

THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas

The Honorable Clifton Newman, Circuit Court Judge

Appellate Case No.: 2013-001843
(Trial Court Case No.: 2011-CP-23-6376)

RECEIVED

NOV 06 2014

SC Court of Appeals

Kevin McCarthy and Courtney R. McCarthy Appellants,

v.

The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South;
Keowee Falls Investment Group, LLC; Cliffs Real Estate, Inc.; The
Cliffs Golf and Country Club, Inc.; and S&ME, Inc. Defendants,

Of Whom

S&ME, Inc. is Respondent.

SUPPLEMENTAL RECORD ON APPEAL

Thomas E. Dudley, III
Townes B. Johnson, III
KENISON, DUDLEY & CRAWFORD, LLC
704 East McBee Avenue
Greenville, SC 29601
(864) 242-4899
Attorneys for Appellants

Stephanie H. Burton
Gibbes Burton, LLC
308 East Saint John Street
Spartanburg, SC 29302
(864) 327-5000
Attorney for Respondent

INDEX

ORDER:

Verdict Form and Form 4 (Order) for Harrell Case filed on February 17, 2014 1

PLEADINGS:

Complaint of (Jack and Tina) Harrell with Exhibits filed on August 8, 2011 5

Complaint of McCollum Business, LLC filed on January 4, 2013 185

OTHER:

Certificate of Counsel 201

STATE OF SOUTH CAROLINA
CLERK OF COURT
GREENVILLE CO. S.C.
COUNTY OF GREENVILLE
FILED
JUL 17 2011
JUL 17 2011

IN THE COURT OF COMMON PLEAS

CASE NO. 2011-CP-23-5300

Jack R. Harrell, Jr. and Tina W. Harrell

Plaintiffs,

v.

Keowee Falls Investment Group, LLC,
and S&ME, Inc.,

Defendants.

VERDICT

1. As to the Plaintiffs Jack R. Harrell and Tina W. Harrell's claim for negligent misrepresentation against Defendant Keowee Falls Investment Group, LLC, we, the Jury, unanimously find as follows:

If you find for the Plaintiffs, mark YES.

If you find for the Defendant, mark NO.

____ YES: If you answer yes, **GO TO QUESTION 3.**

X NO: If you answer no, **STOP AND DELIBERATE NO FURTHER AS TO DEFENDANT KEOWEE FALLS INVESTMENT GROUP, LLC.**

2. As to Plaintiffs Jack R. Harrell and Tina W. Harrell's claim for professional negligence against Defendant S&ME, Inc., we, the Jury, unanimously find as follows:

If you find for the Plaintiffs, mark YES.

If you find for the Defendant, mark NO.

____ YES: If you answer yes, **GO TO QUESTION 3.**

X NO: If you answer no, **STOP AND DELIBERATE NO FURTHER AS TO DEFENDANT S&ME, INC.**

If you find in favor of both Keowee Falls and S&ME, proceed no further. The foreperson should then sign the Verdict Form below and notify the bailiff that you have reached a unanimous verdict.

3. If you decide in favor of the Plaintiffs against one or both of the Defendants, please answer the following:

We, the jury, find that Plaintiffs incurred actual damages in the amount of _____ (\$ _____) Dollars as a result of acts committed by one or both Defendants.

4. We, the jury, find that: (Check one of the options below.)

_____ Plaintiffs were not negligent and did not contribute to or cause the actual damages they suffered.

_____ Plaintiffs were themselves negligent and contributed to or caused the actual damages they suffered.

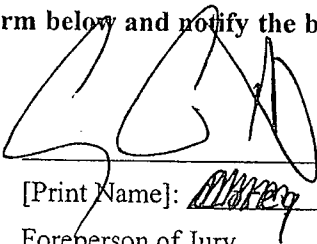
5. If you find that Plaintiffs were themselves negligent and contributed to or caused the actual damages they suffered, please answer the following:

We, the jury, allocate fault between Plaintiffs and Defendant(s) as follows (The % allocated to Plaintiffs and that allocated to Defendant(s) must equal 100%.):

- Plaintiffs were _____ (____%) percent at fault

- Defendant(s) were _____ (____%) percent at fault

The foreperson should now sign the Verdict Form below and notify the bailiff that the jury has reached a unanimous verdict.

[Print Name]:  Samuel Corey Gault
Foreperson of Jury

February 14, 2014

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2011CP2305300

Jack R Harrell Jr

Tina W Harrell

Keowee Falls Investment
Group LLC
S&ME Inc

Cliffs Communities ~~LLC~~
Inc

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered. ☐ See Page 2 for additional information.
- ☐ ACTION DISMISSED (CHECK REASON): ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol Nonsuit);
☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ ACTION STRICKEN (CHECK REASON): ☐ Rule 40(j) SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE
CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

ORDER INFORMATION

This order ☐ ends ☐ does not end the case.

Additional Information for the Clerk: _____

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge

2127
Judge Code

2/3/2014

Date



For Clerk of Court Office Use Only



This judgment was entered on , and a copy mailed first class or placed in the appropriate attorney's box on , to attorneys of record or to parties (when appearing pro se) as follows:

Violet Elizabeth Wright Covington Patrick Hagins Stern &
Lewis P.O. Box 2343 Greenville, SC 29602
T. S. Stern Jr. Covington Patrick Hagins Stern & Lewis P.O.
Box 2343 Greenville, SC 29602

Stephanie Holmes Burton Gibbes Burton, LLC 308 East
Saint John Street Spartanburg, SC 29302
Elizabeth McDaniel McMillan McAngus Goudelock &
Courie, L.L.C. PO Box 2980 Greenville, SC 29602
David R Price Jr David R. Price, Jr., P.A. P.O. Box 2446
Greenville, SC 29602-2446
Phillip E. Reeves Gallivan, White & Boyd, P.A. P.O. Box
10589 Greenville, SC 29603
Nicholas Andrew Farr Gallivan, White & Boyd, P.A. P.O.
Box 10589 Greenville, SC 29603

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Judge Clifton Newman
Court Reporter Susan Hudgins

Paul B. Wickensimer Greenville County Clerk Of
Court - Clerk of Court

ADDITIONAL INFORMATION REGARDING DECISION BY THE COURT AS REFERENCED ON PAGE 1.

This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF GREENVILLE - 8 PM 2:49

Civil Action Number: 2011-CP-23-5300

Jack R. Harrell, Jr. and
Tina W. Harrell,

Plaintiffs,

v.

Keowee Falls Investment
Group, LLC, The Cliffs
Communities, LLC, and S&ME, Inc.)

Defendants.

COMPLAINT

Plaintiffs, Jack R. Harrell, Jr. and Tina W. Harrell, ("Plaintiffs") complaining of the Defendants, Keowee Falls Investment Group, LLC, The Cliffs Communities, LLC, and S&ME, Inc., ("Defendants") would respectfully show the Court as follows:

PARTIES AND JURISDICTION

1. Plaintiffs are citizens and residents of Lakeland, Florida and are the owners of Lot 31, Jasmine Point, Salem, South Carolina, which is the subject property of this action.
2. Defendant Keowee Falls Investment Group, LLC is a South Carolina limited liability corporation with its principal place of business located in Greenville County, South Carolina.
3. Defendant The Cliffs Community, LLC is a South Carolina limited liability corporation with its principal place of business located in Greenville County, South Carolina.
4. Defendant S&ME, Inc. is a North Carolina corporation doing business in South Carolina and maintaining a place of business in Greenville, South Carolina.
5. This Court has jurisdiction over the parties and subject matter in this action.

6. Venue is proper in this Court.

FACTS

7. On September 8, 2008, Plaintiffs closed on the real estate sale and purchase agreement for Lot 31, Jasmine Point, The Cliffs, which was purchased from Defendant The Cliffs, a subsidiary of Defendant Keowee Falls Investment Group, LLC. (Ex. A, Real Estate Purchasing Agreement).
8. The contract for the purchase of Lot 31 incorporated and made reference to the HUD report of March 29, 2007 in which mention is made of specific lots requiring "special construction", but no mention is made of Lot 31 requiring "special construction." (Ex. B, March 29, 2007 HUD report).
9. The contract for the purchase of Lot 31 included and made reference to the July 18, 2005 and the June 3, 2008 reports of Defendant SM&E. In the July 18, 2005 report Defendant SM&E recommended undercut and replacement or the installation of rammed aggregate piers as means to stabilize the soil at Lot 31. The June 3, 2008 report stated that a representative of Defendant SM&E observed representatives of Defendant The Cliffs perform the undercut and replacement on Lot 31. (Ex. C, July 18, 2005 report of S&ME, Inc.) and (Ex. D, June 3, 2008 report of S&ME, Inc.).
10. On August 2009 Plaintiffs began constructing their home on Lot 31. The basement and under- deck slabs were poured in September-October, 2009. The residence was substantially complete and an occupancy permit issued in July 8, 2010.
11. In December 2009 Plaintiffs noticed that the under- deck slab had pulled laterally away from the rear building wall and a section of the central part of the basement floor slab at the rear wall appeared to settle and crack.

12. In its report dated March 5, 2010, Defendant S&ME stated that the damage on the Plaintiffs' lot could have been caused by the burst water main, but also stated it did not have a good explanation as to how the water moved. The report also noted erosion on the cul-de-sac, but attributed this to rainwater. (Ex. E, March 5, 2010 report of S&ME, Inc.).
13. In a letter dated January 10, 2011, Plaintiffs informed Defendant The Cliffs and Defendant Keowee Falls Investment Group of the damage done to their home and submitted invoices for payment. (Ex. F, January 10, 2011 letter from Timothy E. Kiley, Esq. to Lucas Anthony).
14. On October 25, 2010 Defendant The Cliffs received a report from Bunnell-Lammons Engineering, Inc. concerning the results of testing by inclinometers placed on Jasmine Point. In the report, Bunnell-Lammons stated that in its opinion there was active, deep-seated slope failure occurring on the site. (Ex. G, October 25, 2010 report of Bunnell-Lammons Engineering).
15. In its report to Defendant The Cliffs dated April 11, 2011, Bunnell-Lammons Engineering, Inc. stated that the active, deep-seated slope failure would continue unless provisions to stabilize the slope are performed. (Ex. H, April 11, 2011 report of Bunnell-Lammons Engineering, Inc.). Upon information and belief there are no means to accomplish and ensure stabilization of the slope.
16. Due to the shear failure of the lot, Plaintiffs' home has been rendered worthless.

FOR A FIRST CAUSE OF ACTION

(Breach of Contract as to Defendants Keowee Falls Investment Group and The Cliffs)

17. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.

18. Plaintiff and Defendants Keowee Falls Investment Group and The Cliffs entered into a binding contract July 18, 2008. (See Ex. A).
19. Section 9.3 of the contract states that “except as otherwise provided herein, Purchaser is purchasing and Seller is selling the lot in an “AS-IS” condition.
20. Section 9.14 of the contract states that “this agreement and all the terms and conditions hereof will survive the Closing of the transaction contemplated hereby and will thereafter continue to bind the parties to this Agreement.”
21. The contract incorporated the HUD Report dated March 29, 2007, which on page 24 of the report stated that certain lots in the High Ridge section and the Keowee Towne section may contain conditions that could necessitate the use of special construction techniques. No mention is made of any of the lots on Jasmine Point, the location of the subject property of this action. (See Ex. B).
22. The contract incorporated the July 18, 2005 report of Defendant S&ME, which recommended that construction incorporate either undercut and replacement or the installation of rammed aggregate piers. (See Ex. C).
23. The contract also incorporated the June 3, 2008 report of Defendant S&ME, which reported on the undercut and replacement being performed by Defendant The Cliffs. (See Ex. D).
24. Plaintiffs fully performed all conditions on their part and tendered payment to Defendants Keowee Falls Investment Group and The Cliffs for the purchase of Lot 31, Jasmine Point, which was represented and warranted in the contract as suitable for building.
25. Defendants Keowee Falls Investment Group and The Cliffs breached the contract by selling Plaintiffs a lot that was not suitable for building.

26. Plaintiffs' lot and home are now worthless due to the slope failure, which renders the lot completely unsuitable for building.
27. Plaintiffs are entitled to actual and consequential damages as a result of Defendants' breach, including without limitation interest and the cost of relocation.

FOR A SECOND CAUSE OF ACTION
(Implied Covenant of Good Faith and Fair Dealing)
(As to Defendants Keowee Falls Investment Group and The Cliffs)

28. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.
29. There exists in every contract an implied covenant of good faith and fair dealing. Parker v. Byrd, 309 S.C. 189, 193-94, 420 S.E.2d 850, 853 (1992).
30. Plaintiffs displayed good faith by fully performing all conditions on their part and by tendering the purchase price for Lot 31 as set out in the contract.
31. Defendants breached the covenant by selling Plaintiffs a lot that was not suitable for building or for habitation.
32. Plaintiffs are entitled to actual damages as a result of Defendants' breach.

FOR A THIRD CAUSE OF ACTION
(Negligence)
(As to Defendant S&ME)

33. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.
34. Defendant S&ME in its report of May 15, 2009 prepared for Plaintiffs' builders in which Defendant recommended fill placement and compaction. Defendant completely missed the slope failure which has completely compromised Lot 31 and made it unsuitable for building or for habitation. (Ex. I, May 15, 2009 report of S&ME, Inc.).

35. In compliance with S.C. Code Ann. 15-26-100, *et. seq.* Plaintiff is filing as a part of this Complaint an affidavit based on the available evidence at the time of the filing of the affidavit. This affidavit, executed by Carroll L. Crowther, P.E. is attached as Exhibit J. (Ex. J, Affidavit of Carroll Crowther).
36. Defendant had duties of care to Plaintiffs to perform an inspection of the premises consistent with the standards of care in the field of geotechnical engineering, to recommend proper testing and to accurately report subsurface conditions which would affect the suitability of the site for the construction of a residence.
37. Defendant breached its duties in one or more of the following particulars:
- a. By failing to perform an adequate inspection of the site;
 - b. By failing to properly test the site;
 - c. By failing to recognize conditions at the site indicative of a slope failure;
 - d. By recommending test procedures insufficient to determine the existence of a slope failure;
 - e. By failing to employ agents and representatives with the degree of skill and care required to provide competent geotechnical services;
- Which acts of negligence proximately caused Plaintiffs' damages as alleged herein.
38. Plaintiffs relied on Defendant's report in the construction of their home on Lot 31 and built their home on the lot following the specifications of Defendant's report.
39. Due to the slope failure which Defendant negligently failed to detect, Plaintiff's home and lot are now worthless.
40. Plaintiffs are entitled to actual damages as a result of Defendant's negligence.

FOR A FOURTH CAUSE OF ACTION

(Negligence)

(As to Defendants Keowee Falls Investment Group and The Cliffs)

41. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.
42. Defendants had duties of care to Plaintiffs to investigate the conditions of Lot 31 and to advise Plaintiffs of any special construction techniques needed in order to build on the lot.
43. Defendants breached their duties of care in one or more of the following particulars:
 - a. By failing to investigate the condition of Lot 31;
 - b. By preparing an inaccurate HUD report that failed to warn Plaintiffs that special construction techniques would be required on Lot 31;
 - c. By incorporating into the contract the S&ME reports of July 18, 2005 and June 3, 2008 which provided Plaintiffs with inaccurate, misleading and conflicting information concerning the conditions of Lot 31;
 - d. By representing to Plaintiffs that Lot 31 was suitable for development and habitation;Which acts of negligence proximately caused Plaintiffs' damages as alleged herein.
44. Plaintiffs, relying on Defendants' representations in the March 29, 2007 HUD report and in the S&ME reports incorporated into the Real Estate Purchasing Agreement, built their home on Lot 31, Jasmine Point.
45. Due to the slope failure which Defendants negligently failed to detect, the Plaintiffs' home and lot are now worthless due to the condition of the lot.
46. Plaintiffs are entitled to actual damages.

FOR A FIFTH CAUSE OF ACTION

(Negligence *per se*)

(As to Defendants Keowee Falls Investment Group and The Cliffs)

47. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.

48. Defendants had duties of care under S.C. Code Ann. § 27-50-10 *et.seq.* to disclose all characteristics and conditions of Lot 31 and to provide truthful and complete information concerning the characteristics and conditions of the lot.

49. Defendants breached their duties in one or more of the following particulars:

- a. By failing to disclose the shear slope failure of Lot 31;
- b. By failing to disclose in the March 29, 2007 HUD report that Lot 31 called for special construction techniques;

Which acts of negligence proximately caused Plaintiffs' damages as alleged herein.

50. S.C. Code Ann. § 27-50-10 *et.seq.* has the essential purpose to protect buyers of real estate from purchasing real estate with defects and hidden conditions.

51. Plaintiffs, as buyers of Lot 31, are a member of the class protected by the above-referenced statute.

52. Therefore, due to Defendants' violation of S.C. Code Ann. § 27-50-10 *et.seq.*, Plaintiffs are entitled to actual damages, court costs and attorney's fees.

FOR A FIFTH CAUSE OF ACTION

(Negligent Misrepresentation)

(As to Defendants Keowee Falls Investment Group and The Cliffs)

53. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.

54. Defendants made the following false representations to Plaintiffs:

- a. By representing Lot 31 did not require special construction techniques as set forth for other lots in the March 29, 2007 HUD report
- b. By representing in the July 18, 2005 and June 3, 2008 S&ME reports incorporated into the contract that Lot 31 could be built upon using rammed aggregate piers or undercut and replacement;

Said representations were relied upon by Plaintiffs who suffered a pecuniary loss when they built a residence on Lot 31, which has now become worthless.

55. Defendants had a pecuniary interest to sell Lot 31 to Plaintiffs, who would not have bought the lot had they known it was not suitable for building or for habitation.

56. As sellers, Defendants had a duty of care to see that truthful information was communicated to Plaintiffs.

57. Defendants breached that duty as set forth in Complaint paragraph 54.

58. Plaintiffs justifiably relied upon Defendants' representation because Defendants were in a position to be familiar with the lots in the Jasmine Point area.

59. Plaintiffs have suffered a pecuniary loss in that the lot is now worthless because it is unsuitable for building or for habitation.

60. Plaintiffs are entitled to actual damages.

FOR A SIXTH CAUSE OF ACTION
(Negligent Misrepresentation)
(As to Defendant S&ME)

61. Plaintiffs herein incorporate by reference all prior and subsequent allegations consistent herewith.

62. Defendant had a duty of care to make truthful representations to Plaintiffs.

63. Defendant breached this duty of care in its May 15, 2009 report to Plaintiffs (Ex. J) when it represented the following:

- a. By recommending the foundations of the residential structure be designed as spread footings;
- b. By recommending the undercut of the existing fill;
- c. By proofrolling the exposed subgrade;
- d. By recommending the use of fill placement and compaction;
- e. And by representing that Lot 31 was suitable for the construction of a residence;

Said representation being a breach of Defendant's duty to Plaintiffs, who relied upon the representations in the construction of their residence and who have suffered a pecuniary loss because the residence is now worthless.

64. Defendant had been hired by Plaintiffs' builder to evaluate the lot for construction purposes and so had a pecuniary interest to make representations to Plaintiffs.

65. Plaintiffs and their builder relied upon Defendant's report and expertise and built the residence on Lot 31 according to Defendant's recommendations.

66. Plaintiffs suffered a pecuniary loss in that the residence built on Lot 31 in reliance on Defendant's recommendations is now worthless.

67. Plaintiffs are entitled to actual damages.

WHEREFORE: Plaintiffs pray for relief as follows:

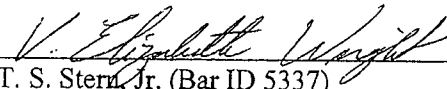
- A. Actual damages;
- B. Consequential damages;
- C. Court costs;
- D. Attorney's fees; and

E. For such further relief as this Court may offer.

RESPECTFULLY SUBMITTED.

COVINGTON, PATRICK, HAGINS, STERN

& LEWIS, P.A.



T. S. Stern, Jr. (Bar ID 5337)
V. Elizabeth Wright (Bar ID 76029)
211 Pettigru Street
Greenville, SC 29601
(864) 242-9000
sstern@covpatlaw.com
bwright@covpatlaw.com

Greenville, South Carolina

August 8, 2011

EXHIBIT A

THE CLIFFS COMMUNITIES
REAL ESTATE SALE AND PURCHASE AGREEMENT

THIS REAL ESTATE SALE AND PURCHASE AGREEMENT (the "Agreement") made by and between the below-named seller (the "Seller") identified on the Seller's signature page below (the "Seller"), whose mailing address is as set forth on page 6, and the below-named purchaser (the "Purchaser") identified on the Purchaser's signature page below.

Part I.
Identifications

- A. **The Lot and What is Included in Price.** The property to be purchased (the "Lot") is located in Section Jasmine Cove, Lot 31, Cliffs at Keowee Falls South

The Lot is listed for sale for \$ 1,600,000.00

The purchase of the Lot does not include a membership in the Golf and Country Club (the "Club"), which is reserved solely to its members in accordance with the use rights conferred by the Club Membership Plan for the categories and classifications of membership offered. Seller does not operate the Club. The Club is operated by The Cliffs Golf & Country Club, Inc. Seller will, however, discount the list price of the Lot by the below "Discount" if Purchaser agrees to acquire a membership, and Purchaser will pay that amount at Closing toward a membership.

Check one of the following:



☒ If checked and initialed, Purchaser wishes to acquire a membership in the Club, either a Cliffs Family Membership or a Cliffs Golf Membership, and wishes to receive the property discount to the right (the "Discount"), and apply it toward the required membership deposit, and has attached hereto a signed Club Membership Addendum. While Purchaser is guaranteed the availability of a Club membership under the Membership Plan only if Purchaser acquires one within 30 days following Purchaser's Closing, Purchaser will receive the Discount only if the membership is acquired at the Closing. If this paragraph is checked and initialed, the Purchase Price in Paragraph B below is net of the Discount. Discount: \$ 25,000.00



(Initial)

If checked and initialed, Purchaser does not wish to acquire a membership in the Club at this time. Purchaser understands that membership is subject to availability at the time Purchaser may wish to acquire one, and is not guaranteed. Purchaser will NOT receive any discount off the listed price of the Lot because Purchaser elects not to receive a membership.

- B. **Payment of Purchase Price.** The "Purchase Price" is calculated and payable as follows:

Total Discounted Purchase Price: \$ 1,575,000.00

- (i) ☒ **Discount Applied to Membership Deposit.** If checked and initialed, Purchaser has checked the first box in A above and wishes to acquire Full Family Membership privileges, paying at the Closing: \$ 50,000.00
- (ii) ☒ **Golf Membership, Initiation Deposit Add-on.** If checked and initialed, Purchaser has checked the first box in A above and wishes to upgrade to a Golf Membership by paying at the Closing an additional sum of: \$ 100,000.00
- (iii) **SUB-TOTAL, Purchase Price of Lot plus Membership Deposit Due at Closing** \$ 1,725,000.00
- (iv) **Initial Earnest Money Deposit.** An Earnest Money Deposit paid to Escrow Agent herewith \$ 160,000.00
- (v) **Additional Deposit Due.** An additional Earnest Money Deposit due Escrow Agent within 0 days of the Effective Date hereof. \$ 0.00
- (vi) **Balance at Closing.** The balance required at Closing in cash or certified funds (not including all of Purchaser's closing costs, prepaids, and escrow deposits) \$ 1,565,000.00

- C. **Escrow Agent.** The "Escrow Agent" is Olson, Smith, Jordan & Cox, Attorneys at Law, whose address is set forth in Section 9.4 of Part II below; and all deposits to Escrow Agent should be made payable to Olson, Smith, Jordan & Cox Escrow Account.

Part II.
Terms and Conditions

For and in consideration of the Purchase Price set forth in Part I hereof and the mutual promises contained in this Agreement, Purchaser agrees to buy and Seller agrees to sell the Lot, conditioned upon there having not been a sale to a third party prior to the receipt of this Agreement by Seller, properly executed by Purchaser, together with the Earnest Money Deposit as provided in Part I, and execution hereof by Seller.

1. **The Purchase Price.** Purchaser will pay the Purchase Price of the Lot set forth in Paragraph B of Part I of this Agreement.

1.1 **Earnest Money Deposit.** The Escrow Agent will receive the Earnest Money Deposit set forth in Paragraph B of Part I, and will deposit said sums in its non-interest bearing escrow account, to be held by the Escrow Agent as the Earnest Money Deposit to be disbursed in accordance with this Part II. In the event of a termination of this Agreement under this Part II, except in the event of Purchaser's default (in which event the Earnest Money Deposit will be paid over to Seller as herein provided), all of the Earnest Money Deposit will be refunded to Purchaser without interest.

1.2 **Payments at Closing.** The Purchase Price, together with all of Purchaser's Closing costs, prepaids, and Closing escrow deposits, less the sum of Purchaser's Earnest Money Deposit, will be paid by Purchaser in cash or by certified, collected funds at the Closing hereinafter referred to.

2. **Financing**

2.1 **No Financing Contingency.** Purchaser acknowledges that this Agreement is not contingent upon Purchaser obtaining financing for the purchase of the Property. Seller makes no representations as to the availability or terms of financing, and the duties of Purchaser and Seller hereunder are not contingent upon Purchaser obtaining financing, or obtaining financing with any specific terms or conditions.

2.2 **Purchaser's Responsibility.** Purchaser is responsible for obtaining desired financing for the purchase of the Lot. By suggesting a source of financing and/or providing the application for such financing, Seller will not be deemed to have assumed any responsibility for obtaining such financing for Purchaser or to represent or warrant that such financing will be available to Purchaser. Purchaser represents that Purchaser has the financial means to purchase the Lot. Purchaser shall fully cooperate with Seller in procuring any evidence Seller reasonably requests that Purchaser has the financial means to pay the balance of the Purchase Price. Purchaser hereby gives Seller or Seller's designated agent permission to obtain one or more credit reports on Purchaser prior to the Closing Date. If Purchaser elects to obtain financing for the purchase of the Lot, Purchaser shall promptly apply for such financing and promptly deliver a loan commitment from an institutional lender to Seller. If Purchaser is not financing the purchase of the Lot, Purchaser shall promptly deliver account verifications to Seller upon Seller's request. If Seller determines, at any time prior to the Closing Date, in Seller's sole but reasonable discretion, that it is unlikely that Purchaser will be able to pay the balance of the Purchase Price on the Closing Date, Seller may terminate this transaction, and the Earnest Money Deposit shall be returned to Purchaser.

3. **Completion of Infrastructure Improvements**

3.1 **Completion of Infrastructure.** Seller agrees to provide roads and water service, and public utilities will provide electrical service and telephone service at no cost to Purchaser, as outlined in our Department of Housing and Urban Development ("HUD") Property Report made effective March 29, 2007, which is incorporated herein and made a part hereof by this reference. In all events, Seller agrees that Seller will complete the water and road infrastructure to Purchaser's Lot within the periods of time set forth in the Property Report, or, (a), in the case of water supply installation, on or before issuance of a certificate of occupancy for Purchaser's residence; and (b), in the case of paved roads to Purchaser's Lot, within sixty (60) days following Purchaser's notice to Seller that Purchaser has received a final certificate of occupancy for Purchaser's residence, whichever respective date occurs first. Seller will, at Seller's sole cost

and expense, provide on-site water for construction of Purchaser's residence if water service is not then available at Purchaser's Lot. Seller's obligation to complete the roads, water service, and electrical and telephone services within the time provided in the HUD Property Report is subject only to circumstances beyond Seller's control, such as acts of God, strikes, material shortages and other occurrences which are sufficient to constitute impossibility of performance under South Carolina law. In the event of such occurrences, Seller will proceed to completion within a reasonable time after the abatement of the event causing delay. In case the survey by which Seller will convey the Lot to Purchaser required bonding pursuant to Oconee County ordinance, Seller has posted a cash or surety bond or an irrevocable letter of credit issued on Seller's behalf to Oconee County, South Carolina, guaranteeing the completion of those roads and other infrastructure requiring bonding. If the approval of the survey by which Seller will convey the Lot to Purchaser did not require bonding by Oconee County ordinance, Seller has established one or more completion escrow accounts to assure completion of the water service and roads to the lots shown on that survey. Seller reserves the right to furnish Purchaser temporary easements for ingress and egress during development, and upon completion of permanent roads or rights-of-way providing ingress and egress, the temporary easements will automatically expire.

(a) **Installation of Infrastructure to Boundary of Lot.** With respect to completion of installation of roads and water service, as well as the installation of electrical and telephone services, Seller covenants these utilities and improvements will be brought to the boundary of Purchaser's Lot, not within the Lot lines to Purchaser's home. Therefore, all costs to connect such utilities or improvements to Purchaser's home will be Purchaser's sole obligation, and the electric utility company charges a set-up fee in conjunction with setting utility meters.

(b) **Septic System.** Purchaser will be responsible for installing and maintaining a septic tank system on the Lot when a dwelling is built on it. Purchaser will be required to make all arrangements for the permitting, governmental approval and installation of a septic tank system. In the event the Lot has not been previously tested and approved by the South Carolina Department of Health and Environmental Control for the installation of an individual sewage disposal system, and if Seller is then not able to resolve the issue within sixty (60) days following notice thereof, Seller will refund to Purchaser the Purchase Price and Purchaser will convey the Lot back to Seller, and thereafter, each of Seller and Purchaser will be fully released from any further liability to the other.

(c) **Purchaser's Periodic Utility Charges and Costs.** Purchaser acknowledges that by owning the Lot Purchaser will be liable for the periodic assessment and service charges levied by public authorities and utilities. Purchaser specifically acknowledges that water service is provided by public utility, and that by owning the Lot, the Purchaser is liable to the service provider for the payment of tap fees and user fees for water service, in amounts applicable at the time of payment, which are subject to change.

3.2 Completion of Other Infrastructure; Conveyance or Turnover to a Property Owners' Association. In addition to the infrastructure we are obligated to complete, as provided in Section 3.1 above, Seller agrees to complete construction and installation of approximately 25 miles of roads, including an overpass, constructed to governmentally-approved standards; drainage systems; water system storage tanks and water delivery booster stations, as well as pipes leading to Purchaser's Lot; and main electrical power feeds to the project, which will allow those public utilities serving Purchaser's Lot to extend service to the Lot; and manned and unmanned gate houses accessing the project; and approximately 10 miles of hiking and nature trails. The utility facilities will be turned over to the applicable utility company upon completion of construction and issuance of operating permits therefore, if any, and the constructed roads, drainage systems, gates and gatehouses, and hiking and nature trails described in this Section 3.1(c) will be conveyed or turned over to the Keowee Falls South Owners' Association on or before the expiration of two years from completion of construction, as set forth in the Declaration of Covenants, Conditions and Restrictions for the Cliffs at Keowee Falls South; provided, however, the obligation for maintenance, repair and replacement of the Common Areas will become the responsibility of the Keowee Falls South Owners' Association and its Members the date all required certificates or permits of occupancy or use are issued therefore, or the date such improvements may be used in the manner and for the purposes for which they are constructed, whichever is earlier

4. Recorded Covenants.

4.1 The Declaration of Covenants & Property Owners' Association. The Lot will be conveyed subject to the Declaration of Covenants, Conditions and Restrictions for the Cliffs at Keowee Falls South recorded in the Office of register of Deeds for Oconee County, as the same may be amended from time to time (herein, sometimes referred to as the "Declaration"), which includes the obligation that Purchaser pay regular and special assessments when levied for the

common facilities and services of the Keowee Falls South Owners' Association (herein, sometimes referred to as the "Association") commencing with the date Seller conveys title to the Lot. Purchaser hereby acknowledges having received a copy of the Declaration, with appended Bylaws of the Association.

4.2 Architectural Review. Purchaser hereby acknowledges that any improvement to the Lot, including landscape improvements, will be subject to the architectural guidelines established, from time to time, pursuant to the Declaration, and the prior written approval thereof by the architectural review committee established thereunder. Purchaser and Purchaser's builder will be solely responsible for the completion of construction of all improvements on the Lot and for proper drainage during and after house construction, as well as the published fee payable to architectural review committee for review and approval, prior to construction, of all construction and design plans with respect to any improvements to be placed on Purchaser's Lot. Purchaser will be responsible for paying a fee to the Architectural Review Committee for review and approval, prior to construction, of all construction and design plans with respect to any improvements to be placed on the Lot. Either Purchaser or Purchaser's contractor will also be responsible for posting a bond prior to commencing construction.

4.3 Size of Residence. Purchaser also acknowledges that the Declaration requires minimum square footages for residences constructed within Keowee Falls South based upon the area in which Purchaser's Lot is located. See Declaration and applicable amendments, if any, with respect to the application of such minimums.

5. The Golf & Country Club. Purchaser acknowledges the plan of development for the various Cliffs communities includes the Club's operation of various commercial, private golf and country club facilities. Purchaser further acknowledges that the Club's recreational facilities are operated by The Cliffs Golf & Country Club, Inc., a related third party of Seller, as a commercial business, and not as a non-profit enterprise, that Purchaser will have a license to use the facilities as herein described if Purchaser acquires a membership to do so, and that neither Purchaser nor any property owner association of which Purchaser may be a member has or will receive any ownership interest in the Club's facilities by virtue of Purchaser's acquisition of the Lot or membership in any such property owner association. The Club may, but will not be required to, add additional recreational facilities in the future. The Club operates and offers membership opportunities pursuant to a published Membership Plan, which the Club may supplement, amend, delete and change in its sole discretion at any time. If Purchaser wishes to become a member, Purchaser should take the time to read the Membership Plan prior to acquiring a membership. Purchaser acknowledges receiving a summary of The Cliffs Club membership opportunities. Such information is summary only, and Purchaser should refer to the Membership Plan for the actual terms and condition applicable to membership in the Club.

6. Closing. The sale and purchase contemplated by this Agreement will be closed by delivery to Purchaser of a properly executed and acknowledged general warranty deed, in proper, recordable form, in exchange for payment to Seller of the Purchase Price as hereinabove provided. Notwithstanding any provisions herein to the contrary, the legal description for Purchaser's Lot will be in accordance with and based upon the approved, bonded plat for the subdivision of which the Lot is a part (the "Plat").

6.1 Deed to Lot. The general warranty deed will convey to Purchaser a good and marketable or insurable (at regular rates), fee simple title to the Lot subject to matters of record, including, but not limited to, taxes and assessments not yet due, all special easements, restrictions and conditions shown and noted on the Plat, licenses and easements for utilities serving the property, the Declaration and the Bylaws of the Association, applicable ordinances and all other easements, rights-of-way, restrictive or utility easements, restrictions, covenants, affirmative obligations and conditions of record in the office of Register of Deeds.

If a title insurance company which is a member of the American Land Title Association will issue a binder to issue an owner's title insurance policy at Purchaser's expense, insuring the title to the Lot at regular rates in an amount equal to the Purchase Price (which owner's title insurance policy will have as exceptions only standard exceptions and those exceptions as are herein agreed and set forth), Seller will be deemed to be able to convey a marketable title in fee simple. If, at the Closing, Seller cannot deliver a general warranty deed to the Lot subject to the exceptions above, Seller will have the right to extend the Closing for an additional thirty (30) days to comply with the terms of the title policy.

6.2 Closing Date and Time. Closing will be conducted in the manner provided hereinafter, on the "Closing Date" set forth on Purchaser's signature page below, at the location set forth in Section 6.3 and at a time selected by Seller.

Provided that Seller has fulfilled all of its obligations to Purchaser pursuant to this Agreement, Purchaser's failure or refusal to close at the time, place and date provided may, at Seller's option, be deemed a default by Purchaser.

6.3 **Closing Location.** Tender of the deed by Seller and the performance of Seller's requirements will be made at the Closing location designated by Seller on or before 10 days prior to the scheduled Closing. In no event will delivery of the deed exceed one hundred eighty (180) days from the date of Purchaser's execution of this Agreement. The Closing may take place in escrow, with Purchaser participating by making all deliveries required to be made by mail to the Closing attorney prior to the Closing date, instead of in person; provided that all funds to be received from Purchaser on the Closing date, whether in person or by mail, must be in cash or certified, collected funds.

6.4 **Closing Costs.** Seller will pay for the preparation of the deed and the deed transfer fee required to record the deed, and Seller's attorney's fees. Purchaser shall pay for any and all other Closing costs, including but not limited to, loan service and origination fees, credit report and underwriting fees, appraisal expenses, recording fees, prepaid items, and title insurance premiums, and Purchaser's attorney's fees. A working capital contribution equal to two-months' Association assessments shall be paid to the Association, as provided in the Declaration.

(a) **Prorations at Closing.** Taxes and the Association's assessments will be prorated between Seller and Purchaser as of the date of closing, based upon information then available. Seller and Purchaser agree to adjust any such prorations following the Closing, as may be required by receipt of final bills therefor.

7. **Defaults.**

7.1 **Default by Purchaser.** In the event Purchaser defaults in the performance of any of Purchaser's obligations pursuant to this Agreement and Seller is not in default, Seller will have the right to specifically enforce this Agreement according to its terms and/or to pursue any and all other remedies available to Seller at law or in equity, or Seller will, at Seller's election, be released from any further obligations to Purchaser pursuant to this Agreement and in such event will be entitled to retain the Earnest Money Deposit (but not exceeding 10% of the Purchase Price) as agreed liquidated damages, it being the intention and agreement of Seller and Purchaser that the amount of such Earnest Money Deposit will act as a fair measure of compensation for actual damages incurred by Seller as a result of Purchaser's default. However, notwithstanding the provisions of this Section 7.1, Seller expressly agrees that Seller will give Purchaser written notification of Purchaser's default or breach of contract and the opportunity to correct the default or breach within twenty (20) days following the receipt of Seller's notice.

7.2 **Default by Seller.** If Seller defaults in the performance of any of Seller's obligations as set forth in this Agreement and such default is not cured within twenty (20) days after written notice of default is given to Purchaser by Seller, Purchaser's sole remedy will be to rescind this Agreement and receive the immediate return of Purchaser's Earnest Money Deposit, pay Purchaser's reasonable attorney's fees for any title examination by Purchaser's attorney and for such other reasonable closing expenses which Seller agrees, in its sole discretion, to pay; provided, however, that in the event of a non-material breach of any term or condition of this Agreement, Purchaser's remedies will not include termination of this Agreement.

8. **Real Estate Commission.** It is understood that Seller has by separate agreement appointed Cliffs Real Estate, Inc. as the exclusive real estate agent for sales of Lots within Cliffs at Keowee Falls South. Purchaser warrants and represents that, except as set forth to the contrary on the signature page of Purchaser, Purchaser has not dealt with any other real estate agent who may be entitled to claim a real estate commission in this transaction.

9. **Miscellaneous.**

9.1 **Seller's Reserved Easements; Construction Setbacks.** Purchaser acknowledges that Seller reserves the right to grant and/or reserve, in its reasonable discretion, various easements for ingress and egress, maintenance and use on and over the Lot and the remainder of the Cliffs at Keowee Falls South development. No such easement will materially reduce the value or the usefulness of Purchaser's Lot. Furthermore, Purchaser's Lot is subject to front, rear and side lot line easements shown on the Plat and/or set forth in the Declaration, which also constitute construction setback limits.

9.2 **Seller's Adjacent Development.** Except as otherwise provided herein and notwithstanding any statements contained in this Agreement or otherwise to the contrary, Seller does not warrant in any manner whatsoever the

development of any other properties which are owned by Seller in Pickens County or Oconee County, South Carolina, whether or not in the general vicinity of Purchaser's Lot, and Seller reserves the right to develop such properties, if developed, in any manner whatsoever without interference from any subsequent grantee of the Purchaser's Lot, notwithstanding any plans, renderings or drawings which may have been brought to the Purchaser's attention through public zoning hearings, documents filed for zoning purposes, public or private showings or proposed or preliminary development plans or references therein in any recorded covenants. There is no assurance that any facilities or amenities shown for planning or proposed development purposes will ever be constructed, except only those which Seller herein covenants to complete or which are disclosed to be completed in the HUD Property Report for the Lot.

9.3 **As-is Condition.** Except as otherwise provided herein, Purchaser is purchasing and Seller is selling the Lot in an "AS IS" condition.

9.4 **Notices.** Any and all notices or other communication provided for in this Agreement will be given in writing and delivered by personal delivery or by registered or certified mail, first class postage prepaid, or by facsimile transmission. Any notice mailed in accordance with this Section 9.4 will be deemed received upon actual receipt thereof or after the expiration of five (5) days, whichever is earlier. Notice sent by facsimile transmission will be deemed received on the date of its transmission, provided transmission occurs prior to 5:00 p.m., Eastern Time, and the sender retains proof of its transmittal and receipt without error. Notice will be addressed as follows:

If to Seller: Keowee Falls Investment Group, LLC
3598 Highway 11
Travelers Rest, SC 29690
Attention: Marty Ritsch
FAX: 864-371-1542

If to the Escrow Agent: Olson, Smith, Jordan & Cox
PO Box 1633
Clemson, South Carolina 29633
Attention: Chris Olson, Esq.
FAX: 864-654-3696

Notices, if to Purchaser: As set forth on Purchaser's signature page of this Agreement

The notice requirements of this Section 9.4 do not apply to the Purchaser's right to cancel this Agreement as provided on page 8 below and in accordance with the Interstate Land Sales Full Disclosure Act.

9.5 **Purchaser's Acknowledgment Concerning Representations.** Purchaser understands that any sales associate or other person representing Seller in this transaction does not have the authority to make any statements in conflict with or in addition to the information contained in this Agreement, and any other documents received from Seller, including without limitation, any representation made regarding the resale of Purchaser's Lot or its rental or investment potential, and that Seller, for itself and in behalf of any such agent, specifically disclaims any responsibility for such statements. Further, if any such statements were made, Purchaser acknowledges that by execution of this Agreement, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated in this Agreement.

9.6 **Documents Received By Purchaser.** Purchaser further acknowledges having received and reviewed prior to the execution of this Agreement the following:

- (a) Copy of the Declaration, as supplemented and amended to the date hereof, together with appended By-Laws of the Association.
- (b) Copy of Plat.
- (c) Design and Construction Guidelines.

(d) The checked documents or instruments listed on the Purchaser's signature page below.

9.7 **Time is of the essence.** It is expressly understood and agreed that **TIME IS OF THE ESSENCE** as to all obligations hereunder, including the Purchaser obligation to obtain a mortgage commitment and provide the Lender with all information requested if Purchaser is acquiring financing, even though such financing is not a contingency hereof.

9.8 **Entire Agreement.** Seller and Purchaser covenant and agree with each other that this written instrument, executed in duplicate originals, expresses the entire agreement between them and there is no other agreement, oral or otherwise, varying or modifying the terms of this Agreement.

9.9 **Modification of Agreement.** This Agreement may not be otherwise changed or modified, absent some subsequent written instrument executed by both Seller and Purchaser.

9.10 **Interpretation Presumption.** Seller and Purchaser represent and warrant to one another that each has, by counsel or otherwise, actively participated in the finalization of this Agreement, and in the event of a dispute concerning the interpretation of this Agreement, each hereby waives the doctrine that an ambiguity should be interpreted against the party which has drafted the document.

9.11 **Binding Effect; Assignment.** This Agreement is binding upon the parties' respective heirs, devisees, personal representatives, successors and assigns; provided however, this Agreement and any of Purchaser's rights hereunder may not be assigned by Purchaser.

9.12 **Resale Or Exchange Of Property.** Seller has no program or provision for the sale or exchange of any Lots in the Cliffs at Keowee Falls South. There is no program, which assures that Purchaser will be able to exchange the Lot for other property.

9.13 **Unenforceable Provisions.** Should any provision of this Agreement be void or become unenforceable at law or in equity, the remaining provisions will remain in full force and effect and will not in any manner be thereby affected or impaired.

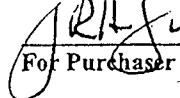
9.14 **Survival.** This Agreement and all the terms and conditions hereof will survive the Closing of the transaction contemplated hereby and will thereafter continue to bind the parties to this Agreement.

9.15 **Counterpart Execution of Agreement.** This Agreement may be signed by each of the parties upon a separate copy, and in such case one counterpart of this Agreement will consist of enough of such copies to reflect the signature of each. For purposes of this Agreement, a telecopy of an executed counterpart will constitute an original. Any person delivering an executed counterpart of this Agreement by telecopy will also deliver an original, executed counterpart of this Agreement, but the failure to deliver an original, executed counterpart will not affect the validity of this Agreement. This Agreement may also be executed in two or more counterparts, each of which will be deemed an original; but for purposes of proving the Agreement, it will not be necessary to produce or account for more than one such counterpart.

9.16 **Effective Date.** This Agreement will become effective, and the term "Effective Date" herein will mean, the last date executed by a party to be bound hereby.

9.17 **Receipt of Agency Disclosure.** RECEIPT AND EXPLANATION OF THE AGENCY DISCLOSURE FORM IS HEREBY ACKNOWLEDGED BY PURCHASER'S INITIALS BELOW THIS SECTION AND BY PURCHASER'S EXECUTION OF THIS AGREEMENT.

PURCHASER'S INITIALS HERE TO EVIDENCE HAVING RECEIVED THE AGENCY DISCLOSURE FORM
REFERENCED ABOVE


For Purchaser

(BALANCE OF PAGE PURPOSELY BLANK)

Additional Documents Received By Purchaser. Pursuant to Section 9.6, the Purchaser acknowledges having received and reviewed prior to the execution of this Agreement the following (if none, leave blank):

☒	HUD, CCR's, Plat Map
☒	Golf membership addendum, membership finance addendum
☒	Club Credit addendum
☒	Engineering statement

PURCHASER'S INITIAL HERE TO EVIDENCE HAVING RECEIVED THE DOCUMENTS LISTED ABOVE

JRH Jr
For Purchaser

YOU HAVE THE OPTION TO CANCEL YOUR CONTRACT OR AGREEMENT OF SALE BY NOTICE TO THE SELLER UNTIL MIDNIGHT OF THE SEVENTH DAY AFTER YOU HAVE RECEIVED A FULLY SIGNED COPY OF THE CONTRACT OR AGREEMENT.

IF YOU DID NOT RECEIVE A PROPERTY REPORT PREPARED PURSUANT TO THE RULES AND REGULATIONS OF THE OFFICE OF INTERSTATE LAND SALES REGISTRATION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ADVANCE OF YOUR SIGNING THE CONTRACT OR AGREEMENT, THE CONTRACT OR AGREEMENT OF SALE MAY BE CANCELLED AT YOUR OPTION FOR TWO YEARS FROM THE DATE OF SIGNING.

IN WITNESS WHEREOF, Purchaser and the Seller have each caused this instrument to be executed on the day and year set forth below their respective names.

WITNESS:

[Signature]

Purchaser:

JRH Jr
(Signature)

(Signature)
07 18 08
Month Day Year

The "Closing Date" is: September 18, 2008

Print or Type:

Name: Jack Harrell
Name: Tina Harrell
Address: 1645 Hollingsworth Creek
Lakeland, FL
33803

Telephone (Work): (863) 602-0631
Telephone (Home): (863) 682-2370
FAX Number: _____
E-mail Address: jarrelljr@harrells.com

Name in Which to Title Property. TBD

(Insert the name or names to which Purchaser wishes title to the Lot to be deeded)

Name of Real Estate Agent(s): Ross Kester

(Insert the name or names of both the Cliffs Real Estate agent representing Seller and any outside agent representing Purchaser)

(BALANCE OF PAGE PURPOSELY BLANK)

Seller:

Keowee Falls Investment Group, LLC

By: Marty Petach

Its: TREASURER

7

Month

23

Day

08

Year

Property: Section: Jasmine Cove, Lot 31

Lot Purchase

Price: \$ 1,575,000.00

Membership: \$ 150,000.00

Total: \$ 1,725,000.00

(BALANCE OF PAGE PURPOSELY BLANK)



Club Membership Addendum

THIS CLUB MEMBERSHIP ADDENDUM executed simultaneously herewith is executed by and between The Cliffs Golf & Country Club, Inc. in behalf of The Cliffs Club (the "Club") and the below identified "Seller" (the "Seller") and below identified "Purchaser" (the "Purchaser") of the below identified single-family property (the "Property") in the Cliffs community also identified below (the "Community"), and is an amendment of and addition to that certain Real Estate Sale and Purchase Agreement (the "Agreement") between the Seller and Purchaser.

Purchaser: Jack Harrell Community: Cliffs at Keowee Falls South
Tina Harrell Section: Jasmine Cove

Agreement Date: _____ Property #: 31

Property List Price \$ 1,600,000.00

"Discount": (\$ 25,000.00)

Discounted Purchase Price \$ 1,575,000.00

☒ **Family Membership Privileges, Initiation Deposit.**

If checked, Purchaser will apply at Closing the amount of the **Discount** given for Cliffs Family Membership privileges, and pay the total required deposit of:

\$ 50,000.00

☒ **Golf Membership, Initiation Deposit.**

If checked, Purchaser wishes to upgrade immediately to a Cliffs Golf Membership by paying at the Closing the add-on deposit of:

\$ 100,000.00

Total Membership Deposit To Be Paid at Closing: \$ 150,000.00

1. **Purchase Price Discounted for Membership.** The Club and Seller have, by special arrangements, agreed that if Purchaser wishes to acquire a membership, Seller will discount the price of the Property by the **Discount** set forth above and in the Agreement. Purchaser wishes to receive the **Discount** and acquire a membership, electing a membership as below provided for either a Cliffs Golf Membership, or a Cliffs Family Membership, and agreeing to pay to the Club at the closing with Seller the required membership deposit. See the membership check boxes below and Paragraph 2 regarding membership privileges in the Clubs' facilities. In the event Purchaser fails to enter into this Club Membership Addendum, thereby declining to acquire a membership, no purchase price discount will be given in the sales transaction between Purchaser and Seller.

(a) **5-Year Vesting in Full Refundability.** The Club's Membership Plan provides that upon resignation from the Club, a resigned member is normally entitled to receive 100% of the initiation deposit paid to the Club. However, because Seller is agreeing to discount the price of the Property, then the **Discount** that Purchaser will apply to the membership shall only be refunded to the Purchaser-member upon a resignation occurring more than five (5) years following the Property closing with Seller, or upon a resale closing within the five (5) -year vesting period only if the resale buyer acquires a Club Membership and pays the initiation deposit then required. Any initiation deposit paid by

Purchaser in excess of the **Discount** so applied to the Property will be fully refunded as provided in the Club's Membership Plan and without regard to any vesting period; but, the **Discount** applied to the Membership will only be refunded during the vesting period if the resale buyer acquires a Membership of equal or higher category of Membership privileges, and all refundable amounts will be paid solely in accordance with, and within the period required under, the Membership Plan.



Box #1. **PURCHASER ELECTS TO RECEIVE A CLIFFS FAMILY MEMBERSHIP.** THE DEPOSIT FOR A CLIFFS FAMILY MEMBERSHIP IS SHOWN OPPOSITE THE FIRST CHECKBOX ABOVE. By checking this box and initialing below, Purchaser acknowledges that Purchaser has read Paragraph 1 below. Purchaser hereby understands that a Cliffs Family Membership will not be issued and activated until the Club has received from the Purchaser the required deposit for the membership. The **Discount** received by Purchaser at the Property closing will be applied to a Cliffs Family Membership. This represents Purchaser's election to receive a Family Membership, which Purchaser must acquire to receive the **Discount** off the Property's price. The Purchaser must deliver the "Total Membership Deposit To Be Paid at Closing" stated above and complete the Club's required forms for a Cliffs Family Membership not later than the Purchaser's Property closing with Seller. If the Club does not receive such funding on or before the closing, the Purchaser will not receive the **Discount** from Seller at the Property closing, and will pay as the Purchase Price for the Property the full Property List Price set forth above, and Purchaser will pay the full deposit required if Purchaser elects after closing to acquire a Family Membership and one is made available by the Club. Purchaser will have no guarantee that a Cliffs Family Membership will be available to Purchaser in the future. Purchaser further understands that a Cliffs Family Membership is subject to availability and that there is no guarantee that a Cliffs Family Membership will be available if Purchaser delays membership acquisition and later wishes to acquire a membership.

For Purchaser



Box #2. **PURCHASER ELECTS TO ACQUIRE A CLIFFS GOLF MEMBERSHIP.** THE DEPOSIT FOR A CLIFFS GOLF MEMBERSHIP IS THE SUM OF THE AMOUNTS SHOWN OPPOSITE BOTH THE FIRST CHECKBOX AND THE SECOND CHECKBOX ABOVE. By checking this box and initialing below, Purchaser acknowledges that Purchaser has read Paragraph 1 below. Purchaser hereby understands that a Cliffs Golf Membership will not be issued and activated until the Club has received from the Purchaser the required deposit for the membership. This represents Purchaser's election to receive a Golf Membership. The Purchaser must deliver the "Total Membership Deposit To Be Paid at Closing" stated above and complete the Club's required forms for a Cliffs Golf Membership not later than the Purchaser's Property closing with Seller. If the Club does not receive such funding on or before the closing, the Purchaser will not receive the **Discount** from Seller at the Property closing, and will pay as the Purchase Price for the Property the full Property List Price set forth above, and Purchaser will have no guarantee that a Cliffs Golf Membership will be available to Purchaser in the future. Pursuant to the membership Plan, the Purchaser may acquire a Golf Membership within 30 days of the property's Closing for the full amount of the deposit, but if Purchaser elects to do so, Purchaser will have forgone the Seller's **Discount** at the Property's closing. Purchaser should remember that when Purchaser goes to sell the Property, the resale Purchaser is only guaranteed the ability to get a Cliffs Golf Membership if the Purchaser has one to resign back to the Club (and receive a refund of the initiation deposit) so the Club can immediately re-issue it to Purchaser's resale buyer at the resale closing (subject to Purchaser's resale buyer completing an application and paying the required membership deposit at the resale closing).



For Purchaser

2. **The Golf & Country Club.** Purchaser hereby acknowledges the plan of development for the Cliffs Community above identified includes, or may include, the operation of a commercial, private golf and country club facility within or in proximity to the boundaries of the Community. Purchaser further acknowledges that the Club's recreational facilities are owned by a related third party and operated by or in concert with its affiliate, The Cliffs Golf & Country Club, Inc., as a commercial business, and not as a non-profit enterprise, that Purchaser will have a license to use the facilities as herein described if Purchaser acquires a membership to do so, and that neither Purchaser nor any property owners' association of which Purchaser may be a member has or will receive any ownership interest in the Club's facilities by virtue of

Purchaser's acquisition of the Property or membership in any such property owners' association. The Club may, but will not be required to, add additional recreational facilities in the future. The Club operates and offers membership opportunities pursuant to a published Membership Plan, which the Club may supplement, amend, delete and change in its sole discretion at any time. If Purchaser wishes to become a member, Purchaser should take the time to read the Membership Plan prior to acquiring a membership.

