holder delays the closing of the Initial Homesite, subject to a maximum set-off of Thirty Five Thousand and No/100 Dollars (\$35,000.00). In accordance with the Offering Terms the interest rate will be reduced to 10% simple interest per annum in the event the Charter Investor does not purchase the Initial Homesite on a timely basis.

The Debtor executes this Promissory Note effective the as of the _____ day of _____, 2005.

Debtor:

Hampton Lake, LLC
By Reed Development Group, Inc

By: _____
John P. Reed, President

REPRESENTATION AND WARRANTY STATEMENT

To: Hampton Lake, LLC (the "Company")

From: _____ (the "Investor")

Hampton Lake, LLC is a limited liability company formed under the laws of the State of South Carolina. The Company is in the process of accepting certain unsecured loan proceeds from various individual investors in the amount of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00). The unsecured loan proceeds received by the Company from the Investor shall be evidenced by a Charter Investor Note. The Charter Investor Notes are being offered for sale pursuant to a claim of exemption from federal and state securities laws and are more particularly described in the Memorandum and its exhibits delivered to the Investor previously or simultaneously herewith. Capitalized terms not defined herein shall have the definition given to such term in the Memorandum.

1. **Investment.** Subject to the terms and conditions hereof and the provisions of the Memorandum, the undersigned hereby tenders unsecured funds to the Company in consideration for the Charter Investor Note. The Investor may revoke this tender only if prior to the date of its acceptance by the Company and only if the undersigned notifies the Company in writing of such decision. Pursuant to the terms and conditions of the Memorandum, the Investor may forfeit the Thirty Five Thousand and No/100 Dollars (\$35,000.00) deposit if the Investor's tender is withdrawn.

2. **Timing of Loan.** Funding of the unsecured loan proceeds by the Investor to the Company in the amount of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00), less the deposit, must be made within forty-eight hours after notice from the Company that the Offering is closing. The Offering Proceeds shall remain in escrow until the Property is purchased and until the Offering Proceeds equal or exceed \$14,000,000.

3. **Representations and Warranties of the Investor.** The Investor hereby represents and warrants to the Company as follows:

(a) That he has adequate means of providing for his current needs and personal contingencies, and he currently has sufficient financial liquidity to afford a complete loss of his investment in the Company.

(b) That he meets, and anticipates that he will continue to meet, at least one of the financial suitability categories set forth in Paragraph 8 hereof.

(c) That: (i) the Investor, if applicable, has submitted concurrently herewith a written acknowledgment as to any individual who has acted as the Investor's purchaser representative as defined in Regulation D promulgated under the Securities Act of 1933, as amended; (ii) the Investor has relied upon the advice of any such purchaser representative as to the merits and risks of an investment in the

Company and the suitability of that investment for the Investor; and (iii) any such purchaser representative has confirmed to the Investor in writing any material relationship between such purchaser representative or its affiliates and the Company and its affiliates which currently exist or are mutually understood to be contemplated or which have existed at any time during the preceding two years, including any compensation received or to be received as a result of any such relationship.

(d) That he or his purchaser representative has received and has had an opportunity to read and become familiar with the Memorandum, including the exhibits annexed thereto and any amendments thereof, and he confirms that all documents, records and books pertaining to his proposed investment in the Company have been made available to him and /or his purchaser representative.

(e) The Investor or his purchaser representative have had an opportunity to ask questions of and receive answers from the Company, or its authorized representatives, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of the Investor.

(f) That no person or entity, other than the Company or its authorized representatives, has offered the Charter Investor Note to the Investor.

(g) That he has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Company or he and his purchaser representative together have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Company.

(h) The Charter Investor Note for which he hereby subscribes will be acquired for his own account for investment and not with a view toward subdivisions, resale or redistribution in a manner prohibited under the Securities Act of 1933, and he does not presently have any reason to anticipate any change in circumstances which would cause him to sell the Charter Investor Note. He has no contract, undertaking, agreement, understanding or arrangement with any person to sell, transfer or pledge to any person any part or all of the Charter Investor Note for which he hereby subscribes or any interest therein, and he has no present plans to enter into the same.

(i) That it has been called to his attention in connection with his investment in the Company that such investment is speculative in nature and involves a high degree of risk.

(j) That he has received no representations or warranties from the Company or their employees, agents or affiliates, other than those contained in the Memorandum and its exhibits.

(k) That there has been no materially adverse change in the information heretofore furnished by the Investor to the Company, in the Investor's personal financial position, including information furnished in the Accredited Investor Questionnaire, and that such information may be relied upon as being complete and correct as of the date this Statement is executed by the Investor.

(l) That he will notify the Company immediately if any event occurs which would affect materially and adversely any of the representations or warranties contained herein.

(m) That the Charter Investor Note is purchased for his own account and not for the purpose of resale.

(n) That he understands that no federal or state agency has passed upon or made any recommendation or endorsement of an investment in the Company.

4. **Indemnification.** The Investor acknowledges that the Company, employees, agents and affiliates are relying on the truth and accuracy of the foregoing representations and warranties in offering the Security for sale to the Investor without having first registered the Charter Investor Note under the Securities Act of 1933. The Investor further acknowledges that he understands the meaning and legal consequences of the representations and warranties set forth herein, and he hereby agrees to indemnify and hold harmless the Company and their agents and employees from and against any and all loss, damage or liability, including reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees) due to or arising out of a breach of any such representations or warranties or any failure to fulfill any covenants or agreements contained in this Statement. All representations, warranties and covenants contained in this Statement and the indemnification contained in this Paragraph 4 shall survive the sale of the Security. Notwithstanding the foregoing, however, no representation, warranty, acknowledgment or agreement made herein by the Investor shall in any manner be deemed to constitute a waiver of any rights granted to him under federal or state securities laws.

5. **Consent to Use of Information.** The Investor hereby consents to the utilization by the Company, as necessary in connection with dealings with any institutional lender or governmental agency, which the Company deems to be in the Company's interest and in furtherance of its business purpose and objectives, of any information supplied to the Company by the Investor or by his representatives in connection with the offer and sale of the Charter Investor Note and agrees to supply any additional information reasonably requested by any such lender, agency, or the Company.

6. **Limitation on Transfer.** The Investor acknowledges that the Charter Investor Note is not transferable. Since the Charter Investor Note will not be, and the Investor has no right to require that they be, registered under the Securities Act of 1933 or applicable state securities laws, the Charter Investor Note may not be, and the Investor agrees that they shall not be, sold to any person or entity. The Investor further acknowledges that the Charter Investor

Note any not be sold without the express written consent of the Company. The Investor also acknowledges that he shall be responsible for compliance with all conditions on transfer imposed by any federal or state securities law or regulation and will hold the Company harmless from any breach thereof.

7. **Legend Disclosures.** The Investor hereby takes notice of the following legends:

ANY REPRODUCTION OR DISTRIBUTION OF THE MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS TO ANY PERSON OTHER THAN THE PERSON TO WHOM THE MEMORANDUM WAS FURNISHED BY THE COMPANY WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED. THE PERSON TO WHOM THE MEMORANDUM WAS FURNISHED BY THE COMPANY, BY ACCEPTING DELIVERY OF THE MEMORANDUM, AGREES TO RETURN THE MEMORANDUM TO THE COMPANY IF HE DECLINES TO PURCHASE THE CHARTER INVESTOR NOTE.

THE CONTENTS OF THE MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT OR LEGAL ADVICE, AND NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN WHICH MAY ACCRUE TO A PURCHASER OF THE CHARTER INVESTOR NOTE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN ADVISOR REGARDING THE FINANCIAL, TAX AND LEGAL IMPLICATIONS OF AN INVESTMENT IN THE CHARTER INVESTOR NOTE. THE STATEMENTS MADE IN THE MEMORANDUM ARE MADE AS OF THE DATE OF THE MEMORANDUM, EXCEPT AS OTHERWISE INDICATED. NEITHER THE DELIVERY OF THE MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THE MEMORANDUM OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THAT DATE.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM OTHER THAN THE MEMORANDUM AND THE DOCUMENTS REFERRED TO THEREIN MAY BE EMPLOYED IN THE OFFERING OF THE CHARTER INVESTOR NOTE.

THE MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, IN ANY STATE OR OTHER JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

THE CHARTER INVESTOR NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THESE CHARTER INVESTOR NOTES ARE OFFERED IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE TRANSFERABILITY OF THE CHARTER INVESTOR NOTE IS RESTRICTED BY FEDERAL AND STATE SECURITIES LAWS. MOREOVER, NO PUBLIC MARKET FOR THE CHARTER INVESTOR NOTES EXISTS AND NONE WILL DEVELOP.

THE CHARTER INVESTOR NOTES OFFERED HEREBY ARE HIGHLY SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. NO MARKET FOR THESE CHARTER INVESTOR NOTES EXISTS AND INVESTORS SHOULD NOT ANTICIPATE THAT ONE WILL DEVELOP. THE CHARTER INVESTOR NOTES MAY NOT BE TRANSFERRED OR RESOLD. THE CHARTER INVESTOR NOTES ARE UNSECURED.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

8. **Financial Disclosures.** The Investor hereby represents that he falls within the following financial suitability categories (please indicate each criterion that this is satisfied by checking the appropriate answer):

YES ____ NO ____ A person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and a reasonable expectation of reaching at least the same income level in the current year;

YES ____ NO ____ A person whose individual net worth or joint net worth with that person's spouse at the time of purchase exceeds \$1 million;

YES ____ NO ____ NONE OF THE ABOVE.

9. **Subscription.** The Investor hereby agrees to tender unsecured funds in the amount of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000) for the Charter Investor Note.

10. **Notices to Subscriber.** Correspondences to the Investor should be sent to address listed below, until such time as the Investor notifies the Company, in writing, of a different address to which such correspondences are to be sent.

11. **Internal Revenue Code Section 1446 Certification.** Section 1446 of the Internal Revenue Code (the "Code") provides that the Company must pay a withholding tax to the Internal Revenue Service (the "IRS") with respect to an Investor's "effectively connected taxable income" if the Investor is a "foreign person" as that term is defined in the following circumstances:

The Investor hereby certifies:

YES ☐ NO ☐ I am not a nonresident alien for purposes of U.S. income taxation.
YES ☐ NO ☐ My Social Security Number is the number indicated below.
YES ☐ NO ☐ My residence address is as indicated below my signature.

I hereby agree that if I become a nonresident alien, I will notify the Company within 30 days of that event. I understand that this certification may be disclosed to the IRS by the Company, and that any false statement I have made herein could be punished by fine, imprisonment, or both.

12. **Miscellaneous Provisions.**

12.1 **Applicable Law.** This Statement shall be governed by and construed in accordance with the laws of the State of South Carolina. Any action brought to enforce or interpret this Statement shall be brought in the court of appropriate jurisdiction in Beaufort County, South Carolina.

12.2 **Construction and Interpretation.** If any provision of this Statement requires judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion or agreement that a document should be construed more strictly against the party who itself or through its agent prepared the same.

12.3 **Attorney Representation.** The Investor acknowledges that the law firm of Bird, Cofield & Moise LLC prepared this Statement on behalf and in the course of its representation of the Company and not the Investor. The Investor acknowledges that it has had the opportunity to seek legal counsel before execution of this Statement.

5

The Investor executes this Representation and Warranty Statement effective as of the
____ day of _____, 2005.

Investor:

SIGNATURE

PRINTED NAME

SOCIAL SECURITY NUMBER

STREET OR POST OFFICE BOX

CITY STATE ZIP

HAMPTON LAKE, LLC SCHEDULE OF ASSUMPTIONS AND SUMMARY OF PROJECTED CASH FLOW

Based on 40 Charter Investors
(Forward Looking Statement - Subject to Change)

HAMPTON LAKE (939 Lots) Rev. I.Q.(2) (5 YRS.) - (\$26.8 Land; \$14.0 CM; 0%; \$40.0 Bank)

I. PREDEVELOPMENT:

Land	Acres	Value	\$/Acre
Buckwalter Tract	950	\$26,825,000	\$28,237
Total Land	950	\$26,825,000	\$28,237

II. REVENUE ASSUMPTIONS:

Annual Lot Sales	Yr Sold	100% Average Price	Total Revenue
	1	0	0
	2	\$193,009	63,693,052
	3	\$144,986	40,451,166
	4	\$200,404	60,722,281
	5	\$352,338	9,513,117
Total Lot Sales	939	\$185,708	\$174,379,618
Commercial Acreage	15	\$3,500,000	\$3,500,000
TOTAL SALES			\$177,879,618

III. SUMMARY:	939	
Total Lots	0	
Total Mbrships	939	
Total Units	939	
Total Project Net Revenue:		\$162,942,849
Land Acquisition		\$26,825,000
Development Costs:		
Preddevelopment		\$1,000,000
Contribution to Hampton Pkwy.		\$500,000
T/H Related Expenditures		29,330,547
Lake Expenditures		\$12,282,000
Signage/Lighting/Landscaping		\$6,175,000
Trails		\$1,470,000
Landscaping & Berms		\$4,088,000
Amenities		\$11,000,000
Perimeter Fencing		\$500,000
Overpass to Hampton Hall		\$1,000,000
Consulting		\$5,175,000
Contingency		\$474,035
Total Land Acq. & Devel. Costs		\$99,820,592
POA Subsidy		\$2,000,000
Sales Ctr./Devel. Off. FF&E		\$1,075,000
Sales/General/Administrative		\$17,897,193
Contingency		\$9,300,000
Total Expenses		\$27,272,193
		\$127,092,775

IV. Project Cash Flow

\$35,850,075

V. Total Interest Expense Total Interest Income

(\$8,578,741)
\$0

VI. BT Net Cash Flow from Total Project

\$27,271,333

III. Capitalization:

Bank Line of Credit	\$40,000,000
Charter Investor Notes	\$14,000,000
Equity	\$8,000,000
Total Capital	\$62,000,000

VII. CHARTER INVESTORS DETAILS:

Total Charter Investors:	40
Note Amount (each)	\$350,000
Interest Rate	12%
Discount on purchase of Lot	20%

semi-annually, interest only year
& 2, principal begins April 2007,
5% payoff December 2010.

Note Repayment (principal)

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

HAMPTON LAKE, LLC

SCHEDULE OF PROJECTED ANNUAL CASH FLOWS
AND SOURCES AND USES OF FUNDS

Based on 40 Charter Investors
(Forward Looking Statement - Subject to Change)

Page 1

HAMPTON LAKE (939 Lots) Rev. 1.Q.12 (5 YRS.) : (\$26.8 Land; \$14.0 CM; 0%; \$40.0 Bank)

9/14/05 9:42 AM

Summary	2,005	2,006	2,007	2,008	2,009	Summary Total
I. DEVELOPMENT CASH FLOW						
Revenue:						
Total Mixed Lot Program	0	330	279	303	27	939
Cumulative Mixed Lot Lots	0	330	809	912	939	0
CUMULATIVE MEMBERSHIPS	0	0	0	0	0	939
MONTHLY LOT CLOSINGS	0	330	279	303	27	939
Avg. Lot Price	0	\$183,009	\$144,986	\$200,404	\$352,338	\$185,708
CUMULATIVE LOT CLOSINGS	0	330	809	912	939	0
Lot Closings (gross)	0	83,683,052	40,451,188	60,722,281	9,513,117	174,379,618
Commercial Sale	0	0	0	3,500,000	0	3,500,000
Commissions	0	-4,817,998	-2,646,888	-4,447,325	-951,312	-12,865,522
Closing Costs	-200,000	-477,698	-303,384	-455,417	-71,348	-1,507,847
10.00%	0	0	0	0	0	0
0.75%	0	0	0	0	0	0
6000	0	0	0	0	0	0
Mortgage Release Fees	-200,000	\$58,189,355	\$37,331,499	\$59,137,739	\$8,474,257	\$162,942,849
Net Revenue	-200,000	\$7,989,355	\$5,330,654	\$154,488,593	\$162,942,849	\$162,942,849
Cumulative Net Revenue	-200,000	\$7,989,355	\$5,330,654	\$154,488,593	\$162,942,849	\$162,942,849
Costs:						
Land Acquisition	\$26,825,000	\$0	\$0	\$0	\$0	\$26,825,000
Development Costs	1,000,000	0	0	0	0	1,000,000
Predevelopment Expenditure	500,000	0	0	0	0	500,000
Contribution to Hampton Parkway	0	0	0	0	0	0
TH Earthwork/Paving/Grading	0	13,888,390	5,768,632	0	0	19,655,012
TH Storm Drainage	0	2,447,838	1,154,973	0	0	3,602,811
TH Water System	0	1,179,823	560,803	0	0	1,770,426
TH Sanitary Sewer	0	1,971,860	874,539	0	0	2,846,488
TH Bridges	0	1,459,000	0	0	0	1,459,000
Sub-Total TH	0	20,944,000	8,388,547	0	0	29,330,547
Lake	0	7,650,000	0	0	0	7,650,000
Excavation/Hauling	0	1,500,000	0	0	0	1,500,000
Receiving Site Prep	0	840,000	0	0	0	840,000
Welland Berm	0	368,000	0	0	0	368,000
Welland Berm Landscaping	0	900,000	0	0	0	900,000
Lake Circulation Equipment	0	924,000	0	0	0	924,000
Lake Bank Landscaping	0	12,282,000	0	0	0	12,282,000
Sub-Total Lake	0	12,282,000	0	0	0	12,282,000
Signage/Lighting/Landscaping	0	4,176,000	2,000,000	0	0	6,176,000
Trails	0	1,000,000	470,000	0	0	1,470,000
Landscaping & Berm	0	600,000	0	0	0	600,000
Hampton Pkwy.	0	2,000,000	0	0	0	2,000,000
Bluffton Pkwy. Entrance	0	600,000	0	0	0	600,000
Bluffton Pkwy. Berm	0	728,000	180,000	0	0	888,000
Roads	0	3,828,000	180,000	0	0	4,088,000
Sub-Total Landscaping & Berms	0	11,000,000	0	0	0	11,000,000
Amenities	0	250,000	0	0	0	250,000
Perimeter Fencing	0	600,000	0	0	0	600,000
Overpass to Hampton Hall	0	675,000	0	0	0	675,000
Consulting	0	0	0	474,035	0	474,035
Contingency	2,100,000	57,480,000	12,841,547	474,035	0	72,895,582
Total Development Costs	\$2,100,000	\$59,360,000	\$77,521,547	\$72,895,582	\$0	\$132,777,129
Annual Development Costs	\$2,100,000	\$59,360,000	\$77,521,547	\$72,895,582	\$0	\$132,777,129
Sub Total Land Acq. & Devel. Costs	\$28,925,000	\$57,480,000	\$72,841,547	\$474,035	\$0	\$99,820,582
Cumulative Land & Devel. Costs	\$28,925,000	\$86,405,000	\$99,346,547	\$99,820,582	\$0	\$99,820,582

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

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Page 2

Summary	2,005	2,006	2,007	2,008	2,009	Total
Project Operating Expenses						
POA Subsidy	0	250,000	1,000,000	750,000	0	2,000,000
Sales Center FF&E						
Development Office FF&E	0	1,250,000	500,000	75,000	-1,250,000	575,000
Legal	123,268	258,000	207,000	220,000	50,000	858,268
Marketing	578,185	1,871,800	1,280,000	1,200,000	830,800	5,740,785
Dev/Off/Admin Operations	765,861	2,013,000	1,873,000	2,028,000	825,000	7,604,861
Sales & Marketing OHD	169,278	642,000	777,000	840,000	300,000	2,528,278
Property Taxes/Insurance	35,000	255,000	395,000	360,000	150,000	1,195,000
SG&A	1,971,593	5,039,800	4,582,000	4,448,000	2,155,800	17,897,193
Sub Total Operating Expenses	1,871,593	7,289,800	6,532,000	5,233,000	455,800	20,972,193
Annual Operating Expenses	1,871,593	8,981,393	15,093,393	20,816,393	20,972,193	
Total Costs Before Contingency & Interest	30,598,593	64,768,800	18,473,547	5,787,035	155,800	120,782,775
Contingency	300,000	4,000,000	1,000,000	1,000,000	0	6,300,000
Development Cash Flow	-31,098,593	-10,570,445	16,857,951	52,340,704	8,318,457	35,850,075
Interest Expense & Financing Fees	-838,594	-2,720,811	-3,242,868	-1,776,869	0	-8,578,741
Project Cash Flow (B/T)	\$31,935,186	\$13,291,255	\$13,615,284	\$50,584,035	\$8,318,457	\$27,271,333
Cumul. Project Cash Flow (B/T)	\$31,935,186	\$45,226,442	\$58,841,726	\$109,425,761	\$117,744,218	
II. SOURCES & USES						
Development Cash Flow						
Beginning Cash Balance	-31,098,593	-844,814	17,875,800	53,170,052	9,068,458	35,850,075
Net Cash	-558,594	-2,720,811	-3,242,868	-1,776,869	0	-8,578,741
Interest - I	10,500,000	14,224,080	-11,215,584	-13,508,508	0	1
Bank Revolver - p	14,000,000	0	-1,400,000	-12,800,000	0	0
Charter Notes - p	8,000,000	0	0	-8,000,000	0	0
Equity	844,814	1,777,649	1,789,349	17,032,877	9,068,458	27,271,334
Ending Cash Balance	-750,000	-750,000	-750,000	-750,000	0	0
Reserve for W.C.	0	0	0	0	0	0
Credit Enhancement	94,814	1,027,649	1,039,349	16,282,877	9,068,458	27,271,334
Cash Available to Equity	0	-960,000	-960,000	-1,280,000	0	-3,200,000
Prfd. Interest on Equity	0	0	0	-3,542,328	0	-3,542,328
Distributions to Equity #1	0	0	0	-11,460,550	-9,068,458	-20,529,008
Distributions to Equity #2	0	-960,000	-960,000	-16,282,878	-9,068,458	-27,271,332
Total Distributions to Equity	0	-960,000	-960,000	-16,282,878	-9,068,458	-27,271,332
Adjusted Ending Cash	94,814	67,649	79,349	2	2	2
Financing						
NEPC Loan	10,500,000	24,724,080	13,508,508	0	0	0
Charter Investor Notes	14,000,000	14,000,000	12,800,000	0	0	0
Subordinated Equity	8,000,000	8,000,000	8,000,000	0	0	0
Total Capital	32,500,000	46,724,080	34,198,508	0	0	0

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

Summary		2,005	2,006	2,007	2,008	2,009	Total
III. LOAN ACCOUNTS:							
A. Bank Revolver:							
Beginning Balance		\$0	\$10,500,000	\$24,724,090	\$13,508,507	\$0	\$0
Borrowing		\$10,500,000	\$31,300,000	\$7,300,000	-\$2,800,000	\$0	\$46,500,000
Repayments	50%	\$0	-\$17,075,810	-\$18,515,584	-\$10,808,508	\$0	-\$46,500,000
Ending Balance		\$10,500,000	\$24,724,090	\$13,508,507	\$0	\$0	\$0
Maximum Available		\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$0	\$0
Remaining Available		\$29,500,000	\$15,275,910	\$26,491,493	\$40,000,000	\$0	\$0
Interest Expense	7.50%	\$136,094	\$1,040,811	\$1,632,668	\$334,669	\$0	\$3,144,241
B. Charter Investor Notes:							
Beginning Balance		0	14,000,000	14,000,000	12,800,000	0	0
Borrowing		14,000,000	0	0	11,200,000	0	2,800,000
Repayments	10.00%	0	0	-1,400,000	-1,400,000	0	-2,800,000
Ending Balance		\$14,000,000	\$14,000,000	\$12,600,000	\$0	\$0	\$0
Interest Expense	12.00%	280,000	1,680,000	1,810,000	1,442,000	0	\$5,012,000
C. Equity							
Beginning Balance		0	8,000,000	8,000,000	8,000,000	0	0
Borrowing		8,000,000	0	0	0	0	8,000,000
Repayments		0	0	0	-8,000,000	0	-8,000,000
Ending Balance		\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$0	\$0
Priority Interest		\$0	\$960,000	\$960,000	\$1,280,000	\$0	\$3,200,000
Distributions		\$0	\$0	\$0	\$15,002,876	\$9,088,458	\$24,071,332
Total Distributions		0	960,000	960,000	16,282,876	9,088,458	27,271,332
D. Summary							
Total Debt/Equity:							
Bank Revolver		10,500,000	24,724,090	13,508,507	0	0	0
Charter Investor Notes		14,000,000	14,000,000	12,600,000	0	0	0
Equity		8,000,000	8,000,000	8,000,000	0	0	0
Total		\$32,500,000	\$46,724,090	\$34,108,507	\$0	\$0	\$0
Interest Expense		416,094	2,720,811	3,242,668	1,776,669	0	8,156,241
E. Financing Fees							
Bank revolver	0.75%	322,500	0	0	0	0	322,500
Charter Investors	0.00%	100,000	0	0	0	0	100,000
Other Financing		0	0	0	0	0	0
Total		\$422,500	\$0	\$0	\$0	\$0	\$422,500

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

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HAMPTON LAKE, LLC SCHEDULE OF ASSUMPTIONS AND SUMMARY OF PROJECTED CASH FLOW

Based on 76 Charter Investors
(Forward Looking Statement - Subject to Change)

HAMPTON LAKE (939 Lots) Rev. I.Q. (5 YRS.) - (\$26.8 Land; \$26.2 CM; 0%; \$30.0 Bank)

I. PREDEVELOPMENT:

Land	Acres	Value	\$/Acre
Buckwalter Tract	950	\$26,825,000	\$28,237
Total Land	950	\$26,825,000	\$28,237

II. REVENUE ASSUMPTIONS:

Annual Lot Sales	Yr Sold	Lots	Average Price	Total Revenue
	1	0		0
	2	330	\$198,792	\$65,611,513
	3	279	\$144,988	\$40,451,168
	4	303	\$200,404	\$60,722,281
	5	27	\$352,338	\$9,513,117
Total Lot Sales	939	\$193,523	\$172,328,080	
Commercial Acreage	15	\$233,333	\$3,500,000	
TOTAL SALES				\$175,828,080

III. Capitalization:

Bank Line of Credit	\$30,000,000
Charter Investor Notes	\$26,250,000
Equity	\$8,000,000
Total Capital	\$64,250,000

SUMMARY:	939
Total Lots	939
Total Marshps	0
Total Units	939
Total Project Net Revenue:	\$160,849,351
Land Acquisition	\$26,825,000

Development Costs:	
Predevelopment	\$1,000,000
Contribution to Hampton Pkwy.	\$500,000
T/H Related Expenditures	\$29,330,547
Lake Expenditures	\$12,282,000
Signage/Lighting/Landscaping	\$6,178,000
Trails	\$1,470,000
Landscaping & Berms	\$4,088,000
Amenities	\$11,000,000
Perimeter Fencing	\$500,000
Overpass to Hampton Hall	\$1,000,000
Consulting	\$5,175,000
Contingency	\$474,035
Total Land Acq. & Devel. Costs	\$99,820,582

POA Subsidy	\$2,000,000
Sales Ctr./Devel. Off. FF&E	\$1,075,000
Sales/General/Administrative	\$17,897,195
Contingency	\$9,600,000
Total Expenses	\$27,572,195
	\$127,392,777

IV. Development Cash Flow

\$33,456,574

V. Total Interest Expense

(\$11,159,256)

\$0

VI. BT Net Cash Flow from Total Project

\$22,297,318

VII. CHARTER INVESTOR DETAILS:

Total Charter Investor:	75
Note Amount (each)	\$350,000
Interest Rate	12%
Discount on purchase of Lot	20%

semi-annually,
interest only year 1
& 2, principal begins
April year 2007,
payoff December
5% year 2010.

Note Repayment (principal)

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

H/ N LAI ;
SCHEDULE OF PROJECTED ANNUAL CASH FLOWS
AND SOURCES AND USES OF FUNDS
Based on 75 Charter Investors
(Forward Looking Statement - Subject to Change)

Page 1

HAMPTON LAKE (939 Lots) Rev. 1.Q (5 YRS.) (\$26.8 Land; \$26.2 CM; 0%; \$30.0 Bank)

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Summary	2,005	2,006	2,007	2,008	2,009	Summary Total
1. DEVELOPMENT CASH FLOW						
Revenue:						
Total Mixed Lot Program	0	330	279	303	27	939
Cumulative Mixed Lot Lots	0	330	609	912	939	0
CUMULATIVE MEMBERSHIPS	0	0	0	0	0	0
MONTHLY LOT CLOSINGS	0	330	279	303	27	939
Avg. Lot Price	0	\$166,792	\$144,366	\$200,404	\$352,338	\$183,523
CUMULATIVE LOT CLOSINGS	0	330	609	912	939	0
Lot Closings (gross)	0	61,641,513	40,451,188	60,722,281	9,513,117	172,328,080
Commercial Sale	0	0	0	3,500,000	0	3,500,000
Commissions	0	-4,875,345	-2,648,889	-4,447,325	-851,312	-12,822,868
Closing Costs	-200,000	-492,311	-303,384	-455,417	-71,348	-1,492,461
10.00%	0	0	0	0	0	0
0.75%	0	0	0	0	0	0
800	0	-198,000	-167,400	-181,800	-16,200	-563,400
Indemnity Release Fees	-200,000	\$56,105,857	\$37,331,499	\$59,137,739	\$8,474,257	\$160,349,351
Net Revenue	-200,000	\$55,905,857	\$37,235,556	\$52,375,094	\$160,848,351	\$160,848,351
Annual Net Revenue	-200,000	\$55,905,857	\$37,235,556	\$52,375,094	\$160,848,351	\$160,848,351
31%	32%	33%	34%	35%	36%	31%
Costs						
Land Acquisition	\$26,825,000	\$0	\$0	\$0	\$0	\$26,825,000
Development Costs						
Predevelopment Expenditure	1,000,000	0	0	0	0	1,000,000
Contribution to Hampton Parkway	500,000	0	0	0	0	500,000
TIH Earthwork/Paving/Grading	0	13,888,380	5,766,832	0	0	19,655,012
TIH Storm Drainage	0	2,447,938	1,154,873	0	0	3,602,811
TIH Water System	0	1,178,823	590,603	0	0	1,770,426
TIH Sanitary Sewer	0	1,871,860	874,639	0	0	2,846,498
TIH Bridges	0	1,458,000	0	0	0	1,458,000
Sub-Total TIH	0	20,844,000	8,386,547	0	0	29,330,547
Lake						
Excavation/Hauling	0	7,850,000	0	0	0	7,850,000
Receiving Site Prep	0	1,500,000	0	0	0	1,500,000
Welland Berm	0	940,000	0	0	0	940,000
Welland Berm Landscaping	0	368,000	0	0	0	368,000
Lake Circulation Equipment	0	900,000	0	0	0	900,000
Lake Bank Landscaping	0	924,000	0	0	0	924,000
Sub-Total Lake	0	12,282,000	0	0	0	12,282,000
Signage/Lighting/Landscaping	0	4,176,000	2,000,000	0	0	6,176,000
Trails	0	1,000,000	470,000	0	0	1,470,000
Landscaping & Berm						
Hampton Pkwy	0	800,000	0	0	0	800,000
Bullton Pkwy Entrance	0	2,000,000	0	0	0	2,000,000
Bullton Pkwy. Berm	0	800,000	0	0	0	800,000
Roads	0	728,000	180,000	0	0	888,000
Sub-Total Landscaping & Berms	0	3,928,000	180,000	0	0	4,088,000
Amenities	0	11,000,000	0	0	0	11,000,000
Perimeter Fencing	0	250,000	250,000	0	0	500,000
Overpass to Hampton Hall	0	0	1,000,000	0	0	1,000,000
Consulting	600,000	3,900,000	875,000	0	0	5,175,000
Contingency	0	0	0	474,035	0	474,035
Total Development Costs	2,100,000	\$7,480,000	\$12,841,547	\$74,035	\$0	\$74,035
Cur Annual Development Costs	\$2,100,000	\$56,580,000	\$72,521,547	\$72,995,582	\$0	\$72,995,582
Sub Total Land Acq. & Devel. Costs	\$28,925,000	\$57,480,000	\$12,841,547	\$474,035	\$0	\$99,820,582
Cumul. Land & Devel. Costs	\$28,925,000	\$86,405,000	\$99,346,547	\$99,820,582	\$0	\$99,820,582

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

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Summary		2,005	2,006	2,007	2,008	2,009	Total
Project Operating Expenses							
POA Subsidy		0	250,000	1,000,000	750,000	0	2,000,000
Sales Center FF&E		0	1,250,000	500,000	75,000	-1,250,000	575,000
Development Office FF&E		0	750,000	450,000	50,000	-750,000	500,000
Legal		123,268	258,000	207,000	220,000	50,000	858,268
Marketing		578,188	1,871,800	1,260,000	1,200,000	830,800	5,740,788
Dev/Fin/Adm Operations		765,862	2,013,000	1,973,000	2,028,000	825,000	7,604,862
Sales & Marketing OHD		169,279	842,000	777,000	640,000	300,000	2,528,279
Property Taxes/Insurance		35,000	255,000	365,000	360,000	150,000	1,165,000
SG&A		1,671,595	5,039,800	4,582,000	4,448,000	2,155,800	17,897,195
Sub Total Operating Expenses		1,671,595	7,299,800	6,532,000	5,323,000	155,800	20,972,195
Cumul. Operating Expenses		1,671,595	8,961,395	15,493,395	20,816,395	20,972,195	
Total Costs Before Contingency & Interest		30,596,595	64,769,800	19,473,547	5,797,035	155,800	120,792,777
Contingency	5%	600,000	4,000,000	1,000,000	1,000,000	0	6,600,000
Development Cash Flow		-31,396,595	-12,663,843	16,857,851	52,340,704	8,318,457	33,456,574
Interest Expense & Financing Fees		-892,500	-3,632,405	-4,037,580	-2,596,771	0	-11,159,256
Project Cash Flow (B/T)		-\$32,289,095	-\$16,296,348	\$12,820,372	\$49,743,932	\$8,318,457	\$22,297,318
Cumul. Project Cash Flow (B/T)		-\$32,289,095	-\$48,585,443	-\$35,765,071	\$13,978,861	\$22,297,318	
II. SOURCES & USES							
Development Cash Flow		-\$31,396,595	-\$12,663,843	\$16,857,851	\$52,340,704	\$8,318,457	\$33,456,574
Beginning Cash Balance		0	2,485,905	779,557	848,848	750,001	0
Net Cash		-31,396,595	-10,178,038	17,637,508	53,187,549	8,068,458	33,456,574
Interest - I		-367,500	-3,632,405	-4,080,080	-3,069,271	0	-11,159,256
Bank Revolver - p		0	15,550,001	-9,115,584	-8,434,416	0	1
Charter Notes - p		28,250,000	0	-2,625,000	-23,625,000	0	0
Subordinated Equity		5,000,000	0	0	-8,000,000	0	0
Ending Cash Balance		2,485,905	1,739,557	1,808,846	12,058,882	9,068,458	22,297,318
Reserve for W.C.		-750,000	-750,000	-750,000	-750,000	0	0
Credit Enhancement		0	0	0	0	0	0
Cash Available to Equity		1,735,905	989,557	1,058,846	11,308,882	9,068,458	22,297,318
Prfd. Interest on Equity		0	-960,000	-960,000	-1,280,000	0	-3,200,000
Distributions to Equity #1		0	0	0	-3,542,326	0	-3,542,326
Distributions to Equity #2		0	0	0	-6,486,535	-9,068,458	-15,554,991
Total Distributions to Equity		0	-960,000	-960,000	-11,308,882	-9,068,458	-22,297,318
Adjusted Ending Cash		1,735,905	29,557	98,846	1	2	2
Financing							
NBSC Loan		0	15,550,000	6,434,416	0	0	0
Charter Investor Notes		26,250,000	26,250,000	23,625,000	0	0	0
Subordinated Equity		8,000,000	8,000,000	8,000,000	0	0	0
Total Capital		34,250,000	49,800,000	38,059,416	0	0	0

FORWARD LOOKING STATEMENT - SUBJECT TO CHANGE

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Summary		2,005	2,006	2,007	2,008	2,009	Total
III. LOAN ACCOUNTS:							
A. Bank Revolver:							
Beginning Balance		\$0	\$0	\$15,550,001	\$6,434,417	\$1	\$0
Borrowing		\$0	\$33,900,000	\$9,400,000	\$636,573	\$0	\$44,136,573
Repayments	50%	\$0	-\$18,350,000	-\$18,515,584	-\$7,270,989	\$0	-\$44,136,573
Ending Balance		\$0	\$15,550,001	\$6,434,417	\$1	\$0	\$0
Maximum Available		\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$0	\$0
Remaining Available		\$30,000,000	\$14,450,000	\$23,585,583	\$30,000,000	\$0	\$0
Interest Expense	7.50%	\$20,000	\$62,405	\$1,018,530	\$103,021	\$0	\$1,624,256
B. Charter Investor Notes:							
Beginning Balance		0	26,250,000	26,250,000	23,625,000	0	0
Borrowing		26,250,000	0	0	(21,000,000)	0	5,250,000
Repayments	10.00%	0	0	-2,625,000	-2,625,000	0	-5,250,000
Ending Balance		\$26,250,000	\$26,250,000	\$23,625,000	\$0	\$0	\$0
Interest Expense	12.00%	525,000	3,150,000	3,018,750	2,493,750	0	\$9,187,500
C. Equity							
Beginning Balance		0	8,000,000	8,000,000	8,000,000	0	0
Borrowing		8,000,000	0	0	0	0	8,000,000
Repayments		0	0	0	-8,000,000	0	-8,000,000
Ending Balance		\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$0	\$0
Priority Interest		\$0	\$960,000	\$960,000	\$1,280,000	\$0	\$3,200,000
Distributions		\$0	\$0	\$0	\$10,028,860	\$9,068,456	\$19,097,316
Total Distributions		0	960,000	960,000	11,308,860	9,068,456	22,297,316
D. Total Debt/Equity:							
Summary							
Total Debt/Equity:		0	15,550,001	6,434,417	1	0	0
Bank Revolver		26,250,000	26,250,000	23,625,000	0	0	0
Charter Member Notes		8,000,000	8,000,000	8,000,000	0	0	0
Equity		\$34,250,000	\$49,800,001	\$38,059,417	\$1	\$0	\$0
Total		545,000	3,632,405	4,037,580	2,596,771	0	10,811,756
Interest Expense							
E. Financing Fees							
Bank Revolver	0.75%	247,500	0	0	0	0	247,500
Charter Investor	0.00%	100,000	0	0	0	0	100,000
Other Financing		0	0	0	0	0	0
Total		\$347,500	\$0	\$0	\$0	\$0	\$347,500

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), effective as of the 16th day of September, 2005, is entered into by and between Hampton Lake, LLC (the "Company"); _____ (the "Investor"); and Bird, Cofield & Moise, LLC (the "Escrow Agent"). All capitalized terms used herein shall have the definition provided in the Glossary of defined terms, which is affixed to the Confidential Offering Memorandum as Exhibit A.

BACKGROUND INFORMATION

The Company has offered Charter Investor Notes to potential investors as an effort to raise capital to purchase and construct a private residential community. The terms and conditions of the Offering are contained in the Memorandum issued by the Company and delivered to the Investor for review. The Investor must remit unsecured loan proceeds to the Escrow Agent. Once the Offering closes and funds, pursuant to the terms and condition contained in the Memorandum, the Company, through the Escrow Agent, shall deliver the Charter Investor Note to the Investor. The Company has requested the Escrow Agent to hold all Offering Proceeds in escrow for the benefit of the Company under the following terms and conditions:

AGREEMENT

1. **Escrow Account.** The Escrow Agent agrees to accept funds received from the Investor and to hold them under the terms and conditions of this Agreement and the Memorandum; provided the Escrow Agent has received a properly executed Representation and Warranty Statement and this Agreement from the Investor. The Escrow Agent will only accept certified funds made payable to Bird, Cofield & Moise, LLC or funds wired into its account.

2. **Reliance.** The Escrow Agent may act in reliance upon any writing, instrument or signature by the Company which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statement or assertion contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with provisions hereof, has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner or execution, or validity of any written instruction delivered to it, the sufficiency of the title to the property to be conveyed nor as to the identity, authority or right of any person executing the same. The duties of the Escrow Agent shall be limited to the safekeeping of the funds received and disbursements of the funds, in accordance with this Agreement and the Memorandum. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. Upon the Escrow Agent disbursing the funds received from the Investor, in

accordance with the provisions of the Memorandum, this escrow shall terminate, and the Escrow Agent shall thereafter be released of all liability hereunder in connection therewith.

3. **Escrow Agent's Rights.** The Escrow Agent may consult with legal counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such legal counsel. In the event of a disagreement about the interpretation of this Agreement, or about the rights and obligations or the propriety of any action contemplated by Escrow Agent, the Escrow Agent may, at its sole discretion, file an action in interpleader to resolve said disagreement. Escrow Agent shall be indemnified by the Company and the Investor for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action.

4. **Escrow Agent's Resignation.** The Escrow Agent may resign at any time upon the giving of thirty days written notice to the Company. Within said thirty day period, the Company shall have the sole right to appoint a successor escrow agent which is an independent bank or trust company located in South Carolina upon notice to the Escrow Agent and each Investor. Thereupon, all funds must be transferred from the Escrow Agent to the successor escrow agent. If a successor escrow agent is not appointed by the Company within thirty days after notice of resignation, the Escrow Agent may petition any court of competent jurisdiction to name a successor escrow agent. The Escrow Agent shall be fully relieved of all liability under this Agreement to any and all parties, upon transfer of the funds held in escrow to the successor escrow agent either designated by the Company or appointed by the court.

5. **Release of Escrow Funds.** The Escrow Agent may only release to the Company the funds held in escrow upon the satisfaction of each of the following conditions:

5.1 The Company obtains title to the Property;

5.2 The Offering Proceeds equal or exceed Fourteen Million and No/100 Dollars (\$14,000,000.00); and

5.3 The Company executes and delivers the Charter Investor Note to the Investor.

6. **Miscellaneous Provisions.**

6.1 **Applicable Law.** This Agreement is to be performed in the State of South Carolina and shall be governed by and construed in accordance with the laws of the State of South Carolina. Any action brought to enforce or interpret this Agreement shall be brought in the court of appropriate jurisdiction in Beaufort County, South Carolina.

6.2 **Construction and Interpretation.** If any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion or agreement that a document should be

construed more strictly against the party who itself or through its agent prepared the same.

6.3 Counterparts. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same agreement. This Agreement shall not be effective until executed by all parties, but all parties need not execute the original or the same counterpart.

6.4 Entire Agreement. This Agreement, the Memorandum and its exhibits, and the Representation and Warranty Statement embody the entire agreement and understanding of the parties hereto relating to the subject matter hereof and supersedes all prior representations, agreements and understandings, oral or written, relating to such subject matter.

6.5 Attorney Representation. The Investor acknowledges that the law firm of Bird, Cofield & Moise, LLC prepared this Agreement on behalf and in the course of its representation of the Company and not the Investor. The Investor acknowledges that it has had the opportunity to seek legal counsel before execution of this Agreement.

The parties execute this Agreement effective as of the day and year first above written.

Escrow Agent:

Bird, Cofield & Moise, LLC

By: _____
Stephen S. Bird, Member

Company:

Hampton Lake, LLC
By Reed Development Group, Inc.

By: _____
John P. Reed, President

Investor: _____

**HAMPTON LAKE
PRIORITY SELECTION LIST**

Please mark order of priority.

Homesite Number	Homesite Number	Homesite Number	Homesite Number
111 _____	136 _____	161 _____	186 _____
112 _____	137 _____	162 _____	187 _____
113 _____	138 _____	163 _____	188 _____
114 _____	139 _____	164 _____	189 _____
115 _____	140 _____	165 _____	190 _____
116 _____	141 _____	166 _____	191 _____
117 _____	142 _____	167 _____	192 _____
118 _____	143 _____	168 _____	193 _____
119 _____	144 _____	169 _____	194 _____
120 _____	145 _____	170 _____	195 _____
121 _____	146 _____	171 _____	196 _____
122 _____	147 _____	172 _____	197 _____
123 _____	148 _____	173 _____	198 _____
124 _____	149 _____	174 _____	199 _____
125 _____	150 _____	175 _____	200 _____
126 _____	151 _____	176 _____	201 _____
127 _____	152 _____	177 _____	202 _____
128 _____	153 _____	178 _____	203 _____
129 _____	154 _____	179 _____	204 _____
130 _____	155 _____	180 _____	205 _____
131 _____	156 _____	181 _____	206 _____
132 _____	157 _____	182 _____	207 _____
133 _____	158 _____	183 _____	
134 _____	159 _____	184 _____	
135 _____	160 _____	185 _____	

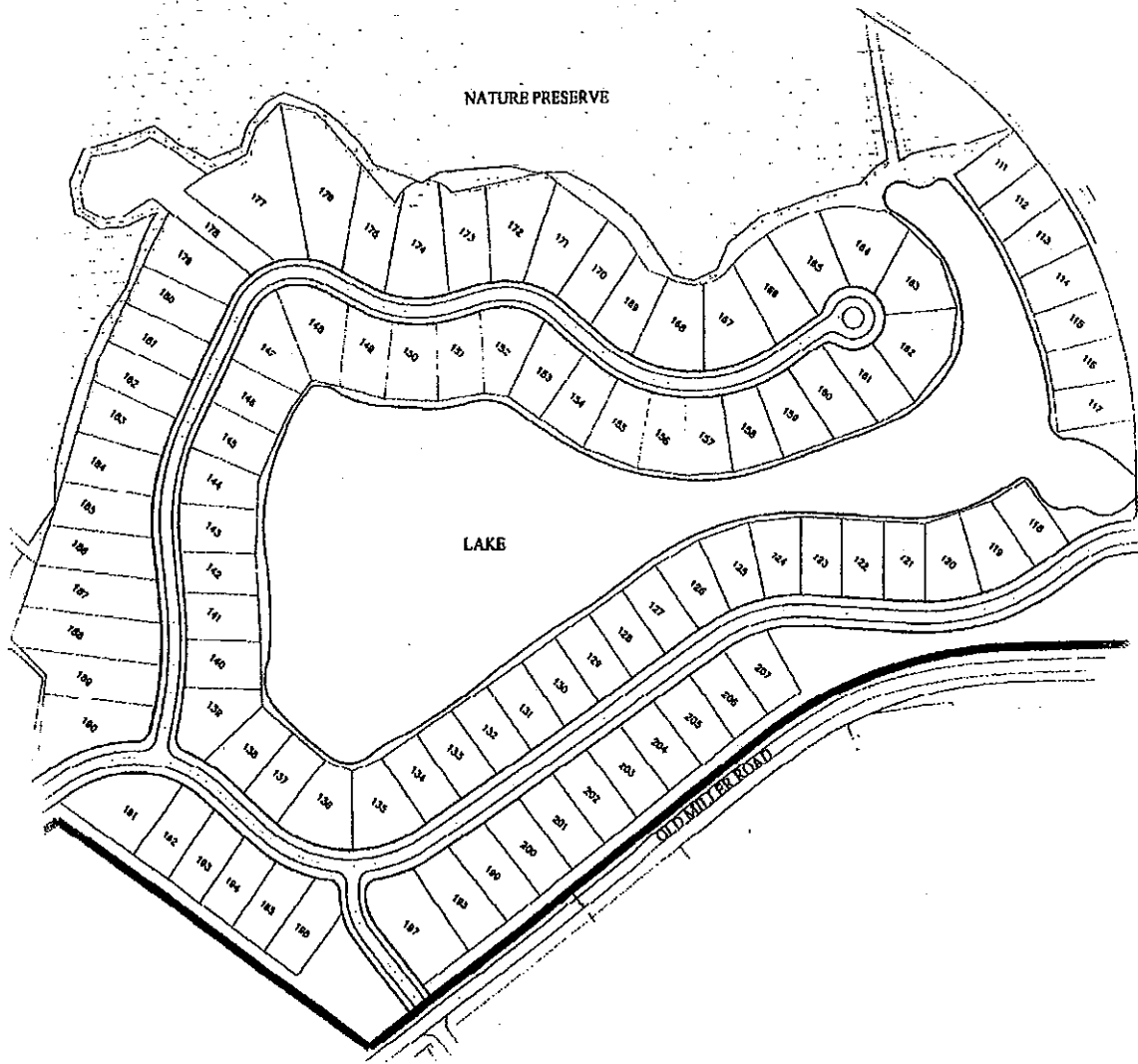
The Charter Investor certifies and represents that he completed this Priority Selection List and the Company may rely on this certification and representation. The Charter Investor shall indemnify and hold the Company, its representatives and agents harmless from any and all claims and damages arising from the Drawing.

Charter Investor

Date

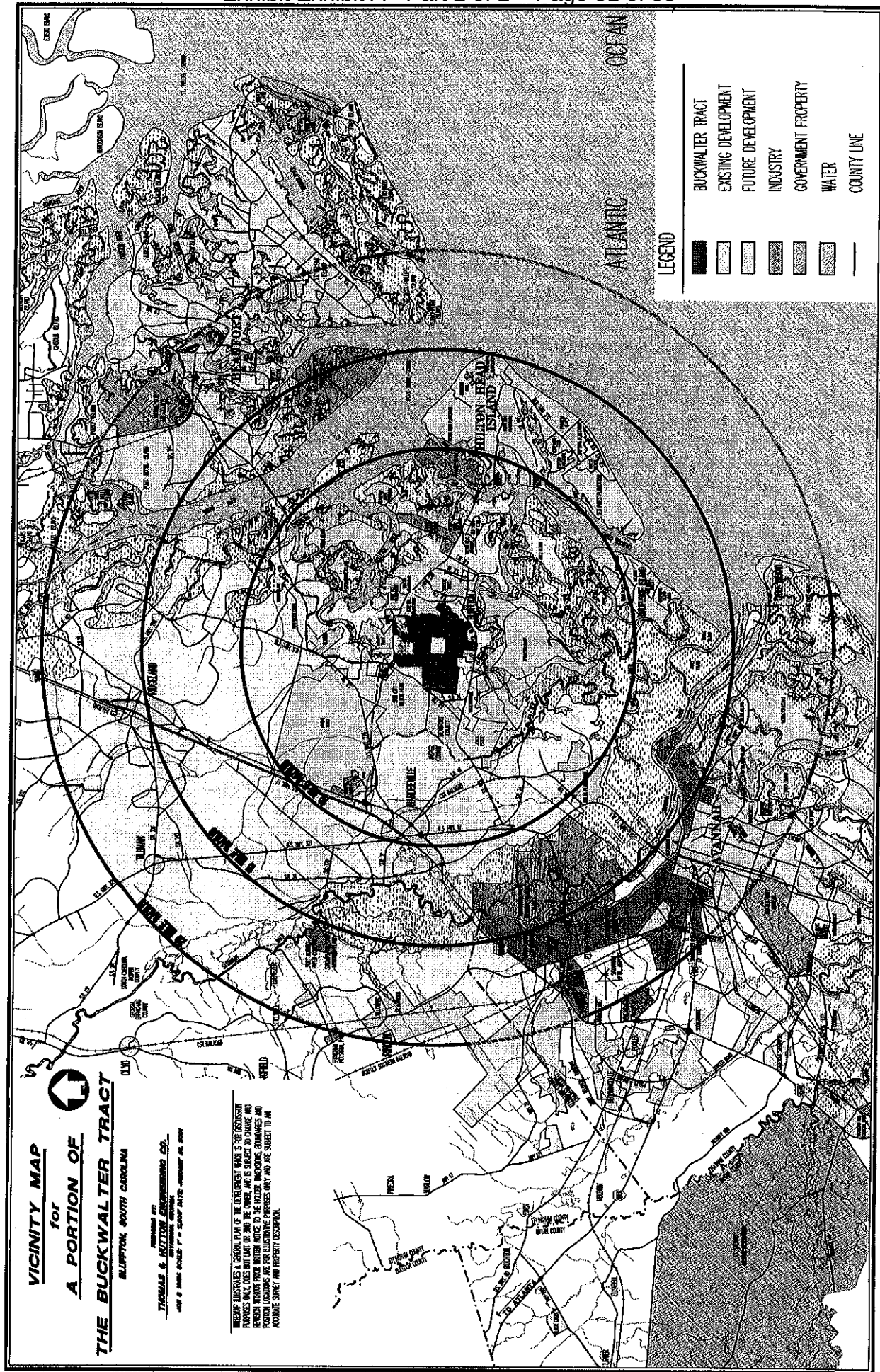
HAMPTON LAKE
PROPOSED TRACT 2 & 3
LOT LAYOUT
PLAN

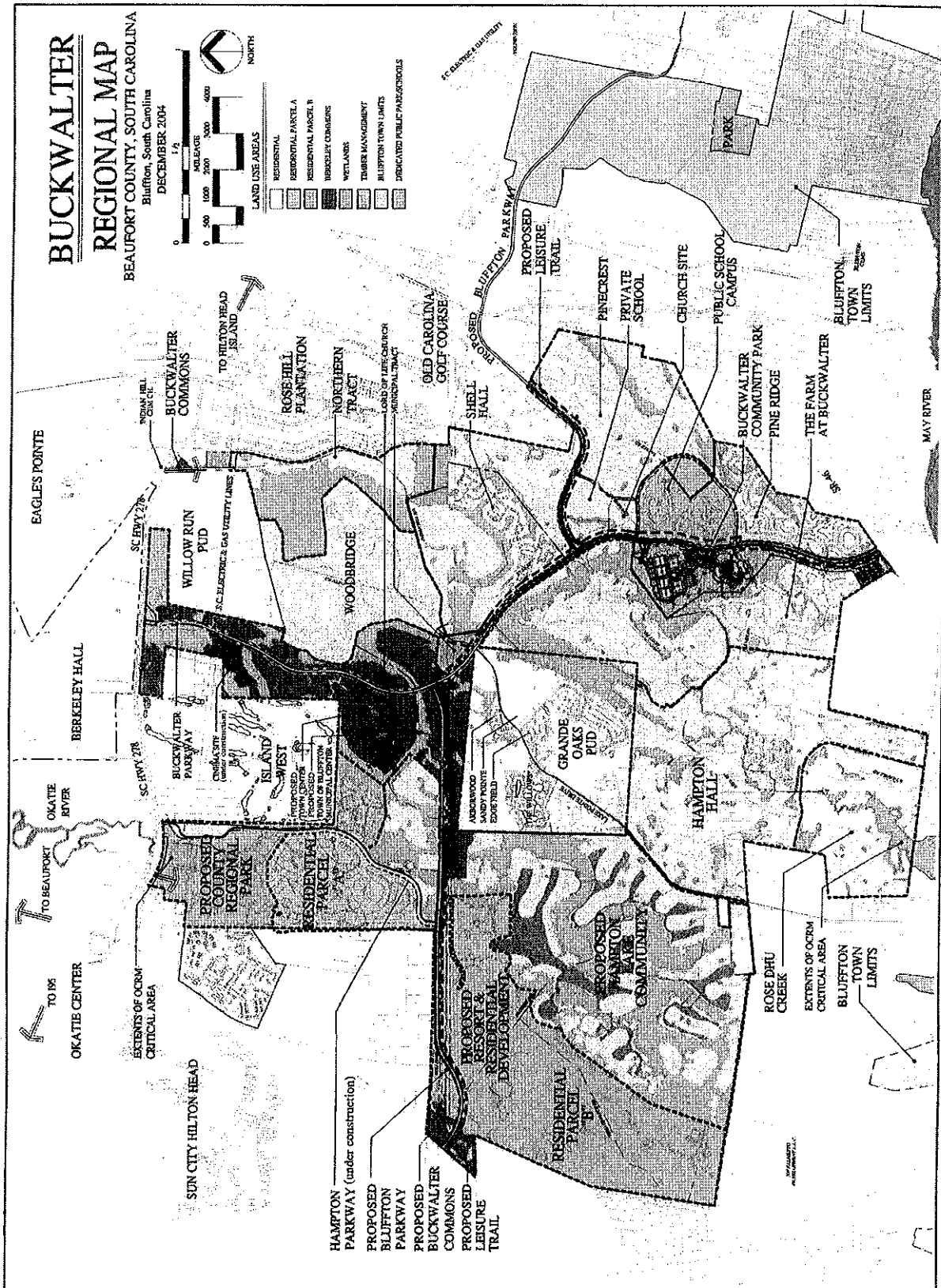
BEAUFORT COUNTY, SOUTH CAROLINA
SEPTEMBER 13, 2005



Wood+Partners Inc. WPi
Landscape Architects
Land Planners

CONCEPTUAL PLAN SUBJECT TO CHANGE



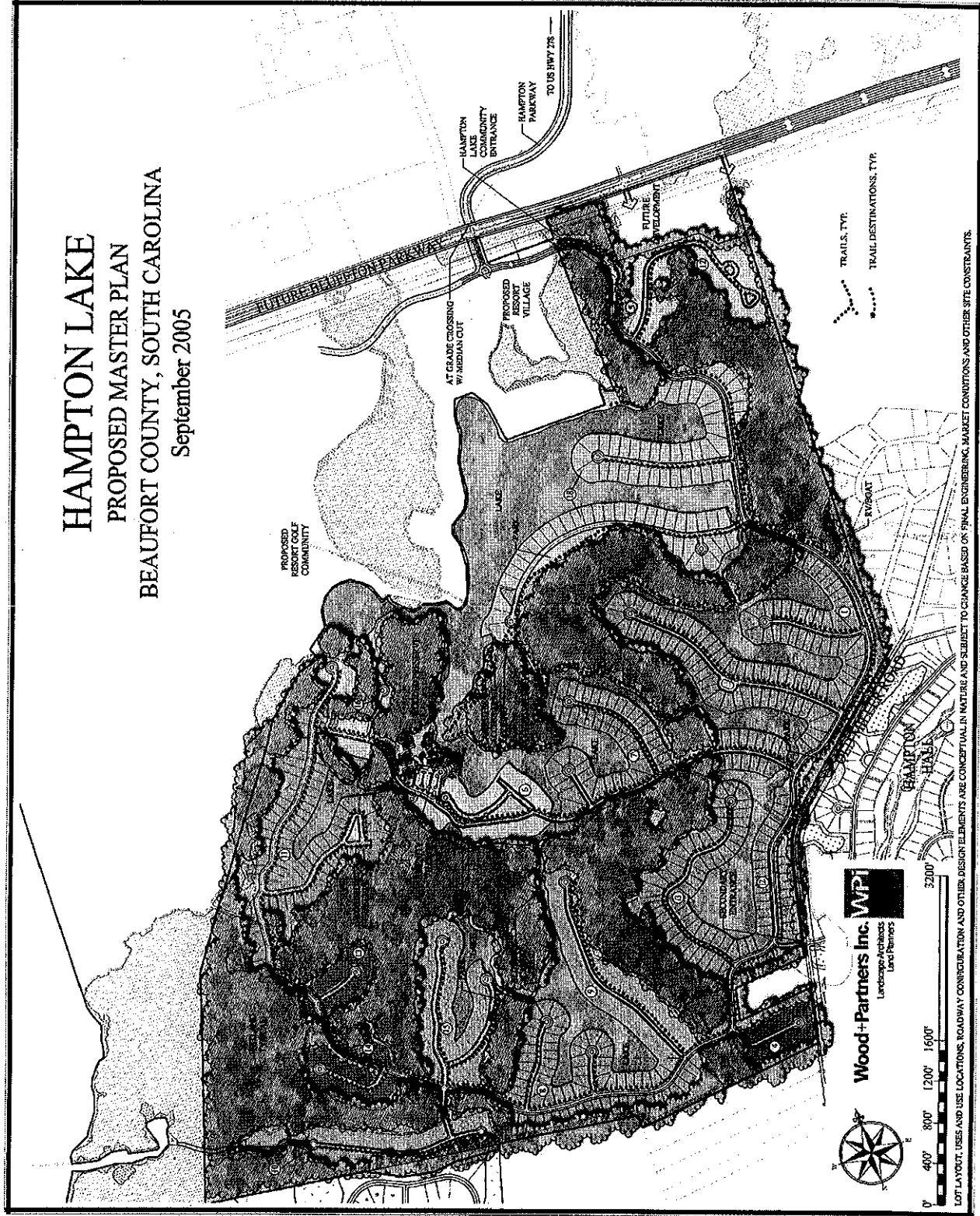


HAMPTON LAKE

PROPOSED MASTER PLAN

BEAUFORT COUNTY, SOUTH CAROLINA

September 2005



6-7-2011
8-13-11 6-14-11
9-10-11 12-12-11
4-12-12 10-11-12