

DISCLOSURES AND ACKNOWLEDGMENT

HIDDEN LAKE AT LOOKOUT MOUNTAIN

To Whom It May Concern:

The undersigned hereby certify that prior to entering a real estate sales contract for the purchase of a parcel of the Hidden Lake At Lookout Mountain subdivision from Hidden Lake At Lookout Mountain Ranch - CCC, L.L.C. (hereinafter "Developer"), the undersigned have read, reviewed and understood the following:

- _____ 1. Declaration of Protective and Restrictive Covenants of Hidden Lake At Lookout Mountain.
- _____ 2. Articles of Incorporation for Hidden Lake At Lookout Mountain Homeowners Association, Inc.
- _____ 3. Bylaws for Hidden Lake At Lookout Mountain Homeowners Association, Inc.
- _____ 4. Subdivision plat for Hidden Lake At Lookout Mountain, a subdivision.
- _____ 5. Soils mapping plat and final subdivision report from the Cherokee County Health Department for Hidden Lake At Lookout Mountain, a subdivision.

The undersigned further understand that by purchasing a lot in Hidden Lake At Lookout Mountain subdivision that they are purchasing the property with knowledge of and subject to the following:

a. Homeowners Association. The Buyer will become a member of the Hidden Lake At Lookout Mountain Homeowners Association, Inc. and will be obligated to pay assessments and charges to the Homeowners Association to maintain, operate and repair the private roads, common areas and/or for such other expenses and costs as determined by the Homeowners Association that are necessary and beneficial to the owners of the property and members of the Association. Even though Buyer will become a member of Hidden Lake At Lookout Mountain Homeowners Association, Inc., Buyer will not have voting rights and Developer will control the Residential Association until the earlier of (i) the Developer cancels the Class B membership of the Homeowners Association, or (ii) the Developer has sold or conveyed title to 90% of the lots of

the development. The members of Developer are James W. McDonald, Jr., Tina McDonald and Jamye B. McDonald.

b. Architectural Committee. That the Architectural and Landscape Control Committee of the Hidden Lake At Lookout Mountain Homeowners Association, Inc. has the sole authority to approve or deny any building plan, landscaping plan, plot plan, color schemes, alteration of boundary lines, type of mailbox, fencing and any other matter concerning the erection, type of materials, method of construction and location of improvements. The initial members of the Architectural and Landscape Control Committee are James W. McDonald, Jr., Tina McDonald and Jamye B. McDonald. The initial members of the Architectural and Landscape Control Committee shall serve in this capacity until the earlier of (i) the Developer cancels the Class B membership of the Homeowners Association, or (ii) the Developer has sold or conveyed title to 90% of the lots of the development.

c. Restrictive Covenants. The lots in the subdivision are burdened by restrictive covenants which limit a buyer's use and enjoyment of the land. For example, (i) only single family residences are allowed, (ii) all building plans must be approved by the Architectural and Landscape Control Committee, (iii) all owners are required to be members of the Homeowners Association and are obligated to pay assessments for the maintenance of the private roads, common areas and any other expense or cost as determined by the Homeowners Association, and (iv) various other restrictions that limit and restrict an owner's use of the property.

d. Subdivision Plat. In addition to the restrictive covenants, there are certain plat restrictions and information set forth in the subdivision plat for Hidden Lake At Lookout Mountain. These restrictions include such matters as easements for utilities, 20 foot lake walking path easement on Lots 21 thru 43 (lakeside lots), the location of common areas, roads and other matters.

e. Septic System/Soils Mapping Plat. There is no public sewer available to the property and there is not likely to be a public sewer available in the foreseeable future. It is the responsibility of each landowner to pay for and install an acceptable household sanitary sewer disposal system.