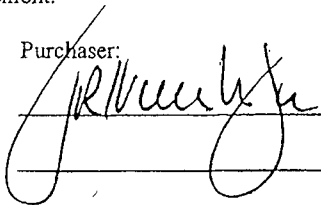
(a) **Golf Membership.** The ability to acquire permanent golf privileges is reserved to those who elect to acquire a Cliffs Golf Membership. Acquisition of a Cliffs Golf Membership is subject to availability at the time Purchaser may wish to acquire one, but Purchaser is guaranteed the availability of a Cliffs Golf Membership if the Purchaser's application and the required deposit are received within thirty (30) days following the Property Closing. If the Purchaser wants its resale buyer of the Property in a resale transaction to be guaranteed the ability to acquire a Cliffs Golf Membership, following the Purchaser's membership resignation and the Club's re-issuance of the resigned membership to its resale buyer at the resale closing pursuant to the requirements of the Club's Membership Plan, the Purchaser must acquire the Cliffs Golf Membership. **Please note however, because Purchaser is receiving the Discount off the list price of the Property, which must be applied toward the membership initiation deposit, Purchaser must acquire the Cliffs Golf Membership on or before the Property closing and may not wait the 30 days otherwise applicable.** The "Total Membership Deposit To Be Paid at Closing" stated above (which includes the Property Discount) is due on or before the Property Closing. A Golf Membership is subject to availability at all times as determined by the Club. If Purchaser has elected to receive a Cliffs Golf Membership by checking Box #2 on page 2, then upon Purchaser making application and funding the required deposit on or before the Closing, Purchaser will be issued a Cliffs Golf Membership in the Club. Purchaser's monthly membership dues will commence with the issuance of the membership, and the monthly dues may change from time to time at the Club's sole discretion. The privileges of membership in the Club are dependent upon the facilities available and the rules and regulations adopted for their use, as the Club may modify the same from time to time.

(b) **Cliffs Family Membership.** If Purchaser has elected to receive a Cliffs Family Membership by checking Box #1 on page 2 of this Club Membership Addendum executed simultaneously herewith, then upon making application and funding the required deposit at the Purchaser's Property closing with Seller, Purchaser will be issued a Cliffs Family Membership in the Club. Monthly membership dues will commence with the issuance of the membership to Purchaser, and the monthly dues may change from time to time at the Club's sole discretion. The privileges of membership in the Club are dependent upon the facilities available and the rules and regulations adopted for their use, as the Club may modify the same from time to time. **Please note however, because Purchaser is receiving the Discount off the list price of the Property, which must be applied toward the membership initiation deposit, Purchaser must acquire the Cliffs Family Membership on or before the Property closing and may not wait until after the closing.** The "Total Membership Deposit To Be Paid at Closing" stated above (which includes the Property Discount) is due on or before the Property Closing.

(c) **Club's Membership Plan.** The governing documents of the Club require that upon resale of the Property, all of Purchaser's membership privileges in the Club must be resigned. When Purchaser sells the Property, and so long as Purchaser is a Club member in good standing, Purchaser will be entitled to a refund equal to one hundred percent (100%) of the initiation deposit made for membership in the Club, subject to vesting with regard to the Discount granted, as provided in Paragraph 1(a) above. In addition, if the resale buyer of Purchaser's Property wishes a membership, he or she will have to acquire a membership directly from the Club at the then prevailing rates for the membership desired, and subject to availability and the rules and regulations of the Club. The membership deposit that Purchaser's resale buyer makes for the issuance of a membership may be more or less than the deposit Purchaser made. As previously indicated, a Cliffs Golf Membership is not guaranteed to be available to Purchaser's resale buyer if Purchaser does not acquire one at Purchaser's property closing pursuant to subparagraph (a) above.

3. **Effective Date.** This Addendum shall become effective the last date executed by a party to be bound hereby, and is subject to all other terms and conditions of the Agreement.

Purchaser:

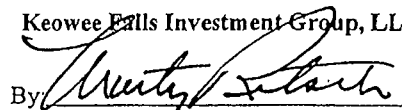


07 18 08
Month Day Year

Seller:

Keowee Falls Investment Group, LLC

By:



Its:

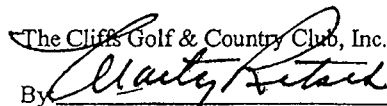
TREASURER

2 23 08
Month Day Year

For The Cliffs Club:

The Cliffs Golf & Country Club, Inc.

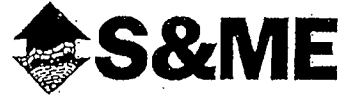
By:



Its:

TREASURER

2 28 08
Month Day Year



June 3, 2008

Mr. Brandon Smith
The Cliffs Communities, Inc.
3598 Highway 11
Travelers Rest, South Carolina 29690

Reference: Site Observations
Cliffs Keowee Falls South – Lot #31 Jasmine Cove
Oconee, South Carolina
S&ME Project No. 1263-05-423A

Dear Mr. Smith:

This letter presents the results of our site observations and testing performed from May 13 to May 22, 2008 at the subject site. The purpose of these observations was to help evaluate site conditions pertaining to residential structural support, monitor undercut in the proposed building footprint, and perform field density testing for the backfill placed in the undercut area. Our tests and observations were performed in general accordance with our Proposal No. 08383 dated May 15, 2008.

PROJECT INFORMATION

We understand from our May 9, 2008 telephone conversation with you that a new residence is planned for Jasmine Cove Lot #31 at The Cliffs Keowee Falls South development in Oconee, South Carolina. The proposed footprint for the residence was cleared prior to our arrival and is approximately 100 feet long (parallel to the water) and 80 feet wide. The footprint of the proposed residential structure was staked in the field by a Representative of The Cliffs Communities. The actual footprint dimensions and loading information were not known at the time of this report. We assume the new residence will be a lightly loaded one to two-story structure with wall and column loads on the order of 1.5 to 3 kips per lineal foot and 30 to 50 kips, respectively. S&ME is familiar with the project having performed the Subsurface Exploration for the site dated July 18, 2005.

FIELD OBSERVATIONS AND TESTING

On May 13, 2008 our Engineering Representative was present, as requested, to observe site conditions for the proposed residential structure. Our evaluation consisted of observing the excavation of two test pits in the proposed footprint. The soils encountered in the test pits were visually identified in the field and were consistent with our Subsurface Exploration. The soils encountered in the test pits consisted of red, brown silty sand or sandy silt and extended to a depth of 6 feet below the existing ground elevation.

Our Engineering Representative returned to the site on May 14 and 15 to observe undercut in the proposed building pad footprint. The building pad was undercut 5 to 7 feet in general accordance to our Subsurface Exploration report recommendations.

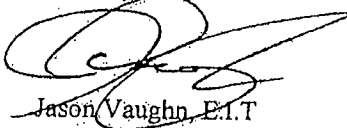
Our Materials Technician was also present from May 15 to 22 to observe fill placement in the undercut area and perform field density testing. The results of the tests indicated compactions meeting or exceeding 95 percent of the standard Proctor maximum dry density (ASTM D-698) at the locations and elevations at which they were performed. No indication of the condition of the remaining fill mass is expressed or implied. A summary of the tests is shown on the attached Summary of Density Test Report.

CLOSING

We appreciate the opportunity to be of service to you on this project. Should there be any questions regarding the information presented in this letter, please contact us.

Sincerely,

S&ME, Inc



Jason Vaughn, E.I.T.
Staff Professional
jvaughn@smeinc.com



Mike Revis, P.E.
Senior Engineer
mrevis@smeinc.com

JVMR S:\CONSTRUCTION\2005\PROJECTS\6305423a cliffs lot #31\Site Observation.doc

Attachments: Summary of Density Test Report

cc: Mr. Donald Nickell, Jr., P.E. – The Cliffs Communities, Inc. (E-Mail)



DATE 7/18/05
COMPILED/TYPED BY SGC
MAILED BY _____
HAND DELIVERED BY _____
AUTHOR/SENIOR AUTHOR _____
(INITIALS)

July 18, 2005

Mr. Donald H. Nickell, Jr., P.E.
The Cliffs Communities, Inc.
301 Beaver Dam Road
Travelers Rest, South Carolina 29690

FILE COPY
THIS DOCUMENT DOES NOT LEAVE FILE

Reference: **SUBSURFACE EXPLORATION FINDINGS**
Cliffs Keowee Falls South - Lot #31 Jasmine Cove
Oconee County, South Carolina
S&ME Project No. 1261-05-423A

Dear Don:

S&ME, Inc. is pleased to submit this Subsurface Exploration Findings letter for Lot #31 (Jasmine Cove) at the Cliffs Keowee Falls South development. Our work for the property included an exploration of subsurface conditions, analysis, opinions regarding the cause of unusual features on the property and our geotechnical engineering recommendations regarding supporting residential structures. This letter presents a brief confirmation of our understanding of the project, the exploration results, and our geotechnical conclusions and recommendations regarding the above considerations.

Lot #31 fronts Lake Keowee along its western shoreline. The lot slopes upward away from the lake at a visually estimated inclination on the order of about 4 horizontal to 1 vertical. There are approximately three "scarp" areas across the site, each approximately paralleling the water surface and the contour of the lots. These surface features are very unique.

The lot was explored with two soil testing borings (L-1 and L-2) performed below the main "scarp" area and one boring (L-3) above the main "scarp" area. Additionally, three trackhoe excavated test pits were performed at similar locations as the borings. At each test pit and boring location, soils that appear to be residual in nature and common to the Piedmont Geologic Province were encountered to termination or refusal depths of 20 to

S&ME, Inc.
155 Tradd Street
Spartanburg, South Carolina 29301

(864) 574-2360
(864) 576-8730 fax
(864) 232-8987 Greenville

www.smeinc.com

30 feet below the ground surface. The residual soils generally consist of silty sand or sandy silt; however, an upper layer of sandy clay was present in boring L-1. The Standard Penetration Resistance (N) values in the residual soils varied from 2 to 31 blows per foot with the majority of the values in the 2 to 5 blows per foot range. These values indicate a very soft to soft consistency for silts and clays, and a very loose to loose relative density for sands.

The boring data indicates that the lot contains some unique surface and subsurface anomalies. Although the boring data indicates very low consistency soils extend well below the ground surface, it did not indicate that the exposed "scarp" areas are the result of lateral movements or surface sloughing. The surface features could be terraced alluvium deposited during past geologic events or possibly old road cuts created during construction of Lake Keowee.

Based on the subsurface data and our experience, it is our opinion that residential structures can be supported on-site with some modification to improve the foundation soils. Several options are available for soil improvement, but we would recommend undercut and replacement or rammed aggregate piers as the most practical. The undercut area would include the building limits and an area extending at least 15 feet outside the building limits, and would extend 5 to 7 feet.

Rammed Aggregate Piers are a patented system consisting of drilling vertical holes (typically 30-inches in diameter) and filling them in layers with compacted crushed stone to the foundation bearing level. Rammed Aggregate Piers are stiffer than the surrounding soil and support a disproportionate share of the foundation load while reducing foundation settlement. After Rammed Aggregate Pier construction, foundations and/or floor slabs may be constructed conventionally.

For planning purposes, the cost of undercutting soils, replacing them with off-site borrow soils, and wasting the undercut soils off site is typically about \$12 to \$15 per cubic yard. However, a majority of the undercut soils would most likely be suitable for reuse as structural fill. As for the Rammed Aggregate Piers, we estimate that approximately 50 to

75 piers would be required to support the structure and floor slab. The piers could be installed in 4 to 5 days (including a modulus load test) with an anticipated cost on the order of \$550 to \$600 per pier. However, this cost will vary depending on project specific variables. We can provide additional design and cost information as the project is further advanced.

We appreciate the opportunity to work with The Cliffs Communities, Inc. by providing the geotechnical engineering for this project. Should any questions arise regarding the information in this report or when we may be of further service, please contact us.

Sincerely,
S&ME, Inc.


Michael Revis, P.E.
Project Engineer
mrevis@smeinc.com


Howard Perry, P.E.
Senior Engineer
hperry@smeinc.com



Summary of Density Test Results

Project Name: Cliffs Keowee Falls South #31

Client: The Cliffs Communities

Page No. 1

Report Date: June 03, 2008

Project No.: 1263-05-423A

Test		In-Place Density Test			Check Plug Data		Reference Standard				Compaction		Location	Elevation or Stone Depth
No.	Date	Type	Dry Density	Moisture Content	Dry Density	Moisture Content	Type	Ref. Curve	MDD	Optimum Moisture Content	Percent Specified	Percent In-Place		
1	05/15/08	D 2922	95.3	19.9			D 698		103.5	16.5	95	92 *	Lot 31	+2'
1A	05/15/08	D 2922	99.4	22.1			D 698		103.5	16.5	95	96	Retest of lot 31, test 1	+2'
2	05/15/08	D 2922	99.2	21.5			D 698		103.5	16.5	95	96	Lot 31	+2'
3	05/19/08	D 2922	95.0	25.4			D 698		98.8	21.4	95	96	Lot 31	+4'
4	05/19/08	D 2922	100.0	18.6			D 698		103.5	16.5	95	97	Lot 31	+3'
5	05/20/08	D 2922	94.2	26.6			D 698		98.8	21.4	95	95	Lot 31	+2'
6	05/20/08	D 2922	99.4	24.0			D 698		98.8	21.4	95	100+	Lot 31	+4'
7	05/20/08	D 2922	103.6	15.9			D 698		103.5	16.5	95	100	Lot 31	+4'
8	05/20/08	D 2922	92.3	29.3			D 698		98.8	21.4	95	93 *	Lot 31	+5'
8A	05/21/08	D 2922	94.4	25.6			D 698		98.8	21.4	95	96	Retest of lot 31, test 8	+6'
9	05/20/08	D 2922	91.6	30.2			D 698		98.8	21.4	95	93 *	Lot 31	+5'
9A	05/21/08	D 2922	94.6	26.1			D 698		98.8	21.4	95	96	Retest of lot 31, test 9	+6'
10	05/22/08	D 2922	97.5	24.7			D 698		98.8	21.4	95	99	Lot 31	SG
11	05/22/08	D 2922	93.6	26.4			D 698		98.8	21.4	95	95	Lot 31	SG
12	05/22/08	D 2922	97.4	25.2			D 698		98.8	21.4	95	99	Lot 31	SG

* = Failed Specified Compaction, ** = Failed Specified Moisture Content

All Test Locations and Elevations are Approximate

Notes:

References: ASTM D 2922: Density of Soil and Soil-Aggregate in Place by Nuclear Methods (Shallow Depth), ASTM D 698: Laboratory Compaction Characteristics of Soil Using Standard Effort

Distribution: Brandon Smith (E-Mail)

Jason Vaughn

Name (Technical Responsibility)

Staff Professional

Position

EXHIBIT B

READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This Report is prepared and issued by the developer of this subdivision. It is NOT prepared or issued by the Federal Government.

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

If you received this Report before you signed a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two (2) years from the date of signing.

Name of Subdivision: The Cliffs at Keowee Falls South

Name of Developer: Keowee Falls Investment Group, LLC

Date of This Report: March 29, 2007

NPMB1:17514.2-LS-(BPK) 021723-00052

- TABLE OF CONTENTS -

	<u>Page</u>
RISKS OF BUYING LAND.....	1
GENERAL INFORMATION.....	2
TITLE TO THE PROPERTY AND LAND USE.....	3
GENERAL INSTRUCTIONS.....	3
METHOD OF SALE.....	3
Sales Contract and Delivery of Deed.....	3
Type of Deed.....	3
Oil, Gas, and Mineral Rights.....	3
ENCUMBRANCES, MORTGAGES, AND LIENS.....	3
Release Provisions.....	3
RECORDING THE CONTRACT AND DEED.....	4
Method and Purpose of Recording.....	4
Title Insurance.....	4
PAYMENTS.....	4
Escrow.....	4
Prepayment.....	5
Default.....	5
RESTRICTIONS ON THE USE OF YOUR LOT.....	5
Restrictive Covenants.....	5
Easements.....	6
PLATS, ZONING, SURVEYING, PERMITS, AND ENVIRONMENT.....	7
Plats.....	7
Zoning.....	8
Surveying.....	8
Permits.....	8
Environment.....	8
ROADS.....	9
ACCESS TO THE SUBDIVISION.....	9
ACCESS WITHIN THE SUBDIVISION.....	9
Roads.....	9
UTILITIES.....	11
WATER.....	11
Central System.....	11
Water.....	11
SEWER.....	13
Central System.....	13
Individual Systems.....	13
ELECTRICITY.....	14
TELEPHONE.....	16
FUEL OR OTHER ENERGY SOURCE.....	17
FINANCIAL INFORMATION.....	18
LOCAL SERVICES.....	19
FIRE PROTECTION.....	19
POLICE PROTECTION.....	19
SCHOOLS.....	19
HOSPITAL.....	19
PHYSICIANS AND DENTISTS.....	19

SHOPPING FACILITIES	19
MAIL SERVICE	19
PUBLIC TRANSPORTATION	20
RECREATIONAL FACILITIES	21
CONSTRUCTING THE FACILITIES	23
MAINTAINING THE FACILITIES	23
TRANSFER OF FACILITIES	23
PERMITS	23
WHO MAY USE THE FACILITIES	23
SUBDIVISION CHARACTERISTICS AND CLIMATE	24
GENERAL TOPOGRAPHY	24
WATER COVERAGE	24
DRAINAGE AND FILL	24
FLOOD PLAIN	24
FLOODING AND SOIL EROSION	24
NUISANCES	25
HAZARDS	25
CLIMATE	25
OCCUPANCY	26
ADDITIONAL INFORMATION	27
PROPERTY OWNERS ASSOCIATION	27
TAXES	28
RESALE OR EXCHANGE PROGRAM	28
EQUAL OPPORTUNITY IN LOT SALES	28
LISTING OF LOTS	28
COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER	32
RECEIPT, AGENT CERTIFICATION, AND CANCELLATION PAGE	33
RECEIPT, AGENT CERTIFICATION, AND CANCELLATION PAGE	34

NOTE: In this Property Report, the words "you" and "your" refer to the buyer. The words "we," "us," and "our" refer to the developer.

RISKS OF BUYING LAND

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

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

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

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

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

- WARNINGS -

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

GENERAL INFORMATION

This report covers five hundred five (505) single-family building lots located in The Cliffs at Keowee Falls South in Oconee County, South Carolina. See page 28 for a listing of these lots. It is estimated that this subdivision will eventually contain approximately 950 lots.

The developer of this subdivision is:

Keowee Falls Investment Group, LLC
3598 Highway 11
Travelers Rest, SC 29690

Telephone number: (864) 836-1120

Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.

Please note the following additional warnings.

THE RECREATIONAL FACILITIES LOCATED, OR TO BE LOCATED, WITHIN THE CLIFFS AT KEOWEE FALLS SOUTH ARE OWNED BY A THIRD PARTY, PRIVATE CLUB AND NOT BY THE PROPERTY OWNERS' ASSOCIATION OF WHICH YOU WILL BE A MEMBER. USE OF THESE RECREATIONAL FACILITIES IS ONLY AVAILABLE TO PERSONS ACQUIRING A MEMBERSHIP IN THE PRIVATE CLUB. MEMBERSHIP AND USE OF THE RECREATIONAL FACILITIES ARE NOT INCLUDED IN THE PURCHASE PRICE OF A LOT. CURRENTLY, LOT OWNERS ARE ENTITLED TO APPLY FOR MEMBERSHIP SUBJECT TO AVAILABILITY AND PAYMENT OF THE MEMBERSHIP FEES, MONTHLY DUES AND USE FEES AS SET BY THE OWNER OF THE CLUB. YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE, IF IT IS BASED UPON AN ASSUMPTION THAT YOU WILL BE ABLE TO USE THE RECREATIONAL FACILITIES OWNED BY THE PRIVATE CLUB AND LOCATED WITHIN THE CLIFFS AT KEOWEE FALLS SOUTH. FURTHER INFORMATION REGARDING THE CLUB FACILITIES CAN BE FOUND ON PAGE 21 OF THIS PROPERTY REPORT.

-WARNING-

THE COST OF CLUB MEMBERSHIPS ARE SUBSTANTIAL AND NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU ARE UNABLE TO BECOME A MEMBER.

TITLE TO THE PROPERTY AND LAND USE

GENERAL INSTRUCTIONS

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

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

In connection with the purchase of a lot, you will sign a sales contract in which you will agree to pay cash for a lot. We have not arranged for any financing for purchasers, and you will be responsible for arranging your own financing if desired.

We will deliver the deed to the property to you on the date of closing. In any event, we must deliver a deed to you within 180 days after the date on which the sales contract is signed by you.

Type of Deed

The transfer of legal title to all lots in the subdivision will be by a general warranty deed.

Oil, Gas, and Mineral Rights

The mineral and metallic rights to all lots in this subdivision will belong to each lot purchaser.

ENCUMBRANCES, MORTGAGES, AND LIENS

There is a blanket encumbrance, mortgage or lien on some of the lots included in this offering. That is a Mortgage of Real Estate from Keowee Falls Investment Group, LLC to Regions Bank ("Regions"), each such Mortgage of Real Estate covering the lots so indicated in the Listing of Lots on page 28 below.

Release Provisions

We will obtain a release from the mortgage liens covering your lot at the time of closing. The release fees will be paid to the mortgage holder simultaneously with the closing of your lot, and a document evidencing the release shall be recorded prior to the recording of your deed.

Only we may exercise the release fees payable for each lot described above. Therefore, if we default on the mortgage prior to obtaining a release, you may lose your lot and all monies paid.

RECORDING THE CONTRACT AND DEED

Method and Purpose of Recording

The sales contract for the purchase of your lot does not contain acknowledgments, and therefore, may not be recorded. Under South Carolina law, recording a sales contract places third parties on notice that the subject property is under a contract for sale, but does not protect purchasers from claims of later purchasers or creditors of anyone having an interest in the land.

The deed to your lot may be recorded. It is the responsibility of the closing attorney to record the deed as soon as practicable after closing. You will be responsible for the cost of recording the deed. Under South Carolina law, recording a deed protects you from a claim by a third person after the date of recording the deed.

- WARNING -

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

Title Insurance

The developer will not purchase a title insurance policy on your behalf. We recommend that you obtain an attorney's opinion of title or a title insurance policy that will describe the rights of ownership being acquired in the lot. We recommend that a professional interpret any title opinion or policy obtained.

PAYMENTS

Escrow

Except with respect to earnest money received from a resident of the State of New York, earnest money deposits will, pursuant to the sales contract, be placed in a third party controlled trust account with Olson, Smith, Jordan & Cox, Attorneys at Law, whose address is PO Box 1633, Clemson, South Carolina 29633, Attention: Chris Olson, Esq. If you are a resident of the State of New York, then, pursuant to New York General Business Law Sections 352-e (2-b) and our New York CPS-7 Application, your earnest money deposit will be placed in a third party controlled trust account with Nexsen Pruet, LLC, PO Drawer 2426, Columbia, SC 29202, Attention: Leighton Lord, Esq.

The respective escrow agent will maintain your deposits in a segregated escrow account. Your deposits will be maintained in a non-interest bearing trust account. The escrow agent is responsible for disbursing funds at closing or otherwise as directed under your sales contract. Except with respect to residents of the State of New York, in the event of a dispute, the escrow agent is authorized to pay over the funds to a court for settlement. If there is a dispute between a resident of the State of New York and us with regard to the disposition of the earnest money of a New York resident, the New York resident may also appeal to the Attorney General of the State of New York for a determination on the disposition of the earnest money deposit. A New York resident should review our Disclosure Statement for New York CPS-7 Application for further information.

Prepayment

If an independent financial institution finances the purchase of your lot, you will need to review the financing documents to determine whether there is any prepayment penalty.

Default

In the event that the sale does not close because you default in the performance of your obligations under the terms of the sales contract, we must give you written notification of your default, and you will have 20 days after you receive the notice to correct the default. To the extent that such default is not corrected within said 20-day period, we have the right to terminate the sales contract and retain your earnest money deposit (not more than 10% of the purchase price) or seek all damages available under South Carolina law.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

The Declaration of Covenants, Conditions, and Restrictions for The Cliffs at Keowee Falls South have been recorded against the lots in the Oconee County Register of Deeds office, and have been amended and supplemented since the filing of the Declaration. The restrictive covenants require lot owners to secure permissions, approvals, or take other actions prior to using or disposing of lots. These provisions will be discussed in the paragraphs below. This discussion will highlight only certain areas of the restrictive covenants and should not be a substitute for your careful study of them.

The restrictive covenants provide for our right, through an Architectural Review Committee ("ARC"), to approve or disapprove the architectural plan for any house or lot improvement to be constructed on your lot, including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials. All plans must be submitted to the ARC for review and approval prior to commencement of any such work. The ARC may refuse to approve your plans and specifications on any grounds that are inconsistent with the restrictive covenants, including, but not limited to, purely aesthetic considerations, as long as such grounds are not arbitrary or capricious.

The restrictive covenants also contain a repurchase provision that provides that we as the Declarant, during the Declarant Control Period, have the right and option to purchase any Lot, or Dwelling within the Development which is offered for sale by the property owner, such option to be at the price and on the terms and conditions of any bona fide offer which is acceptable to the owner and which is made in writing to the owner. The owner will promptly submit a copy of the offer to us as Declarant, and we as Declarant will have a period of ten (10) business days (exclusive of Saturday, Sunday and Federal holidays) from and after the presentation of such offer to us in which to exercise the purchase option by giving the owner written notice of exercise in accordance with the restrictive covenants. If an owner provides a copy of the offer and we fail to respond or to exercise the purchase option within said ten (10) -day period, we will be deemed to have waived the purchase option. If we decline to exercise the purchase option, we as Declarant will execute an instrument evidencing our waiver of the repurchase option, which instrument will be in recordable form. In the event we decline to exercise the purchase option and the sale to a third party is not consummated on such terms and conditions set forth in the bona fide offer submitted to us within six (6) months of submission, or within the period of time set forth in such bona fide offer, whichever is later, the terms and limitations of the option to purchase will again be imposed upon any sale by the owner. If we as Declarant elect to purchase, the transaction will be consummated within the period of time set for closing in said bona fide offer, or within

thirty (30) days following delivery of written notice by us to such Owner of our decision to so purchase such Lot or Dwelling, whichever is later.

Section 6.1 of the restrictive covenants requires that the exterior of all dwellings and other structures constructed upon a lot must be completed within eighteen (18) months after the construction commences, except where such completion is impossible or would result in great hardship to the owner or the builder due to strikes, fires, national emergencies or natural calamities. No dwelling may be occupied until construction is completed and all necessary approvals of governmental authorities have been obtained. In addition, Article 6 sets out a number of restrictions on use of property within Keowee Falls South.

As additional lots are brought within the plan of development for Keowee Falls South, they are submitted to the restrictive covenants by the filing of a Supplemental Declaration of Covenants, Conditions and Restrictions. A Supplemental Declaration is filed on or before the closing of the first lot to which it relates, and may contain additional covenants, conditions and restrictions applicable solely to the lots described in such filing. For instance, if lots are to be part of a separately designated neighborhood, they may be subjected to additional covenants, restrictions and easements applicable only to the Lots within the designated neighborhood, and to neighborhood assessments for the maintenance, repair and replacement of the designated neighborhood's common property that the owners in the designated neighborhood have exclusive use.

Crescent Communities of S.C., LLC, the grantor of the land to us as the owner and developer of Keowee Falls South, has also imposed upon all the single-family lots hereunder General Deed Restrictions, which were appended to the deed to us.

A complete copy of these restrictive covenants is available upon request.

Easements

There are easements, which may affect your plans for building or using your lot, including drainage easements, and building set back easements as shown on the recorded plats for the subdivision. Each lot is surveyed to the centerline of the adjoining road, and, therefore, each lot is subject to a right-of-way easement over and across the front of the lot bordering the road and as shown on the recorded plat. Two or more Lots may also share a common access easement over and across one or more of the designated Lots for shared access, each such access being generally 30' wide, unless otherwise noted on the survey. The primary roads and shared access easements will be Common Areas to be maintained by the Association. Each Lot is subject to a 25' building setback on the front of the lot, measured from the right-of-way and easement line, unless otherwise indicated on the survey. Each lot is subject to a rear yard and side yard setback of 20'; and each Lot bordering Lake Keowee is subject to a building setback of 50', measured from the 800' mean sea level ("MSL") contour, or 5' measured from the 804' MSL contour, whichever is greater.

Lots 11, 12, 20, 23, 25, and 27 in Emerald Bay (formerly known as, "Phase 1A") are subject to a 30' common access easement to Lake Keowee, which will be an Association Common Area providing pedestrian access to the lake. The same is true for Emerald Bay Lots 54 and 55, which are, as groups, also subject to 30' common access easements to Lake Keowee, to be Association Common Areas providing pedestrian access to the lake.

Emerald bay Lots 28 and 29; and Lots 30 and 31 are subject to a 30' common access easement. Emerald Bay Lots 46, 47 and 48 are subject to a trail easement.

Lots 64, 65, 68 and 69; Lots 9 and 10 of Laurel Pointe are subject to a 30' common access easement to Lake Keowee. Lots 10, 11 and 12, and Lots 20 and 21; Lots 63 and 64; Lots 65 and 66; Lots 72 and 73; Lots 74 and 75; and Lots 85A, 85B and 86, all in Laurel Pointe, are, as groups, subject to a 30' common access easement, which will be Association Common Areas, providing shared access to Lake Keowee.

Lots 2 and 3, Lots 8, 9 and 10, Lots 18 and 19, Lots 20 and 21, Lots 30, 31 and 32, Lots 38 and 39 of Jasmine Cove are subject to a 30' common access easement. Lot 81, 82 and 83; and Lots 87 and 88 of Emerald Bay are subject to a 30" common access easement.

Falls Creek Lots 4 and 8 are each subject to a 20' common access easement. Laurel Pointe Lots 20 and 21; 35 and 36; 94 and 95; 98 and 99; 106, 107 and 108; and 123 and 124 are each subject to a 30' Drive Easement. High Ridge Lots 7 and 8; 10 and 11; 16, 17 and 18; 21 and 22; 24 and 25; 26, 27 and 28; 30 and 31; 33 and 34; 35 and 36; 37, 38 and 39; and 41, 42 and 43 are each subject to a 30' Drive Easement. High Ridge Lots 50 and 51 are each subject to a 30' Right-of-Way (Private) from Cliffs South Parkway. There is also a 10' Force Main easement for High Ridge Lots 26 and 27, as well as a 0.51 acre Drainfield for High Ridge Lot 26 and a 1.01 acre Drainfield for High Ridge Lot 27.

Emerald Bay Lots 43 and 44, 45 and 46, 48 and 49, 50 and 51, 52 and 55, 57 and 58, 61 and 62, 63 and 64, 72 and 73, 76 and 77, 78 and 79, 81 and 82; Laurel Pointe 68 and adjacent common area, 84 and 85B, 38 and 39, 34 and 35, 23 and 24, 26 and 27, 16 and 17, 19 and 20; and High Ridge Lots 16 and 17, 18 and 19, 20 and 21, 21 and 22, 22 and 26, 29 and 30, and 37 and 38 are subject to Lake Keowee Pier Zones and the covenants, conditions and restrictions of Section 3.1(d) of the restrictive covenants further described starting on page 5 above.

High Ridge Lots 72-73, 75-76- 77, 79-80, 81-82, 84-85, 88-89, 92-93, 94-95; and Keowee Towne Lots 6-7, 10-11, 12-13, 14-15, 17-18, 21-22, 24-25, 26-27, 34-35, 46-47-48, 59-60, 64-65, 71-72, 74-75, 92-93, and 96-97 are subject to a 30' Driveway Easement. High Ridge Lots 69-72 are subject to a 20' Trail Easement.

In addition, Article 7 of the restrictive covenants sets forth certain easements relating to encroachments, utilities, access and development of additional property, golf balls, and the golf course. You are advised to read Article 7 of the restrictive covenants in its entirety for an understanding of the particular provisions relating to such easements.

The entire subdivision is subject to one or more recorded flood easements to Duke Power Company over and across those portions of the subdivision lying below 810' MSL, for backing, ponding, raising, flooding and diverting waters of the Keowee River and its tributaries that are incident to the construction, operation, maintenance, repair, altering or replacing the dam and electric power plant across the Keowee River and creating Lake Keowee, the spillway of which dam shall not exceed 800' MSL.

PLATS, ZONING, SURVEYING, PERMITS, AND ENVIRONMENT

Plats

The plats covering the lots in this Property Report have been approved by Oconee County and have been filed of record in the Oconee County Register of Deeds office. The descriptions of the lots on the recorded plats are legally adequate for the conveying of the lots.

Zoning

The lots may be used for single-family residences in accordance with the restrictive covenants.

Surveying

Each lot will be surveyed and marked for identification on the recorded subdivision plat. There will be no charge to you for the cost of the survey.

Permits

In order to begin construction on your lot, you must obtain a building permit. A building permit may be obtained from the Oconee County Planning/Building Permits office located at 415 S. Pine Street, Walhalla, SC 29691. In addition to the approval of the ARC discussed in the "Restrictive Covenants" section of this Property Report, you must obtain a permit for the installation of a septic system from the South Carolina Department of Health and Environmental Control located at 200 Booker Drive, Walhalla, SC 29691.

Environment

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

ROADS

ACCESS TO THE SUBDIVISION

A public, two-lane road, paved with asphalt and having a wearing surface of 24 feet in width, provides access to the subdivision. This road is maintained by the South Carolina Department of Transportation. There is no direct cost to lot purchasers for maintenance or improvements of this road.

ACCESS WITHIN THE SUBDIVISION

Access within the subdivision will be provided to the lots by private, paved, two-lane roads as shown on the recorded plats filed of record in the Oconee County Register of Deeds office. We are responsible for the construction costs of the interior roads within the subdivision, and there is no cost to you for such construction. We have entered into an Escrow Agreement with Nexsen, Pruet, LLC, pursuant to which we deposit into the escrow at the closing of each of the High Ridge Lots 68-95 and Keowee Towne Lots 2-104 \$7,923.88. The total deposits represent 125% of the South Carolina Registered Engineer's estimate of the cost to complete roads and water service within the subdivision serving the identified lots, as well as the cost to complete related drainage facilities. Roads are completed to the remaining lots in the subdivision listed hereunder

The roads within the subdivision are currently being cleared and graded to permit access by conventional automobile. After completion, the interior roads will be conveyed to and owned by the property owners association. The following chart reflects the current status of the arterial roadways in the subdivision.

Roads

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated Completion Date (month/year)	Present surface	Final surface
Phase 1 (Azalea Ridge)					
2-3, 9-11, 18, 21, 23, 27-29, 32, 34-35, 37-39, 41, 43, 46, 49-56	N/A	100%	Available	asphalt	asphalt
Emerald Bay 11-82	N/A	100%	Available	asphalt	asphalt
Emerald Bay 83-93	N/A	100%	Available	asphalt	asphalt
Emerald Bay 101-103	N/A	100%	Available	asphalt	asphalt
Laurel Pointe 2-50, 61-66, 67A, 67B, 68-84, 85A, 85B, 86-89	N/A	100%	Available	asphalt	asphalt
Jasmine Cove 1-42	N/A	100%	Available	asphalt	asphalt

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated Completion Date (month/year)	Present surface	Final surface
Falls Creek 2, 3, 4, 6, 7, 8, 10	N/A	100%	Complete	asphalt	asphalt
High Ridge 1 thru 67	N/A	100%	Complete	asphalt	asphalt
High Ridge 68-95	May 1, 2006	85%	May, 2007	gravel	asphalt
Laurel Pointe 90 thru 126	N/A	100%	Complete	asphalt	asphalt
Keowee Towne 2- 104	May 1, 2006	85%	May, 2007	gravel	asphalt
Linkside 3-5, 10-12	N/A	100%	Complete	asphalt	asphalt
Retreat 1-2, 7-22, 27-28	N/A	100%	Complete	asphalt	asphalt

We are responsible for maintenance of the interior roads until they are conveyed to the property owners association. After completion, the roads will be conveyed to the property owners association, which will assume full responsibility for maintenance of the roads.

An annual budget prepared by the property owners association includes assessments for contributions by the owners for the cost to maintain the roads, and therefore, all lot owners contribute to the maintenance costs of the roads. The roads will be maintained so as to permit access to lots on a year round basis.

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

Community Name	Population	Distance Over Paved Roads (miles)	Distance Over Unpaved Roads (miles)	Total Distance
Walhalla	3,801	20	1	21
Salem	126	5	1	6
Seneca	8,200	14	1	15

Walhalla is the County seat of Oconee County, South Carolina.

UTILITIES

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

WATER

Central System

Water will be supplied to individual lots by a central water system. The supplier of water is the Town of Salem, South Carolina, by and through the Salem Water Company. The address for the supplier is Salem Water Company, 5-A Park Avenue, Salem, SC 29676.

Water lines will be extended in front of or adjacent to all lots in this offering. The current percentage of completion and the estimated availability dates for water service are set forth in the table below.

Water

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Phase I (Azalea Ridge)			
2-3, 9-11, 18, 21, 23, 27-29, 32, 34-35, 37-39, 41, 43, 46, 49-56	N/A	100%	Available
Emerald Bay 83-93	N/A	100%	Available
Emerald Bay 11-82	N/A	100%	Available
Emerald Bay 101-103	N/A	100%	Available
Laurel Pointe 2-50, 61-66, 67A, 67B, 68-84, 85A, 85B, 86-89	N/A	100%	Available
Jasmine Cove 1-42	January 1, 2005	99%	June, 2007
Falls Creek 2, 3, 4, 6, 7, 8, 10	N/A	100%	Available
High Ridge 1 thru 67	February 1, 2006	99%	May 1, 2007
High Ridge 68-95	December, 2006	99%	August, 2007
Laurel Pointe 90 thru 126	February 1, 2006	99%	May 1, 2007

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Keowee Towne 2- 104	December, 2006	99%	August, 2007
Linkside 3-5, 10-12	November, 2006	99%	June, 2007
Retreat 1-2, 7-22, 27-28	November, 2006	99%	June, 2007

The present capacity of the central water system is sufficient to supply all of the lots in this subdivision. Water lines will not be extended to lots in future phases until the developer sells lots in said phases.

We are responsible for the construction and installation costs of extending central water service to your lot, and there is no cost to you for such construction and installation. All work has been completed in extending water service to all lots. The "Percentage of construction complete" is shown for some areas as 99% solely because the developer is awaiting final acceptance of those lines by the Town of Salem and activation of service, which is anticipated to be achieved by the "Estimated service availability date" shown.

-WARNING-

THERE IS NO FINANCIAL ASSURANCE FOR ANY FUTURE EXPANSION OF THE WATER SYSTEM BEYOND THAT WHICH IS NECESSARY TO SERVE THE LOTS IN THIS INITIAL FILING.

There will be no cost to you for installation or construction of the water lines from the central water system to your lot. However, you will be responsible for the cost of constructing or installing lines from the water meter at the lot line to the residence, at an estimated cost of \$5-6 per lineal foot. You will also be responsible for the payment of a water service impact/activation fee of \$3,215 at the time that you apply for water service to the residence constructed on your lot.

The Salem Water Company, supplier of water service to Keowee Falls South lots, charges a minimum monthly fee to owners of lots within Keowee Falls South, even if no residence is yet constructed. All such inactive customers will, as of March 1, 2006, pay \$20.45 per month. You should contact Salem Water Company for a copy of its most current rate schedule applicable to domestic potable water, as well as irrigation water.

If you purchase a lot prior to the date that the central water system is available to your lot, you may not install a private well or other water system. Use of the central water system is mandatory.

SEWER

Central System

The section of the subdivision known as The Retreat is the only section currently served in part by public sewer service. The lots in The Retreat are served by what is known as a STEP septic system. Each lot will have an individual septic system to handle solids, and the liquids (gray water) will be pumped from the individual septic tank into a common force main which runs in the road right of way to an offsite common drain field. The system is managed by Goldie & Associates, a licensed operator and each of The Retreat homeowners is billed for sewage services. The remainder of lots covered by this Property Report is served exclusively by individual septic systems, as to both solids and liquids. See below under "Individual System" starting at page 13. The central sewer service has been extended to The Retreat Lots and is available.

As indicated, the STEP septic system is managed by Goldie & Associates, whose address is 210 W. North Second Street, Seneca, S.C. 29678. All owners of lots in The Retreat will be subscribers to the system and will be entitled to service. Lines from the common force main been extended in front of or adjacent to all The Retreat lots in this filing.

-WARNING-

THERE IS NO FINANCIAL ASSURANCE FOR ANY FUTURE EXPANSION OF THE CENTRAL SEWER STEP SEPTIC SYSTEM BEYOND THAT WHICH IS NECESSARY TO SERVE THE LOTS IN THIS FILING.

There will be no cost to you for extension of the central sewer STEP septic system facilities to each lot in The Retreat, which has been borne by us. However, you will be responsible for the cost of constructing or installing lines from the lot line to the septic tank. The current percentage of completion and the estimated availability dates for sewer service are set forth in the table below.

Sewer

Lot	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
THE RETREAT			
1-2, 7-22, 27-28	N/A	100%	Available

You will be responsible for any tap fee. At the present time, however, there is no tap fee charged.

Individual Systems

Septic tanks will be used by all lots, including those in The Retreat, for sewage disposal. Only lots in The Retreat will utilize a common STEP septic system for disposal of liquids (gray water) that will be pumped from the individual septic tank into a common force main which runs in the road right of way to an offsite common drain field. Each lot must be individually evaluated for suitability as to the use of a septic system by the issuer of the permit. You will be responsible for the costs of construction of your individual system. A permit for constructing an individual sewage disposal system must be obtained from the South Carolina Department of Health and Environmental Control located at 200 Booker Drive, Walhalla, SC 29691, at a cost of \$105.

Lot owners will be required to have their individual sewage disposal system designed by a licensed installer. The total cost of installing an individual septic system on your lot, including the necessary testing, is estimated to be between \$3,000 and \$30,000, depending on the terrain of your lot and house size.

You will be responsible for maintaining and pumping the individual septic system on a regular basis. A pumping and hauling service is available, and the estimated cost of that service for a family of four living in a house on a year-round basis is \$300 to \$500.

-WARNING-

WE CANNOT PROVIDE ASSURANCE THAT YOUR LOT WILL BE APPROVED FOR A PERMIT FOR THE INSTALLATION AND USE OF AN INDIVIDUAL SEWAGE DISPOSAL SYSTEM. IF YOUR LOT IS NOT APPROVED FOR A PERMIT AND WE ARE UNABLE TO RESOLVE THE PROBLEM SO AS TO PERMIT SUCH INSTALLATION AND USE OF A SEPTIC SYSTEM WITHIN 60 DAYS AFTER WE RECEIVE NOTICE OF DISAPPROVAL, WE WILL REFUND THE PURCHASE PRICE OF YOUR LOT. PLEASE REFER TO YOUR CONTRACT OF SALE FOR SPECIFIC INFORMATION REGARDING THIS CONTRACTUAL OBLIGATION.

ELECTRICITY

Duke Power will provide electrical service to the subdivision.

Primary electrical service lines will be extended to the front of or adjacent to all lots in the subdivision. Duke Power will be responsible for construction of the lines, and there will be no cost to you.

The current percentage of completion and the estimated availability dates for electrical service are set forth in the table below.

Electricity

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Phase 1 (Azalea Ridge)			
2-3, 9-11, 18, 21, 23, 27-29, 32, 34-35, 37-39, 41, 43, 46, 49-56	N/A	100%	Available
Emerald Bay 11-82	N/A	100%	Available
Emerald Bay 83-93	N/A	100%	Available
Emerald Bay 101-103	N/A	100%	Available

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Laurel Pointe 2-50, 61-66, 67A, 67B, 68-84, 85A, 85B, 86-89	N/A	100%	Available
Jasmine Cove 1-42	N/A	100%	Available
Falls Creek 2, 3, 4, 6, 7, 8, 10	N/A	100%	Available
High Ridge 1 thru 67	N/A	100%	Available
High Ridge 68-95	January, 2007	40%	May, 2007
Laurel Pointe 90 thru 126	N/A	100%	Available
Keowee Towne 2- 104	January, 2007	40%	May, 2007
Linkside 3-5, 10-12	N/A	100%	Available
Retreat 1-2, 7-22, 27-28	N/A	100%	Available

Duke Power will be responsible for maintenance of the electric service lines. You will not be responsible for any construction costs in connection with construction of the electric service lines to your lot. You will be responsible for installing electric lines within each lot and dwelling. You may be charged a hook-up service fee, and such charge is subject to change.

-WARNING-

**THERE ARE NO FUNDS SET ASIDE IN AN ESCROW OR TRUST ACCOUNT
NOR HAVE ANY OTHER FINANCIAL ARRANGEMENTS BEEN MADE TO
ASSURE COMPLETION OF THE ELECTRIC LINES.**

TELEPHONE

Bell South will provide telephone service. Telephone lines are either extended in front of or adjacent to each of the lots in this filing, or, if not so extended, BellSouth has advised that telephone lines will be extended in front of or adjacent to each lot at such time as permanent electric service is energized to the lot, namely following completion of construction of a residence thereon. You will not be responsible for any construction costs in connection with the telephone service lines. You will be responsible for installing telephone lines within each lot and dwelling. The current percentage of completion and the estimated availability dates for electrical service are set forth in the table below.

Telephone

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Phase 1 (Azalea Ridge)			
2-3, 9-11, 18, 21, 23, 27-29, 32, 34-35, 37-39, 41, 43, 46, 49-56	N/A	100%	Available
Emerald Bay 11-82	June 1, 2004	45%	May 15, 2007 ¹
Emerald Bay 83-93	January 1, 2005	45%	May 15, 2007 ¹
Emerald Bay 101-103	June 1, 2004	45%	May 15, 2007 ¹
Laurel Pointe 2-50, 61-66, 67A, 67B, 68-84, 85A, 85B, 86-89	N/A	100%	Available
Jasmine Cove 1-42	January 1, 2005	10%	July 15, 2007 ²
Falls Creek 2, 3, 4, 6, 7, 8, 10	N/A	100%	Available
High Ridge 1 thru 67	June 1, 2006	75%	Jun., 30, 2007 ³
High Ridge 68 thru 95	May 1, 2007	0%	Dec. 31, 2007
Laurel Pointe 90 thru 126	June 1, 2006	10%	May 15, 2007 ¹
Keowee Towne 2- 104	May 1, 2007	0%	Dec. 31, 2007
Linkside 3-5, 10-12	May 1, 2007	0%	Dec. 31, 2007

Unit	Estimated starting date (month/year)	Percentage of construction complete	Estimated service availability date (month/year)
Retreat 1-2, 7-22, 27-28	May 1, 2007	0%	Dec. 31, 2007

As indicated above, where telephone lines are not yet installed to a lot, Bell South has advised that telephone lines will be extended in front of or adjacent to each lot at such time as permanent electric service is energized to the lot, namely following completion of construction of a residence thereon. Estimated construction start dates and estimated availability dates are, therefore, our estimates based upon when we believe residences may be constructed.

1

The estimated availability date for telephone service serving Emerald Bay Lots 11-82 and Emerald Bay Lots 101-103 has been changed twice, once from January, 2005 to October 1, 2006, and again with this Property Report from October 1, 2006 to May 15, 2007; and the estimated availability date for telephone service serving Emerald Bay Lots 83-93 and Laurel Point Lots 90-126 has been changed from October 1, 2006 to May 15, 2007 because we have changed our estimate of when we believe residences will be constructed in that area and that Bell South's installation requirement for constructed residences prior to service installation will be achieved.

2

The estimated availability date for telephone service serving Jasmine Cove 1-42 has been changed to July 15, 2007 because we have changed our estimate of when we believe residences will be constructed in that area and that Bell South's installation requirement for constructed residences prior to service installation has resulted in the earlier estimated availability of January 1, 2007 not being met.

3

The estimated availability date for telephone service serving High Ridge 1-67 has been changed to June 30, 2007 because we have changed our estimate of when we believe residences will be constructed in that area and that Bell South's installation requirement for constructed residences prior to service installation has resulted in the earlier estimated availability of October 1, 2006 not being met.

FUEL OR OTHER ENERGY SOURCE

There is no other fuel or energy source than the electrical service.

FINANCIAL INFORMATION

A copy of our financial statements for the periods ending December 31, 2005 and September 30, 2006 are available from us upon request.

LOCAL SERVICES

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

FIRE PROTECTION

Salem Fire & Rescue Squad, approximately 5 miles from the subdivision, provides fire protection to the subdivision. Fire protection is available year round.

POLICE PROTECTION

The Oconee County Sheriffs Department provides police protection. Police protection is available year round.

SCHOOLS

The elementary school available to residents of the subdivision is Tamassee/Salem Elementary School, located approximately 5½ miles from the subdivision. Tamassee/Salem Middle School is located approximately 5 miles from the subdivision, and Tamassee/Salem High School is located approximately 5 miles from the subdivision. School bus transportation is available from within the subdivision.

HOSPITAL

Oconee Memorial Hospital, located on 298 Memorial Drive in Seneca, South Carolina, is the nearest hospital to the subdivision, located approximately 16.4 miles from the Nimmons Bridge Road main gate to the subdivision. Ambulance service is available.

PHYSICIANS AND DENTISTS

The nearest Physicians office is located in Walhalla, South Carolina. The nearest Dentist office is located in Walhalla, South Carolina.

SHOPPING FACILITIES

Nearby shopping facilities include Key Mart Grocery, Amoco Gas Station, Wine Emporium and Hair Loft approximately 3.7 miles from the Nimmons Bridge Road main gate to the subdivision. Wachovia Bank is approximately 5.1 miles from the subdivision; Bi-Lo Grocery, Ingles Grocery and CVS Pharmacy approximately 13.6 miles; Eckerd Drugs approximately 13.8 miles; Lowes Home Improvement approximately 16.4 miles; and The Home Depot approximately 17.0 miles from the subdivision.

MAIL SERVICE

Mail delivery will be made by the U.S. Postal Service to individual lots within the subdivision; provided, however, the local Postmaster may require temporary mail delivery to centralized mailbox clusters until such time as a sufficient number of homes in an area are constructed to warrant, in the Postmaster sole determination, delivery to a lot.

PUBLIC TRANSPORTATION

Public transportation is not available in the subdivision. The nearest public transportation is available in Clemson, South Carolina, approximately 15 miles from the subdivision.

RECREATIONAL FACILITIES

We will now discuss the recreational facilities located within the subdivision described in this report. The property owners association does not own any recreational facilities, and none of your assessments paid to the property owners association will be applied to the costs and expenses of maintaining the private recreational facilities described below.

The property owners association will not own or contribute to the construction or maintenance of the recreational facilities described in this section. Memberships to use the recreational facilities described below are available to lot owners only and are not available for public use. The facilities will be owned and operated by The Cliffs at Keowee Falls South Golf and Country Club, LLC (the "Club"), which is currently an affiliated entity.

THE CLIFFS AT KEOWEE FALLS SOUTH GOLF & COUNTRY CLUB

THE RECREATIONAL FACILITIES TO BE LOCATED IN THE SUBDIVISION WILL BE OWNED AND OPERATED BY THE CLIFFS AT KEOWEE FALLS SOUTH GOLF & COUNTRY CLUB, LLC, A PRIVATE, NON-EQUITY CLUB OWNED BY AN AFFILIATE OF THE DEVELOPER. THE FACILITIES WILL BE AVAILABLE SOLELY TO ITS MEMBERS. YOUR PURCHASE OF A LOT IN THIS SUBDIVISION GIVES YOU NO RIGHT TO USE THE FACILITIES OF THE CLUB UNLESS YOU ARE A MEMBER. THERE IS NO ASSURANCE THAT YOUR APPLICATION FOR MEMBERSHIP WILL BE ACCEPTED. THE INITIAL COST OF A MEMBERSHIP AND SUBSEQUENT ANNUAL DUES WILL BE SUBSTANTIAL. THE COST OF A GOLF MEMBERSHIP IS ONE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 (\$125,000) DOLLARS, AND THE ANNUAL DUES WILL BE AS HIGH AS SIX THOUSAND FOUR HUNDRED EIGHTY AND NO/100 (\$6,480.00) DOLLARS. THE COST OF A FAMILY MEMBERSHIP IS FIFTY THOUSAND AND NO/100 (\$50,000) DOLLARS, AND THE ANNUAL DUES WILL BE AS HIGH AS THREE THOUSAND SIX HUNDRED AND NO/100 (\$3,600) DOLLARS. THE COST OF A MEMBERSHIP IS SUBSTANTIAL AND NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU DO NOT BECOME A MEMBER OF THE PRIVATE CLUB. A MEMBERSHIP IN THE CLUB IS NOT TRANSFERABLE EXCEPT TO THE CLUB AND PURSUANT TO STRINGENT REQUIREMENTS SET FORTH IN THE CLUB DOCUMENTS. ANY PERSON TO WHOM YOU SELL YOUR LOT WILL HAVE TO APPLY FOR MEMBERSHIP AND BE ACCEPTED FOR MEMBERSHIP, AND PAY AN INITIATION FEE AND ANNUAL DUES, WHICH ARE OR MAY BE SUBSTANTIAL. THE FAILURE OF YOU OR THE PERSON TO WHOM YOU SELL YOUR LOT TO BECOME A MEMBER MAY ADVERSELY AFFECT THE VALUE OF YOUR LOT. YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE OF A LOT IN THIS SUBDIVISION IF IT IS BASED UPON THE ASSUMPTION THAT A MEMBERSHIP IN THE GOLF & COUNTRY CLUB WILL BE AVAILABLE TO YOU OR TO ANYONE TO WHOM YOU SELL YOUR LOT. FURTHERMORE, EVEN THOUGH THE CLUB FACILITIES ARE LOCATED IN THE SUBDIVISION, NO IMPLICATION IS INTENDED OR SHOULD BE DRAWN THAT THE CLUB FACILITIES ARE MAINTAINED FOR LOT OWNERS WITHIN THE SUBDIVISION.

The following chart lists the facilities of The Cliffs at Keowee Falls South Golf & Country Club, LLC, which lists the estimated date of the start of construction, the percentage of construction now complete,

the estimated date of availability, financial assurance of completion and the estimated annual cost or assessment.

Facility	Percentage of construction now complete	Estimated date start of construction (month/year)	Estimated date available for use (month/year)	Financial assurance of completion	Buyer's annual cost or assessments
Golf Course	95%	April, 2005	April, 2007 ¹	None	The use of these facilities is dependent upon separate membership agreements between the lot owner and the owner of the facilities. No cost for the use of these facilities is assessed against Lot purchasers by the owners' association.
Clubhouse	15%	June, 2006 ²	Aug., 2007 ³	None	
Wellness Center, Tennis / Pool	0%	Sept., 2007 ⁴	April, 2009 ⁵	None	
North Marina Pavilion	0%	Sept., 2008 ⁶	May, 2009 ⁶	None	

- ¹ The estimated completion date for the golf course has been amended to April, 2007 because the Club has advised us it is unable to achieve development goals required for the earlier estimated construction completion date of September, 2006.
- ² The construction start date for the clubhouse was previously estimated to be April 2005. The Club has amended it estimated construction start date to June 2006 because it failed to meet the earlier estimated construction start date.
- ³ The estimated completion date for the clubhouse was previously amended to April, 2007 because the Club advised it unable to achieve development goals required for the earlier estimated construction completion date of September, 2006. The estimated completion date has been amended again to August, 2007 because the Club is unable to achieve its development goals required for the earlier estimated completion date of April 2007.
- ⁴ The estimated start date for the wellness facilities, tennis and pool was previously amended to April, 2006 because the Club previously advised it was unable to achieve its development goals required for an earlier estimated start date of April, 2005. The Club has advised that it will not meet the April 2006 estimated construction start date and has again amended the estimated start date to Sept., 2007.
- ⁵ The estimated completion date for the wellness facility, tennis and pool was previously amended to Apr. 2008 because the Club advised that it would not achieve development goals required for an earlier estimated completion date of Apr., 2007. The Club has again amended the estimated completion date to Apr., 2009 because the Club has determined it will not meet the earlier estimated Apr. 2008 completion date.
- ⁶ The estimated start date for the North Marina Pavilion has been changed because the Club failed to commence construction by June 2006 and will not achieve its development goals and a start of construction until Sept., 2008. Furthermore, as a result, the estimated completion date has also been changed from April 2007 to May 2009.

-WARNING-

WE DO NOT OWN THE RECREATIONAL FACILITIES; THEREFORE, WE
CANNOT ASSURE THEIR CONTINUED AVAILABILITY

CONSTRUCTING THE FACILITIES

Together with the Club, we are responsible for the construction of the facilities described above. Lot purchasers are not required to contribute to the construction costs of the facilities.

MAINTAINING THE FACILITIES

The Club will operate and be responsible for maintenance of the facilities.

TRANSFER OF FACILITIES

The Club will own the facilities. The recreational facilities of the Club are subject to transfer at the discretion of the Club, and are not common areas as described in the restrictive covenants.

PERMITS

The permits to construct the recreational facilities are not in place at this time; therefore, there is no assurance that members of the Club will be able to use the facilities.

WHO MAY USE THE FACILITIES

Membership in the Club is available to lot owners who elect to acquire a membership in accordance with the terms and conditions of the membership plan. Family Memberships are available to lot owners who make application for such memberships. A Family Membership in the Club entitles lot owners to use the recreational facilities of the Club, except for the golf course. Subject to availability, lot owners may become eligible to utilize the golf facilities of the Club by acquiring a Golf Membership in the Club within 30 days from closing the acquisition of a lot. Until the Club's facilities are completed within the subdivision, Club members will have only reciprocal use privileges at affiliated Cliffs golf and country club facilities. Unless the initial lot owner elects to purchase a Golf Membership, future lot owners may not be able to use the facilities or acquire such memberships. Upon the resale of your lot you are required to resign all your memberships in the Club and receive a refund of 100% of the amount you paid for the membership. The purchaser of your lot may be required to purchase a membership at the then current purchase price. See your contract of sale for more information regarding the terms and conditions of membership and use of the recreational facilities.

SUBDIVISION CHARACTERISTICS AND CLIMATE

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

GENERAL TOPOGRAPHY

Except for eight (8) lots in the High Ridge section and seven (7) lots in the Keowee Towne section of the subdivision, which have some steep slopes, the general topography of the land within Keowee Falls South is a combination of gently rolling hills and valleys.

Approximately sixteen percent (16%) of the subdivision will remain as natural open space.

Lots 75-82 in the High Ridge section, and lots 2, 3, 7-8, and 63-65 in the Keowee Towne section may contain steep slopes, rock, outcropping, unstable or expansive soil conditions which could necessitate the use of special construction techniques to build. However, each lot contains a buildable area. It is recommended that purchasers site these conditions to avoid any problems that could arise as a result thereof.

- WARNING -

SOME LOTS IN THIS MOUNTAINOUS SUBDIVISION HAVE A SLOPE OF 20% OR MORE. THIS MAY AFFECT THE TYPE AND COST OF CONSTRUCTION.

WATER COVERAGE

None of the lots or portions of lots are covered by water at any time during the year.

DRAINAGE AND FILL

None of the lots require draining or fill prior to being used for the construction of residences.

FLOOD PLAIN

The subdivision is not located within a flood plain or an area designated by any federal, state or local agency as being prone to flooding. Flood insurance is available, but is not customarily required in connection with financing for improvements on lots.

FLOODING AND SOIL EROSION

We will provide temporary and permanent control measures within the subdivision which will aggressively control storm water, erosion and sediment control, including sodding and seeding in areas of heavy grading or cut and fill, along with construction of diversion ditches and sediment control basins as necessary. Oconee County has approved our plans for the portions of the subdivision currently being developed. The overall program is under development and is expected to be complete as each phase is completed. There is no financial assurance for completion of the program.

The measures to be exercised by the architectural control committee in the subdivision will include the requirement that each lot owner and/or builder furnish and comply with a temporary and permanent plan for controlling storm water, erosion and sediment during and after construction on a lot.

NUISANCES

We know of no land uses in close proximity of the subdivision that would adversely affect the subdivision.

HAZARDS

We are not aware of any unusual safety factors or hazards that affect the subdivision or any proposed plans for construction that may create a future nuisance or safety hazard. You should understand, however, that some lots in the subdivision are or will be adjacent or in close proximity to a golf course and other club facilities located in the subdivision, and that you might consider the flight and landing of golf balls, the noise of club recreational and maintenance activities, the spraying of chemicals and pesticides (in accordance with regulations applicable thereto) and other similar activities incident to the normal operation of a private club to be a nuisance or hazard.

YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE, IF IT IS BASED UPON AN ASSUMPTION THAT NORMAL RECREATIONAL AND MAINTENANCE ACTIVITIES INCIDENT TO OPERATIONS OF THE RECREATIONAL FACILITIES OWNED BY THE PRIVATE CLUB AND LOCATED WITHIN CLIFFS AT KEOWEE FALLS SOUTH MAY NEVER IMPACT AN OWNER'S USE AND ENJOYMENT OF A LOT IN THE SUBDIVISION.

The lots covered by this Property Report are not subject to unusual natural hazards, and no federal, state or local agency has formally identified the area as one subject to the frequent occurrence of natural hazards.

The South Carolina Department of Insurance has established a rating system for fire hazards based on the availability of water, the capability of the fire department and emergency communications systems. The rating for the subdivision ranges from seven to nine on a scale from one to ten with ten representing the minimum recognized protection.

CLIMATE

The average temperature ranges for the area in which the subdivision is located are as follows:

	<u>Summer</u>	<u>Winter</u>
High	88.2°	50.0°
Low	68.3°	30.0°
Mean	78.2°	40.0°

The average rainfall is 51.27 inches per year. The average snowfall is 5.9 inches per year.

OCCUPANCY

There are currently twenty-three (23) homes occupied on a full time basis as of the date of this Report.

ADDITIONAL INFORMATION

In this section, we will discuss the following issues:

- (a) the Property Owners Association;
- (b) Annual Real Estate Taxes;
- (c) Resale or Exchange Program;
- (d) Equal Opportunity in Lot Sales; and
- (e) Listing of Lots.

PROPERTY OWNERS ASSOCIATION

The Cliffs at Keowee Falls South Owners' Association ("Association"), a property owners association for The Cliffs at Keowee Falls South, has been formed as a nonprofit South Carolina corporation.

As the Declarant and Class B member under the restrictive covenants, we have the right to exercise management control over the Association through the appointment of the Board of Directors and officers. This control of the Association will continue until the earlier of the following: (i) December 31, 2032; or (ii) three (3) months after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor Declarant, property representing ninety-five percent (95%) of the total number of Lots intended for development in The Cliffs at Keowee Falls South, which number will be set forth in a Supplemental Declaration executed and filed in the Oconee County records on or before December 31, 2032, making specific reference to this limitation in the restrictive covenants; or (iii) three (3) months following the date we as Declarant surrenders our authority to appoint directors of the Association by an express, recorded amendment to the restrictive covenants.

Membership in the Association is mandatory. Owners will be obligated to pay an annual assessment to the Association for each lot owned. The current annual assessment is \$775 per lot, per year, payable annually, which covers the Association's general operating costs.

The Board of Directors will set the annual assessment at least ninety (90) days prior to the first day of the Association's full fiscal year. The budget will cover the estimated common expenses during the coming year, such budget to include a reserve account, if necessary, for the capital needs of the Association. The annual budget and annual assessments, as determined by the Board of Directors will become effective unless disapproved (a) solely by us as Declarant during the Declarant Control Period, and (b) thereafter by seventy-five percent (75%) or more of the votes of the entire Association at a special meeting of Members called to consider disapproving of the budget.

Special assessments may be levied if: (a) during the Declarant Control Period we approve, in writing, such special assessment; and (b) after the Declarant Control Period, the special assessment is not disapproved by sixty-seven percent (67%) or more of the votes of the entire Association at a special meeting of Members called to vote on the special assessment.

The Association has powers and duties which include, but are not limited to, preparation and adoption of the annual budget, levying and collecting the assessments, providing for the operation and maintenance of the Association's common properties, hiring and firing personnel, making and amending rules and regulations, enforcing the provisions of the restrictive covenants, the By-Laws of the Association, and the rules and regulations of the Association, and keeping books and records of the Association. We as the

Declarant will exercise architectural control over construction and landscaping within the subdivision through our establishment of an architectural review committee ("ARC") and the appointment of its members. We reserve the right, but shall not have the obligation until 3 years following the expiration of our Declarant Control Period, to assign the ARC powers to the Association.

The projected income from assessments is estimated to be adequate; however, until there are sufficient owners to maintain the required level of funds, The Cliffs at Keowee Falls South, LLC will subsidize the property owners associations as necessary.

TAXES

Your obligation to pay taxes begins upon transfer of title. Taxes are paid to the Oconee County Tax Assessor. Taxes on an unimproved lot after transfer of title to you are, based on 2006 ad valorem taxes, \$20.40 for every \$100.00 of assessed value, and unimproved lots are assessed at 6% of fair market value. Therefore, you would expect to be taxed \$1.22 for each \$100 of fair market value, based upon 2006 ad valorem taxes.

RESALE OR EXCHANGE PROGRAM

The restrictive covenants require that any sign, including "for sale" signs, must be approved by the ARC prior to posting.

As a developer, we have no program to assist you in the resale of your lot. An on-site broker will be available for your use in reselling your lot should you so choose.

We do not currently offer a lot exchange program, and do not anticipate offering one in the future.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968 in that we do not directly or indirectly discriminate on the basis of race, religion, sex, or national origin in any of the following general areas: lot marketing and advertising, rendering of lot services, and requiring terms and conditions on lot sales and leases.

LISTING OF LOTS

PHASE 1 AZALEA RIDGE				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
49-52, 55	A928	5-10	March 19, 2003	[none]
2-3, 53, 54, 56	A928	5-10	March 19, 2003	Regions Bank
10, 18, 35, 39, 43, 48	A912	1-6	Nov. 18, 2002	[none]
9, 11, 21, 34, 46	A912	1-6	Nov. 18, 2002	Regions Bank
23, 27	A912	1-6	Nov. 18, 2002	Regions Bank
28, 29	A912	1-6	Nov. 18, 2002	Regions Bank

Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
32	A912	1-6	Nov. 18, 2002	Regions Bank
37, 38, 41	A912	1-6	Nov. 18, 2002	Regions Bank

TOTAL REGISTERED PHASE 1 LOTS:

29

TOTAL REGISTERED PHASE 1 ACRES:

67.730

EMERALD BAY (FORMERLY PHASE 1A)				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
24, 26, 29-34, 39-58, 61, 63, 80	A933	5-10	April 4, 2003	Regions Bank
11-12, 15-21, 23, 25, 35-38, 59, 60, 62, 64-75, 79, 81-82	A948	5-10	June 30, 2003	Regions Bank
13-14, 22, 27-28	A89	9-10	Aug. 26, 2003	Regions Bank
76-78	993	8-9	Mar. 19, 2004	Regions Bank
101-103	A959	9 & 10	August 26, 2003	Regions Bank
83-93	993	8-9	March 19, 2004	Regions Bank

TOTAL REGISTERED EMERALD BAY LOTS:

86

TOTAL REGISTERED EMERALD BAY ACRES:

131.500

LAUREL POINTE				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
2-8, 11-13, 18-19, 22-25, 28-32	A959	5-6	August 26, 2003	Regions Bank
9-10, 14-17, 20-21, 26-27	A971	5-6	October 30, 2003	Regions Bank
33-34, 37, 40-50	A959	7-8	August 26, 2003	Regions Bank
35-36, 38-39	A971	7-8	October 30, 2003	Regions Bank
71-73, 76-83, 86-89	A960	1-2	August 26, 2003	Regions Bank
61-63, 67A, 67B, 85A, 85B	A971	9-10	October 30, 2003	Regions Bank
64-66, 68-70, 74-75, 84	B41	7-8	Dec. 22, 2004	Regions Bank
90-119	122	7-8	March 13, 2006	Regions Bank
120, 123-126	122	9-10	March 13, 2006	Regions Bank
121-122	B140	1-2	May 19, 2006	Regions Bank

TOTAL REGISTERED LAUREL POINTE LOTS:

117

TOTAL LAUREL POINTE ACRES:

217.980

JASMINE COVE LOTS 1-42				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
1-17	993	4-5	March 19, 2004	Regions Bank
18-42	993	6-7	March 19, 2004	Regions Bank

TOTAL REGISTERED JASMINE COVE LOTS 1-42: 42

TOTAL REGISTERED JASMINE COVE 1-42 ACRES: 74.390

FALLS CREEK LOTS				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
2, 3, 4, 6, 7, 8, 10	B14	5-6	July 12, 2004	Regions Bank

TOTAL REGISTERED FALLS CREEK LOTS: 7

TOTAL REGISTERED FALLS CREEK ACRES: 7.630

HIGH RIDGE LOTS				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
1 - 15, 40 - 51	122	1-2	March 13, 2006	Regions Bank
16 - 18, 20-39	122	3-4	March 13, 2006	Regions Bank
19	B139	7-8	May 19, 2006	Regions Bank
52 - 67	122	5-6	March 13, 2006	Regions Bank
68-95	B188	3-4	Feb. 6, 2007	Regions Bank

TOTAL REGISTERED HIGH RIDGE LOTS: 95

TOTAL REGISTERED HIGH RIDGE ACRES: 173.920

KEOWEE TOWNE LOTS				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
2-32	188	9-10	February 6, 2007	Regions Bank
33-41, 54-72	188	5-6	February 6, 2007	Regions Bank
42-53	188	7-8	February 6, 2007	Regions Bank
73-104	188	1-2	February 6, 2007	Regions Bank

TOTAL REGISTERED KEOWEE TOWNE LOTS: 103

TOTAL REGISTERED KEOWEE TOWNE ACRES: 134.380

THE RETREAT LOTS				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
1-2, 7-22, 27-28	139	9-10	May 19, 2006	Regions Bank

TOTAL REGISTERED RETREAT LOTS: 20

TOTAL REGISTERED RETREAT ACRES: 7.630

LINKSIDE LOTS				
Lot Number	Plat Book	Pages	Plat Recording Date	Mortgage Holder
3-5, 10-12	163	9-10	Sept. 12, 2006	Regions Bank

TOTAL REGISTERED LINKSIDE LOTS: 6

TOTAL REGISTERED LINKSIDE ACRES: 3.023

TOTAL REGISTERED KEOWEE FALLS SOUTH LOTS: 505

TOTAL REGISTERED KEOWEE FALLS SOUTH ACRES: 818.183

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

COST SHEET

In addition to the purchase price of your lot, there are other expenditures that must be made. Listed below are the major costs. All costs are subject to change.

Cash Price of Lot	<u>Sales Price</u>	\$ _____
	<u>Estimated One-Time Charges</u>	
1. Water Tap Fee, Domestic Potable Water		\$ <u>3,215.00</u>
2. Water Tap Fee, Irrigation		\$ <u>225.00</u>
3. Electric – Duke Power Security Deposit (\$100-\$250)		\$ _____
4. Installation charge for telephone (connection)		\$ <u>40.00</u>
5. Architectural Review Committee ("ARC") Fee		\$ <u>1,000.00</u>
6. ARC Construction Compliance Bond (Refundable)		\$ <u>5,000.00</u>
7. ARC Road Usage Fee (Non-refundable)		\$ <u>2,000.00</u>
7. Septic System Permit		\$ <u>105.00</u>
8. Septic Tank Costs (\$3,000 – \$30,000)		\$ _____
9. Property Owners Association Working Capital		\$ <u>129.16</u>
Total of estimated sales price and one-time charges		\$ _____
	<u>Estimated annual charges, exclusive of utility use fees</u>	
1. Taxes -- Average unimproved lot after sale to purchaser		\$ _____
2. The Cliffs at Keowee Falls South Owners' Association		\$ <u>/</u> _____

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

Keowee Falls Investment Group, LLC

By: _____

Lucas T. Anthony

Title: Secretary

EXHIBIT C



DATE _____
COMPILED/TYPED BY _____
MAILED BY _____
HAND DELIVERED BY _____
AUTHOR/SENIOR AUTHOR _____
(INITIALS)

July 18, 2005

Mr. Donald H. Nickell, Jr., P.E.
The Cliffs Communities, Inc.
301 Beaver Dam Road
Travelers Rest, South Carolina 29690

FILE COPY

THIS DOCUMENT DOES NOT LEAVE FILE

Reference: **SUBSURFACE EXPLORATION FINDINGS**
Cliffs Keowee Falls South – Lot #31 Jasmine Cove
Oconee County, South Carolina
S&ME Project No. 1261-05-423A

Dear Don:

S&ME, Inc. is pleased to submit this Subsurface Exploration Findings letter for Lot #31 (Jasmine Cove) at the Cliffs Keowee Falls South development. Our work for the property included an exploration of subsurface conditions, analysis, opinions regarding the cause of unusual features on the property and our geotechnical engineering recommendations regarding supporting residential structures. This letter presents a brief confirmation of our understanding of the project, the exploration results, and our geotechnical conclusions and recommendations regarding the above considerations.

Lot #31 fronts Lake Keowee along its western shoreline. The lot slopes upward away from the lake at a visually estimated inclination on the order of about 4 horizontal to 1 vertical. There are approximately three "scarp" areas across the site, each approximately paralleling the water surface and the contour of the lots. These surface features are very unique.

The lot was explored with two soil testing borings (L-1 and L-2) performed below the main "scarp" area and one boring (L-3) above the main "scarp" area. Additionally, three trackhoe excavated test pits were performed at similar locations as the borings. At each test pit and boring location, soils that appear to be residual in nature and common to the Piedmont Geologic Province were encountered to termination or refusal depths of 20 to

S&ME, Inc.
155 Tradd Street
Spartanburg, South Carolina 29301

(864) 574-2360
(864) 576-8730 fax
(864) 232-8987 Greenville

www.smeinc.com

30 feet below the ground surface. The residual soils generally consist of silty sand or sandy silt; however, an upper layer of sandy clay was present in boring L-1. The Standard Penetration Resistance (N) values in the residual soils varied from 2 to 31 blows per foot with the majority of the values in the 2 to 5 blows per foot range. These values indicate a very soft to soft consistency for silts and clays, and a very loose to loose relative density for sands.

The boring data indicates that the lot contains some unique surface and subsurface anomalies. Although the boring data indicates very low consistency soils extend well below the ground surface, it did not indicate that the exposed "scarp" areas are the result of lateral movements or surface sloughing. The surface features could be terraced alluvium deposited during past geologic events or possibly old road cuts created during construction of Lake Keowee.

Based on the subsurface data and our experience, it is our opinion that residential structures can be supported on-site with some modification to improve the foundation soils. Several options are available for soil improvement, but we would recommend undercut and replacement or rammed aggregate piers as the most practical. The undercut area would include the building limits and an area extending at least 15 feet outside the building limits, and would extend 5 to 7 feet.

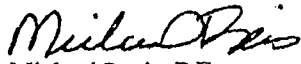
Rammed Aggregate Piers are a patented system consisting of drilling vertical holes (typically 30-inches in diameter) and filling them in layers with compacted crushed stone to the foundation bearing level. Rammed Aggregate Piers are stiffer than the surrounding soil and support a disproportionate share of the foundation load while reducing foundation settlement. After Rammed Aggregate Pier construction, foundations and/or floor slabs may be constructed conventionally.

For planning purposes, the cost of undercutting soils, replacing them with off-site borrow soils, and wasting the undercut soils off site is typically about \$12 to \$15 per cubic yard. However, a majority of the undercut soils would most likely be suitable for reuse as structural fill. As for the Rammed Aggregate Piers, we estimate that approximately 50 to

75 piers would be required to support the structure and floor slab. The piers could be installed in 4 to 5 days (including a modulus load test) with an anticipated cost on the order of \$550 to \$600 per pier. However, this cost will vary depending on project specific variables. We can provide additional design and cost information as the project is further advanced.

We appreciate the opportunity to work with The Cliffs Communities, Inc. by providing the geotechnical engineering for this project. Should any questions arise regarding the information in this report or when we may be of further service, please contact us.

Sincerely,
S&ME, Inc.


Michael Revis, P.E.
Project Engineer
mrevis@smeinc.com


Howard Perry, P.E.
Senior Engineer
hperry@smeinc.com

EXHIBIT D



June 3, 2008

Mr. Brandon Smith
The Cliffs Communities, Inc.
3598 Highway 11
Travelers Rest, South Carolina 29690

Reference: Site Observations
Cliffs Keowee Falls South – Lot #31 Jasmine Cove
Oconee, South Carolina
S&ME Project No. 1263-05-423A

Dear Mr. Smith:

This letter presents the results of our site observations and testing performed from May 13 to May 22, 2008 at the subject site. The purpose of these observations was to help evaluate site conditions pertaining to residential structural support, monitor undercut in the proposed building footprint, and perform field density testing for the backfill placed in the undercut area. Our tests and observations were performed in general accordance with our Proposal No. 08383 dated May 15, 2008.

PROJECT INFORMATION

We understand from our May 9, 2008 telephone conversation with you that a new residence is planned for Jasmine Cove Lot #31 at The Cliffs Keowee Falls South development in Oconee, South Carolina. The proposed footprint for the residence was cleared prior to our arrival and is approximately 100 feet long (parallel to the water) and 80 feet wide. The footprint of the proposed residential structure was staked in the field by a Representative of The Cliffs Communities. The actual footprint dimensions and loading information were not known at the time of this report. We assume the new residence will be a lightly loaded one to two-story structure with wall and column loads on the order of 1.5 to 3 kips per lineal foot and 30 to 50 kips, respectively. S&ME is familiar with the project having performed the Subsurface Exploration for the site dated July 18, 2005.

FIELD OBSERVATIONS AND TESTING

On May 13, 2008 our Engineering Representative was present, as requested, to observe site conditions for the proposed residential structure. Our evaluation consisted of observing the excavation of two test pits in the proposed footprint. The soils encountered in the test pits were visually identified in the field and were consistent with our Subsurface Exploration. The soils encountered in the test pits consisted of red, brown silty sand or sandy silt and extended to a depth of 6 feet below the existing ground elevation.

Our Engineering Representative returned to the site on May 14 and 15 to observe undercut in the proposed building pad footprint. The building pad was undercut 5 to 7 feet in general accordance to our Subsurface Exploration report recommendations.

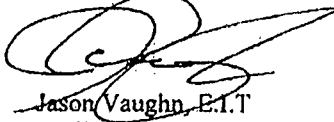
Our Materials Technician was also present from May 15 to 22 to observe fill placement in the undercut area and perform field density testing. The results of the tests indicated compactions meeting or exceeding 95 percent of the standard Proctor maximum dry density (ASTM D-698) at the locations and elevations at which they were performed. No indication of the condition of the remaining fill mass is expressed or implied. A summary of the tests is shown on the attached Summary of Density Test Report.

CLOSING

We appreciate the opportunity to be of service to you on this project. Should there be any questions regarding the information presented in this letter, please contact us.

Sincerely,

S&ME, Inc.



Jason Vaughn, E.I.T.
Staff Professional
jvaughn@smeinc.com



Mike Revis, P.E.
Senior Engineer
mrevis@smeinc.com

JVMR S:\CONSTRUCTION\2005\PROJECTS\6305423a cliffs lot #31\Site Observation.doc

Attachments: Summary of Density Test Report

cc: Mr. Donald Nickell, Jr., P.E. – The Cliffs Communities, Inc. (E-Mail)

371.1018



Summary of Density Test Results

Project Name: Cliffs Keowee Falls South #31

Client: The Cliffs Communities

Page No. 1

Report Date: June 03, 2008

Project No.: 1263-05-423A

Test		In-Place Density Test			Check Plug Data		Reference Standard			Compaction		Location	Elevation or Stone Depth	
No.	Date	Type	Dry Density	Moisture Content	Dry Density	Moisture Content	Type	Ref. Curve	MDD	Optimum Moisture Content	Percent Specified			Percent In-Place
1	05/15/08	D 2922	95.3	19.9			D 698		103.5	16.5	95	92 *	Lot 31	+2'
1A	05/15/08	D 2922	99.4	22.1			D 698		103.5	16.5	95	96	Retest of lot 31, test 1	+2'
2	05/15/08	D 2922	99.2	21.5			D 698		103.5	16.5	95	96	Lot 31	+2'
3	05/19/08	D 2922	95.0	25.4			D 698		98.8	21.4	95	96	Lot 31	+4'
4	05/19/08	D 2922	100.0	18.6			D 698		103.5	16.5	95	97	Lot 31	+3'
5	05/20/08	D 2922	94.2	26.6			D 698		98.8	21.4	95	95	Lot 31	-2'
6	05/20/08	D 2922	99.4	24.0			D 698		98.8	21.4	95	100+	Lot 31	+4'
7	05/20/08	D 2922	103.6	15.9			D 698		103.5	16.5	95	100	Lot 31	+4'
8	05/20/08	D 2922	92.3	29.3			D 698		98.8	21.4	95	93 *	Lot 31	+5'
8A	05/21/08	D 2922	94.4	25.6			D 698		98.8	21.4	95	96	Retest of lot 31, test 8	+6'
9	05/20/08	D 2922	91.6	30.2			D 698		98.8	21.4	95	93 *	Lot 31	+5'
9A	05/21/08	D 2922	94.6	26.1			D 698		98.8	21.4	95	96	Retest of lot 31, test 9	+6'
10	05/22/08	D 2922	97.5	24.7			D 698		98.8	21.4	95	99	Lot 31	SG
11	05/22/08	D 2922	93.6	26.4			D 698		98.8	21.4	95	95	Lot 31	SG
12	05/22/08	D 2922	97.4	25.2			D 698		98.8	21.4	95	99	Lot 31	SG
														SG

* = Failed Specified Compaction, ** = Failed Specified Moisture Content

All Test Locations and Elevations are Approximate

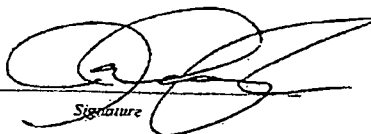
Notes:

References: ASTM D 2922: Density of Soil and Soil-Aggregate in Place by Nuclear Methods (Shallow Depth), ASTM D 698: Laboratory Compaction Characteristics of Soil Using Standard Effort

Distribution: Brandon Smith (E-Mail)

Jason Vaughn

Name (Technical Responsibility)


Signature

Staff Professional

Position

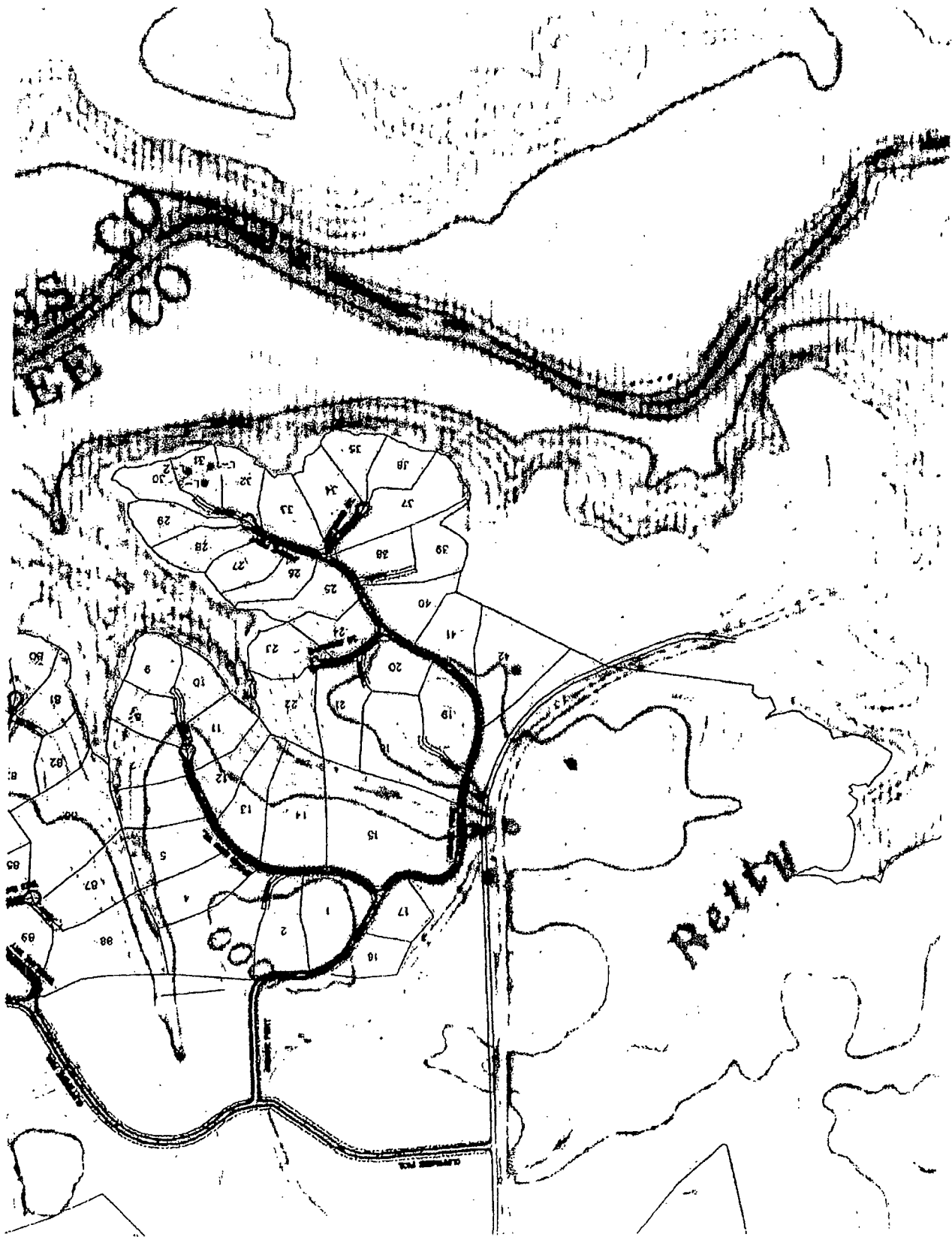


EXHIBIT E

**SUBSURFACE EXPLORATION
JASMINE POINT CUL-DE-SAC
CLIFFS KEOWEE FALLS SOUTH
OCONEE COUNTY, SOUTH CAROLINA
S&ME Project No. 1261-10-058**

Prepared for:

The Cliffs Communities
3598 Highway 11
Travelers Rest, South Carolina 29690

Prepared by:



1 Marcus Drive
Suite 301
Greenville, South Carolina 29615

March 5, 2010



March 5, 2010

The Cliffs Communities
3598 Highway 11
Travelers Rest, South Carolina 29690

Attention: Mr. Donald H. Nickell, Jr., P.E.

Reference: SUBSURFACE EXPLORATION

Jasmine Point Cul-De-Sac
Cliffs Keowee Falls South
Oconee County, South Carolina
S&ME Project No. 1261-10-058

Ladies and Gentlemen:

This report presents the results of a subsurface exploration for the Jasmine Point cul-de-sac and its embankment. The exploration was made in accordance with our proposal number 10064 dated January 24, 2010. This report presents information regarding our understanding of a water line separation and the stability of an embankment for the cul-de-sac.

BACKGROUND INFORMATION

We understand the cul-de-sac at the end of Jasmine Point was constructed in about 2005/2006. Construction of the cul-de-sac appears to have required shallow excavation in the south and southwest parts and fill placement to as deep as about 15 feet in the east. Drives for residences have been extended to the north and northwest of the cul-de-sac and slope down to the north. A relatively steep embankment (estimated at about 1.5 horizontal to 1 vertical) slopes down to the east. It appears the original ground surface sloped gently down to the north and more steeply down to the northeast and east. Also, it appears old logging roads or roads used for the initial dam development were cut through this area.

A water line (6 inch diameter ductile iron) was installed across the cul-de-sac in about 2005 to supply the residence and future residences in the area. In December 2009, the water line crossing the road separated at a joint. The water line was repaired and it was estimated by the Salem Water Department that 100,000 gallons of water was lost in less than a 24 hour period. The ground along a section of the line was pushed up slightly and a small amount of water flowed out, but there was no indication where a large amount of

water exited the ground surface. To the south of the line and water line separation, the pavement dropped down about 4 inches. (This is shown on Photographs Nos. 1 and 2 in the Appendix.) This crack is primarily vertical. (There is a potential this separation was caused by the water pressure pushing the pavement upward, but if this were the case, water and soil would have been expected to flow out of the crack and there was no indication of this.) The distance from the water line separation to the crest of the slope is about 20 feet. With the exception of the crack, we have not observed any movement in the cul-de-sac embankment.

FIELD EXPLORATION

The field evaluation included a visual reconnaissance of the area by the Geotechnical Engineer and the performance of three soil test borings. The boring locations were established in the field by our personnel measuring distances and estimating right angles from the existing pavement. In addition to the disturbed split-spoon soil samples routinely obtained in the borings, two relatively undisturbed Shelby tube samples were obtained for laboratory testing. After completion of drilling, the boreholes were backfilled with soil cuttings and mechanical hole plugs were installed to help keep the bore holes from settling.

The split-spoon soil samples were transported to our laboratory where they were manually and visually classified by the Geotechnical Engineer. The soil classification was estimated in accordance with the Unified Soil Classification System (USCS). The Shelby tube samples were subjected to consolidated-undrained triaxial shear testing.

A Boring Location Plan (Figure 1) showing approximate boring locations, Boring Logs presenting subsurface information obtained, field testing procedures and laboratory test data are included in the Appendix. Ground surface elevations are not shown on the Boring Logs because this information was not available at this time.

SUBSURFACE CONDITIONS

Surface Materials

Boring B-2, made in the pavement near the existing crack, penetrated 6 inches of asphalt and crushed stone base.

Existing Fill

Below the pavement in boring B-2 and at the ground surface in boring B-1, existing fill soil was encountered to depths of about 6 and 15 feet, respectively. This fill is primarily comprised of a mixture of silty clay, sandy silt and silty sand with rock fragments. (The USCS symbol for the silt is ML, the sand is SM and the clay is CL.) Significant organic matter was not observed in the soil samples. While the fill was moist, it was not found to be extremely wet. Based on the boring data, the fill is erratically and generally poorly compacted.

Residual Soils

Directly below the fill and at the ground surface in boring B-3, residual soils of the type common to the Oconee County area were encountered. The residuum primarily consists of silty sand and some sandy silt with a varying amount of mica. However, a layer of clayey silt was encountered by boring B-3. The standard penetration resistance in the residual soils ranged from 7 to 17 blows per foot. These values generally indicate a loose to medium dense relative density for the sands and a firm consistency for the silts. Generally these soils have a somewhat lower consistency than residual soils found in the Oconee County area. The borings were terminated in residual soils at a depth of 30 feet below the existing ground surface.

Note: The split spoon samples and standard penetration tests results were obtained using an automatic hammer. This hammer has a lower energy than a standard hammer. To account for this lower energy, a standard factor of 1.3 was multiplied to the field values to provide corrected values. These values are shown on the boring logs and used in our analyses.

Subsurface Water

Subsurface water was not encountered by any borings. It should be noted subsurface water levels will fluctuate during the year, due to such things as seasonal variations, precipitation, the water level in Lake Keowee and construction activity in the area.

The above description of subsurface conditions is relatively brief and general. For more detailed information, the individual Borings Logs contained in the Appendix may be consulted.

CONCLUSIONS AND RECOMMENDATIONS

From our visual observations, we did not observe indications that the cul-de-sac embankment has moved laterally. Also, we performed a slope stability analysis using triaxial shear testing from undisturbed samples of the fill and residual soils. (This test provides shear strength parameters of the soils.) The results of this analysis indicate a safety factor on the order of 1.3 to 1.4. While the slope inclination of 1.5H:1V is considered relatively steep, if instability occurs, it is typically in the form of surface sloughing, rather than a deep seated failure. As mentioned above, indications of this were not observed. While the fill is not well compacted, our experience indicates it would not be expected to settle enough to cause the water line to break or separate.

Based on the information above, it is our opinion the most likely time of events is that the water line separated first, rather than the slope moving and causing the water line to separate. The loss of water and soils it would have eroded could have caused the pavement cracking.

Also, we do not have a good explanation of how the 100,000 gallons of water moved. (100,000 gallons is roughly equivalent to the water contained in three Hampton Inn swimming pools.) Typically, water line separations flow water and eroded soils up to the ground surface and then surface flow down hill. While some small amount of water was noted to exit the ground near the separation by The Cliffs personnel and water line repair crew, significant flow was not noted. The residual soils directly below the fill are relatively porous and could have allowed subsurface water migration. The settlement crack in the road could have been caused by the water saturating the poorly compacted fill and causing it to settle or collapse. Further, there is a potential the rain the area has received over the last few months caused the soils to settle, and thus contributed to the water line separation.

We recommended the pavement be repaired and the cul-de-sac embankment be periodically observed. When development of the residential lots to the northeast and east of the cul-de-sac starts, the embankment should be flattened to at least 2H:1V. The new fill should be uniformly compacted to at least 95 percent of the soil's standard Proctor maximum dry density (ASTM D-698). In addition, the new fill should be tied (benched) into the existing slope.

Residence at 234 Jasmine Point

To the north of the cul-de-sac is a residence under construction at 234 Jasmine Point. At the time of the water line separation, the framing and ground floor slabs were in place. We were informed by the builder that the basement slab and slab under the rear deck had been poured in about September/October 2009. These slabs performed satisfactorily. About one week after the water line separation occurred, a rear section of the basement slab settled and cracked. Also, the slab under the deck separated from the rear building wall. The residence has a basement retaining wall which is performing satisfactorily. Also, neither water nor wet conditions have been observed near this wall.

The release of water at the cul-de-sac would not be expected to have affected the slabs. If it were not for the time coincidence, we would not have expected this to be a consideration. It appears the erratically compacted existing fill left below these slabs is the likely cause of their movement. Also, shrinkage of the concrete slabs could be causing some of the movement.

Existing Residence to the Northwest of Cul-De-Sac

An existing residence is to the northeast of the cul-de-sac. A laid cut rock drive extends from the cul-de-sac to this residence. The drive has experienced erosion of its east embankment and some of the rock pieces have moved. From our visual observation of this area, this condition is apparently due to rainwater runoff flowing across the drive. There was nothing observed that would indicate the erosion was caused by the pipe separation.

LIMITATIONS OF REPORT

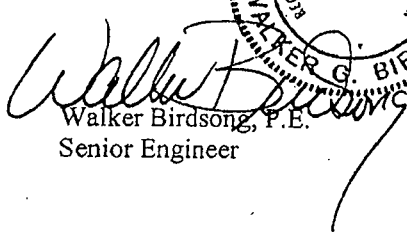
This report has been prepared in accordance with generally accepted geotechnical engineering practice for specific application to this project. The conclusions and recommendations in this report are based on the applicable standards of our practice in this geographic area at the time this report was prepared. No other warranty, express or implied, is made. The analyses and opinions submitted herein are based, in part, upon the data obtained from the subsurface exploration.

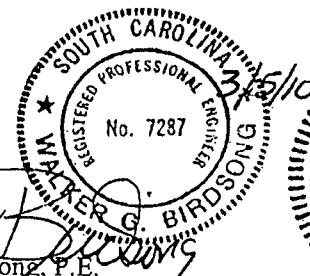
CLOSURE

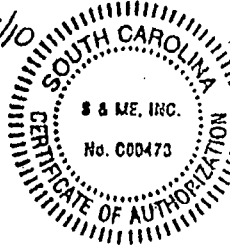
Should any questions arise regarding this report, please contact us.

Sincerely,

S&ME, Inc.


Walker Birdsong, P.E.
Senior Engineer






David Swoap, P.E.
Senior Engineer

wb/ds/s:\geotech\6110058\subex.doc

LEGEND TO SOIL CLASSIFICATION AND SYMBOLS

SOIL TYPES

(Shown in Graphic Log)

	Fill
	Asphalt
	Concrete
	Topsoil
	Gravel
	Sand
	Silt
	Clay
	Organic
	Silty Sand
	Clayey Sand
	Sandy Silt
	Clayey Silt
	Sandy Clay
	Silty Clay
	Partially Weathered Rock
	Cored Rock

WATER LEVELS

(Shown in Water Level Column)

-  = Water Level At Termination of Boring
 = Water Level Taken After 24 Hours
 = Loss of Drilling Water
 HC = Hole Cave

CONSISTENCY OF COHESIVE SOILS

CONSISTENCY

Very Soft
 Soft
 Firm
 Stiff
 Very Stiff
 Hard
 Very Hard

STD. PENETRATION RESISTANCE BLOWS/FOOT

0 to 2
 3 to 4
 5 to 8
 9 to 15
 16 to 30
 31 to 50
 Over 50

RELATIVE DENSITY OF COHESIONLESS SOILS

RELATIVE DENSITY

Very Loose
 Loose
 Medium Dense
 Dense
 Very Dense

STD. PENETRATION RESISTANCE BLOWS/FOOT

0 to 4
 5 to 10
 11 to 30
 31 to 50
 Over 50

SAMPLER TYPES

(Shown in Samples Column)

-  Shelby Tube
 Split Spoon
 Rock Core
 No Recovery

TERMS

Standard Penetration Resistance - The Number of Blows of 140 lb. Hammer Falling 30 in. Required to Drive 1.4 in. I.D. Split Spoon Sampler 1 Foot. As Specified in ASTM D-1586.

REC - Total Length of Rock Recovered in the Core Barrel Divided by the Total Length of the Core Run Times 100%.

RQD - Total Length of Sound Rock Segments Recovered that are Longer Than or Equal to 4" (mechanical breaks excluded) Divided by the Total Length of the Core Run Times 100%.



PROJECT: Jasmie Point Cul-De-Sac Oconee County, South Carolina S&ME Project No. 1261-10-058				BORING LOG J-1			
DATE DRILLED: 2/9/10		ELEVATION: Feet		NOTES: Hole cave at 21.8 feet			
DRILLING METHOD: 3 1/2" H.S.A.		BORING DEPTH: 30.0 Feet					
LOGGED BY: W. Blrdsong		WATER LEVEL: Not Encountered @ TOB					
DRILLER: SAEDACCO		DRILL RIG: Diedrich D-50					
HAMMER TYPE: ☐ Gravity ☒ Automatic ☐ Other				NORTHING:		EASTING:	

DEPTH (feet)	GRAPHIC LOG	MATERIAL DESCRIPTION	WATER LEVEL	ELEVATION (feet)	SAMPLE NO.	SAMPLE TYPE	BLOW COUNT / CORE DATA			STANDARD PENETRATION TEST DATA (blows/ft)				N VALUE
							1st 6in / RUN #	2nd 6in / REC	3rd 6in / ROD	10	20	30	60/80	
0		Fill - Firm brown and red-brown fine to medium sandy clayey SILT with rock fragments			1	3	4	4						8
5		Fill - Firm multi-colored silty fine to coarse SAND with rock fragments			2	7	3	3						6
10		Fill - Very soft to firm red-brown fine to medium sandy clayey SILT with rock fragments			4	1	1	1						2
15		Residuum - Loose to medium dense white, black and brown micaceous silty fine to medium SAND			5	1	3	4						7
20				6	5	7	4						11	
25				7	3	3	4						7	
30				8	4	7	9						16	
		BORING TERMINATED AT 30 FEET												

NOTES:

1. THIS LOG IS ONLY A PORTION OF A REPORT PREPARED FOR THE NAMED PROJECT AND MUST ONLY BE USED TOGETHER WITH THAT REPORT.
2. BORING, SAMPLING AND PENETRATION TEST DATA IN GENERAL ACCORDANCE WITH ASTM D-1586.
3. STRATIFICATION AND GROUNDWATER DEPTHS ARE NOT EXACT.
4. WATER LEVEL IS AT TIME OF EXPLORATION AND WILL VARY.

REFERENCE:

Page 1 of 1



PROJECT: Jasmie Point Cul-De-Sac Oconee County, South Carolina S&ME Project No. 1261-10-058				BORING LOG J-2			
DATE DRILLED: 2/9/10		ELEVATION: Feet		NOTES: Hole cave at 9.9 feet			
DRILLING METHOD:		BORING DEPTH: 30.0 Feet					
LOGGED BY: W. Birdsong		WATER LEVEL: Not Encountered @ TOB					
DRILLER: SAEDACCO		DRILL RIG: Diedrich D-50					
HAMMER TYPE: ☐ Gravity ☒ Automatic ☐ Other				NORTHING:		EASTING:	

DEPTH (feet)	GRAPHIC LOG	MATERIAL DESCRIPTION	WATER LEVEL	ELEVATION (feet)	SAMPLE NO. SAMPLE TYPE	BLOW COUNT / CORE DATA			STANDARD PENETRATION TEST DATA (blows/ft)				N VALUE	
						1st 6in / RUN #	2nd 6in / REC	3rd 6in / ROD	10	20	30	60/80		
0		Asphalt and crushed stone pavement			1	4	4	4						8
5		Fill - Firm to soft brown and red-brown fine to medium sandy silty CLAY with trace of roots			2	3	1	3						4
10		Residuum - Firm brown-orange clayey slightly micaceous fine to medium sandy SILT	HC		3	4	3	4						7
15		Loose multi-colored micaceous silty to very silty fine to medium SAND			4	3	4	4						8
20					5	3	3	4						7
25					6	5	5	4						9
30					7	3	3	5						8
					8	4	4	5						9
		BORING TERMINATED AT 30 FEET												

NOTES:

1. THIS LOG IS ONLY A PORTION OF A REPORT PREPARED FOR THE NAMED PROJECT AND MUST ONLY BE USED TOGETHER WITH THAT REPORT.
2. BORING, SAMPLING AND PENETRATION TEST DATA IN GENERAL ACCORDANCE WITH ASTM D-1586.
3. STRATIFICATION AND GROUNDWATER DEPTHS ARE NOT EXACT.
4. WATER LEVEL IS AT TIME OF EXPLORATION AND WILL VARY.

REFERENCE:

Page 1 of 1



PROJECT:		Jasmie Point Cul-De-Sac Oconee County, South Carolina S&ME Project No. 1261-10-058		BORING LOG J-3												
DATE DRILLED: 2/9/10		ELEVATION: Feet		NOTES: Hole cave at 12 feet												
DRILLING METHOD:		BORING DEPTH: 30.0 Feet														
LOGGED BY: W. Birdsong		WATER LEVEL: Not Encountered @ TOB														
DRILLER: SAEDACCO		DRILL RIG: Diedrich D-50														
HAMMER TYPE:		☐ Gravity ☒ Automatic ☐ Other		NORTHING:	EASTING:											
DEPTH (feet)	GRAPHIC LOG	MATERIAL DESCRIPTION	WATER LEVEL	ELEVATION (feet)	SAMPLE NO.	SAMPLE TYPE	BLOW COUNT / CORE DATA			STANDARD PENETRATION TEST DATA (blows/ft)					N VALUE	
							1st 6in / RUN #	2nd 6in / REC	3rd 6in / ROD	10	20	30	60	80		
		Residuum - Firm brown-orange fine to medium sandy very clayey SILT			1	X	5	3	4							7
5		Loose light brown slightly micaceous very silty fine to medium SAND			2	X	3	4	4							8
					3	X	3	3	4							7
10		Loose to medium dense multi-colored micaceous silty fine to coarse SAND			4	X	3	4	4							8
			HC		5	X	4	4	4							8
15					6	X	3	3	5							8
20					7	X	7	8	9							17
25					8	X	5	5	7							12
30		BORING TERMINATED AT 30 FEET														

NOTES:

REFERENCE:

1. THIS LOG IS ONLY A PORTION OF A REPORT PREPARED FOR THE NAMED PROJECT AND MUST ONLY BE USED TOGETHER WITH THAT REPORT.
2. BORING, SAMPLING AND PENETRATION TEST DATA IN GENERAL ACCORDANCE WITH ASTM D-1586.
3. STRATIFICATION AND GROUNDWATER DEPTHS ARE NOT EXACT.
4. WATER LEVEL IS AT TIME OF EXPLORATION AND WILL VARY.

Page 1 of 1

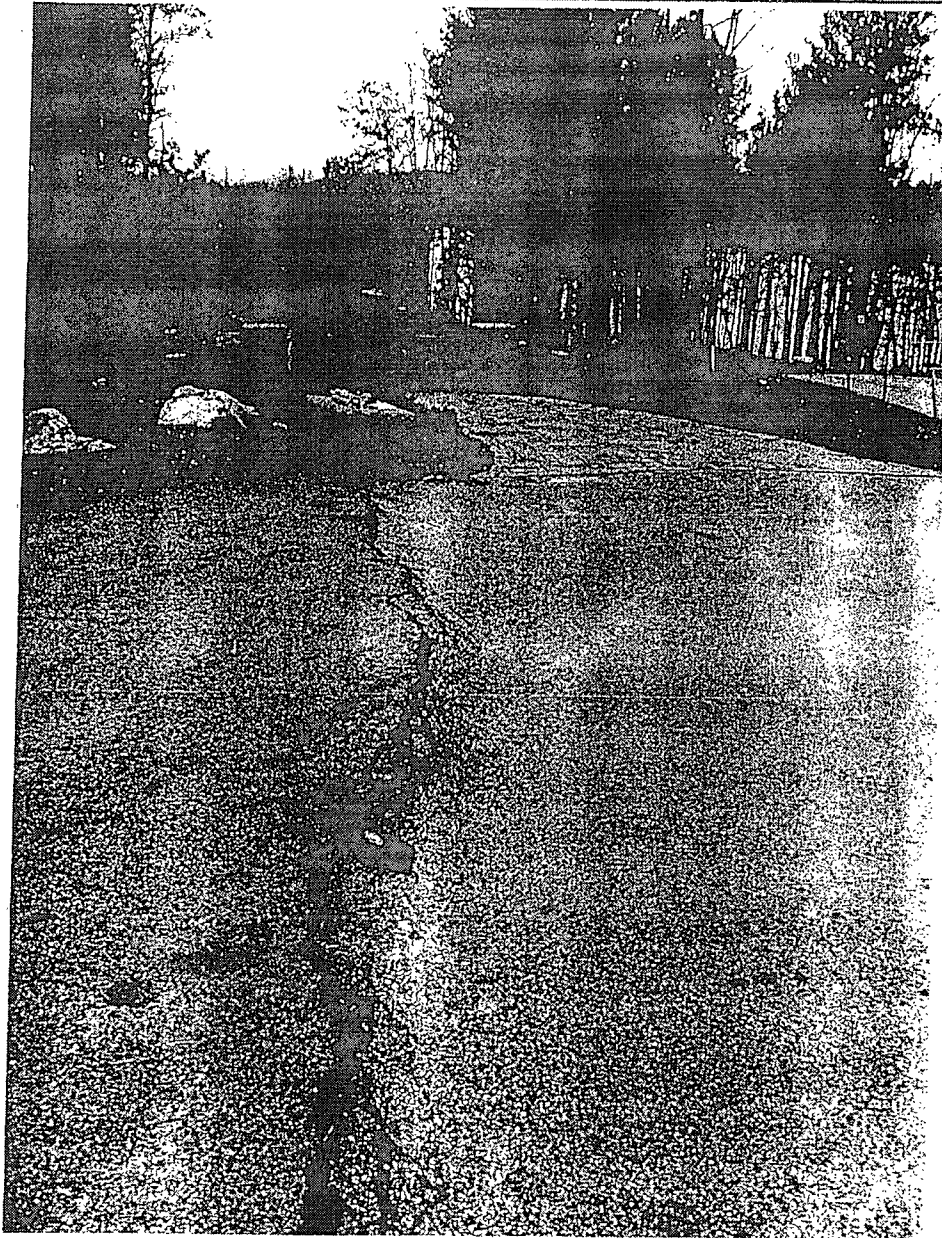


S&ME, Inc.	864.232.8987
Greenville, SC	
Spartanburg, SC	864.574.2360

Jasmine Point Cul-de-sac
 Oconee County, South Carolina
 Project #: 1261-10-058
 Sheet 1 of 2

S&ME
 301 Zima Park Drive
 Spartanburg, SC 29301

Photo 1



Date: 2/16/10

Photographer: Walker Birdsong

Location / Orientation	Center and west side of cul-de-sac
------------------------	------------------------------------

Remarks	Pavement crack
---------	----------------

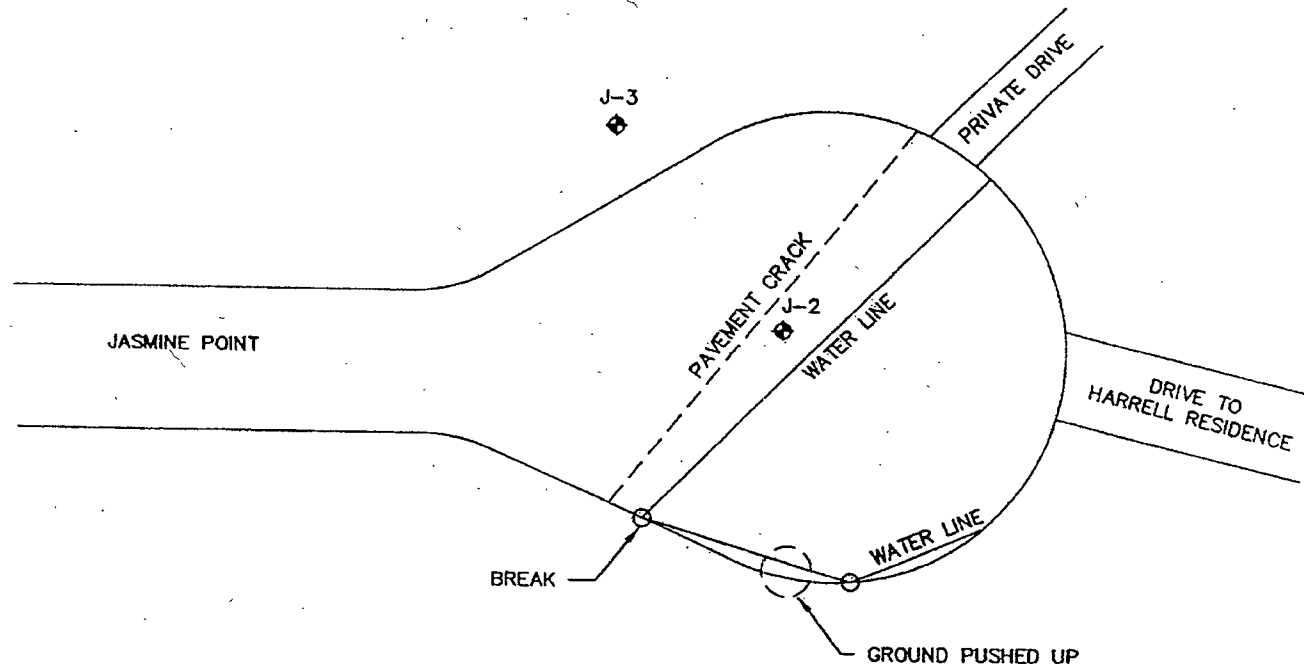
Jasmine Point Cul-de-sac
 Oconee County, South Carolina
 Project #: 1261-10-058
 Sheet 2 of 2

S&ME
 301 Zima Park Drive
 Spartanburg, SC 29301

Photo 2		Date: 2/16/10
		Photographer: Walker Birdsong
Location / Orientation	West side of cul-de-sac	
Remarks	Cracked pavement on the west side of cul-de-sac	

96

CAD FILE: G:\DWG\261\2010\10058\10058 CLIFFS SITE.DWG



LEGEND

◆ APPROXIMATE LOCATION OF SOIL TEST BORING.

SCALE:	NOT TO SCALE
CHECKED BY:	WB
DRAWN BY:	SB
DATE:	02-16-2010



SOIL BORING PLAN	
JASMINE POINT CUL-DE-SAC	
CLIFFS KEOWEE FALLS SOUTH	
OCONEE COUNTY, SOUTH CAROLINA	
JOB NO:	1261-10-058

FIGURE NO:

1

TRIAXIAL SHEAR TEST REPORT (ASTM D 4767)



REV 4/1/2004

JOB NAME: S&ME - Laboratory General Use			
JOB NO.: 8121	REPORT NO.: 139707	REVIEWED BY: GMT	DATE: 2/26/10
BORING / PIT NO.: B - 1	DEPTH / ELEV.: 8' - 10'	SAMPLE NO.: -	TYPE: UD
S&ME JOB NO.: 1261-10-058			
SOIL DESCRIPTION: Reddish Brown Silty Fine to Medium Sand			
LL, %: -	PI, %: -	FINES, %: 46.2	G_s: 2.77

SPECIMEN PROPERTIES								TEST PARAMETERS, TEST TYPE : CU/PP					
	INITIAL				AFTER CONSOLIDATION				SPECIMEN NO.		1	2	3
SPECIMEN NO.		1	2	3		1	2	3	B Value		0.98	0.98	
DIAMETER, INCHES	D _o	2.83	2.85		D _c	2.82	2.83		BACK PRESSURE, ksf	U _o	8.6	8.6	
HEIGHT, INCHES	H _o	5.74	5.84		H _c	5.71	5.81		CONFINING PRESSURE, ksf	σ ₃	1.0	3.0	
WATER CONTENT, %	W _o	25.0	25.0		W _c	36.3	35.6		MAX. DEVIATOR STRESS, ksf	σ ₁ -σ ₃	1.3	3.9	
DRY DENSITY, PCF	γ _{dryo}	85.1	85.8		γ _{dryc}	86.2	87.1		ULT. DEVIATOR STRESS, ksf	σ ₁ -σ ₃	1.3	3.7	
SATURATION, %	S _o	67.2	68.3		S _c	87.1	77.3		Specimen Shape @ Failure		Sheared   		
VOID RATIO	e _o	1.030	1.016		e _c	1.006	0.983						

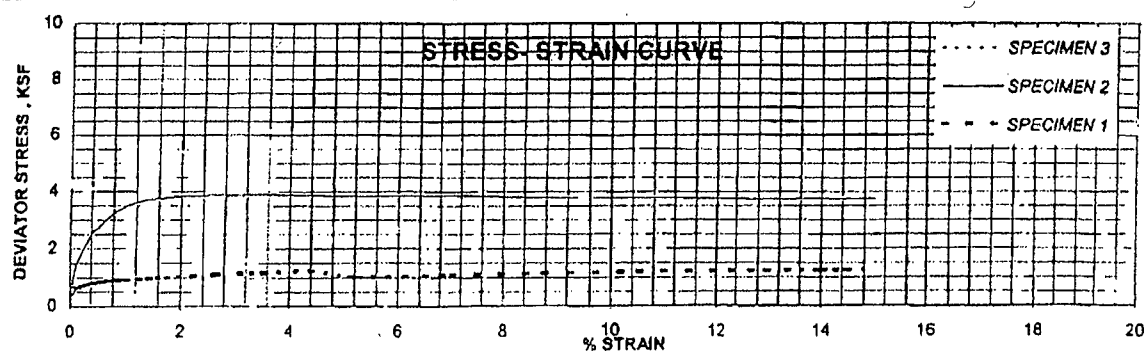
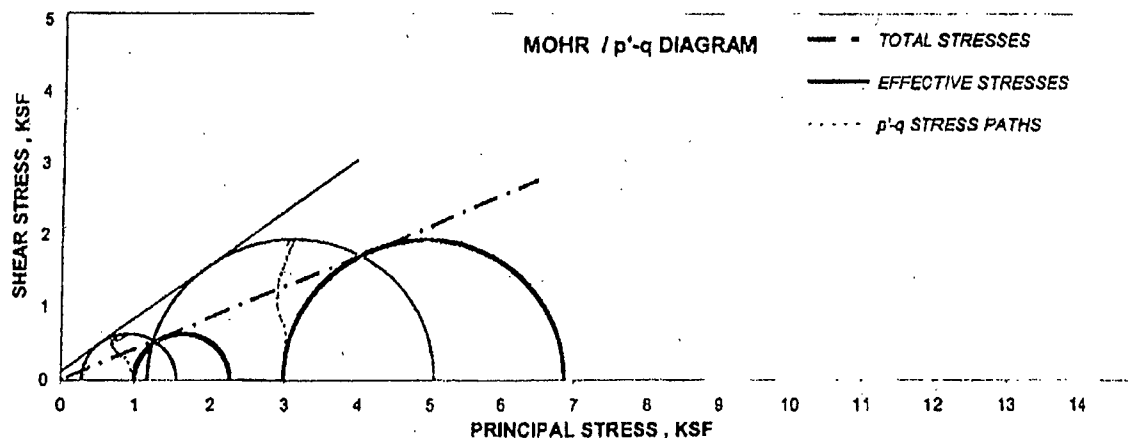
CONTROLLED : Strain @ 0.1 % per minute

T50, Minutes = 3.84

N/A

N/A

SHEAR STRENGTH PARAMETERS	TOTAL		EFFECTIVE	
	COHESION, C (ksf) :		APPARENT COHESION, (ksf) :	
	ANGLE OF INTER. FRICTION, Φ (DEGREES) :		ANGLE OF INTER. FRICTION, Φ' (DEGREES) :	
	0		0.1	
	23		37	



TRIAXIAL SHEAR TEST REPORT (ASTM D 4767)



REV. 1/13/04

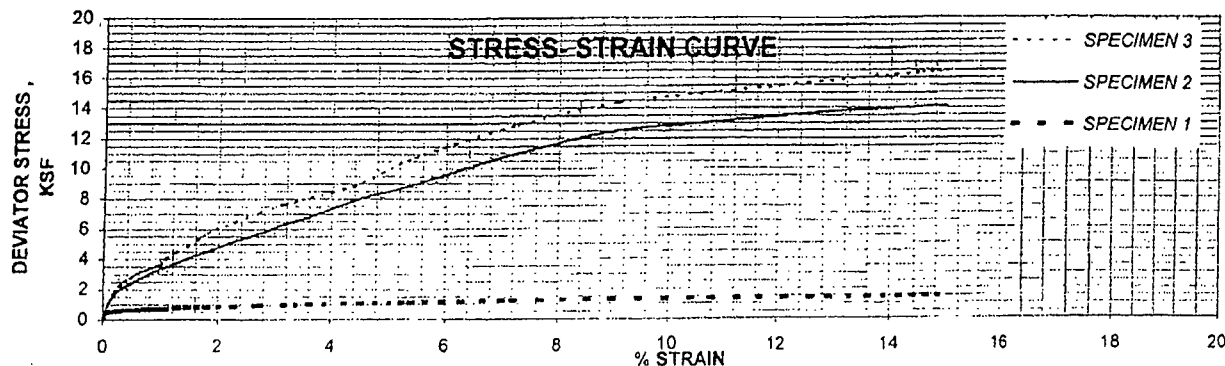
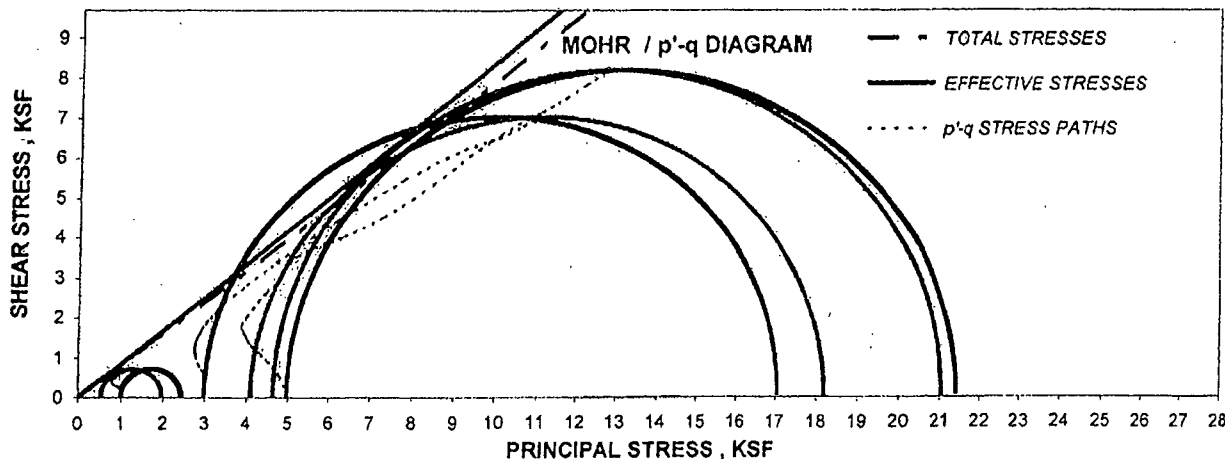
JOB NAME:		S&ME - Laboratory General Use			
JOB NO.:	8121	REPORT NO. :	139707	REVIEWED BY :	DATE: 2/26/10
BORING / PIT NO. :	B - 1	DEPTH / ELEV. :	15' - 17'	SAMPLE NO. :	TYPE: UD
S&ME JOB NO. :		1261-10-058			
SOIL DESCRIPTION : Light Yellowish Brown and White Fine to Coarse Sand with Silt					
LL, % :	-	PI, % :	-	FINES, % :	8.8
				G _s :	2.65

SPECIMEN PROPERTIES									TEST PARAMETERS, TEST TYPE : CU/PP					
	INITIAL				AFTER CONSOLIDATION				SPECIMEN NO.		1	2	3	
SPECIMEN NO.		1	2	3		1	2	3	B Value		0.96	0.97	0.99	
DIAMETER, INCHES	D _o	2.83	2.87	2.87	D _c	2.81	2.84	2.80	BACK PRESSURE, ksf	U _o	9.4	9.4	9.4	
HEIGHT, INCHES	H _o	5.63	5.60	5.63	H _c	5.57	5.55	5.50	CONFINING PRESSURE, ksf	σ ₃	1.0	3.0	5.0	
WATER CONTENT, %	W _o	25.0	8.9	8.9	W _c	32.5	21.0	21.2	MAX. DEVIATOR STRESS, ksf	σ ₁ -σ ₃	1.4	14.1	16.4	
DRY DENSITY, PCF	γ _{dryo}	86.4	103.3	98.5	γ _{dryc}	88.9	106.2	105.8	ULT. DEVIATOR STRESS, ksf	σ ₁ -σ ₃	1.4	14.1	16.4	
SATURATION, %	S _o	72.5	39.3	34.7	S _c	99.6	82.2	80.0	Specimen Shape @					
VOID RATIO	e _o	0.914	0.600	0.679	e _c	0.861	0.557	0.563	Failure	Sheared				
CONTROLLED : Strain @ 0.22 % per minute												T50, Minutes = 1.82		

N/A

N/A

SHEAR STRENGTH PARAMETERS	TOTAL				EFFECTIVE			
	COHESION, C (ksf) :				APPARENT COHESION, (ksf) :			
	ANGLE OF INTER. FRICTION, Φ (DEGREES) :				ANGLE OF INTER. FRICTION, Φ' (DEGREES) :			
	0				0			
	39				40			



FIELD TESTING PROCEDURES

SOIL TEST BORINGS

All borings and sampling were conducted in accordance with ASTM D-1586-99 test method. Initially, the borings were advanced by either mechanically augering or wash boring through the overburden soils. When necessary, a heavy drilling fluid is used below the water table to stabilize the sides and bottom of the borehole. At regular intervals, soil samples were obtained with a standard 1.4-inch I.D., 2-inch O.D., split-barrel or split-spoon sampler. The sampler was first seated 6 inches to penetrate any loose cuttings and then driven an additional foot with blows of a 140-pound hammer falling 30 inches. The number of hammer blows required to drive the sampler the final foot is designated as the "Standard Penetration Resistance" or N-value. The penetration resistance, when properly evaluated, can be correlated to consistency, relative density, strength and compressibility of the sampled soils.

WATER LEVEL READINGS

Water level readings are normally taken in conjunction with borings and are recorded on the Boring Logs following termination of drilling (designated by) ∇ and at a period of 24 hours following termination of drilling (designated by ∇). These readings indicate the approximate location of the hydrostatic water table at the time of our field exploration. The groundwater table may be dependent upon the amount of precipitation at the site during a particular period of time. Fluctuations in the water table should also be expected with variations in surface run-off, evaporation, construction activity and other factors.

Occasionally the boreholes sides will cave, preventing the water level readings from being obtained or trapping drilling water above the cave-in zone. In these instances, the hole cave-in depth (designated by HC) is measured and recorded on the Boring Logs. Water level readings taken during the field operations do not provide information on the long-term fluctuations of the water table. When this information is required, piezometers are installed to prevent the boreholes from caving.

EXHIBIT F

PETERSON & MYERS, P.A.

ATTORNEYS AT LAW • SINCE 1948

WINTER HAVEN
83) 294-3360
FAX (863) 299-5498

P.O. Box 24628
LAKELAND, FLORIDA 33802-4628

LAKE WALES
(863) 676-7611 OR (863) 683-8942
FAX (863) 676-0643

HERITAGE PLAZA
225 EAST LEMON STREET, SUITE 300
LAKELAND, FLORIDA 33801
(863) 683-6511 OR (863) 676-6934
FAX (863) 682-8031

www.PetersonMyers.com

January 10, 2011

Via Certified Mail; Return Receipt Requested

Lucas Anthony, Vice President of Development
The Cliffs Communities, Inc.
3598 Highway 11
Travelers Rest, SC 29690

Keowee Falls Investment Group, LLC
3598 Highway 11
Travelers Rest, SC 29690

Re: Mr. and Mrs. Jack R. Harrell, Jr.
Lot 31, the Cliffs at Keowee Falls South, Jasmine Cove

Dear Mr. Anthony:

The undersigned law firm represents Jack R. Harrell, Jr. and Tina Harrell (collectively, "Mr. and Mrs. Harrell") in connection with their purchase of real property in Jasmine Cove, The Cliffs at Keowee Falls South. Enclosed please find copies of invoices for repair costs incurred by Mr. and Mrs. Harrell in connection with their home, which are being provided in support of their demand for reimbursement by Keowee Falls Investment Group, LLC and The Cliffs Communities, Inc.

Mr. and Mrs. Harrell purchased Lot 31 of Jasmine Cove (the "Property") from Keowee Falls Investment Group, LLC on September 22, 2008, and subsequently constructed a home on the property. Mr. and Mrs. Harrell were induced to make their purchase by your firms' representations regarding the quality of the home site lots within the Keowee Falls master-planned community in general, and specifically the Property's suitability for construction of a home designed in accordance with the community's architectural standards. However, subsequent to its completion, the home they built on the Property suffered damage due to movement of the soil beneath the Property.

M. DAVID ALEXANDER, III
JOHN B. ALLEN
PHILIP O. ALLEN
KEVIN A. ASHLEY
JASON M. BERGWALL
JACK P. BRANDON
JOSHUA K. BROWN
PHILIP H. BUSH

DEBRA L. CLINE
J. DAVIS CONNOR
CLINTON A. CURTIS
JACOB C. DYKHOORN
DAVID G. FISHER
MICHAEL T. GALLAHER
JOHN R. GRIFFITH
DAVID E. GRISHAM

JOHN D. HOPPE
TIMOTHY E. KILEY
KEVIN C. KNOWLTON
ALEXANDER F. KOSKEY, III
DOUGLAS A. LOCKWOOD, III
BRIAN K. MATHIS
CORNEAL B. MYERS
E. BLAKE PAUL

ROBERT E. PUTERBAUGH
THOMAS B. PUTNAM, JR.
JENNIFER A. RUMPH
DEBORAH A. RUSTER
STEPHEN R. SENN
ANDREA TEVES SMITH
KEITH H. WADSWORTH
KERRY M. WILSON



Lucas Anthony
January 10, 2011
Page 2 of 2

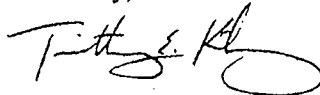
Mr. and Mrs. Harrell had to make repairs to the damages caused to the Property. They also had to secure piers connecting the home's foundation to the bedrock beneath the Property to prevent further movement of the home. To date, Mr. and Mrs. Harrell have incurred \$72,225.14 in costs with respect to these actions. However, inclinometers installed on the Property indicate that the ground is still moving, and that further action will be necessary to prevent additional problems with the Property.

To the extent such soil conditions were known (or should have been known) to Keowee Falls Investment Group and/or its affiliate, The Cliffs Communities, they should have been disclosed to Mr. and Mrs. Harrell prior to the sale of the Property. Furthermore, as the prior owner and developer of the Property, Keowee Falls Investment Group, LLC and/or The Cliffs Communities, Inc. should have taken steps to ensure that any improvements constructed at the Property (and any other locations marketed as buildable lots within the planned community) would have adequate soil conditions to support their foundations.

Therefore, demand is hereby made that Keowee Falls Investment Group, LLC and/or its affiliate, The Cliffs Communities, Inc.: (i) immediately reimburse Mr. and Mrs. Harrell for all costs they have incurred with respect to securing and repairing their home on the Property, to date: \$72,225.14, and (ii) take such actions as may be reasonably necessary to secure the entire Property against further movement. In taking such actions, Keowee Falls Investment Group and The Cliffs Communities should keep Mr. and Mrs. Harrell fully advised and informed as to the nature and extent of said actions and repairs.

If you have any questions, please contact me at the Lakeland number listed above.

Sincerely,



Timothy E. Kiley, Esq.

TEK/mes

Cc: Jack R. Harrell, Jr.

Enclosures

RESORT CUSTOM HOMES, LLC
Harrell Foundation Repair Costs
5/31/2010

<u>Vendor</u>	<u>Invoice</u>	<u>Date</u>	<u>Amount</u>
Mount Valley Foundation Services	2010-3422	2/19/2010	51,910.00
Power Source Electric	1120	3/16/2010	180.00
The Tool Shed, Inc.	1273851-0001-01	3/4/2010	84.14
Salem Surveying	210.02	2/17/2010	375.00
Gebau Inc.	17411	3/2/2010	2,252.00
S&ME	405361	3/2/2010	3,500.00
Southern Concrete Specialties, Inc.	3009	4/16/2010	12,274.00
Strong Builders	139	4/29/2010	900.00
Salem Surveying	210-020a	5/6/2010	750.00
			<u>72,225.14</u>

Gebau Inc.

1121 Broadway Suite 201
Boulder, CO 80302
303-444-8545



Bill To:

Community Concepts - SC
55 Beattie Place Suite 100
Greenville, SC 29601

INVOICE #	17411
DATE	3/2/2010
DUE DATE	4/1/2010
TERMS	Net 30

Invoice: Harrell Residence - SC

JOB #	09066
-------	-------

<u>DESCRIPTION</u>	<u>HRS/QTY</u>	<u>RATE</u>	<u>AMOUNT</u>
FINAL BILL			
Helical pier remediation, details, and construction administration due to water main break and settlement lateral movements of the rear of the structure.	14	132.00	1,848.00
	0.25	80.00	20.00
	6	64.00	384.00

*Foundation
Fix
new item on
6-2009*

03-1999

Thank you for your business.

Paul

Total This Bill: \$2,252.00

Please remit to the above
address w/ Invoice Number. Thanks

SINCE 1986



Invoice

DATE	INVOICE #
2/19/2010	2010-3422

PO Box 23429
Columbia, SC 29224-3429

BILL TO
Resort Custom Homes PO Box 16479 Greenville, SC 29606

ITEM	DESCRIPTION	QTY	AMOUNT
Steel Pier	Helical Piers	18	16,200.00
Steel Pier	Tieback Piers	14	15,400.00
Extension Mat	Extension Material (Clarification: Total footage used on job = 1405'. Footage included in job contract = 800'.)	605	13,310.00
Service	Grout Tiebacks Job Address: 234 Jasmine Point Cliffs Keowee Falls South Oconee County, SC	1	7,000.00
<i>3-03-1999 Foundation Contingency</i>			
To pay by Visa, Mastercard, American Express or Discover please call 1-800-333-8819.			Total \$51,910.00



Power Source Electric

6 Sandy Ridge Court

Taylors, 29687

864-329-7539 864-201-4812

e-mail scottharris101@aol.com

Bill To:

RESORT CUSTOM

Invoice

Number: 1120

Date: March 16, 2010

Ship To:

HARREL

Description	Amount
FIXING FLOOR OUTLETS WHERE THEY CUT THEM 10FT 1IN. PIPE CONNECTORS , COUPLINES 35FT. WIRE <i>insurance claim 3-03-1999 JW</i>	180.00
Total	\$180.00

0 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
\$180.00	\$0.00	\$0.00	\$0.00	\$180.00

INVOICE



RESORT CUSTOM HOMES, LLC
55 BEATTIE PL, SUITE 100
GREENVILLE, SC 29601

Invoice #: 405361
Invoice Date: 3/2/2010
Project: 126109180A
Project Name: HARRELL RESIDENCE
Project Mgr: BIRDSONG, WALKER
Terms: Due Upon Receipt
Client Code: F00212

Attention: MR. JEFF HUGHEY

FOR PROFESSIONAL SERVICES RENDERED
Subsurface Evaluation (Including Six Soil Test Borings).

Harrell Residence
Oconee County, SC

Per S&ME Proposal No. 10084

3-1999

1 N Subsurface
clear

Lump Sum Amount Due \$3,500.00


BIRDSONG, WALKER

S&ME, Inc.
301 Zima Park Dr.
Spartanburg, SC 29301
(864) 574-2360
(864) 576-8730 (fax)

Remit to: S&ME, Inc.
PO Box 651399 Charlotte, NC 28265-1399 USA
Federal ID# 56-0791580

Salem Surveying

203 Compass Court
Salem, SC 29676



Insurance

INVOICE

INVOICE # 210.020
DATE: February 17, 2010

Bill To:

RESORT CUSTOM HOMES, LLC
55 BEATTIE PLACE, SUITE 100
GREENVILLE, SC 29601

FOR:
RESHOOT FLOOR ELEVATION AND HOUSE CORNERS
AND COMPARE TO 10/09 SURVEY TO DETERMINE IF
THERE HAS BEEN MOVEMENT

DESCRIPTION	AMOUNT
COMPARE SHOTS ON 10/09 VS 2/16/10 TO DETERMINE IF HOUSE HAS SETTLED OR SHIFTED. SEND .DWG AND .PDF TO JEFF HUGHEY. SEE WORD DOCUMENT MEMO TO JEFF FOR RESULTS	\$375.00
<i>3-03-1999</i> <i>OK 32500</i> <i>Needs to go to New I have in 6703 JH</i> <i>Foundation fix</i> CKFS-JC-031 HARRELL FOUNDATION -J. HUGHEY	
TOTAL	\$375.00

If you have any questions concerning this invoice, contact Hugh Redick, 864-944-6011
Please make check payable to Salem Surveying

THANK YOU FOR YOUR BUSINESS!

Salem Surveying

POSTED

INVOICE

203 Compass Court
Salem, SC 29676

INVOICE # 210.020a
DATE: May 6, 2010

Bill To:

RESORT CUSTOM HOMES, LLC
55 BEATTIE PLACE, SUITE 100
GREENVILLE, SC 29601

FOR:

Provide survey data to assist with ground slippage on lot
CKFS-JC-031

DESCRIPTION	AMOUNT
RESHOOT POINTS ON HOUSE AND FLOOR ELEVATIONS TO DETERMINE IF MOVEMENT HAS OCCURRED—SENT E-MAIL TO JEFF HUGHEY AND MATT VOGT (4-29-10) Compare pin movement to original subdivision plat --Threatt 2004	\$375.00
Locate fault line at end of Jocassee Point cul-de-sac (5-6-10)	\$375.00
CKFS-JC-031 HARRELL FOUNDATION – M. VOGT	
TOTAL	\$750.00

If you have any questions concerning this invoice, contact Hugh Redick, 864-944-6011
Please make check payable to Salem Surveying

THANK YOU FOR YOUR BUSINESS!

Specializing in Poured Foundations, Slabs & Waterproofing

Phone (864) 972-1173 Fax (864) 972-1420

(POSTED

Date	Invoice #
4/16/2010	3009

Bill To:	
Resort Custom Homes	
P.O. Box 16479	
Greenville, SC 29606	

Project:
Harrell Residence:
Slab Work

P.O. No.	Terms
	Net 10 Days

Description							
425 SF of Basement							
630 SF of Patio							
55 LF of Footing							
615 LF of #4 Rebar							
Slab Removal							
1 CY of Extra Concrete in Footings							
1 Line Pump @ Basement							
1 Line Pump @ Footing							
1 Line Pump @ Patio							
<i>P-6 6/1/10</i> <i>03-1999</i>							
<table border="1"> <tbody> <tr> <td>Total</td> <td>\$12,274.00</td> </tr> <tr> <td>Payments/Credits</td> <td>\$0.00</td> </tr> <tr> <td>Balance Due</td> <td>\$12,274.00</td> </tr> </tbody> </table>		Total	\$12,274.00	Payments/Credits	\$0.00	Balance Due	\$12,274.00
Total	\$12,274.00						
Payments/Credits	\$0.00						
Balance Due	\$12,274.00						

Thank you for your business!

Thank you for your business!

Strong Builders LLC

226 watts rd
Liberty, SC 29657

POSTED

Invoice

Date	Invoice #
4/29/2010	139

Bill To
Resort Custom Homes 55 Beattie Place Suite 100 Greenville SC 29601

P.O. No.	Terms	Project
		Herrell

Quantity	Description	Rate	Amount
36	This is the total for removing and reinstalling the 10x10 post twice due to other problems not to do with Strong Builders.	25.00	900.00
Total			\$900.00

03-1999

901 Poinsett Hwy. Greenville, SC 29609
(864) 233-6185 Fax (864) 271-6561

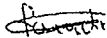
INVOICE NUMBER

1273851-0001-01

SHIP CASH
TO:

CUSTOMER P.O. NO.

CUSTOMER P.O. NO. 03/04/10 08:17:17

QUANTITY			DISP.	ITEM CODE AND DESCRIPTION	U/M	UNIT PRICE	AMOUNT
ORDERED	BOM/RET	SHIPPED					
1		1	*	SUN4920A 20 TON BOTTLE JACK *** TENDERS *** VISA 84.14 Harrell  insurance	EA	79.38	79.

**** THIS IS YOUR INVOICE ****

Claims for shortages or damages etc. must be made within 10 days and MUST be accompanied by this bill. All returns must be accompanied by this bill. A 15% restocking charge will be added on any returns after 30 days. No returns after 90 days. NO NET TERMS

NET TERMS: INV

DUE: 03/04/10

SUB TOTAL	79.50
MISC. CHARGE	
TELE. CHARGE	
FREIGHT TOTAL	
FED./OTHER TAX	
STATE TAX	4.00
PAYMENT REC'D	-84.50

TOTAL AMT DI

EXHIBIT G

IBLE
BUNNELL-LAMMONS ENGINEERING, INC.
GEOTECHNICAL, ENVIRONMENTAL AND CONSTRUCTION MATERIALS CONSULTANTS

October 25, 2010

The Cliffs Communities
Post Office Box 1519
Travelers Rest, South Carolina 29690

Attention: Mr. Donald H. Nickell, Jr.
dnickell@cliffscommunities.com

Subject: **Data Report of Slope Inclinometer Surveys**
October 1, 2010 Readings
Jasmine Point – Cliffs at Keowee Falls South
Oconee County, South Carolina
BLE Project No. J10-7112-01

Gentlemen:

We are pleased to submit this data report of the surveys obtained from the slope inclinometers installed at Jasmine Point in the Cliffs at Keowee Falls South development. The data presented herein includes the latest round of readings obtained on October 1, 2010. The data included in this report is referenced to baseline data obtained on June 25, 2010. There are six inclinometers installed on Lots 30, 31 and 32 as indicated in the following table.

Inclinometer Number	Location
SI-1	Lot 30 upper
SI-2	Lot 30 lower
SI-3	Lot 31 upper
SI-4	31 Lot 32 lower
SI-5	Lot 32 upper
SI-6	Lot 32 lower

Note: Locations identified as upper represent inclinometers installed on the upper side of the lots near the road, lower represents inclinometers installed on the lower side of the lots near the lake.

The inclinometers were installed into soil test borings (ASTM D 1586) that were drilled between May 27, 2010 and June 8, 2010. Subsurface conditions that were encountered at each boring location are identified on the attached boring logs. The borings are identified as B-1 through B-6 and the boring numbers correspond with the inclinometer numbers (i.e. inclinometer SI-1 was

installed in boring B-1 and so on). The attached aerial photograph identifies the locations of the inclinometers that was produced by tagging the inclinometer locations with a handheld GPS and inputting the coordinates into Google Earth.

The attached graphs present information on each of the inclinometers. Where the attached graphs identify two axes (A-axis and B-axis), the A-axis is oriented in a generally uphill-downhill direction and the B-axis is oriented in a generally cross slope direction. Movement in the negative direction on the A-axis represents downslope (direction of potential failure) movement. There are three graphs for each inclinometer as follows:

1. Cumulative Displacement vs. Depth
2. Incremental Displacement vs. Depth
3. Cumulative Displacement vs. Time (A-axis)

Cumulative displacement vs. depth is a plot of movement. Displacements on these plots may appear abrupt because the horizontal scale is not proportional to the vertical scale, which makes it easier to identify displacements. **Incremental displacement vs. depth** is a plot of movement at each reading interval. A spike in these graphs indicates significant movement. Growth in the spike over time indicates continued movement. **Cumulative displacement vs. time** provides an indication as to the rate of movement.

EVALUATION

A review of the Cumulative Displacement vs. Depth plots indicate that movement is occurring in five of the six inclinometers. Inclinometers SI-1, SI-2, SI-4 and SI-6 indicate an apparent failure plane developing at depths ranging from approximately 35-ft to 53-ft below the ground surface. A review of the accompanying boring logs indicates that the failure plane appears to be developing at or near the interface between residual soils and partially weathered rock (or dense residual soils). Inclinometers SI-4 and SI-6 are the only two inclinometers that have indicated significant movement since the August 30, 2010 readings were collected. However, it should be noted there has been little precipitation during this period and it should be expected that additional movement may occur in the remaining inclinometers during wet weather cycles.

The plots from inclinometer SI-5 indicate that the movement appears to be occurring at or below the bottom of the inclinometer casing at this location. A review of boring B-5 indicates partially weathered rock was encountered at a depth of approximately 64 feet. Therefore, it is our opinion that there may be a failure plane developing near the interface with the partially weathered rock similar to that observed in the inclinometers discussed above. Inclinometer SI-3 has not indicated movement based on the inclinometer readings taken thus far.



Data Report of Slope Inclinator Surveys
Jasmine Point - Cliffs at Keowee Falls South

October 25, 2010
BLE Project No. J10-7112-01

RECOMMENDATIONS

Based on our site observations and the inclinometer data obtained to date, it is our opinion that there is an active, deep-seated slope failure occurring at the site. The rate at which movement occurs can be expected to vary over time and with environmental factors. However, it should be expected that movement will continue unless provisions to stabilize the slope are performed. Additional exploration, testing and analysis will be required to evaluate suitable methods for stabilizing the slope, which are beyond the scope of services for which we are currently authorized. If requested, we can prepare a proposal to provide additional engineering services required to develop conceptual stabilization methods.

As of this data submittal, we have completed the scope of services authorized for this project. We recommend that you retain a surveyor to develop a detailed topographic survey of the area. The topographic survey would be used in conjunction with the borings and inclinometer data to evaluate methods that could be used to stabilize the slope.

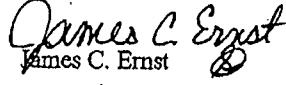
We appreciate the opportunity to provide our professional services on this project. If you have any questions or require additional information, please call.

Sincerely;

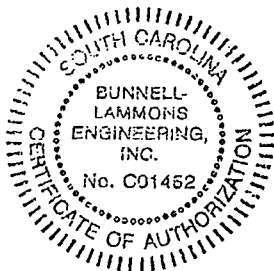
BUNNELL-LAMMONS ENGINEERING, INC.


William A. Mathews, P.E.
Chief Engineer
Registered, SC #14039

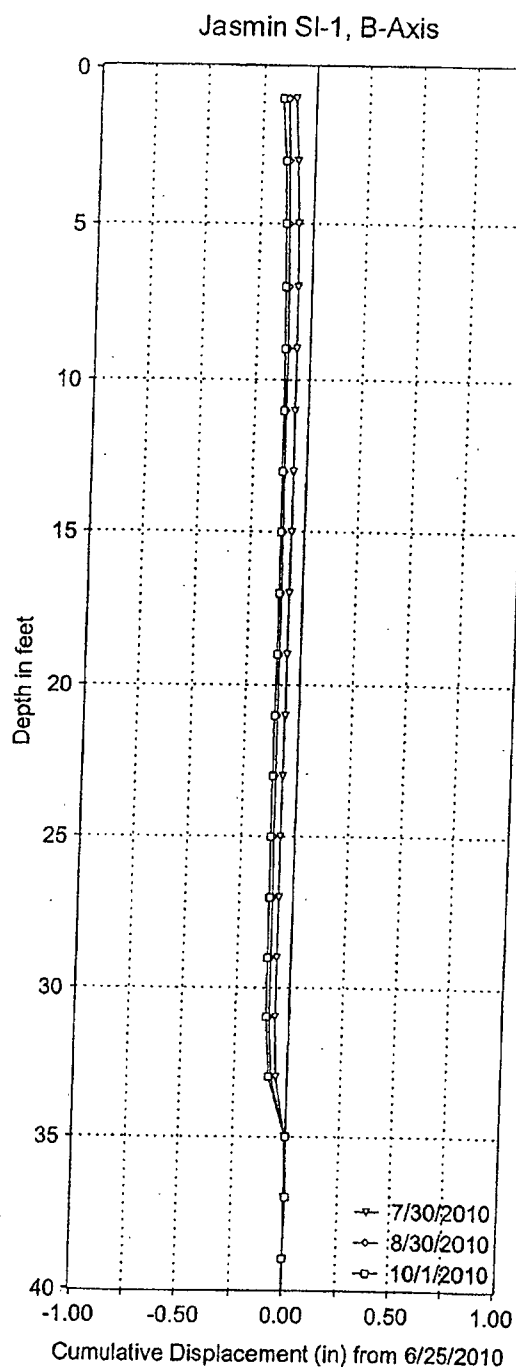
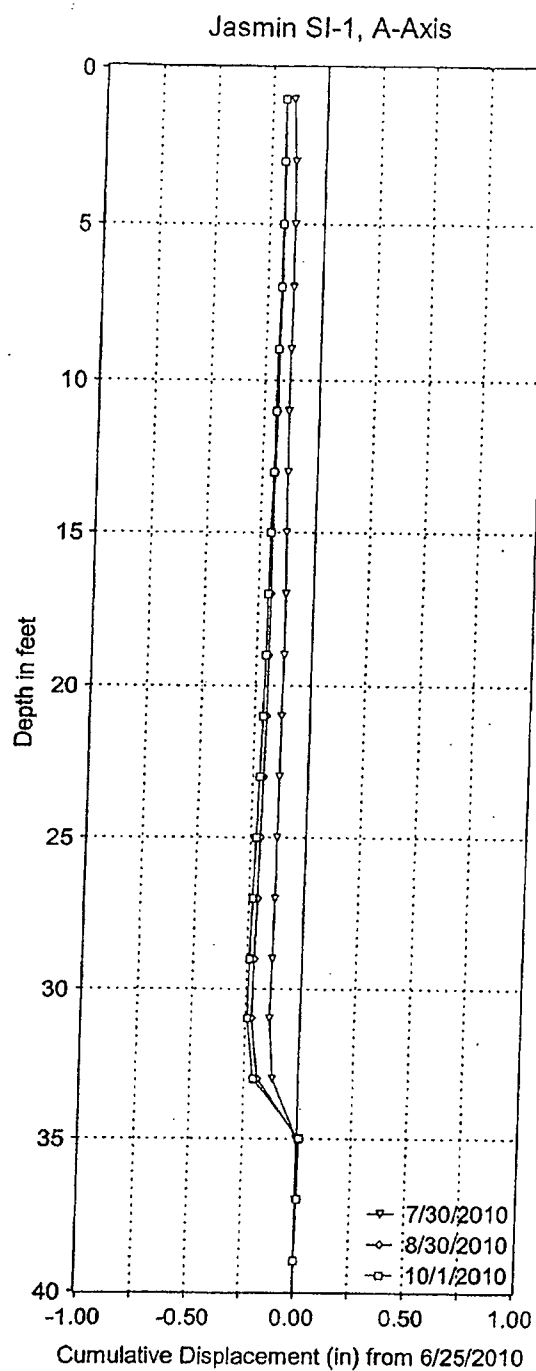



James C. Ernst
Construction Services Manager

c:\public pc079\projects\jasmine point inolinometer summary for 8-30-10.doc



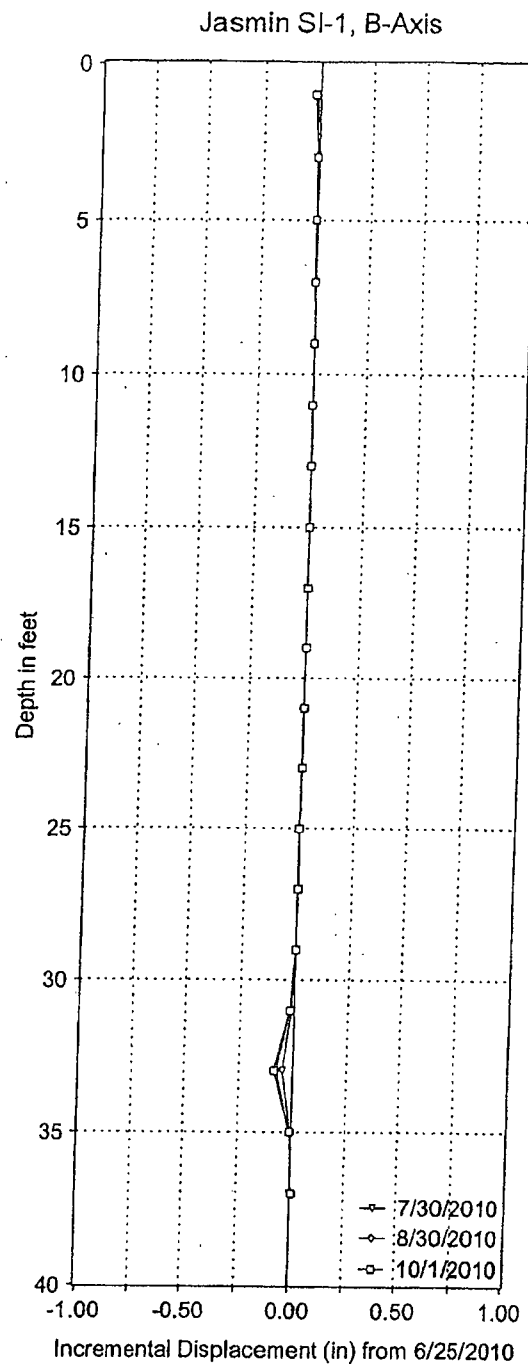
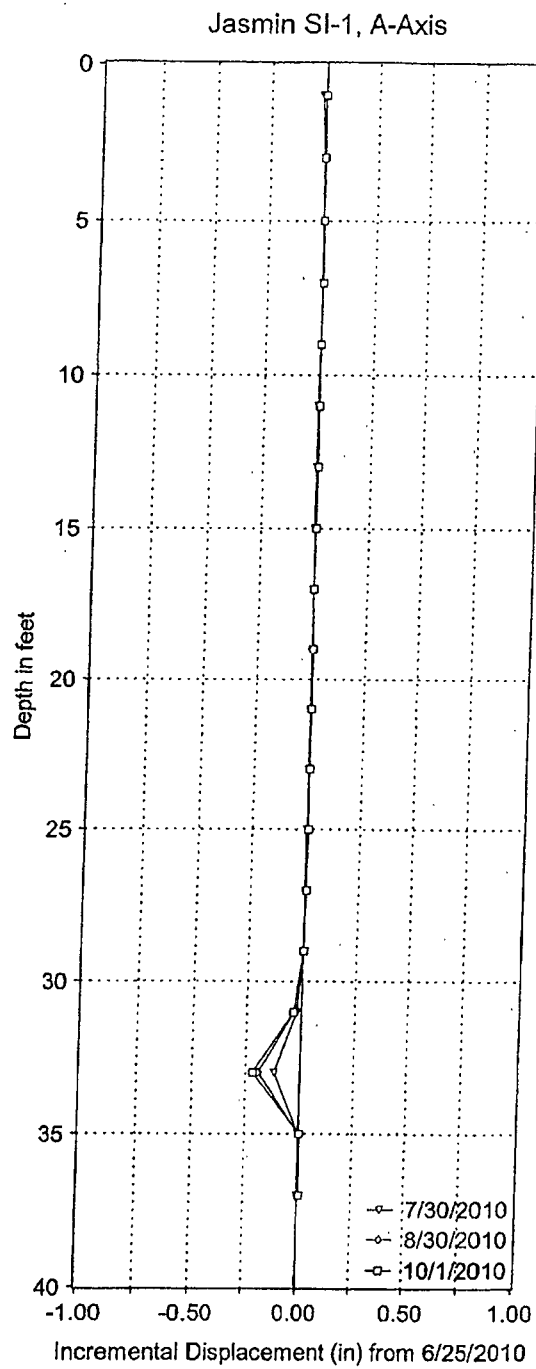
Inclinometer Locations
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

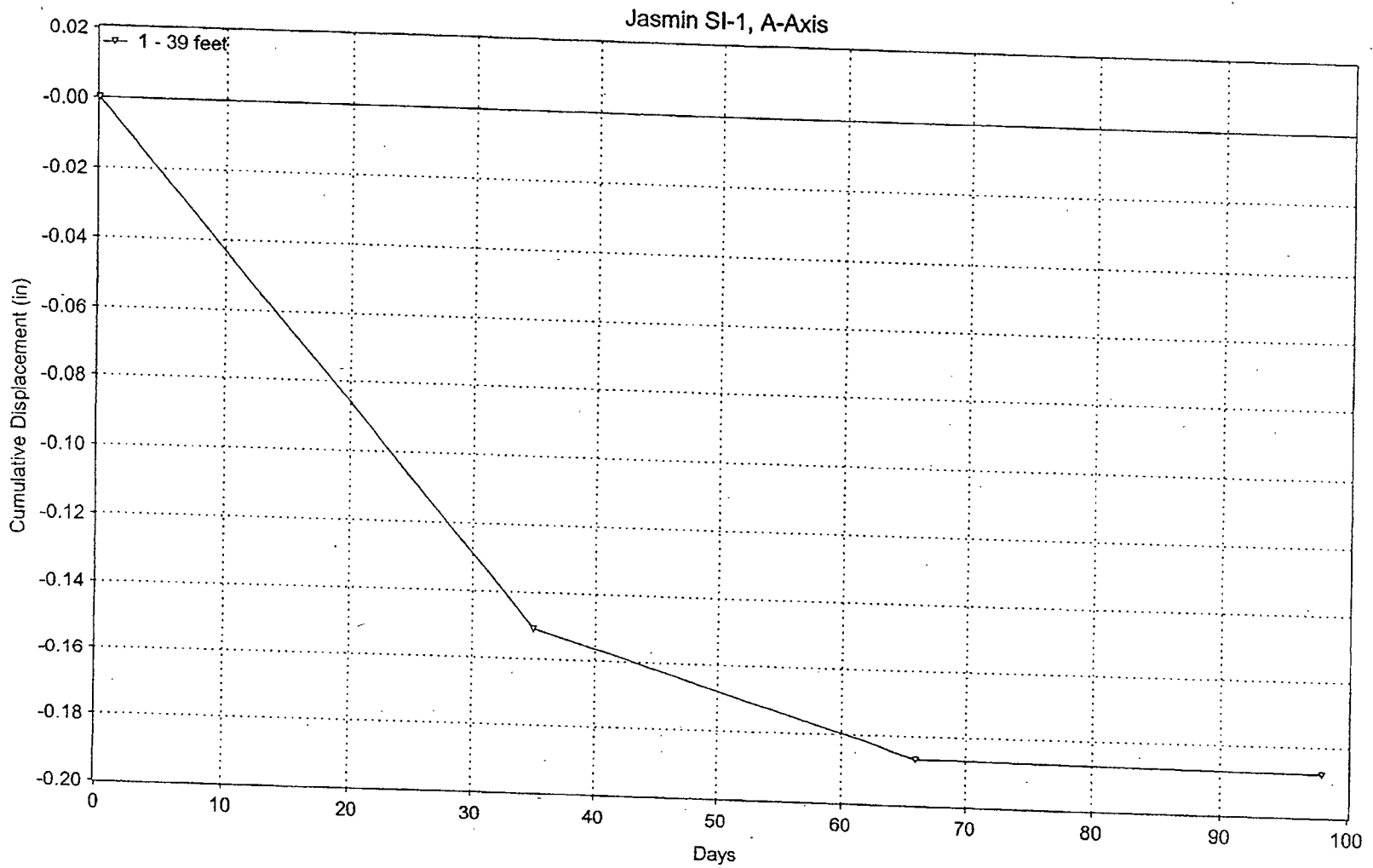
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

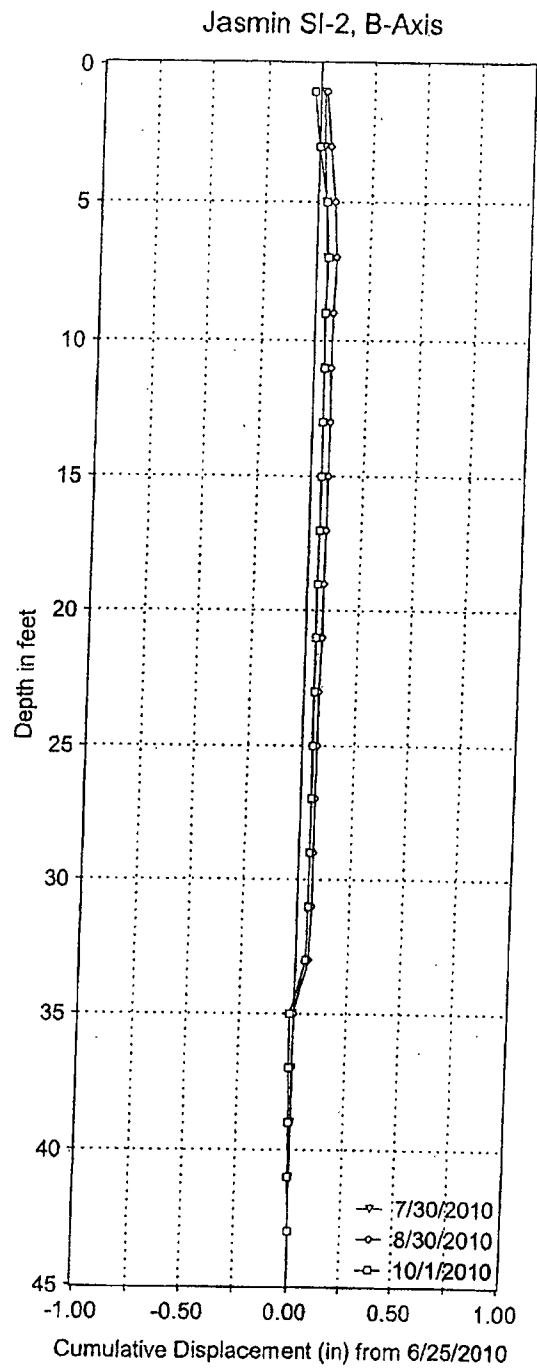
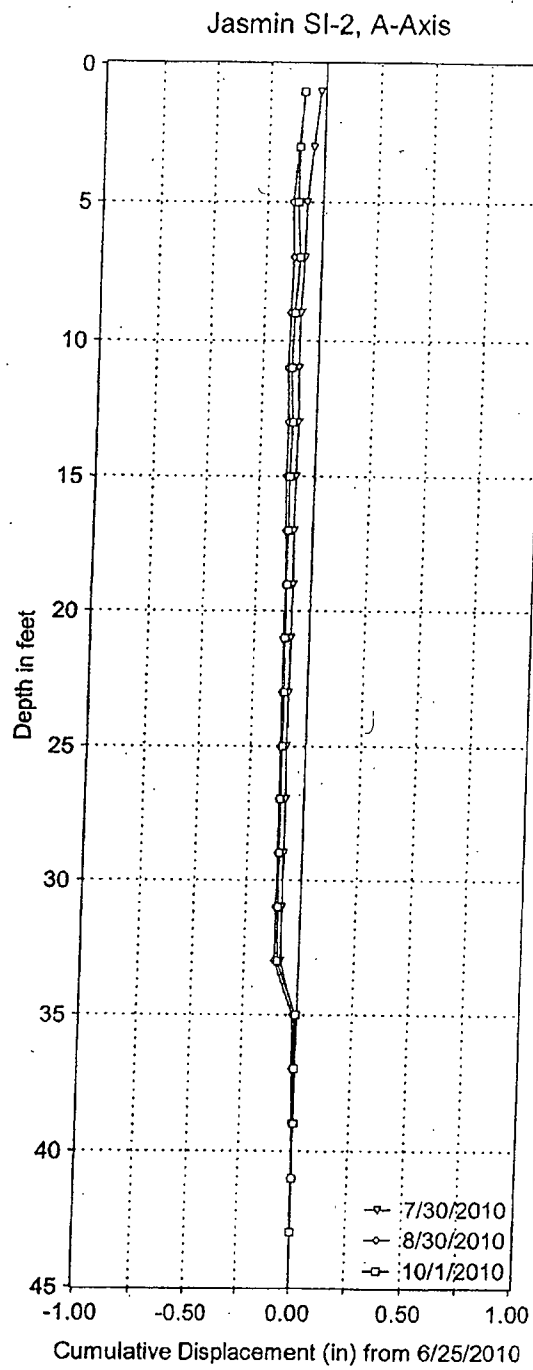
Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

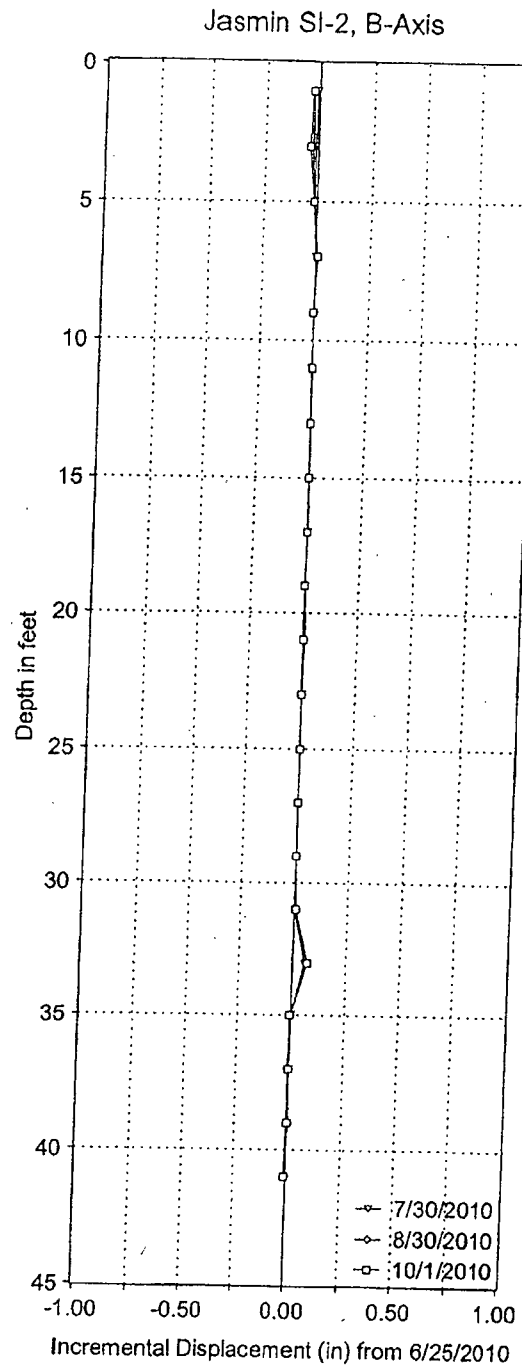
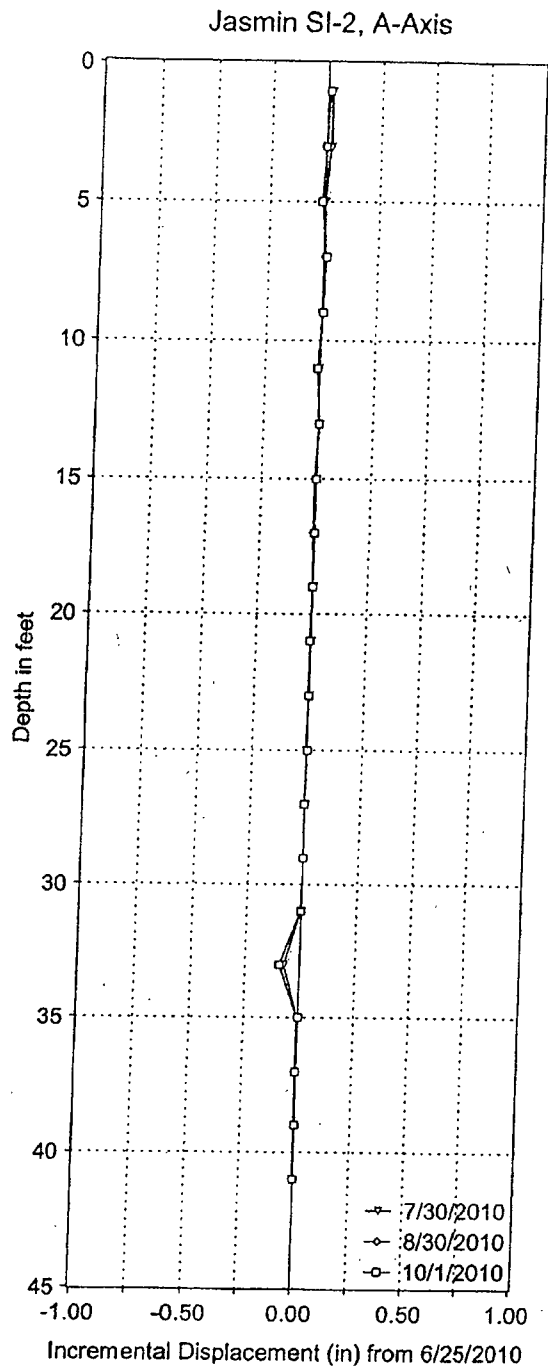
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

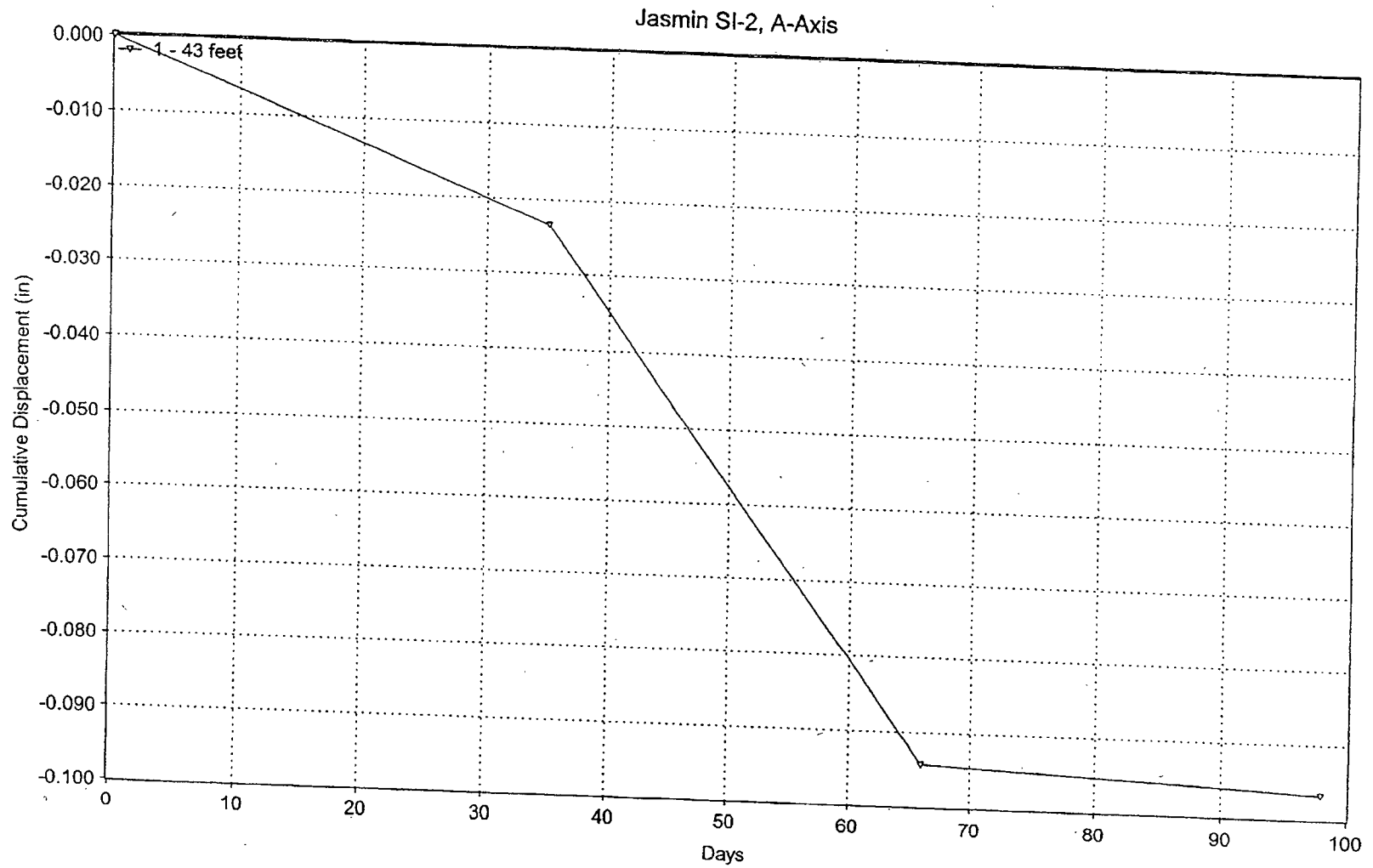
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

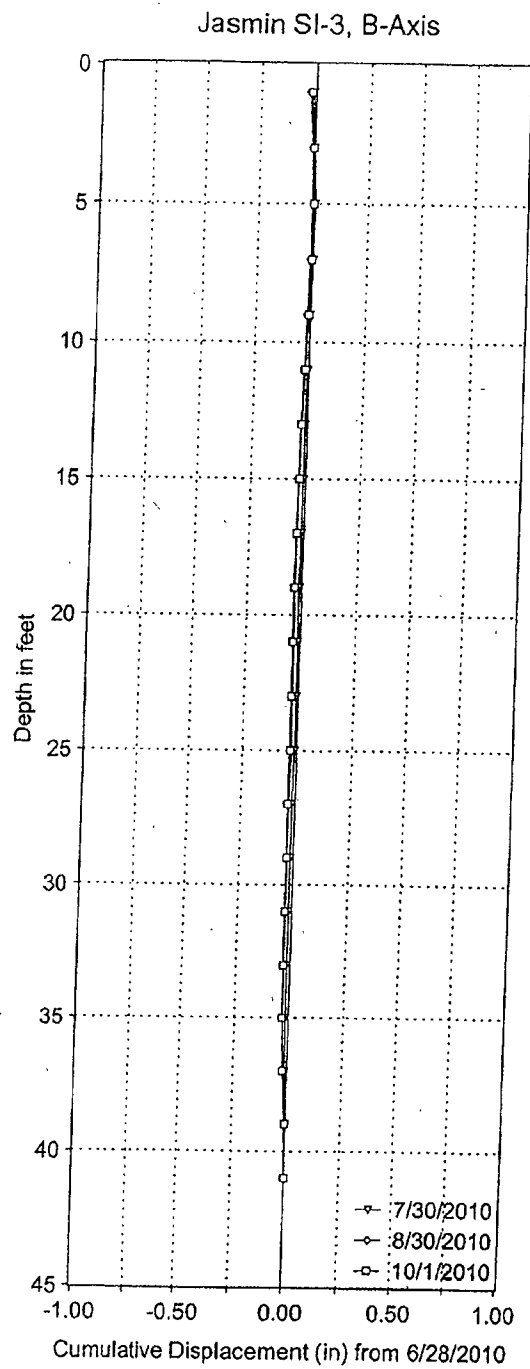
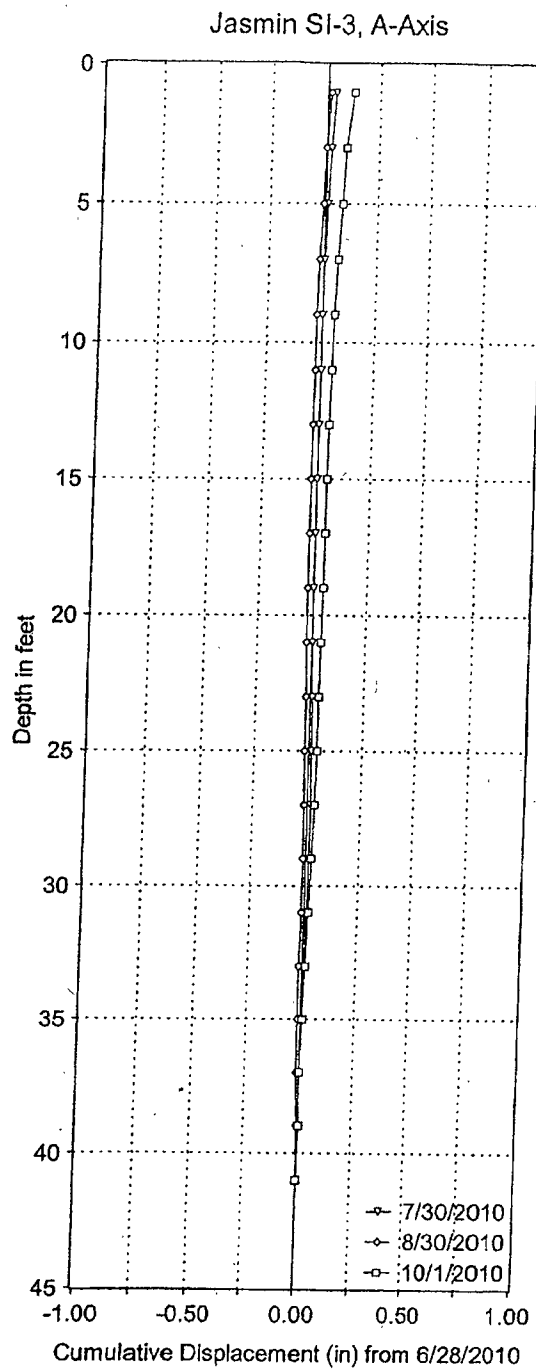
Cliffs at keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

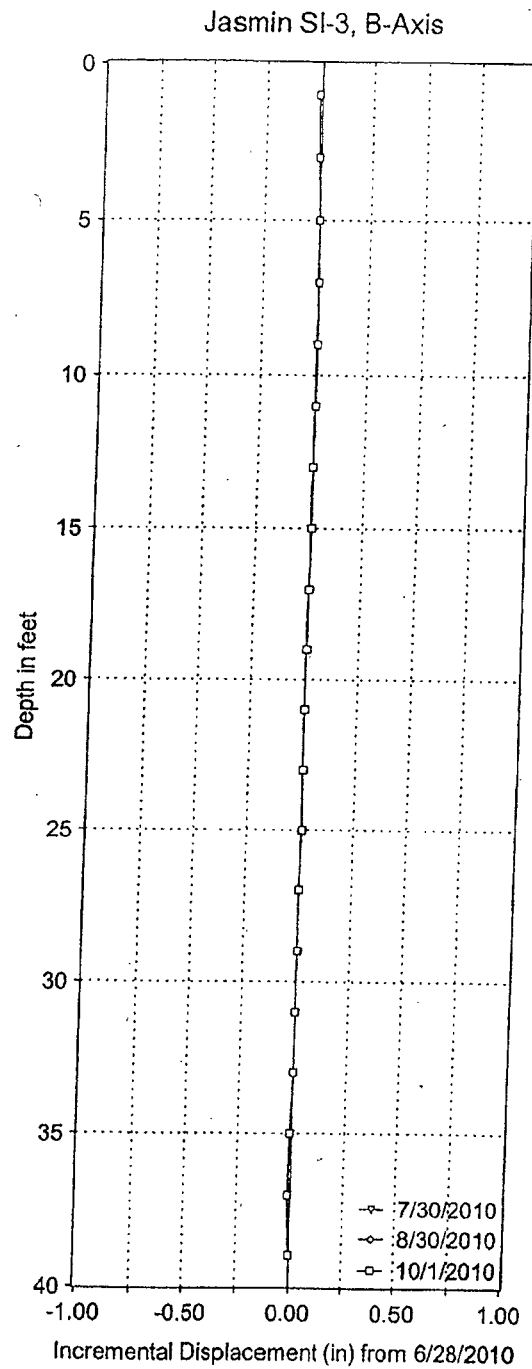
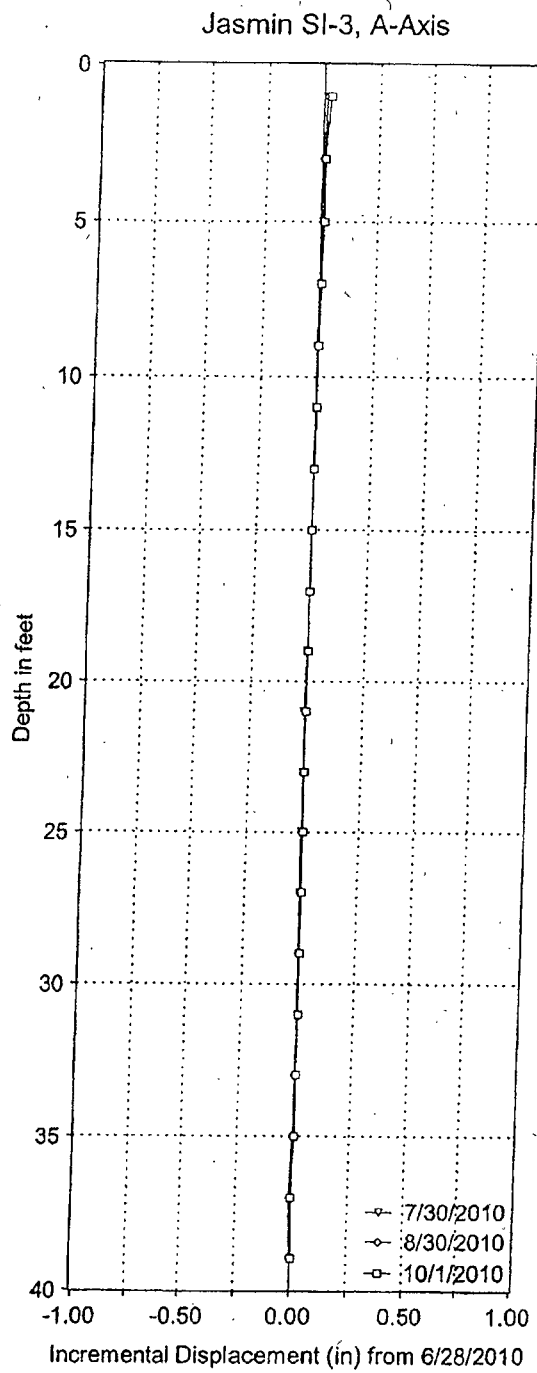
BLE Project No. J10-7112-0



Jasmine Point

BLE Project No. J10-7112-01

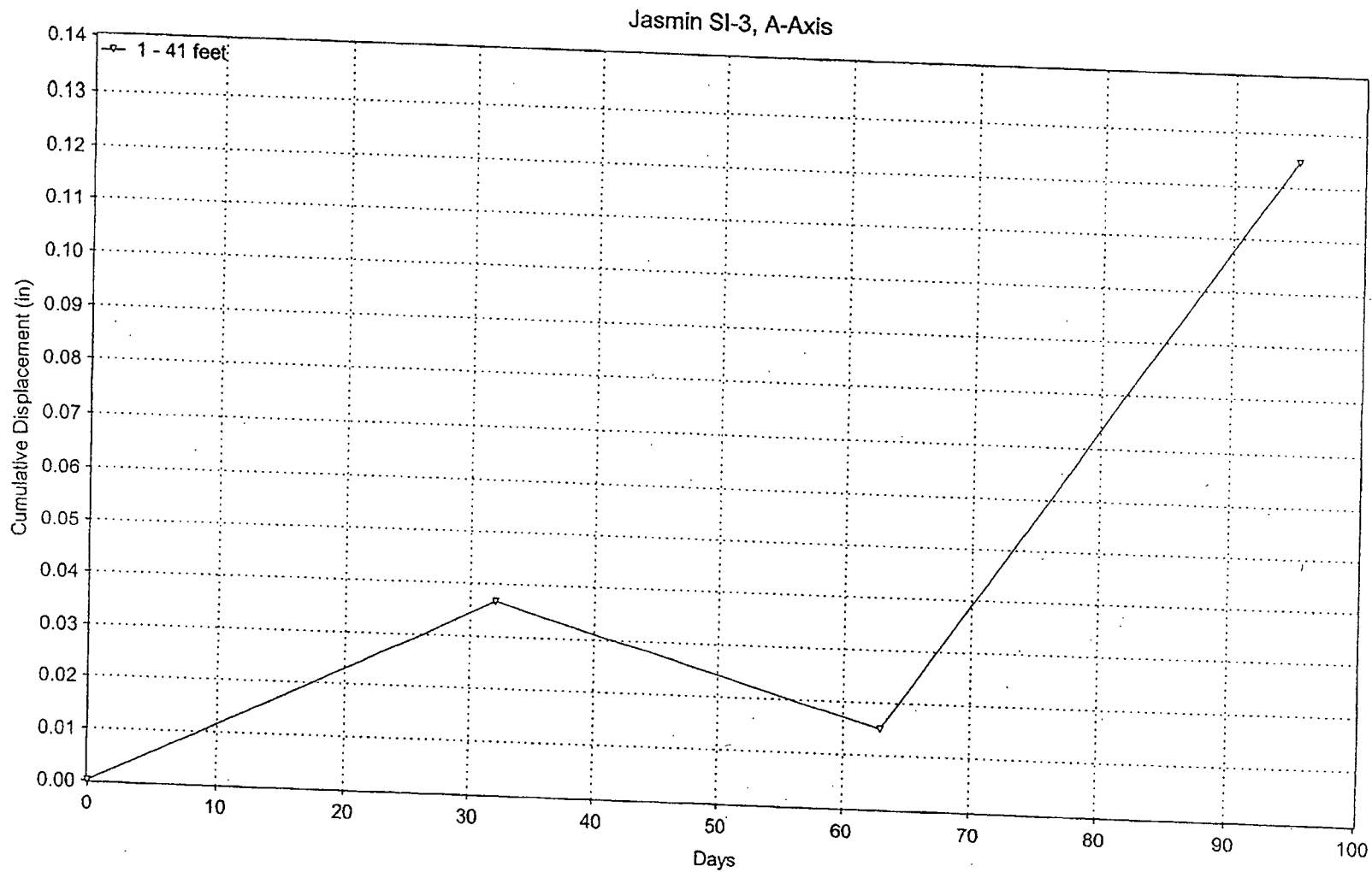
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

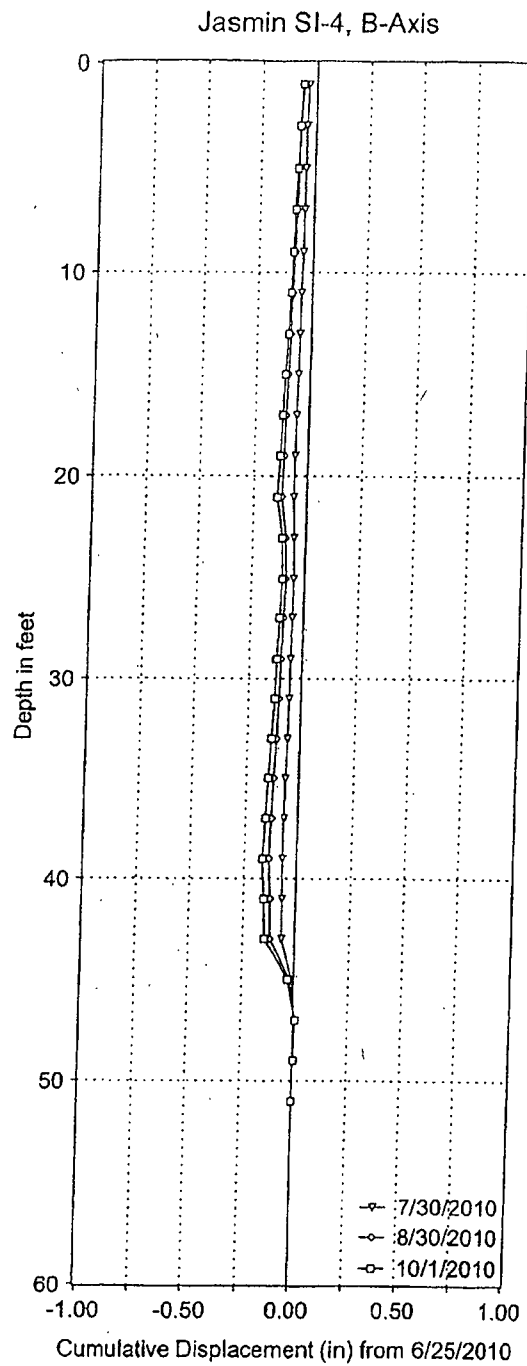
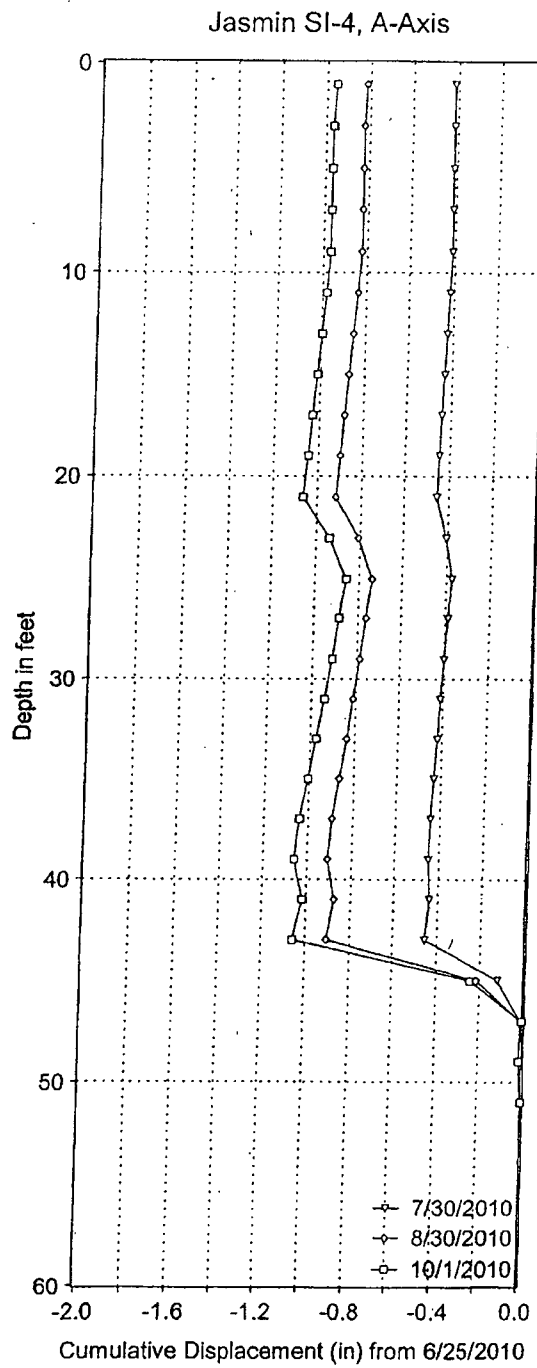
Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

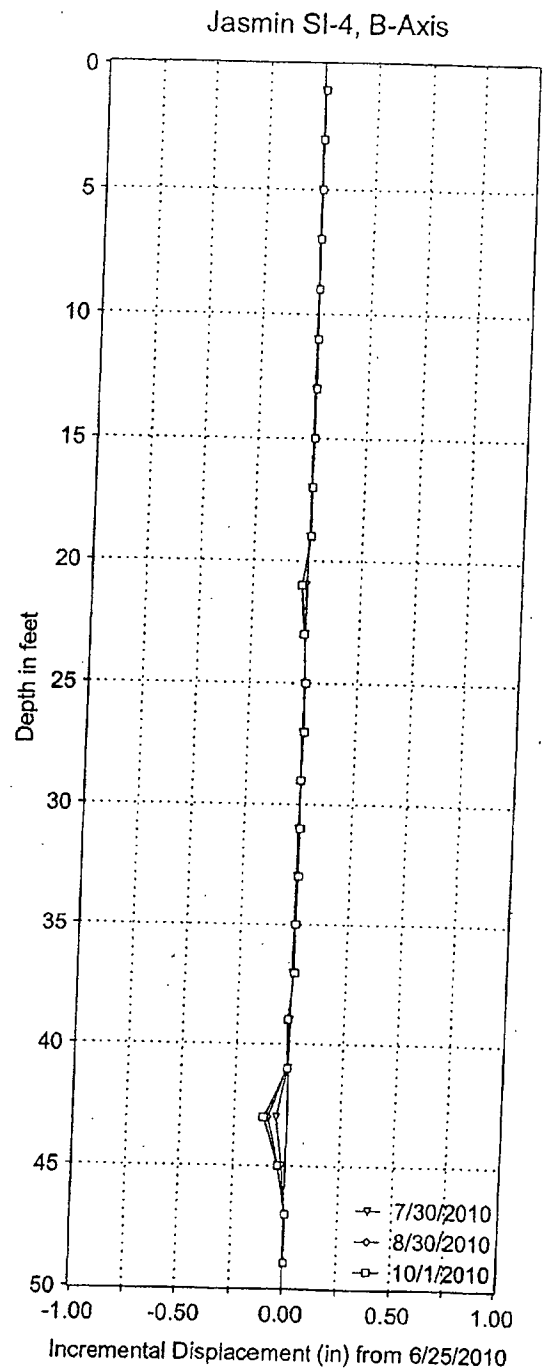
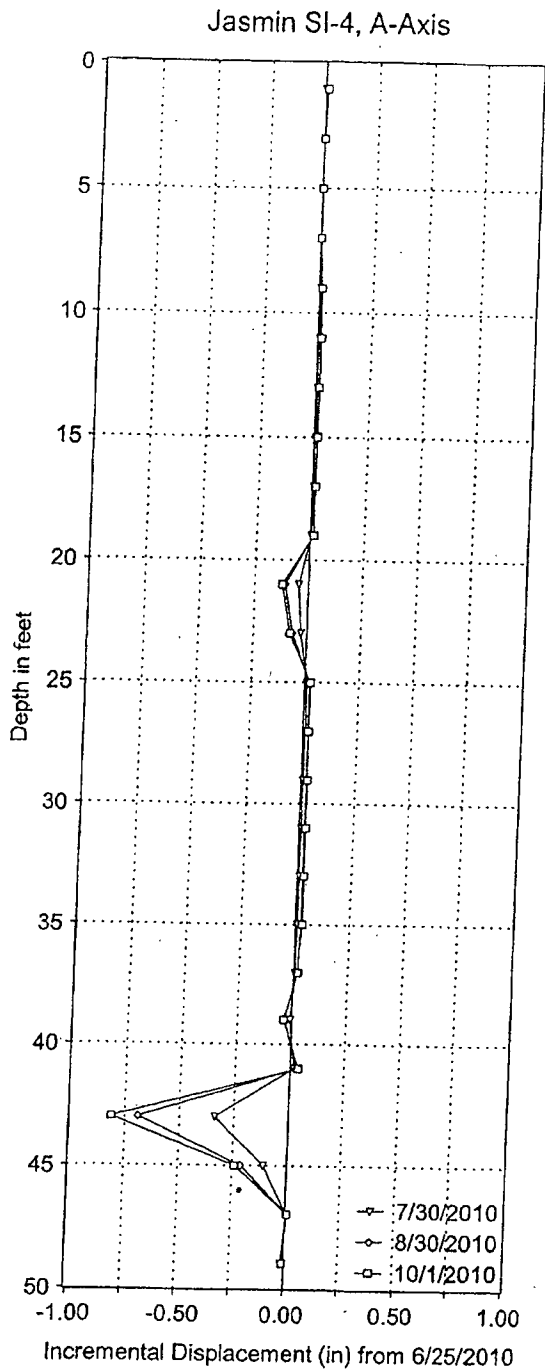
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

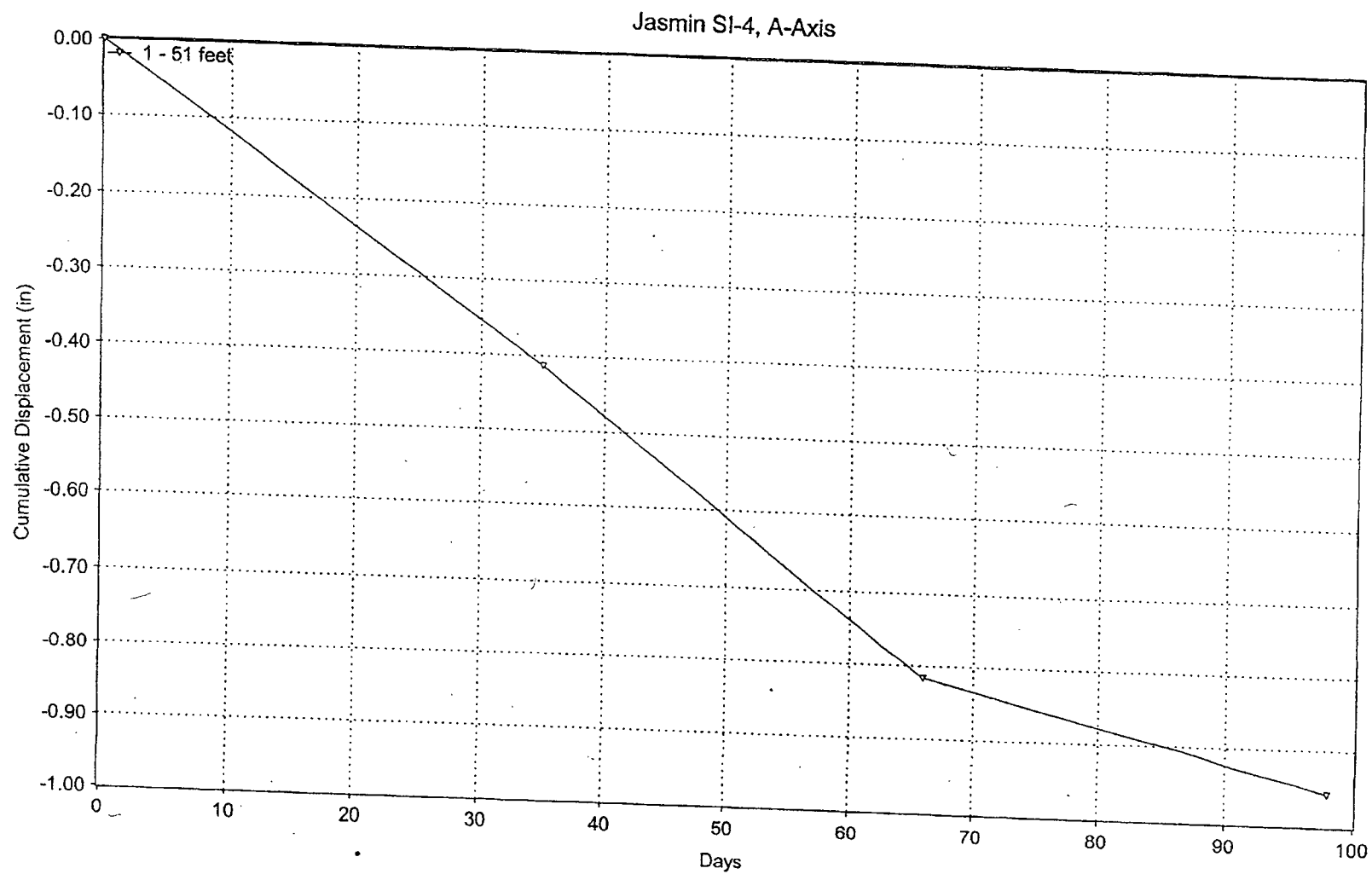
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

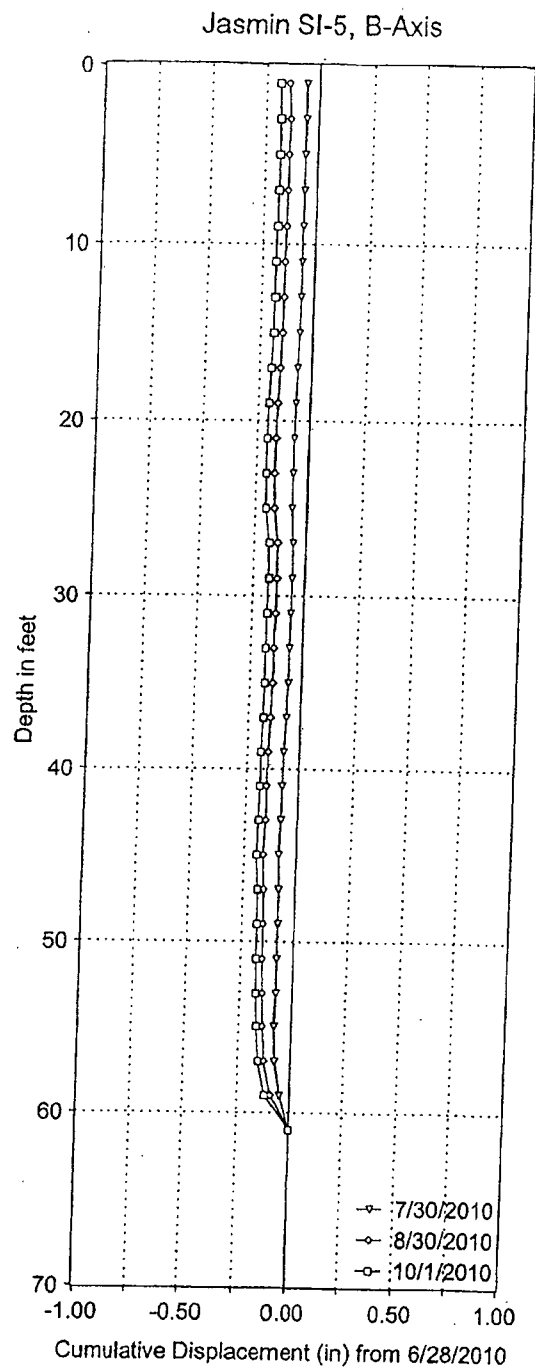
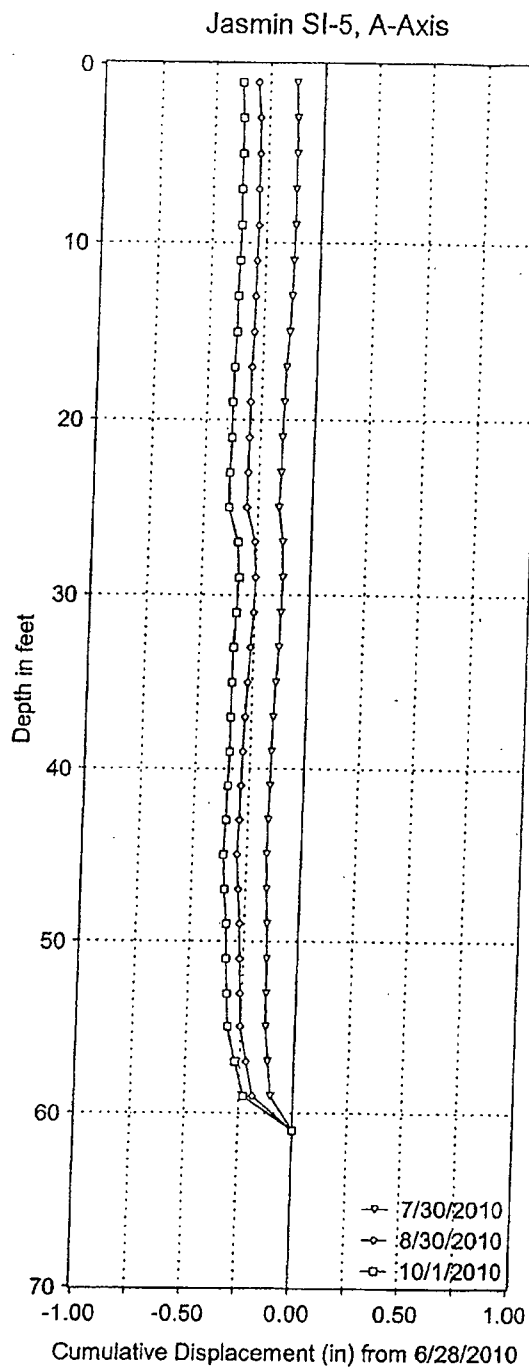
Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

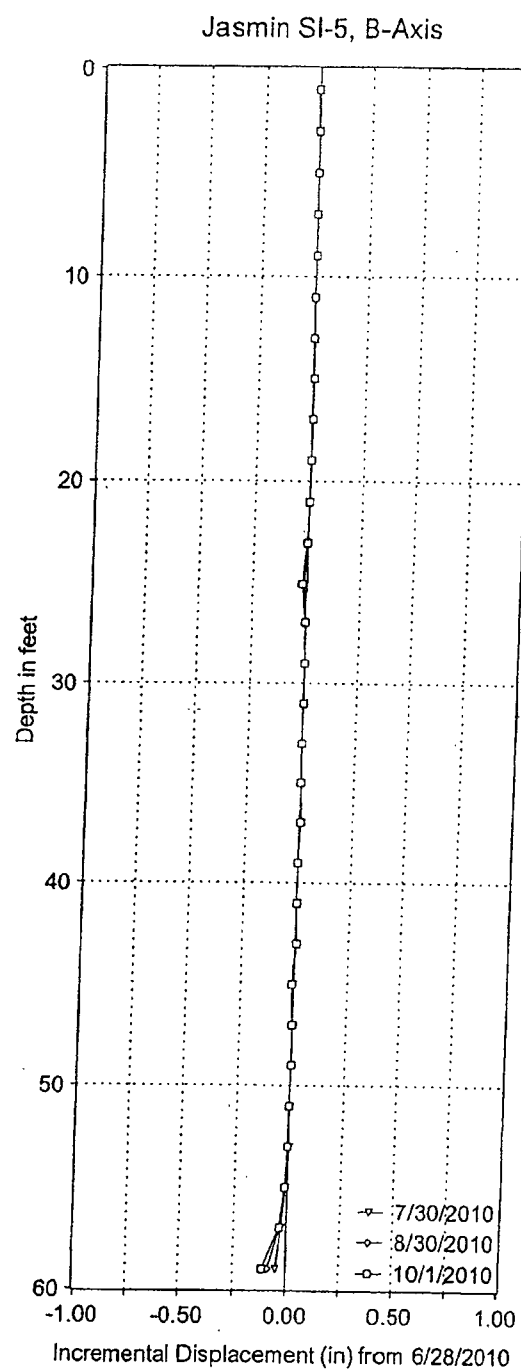
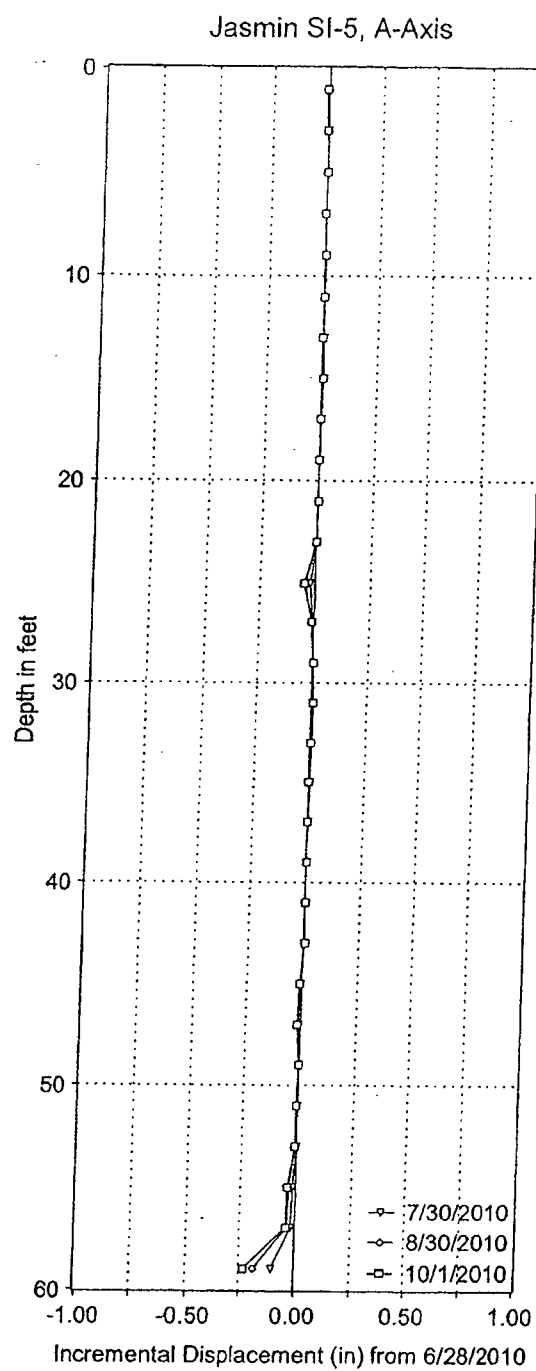
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

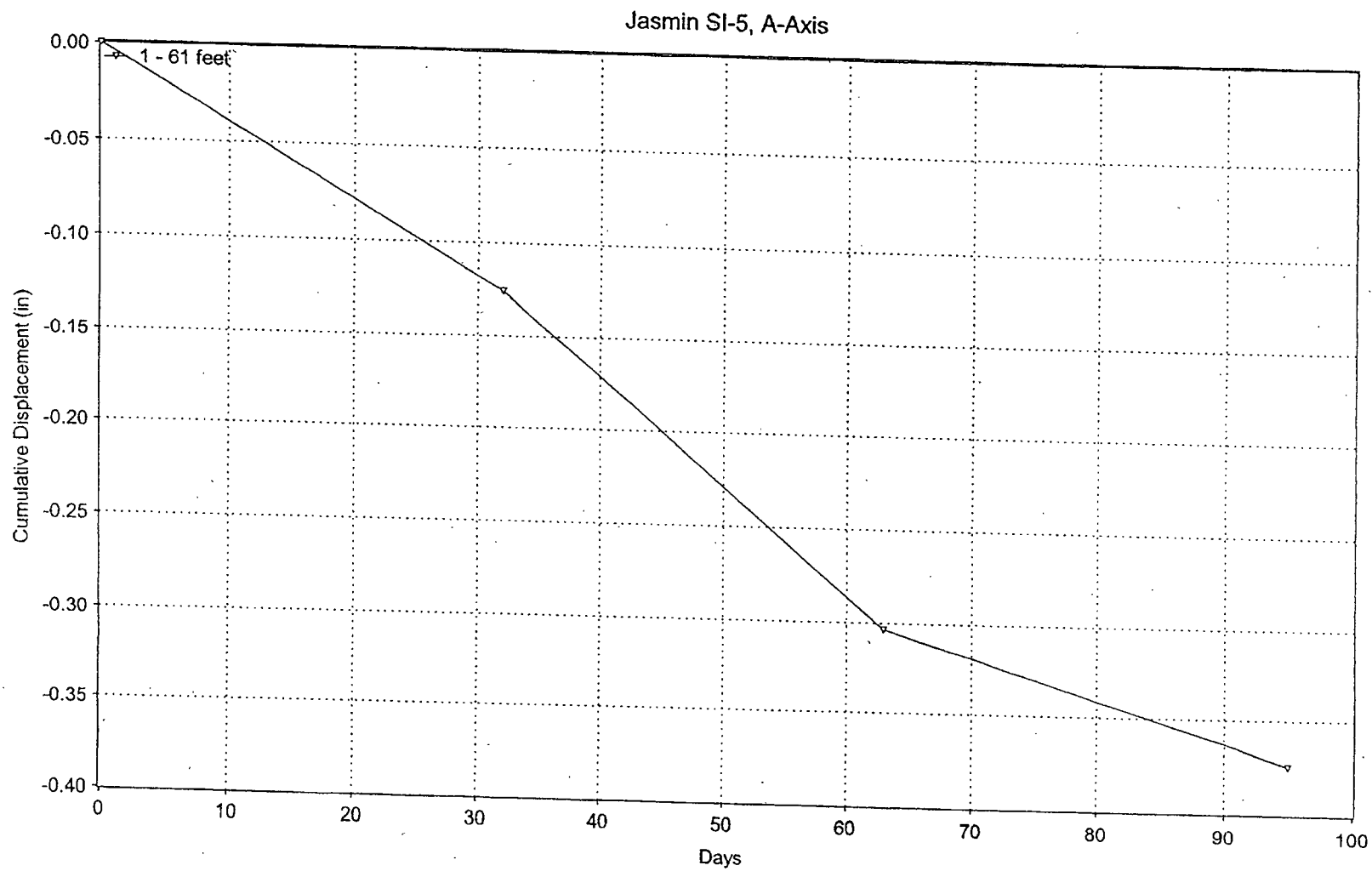
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

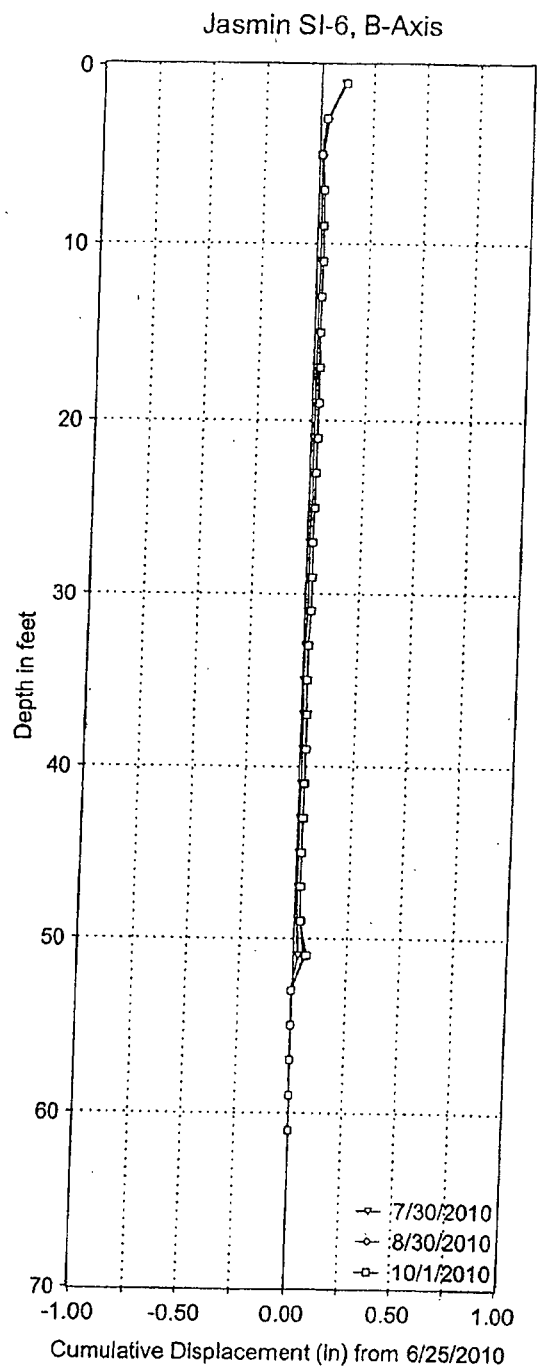
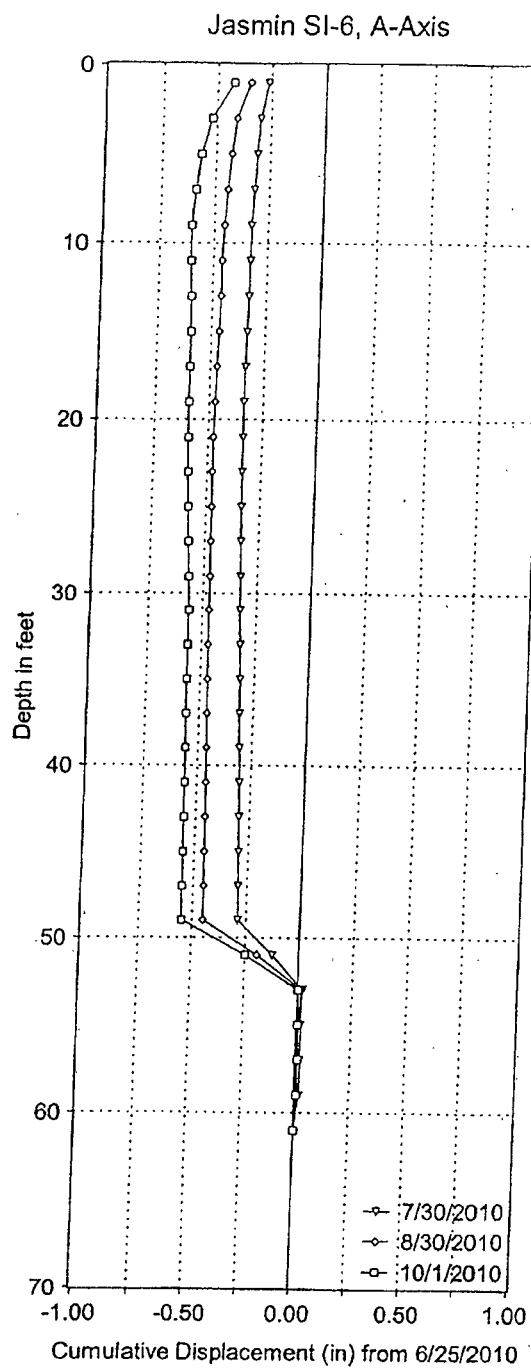
Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

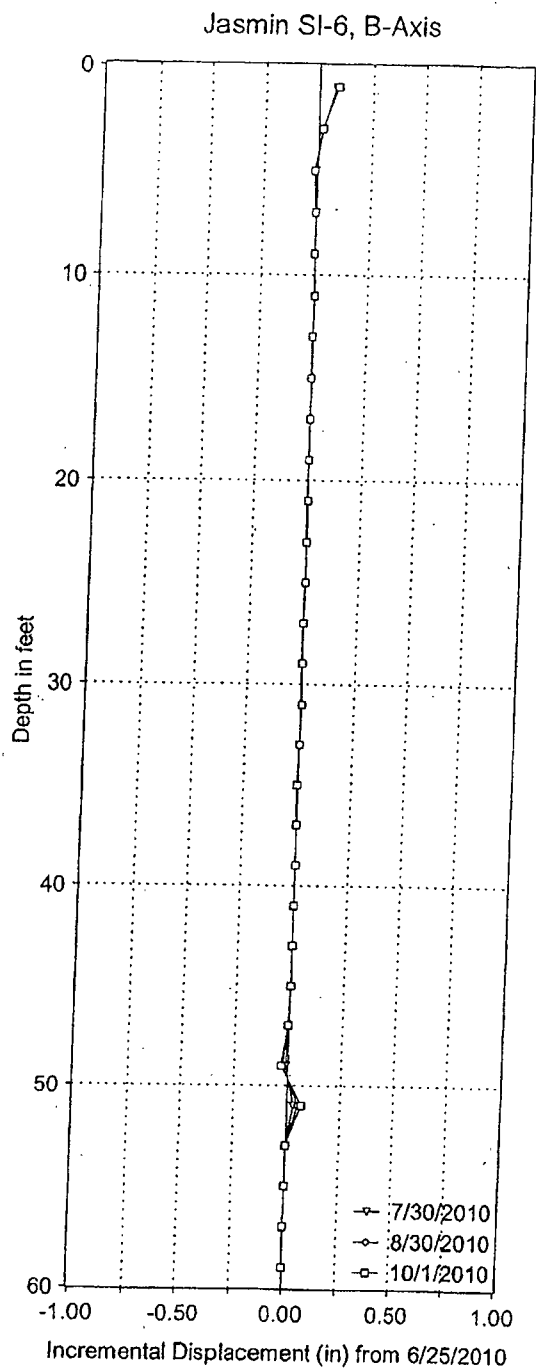
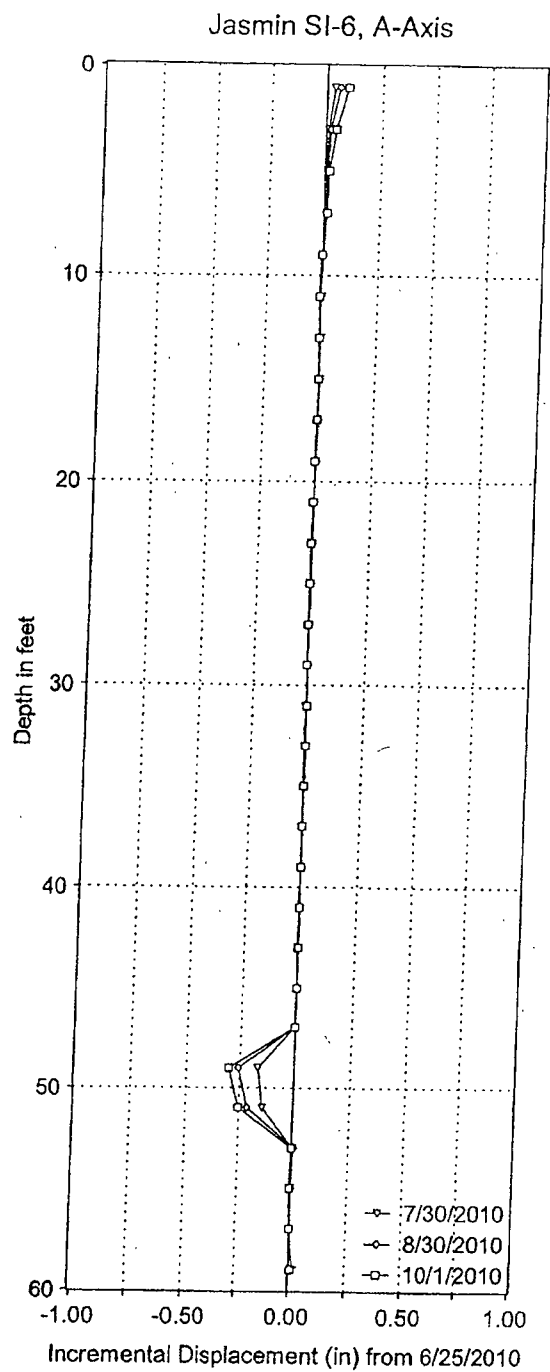
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

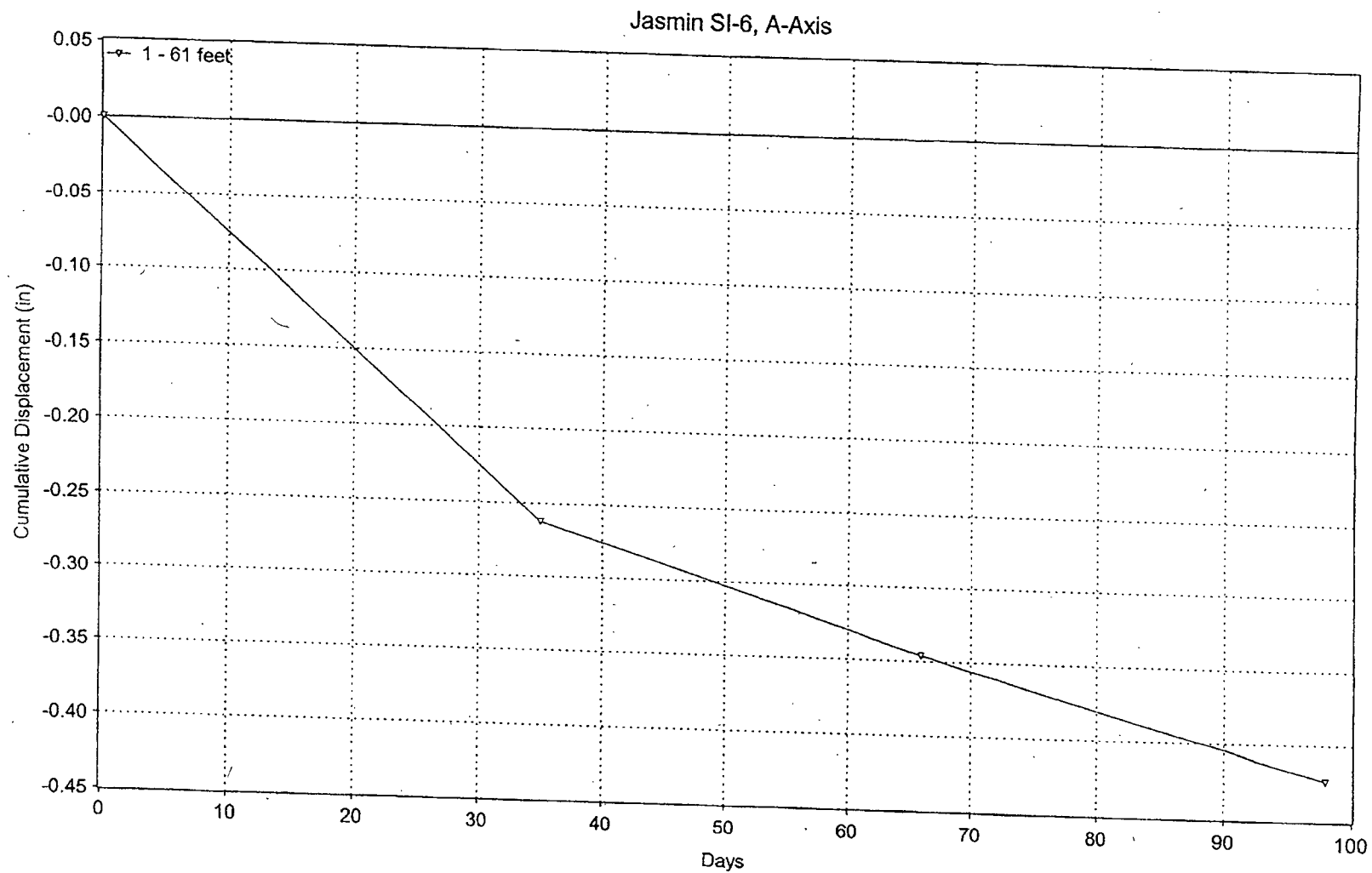
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point
Cliffs at Keowee Falls South

BLE Project No. J10-7112-01

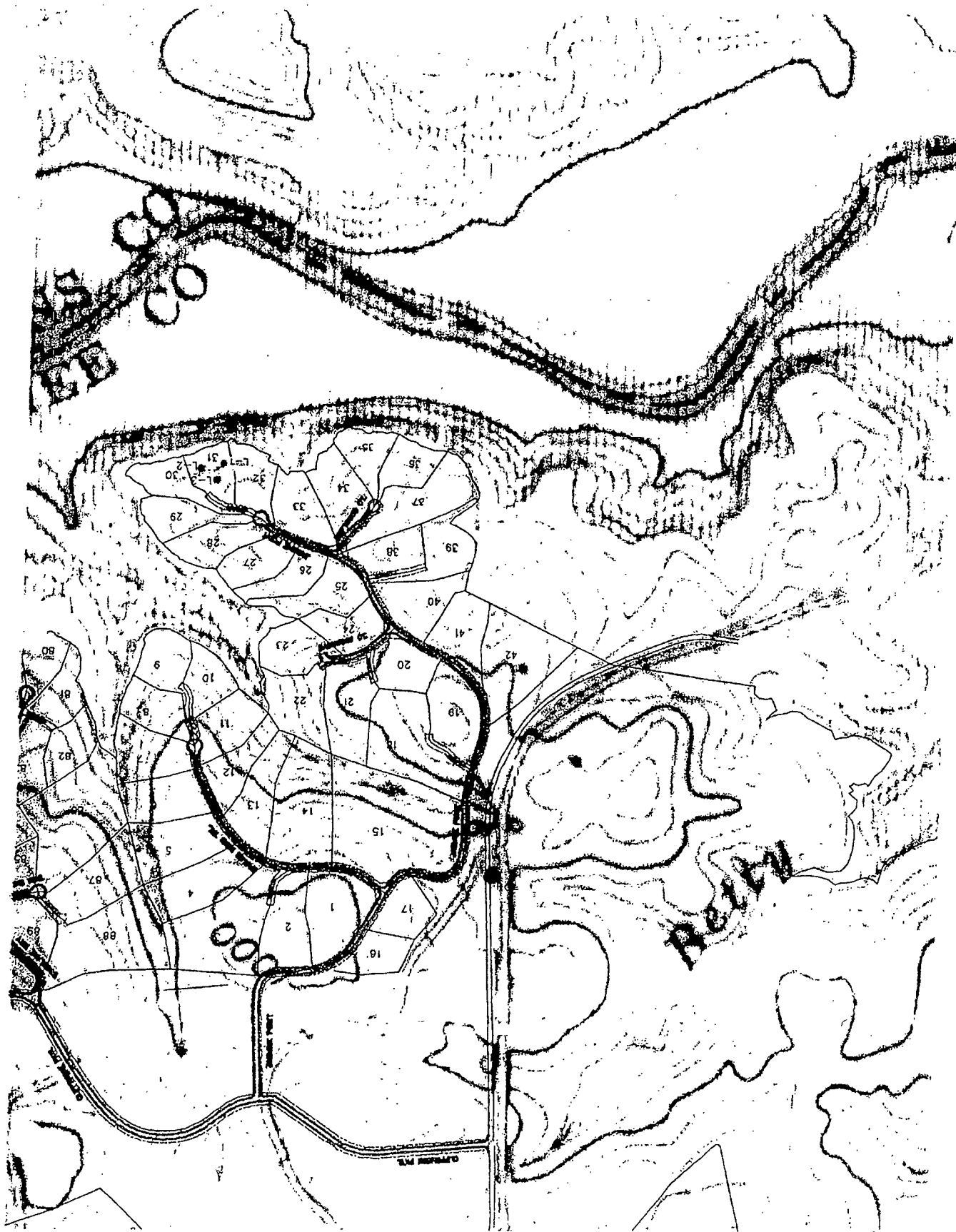


EXHIBIT H

IBLE
INC.
BUNNELL-LAMMONS ENGINEERING, INC.
GEOTECHNICAL, ENVIRONMENTAL AND CONSTRUCTION MATERIALS CONSULTANTS

April 11, 2011

The Cliffs Communities
Post Office Box 1519
Traveler's Rest, South Carolina 29690

Attention: Mr. Donald H. Nickell, Jr.
dnickell@cliffscommunities.com

Subject: **Data Report of Slope Inclinometer Surveys**
April 8, 2011 Readings
Jasmine Point – Cliffs at Keowee Falls South
Oconee County, South Carolina
BLE Project No. J10-7112-01

Gentlemen:

We are pleased to submit this data report of the surveys obtained from the slope inclinometers installed at Jasmine Point in the Cliffs at Keowee Falls South development. The data presented herein includes the latest round of readings obtained on April 8, 2011. The data included in this report is referenced to baseline data obtained on June 25, 2010. There are six inclinometers installed on Lots 30, 31 and 32 as indicated in the following table.

Inclinometer Number	Location
SI-1	Lot 30 upper
SI-2	Lot 30 lower
SI-3	Lot 31 upper
SI-4	Lot 32 lower
SI-5	Lot 32 upper
SI-6	Lot 32 lower

Note: Locations identified as upper represent inclinometers installed on the upper side of the lots near the road, lower represents inclinometers installed on the lower side of the lots near the lake.

The inclinometers were installed into soil test borings (ASTM D 1586) that were drilled between May 27, 2010 and June 8, 2010. Subsurface conditions that were encountered at each boring location are identified on the attached boring logs. The borings are identified as B-1 through B-6 and the boring numbers correspond with the inclinometer numbers (i.e. inclinometer SI-1 was

installed in boring B-1 and so on). The attached aerial photograph identifies the locations of the inclinometers that was produced by tagging the inclinometer locations with a handheld GPS and inputting the coordinates into Google Earth.

The attached graphs present information on each of the inclinometers. Where the attached graphs identify two axes (A-axis and B-axis), the A-axis is oriented in a generally uphill-downhill direction and the B-axis is oriented in a generally cross slope direction. Movement in the negative direction on the A-axis represents downslope (direction of potential failure) movement. There are three graphs for each inclinometer as follows:

1. Cumulative Displacement vs. Depth
2. Incremental Displacement vs. Depth
3. Cumulative Displacement vs. Time (A-axis)

Cumulative displacement vs. depth is a plot of movement. Displacements on these plots may appear abrupt because the horizontal scale is not proportional to the vertical scale, which makes it easier to identify displacements. **Incremental displacement vs. depth** is a plot of movement at each reading interval. A spike in these graphs indicates significant movement. Growth in the spike over time indicates continued movement. **Cumulative displacement vs. time** provides an indication as to the rate of movement.

EVALUATION

A review of the Cumulative Displacement vs. Depth plots indicate that movement is occurring in five of the six inclinometers. Inclinometers SI-1, SI-2, SI-4 and SI-6 indicate an apparent failure plane developing at depths ranging from approximately 35-ft to 53-ft below the ground surface. A review of the accompanying boring logs indicates that the failure plane appears to be developing at or near the interface between residual soils and partially weathered rock (or dense residual soils). In our report dated October 25, 2010 we indicated that only two of the inclinometers (SI-4 and SI-6) had indicated significant movement since the August 30, 2010 readings were collected. We noted that there had been little precipitation during that period and that it should be expected that additional movement may occur in the remaining inclinometers during wet weather cycles. Since that time there has been considerable precipitation, particularly in the month preceding the current readings and, as expected, five of the six inclinometers have indicated movement since October. The only inclinometer that does not appear to have indicated movement is SI-3, which has not indicated any appreciable movement since installation.

The plots from inclinometer SI-5 indicate that the movement appears to be occurring at or below the bottom of the inclinometer casing at this location. A review of boring B-5 indicates partially



*Data Report of Slope Inclinometer Surveys
Jasmine Point - Cliffs at Keowee Falls South*

*April 11, 2011
BLE Project No. J10-7112-01*

weathered rock was encountered at a depth of approximately 64 feet. Therefore, it is our opinion that there may be a failure plane developing near the interface with the partially weathered rock similar to that observed in the inclinometers discussed above.

RECOMMENDATIONS

As previously reported, it is our opinion that there is an active, deep-seated slope failure occurring at the site. The rate at which movement occurs can be expected to vary over time and with environmental factors. However, it should be expected that movement will continue unless provisions to stabilize the slope are performed. Additional exploration, testing and analysis will be required to evaluate suitable methods for stabilizing the slope, which are beyond the scope of services for which we are currently authorized. If requested, we can prepare a proposal to provide additional engineering services required to develop conceptual stabilization methods.

This data submittal was the result of an extension of our scope of services as requested by Mr. Nickell in email correspondence with our Mr. Bill Mathews. Unless requested to collect additional inclinometer readings, we have completed the scope of services authorized for this project. We recommend that you retain a surveyor to develop a detailed topographic survey of the area. The topographic survey would be used in conjunction with the borings and inclinometer data to evaluate methods that could be used to stabilize the slope.

We appreciate the opportunity to provide our professional services on this project. If you have any questions or require additional information, please call.

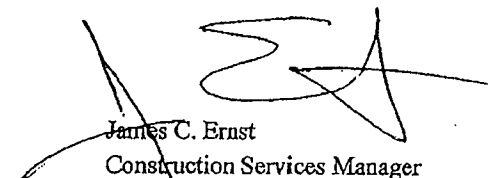
Sincerely;

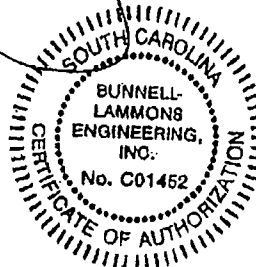
BUNNELL-LAMMONS ENGINEERING, INC.



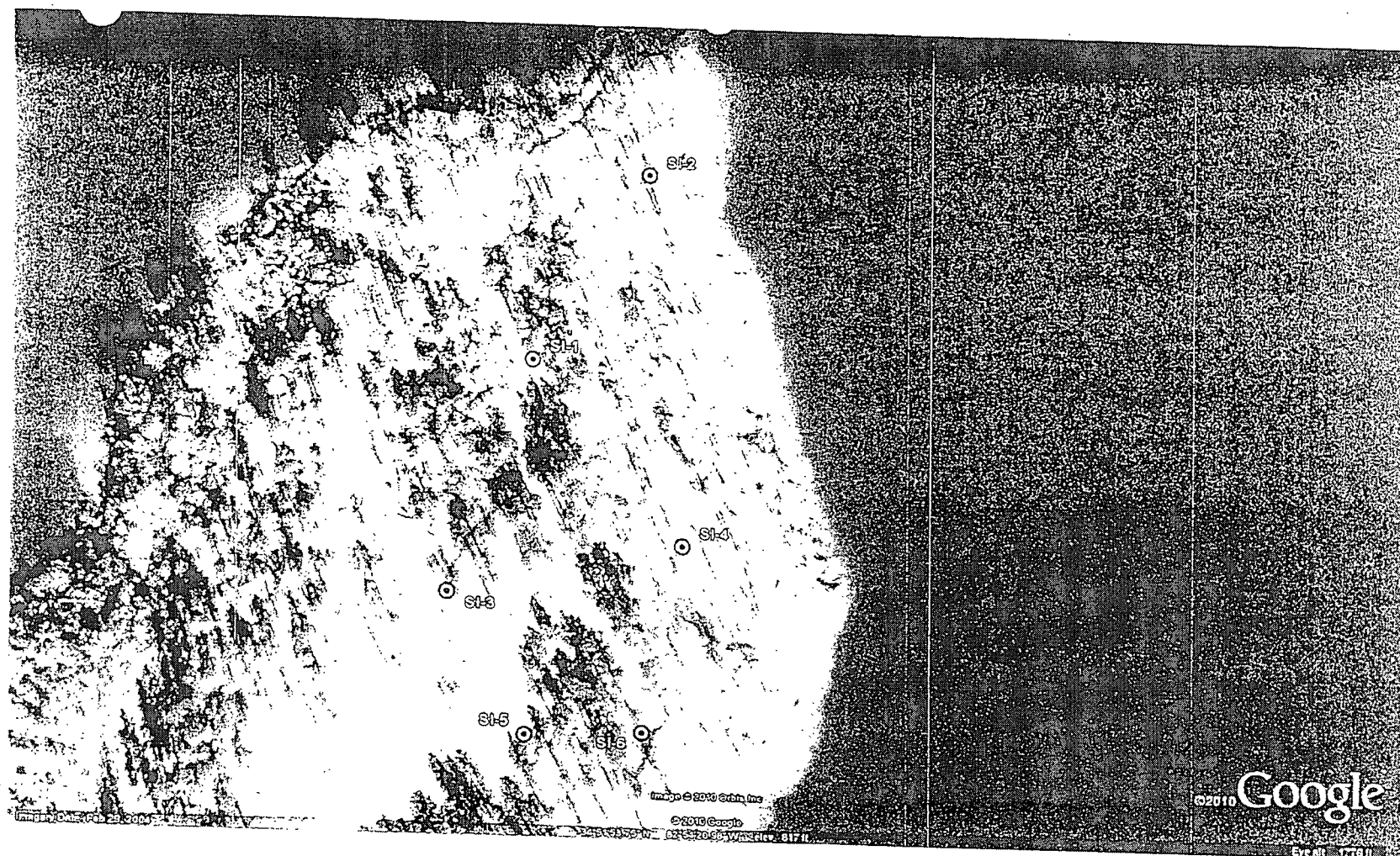
William A. Mathews, P.E.
Chief Engineer
Registered, SC #14039




James C. Ernst
Construction Services Manager

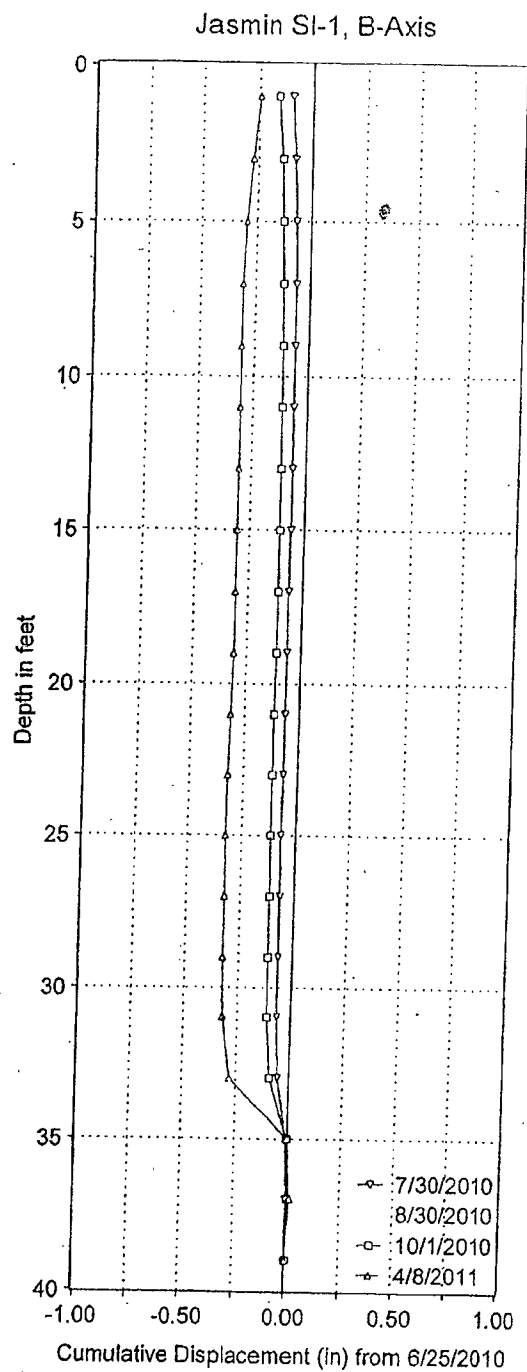
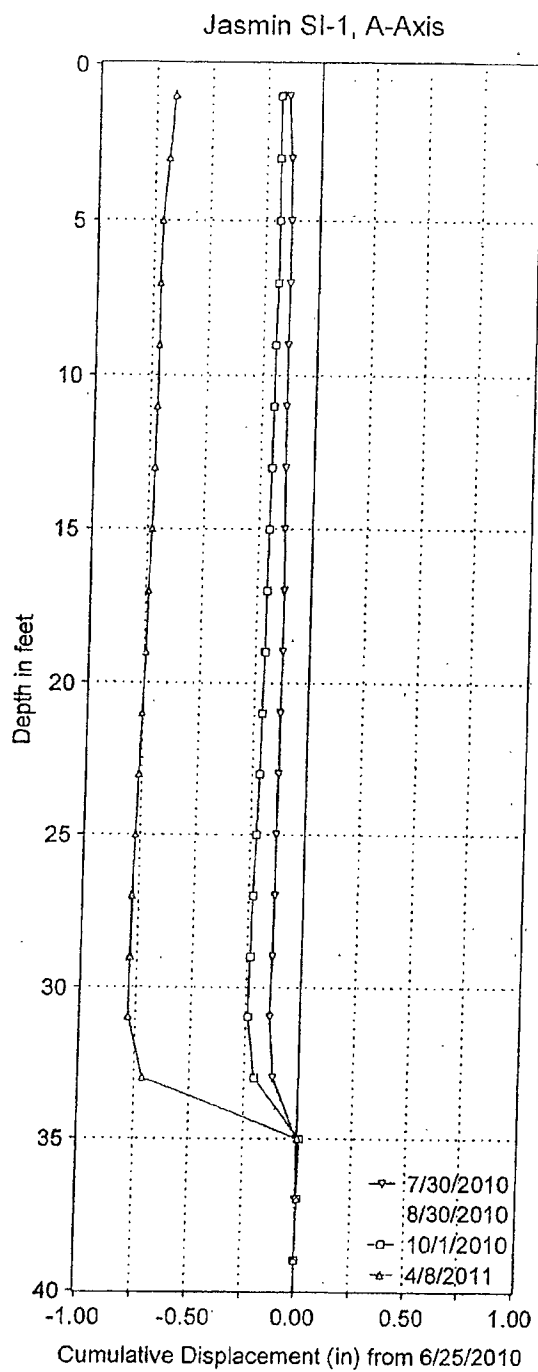


c:\public pc079\projects\jasmine point inclinometer summary for april 2011.doc



Jasmine Point
Cliffs @ Keowee Falls South

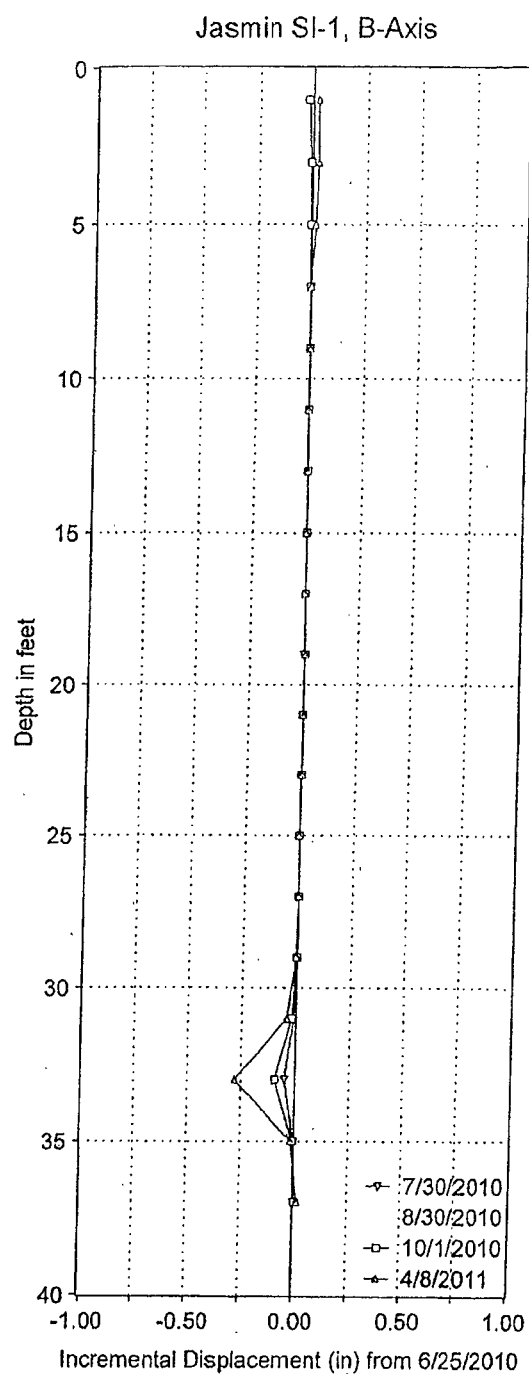
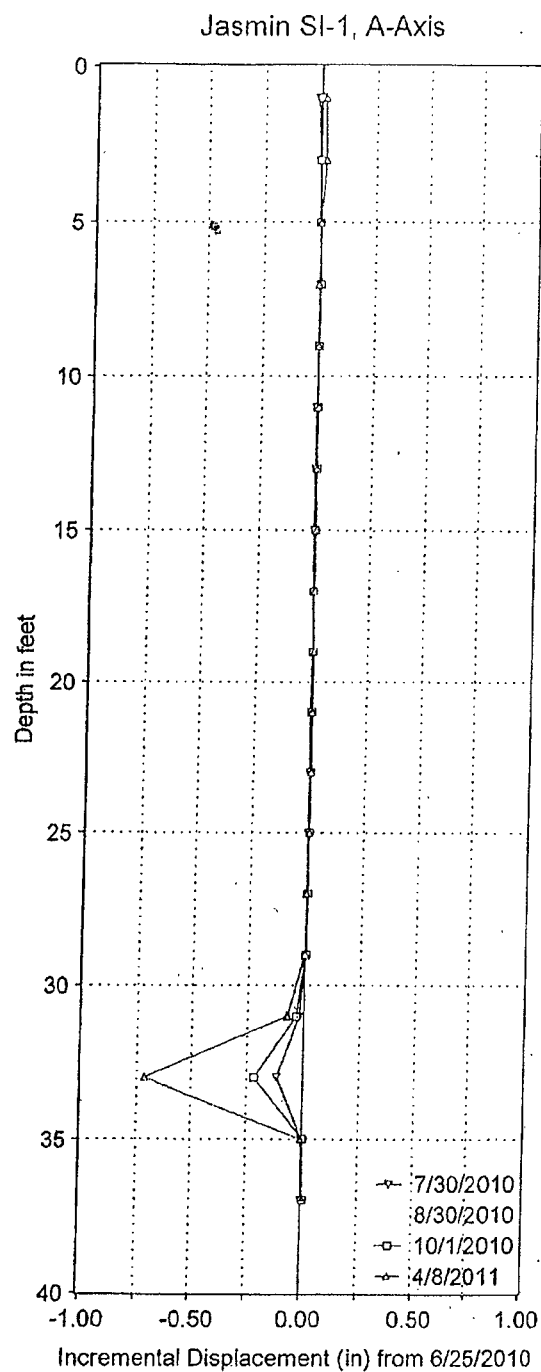
Inclinometer Locations
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

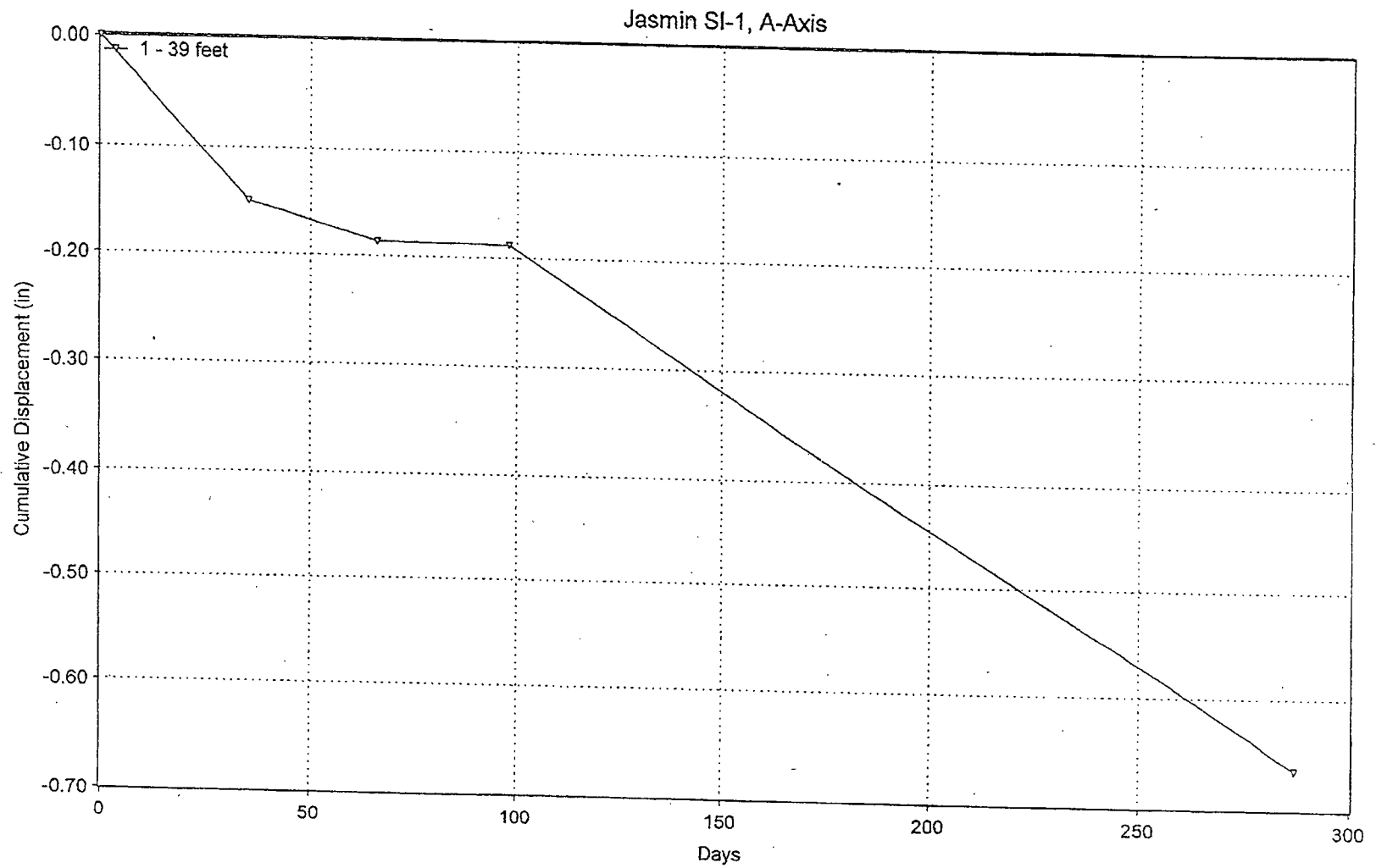
Cliffs at Keowee Falls South



Jasmine Point

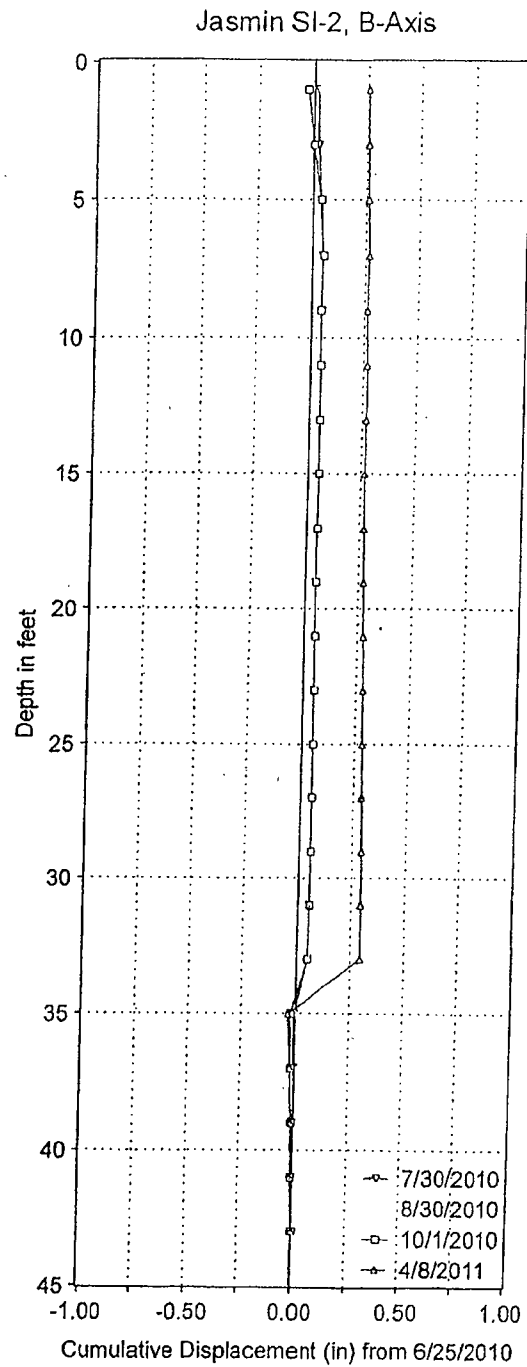
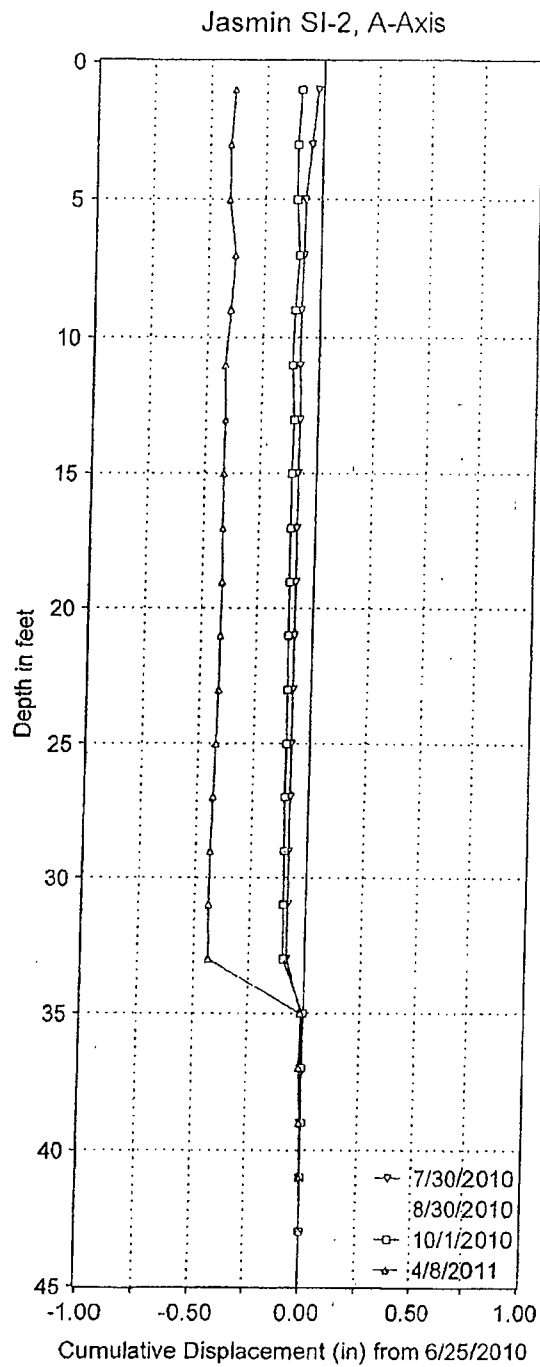
BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point
Cliffs at Keowee Falls South

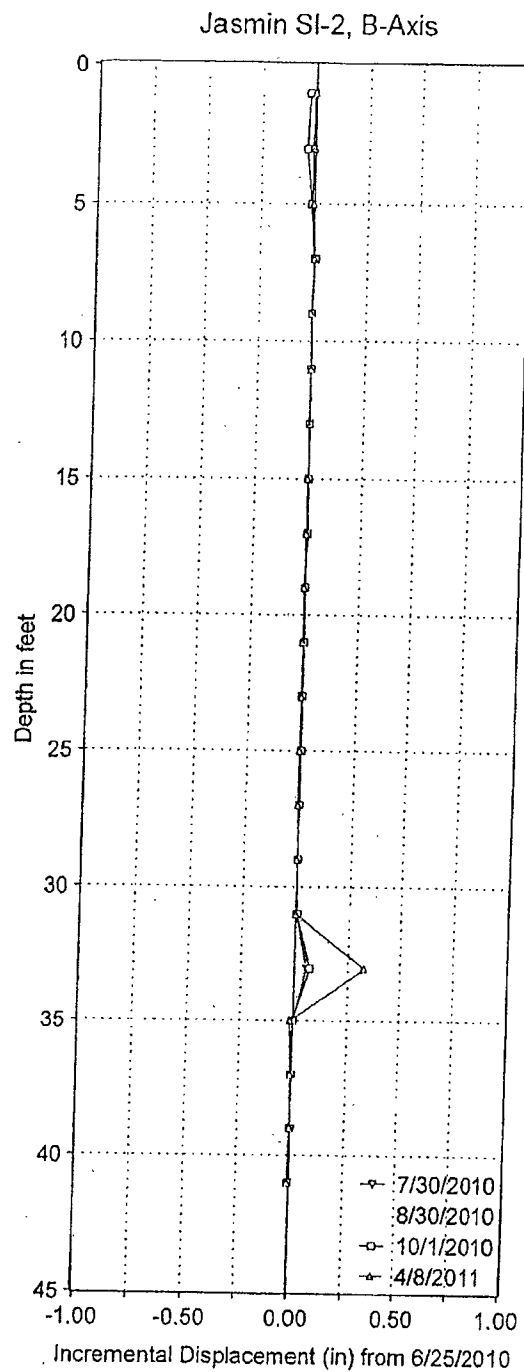
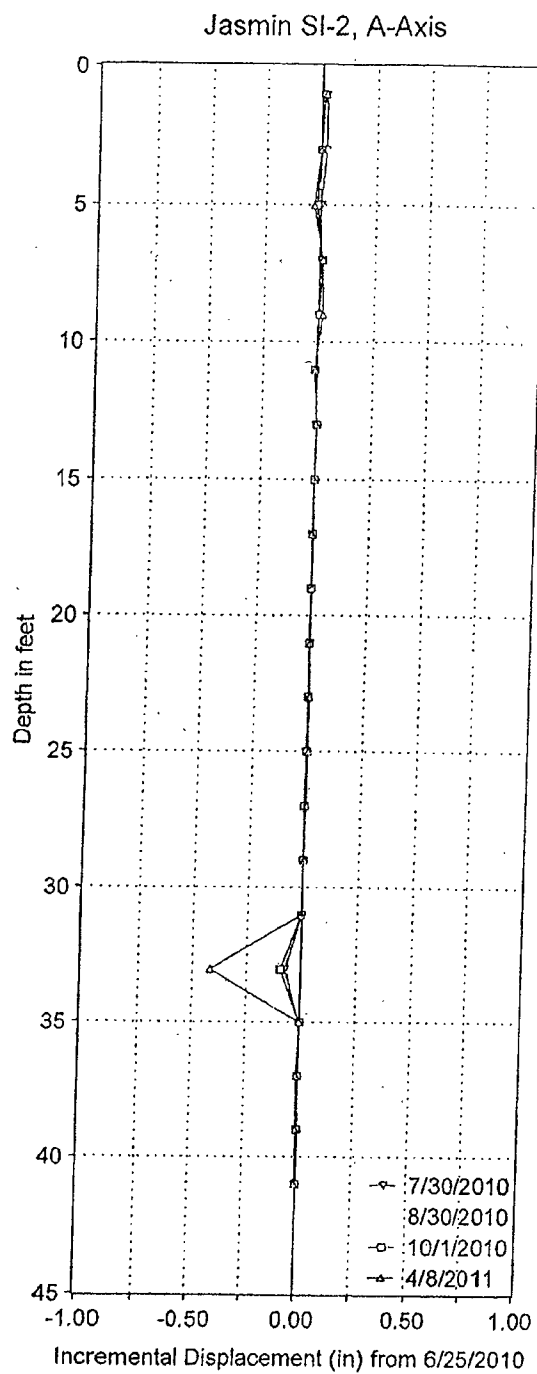
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

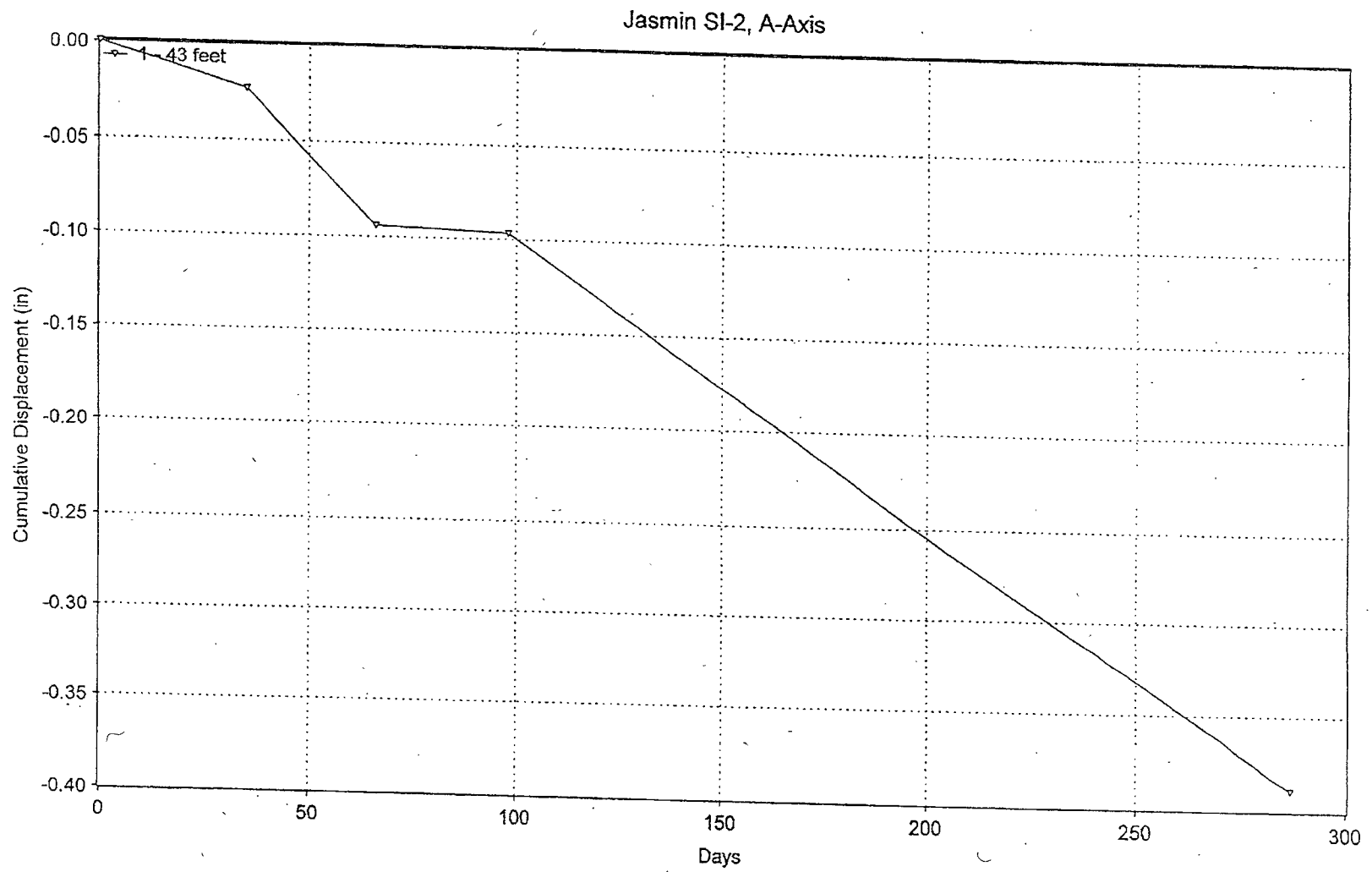
Cliffs at Keowee Falls South



Jasmine Point

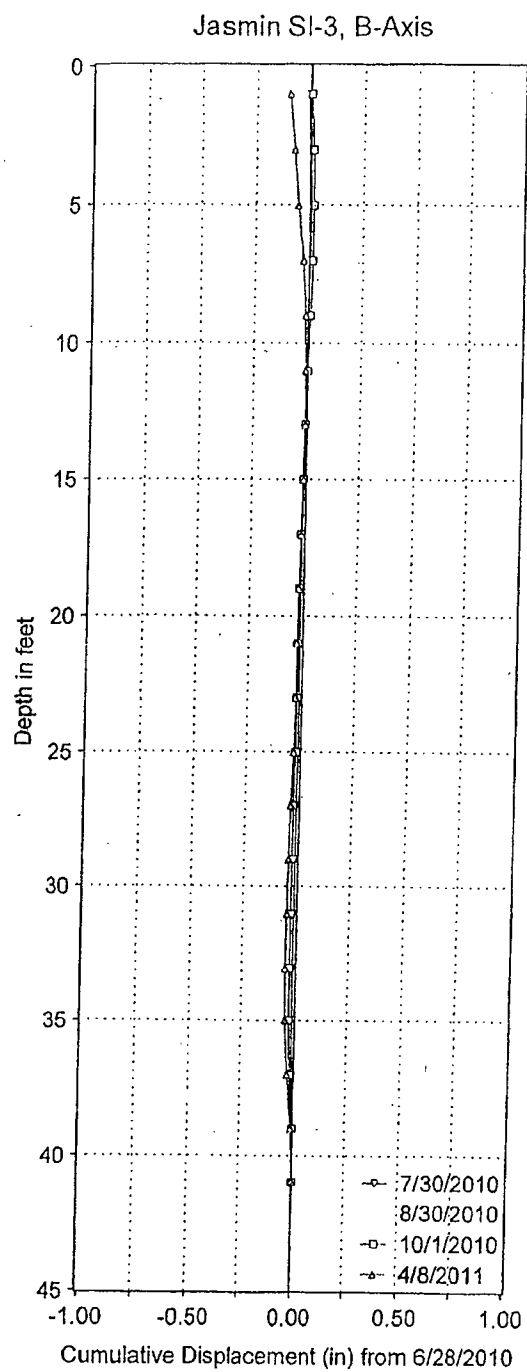
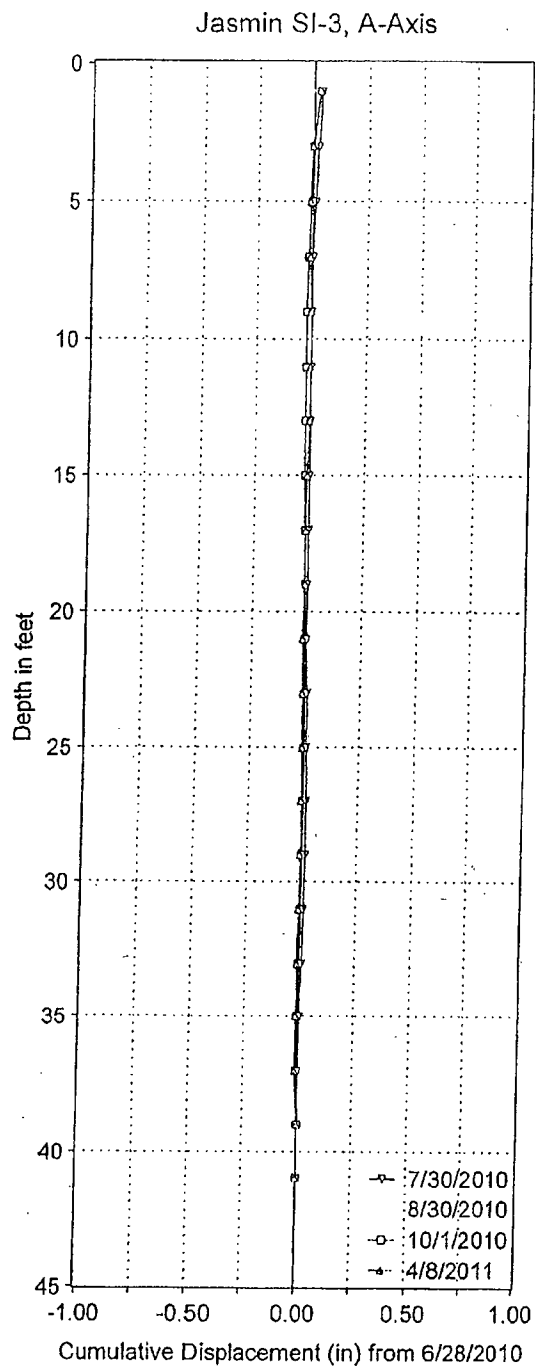
BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point
Cliffs at Keowee Falls South

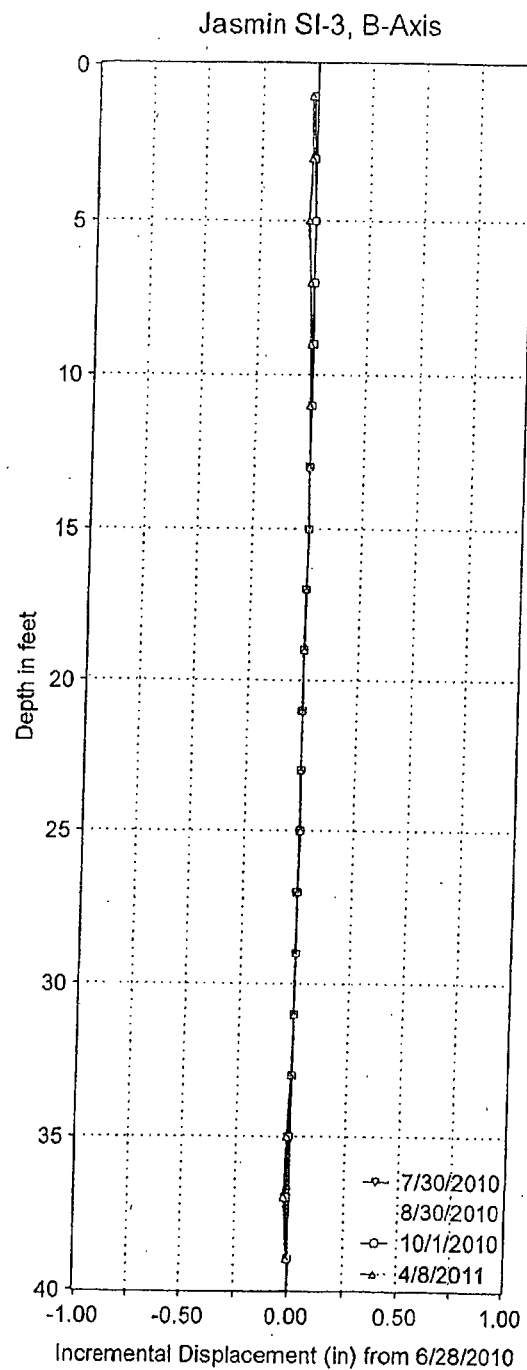
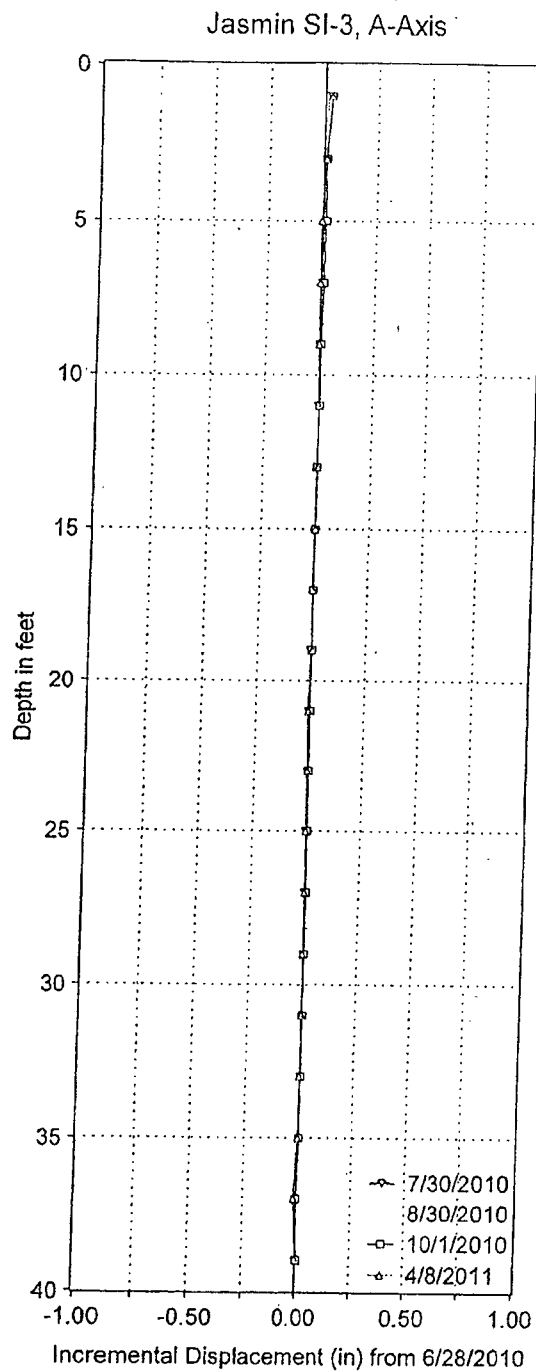
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

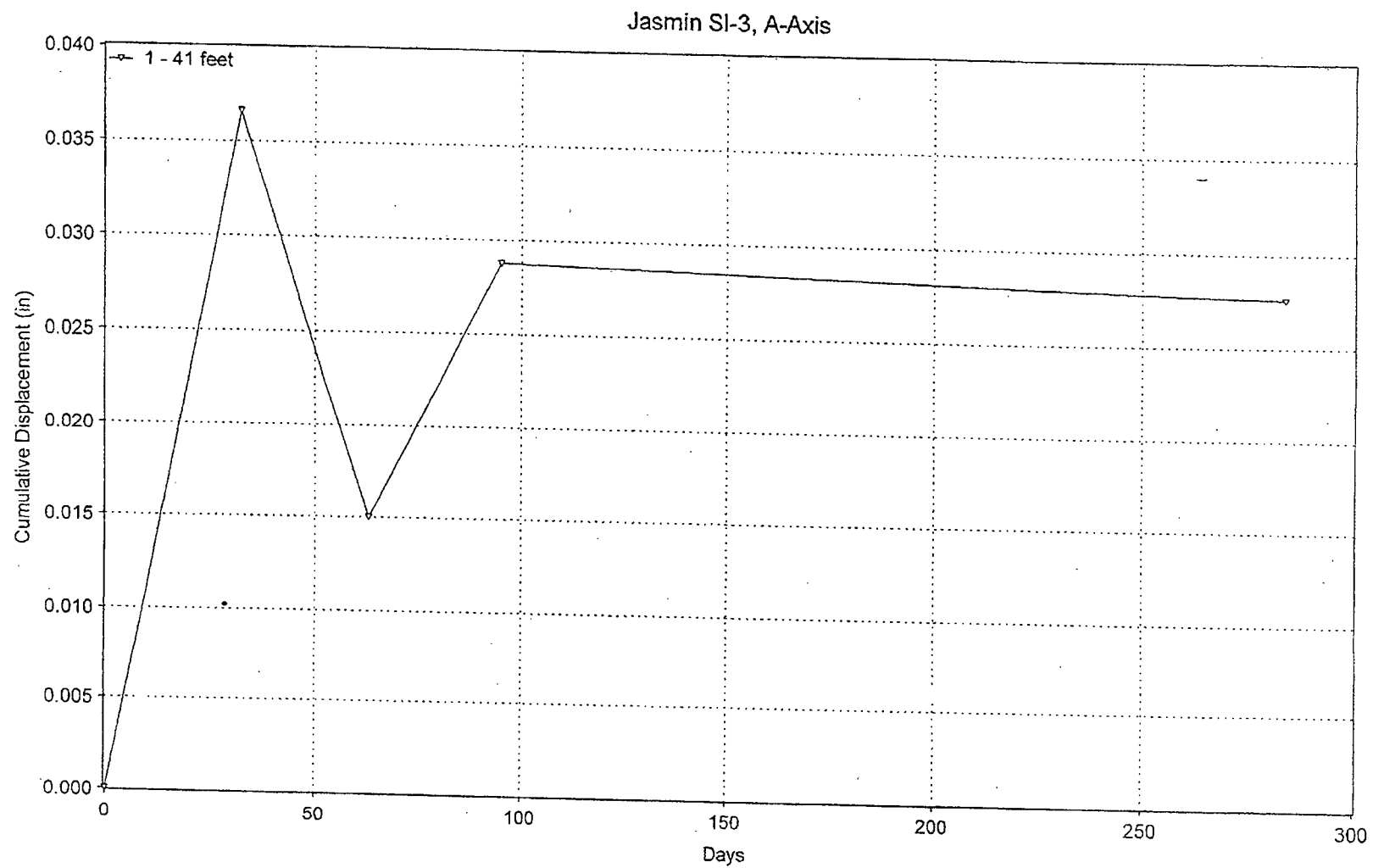
Cliffs at Keowee Falls South



Jasmine Point

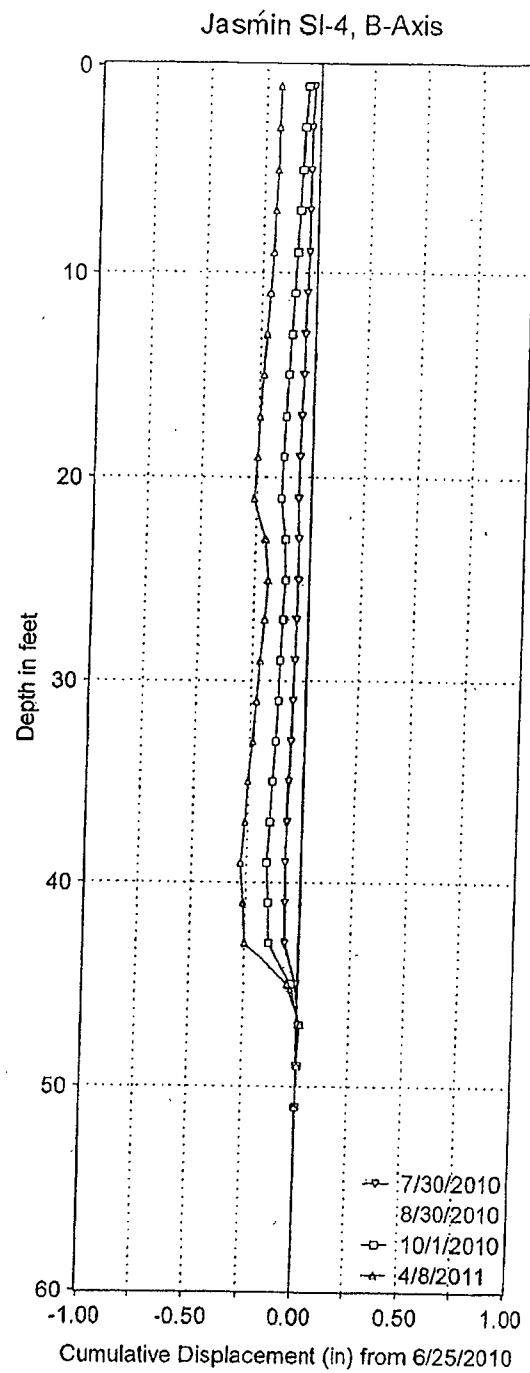
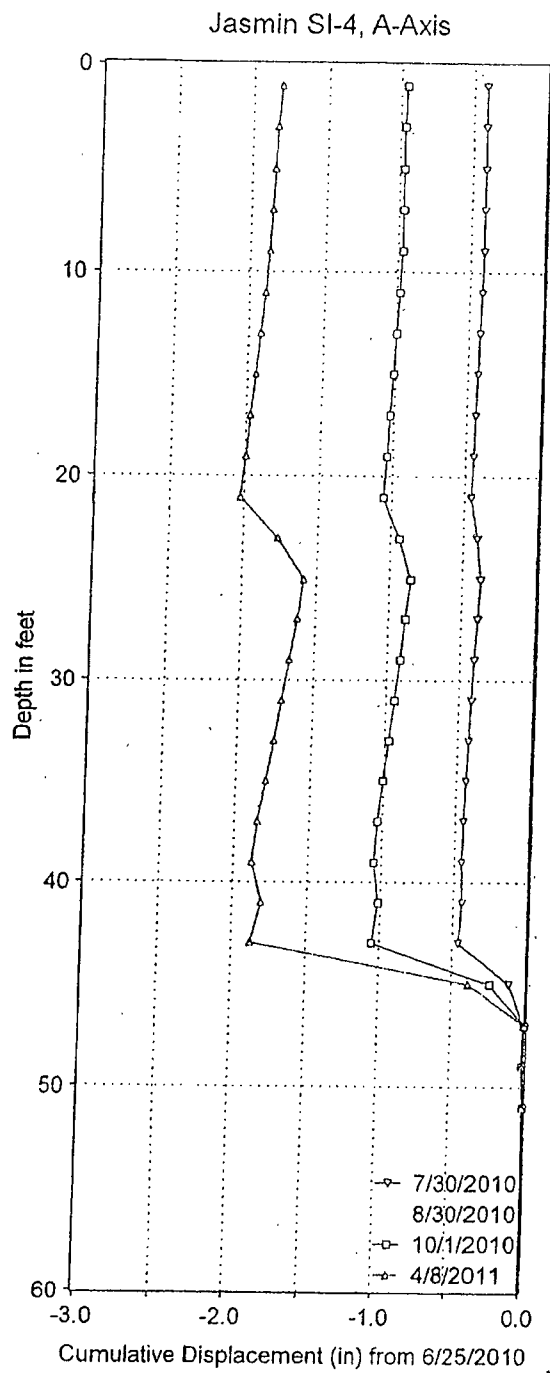
BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point
Cliffs at Keowee Falls South

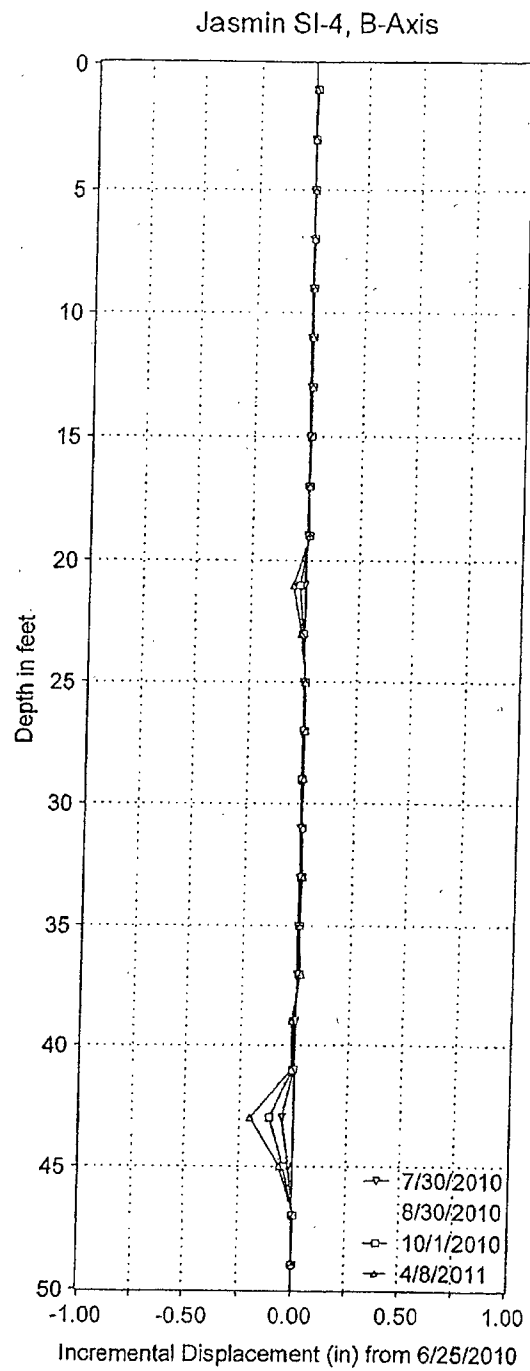
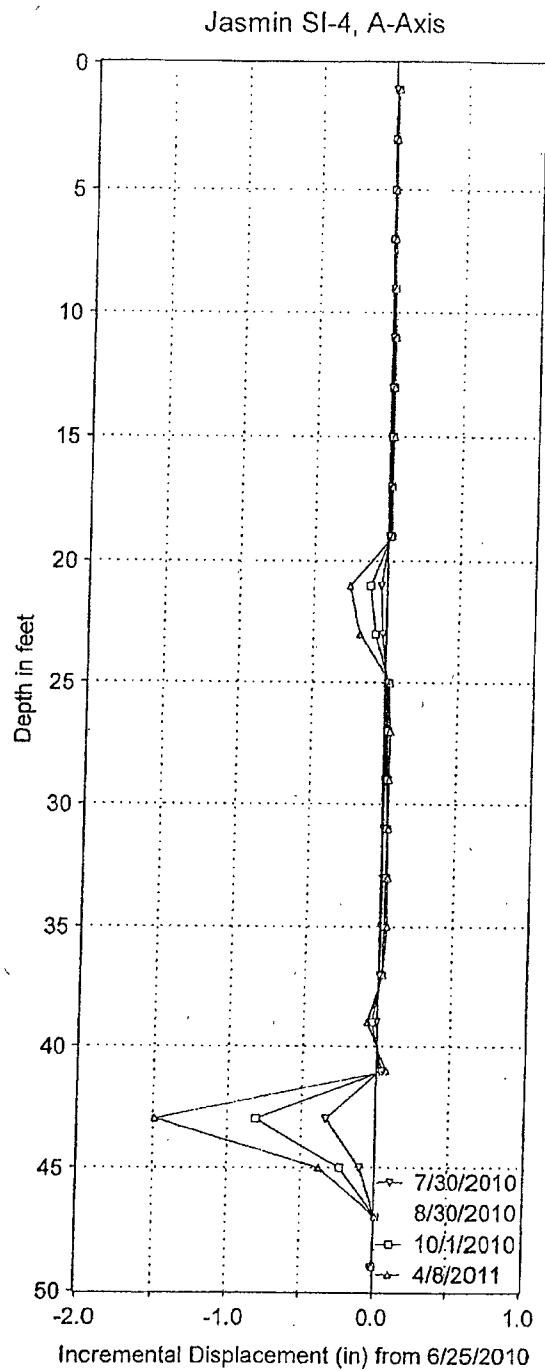
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

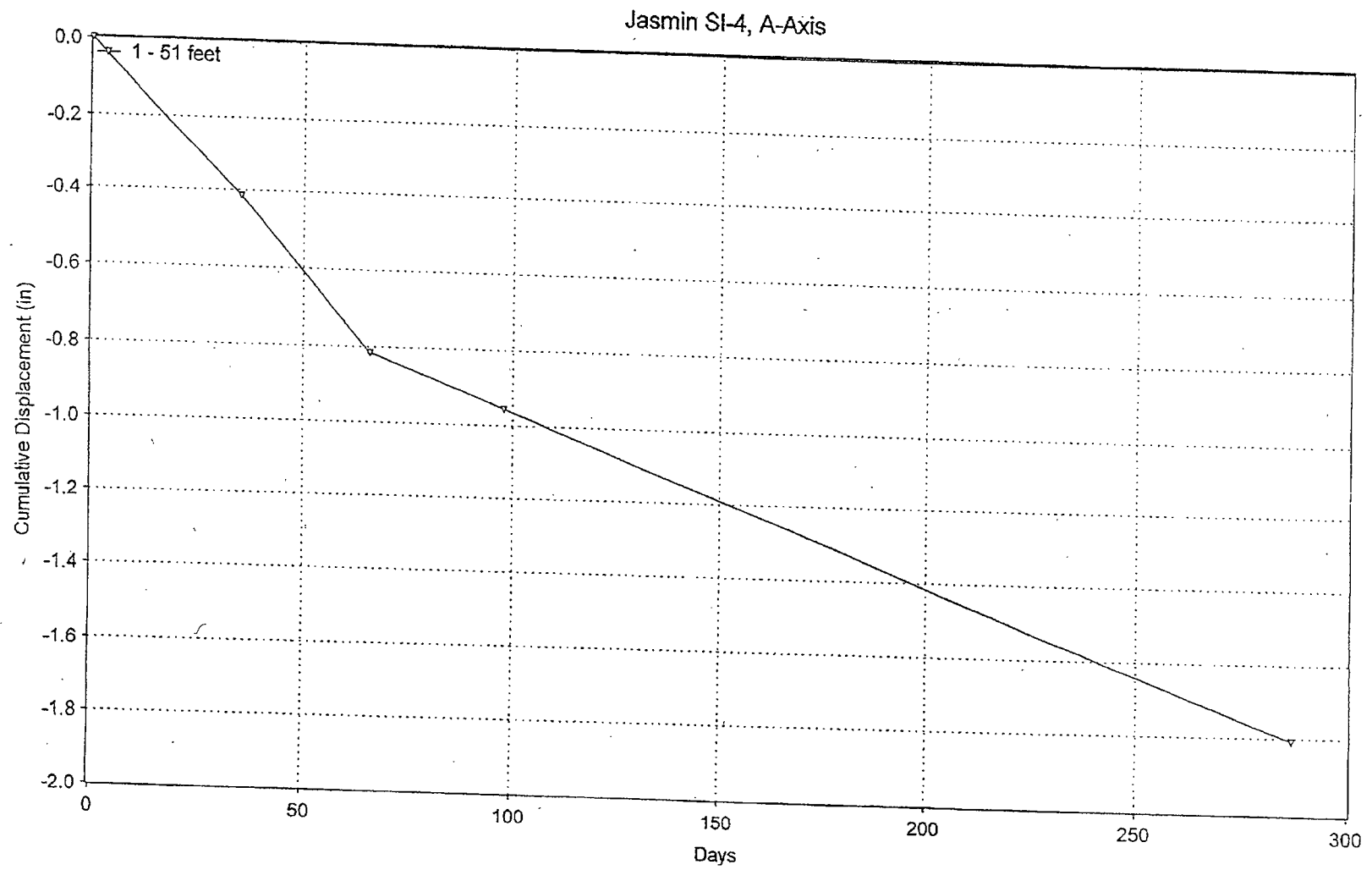
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

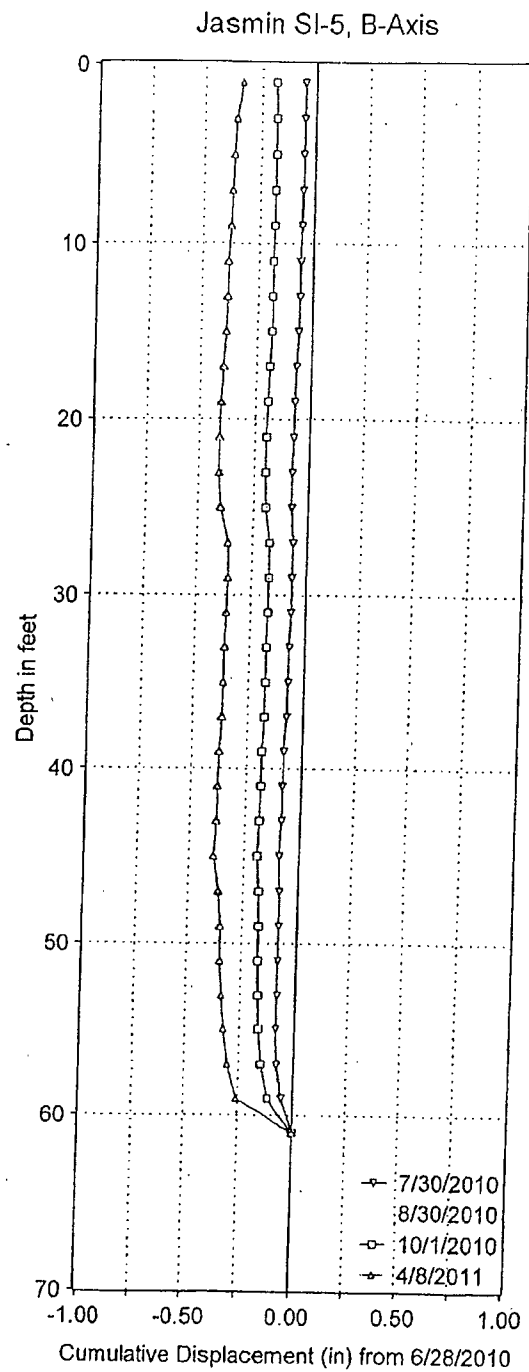
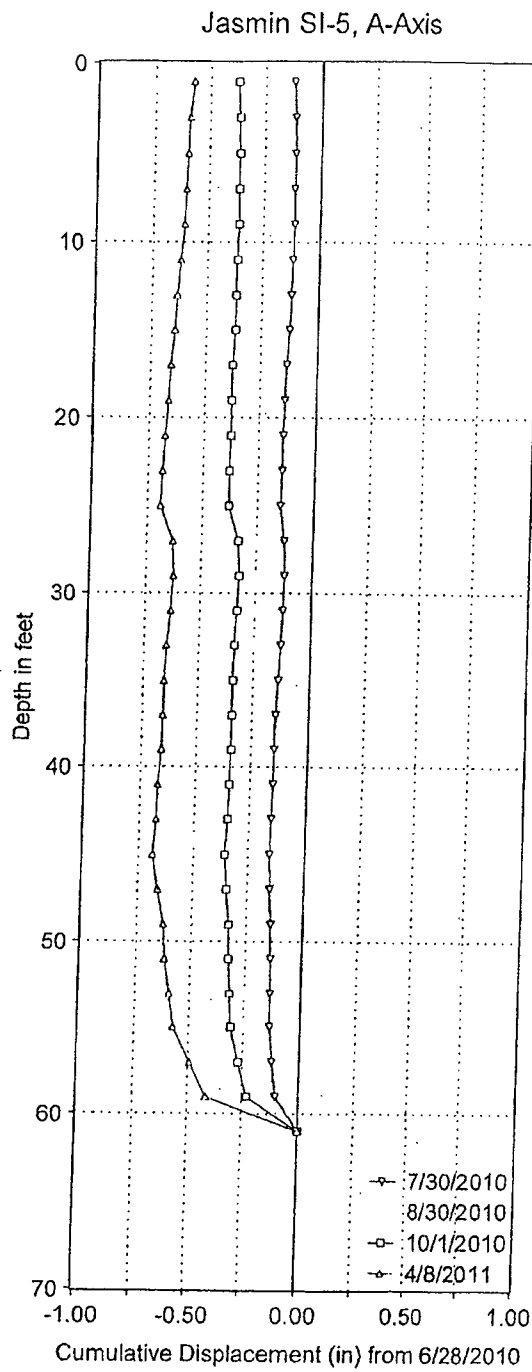
Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

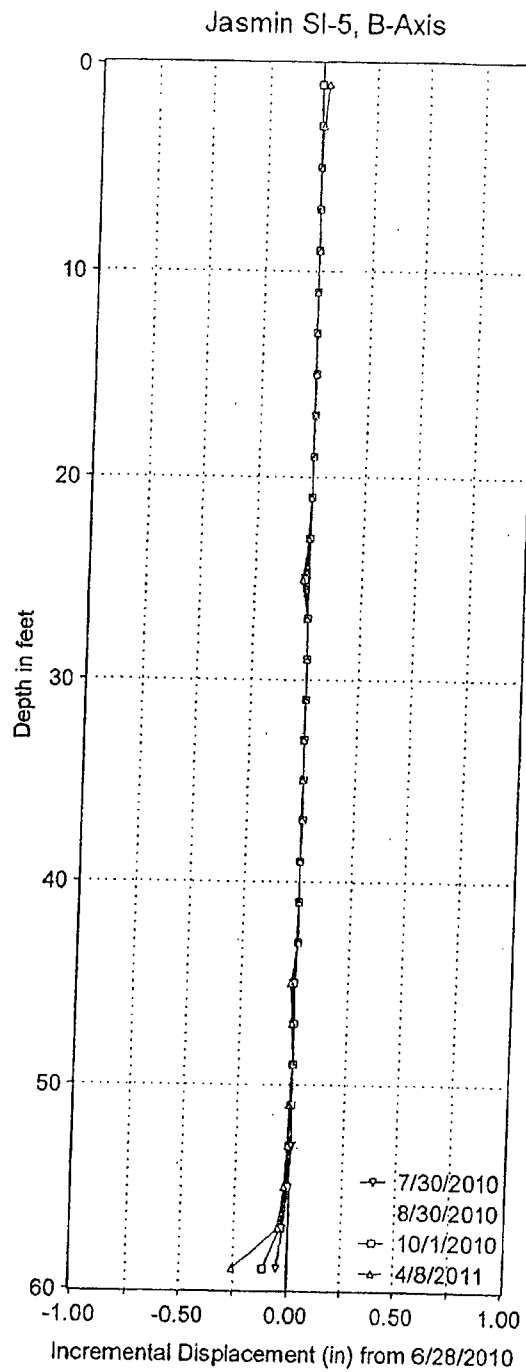
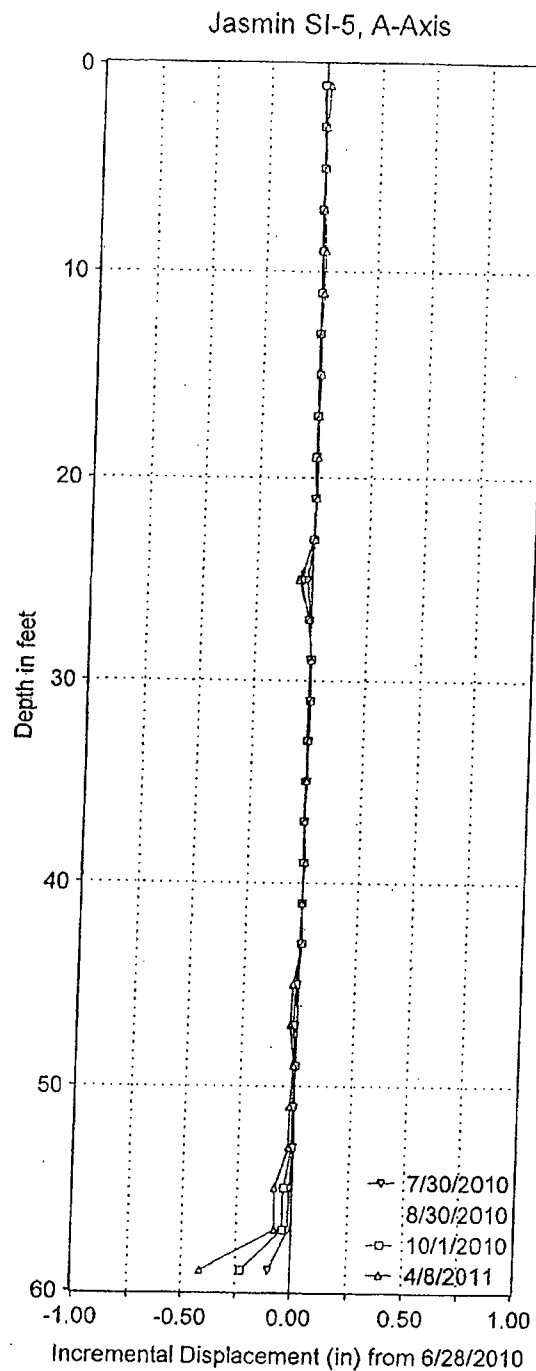
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

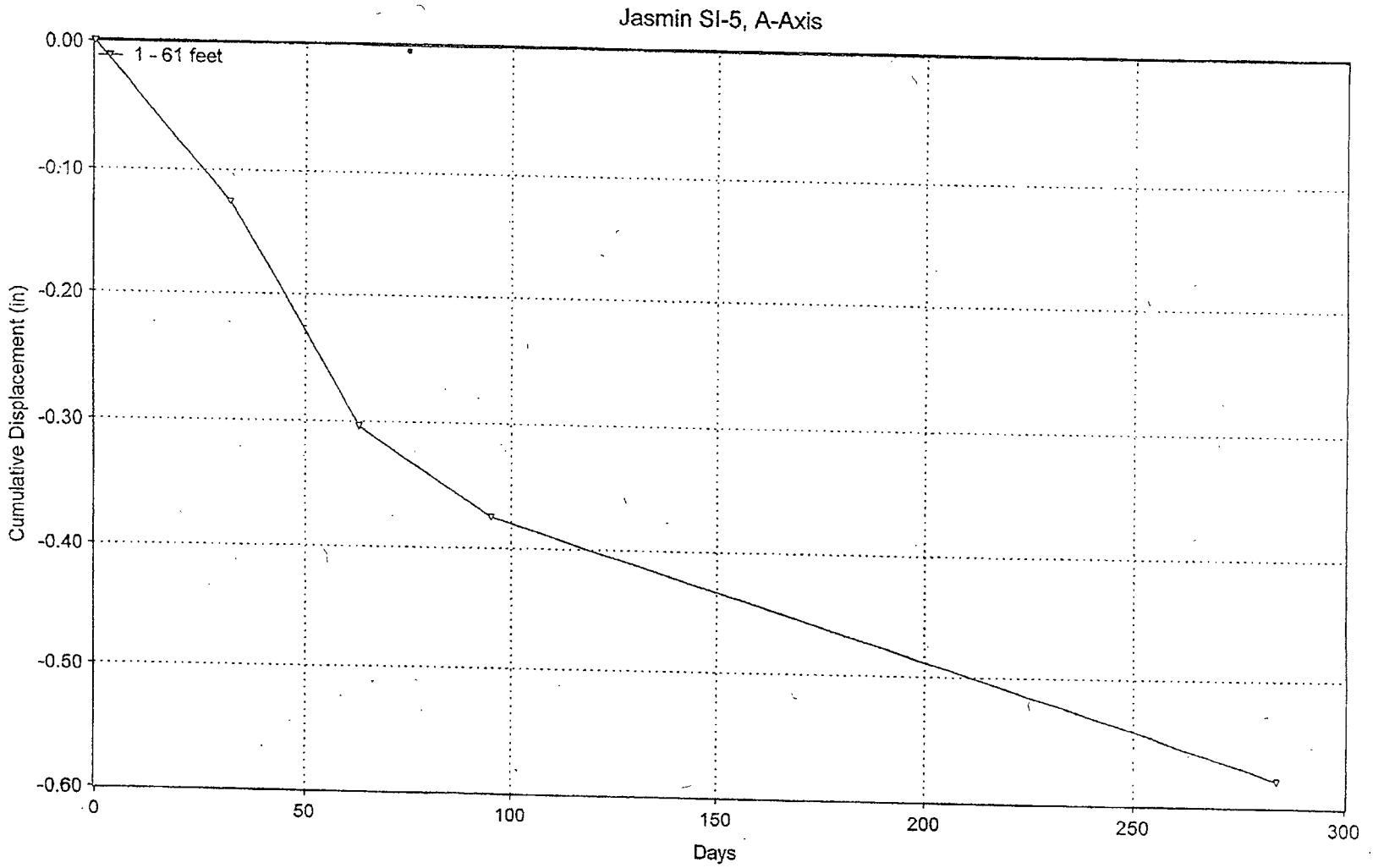
Cliffs at Keowee Falls South



Jasmine Point

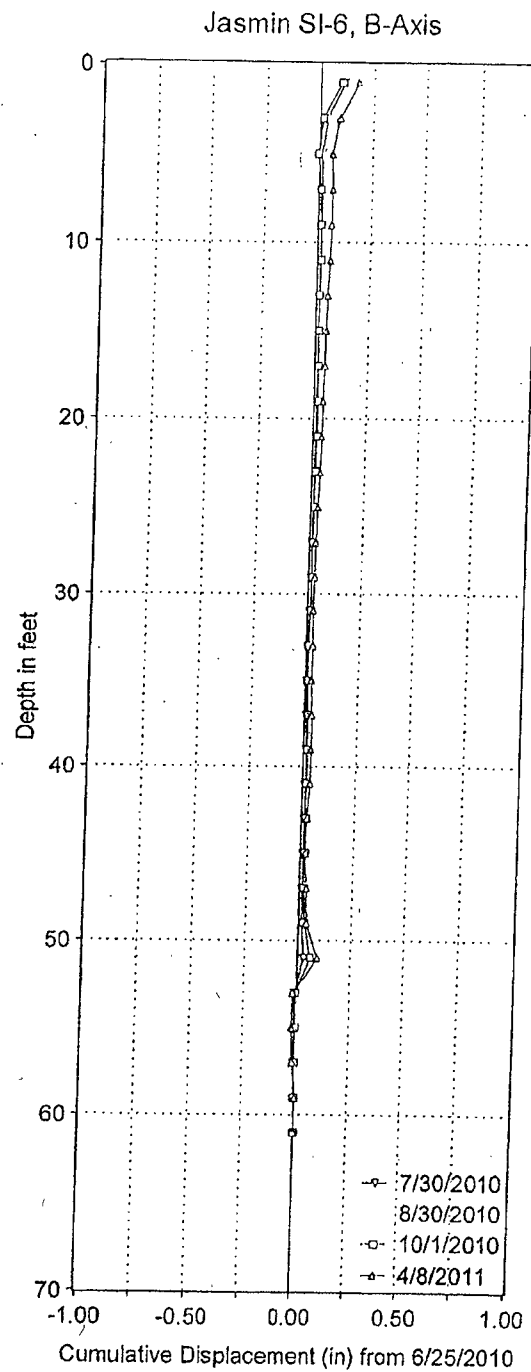
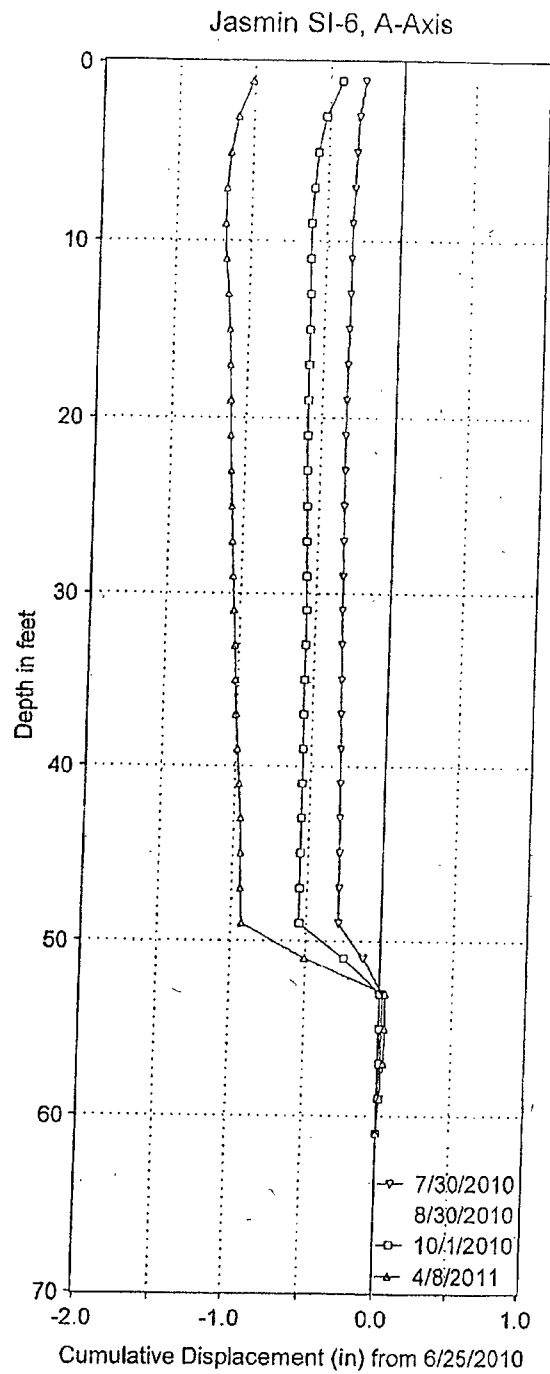
BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point
Cliffs at Keowee Falls South

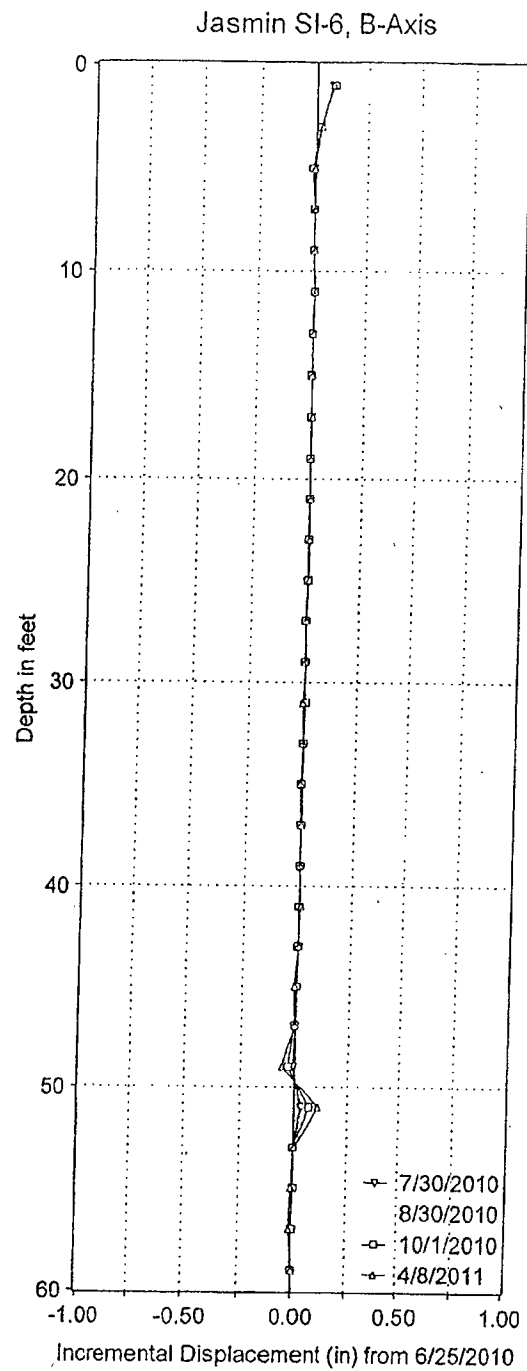
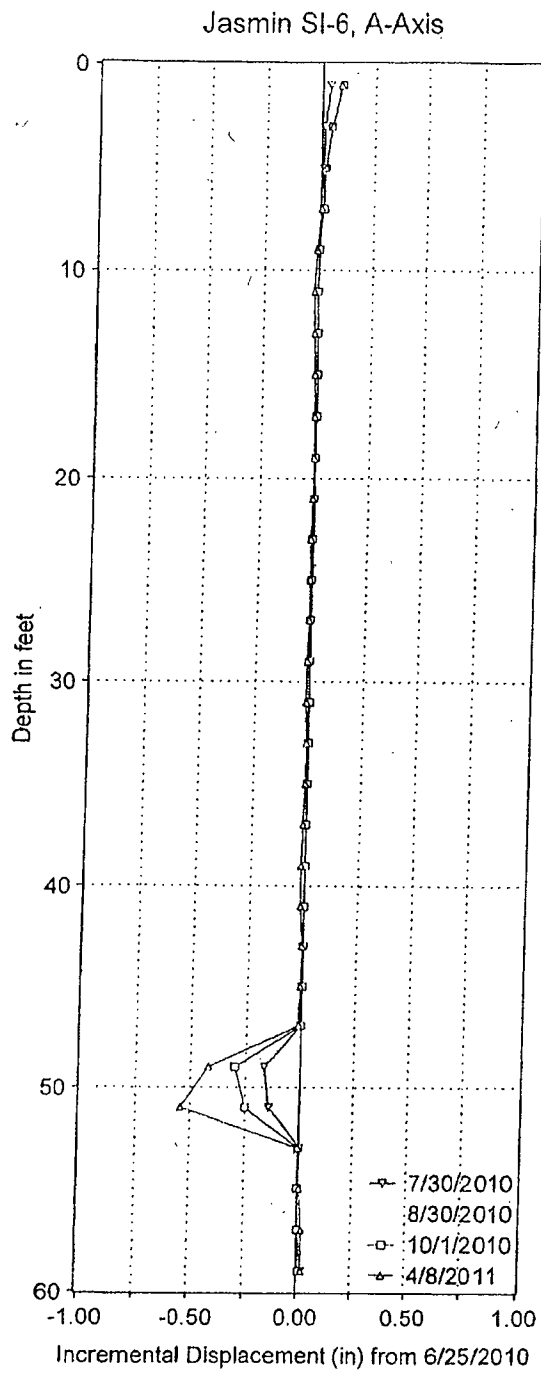
BLE Project No. J10-7112-01



Jasmine Point

BLE Project No. J10-7112-01

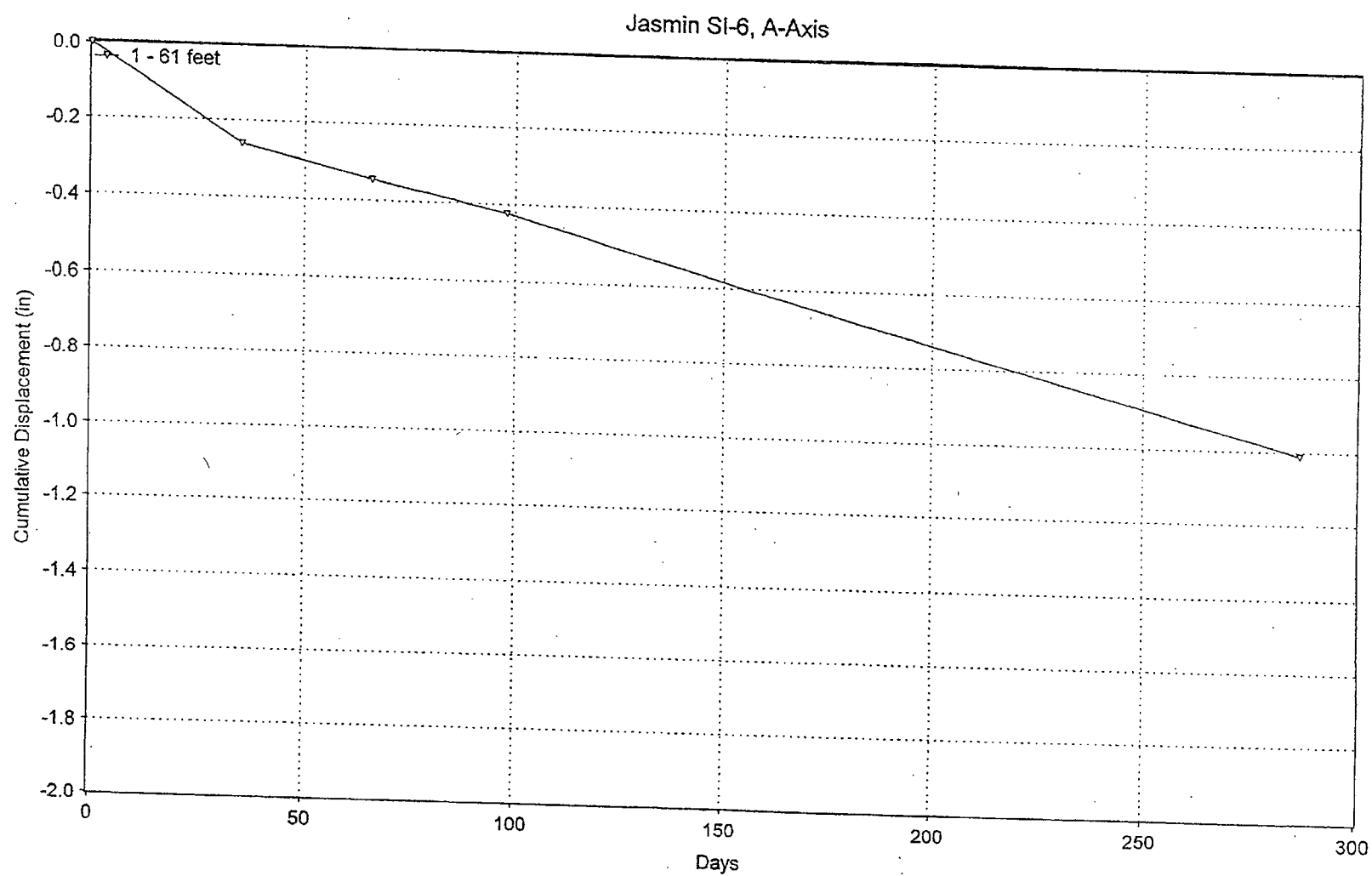
Cliffs at Keowee Falls South



Jasmine Point

BLE Project No. J10-7112-01

Cliffs at Keowee Falls South



Jasmine Point

Cliffs at Keowee Falls South

BLE Project No. J10-7112-01



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-1

PROJECT: Jasmine Point Cliffs at Keowee Falls South

PROJECT NO.: J10-7112-01

CLIENT: The Cliffs

START: 6-2-10 END: 6-3-10

LOCATION: Lot 30

ELEVATION:

DRILLER: Metro Drill, Inc., Reid and Keith

LOGGED BY: D. Parkins

DRILLING METHOD: BK-51; 2-1/4 Inch ID hollow stem auger

DEPTH TO - WATER> INITIAL: ∇ 33.5 AFTER 24 HOURS: ∇ 28 CAVING>

ELEVATION/
DEPTH (FT)

SOIL DESCRIPTION

SOIL
TYPE

STANDARD PENETRATION RESULTS
BLOWS/FOOT

2 5 10 20 30 40 50 70 90

2-inches of TOPSOIL

Very firm, yellowish-red with pink and white, silty, fine to coarse SAND with gravel - (residuum)

Very loose, yellowish-red with white, silty, fine to medium SAND

Firm, yellowish-brown, fine to medium sandy SILT

Loose, white with gray, micaceous, silty, fine to medium SAND

Firm, white with gray, micaceous, slightly silty, fine SAND

Loose, red with pink and gray, micaceous, silty, fine SAND

PARTIALLY WEATHERED ROCK which sampled as dark grayish-brown, micaceous, silty, fine SAND

Slope Inclinator set at 37 feet

Auger refusal at 37.5 feet. Groundwater encountered at 33.5 feet at time of drilling and at 28 feet after 24 hours.

SOIL TEST BORING NO. B-1
Sheet 1 of 1

GEOT. NOWELL 7112-01.GPJ 9/9/10



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-2

PROJECT: Jasmine Point Cliffs at Keowee Falls South
CLIENT: The Cliffs
LOCATION: Lot 30
DRILLER: Metro Drill, Inc.; Reid and Keith
DRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem auger
DEPTH TO - WATER> INITIAL: ▽ AFTER 24 HOURS: ▽

PROJECT NO.: J10-7112-01
START: 6-1-10 END: 6-2-10
ELEVATION: _____
LOGGED BY: D. Parkins

CAVING> XXX

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
2	3-Inches of TOPSOIL												
2	Loose, yellowish-red with gray, micaceous, silty, fine to coarse SAND with some small roots - (residuum)		3										
4			4										
4	Loose, yellowish-red with gray and white, micaceous, silty, fine SAND		2										
6			3										
6	PARTIALLY WEATHERED ROCK which sampled as gray, fine to coarse SAND		7										
8			50/5.5"										60/5.5"
8	Loose, white with light gray, slightly silty, fine to medium SAND		3										
10			4										
10			5										
12													
14	Stiff, yellowish-red with gray and black, micaceous, fine sandy SILT		5										
16			5										
16			5										
18													
18	Firm, yellowish-red with gray and white, micaceous, silty, fine SAND with gravel		3										
20			4										
20			7										
22													
24	Very firm, gray with brown, silty, fine SAND		5										
26			9										
26			12										
28													
28	Dense, white with gray, silty, fine to medium SAND		5										
30			15										
30			30										
32													
34	Very firm, yellowish-red with gray, silty, fine to medium SAND		10										
36			10										
36			12										
38													
38	Very dense, white with pink and gray, micaceous, slightly silty, fine to coarse SAND		16										
40			18										
40			40										
42													
44	Auger refusal at 43 feet. No groundwater encountered at time of drilling. Slope inclinometer set at 42.5 feet.												

SOIL TEST BORING NO. B-2
Sheet 1 of 1



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-3

PROJECT: Jasmine Point Cliffs at Keowee Falls South

PROJECT NO.: J10-7112-01

CLIENT: The Cliffs

START: 6-8-10 END: 8-8-10

LOCATION: Lot 31

ELEVATION:

DRILLER: Metro Drill, Inc., Reid and Keith

LOGGED BY: D. Parkins

DRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem auger

DEPTH TO - WATER> INITIAL: 38.5 AFTER 24 HOURS:

CAVING:

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
2	2-Inches of TOPSOIL												
3	Loose, yellowish-red, micaceous, silty, fine to medium SAND - (fill)												
4	Loose, yellowish-red with gray, silty, fine to coarse SAND - (fill)												
6	Loose to firm, yellowish-brown with white, micaceous, silty, fine to medium SAND - (residuum)												
8													
10													
12													
14													
16													
18													
20													
22													
24													
26													
28													
30													
32													
34													
36													
38													
40	Firm, yellowish-red with gray and white, very micaceous, fine sandy SILT with some gravel												
42	Boring terminated at 40 feet. Groundwater encountered at 38.5 feet at time of drilling. Slope Inclnometer set at 39 feet.												
44													

SOIL TEST BORING NO. B-3

Sheet 1 of 1

GEOT. NOWELL 7/10 GPJ 9/10



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-4

PROJECT: Jasmine Point Cliffs at Keowee Falls South
CLIENT: The Cliffs
LOCATION: Lot 31
DRILLER: Metro Drill, Inc., Reid and Keith
DRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem auger
DEPTH TO - WATER> INITIAL: ▽ AFTER 24 HOURS: ▽ CAVING> XXXX

PROJECT NO.: J10-7112-01
START: 5-27-10 END: 5-27-10
ELEVATION: _____
LOGGED BY: D. Parkins

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
2	Stiff, red, fine to medium sandy SILT - (fill)		4			•							
4	Firm, red with gray, silty, fine to medium SAND with gravel - (fill)		8			•							
6	Firm, red with yellowish-brown, micaceous, silty, fine to medium SAND - (fill)		3			•							
8	Stiff, red, fine to medium sandy SILT - (fill)		2			•							
10			4			•							
12			5										
14	Loose, yellowish-red with gray, silty, fine to medium SAND - (residuum)		2			•							
16			2										
18			5										
20			2			•							
22			2										
24	Loose, gray, micaceous, slightly silty, fine to medium SAND		3			•							
26			5										
28													
30	Loose, gray with white, micaceous, slightly silty, fine SAND		4			•							
32			3										
34	Firm, reddish-brown with gray and white, micaceous, silty, fine to coarse SAND		4			•							
36			7										
38													
40			4			•							
42			4										
44	Firm, white with gray and brown, micaceous, silty, fine to coarse SAND with gravel		7			•							

SOIL TEST BORING NO. B-4
Sheet 1 of 2

1.GPJ 9/8/10
GEOT. NOWELL



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-4

PROJECT: Jasmine Point Cliffs at Keowee Falls South

PROJECT NO.: J10-7112-01

CLIENT: The Cliffs

START: 5-27-10 END: 5-27-10

LOCATION: Lot 31

ELEVATION:

DRILLER: Metro Drill, Inc., Reid and Keith

LOGGED BY: D. Parkins

DRILLING METHOD: BK-S1; 2-1/4 inch ID hollow stem auger

DEPTH TO - WATER> INITIAL: ▽

AFTER 24 HOURS: ▽

CAVING> ☒

ELEVATION/
DEPTH (FT)

SOIL DESCRIPTION

SOIL
TYPE

SAMPLES

STANDARD PENETRATION RESULTS
BLOWS/FOOT

2 5 10 20 30 40 50 70 90

46

Firm, white with gray and brown, micaceous, silty, fine to coarse SAND with gravel

12

48

PARTIALLY WEATHERED ROCK - no return

4

50

7

52

Boring terminated at 50 feet. No groundwater encountered at time of drilling. Slope inclinometer set at 49 feet.

50/0"

54

56

58

60

62

64

66

68

70

72

74

76

78

80

82

84

86

88

SOIL TEST BORING NO. B-4
Sheet 2 of 2

GEOT. NOWELL 71... GPJ 9/8/10



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-5

PROJECT: Jasmine Point Cliffs at Keowee Falls South
CLIENT: The Cliffs
LOCATION: Lot 32
DRILLER: Metro Drill, Inc., Reid and Keith
DRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem auger
DEPTH TO - WATER> INITIAL: 53.5 AFTER 24 HOURS: 53.5

PROJECT NO.: J10-7112-01
START: 6-7-10 END: 6-7-10
ELEVATION:
LOGGED BY: D. Parkins

CAVING> XXXX

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
2	Firm, yellowish-red, fine to medium sandy SILT - (residuum)		4										
4	Firm, yellowish-red with gray, silty, fine to medium SAND		4										
6	PARTIALLY WEATHERED ROCK - no recovery		5										
8			7										
10	Firm, yellowish-red with white and gray, fine to coarse sandy SILT with gravel		60/1"										60/1"
12			3										
14	Loose, reddish-yellow with white and gray, micaceous, silty, fine to coarse SAND		3										
16			4										
18			3										
20			4										
22			5										
24	Loose to very firm, yellowish-brown with white and gray, micaceous, silty, fine to medium SAND		4										
26			3										
28			5										
30			4										
32			8										
34			11										
36			13										
38			8										
40	Firm, yellowish-brown with white and gray, micaceous, silty, fine to medium SAND with gravel		9										
42			10										
44	Firm, grayish-brown with white and gray, micaceous, silty, fine to medium SAND		5										
			8										
			9										
			6										
			7										

SOIL TEST BORING NO. B-5
Sheet 1 of 2

GEOT. NOWELL 7/10 GPJ 9/9/10



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-5

PROJECT: Jasmine Point Cliffs at Keowee Falls South
CLIENT: The Cliffs
LOCATION: Lot 32
DRILLER: Metro Drill, Inc., Reid and Keith
DRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem auger
DEPTH TO - WATER> INITIAL: 53.5 AFTER 24 HOURS: 53.5 CAVING> 53.5

PROJECT NO.: J10-7112-01
START: 6-7-10 END: 6-7-10
ELEVATION:
LOGGED BY: D. Parkins

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
46	Firm, grayish-brown with white and gray, micaceous, silty, fine to medium SAND			10									
48	Very firm, grayish-brown with white and gray, very micaceous, silty, fine to medium SAND with some gravel			9									
50				11									
52				13									
54	Firm to dense, yellowish-red with white, gray and yellowish-brown, very micaceous, silty, fine to medium SAND			7									
56				9									
58				11									
60				10									
62				18									
64				18									
66	PARTIALLY WEATHERED ROCK which sampled as yellowish-brown with gray, micaceous, silty, fine to coarse SAND			21									
68	Auger refusal at 66 feet. Groundwater encountered at 53.5 feet at time of drilling. Slope inclinometer set at 59 feet due to hole caving. Boring offset 5 feet.			50/2"									
70													
72													
74													
76													
78													
80													
82													
84													
86													

SOIL TEST BORING NO. B-5
Sheet 2 of 2

GEOT. NOVELL 71 GPJ 5/9/10



**BUNNELL-LAMMONS
ENGINEERING, INC.**
GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS

SOIL TEST BORING NO. B-6

PROJECT: Jasmine Point Cliffs at Keowee Falls South
CLIENT: The Cliffs
LOCATION: Lot 32
DRILLER: Metro Drill, Inc., Reid and Keith
DRILLING METHOD: BK-51; 2-1/4 Inch ID hollow stem auger
DEPTH TO - WATER> INITIAL: 33.5 AFTER 24 HOURS: 33.5 CAVING> XXXX

PROJECT NO.: J10-7112-01
START: 6-3-10 END: 6-3-10
ELEVATION: _____
LOGGED BY: D. Parkins

ELEVATION/ DEPTH (FT)	SOIL DESCRIPTION	SOIL TYPE	SAMPLES	STANDARD PENETRATION RESULTS BLOWS/FOOT									
				2	5	10	20	30	40	50	70	90	
2	Firm, red, micaceous, fine to medium sandy SILT - (fill)		3 3 5			•							
4	Loose, yellowish-red, silty, fine to medium SAND - (fill)		2 3 4			•							
6			3 3 3			•							
8			2 3 3			•							
10	Firm, yellowish-red, fine to medium sandy SILT with tiny roots - (residuum)					•							
12													
14	Loose, white with gray, fine to coarse SAND		3 4 5			•							
16													
18													
20	Loose, white with pink and light brown, fine to coarse SAND		3 3 5			•							
22													
24	Firm, yellowish-brown with white, very micaceous, silty, fine to coarse SAND		4 6 7			•							
26													
28													
30			5 7 7			•							
32													
34	Loose, brown with gray, very micaceous, silty, fine SAND		3 4 6			•							
36													
38													
40	Firm, grayish-brown, very micaceous, silty, fine to medium SAND		4 5 7			•							
42													
44			5 7			•							

SOIL TEST BORING NO. B-6
Sheet 1 of 2

GEOT. NOVELL 7112-01.GPJ 9/9/10

IBLE INC.**BUNNELL-LAMMONS
ENGINEERING, INC.**GEOTECHNICAL AND ENVIRONMENTAL
CONSULTANTS**SOIL TEST BORING NO. B-6**PROJECT: Jasmine Point Cliffs at Keowee Falls SouthPROJECT NO.: J10-7112-01CLIENT: The CliffsSTART: 6-3-10 END: 6-3-10LOCATION: Lot 32

ELEVATION: _____

DRILLER: Metro Drill, Inc., Reid and KelthLOGGED BY: D. ParkinsDRILLING METHOD: BK-51; 2-1/4 inch ID hollow stem augerDEPTH TO - WATER> INITIAL: 33.5 AFTER 24 HOURS: 33.5 CAVING> ELEVATION/
DEPTH (FT)

SOIL DESCRIPTION

SOIL
TYPE
SAMPLESSTANDARD PENETRATION RESULTS
BLOWS/FOOT

2 5 10 20 30 40 50 70 90

46	Firm, grayish-brown, very micaceous, silty, fine to medium SAND		8	
48				
50	Dense, white with yellow and gray, micaceous, silty, fine to coarse SAND with gravel		14 17 21	
52				
54	PARTIALLY WEATHERED ROCK which sampled as gray with pink, silty, fine to medium SAND		10 29 50/4"	
56				
58				
60	Auger refusal at 59 feet. Groundwater encountered at 33.5 feet at time of drilling and at 33.5 feet after 24 hours. Slope inclinometer set at 59 feet.		50/2.5"	
62				
64				
66				
68				
70				
72				
74				
76				
78				
80				
82				
84				
86				
88				

SOIL TEST BORING NO. B-6

Sheet 2 of 2

GEOT. NOWELL . . . 01.GPJ 9/5/10

KEY TO SOIL CLASSIFICATIONS AND CONSISTENCY DESCRIPTIONS

BUNNELL-LAMMONS ENGINEERING, INC.
GREENVILLE, SOUTH CAROLINA

Penetration Resistance* Blows per Foot

SANDS

0 to 4
5 to 10
11 to 20
21 to 30
31 to 50
over 50

Relative Density

Very Loose
Loose
Firm
Very Firm
Dense
Very Dense

Particle Size Identification

Boulder: Greater than 300 mm
Cobble: 75 to 300 mm
Gravel:
Coarse - 19 to 75 mm
Fine - 4.75 to 19 mm
Sand:
Coarse - 2 to 4.75 mm
Medium - 0.425 to 2 mm
Fine - 0.075 to 0.425 mm
Silt & Clay: Less than 0.075 mm

Penetration Resistance* Blows per Foot

SILTS and CLAYS

0 to 2
3 to 4
5 to 8
9 to 15
16 to 30
31 to 50
over 50

Consistency

Very Soft
Soft
Firm
Stiff
Very Stiff
Hard
Very Hard

*ASTM D 1586

KEY TO DRILLING SYMBOLS



Grab Sample



Split Spoon Sample



Undisturbed Sample

NR = No reaction to HCL

NA = Not applicable

NS = No sample



Groundwater Table at Time of Drilling



Groundwater Table 24 Hours after Completion of Drilling

KEY TO SOIL CLASSIFICATIONS



Well-graded Gravel
GW



Low Plasticity Clay
CL



Clayey Silt
MH



Silty Sand
SM



Poorly-graded Gravel
GP



Sandy Clay
CLS



Sandy Silt
MLS



Topsoil
TOPSOIL



Partially Weathered Rock
BLDRCBBL



Silty Clay
CL-ML



Sand
SW



Trash
MUCKPEAT



High Plasticity Clay
CH



Silt
ML



Clayey Sand
SC



Fill
FILL



Poorly Graded Sand
SP



Bedrock
BEDROCK



Limestone
LIMESTONE

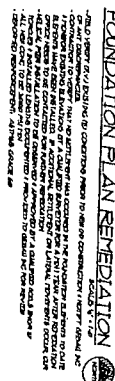
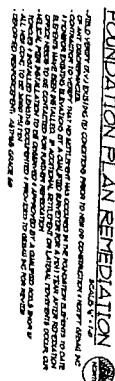


EXHIBIT I

**SUBSURFACE EXPLORATION
HARRELL RESIDENCE - JASMINE COVE**

**234 JASMINE POINT
CLIFFS KEOWEE FALLS SOUTH
Oconee County, SOUTH CAROLINA
S&ME Project No. 1261-09-180**

Prepared for:

Resort Custom Homes
55 Beattie Place, Suite 100
Greenville, South Carolina 29609

Prepared by:



1 Marcus Drive
Suite 301
Greenville, South Carolina 29615

May 15, 2009



May 15, 2009

Resort Custom Homes
55 Beattie Place, Suite 100
Greenville, South Carolina 29609

Attention: Mr. Matthew W. Vogt

Reference: Subsurface Exploration
Harrell Residence – Lot 31 Jasmine Cove
Cliffs Keowee Falls South
234 Jasmine Point
Oconee County, South Carolina
S&ME Project No. 1261-09-180

Ladies and Gentlemen:

We are pleased to submit this Subsurface Exploration report for the referenced project. The exploration was made in accordance with our proposal number 09301 dated April 30, 2009. This report presents a brief confirmation of our understanding of the proposed residential building, the exploration results, and our geotechnical conclusions and recommendations regarding site grading and building support.

EXECUTIVE SUMMARY

The proposed building area was explored with four soil test borings. Existing fill soil was encountered by three of the borings to depths of 3.5 to 6 feet. Directly below the fill and at the ground surface in the other boring, moderate to moderately low consistency residual soils were encountered to their termination depth. Subsurface water was not encountered.

The existing fill is not suitable for support of the building and should be removed. It can be replaced with new, well compacted fill. The residence can be supported by spread footings bearing in the new fill and residual soils. Mechanical hand compacted equipment should be used to densify the exposed bearing soils in each footing excavation. A relatively conservative design soil bearing of 2000 psf should not be exceeded. Evaluation of the soils exposed in the footing bottoms by an experienced geotechnical engineer is very important.

This summary is very brief and general. The entire report should be read for subsurface conditions and design recommendations.

PROJECT INFORMATION

We understand a residential structure will be built in the west part of Lot 31 in Jasmine Cove which is a subdivision in Cliffs Keowee Falls South. The residence will have a foot print of about 30 feet by 90 feet. It will be a wood framed structure with the exterior consisting of rock and cedar shingles. The residence will be two stories with the rear (east) half having a day light basement. A circular drive is planned at the front of the residence and a deck is planned at the rear.

The main floor level will be at about elevation 840 feet, and the basement will be at about 828 feet. Site grading to these levels is expected to require shallow excavation, and fill placement to a depth of about 6 feet.

This information is based on telephone and electronic mail correspondences with Ms. Amy Hatfield with Community Concepts. Also, we have reviewed a furnished topographic site plan and elevation plans for the proposed residence.

FIELD EXPLORATION

The field exploration included a visual reconnaissance by the Geotechnical Engineer and the performance of four soil test borings in the proposed building area. The boring locations were established in the field by our personnel using staked building corners placed by others. After completion of drilling, the boreholes were backfilled with soil cuttings and mechanical hole plugs were installed to help keep the bore holes from settling.

Split-spoon soil samples, routinely obtained in performing the borings, were transported to our laboratory where they were manually and visually classified by the Geotechnical Engineer. The soil classification was estimated in accordance with the Unified Soil Classification System (USCS). Also, representative samples were subjected to routine laboratory classification testing.

A Boring Location Plan (Figure 1) showing approximate boring locations, Boring Logs presenting subsurface information obtained and field testing procedures are included in the Appendix. The laboratory test results are also included in the Appendix. Ground surface elevations shown on the Boring Logs were interpolated from furnished topographic information and should be considered approximate.

SITE CONDITIONS

Surface Features

Lot 31 is at the north end of Jasmine Point in the Cliffs Keowee Falls South Development in Oconee County, South Carolina. Ground topography slopes down from Jasmine Point and the west to the shore of Lake Keowee which forms the lot's east property line. About 50 feet of elevation change occurs across the lot.

Most of the lot is open with trees present in and around the perimeter. Some dirt roads have been cut across the site to access the lake during the early part of the development. Remnants of these roads are present on the north and south sides of the lot. The borings were made after heavy rainfall in the area and parts of the lot that had been altered ponded rainwater runoff.

The east central part of the lot has had some previous grading. Soil test borings made for a previously proposed residence encountered very low consistency soils in this east central part of the lot. To help improve the soils for building support, they were excavated to a depth of about 5 to 7 feet, and then they were replaced by compacting them in thin layers. Periodic in-place field density testing by our firm indicated this fill was well compacted. It appears the excavated and backfilled area is just to the east of the planned building location. Some crushed stone was placed, apparently to provide stable ground for vehicle movement.

Subsurface Conditions

Surface Material

Three of the borings initially penetrated a surface layer of organic laden topsoil about 1 to 2 inches thick.

Existing Fill

Existing fill soil was encountered directly below the topsoil to depths of 3.5 to 6 feet in Borings B-2 through B-4. It appears this fill was placed during construction of the roads in the initial part of the development or was disturbed during the excavation and replacement in the lower central part of the lot. This fill was found to be comprised of sandy silt, silty sand and silty clay that was moist to wet. The USCS symbols for the silt are ML, the sands are SM and the clays are CL. Based on the boring data, the fill is erratically compacted.

Residual Soils

Directly below the fill and at the ground surface in boring B-1, residual soils were encountered. The residuum primarily consists of silty sand with a varying amount of mica. The standard penetration resistance in the residual soils ranged from 4 to 13 blows per foot. These values generally indicate a loose to medium dense relative density. The borings were terminated in residual soils at depths of 15 to 25 feet.

Subsurface Water

Subsurface water was not encountered by any borings. It should be noted subsurface water levels will fluctuate during the year, due to such things as seasonal variations, precipitation, the water level in Lake Keowee and construction activity in the area.

The above description of subsurface conditions is relatively brief and general. For more detailed information, the individual Borings Logs contained in the Appendix may be consulted.

CONCLUSIONS AND RECOMMENDATIONS

Foundations for the residential structure can be designed as spread footings bearing in the residual soils and new, well compacted fill. This will require undercutting the existing fill. Also, the soils exposed in all foundation bottoms should be specifically densified.

The following presents our geotechnical recommendations regarding site grading and structural support. When reviewing this information, please remember the site has received some previous grading. Our experience with sites such as this indicates unexpected conditions will be encountered. These conditions can include buried debris or deeper fill than indicated by the borings. Such conditions can normally be handled by field engineering evaluations during construction.

Site Preparation

Site preparation for the building and drives should consist of the removal of all unsuitable surface materials. This would include all surface vegetation, roots, organic laden topsoil, and any unstable near-surface soils. If the building basement and main (in the area without basement) floor slab will be soil supported, all of the existing fill should be removed from the building area and an area extending at least 5 feet outside the building limits. If the main level without basement will use a crawl space, then the fill can only be undercut from the foundations, as discussed in the *Foundation Design* section later in this report.

After stripping and removing unstable materials and existing fill, the exposed subgrade should be evaluated by the Geotechnical Engineer to confirm that unsuitable materials have been removed. To aid the Engineer during this evaluation, the exposed subgrade should be proofrolled with a heavily loaded tandem axle dump truck or similar rubber-tired equipment. Proofrolling not only helps reveal the presence of any unstable or otherwise unsuitable surface materials, but will densify the exposed subgrade for new fill placement. Any areas that rut or deflect excessively under proofrolling should be undercut, as recommended by the Geotechnical Engineer.

The proofrolling measures are very important at this site. Because parts of the site pond rainwater runoff, the surface soils will likely be wet unless grading is performed in dry weather.

Fill Placement and Compaction

All fill should be uniformly spread in 6- to 8- inch thick loose lifts and be compacted with heavy sheepsfoot type compactors. A uniform degree of compaction of at least 95 percent of the soils' maximum dry density, as determined by a laboratory standard Proctor compaction test (ASTM-D-698), should be achieved. The fill should consist of

soil free of deleterious materials and rock fragments less than 4 inches in diameter. The moisture content should be controlled at plus to minus 3 percent of optimum.

Fill placement should be observed by a qualified Materials Technician working under the direction of the Geotechnical Engineer. In addition to this visual evaluation, the Technician should perform a sufficient number of in-place field density tests to confirm the required degree of compaction is attained.

Our experience with residential construction is that grading contractors often do not use sufficient equipment and methods to obtain a uniformly high degree of compaction. Because at least part of the building and drives will be supported by fill, this is an important consideration. We advise this be discussed with the grading contractor prior to starting construction.

Use of Excavated Soils as Fill

The residual soils and most of the existing fill are adaptable for use as well-compacted structural fill. The exploration indicates the in-situ moisture content of the residual soils was near optimum for compaction at the time the exploration was performed. The fill was found to be moist to wet and drying will be needed. However, the moisture content of the soils will fluctuate with prevailing weather prior to and at the time of grading. Accordingly, wetting or drying could be needed.

The more micaceous and fine sandy soils, while suitable for use, will require close moisture control for use as fill.

Excavation

The boring data indicates the relatively shallow excavation to the expected subgrade levels will be in the moderate to moderately low consistency soils. Mass and local excavation of these soils can be accomplished by a backhoe or tracked excavator.

While not encountered by the borings, it should be pointed out that rock in a partially weathered, boulder and massive form varies very erratically in location and depth in this geologic province. (Boulders or a rock layer are exposed on the adjacent lot to the south.) Accordingly, these materials can always be encountered at shallow depths between the boring locations.

All excavations should be sloped or shored in accordance with local, state, and federal regulations, including OSHA (29 CFR Part 1926) excavation trench safety standards. The contractor is usually solely responsible for site safety. This information is provided only as a service and under no circumstances should S&ME be assumed to be responsible for construction site safety.

Excavated Slopes and Fill Embankments

We expect cut and fill slopes on the order of 5 to 8 feet in height will be required for this lot. Our past experience indicates these slopes should be stable, provided they are inclined no steeper than 2.5:1 (horizontal to vertical). To reduce erosion and allow easier maintenance, we suggest a flatter inclination, about 3:1 (horizontal to vertical).

The face of slopes will be susceptible to erosion. We advise that slope faces be protected with vegetation promptly after grading.

Subgrade Repair and Improvement Methods

The exposed subgrade soil of both cut and fill areas can deteriorate when exposed to construction activity and environmental changes such as freezing, erosion, softening from ponded rainwater, and rutting from construction traffic. We recommend the exposed subgrade surfaces that have deteriorated be properly repaired by scarifying and recompacting immediately prior to construction. If this has to be performed during wet weather conditions, it would be worthwhile to consider undercutting the deteriorated soil and replacing it with crushed stone. This is particularly applicable with the more micaceous finer grained soils.

Foundation Design

Bearing Pressure and Settlement

Foundations for the residence can be designed as spread footings bearing in new, well compacted fill and residual soils. A net maximum allowable bearing pressure of 2000 psf should not be exceeded. We advise a bearing pressure of 1500 psf not be exceeded for the fire place and chimney. This is because they are generally the heaviest part of a residential structure. We expect total settlement to be on the order of 1/2 inch.

Bearing Width and Depth

All foundations should be at least 24 inches wide. They should bear at least 18 inches below grade so they will not be adversely affected by frost penetration and to develop the design bearing pressure. If part of the building will use a crawl space and the existing fill is not mass excavated (as discussed earlier in the *Site Preparation* section), the footings should be lowered through the fill to bear in residual soils. The over excavation depth should be backfilled with concrete with a 28 day compressive strength of at least 2000 psf. This section is applicable for all foundations associated with the building including the deck foundations.

Foundation Installation

All foundation excavation bottoms should be evaluated by a representative of the Geotechnical Engineer prior to concrete placement. The evaluations should include shallow hand-auger borings and dynamic cone penetrometer tests in the footing bottoms. These evaluations will help verify the individual footings are directly underlain by suitable bearing material.

All of the exposed bearing soils in the bottom of the footing excavations should be densified by compaction with a Wacker Rammer Compactor or other similar mechanical hand compaction equipment. This is important to help reduce contact settlement from the soils directly below the footing.

Reinforcing steel and concrete should be placed promptly after compaction. The footing should not be placed on wet or frozen soils.

Concrete Grade Slab

The concrete grade slab may be soil supported, provided the recommendations discussed in the *Site Preparation and Fill Placement and Compaction* sections are followed. We recommend a 6-inch thick layer of crushed stone be used to separate the floor slab from the subgrade soils. The crushed stone should consist of Macadam Base Course compacted to at least 98 percent of its standard Proctor maximum dry density.

A plastic vapor barrier should be considered for all residential structures. The need for a vapor barrier will also be dependent upon the floor covering design and the local building code.

Retaining Walls

Any retaining walls must be capable of resisting lateral earth pressures that will be imposed on them. Lateral earth pressures to be resisted by the walls will be partially dependent upon the method of construction. Assuming the walls are relatively rigid and structurally braced against rotation (such as basement walls), they should be designed for a condition approaching the "at-rest" lateral pressure. However, in the event the walls are free to deflect during backfilling (about 0.5 to 1 inch for a 10 foot high wall), as for any exterior walls that are not restrained or rigidly braced, the "active" pressure conditions will be applicable for design. The following lateral earth pressure parameters are recommended for design, based on our experience, and assuming a level backfill and a frictionless wall.

LATERAL EARTH PRESSURE COEFFICIENT	VALUE
At-Rest Coefficient (K_o)	0.53
Active Coefficient (K_a)	0.36
Passive Coefficient (K_p)	2.8
Unit Weight of Soil (Moist)	120 pcf
Friction Factor for Foundations and Bearing Soils	0.35

Lateral earth pressures arising from surcharge loading should be added to the above earth pressures to determine the total lateral pressure. Additionally, the recommended lateral earth pressure coefficients do not consider the development of hydrostatic pressure from

accumulation of water from infiltration of rainwater runoff or leaking utilities behind the earth retaining wall structures.

Positive wall drainage should be provided for all earth retaining structures. The drainage systems can be constructed of open-graded washed stone isolated from the soil backfill with a geosynthetic filter fabric. As an alternative, several wall drainage products are produced specifically for this application. Collected water can be drained by gravity with perforated pipe or weep holes.

The soil backfill placed behind retaining walls should be compacted to at least 95 percent of the soils' standard Proctor maximum dry density. We caution that operating compaction equipment directly behind the retaining structures can create lateral earth pressures far in excess of those recommended for design. Therefore, bracing of the walls could be needed during backfilling.

Drainage

Drainage from rainwater runoff and landscaping sprinklers should positively drain away from the building. This is very important.

LIMITATIONS OF REPORT

This report has been prepared in accordance with generally accepted geotechnical engineering practice for specific application to this project. The conclusions and recommendations in this report are based on the applicable standards of our practice in this geographic area at the time this report was prepared. No other warranty, express or implied, is made.

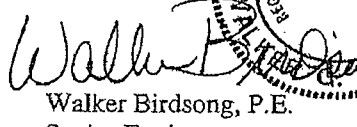
The analyses and recommendations submitted herein are based, in part, upon the data obtained from the subsurface exploration. The nature and extent of variations between the borings will not become evident until construction. If variations appear evident, then we will re-evaluate the recommendations of this report. In the event that any changes in the nature, location, or design of the residence are planned, the conclusions and recommendations contained in this report will not be considered valid unless the changes are reviewed and conclusions modified or verified in writing.

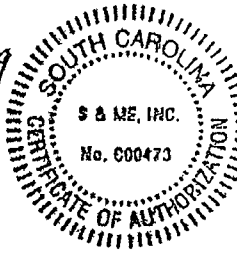
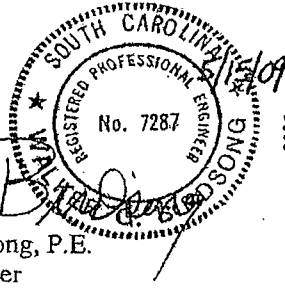
CLOSURE

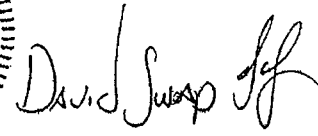
We appreciate the opportunity to work with Resort Custom Homes by providing the geotechnical engineering services for this residence. Should any questions arise regarding the information in this report, please contact us.

Sincerely,

S&ME, Inc.


Walker Birdsong, P.E.
Senior Engineer




David Swoap, P.E.
Senior Engineer

wb/ds/s:\geotech\6109180\subex.doc

EXHIBIT J

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF GREENVILLE)

Civil Action Number: 2011-CP-23-_____

Jack R. Harrell, Jr. and)

Tina W. Harrell,)

Plaintiffs,)

v.)

**AFFIDAVIT OF
CARROLL L. CROWTHER, P.E.**

Keowee Falls Investment)

Group, LLC, The Cliffs)

Communities, LLC, S&ME, Inc.,)

and Zurich North America, d/b/a)

Zurich American Insurance Co.,)

Defendants.)

PERSONALLY APPEARED BEFORE ME, the undersigned officer duly authorized to administer oaths, Carroll L. Crowther, who, after being duly sworn, states as follows:

1. I am a citizen and resident of the State of South Carolina, County of Beaufort and I am over the age of twenty-one years.
2. I have a Bachelor of Science in Civil Engineering from The Citadel (1961) and a Master of Science in Civil Engineering degree from the Georgia Institute of Technology (1963).
3. I currently hold active Professional Engineer licenses in the States of Georgia and South Carolina.
4. I am employed by Whitaker Laboratories, Inc. of Savannah, Georgia and have been since 1997. My current position is as a Senior Consultant in Geotechnical Engineering. My responsibilities include report generation and review, advice, analysis and consultation to the engineering and management staff in all areas of geotechnical engineering.

Affidavit of Carroll L. Crowther, P.E.

5. The information and statements contained in this Affidavit are based upon my knowledge, skill, experience, training and education in the field of geotechnical engineering. By virtue of my knowledge, skill, experience, training and education in the field of engineering I am qualified to review the reports, drawings and work of other engineers for errors and omissions contained in those reports, drawings, and work. I am also familiar with the standards of care in the field of geotechnical engineering.
6. I was retained by Jack and Tina Harrell to review the site reports prepared by S&ME, Inc. concerning Lot 31, Jasmine Point, The Cliffs, Salem, South Carolina.
7. I have read and considered all of the S&ME, Inc. reports listed below:
 - July 18, 2005 – signed by Michael Revis, P.E. and Howard Perry, P.E.
 - June 3, 2008 – signed by Jason Vaughn, E.I.T. and Mike Revis, P.E.
 - May 15, 2009 – signed and stamped by Walker Birdsong, P.E. and David Swoap, P.E.
 - February 12, 2010 – signed and stamped by Walker Birdsong, P.E. and David Swoap, P.E.
 - March 5, 2010 – signed and stamped by Walker Birdsong, P.E. and David Swoap, P.E.
8. In addition to reviewing the above-described documents, I made a visual inspection on June 3, 2011 of the Lake Keowee property, including the adjacent lots 30 and 32. I have additionally reviewed the reports concerning this site prepared by Bunnell-Lammons Engineering, Inc.
9. Based on my engineering experience, my site visit, and my review of the geotechnical reports and investigations conducted for this site, it is my opinion that the Harrells'

Affidavit of Carroll L. Crowther, P.E.

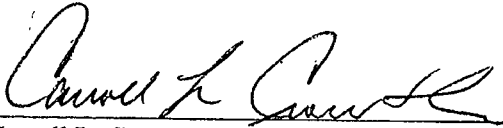
property and the immediately adjacent properties are experiencing an on-going shear failure of the hillside. This shear failure and slope instability extends up into the cul-de-sac area of Jasmine Cove.

10. Further, it is my opinion that this state of failure existed in advance of the first and all of the subsequent geotechnical investigations and reports conducted by S&ME, Inc. Visual observations of scars from the state of failure are acknowledged in the July 18, 2005 report prepared by S&ME, Inc.; however, the significance of these observations is not acknowledged.

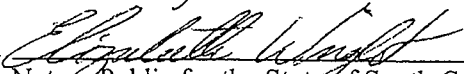
11. Based upon my investigation as hereinabove described, I believe that S&ME, Inc.'s conduct fell below the standard of care in the field of geotechnical engineering and was negligent in at least the following respects:

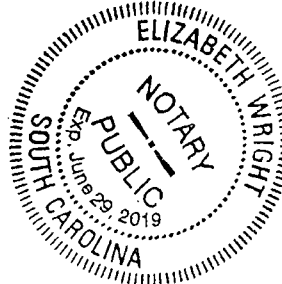
- A. By failing to recognize the visual indications of an active slope failure during the preparation of five separate geotechnical reports on Lot 31 and the cul-de-sac, Jasmine Point;
- B. By failing to provide timely warning to the developer, the current property owner, and the contractor the existence of an active slope failure on the site.
- C. By recommending the use of an insufficient site preparation and foundation system for a structure built on this site.

FURTHER AFFIANT SAYETH NOT.


Carroll L. Crowther

SWORN TO BEFORE ME this
2nd day of August, 2011


Notary Public for the State of South Carolina



Affidavit of Carroll L. Crowther, P.E.

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE) C/A No.: 2012-CP-23-00072
McCollum Business, LLC,)
Plaintiff,)
vs.) **COMPLAINT**
) **Jury Trial Demanded**
Keowee Falls Investment Group, LLC,)
The Cliffs Communities, LLC d/b/a The)
Cliffs at Keowee Falls South, Cliffs Real)
Estate, Inc., The Cliffs Golf and Country)
Club, Inc., and S&ME, Inc.,)
Defendants.)

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENHISHER
2013 JAN -4 P 3:45

Plaintiff, McCollum Business, LLC ("Plaintiff"), complaining of the Defendants The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Investment Group, LLC; Cliffs Real Estate, Inc.; The Cliffs Golf and Country Club, Inc. (Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. collectively hereinafter "Cliffs Defendants"); and S&ME, Inc. ("S&ME") (collectively "Defendants"), would show unto this Court as follows:

1. Plaintiff is a limited liability company organized and existing under the laws of the State of South Carolina, and purchased the property subject to this dispute from Defendant Keowee Falls Investment Group, LLC on June 20, 2006 for a purchase price totaling \$2,225,000.

2. Upon information and belief, Defendant The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South is a limited liability company existing under the laws of the State of South Carolina with its primary place of business in Greenville County, South Carolina, and has as a subsidiary Defendant Keowee Falls Investment Group, LLC. The Cliffs Communities, LLC does business as The Cliffs at Keowee Falls South.

3. Upon information and belief, Defendant Keowee Falls Investment Group,



LLC is a limited liability company existing under the laws of the State of South Carolina with its primary place of business in Greenville County, South Carolina. Upon information and belief, Keowee Falls is controlled by The Cliffs Communities.

4. Upon information and belief, Defendant Cliffs Real Estate, Inc. is a corporation existing under the laws of the State of South Carolina with its primary place of business in Greenville County, South Carolina, and who acted as the dual real estate agent for the Plaintiff and Cliffs Defendants for the sale of the subject Lot to the Plaintiff and for a subsequent listing agreement with Plaintiff.

5. Upon information and belief, Defendant The Cliffs Golf and Country Club, Inc. is a corporation existing under the laws of the State of South Carolina with its primary place of business in Greenville County, South Carolina who was a party to the subject Real Estate Sale and Purchase Agreement and was paid monies, and has continued to be paid monies, in consideration of the Plaintiff entering said contract.

6. The Cliffs Defendants were all involved, as seller- and/or as agents of the seller- in the acts surrounding the sale described herein to Plaintiff of Lot 30, Jasmine Point, said Lot being located in the subdivision known as The Cliffs at Keowee Falls South in the County of Greenville, State of South Carolina (the "Lot").

7. Upon information and belief, Defendant S&ME is a North Carolina corporation doing business in South Carolina, maintaining a place of business in Greenville, South Carolina, and operating an engineering firm that conducted investigations and offered professional opinions related to property in The Cliffs at Keowee Falls South subdivision, including Plaintiff's Lot.

8. The Court has Jurisdiction over the parties and subject matter in this action, and Venue is proper in this Court.

STATEMENT OF FACTS

9. On or about May 20, 2006, the Plaintiff and the Cliffs Defendants executed a "Real Estate Sale and Purchase Agreement" (a copy of said real estate contract is attached hereto and incorporated herein by reference as Exhibit "A").

10. Prior to purchasing the subject Lot, the Cliffs Defendants gave the Plaintiff a H.U.D. Report dated April 27, 2006. The report contained express representations about the subdivision, including the build-ability of the lots in the



subdivision (including the Lot at issue) and that unsuitable subsurface conditions were not present that would warrant the use of special construction techniques to build on the lots (including the Lot at issue).

11. As evidenced by the terms of said real estate contract, the Cliffs Defendants understood that the Plaintiff, in consideration of purchasing the Lot, intended to build a house on the Lot, or that if Plaintiff sold the Lot, that purchaser would be able to build a residence on it.

12. The H.U.D. Report and the contract with the Cliffs Defendants contained an express representation that if DHEC had not previously approved the installation of a septic system on the Lot, or the Plaintiff was unable to obtain a septic permit, and if the Cliffs is unable to secure such approval, the Cliffs Defendants would refund Plaintiff's purchase price.

13. The contract also included a provision whereby the Defendant Cliffs Real Estate, Inc. was paid a portion of the sales price as its purported commission for selling the Lot to Plaintiff upon the express premise (and understandings described herein) that the Lot be suitable for residential construction.

14. The contract also obligated the Plaintiff to, *inter alia*, pay monies to Defendant The Cliffs Golf and Country Club, Inc. for a membership to the Cliffs Golf and Country Club based on the Plaintiff's purchase of the subject Lot- the basis of said Lot purchase (suitability for residential construction) being known to The Cliffs Golf and Country Club, Inc. by virtue of its inclusion as a party in the subject contract.

15. Sometime in 2011, Plaintiff became aware of a subsurface condition that was effecting Harrell's lot and the *Cu! de sac* which is located above and adjacent to the Plaintiff's Lot.

16. Subsequently, Plaintiff learned of an engineer's report dated July 2005 from Defendant S&ME that was submitted to, and for the benefit of, the Cliffs Defendants concerning abnormal geological conditions on Harrell's lot that extended to Plaintiff's Lot (a copy of said S&ME report is attached hereto and incorporated herein by reference as Exhibit "B").

17. Subsequently, Plaintiff also learned that its adjacent landowners had obtained their own engineer's investigation(s) which identified a geological condition

187

known as a "scarp" or slope failure that was occurring on not only Plaintiff's Lot, but on Lots 31 and 32 as well.

18. Mark B. Peters, P.E. ("M. Peters") was hired by Plaintiff and conducted a site investigation on Plaintiff's Lot. M. Peters determined the scarp or slope failure caused an unstable soil condition on Plaintiff's Lot. M. Peters determined that Plaintiff's Lot 30 should not be developed by construction a residence or installing any infrastructure such as water lines, septic tanks and drain fields or any underground utilities ("McCollum Report"). (See copy of Mark B. Peters, P.E.'s Peters Report attached hereto and incorporated herein by reference as Exhibit "C").

19. M. Peters opined that "[o]nly after a thorough engineering study and recommendation of how to stabilize this entire area is completed and a remedy put in place should this lot be considered for any development." M. Peters further opined that the slope failure on Plaintiff's Lot "is not addressable by a repair on Lot 30 alone and that any repair will require stabilization of the entire embankment and will extend onto other lots adjacent to [L]ot 30."

20. Based on C. Crowther's findings, Plaintiff was unable to build a house on its Lot because of the unstable soil conditions located thereon.

21. Because no house could be built on Plaintiff's Lot, Plaintiff was unable to service its mortgage and the Lot was sold at foreclosure for a total purchase price of \$220,000.00, resulting in a financial loss to Plaintiff totaling at least \$2,005,000.00.

FOR A FIRST CAUSE OF ACTION
(Breach of Contract — The Cliffs Defendants)

22. The allegations of the preceding paragraphs are incorporated herein by reference.

23. Plaintiff entered into a contract with the Cliffs Defendants for the purchase of Lot 30, Jasmine Cove in The Cliffs at Keowee Falls South subdivision (See Exhibit "A").

24. The Cliffs Defendants expressly warranted that no unstable soils were on the Lot such that the use of any special construction techniques would not be required to build a residence thereon.



25. The Cliffs Defendants also expressly warranted that if DHEC would not approve of an individual sewage treatment system on the Lot, then the Cliffs Defendants would refund the purchase price in exchange for Plaintiff deeding the Lot back to Defendant Cliffs.

26. The Cliffs Defendants also expressly warranted that there were no unusual natural hazards on the Lot.

27. The Cliffs Defendants breached the contract in one or more of the following particulars:

(i) the Lot contains unstable soils such that no residence can be reasonably built thereon, or at a minimum, special construction techniques would be required;

(ii) a DHEC permit for an individual sewage treatment system will not be possible because of the unstable soils on the Lot;

(iii) despite the Cliffs Defendants' knowledge of the Plaintiff's inability to obtain a permit for an individual sewage treatment system, the Cliffs Defendants have not agreed to refund the purchase price as they were required under the contract;

(iv) the Lot contains an unusual natural hazard; and

(v) the Cliffs failed to disclose the knowledge they had about the unstable soil condition on the Lot from 2005-2011.

28. Because of the nature of the unstable soil condition, it effectively nullifies any value having been transferred by the Cliffs Defendants to the Plaintiff. In consideration of the representations made by the Cliffs Defendants, the Plaintiff and the Cliffs Defendants entered into the subject contract with the mutual understanding and agreement that the value paid by the Plaintiff to the Cliffs Defendants was representative of the Plaintiff's ability to reasonably build a house on the Lot, was representative of the Lot's suitability for normal residential construction techniques, and, regardless of whether the Plaintiff ever built a house on the Lot, was representative of the marketability of the Lot upon which the Plaintiff could rely in transferring it for comparable value to any potential grantees of the Plaintiff. These representations made by the Cliffs Defendants being false are further breaches of the contract.

29. Because of the nature of the Cliffs Defendants' breaches of the contract,



the Plaintiff seeks rescission of the contract, the value paid by Plaintiff for the Lot, all other monies paid by the Plaintiff to the Cliffs Defendants and all direct and consequential damages, plus attorneys' fees, costs and interest.

30. As an additional, alternative request for relief, the Plaintiff seeks a refund of the purchase price pursuant to the provisions of the above referenced H.U.D. Report and contract, which provide for the refund of Plaintiff's purchase price, and other costs, plus attorneys' fees, since the Lot cannot be permitted for an individual sewage treatment system nor can a residence be built without using special construction techniques.

FOR A SECOND CAUSE OF ACTION
(Fraud — The Cliffs Defendants)

31. The allegations of the preceding paragraphs are incorporated herein by reference.

32. The Cliffs Defendants were aware in July of 2005 that an unusual subsurface condition existed on several lots in the subject subdivision, including the Plaintiff's Lot, the existence of which could effect the construction of a residence on Plaintiff's Lot and, therefore, the marketability of that Lot. Yet, the Cliffs Defendants never disclosed this information to Plaintiff prior to (during, or anytime after) the closing on the Plaintiff's Lot in June of 2006.

33. Further, despite knowledge of the conditions affecting the subject Lot, the Cliffs Defendants did not require an engineer to further investigate the "scarp" to determine the extent it impacted the Plaintiff's Lot and the value of said Lot. Had such investigation taken place, the scarp would have been identified on Plaintiff's Lot, materially affecting the sales contract.

34. The Cliffs Defendants either knew of the falsity of its material misrepresentations or recklessly disregarded the truth or falsity of the misrepresentations.

35. The failure of the Cliffs Defendants to disclose this material information was a material misrepresentation that the Cliffs Defendants intended for the Plaintiff to act upon, for which the Plaintiff was completely ignorant of and, pursuant to its right to rely thereon, did rely thereon in consummating the purchase of the Lot that is now



worthless.

36. As a consequential and proximate result of Plaintiff's acts in reliance on the Cliffs Defendants' misrepresentations, the Plaintiff suffered actual, consequential, special and punitive damages in an amount to be determined by a jury, together with costs, attorneys' fees and interest.

FOR A THIRD CAUSE OF ACTION

(Negligent Misrepresentation — The Cliffs Defendants)

37. The allegations of the preceding paragraphs are incorporated herein by reference.

38. The Cliffs Defendants were aware in July of 2005 that an unusual subsurface condition existed on several lots in the subject subdivision, including the Plaintiff's Lot, the existence of which could affect the construction of a residence on Plaintiff's Lot and, therefore, the marketability of the Lot. Yet, the Cliffs Defendants never disclosed this information to Plaintiff prior to (during, or anytime after) the closing on the Plaintiff's Lot in June of 2006.

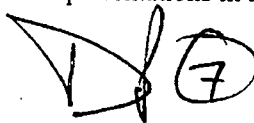
39. Further, despite knowledge of the conditions affecting the subject Lot, the Cliffs Defendants did not require an engineer to further investigate the "scarp" to determine the extent it impacted Plaintiff's Lot 30 and the value of said Lot. Had such investigation taken place, the scarp would have been identified on Plaintiff's Lot, materially affecting the sale contract.

40. The failure of the Cliffs Defendants to disclose this material information was a material misrepresentation that the Plaintiff justifiably relied upon in consummating the purchase of the Lot that is now worthless.

41. The Cliffs Defendants had a pecuniary interest in making the misrepresentation to the Plaintiff, and the Cliffs Defendants owed a duty of care to see that truthful information was communicated to the Plaintiff.

42. The Cliffs Defendants breached its duty by failing to exercise due care.

43. The Plaintiff suffered a pecuniary loss as a direct and proximate result of their reliance on the Cliffs Defendants' misrepresentations in an amount of consequential,

A handwritten signature, possibly 'V. D.', is written over a circled number '7'.

special and punitive damages to be determined by a jury, together with costs, attorneys' fees and interest for which it hereby sues.

FOR A FOURTH CAUSE OF ACTION
(Constructive Fraud — The Cliffs Defendants)

44. The allegations of the preceding paragraphs are incorporated herein by reference.

45. The Cliffs Defendants were aware in July of 2005 that an unusual subsurface condition existed on several lots in the subject subdivision, including the Plaintiff's Lot, the existence of which could affect the construction of a residence on Plaintiff's Lot and, therefore, the marketability of the Lot. Yet, the Cliffs Defendants never disclosed this information to Plaintiff prior to (during, or anytime after) the closing on the Plaintiff's Lot in June of 2006, materially affecting the sales contract.

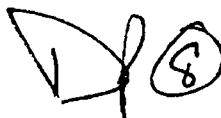
46. Further, despite knowledge of the conditions affecting the subject Lot, the Cliffs Defendants did not require an engineer to further investigate the "scarp" to determine the extent it impacted Plaintiff's Lot 30 and the value of said Lot. Had such investigation taken place, the scarp would have been identified on Plaintiff's Lot.

47. The Cliffs Defendants ought to have known of the falsity of its material misrepresentations.

48. The failure of the Cliffs Defendants to disclose this material information was a material misrepresentation that the Cliffs Defendants intended for the Plaintiff to act upon, for which the Plaintiff was completely ignorant of; and, pursuant to the Plaintiff's right to rely thereon, did rely thereon in consummating the purchase of the Lot that is now worthless.

49. As a consequential and proximate result of Plaintiff's acts in reliance on the Cliffs Defendants' misrepresentations, the Plaintiff suffered consequential, special and punitive damages in an amount to be determined by a jury, together with costs, attorneys' fees and interest for which it hereby sues.

FOR A FIFTH CAUSE OF ACTION
(Professional Negligence - S&ME)



50. The allegations of the preceding paragraphs are incorporated herein by reference.

51. Defendant S&ME was engaged by the Cliffs Defendants to investigate subsurface conditions affecting Lot 31 adjacent to Plaintiff's Lot 30 for the purpose of accurately reporting subsurface conditions in light of the affect of same on the suitability of the property for residential construction, recommending proper testing, and recommending proper methods of remediation, if any.

52. Defendant S&ME issued a report identifying that there was abnormal geological conditions (the scarp) on Lot 31 that extended to Plaintiff's Lot and that there was evidence that a "scarp" existed on Lot 31 as well as the *cul de sac* which is located above (in elevation) and adjacent to both Lot 31 and the Plaintiff's Lot— the *cul de sac* serving as the points of vehicular ingress/egress to/from the roadway and both lots.

53. Upon information and belief, S&ME's professional opinion was sought in order to determine whether residential construction could reasonably take place on the property next to Plaintiff. Based on S&ME's conclusions regarding the existence and location of the "scarp" feature together with S&ME's knowledge of its purpose in issuing a professional opinion, S&ME knew or should have known that the "scarp" feature would materially impact the viability of residential construction on the surrounding property, to include the property of the Plaintiff.

54. S&ME owed a duty of care to the owners (including without limitation the Cliffs Defendant and Plaintiff) of the properties upon which S&ME discovered the "scarp" to perform further testing, or recommended additional testing on adjacent lots, and/or to inform such owners of S&ME's knowledge regarding the "scam", and the material impact this feature could have on the viability, or lack thereof, of reasonable, residential construction taking place on said properties and the impact this feature could have on the value of the property.

55. Upon information and belief, Defendant S&ME did not further investigate, or recommend additional investigation, the extent in which the scarp affected the Plaintiff's Lot, or otherwise notify the owners of said properties of the abnormal

TS 19

geological conditions and the impact the same could have on the value of the property and the viability of reasonable, residential construction taking place on the property.

56. Defendant S&ME, without conducting any further meaningful tests on Lot 31 or on the Plaintiffs Lot 30, and without otherwise notifying the owners of the potential significance of the abnormal geological conditions, simply opined that a residence could be built on Lot 31.

57. Defendant S&ME's silence as to Plaintiff's Lot 30 amounted to a material omission as to a condition known to Defendant S&ME that could materially effect the use of, value of, and the viability of reasonable residential construction on the Plaintiff's Lot.

58. All of the above violates the standard of care of Geotechnical Engineers in South Carolina, particularly in the Upstate of South Carolina, where Plaintiff's Lot is located.

59. In compliance with S.C. Code Ann. 15-26-100, *et. seq.* Plaintiff is filing as a part of this Complaint an affidavit based on the available evidence at the time of the filing of the affidavit. This affidavit, executed by Mark B. Peters, P.E. is attached hereto and incorporated herein by reference as Exhibit "D".

60. As a consequential and proximate result of Defendant S&ME's failure to adhere to the standard of care, Plaintiff has been damaged as it paid over \$2,025,000.00 dollars for a Lot that cannot be used as represented, and as a result lost the lot to foreclosure for \$220,000.00, resulting in a loss of at least \$2,005,000.00, for which the Plaintiff hereby sue, together with consequential, special and punitive damages in an amount to be determined by a jury, and costs, attorneys' fees and interest.

FOR A SIXTH CAUSE OF ACTION

(Violation of the Interstate Land Sales Full Disclosure Act,
15 U.S.C.A. § 1701, *et. seq.* (the "Act")
— The Cliffs Defendants)

61. The allegations of the preceding paragraphs are incorporated herein by reference.



62. This cause of action is brought by Plaintiff against all Cliffs Defendants under the provisions of the Interstate Land Sales Full Disclosure Act, 15 U.S.C.A. §§ 1701, *et. seq.*, for rescission, compensatory damages, as well as interest, court costs, attorneys' fees, independent expert fees, and all travel costs to and from the Lot.

63. This Court has jurisdiction over this claim pursuant to 15 U.S.C.A. § 1719, which provides concurrent non-removable jurisdiction on actions brought under the Act that are filed in state court. State courts have concurrent jurisdiction over suits in equity and actions at law brought to enforce any liability or duty created by this title. In accordance with the Act, "Any suit or action may be brought ... in the district where the offer or sale took place, if the Defendant participated therein... No case arising under this chapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States".

64. The Plaintiff is a "purchaser" within the provisions of the Act. The Defendants, as defined above, collectively and individually are the "Developer", or agents of the "Developer" within the context of the Act.

65. The Act prohibits the sale or lease of "lots" in a "subdivision" using any means of interstate commerce, unless the lots are either exempt or registered with the United States Department of Housing and Urban Development ("HUD"). The Act applies, if, by means of interstate commerce (e.g. print media, television, internet, etc.) are used to solicit offers to buy or to make offers to sell, regardless of whether the owner/developer has engaged in any advertising or other marketing or sales activities directed outside the state where the property is located.

66. The subject Lot is located in a subdivision and was sold by the Cliffs Defendants using means of interstate commerce such that the Act applies to the Lot. Furthermore, the subject Lot is not considered "exempt", as defined in the Act.

67. Unless a particular sale or lease is exempt from the registration requirements, the Act requires preparation and filing of a "Statement of Record" with HUD's Office of Interstate Land Sales Registration. The Statement of Record consists of two parts: a detailed disclosure document referred to as the Property Report, and an



Additional Information and Documentation section (or "AID") that provides additional information and documentation to support the representations made in the Property Report.

68. Upon information and belief, the Cliffs Defendants did not provide the Plaintiff a full Statement of Record, but only a Property Report.

69. Pursuant to the Act, the Cliffs Defendants were to provide a statement of record that included, *inter alia*, an accurate statement of the topography of the subdivision, a statement of the existence of any unusual conditions relating to safety which affect the subdivision and are known to the developer, and such other information and documents as being reasonably necessary or appropriate for the protection of the purchasers. Moreover, the Act required the Cliffs Defendants to provide the Plaintiff with a Property Report that contained information necessary or appropriate in the public interest of for the protection of the purchasers such as the Plaintiff.

70. Further in accordance with the Act, "it shall be unlawful for any developer or agent, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce, or of the mails ... to sell or lease any lot where any part of the statement of record or the property report contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein... to employ any device, scheme, or artifice to defraud; to obtain money or property by means of any untrue statement of a material fact, or any omission to state a material fact necessary in order to make the statements made (in light of the circumstances in which they were made and within the context of the overall offer and sale or lease) not misleading, with respect to any information pertinent to the lot or subdivision; to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser..."

71. The Property Report provided by the Cliffs Defendants contained untrue statements of material facts and omitted to state material facts required to be stated therein. Specifically, the Cliffs Defendants failed to make any statement to the Plaintiff regarding the abnormal geological condition of the property despite the fact that such a statement and associated facts were material and pertinent in light of the circumstances

A handwritten signature, possibly "V. B.", followed by the number "12" enclosed in a circle.

and within the context of the overall offer and sale. Moreover, Plaintiff is informed and believes that the Cliffs Defendants made the following misrepresentations in the Property Report:

GENERAL TOPOGRAPHY

The general topography of the land within Keowee Falls South is a combination of gently rolling hills and valleys.
...

None of the lots in the subdivision contains any steep slopes, rock, outcropping, unstable or expansive soil conditions that could necessitate the use of special construction techniques to build.
...

DRAINAGE AND FILL

None of the lots require draining or fill prior to being used for the construction of residences.

FLOOD PLAIN

The subdivision is not located within a flood plain or an area designated by any federal, state or local agency as being prone to flooding.
...

FLOODING AND SOIL EROSION

We will provide temporary and permanent control measures within the subdivision which will aggressively control storm water, erosion and sediment control, including sodding and seeding in areas of heavy grading or cut and fill, along with construction of diversion ditches and sediment control basins as necessary. ...
...

HAZARDS

We are not aware of any unusual safety factors or hazards that affect the subdivision or any proposed plans for construction that may create a future nuisance or safety hazard.
...

The lots covered by this Property Report are not subject to unusual natural hazards, and no federal, state or local agency has formally identified the area as one subject to the frequent occurrence of natural hazards.

72. The above referenced representations made by the Cliffs Defendants and their agents were misleading, and operated as a fraud and deceit upon the Plaintiff, and were made in violation of the Act, for which the Plaintiff hereby sues.



FOR A SEVENTH CAUSE OF ACTION

(Violation of the S.C. Unfair Trade Practices Act— The Cliffs Defendants)

73. The allegations of the preceding paragraphs are incorporated herein by reference.

74. The above described misrepresentations made by the Cliffs Defendants to the Plaintiff were unfair and deceptive, as defined in the South Carolina Unfair Trade Practices Act, S.C. Code Ann. §§ 39-5-10, *et. seq.* (the "UTPA"), and have proximately caused the Plaintiff to suffer an ascertainable loss of property and money.

75. The actions of the Cliffs Defendants affect the public interest because their actions are capable of repetition in the deception and defrauding of others, and, in fact, have been repeated in the deception and defrauding of others, to include without limitation, the Plaintiff's neighbors. The repeated actions of the Cliffs Defendants affect the public's interest.

76. The actions of the Cliffs Defendants were willful within the meaning and interest of § 39-5-140 of the UTPA.

77. As a direct and proximate result of the actions of the Cliffs Defendants, the Plaintiff paid funds greater than the actual value of the Lot. As such, the violation of the UTPA entitles Plaintiff to treble damages and reasonable attorneys' fees, for which the Plaintiff hereby sue.

WHEREFORE, Plaintiff McCollum Business, LLC prays for the following relief:

- a) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. for the First Cause of Action in an amount to be determined by a jury, together with interest at the legal rate as determined and disbursements of this action, and for attorney's fees and costs;
- b) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs



Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. for the Second Cause of Action in an amount to be determined by a jury, together with interest at the legal rate as determined and disbursements of this action, and for attorney's fees and costs;

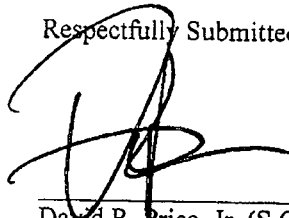
- c) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. for the Third Cause of Action in an amount to be determined by a jury, together with interest at the legal rate as determined and disbursements of this action, and for attorney's fees and costs;
- d) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. for the Fourth Cause of Action in an amount to be determined by a jury, together with interest at the legal rate as determined and disbursements of this action, and for attorney's fees and costs;
- e) Judgment against Defendant S&ME, Inc. for the Fifth Cause of Action in an amount to be determined by a jury, together with interest at the legal rate as determined and disbursements of this action, and for attorney's fees and costs;
- f) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate, Inc.; and The Cliffs Golf and Country Club, Inc. for the Sixth Cause of Action for rescission, and judgment in an amount to be determined by a jury, compensatory damages, as well as interest, court costs, attorneys' fees, independent expert fees, and all travel costs to and from the Lot, together with interest at the legal rate as determined and disbursements of this action;
- g) Judgment against Defendants Cliffs Investment Group, LLC; The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South; Cliffs Real Estate,

15

Inc.; and The Cliffs Golf and Country Club, Inc. for the Seventh Cause of Action for treble damages and attorneys' fees, together with interest at the legal rate as determined and disbursements of this action;

- h) For an award of attorneys' fees;
- i) For an award of the costs of this action; and
- j) For such other and further relief that this Court deems just and proper.

Respectfully Submitted,



David R. Price, Jr. (S.C. Bar # 75140)
DAVID R. PRICE, JR., P.A.
318 West Stone Avenue (29609)
Post Office Box 2446
Greenville, South Carolina 29602-2446
(864) 271-2636 office
(864) 271-2637 fax
David@GreenvilleLegal.com
Attorney for Plaintiff

Greenville, South Carolina

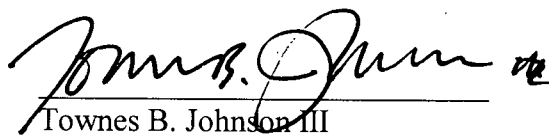
Date:

1/3/2013

16

CERTIFICATE OF COUNSEL

The undersigned certifies that the Supplemental Record on Appeal complies with Rule 210, SCACR.


Townes B. Johnson III

November 3rd, 2014

THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas

The Honorable Clifton Newman, Circuit Court Judge

Appellate Case No.: 2013-001843
(Trial Court Case No.: 2011-CP-23-63768)

RECEIVED

NOV 06 2014

SC Court of Appeals

Kevin McCarthy and Courtney R. McCarthy, ... Appellants,

v.

The Cliffs Communities, LLC d/b/a The Cliffs at Keowee Falls South;
Keowee Falls Investment Group, LLC; Cliffs Real Estate, Inc.; The
Cliffs Golf and Country Club, Inc.; and S&ME, Inc. Defendants,

Of Whom

S&ME, Inc. is Respondent.

PROOF OF SERVICE

The undersigned hereby certifies that a true copy of the Supplemental Record on Appeal in the above-referenced case has been served on all parties of record by mailing a copy of same in the United States mail, postage prepaid this 4th day of November, 2014, addressed as follows:

Stephanie H. Burton
Gibbes Burton, LLC
308 East Saint John Street
Spartanburg, SC 29302
Attorney for Respondent


Thomas E. Dudley, III (SC Bar # 66154)
Townes B. Johnson, III (SC Bar # 75412)
Kenison, Dudley & Crawford, LLC
704 East McBee Avenue
Greenville, SC 29601
(864) 242-4988

Attorneys for Appellants