A first order soils mapping was performed on the property in lieu of percolation tests. The soils mapping plat reflects the result of a grid based sampling of the soil of the subdivision performed by M.T.E. and Associates, L.L.C., Civil Engineers, Land Planners and Environmental Consultants. The plat provides information as to the suitability of the soil for septic systems as may be required by the Cherokee County Health Department. As the plat is based only on a sampling, you will need to contact Todd Eubanks (256-492-9910) for preparation of a site plan and permit application with the Cherokee County Health Department. Depending on the type of soil, a parcel may require a shallow placement septic system, a conventional septic system or an engineered alternative on site sewage disposal system.

f. Gated Community/Restricted Access. Hidden Lake At Lookout Mountain subdivision is intended to be a gated community and a purchaser's use and access to his/her property, use of the common areas and use of the roads of the subdivision would be restricted and controlled by certain regulations and rules as may be adopted by the Homeowners Association. For instance, the Homeowners Association will establish the speed limit on the roads and direct access is not permitted from lots 1, 2, 44, 45, 46, 47, 48, 50, 51, 52, 58, 59 and 61 to Cherokee County Road 103 or Cloudland Road.

g. Walking Path. The Developer reserves a 20 foot wide easement adjacent to the lake for the installation and maintenance of a 5 foot wide common area lake walking path for the use and enjoyment of all members and owners on a "right to use" basis. The 20 foot easement shall be measured from the high water edge of the lake. Each lake lot owner shall have cooperative input with Developer as to location of the

walking path on their lot. The final location of the walking path shall be at the Developer's discretion. No motorized vehicles of any description shall be allowed on the walking path; save motorized chairs for physically challenged individuals. The legal right to this easement and all obligations of maintenance to the walking path will be turned over and deeded to the Hidden Lake At Look-out Mountain Homeowners Association, L.L.C. when title to all other common areas are deeded to the Association.

h. Additional Property. The subdivision plat depicts a portion of the property owned by Developer. It is anticipated that additional and adjacent property will be developed in the future. If so developed, the additional parcels and owners will be subject to Declaration of Protective and Restrictive Covenants and property owners will be required to become members of the Homeowners Association. If developed, the additional members are likely to cause additional stress and use on the common areas and roads, and may change the character of the subdivision. The additional owners and dwellings may not cause an immediate increase in the property values. Additional maintenance and improvements resulting from the assessments to additional property owners may not occur in the near future.

i. Access Roads. Access to the subdivision is by private road from Cherokee County Road 103 or Cloudland Road. At some point in the future, the roads will be conveyed by the Developer to the Homeowners Association. The Developer is responsible for the initial construction of the private road and there will be no additional cost to the parcel owner. The Developer completed the road construction in June, 2007. The roads were constructed complete with the appropriate tile or drains, chert for the road base and tar and gravel as the final surface material. The responsibility and cost of road maintenance after construction will be the responsibility of the parcel owners through the Homeowners Association.

j. Electricity. The Developer provided underground electrical service from Cherokee Electric Cooperative to junction boxes serving each parcel. Each lot owner, at his/her sole cost and expense, shall run underground electrical service from the junction box to their dwelling.

k. Water Supply. There is no public water supply available to the property and there is not likely to be a public water supply available in the foreseeable future. It will be the responsibility of each parcel owner at his/her cost to obtain and install an adequate household water supply for their property. This is traditionally done in the area by drilling a well and installing a pump. The feasibility of or the results of private water will depend on natural occurrences and the Developer assumes no responsibility therefore.

l. Telephone, Cable Television, Natural Gas, Etc. The developer provided underground telephone services from TDS Communication to Demark boxes serving each lot parcel. Currently, there is no cable television service or natural gas service to the subdivision. Until such time as there are such a number of dwellings constructed that makes the cost of extending service to the subdivision by the provider feasible, there is not likely to be such amenities.

m. Law Enforcement. This property does not lie within the city limits of any city or town and law enforcement services are provided only by the Sheriff of Cherokee County.

n. Fire Protection. Fire protection is available to this area from the Broomtown Volunteer Fire Department which is a volunteer fire department.

o. Emergency Medical Service. Emergency medical and ambulance service is available through Cherokee Emergency Medical Services.

The undersigned acknowledge that they have received a copy of this document together with Attachments 1 - 5. The undersigned further certify that they have read this document and the attachments and understand the contents of same prior to the execution of any contract

obligating the undersigned to purchase property in Hidden Lake At Look-out Mountain subdivision development.

Witness:
