

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

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

NAME OF SUBDIVISION TERRE DU LAC

NAME OF DEVELOPER Terre du Lac, Inc.

DATE OF THIS REPORT February 27, 2014

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NOTE: In this Property Report, the words "You" and "Your" refer to the buyer. The words "We", "Us" and "Our" refer to the 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 which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

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

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

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

-WARNINGS-

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

GENERAL INFORMATION

This report covers 5,515 lots located in St. Francois County and Washington County, Missouri. See page 35 for a listing of these lots. It is estimated that this subdivision will eventually contain 9,000 lots.

The Developer of this subdivision is:

Terre Du Lac, Inc.
110 Rue Terre Bonne
Bonne Terre, Missouri 63628
Telephone Number: (314) 358-3378

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

TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use and enjoy the property. A contract to buy a lot may give you possession but doesn't give you legal title. You won't have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the 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

We intend to use the cash and note secured by deed of trust methods of selling.

A cash purchaser (full payment at time of settlement) will receive a general warranty deed at the time of closing, which is projected to be within 30 days after the execution of the contract, but in any event within a period not to exceed 180 days from the signing of the contract.

A note and deed of trust purchaser will pay at closing at least 10% of the entire purchase price and will execute a note and give us a Deed of Trust to secure the payment of the balance of the purchase price, which will be paid over a period of up to 120 months. The annual interest rate charged currently ranges between nine percent and twelve percent per annum. You will receive a general warranty deed at closing, which is projected to be within 30 days after the execution of the contract, but in any event within a period not to exceed 180 days from the signing of the contract. In addition, we have a program by which a note and deed of trust purchaser will pay by time of closing at least 5% of the entire purchase price and receive a general warranty deed between 90 and 150 days after the execution of the contract, but in any event within a period not to exceed 180 days from the signing of the contract. This program may end at any time.

You will not have title to the lot until you receive a general warranty deed. Prior to receiving your deed, if you fail to make the payments required by your contract, you may lose your lot and all monies paid.

Type of Deed

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

Oil, Gas, and Mineral Rights

If you purchase one of the following lots, at the time of deeding of your lot, the mineral rights reservation affecting your lot will be conveyed to you by quit claim deed. A quit claim deed conveys to you the mineral rights, if any, that we may have held title to, but does not convey any mineral rights which other parties may hold. Since a quit claim deed will be used to convey such mineral rights, in the event a third party claims those mineral rights, the exercise of those rights could affect the use, enjoyment and value of your lot.

<u>PLAT</u>	<u>BLOCK</u>	<u>LOT NUMBER</u>
4	A	1-15
	B	1-9
	C	1-21
	D	1-13
	E	1-9
	G	1-5
	H	1-11
7	C	1, 4
	D	1-4
	E	1
8	A	1-19
	B	1-35
	C	1-18
	D	1-26
	E	12-22, 24-26, 30-38
14	A	1-31
	B	1-13
	C	1-39
	E	6, 7
	F	1-36
	G	3, 4
21	A	1-28
	B	1-20
	C	1-12
	D	1-13
	E	1-4, 13-15
	F	1-5 and 11-31
	G	1-10, 20-22
22	A	1-41
	B	1-32
	C	1-34
	D	1-19

	E	1-28
<u>PLAT</u>	<u>BLOCK</u>	<u>LOT NUMBER</u>
24	F	1-29
	A	1-51
	B	1-27
	C	1-19
	D	6-8 and 11-26
	E	1-5
26		1-14
27	A	1-31
	B	1-6
	C	1-16

The mineral rights to the following lots in this subdivision will not belong to the purchaser of those lots. The exercise of these rights could affect the use, enjoyment and value of your lot.

<u>PLAT</u>	<u>BLOCK</u>	<u>LOT NUMBER</u>
4	C	22
	E	10-13
	F	1-4
	K	1-15
	L	1-7
	J	1-13
	H	12-17
21	H	1-7
	G	23-29
	C	13, 14
23	A	1-10
	B	1-19
	C	1-14
	D	1-10
	E	1-35
	F	1-16
	G	1-39
	H	1-56
	J	1-27
	K	1-9
	L	1-15 excluding 3
	M	1-6
26		15-51

<u>PLAT</u>	<u>BLOCK</u>	<u>LOT NUMBER</u>
30	A	1-22
	B	1-24
	C	1-44
	D	1-8
	E	1-20
	F	1-16
	G	1-19
	H	1-9
	I	1-4
	J	1-24
	K	1-22
	L	1-21
	M	1-22
	N	1-16

ENCUMBRANCES, MORTGAGES AND LIENS

The lots in this subdivision are subject to the following lien:

<u>TYPE OF LIEN</u>	<u>HOLDER OF LIEN</u>	<u>LOTS SUBJECT TO LIEN</u>
Deed of Trust and Security Agreements.	James O. Kwon Trust	All lots in the subdivision.

Release Provisions

An agreement and an amendment thereto which provides for the release from the blanket Deed of Trust of lots sold pursuant to a note and deed of trust arrangement upon the terms and conditions specified in the agreement, as amended, have been assigned to the James O. Kwon Trust. The agreement and amendment thereto have been recorded. Therefore, as long as you have satisfied all your obligations under the Contract for the Sale of Real Estate, you will be fully protected in the event of our default on the Deed of Trust.

RECORDING THE CONTRACT AND DEED

Method Or Purpose of Recording

Under Missouri law, the recording of your sales contract would protect you from the claims of subsequent purchasers and from our subsequent creditors. The Contract for the Sale of Real Estate will not be recordable, as it will not be notarized.

Your deed will be recorded at the time of transfer of title by the St. Francois County Abstract Company at your expense.

Title Insurance

You will receive a title insurance policy at the time of transfer of title; however, you will be responsible for the cost of the policy as follows:

<u>Policy Amount</u>	<u>Cost of Policy</u>
Up to \$10,000	\$ 93
\$10,000-\$15,000	\$110
\$15,000-\$20,000	\$128
\$20,000-\$25,000	\$145
Over \$25,000	\$163

PAYMENTS

Escrow

Your deposit and/or downpayment on your lot will be placed in an escrow account at the Commerce Bank of Bonne Terre, Bonne Terre, Missouri 63628. You will receive a return of all money paid in the event of our failure to convey legal title or in the event of our default on any obligation which would otherwise result in your loss of that money.

Prepayments

You may prepay any obligation on the contract without any penalty.

Default

If you default (such as failing to meet your installment payments) on the Contract for the Sale of Real Estate, we have the option to terminate the Contract and to retain earnest money or good faith deposits and downpayments and other payments received from you as liquidated damages.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants for this development have been recorded in the Offices of the Recorder of Deeds of St. Francois County, Missouri and of Washington County, Missouri.

A complete copy of these restrictions is available upon request. The major provisions of these restrictions will be discussed in the paragraphs below. However, this discussion will only highlight certain areas of the covenants and should not be a substitute for a careful study of these restrictions by you.

The restrictions provide that, unless otherwise designated on the plats, lots must be used exclusively for residential purposes. All building plans must comply with the County building code. The restrictions require that the exteriors of all buildings must be completed within six months from the date construction begins.

The restrictions also specify setback requirements from which you may not deviate without our written permission. No boat docks, floats or other structures extending into any lake shall be constructed or placed into or on any lake without our prior written approval.

You may not display signs of any kind on any lot without our written permission.

You may not sell, assign or convey any lot to any person not accepted for membership in Terre Du Lac Association, Inc. Further, the restrictions provide that you may not sell or convey such lot without first, in writing, offering the lot to us or our successors and assigns at a price not exceeding the bona fide offer of a responsible party made in writing to purchase such lot and giving us or our successors and assigns at least 14 days to accept such offer.

Before any waste disposal system is constructed, all sanitary arrangements must be inspected and approved by local and/or state health officers.

LOTS IN PLAT 5A ARE MEMBERSHIP LOTS BY WHICH PURCHASERS ARE ENTITLED TO MEMBERSHIP IN THE TERRE DU LAC ASSOCIATION. THE RESTRICTIVE COVENANTS FOR PLAT 5A PROVIDE THAT SUCH LOTS SHALL BE USED EXCLUSIVELY FOR MEMBERSHIP PURPOSES AND THAT BUILDING IS PROHIBITED ON MEMBERSHIP LOTS. MEMBERSHIP LOTS WILL NOT CONTAIN WATER OR SEWER LINES.

Pursuant to an amendment to the restrictions, we have the authority to change the restrictions, limitations, uses, covenants and conditions for the purpose of re-platting, re-subdividing, or changing any and all restrictions and covenants provided that any such change is first submitted to and approved by the Terre du Lac Association, through its Board of Directors. The restrictions may be changed, altered, amended or revoked in whole or in part by the membership being provided notice of the date, place, and time of a meeting conducted by the Board for the Association to change, alter, amend or revoke all or part of the covenants and restrictions. A sixty percent favorable vote of those votes cast at the meeting shall be sufficient to effect the change, alteration, amendment or revocation proposed. An amendment to the

restrictive covenants proposed either by the Board for Terre du Lac Association, Inc. or us may be accomplished by the proposed amendment receiving a favorable vote by at least 60% of the votes actually cast.

Easements

The restrictions reserve a 15-foot wide easement along both sides of all road rights-of-ways and a 10-foot wide easement along the side and rear lines of all lots for the installation and maintenance of utility lines, gas and water mains, sewer lines and drainage.

A sixteen foot wide easement along the side and back of each lot is dedicated to the Union Electric Company and other utility companies to construct, reconstruct, use, operate and maintain overhead and underground utilities.

A four foot wide easement, two feet on each side of all lot lines, street rights of ways and subdivision boundaries has been reserved for the purpose of land surveys.

The restrictions grant an easement over and through the lots adjacent to the golf course in Plat 30 for the purpose of permitting all acts necessary and proper to facilitate the playing of golf on the adjacent golf course.

The subdivision is not subject to any flood control or flowage easements.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

The subdivision plats are not required to be approved by any regulatory authorities prior to recordation. The plat maps have been recorded in the Office of the Recorder of Deeds of St. Francois County, Missouri and/or the Office of the Recorder of Deeds of Washington County, Missouri.

Zoning

The restrictions limit the use of the lots being sold to single family dwellings. Pursuant to an amendment to the restrictive covenants, condominiums are authorized upon Lots 2, 3, 4, and 5 of Block G and Lots 8-15, inclusive, of Block K of Terre du Lac Plat 4. At present, there are no local zoning ordinances affecting the subdivision.

Surveying

Each lot in the subdivision has been surveyed but not all lots have been staked or marked for identification; however, all lots will be staked with steel pins prior to any construction on the lot or at your request. The cost of the original lot survey and staking will be absorbed by us; however, if after your purchase you deem it necessary to restake your lot, you will bear the cost thereof.

Permits

You must obtain the following permits or approvals prior to the construction of your home:

1. You must obtain a building permit from the Terre Du Lac Architectural Board before you will be able to construct on your lot.
2. If you own a waterfront lot, you must obtain our written approval or that of our assigns prior to constructing or placing into or on any lake boat docks, floats or other structures extending into any lake.

No other permits are needed to use the lots for the purpose for which they are being sold.

Environment

We are not aware of any governmental environmental impact study which has been prepared on this subdivision. No determination has been made as to the possible adverse effects the subdivision may have upon the environment and surrounding area.

ROADS

ACCESS TO THE SUBDIVISION

Access to the subdivision is provided by the roads listed below:

ROUTE NUMBER	SURFACE	WIDTH OF WEARING SURFACE	LANES
Missouri Highway 47	asphalt	24 feet	2
Missouri Highway 8	asphalt	24 feet	2

These roads are public roads which are maintained by the State of Missouri. You will not be assessed for the maintenance costs incurred for these roads. No improvements to these roads are planned.

ACCESS WITHIN THE SUBDIVISION

Access from the subdivision entrance to the lots in the subdivision will be provided by 16 to 20 foot wide, 2 lane roads. All roads will accommodate at least one lane of traffic in each direction with some of the arterial roads accommodating two lanes of traffic in each direction. The rights of way for these roads are private and are dedicated on the recorded plats to the use of lot owners.

All 71 miles of roads within the subdivision have been completed with a permanent surface. Of the approximate 71 miles of roads in the subdivision, approximately 26 miles of roads have been completed with a loose 2 inch road mixed asphalt surface compacted to 1-1/2 inches on the average or its equivalent. The remaining 45 miles of roads within the subdivision have been completed with a permanent gravel surface.

The Association has assumed the responsibility of maintaining all roads in the subdivision. The By-Laws of the Association provide that the Association is required to maintain all roads after the permanent surfacing thereof. Each purchaser will pay his pro rata share of the road maintenance costs through the Association dues, currently \$50.00 per year, which are used in part for road maintenance, as well as through the Association assessment, currently \$110.00 per year. The Association dues and the assessment may need to be increased to cover the cost of road maintenance. The roads will be maintained so as to provide access to the lots on a year-round basis.

Plat 5A consists of Membership Lots and no roads or utilities are required. These lots are maintained in a "Park Like" condition and building is prohibited upon them.

The table below identifies the distance from the center of the subdivision to nearby communities:

NEARBY COMMUNITIES	POPULA- TION	DISTANCE OVER PAVED ROADS	DISTANCE OVER UNPAVED ROADS	TOTAL
Farmington, MO (County Seat)	6,590	14.0 mi.	0 mi.	14.0 mi.
Bonne Terre, MO	3,700	3.5 mi.	0 mi.	3.5 mi.
Potosi, MO	4,000	8.0 mi.	0 mi.	8.0 mi.
Festus-Crystal City, MO	15,000	23.0 mi.	0 mi.	23.0 mi.
St. Louis, MO	665,000	60.0 mi.	0 mi.	60.0 mi.
Desloge, MO	3,800	8.0 mi.	0 mi.	8.0 mi.
Flat River, MO	4,450	10.0 mi.	0 mi.	10.0 mi.

UTILITIES

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

WATER

The subdivision will be served by a central water system. Lots in Plat 5A are membership lots upon which building is prohibited. Therefore, a water system is not required in Plat 5A. Water hook-ups are available at the trailer sites in the Big River Camping Facilities (one of the recreational facilities in this subdivision). A comfort station with showers is also available in the Big River Camping Facilities.

Central System

Water is supplied to the subdivision by Terre Du Lac Utilities Corporation, 74 Rue Terre Bonne, Bonne Terre, Missouri 63628, a publicly regulated utility company which operates under the jurisdiction of the Missouri Public Service Commission.

Terre Du Lac Utilities Corporation has advised us that the central supply plant and water mains are complete and available to all plats within the subdivision. Terre Du Lac Utilities Corporation has further indicated that subject to your payment of the then effective water tariff, as filed with and approved by the Missouri Public Service Commission, it will extend the central water lines to your lot within 90 days after service is requested by you in order to furnish water to an existing residence on your lot. The principal features of the currently effective water tariff are as follows:

(i) If the cost of extending the central water line to your lot is less than \$250, the entire expense will be borne by Terre Du Lac Utilities Corporation.

(ii) If the cost of extending the central water line to your lot is more than \$250, you will be required to pay the amount of such expense in excess of \$250. However, you will be entitled to receive from Terre Du Lac Utilities Corporation a refund of \$250 for each additional water customer who connects his residence to such extended portion of the central water line during the 10 year period following the installation of such extension, subject to the understanding that the aggregate amount of such refund will not exceed the amount paid by you to Terre Du Lac Utilities Corporation in respect to the original extension of the water line.

Terre Du Lac Utilities Corporation has stated that the central water plant has the present capacity to serve 5,000 connections and that the capacity of the water plant will be expanded when approximately 5,000 lots have connected to the system. Terre Du Lac Utilities Corporation has further stated that it will serve all lots in Plats 1-30 of the subdivision.

THE CENTRAL WATER SYSTEM HAS THE PRESENT CAPACITY TO SERVE 5,000 LOTS. APPROXIMATELY 1037 CONNECTIONS TO THE SYSTEM HAVE BEEN MADE.

The chemical and bacteriological content of the water system has been tested; the tests show that the water meets all standards for a public water supply. An engineer's report has stated that the source of water is sufficient to serve the anticipated population of the subdivision.

All necessary permits for the construction, use and operation of the water system have been obtained.

You will be required to pay all applicable tariffs relative to the connection and use of the central water system, as approved by the Missouri Public Service Commission. In addition, you will be required to pay to Terre Du Lac Utilities Corporation a water service connection charge, which is currently \$520.74.

You will not be permitted to use individual water systems and water will not be available until after the central water system has been completed to your lot.

SEWER

Terre Du Lac Utilities Corporation has advised us that the methods of sewage disposal to be used within the subdivision are as follows:

1. Subject to the then-effective sewer tariffs, a central system will serve lots in all Plats with the exception of Plat 28.
2. Purchasers of lots in Plat 28 must use individual mechanical aeration systems.
3. Five comfort stations have been constructed for the recreational areas of this subdivision.

Sewers are not required in Plat 5A as the lots in Plat 5A are Membership lots upon which building is prohibited.

Individual Systems

If you purchase a lot in Plat 28, you will be required to install, at your expense, an individual mechanical aeration system. The cost of such systems, including the installation thereof, will range between \$900.00 and \$1,100.00. The use of individual mechanical aeration systems has been approved by the Missouri Clean Water Commission. Permits for the installation of such systems are not required. The fact that permits are not required should not affect the availability of financing from banks or other financial institutions or have any other adverse effect upon you.

Comfort Stations

Five comfort stations have been constructed in the following locations: the Golf Course, Lac Capri, Lac Marseilles, the Picnic Area and the Big River Camping Facilities. The comfort station at the Big River Camping Facilities contains showers and water and electric hook-ups and will serve 125 trailer sites and the tenting area. The other comfort stations are basically toilets. All comfort stations have been completed. The comfort station at Lac Capri was constructed by Terre Du Lac Association, Inc. All other comfort stations were constructed by us at no cost to you.

TDL Country Club, Inc. is responsible for the maintenance of the comfort station at the Golf Course. DCW Enterprises, Inc., the owner of the Big River Camping Facilities, is responsible for the maintenance of the comfort station at the Big River Camping Facilities. The comfort stations at Lac Marseilles and the Picnic Area were conveyed to the Association by deed, and the Association is responsible for the maintenance of those comfort stations, as well as the comfort station at Lac Capri.

The only cost to you for the maintenance of the comfort stations owned by the Association is that a portion of the Association dues and assessment may be used for the maintenance of the comfort stations.

Central System

Terre Du Lac Utilities Corporation provides the central sewer facilities serving the subdivision and has advised us that the central sewage treatment plant has been completed and is available for all plats within the subdivision, except Plat 28 which will use individual mechanical aeration systems. Plats 1, 2, 2B, 3, 5 and 5C are served by a gravity sewerage system and the remaining plats (excluding Plat 28) are expected to be served by the pressure sewerage system.

Terre Du Lac Utilities Corporation has indicated that subject to your payment of the then effective sewerage tariffs, as filed with, and approved by, the Missouri Public Service Commission, it will extend the central sewer lines to your lot within 90 days after service is requested by you in order to provide sewage disposal facilities to an existing residence on your lot. The principal features of the currently effective sewerage extension tariffs are as follows:

- (i) If the cost of extending the central sewer line to your lot is less than \$400, the entire expense will be borne by Terre Du Lac Utilities Corporation.

(ii) If the cost of extending the central sewer line to your lot is more than \$400, you will be required to pay the amount of such expense in excess of \$400. However, you will be entitled to receive from Terre Du Lac Utilities Corporation a refund of \$400 for each additional sewer customer who connects his residence to such extended portion of the central sewer line during the 10 year period following the installation of such extension, subject to the understanding that the aggregate amount of such refund will not exceed the amount paid by you to Terre Du Lac Utilities Corporation in respect to the original extension of the sewer line.

(iii) If the cost of extending the central sewer line to your lot is more than \$2,500, you may install an individual mechanical aeration unit as interim treatment facility until such time as the central sewer line is extended to within 100 feet of your lot.

In addition to the above extension costs, whenever you connect to the central sewer system, you will be required to pay to Terre Du Lac Utilities Corporation a sewer service connection fee which is currently \$400.00.

If you buy a lot located in a Plat serviced by the gravity sewerage system you will be required to install at your expense the gravity sewer lines from your home to the central sewer collection line. The cost of this installation is estimated to range between \$150 and \$250. At the time of your request for connection to the central line, you will also be required to pay a sewer service connection fee which is currently estimated to be \$400.

If the lot you buy from Terre Du Lac, Inc. is located in a plat serviced by the pressure sewer system and the central sewer line has been, or will be extended to within 100 feet of your lot at the time you wish to build a residence on your lot, you will be required to purchase, at your expense, an appropriate sewer holding tank and electric pump with automatic controls for the purpose of accommodating your residence. In addition to the cost of such equipment, you will also be required to install, at your expense, the holding tank, electric pump and the sewer line from the holding tank to the central sewer collection line. The current cost of such equipment is approximately \$1,733 and the current cost of installation is estimated to range between \$100 and \$500.

If you buy your lot from Terre Du Lac, Inc. and at the time you wish to build a residence on your lot, the central sewer line has not been extended to within 100 feet of your lot, you may install an approved individual mechanical aeration unit to accommodate your residence. You will be responsible for purchasing and installing the aeration unit and for bearing the cost thereof. The current cost of an aeration unit, including the installation thereof, is estimated to range between \$900 and \$1,100.

When the central sewer line has been extended to within 100 feet of your lot, you will be required to discontinue the aeration unit and to convert to the central sewer system, at your expense. The cost of such conversion is estimated to be approximately \$1,500, plus \$226 for the parts required for the conversion. In addition, you will be responsible for the cost of installation of the sewer line from the unit to the central sewer collection line, which is currently between \$100 and \$500, and the sewer connection fee, currently \$400.

A GUIDELINE THAT NOT MORE THAN 30% OF THE LOTS IN THE SUBDIVISION MAY BE SERVED BY INDIVIDUAL AERATION SYSTEMS HAS BEEN ESTABLISHED. APPROXIMATELY 5% OF THE LOTS IN THE SUBDIVISION ARE CURRENTLY USING THESE SYSTEMS. IF THE 30% GUIDELINE IS EXCEEDED, YOU MAY NOT BE ABLE TO BUILD ON YOUR LOT UNTIL THE CENTRAL SEWER SYSTEM IS EXTENDED TO YOUR LOT.

The central sewage treatment plant has been completed and has the present capacity to serve 5000 connections. The capacity of the treatment plant will be expanded when approximately 5000 lots have connected to the system or when an overload condition is anticipated.

All necessary permits for the construction, use and operation of the central sewer system have been obtained by Terre Du Lac Utilities Corporation.

ELECTRICITY

Electricity is available to the subdivision and will be supplied to lots located in St. Francois County, Missouri, by Union Electric Company, P.O. Box U, Flat River, Missouri 63601 and to lots located in Washington County, Missouri by Arkansas-Missouri Power Company, 405 W. Park Street, Blytheville, Arkansas 72315. Both companies are publicly regulated utilities. Electrical facilities are extended to individual lots as service is requested. The utility companies currently install the facilities at no cost to you. Electrical hook-ups are available at the trailer campsites in the camping area. We are not responsible for the installation of electrical facilities and can give no assurance that electrical facilities will be available.

TELEPHONE

Telephone service is available to the subdivision from Southwestern Bell Telephone Company, a publicly regulated utility, with district offices located in Flat River, Missouri. Telephone facilities are extended to individual lots on a request basis. The facilities are installed by the telephone company. The current installation cost you will be required to bear is approximately \$36.50, but will vary in accordance with published rates regulated by the Missouri Public Service Commission. If you have no prior credit experience with Southwestern Bell Telephone Company, you may also be required to make a security deposit which is currently \$40.00.

Telephone service is normally installed within (2) weeks after request. A delay of up to four (4) months may be encountered under certain circumstances. We are not responsible for providing telephone service and can give no assurance that it will be available.

FUEL OR OTHER ENERGY SOURCE

In addition to electricity, you may want to utilize bottled propane gas for heating and/or cooking. Bottled propane gas is available from several local suppliers, including Cal-Gas,

905 E. Karsch Boulevard, Farmington, Missouri. The current installation charge for a 1,000 gallon tank is time and materials, at \$30.00 per hour plus parts, plus an annual rental fee of \$50.00. The current installation charge for a 500 gallon tank is time and materials, at \$30.00 per hour plus parts, plus an annual rental charge of \$50.00.

Please consult the supplier for the applicable costs to you for using this alternative energy source. We are not responsible for providing propane gas and can give no assurance that it will be available.

FINANCIAL INFORMATION

The discussion in this section will focus on our financial position.

We experienced an operating loss during the last fiscal year. This will not affect our ability to complete promised subdivision facilities as all promised subdivision facilities have been completed; however, it could affect our ability to discharge other financial obligations.

Copies of our unaudited financial statements for the period ending December 31, 2013, are available from us upon request.

LOCAL SERVICES

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

FIRE PROTECTION

Fire protection is available year-round to the subdivision from Bonne Terre Rural Fire Department, a volunteer force, and from Terre Du Lac Association, Inc., which maintains its own volunteer fire department within the subdivision.

All property owners are entitled to receive fire protection from both the Bonne Terre Rural Fire Department and the Association's volunteer fire department. The annual charge of the Bonne Terre Rural Fire Department is currently paid by the Property Owners' Association. Buyers may be subject to assessments levied by the Association to cover the costs of the fire protection. The water system in the subdivision includes fire hydrants on all water mains at intervals recommended by the Missouri Inspection Bureau Insurance Rating and the National Board of Fire Underwriters.

POLICE PROTECTION

Police protection is available to the subdivision from the Missouri State Patrol and the St. Francois and Washington County Sheriff Departments. In addition, a full-time police department is on duty in the subdivision. The department is governed by Terre Du Lac Association, Inc. and equipped by the Association from the dues of the Association.

SCHOOLS

The nearest elementary and junior high schools available to residents of the subdivision are located in Bonne Terre, Missouri. The nearest senior high school available to residents of the subdivision is located in Desloge, Missouri.

School bus transportation is available from the subdivision to these schools.

HOSPITALS

The nearest hospital available to residents of the subdivision is Bonne Terre Community Hospital located in Bonne Terre, Missouri. Other hospitals available to residents of the subdivision are Washington County Memorial Hospital, Highway 21, Potosi, Missouri; Farmington Community Hospital, Farmington, Missouri; and Mineral Area Osteopathic Hospital, Farmington, Missouri.

Ambulance service is available from a private company in Bonne Terre on a twenty-four hour basis.

PHYSICIANS AND DENTISTS

Physicians' and dentists' offices are located in Bonne Terre, Missouri.

SHOPPING FACILITIES

A gas station and a convenience food store are available in the subdivision. The nearest shopping facilities to the subdivision are in Bonne Terre and Flat River. Food stores, gas stations, clothing stores, drug stores, banks and hardware stores are located in Bonne Terre, four (4) miles from the subdivision. All normal shopping facilities, including major stores and outlets are found in Flat River, ten (10) miles from the subdivision. The St. Louis shopping area is located fifty (50) miles from the subdivision.

MAIL SERVICE

The U.S. Postal Service currently delivers mail to each of the homes located in the subdivision, provided that the distance from one house to the other does not exceed one mile. If the distance exceeds one mile, however, you may place a mailbox within one mile of the last point of delivery, thereby qualifying for mail delivery service. The Post Office responsible for serving the subdivision is located at 103 N.E. Main, Bonne Terre, Missouri 63628.

PUBLIC TRANSPORTATION

No public transportation is available from the subdivision to nearby municipalities. The nearest public transportation is the Greyhound Bus Line in Bonne Terre, Missouri, approximately 4 miles from the subdivision.

RECREATIONAL FACILITIES

FACILITY	PERCENTAGE OF CONSTRUCTION COMPLETE	ESTIMATED DATE OF START OF CONSTRUCTION (month/ year)	ESTIMATED DATE AVAIL- ABLE FOR USE (month/ year)	FINAN CIAL ASSUR- ANCE OF COMPLE- TION	BUYER'S ANNUAL COST OR ASSESS- MENTS
<u>Country Club</u>					
<u>Facility</u>					
Golf Courses					
(18 holes)	100%	N/A	Available	N/A	(1)
(9 holes)	100%	N/A	Available	N/A	(1)
Golf Pro- Shop	100%	N/A	Available	N/A	(1)
Indoor Swim- ming Pool	100%	N/A	Available	N/A	(1)
Outdoor Swim- ming Pool	100%	N/A	Available	N/A	(1)
Tennis Courts (3)	100%	N/A	Available	N/A	(1)
Club House	100%	N/A	Available	N/A	(1)
<u>All Purpose</u>					
<u>Lakes (five)</u>					
Lac Carmel	100%	N/A	Available	N/A	(3)
Lac Capri	100%	N/A	Available	N/A	(3)
Lac Mar- seilles	100%	N/A	Available	N/A	(3)
Lac Lafitte	100%	N/A	Available	N/A	(3)
Lac Shayne	100%	N/A	Available	N/A	(3)

Fishing Lakes
(eleven)

Lac Renee	100%	N/A	Available	N/A	(3)
Lac Benet	100%	N/A	Available	N/A	(3)
Lac Catalina	100%	N/A	Available	N/A	(3)
Lac Bergerac	100%	N/A	Available	N/A	(3)
Lac Darcie	100%	N/A	Available	N/A	(3)
Lac Michel	100%	N/A	Available	N/A	(3)
Lac Bourbon	100%	N/A	Available	N/A	(3)
Lac Emerald*	100%	N/A	Available	N/A	(3)
Lac Calista	100%	N/A	Available	N/A	(3)
Lac Veron*	100%	N/A	Available	N/A	(3)
Lac Tiffany	100%	N/A	Available	N/A	(3)

Parks and
Recreation
Areas

100%	N/A	Available	N/A	(2), (3)
------	-----	-----------	-----	----------

Recreation
Pavilion

100%	N/A	Available	N/A	(1)
------	-----	-----------	-----	-----

Miniature Golf
Course

100%	N/A	Available	N/A	(2)
------	-----	-----------	-----	-----

Big River Camping Facilities

125 Trailer Sites,
comfort sta-
tion and
tenting area

100%	N/A	Available	N/A	(4)
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- * Lac Emerald and Lac Veron are currently experiencing problems of leakage which have caused their respective water levels to fall below pool level. The water level of Lac Emerald is approximately 8 feet below pool level and the water level of Lac Veron is approximately 5 to 6 feet below pool level. Although we have repeatedly attempted to locate the leaks, due to the unique characteristics of the existing rock formations, we have been unable to locate the point of leakage.

Accordingly, we cannot assure that there will be no additional leakage in the future. You should carefully consider your decision to purchase a lot in this subdivision if it is based on the maintenance of Lac Emerald and Lac Veron at full pool level. If additional leakage occurs, the value of your lot may be adversely affected.

WE DO NOT OWN THE COUNTRY CLUB FACILITY AND THE BIG RIVER CAMPING FACILITIES; HOWEVER, WE HAVE ENTERED INTO AGREEMENTS WITH THE OWNERS OF THE FACILITIES TO ASSURE THEIR CONTINUED AVAILABILITY TO LOT PURCHASERS IN TERRE DU LAC.

FOOTNOTE (1): The Country Club facilities are owned by TDL Country Club, Inc., and not the developer. TDL Country Club, Inc. has advised us that the following memberships are currently available to buyers:

The term "family" is defined to mean the buyer, his or her spouse, and all of their unmarried, dependent children under the age of twenty-one (21).

1. Owner-Membership. This membership entitles the member and eligible members of his family to utilize all of the Country Club facilities, including the club house and the golf courses, upon payment of all appropriate posted fees, dues and assessments. An Owner-Member and eligible members of his family shall have the right to use the outdoor swimming pool and the tennis courts of the Country Club without payment of the posted user fees. The current initiation fee for Owner-Members is \$3,000, which fee is subject to change without notice. The current annual membership fee is \$300.00. If an Owner-Member relinquishes his membership, he will be entitled to a refund of the \$3,000.00 initiation fee at such time as the membership is acquired by an individual from the waiting list for such membership. The refund will be subject to such rules and conditions as are in effect at the time the Owner-Member relinquishes his membership. An Owner-Member is entitled to obtain an annual family golf membership and to own and use a private golf cart. The current annual family golf membership is \$1,000.00 and the current annual private cart fee is \$420.00.
2. Class A Membership. This membership entitles the buyer and each member of his family (as hereinafter defined) to utilize all of the Country Club facilities, including the club house, the golf courses, the tennis courts and the outdoor swimming pool upon the payment of all appropriate fees, dues and assessments. The current initiation fee for this membership is \$3,000. The current annual membership fee is \$300. A Class A Member is entitled to day golf privileges upon the payment of daily green fees which currently range between \$15 and \$18. The Class A Member and his family shall have the right to use the swimming pool and the tennis courts of the Country Club without payment of the posted fees.

At the present time, a Class A Member who is in good standing shall have the right to transfer his Class A Membership upon payment of a transfer fee which is equal to 15% of the then existing initiation fee for Class A Membership in the Country Club. The transferee of such membership will be required to pay an initiation fee to TDL Country Club, Inc. which is equal to the then existing initiation fee less the product of (i) \$6.25 and (ii) the aggregate amount of the monthly Membership Fee paid by the Class A Member to the date of transfer. For example, if the initiation fee at the date of transfer is \$3,000 and if the aggregate amount of the monthly Membership Fee paid by the Class A Member as of the date of transfer is \$360, then the initiation fee required to be paid by his transferee will be \$750, computed as follows: $\$3,000 - (6.25 \times \$360) = \$750$. Under no circumstances, however, shall the amount of the credit exceed the then initiation fee.

3. Golf-Social and Social Membership. In addition to the above memberships, TDL Country Club, Inc. has advised us that it is currently offering, on a limited basis, Golf-Social Memberships and Social Memberships to non-property owners and property owners who do not acquire their lots from us.

In order to qualify for a Golf-Social Membership, such member must pay an annual fee of \$360 to TDL Country Club, Inc. Such membership will entitle the member to have access to all of the Country Club facilities upon payment of the then current posted fees. This membership is not transferable and may be terminated at any time by TDL Country Club, Inc. In order to qualify for a Social Membership, such member must pay an annual fee of \$180 to TDL Country Club, Inc. Such membership will entitle the member to have access to all of the Country Club facilities (excluding the golf courses) upon payment of the then current posted fees. This membership is not transferable and may be terminated at any time by TDL Country Club, Inc.

TDL Country Club, Inc. has reserved the right to increase any of the above charges, including the initiation fee, the Membership Fee, the membership dues and all other non-membership charges and fees in order to account for rising costs. Buyer and his family shall be required to comply with all of the rules and regulations governing the use of the Country Club facilities.

FOOTNOTE (2): In the event any of the developer-owned facilities are conveyed to the Property Owners' Association, Terre Du Lac Association, Inc., buyers may be subject to assessments levied by the Association to cover the operation and maintenance of such facilities. Buyers are currently required to pay Association dues of \$50.00 per year and the Association assessment of \$110.00 per year, but such dues and assessments may be increased to reflect rising costs.

FOOTNOTE (3): We have already conveyed by deed to the Association the following facilities:

Plat No. 5 Park; Plat No. 5 Recreation Area; Lac Marseilles Park; Plat No. 14 Lac Marseilles Beach Area and Boat Launch Ramp; Plat No. 17 Lac

Capri Beach Area and Boat Launch Ramp; Plat No. 3 Common Ground including Lac Carmel Beach Area, Boat Launch Ramp, and Floating Boat Dock; Plat No. 8 Park; Big River Picnic Area, Lac Shayne and Lac Lafitte Boat Launch Area and the following lakes: Lac Bourbon, Lac Carmel, Lac Darcie, Lac Michel, Lac Bergerac, Lac Benet, Lac Renee, Lac Capri, Lac Marseilles, Lac Catalina, Lac Lafitte, Lac Shayne, Lac Emerald, Lac Calista, Lac Veron and Lac Tiffany. Buyers may be subject to assessments for the operation and maintenance of these facilities. In our sole discretion, we may convey other developer-owned recreational facilities to the Terre Du Lac Association, Inc. In the event any such facilities are conveyed to the Association, the Association will be responsible for the maintenance and operation of the facilities.

FOOTNOTE (4): DCW Enterprises, Inc. has advised us that trailer sites with appropriate water and electric hookups are available to you at a current rate of \$61.00 per month. No other assessments or recurring charges are to be paid by you with respect to this facility.

Maintaining the Facilities

We are currently responsible for operating and maintaining the facilities we own. TDL Country Club, Inc., a Missouri not-for-profit corporation, is responsible for operating and maintaining the Country Club facilities, including the 9-hole golf course in Plat 30, which it has purchased from us. DCW Enterprises, Inc., a Missouri corporation, is responsible for operating and maintaining the Big River Camping Facilities, which it has purchased from us.

We have already conveyed by deed to the Association the following facilities:

Plat No. 5 Park; Plat No. 5 Recreation Area; Lac Marseilles Park; Plat No. 14 Lac Marseilles Beach Area and Boat Launch Ramp; Plat No. 17 Lac Capri Beach Area and Boat Launch Ramp; Plat No. 3 Common Ground including Lac Carmel Beach Area; Boat Launch Ramp and Floating Boat Dock; Plat No. 8 Park; Big River Picnic Area, Lac Shayne and Lac Lafitte Boat Launching Area and the following lakes: Lac Bourbon, Lac Carmel, Lac Darcie, Lac Michel, Lac Bergerac, Lac Benet, Lac Renee, Lac Capri, Lac Marseilles, Lac Catalina, Lac Lafitte, Lac Shayne, Lac Emerald, Lac Calista, Lac Veron and Lac Tiffany.

The Association is responsible for operating and maintaining the above facilities.

In our sole discretion, we may convey other developer-owned recreational facilities to the Terre Du Lac Association, Inc. In the event any such facilities are conveyed to the Association, the Association will be responsible for the maintenance and operation of the facilities.

Transfer Of The Facilities

The developer-owned recreational facilities are presently affected by liens, as indicated below:

TYPE OF LIEN

Deed of Trust and Security
Agreement securing the James
O. Kwon Trust.

FACILITY AFFECTED

All developer-owned recreational
facilities.

We may, in our discretion, convey by deed additional developer-owned recreational facilities to the Association. The conveyance of such facilities will be effected upon such terms and conditions as we may determine.

From and after the time any of the developer-owned recreational facilities are conveyed to the Association, you may be subject to assessments levied by the Association to cover the operation and maintenance of such facilities. You are currently required to pay Association fees of \$50.00 per year and an assessment of \$110.00 per year, but such dues and assessments may be increased to reflect rising costs.

Pursuant to an agreement which we entered into with TDL Country Club, Inc., a Missouri not-for-profit corporation, effective as of March 12, 1990, we sold to TDL Country Club, Inc. by appropriate warranty deed and bill of sale, the real and personal property constituting the Country Club facilities, including the 9-hole golf course in Plat 30. Lot purchasers will not be adversely affected by such transfer as the owners of residential lots in the subdivision currently have access to and membership in the Country Club facilities, provided that they comply with the rules and regulations established from time to time by TDL Country Club, Inc.

Pursuant to an agreement which we entered into with DCW Enterprises, Inc., a Missouri corporation, effective September, 1982, we sold to DCW Enterprises, Inc. by appropriate warranty deed the real property constituting the Big River Camping Facilities. Lot purchasers will not be adversely affected by such transfer because as part of the purchase agreement, DCW Enterprises, Inc. has covenanted to permit members of the Association to have access to the Big River Camping Facilities, provided that they comply with the rules and regulations established from time to time by DCW Enterprises, Inc. DCW Enterprises, Inc. has further covenanted that it will not convey the Big River Camping Facilities to any third party unless it agrees, among other things, to permit members of the Association to have access to the Big River Camping Facilities.

Who May Use The Facilities

All members of the Property Owners' Association, members' families and their invited guests, as well as our guests, including prospective purchasers who are invited by us, may use these recreational facilities, with the exception of the Country Club facilities. Only members of the Country Club and guests of members may use the Country Club facilities, provided that they comply with the rules and regulations governing the use of the Country Club facilities. Assuming that the required membership fees are paid and minimum qualifications for membership are met, lot owners in the subdivision will be accepted for membership in the Country Club.

SUBDIVISION CHARACTERISTICS AND CLIMATE

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

GENERAL TOPOGRAPHY

The land in the subdivision is hilly with approximately forty (40%) percent of the land being level. Most of the hills slope gently leaving ninety-five (95%) percent of the lots suitable for the erection of dwelling sites. The majority of the ground contains a red clay base with some rock. The soil near the river is sandy in substance.

Approximately 1% of the subdivision area will remain as developed parkland.

There are no steep slopes, rock outcroppings, or unstable or expansive soil conditions which will necessitate the use of special construction techniques to build on or to use any lot in the subdivision. All of the lots in the subdivision have slopes of less than 20 percent.

WATER COVERAGE

None of the lots in the offering or portions thereof are covered by water at any time during the year or are subject to floods.

DRAINAGE AND FILL

All lots in the subdivision may require fill before construction of residential structures. Fill will normally consist of base material common to the area. You will be responsible for the cost of fill. The cost of fill will depend upon your preference as to design and location of your house, but is not expected to exceed \$1,000.00.

Other than the use of fill, the only corrective work which may be required is the excavation of subsurface rock during basement or foundation construction. Such rock may be encountered on approximately 20% of the lots in the subdivision. When necessary, the excavation of rock will cost approximately \$5.00 per cubic yard over the normal cost of basement or foundation excavation. The total additional cost of such work is estimated to range from \$100.00 to \$1,000.00.

FLOOD PLAIN

The subdivision is not located in a flood plain. The area of the subdivision has not been formally identified by any Federal, State, or local agency as being in an area which is flood prone or in a flood plain.

FLOODING AND SOIL EROSION

We do not have a comprehensive plan to control soil erosion or sedimentation. Soil erosion or sedimentation may result in property damage and create a possible health and safety hazard.

NUISANCES

The land in the subdivision is not subject to any onsite or offsite unpleasant odors, noises, pollutants, or other nuisances except as noted below:

Interim sewage treatment facilities will be located throughout the subdivision in each plat until such time as central collection lines can be extended into those areas. Except for individual lagoons and aeration plants serving isolated residences which do not currently economically justify the construction of central sewer collection lines to such facilities, the interim sewage treatment facilities will only be used for a period of one to two years in each plat of the subdivision, excluding Plat 28. From time to time, the interim sewage treatment facilities may produce odors until such time as corrective action can be instituted. If properly operated, however, such interim facilities should not emit any offensive odors.

The primary sewage treatment facility of the gravity system is located adjacent to Plat 3 approximately 500 feet from the nearest lot being offered. Two lift stations are located adjacent to Plat 1 and Plat 5, respectively, and are more than 200 feet from the nearest lot being offered. A single-cell waste stabilization lagoon is located adjacent to Plat 12, approximately 100 feet from the nearest lot being offered.

The primary treatment facility of the pressure system is located near Plat 20, approximately 500 feet from the nearest lot being offered.

A quarry which was previously used for the purpose of producing crushed rock for the roads within the subdivision is located in an unplatted area east of Plat 28 and is approximately 500 feet from the nearest lot being offered. The quarry is no longer being operated. We also maintain two water storage tank facilities within the subdivision. One facility is located in an unplatted area adjacent to Plat 15 and is approximately 250 feet from the nearest lot being offered. The other water storage tank facility is located in an unplatted area adjacent to Plats 7 and 11 and is approximately 100 feet from the nearest lot being offered (such lots being identified as Plat 11, Block A, Lot 12 and Plat 7, Block M, Lot 15). Neither the quarry nor the water storage tank facilities constitute a nuisance or adversely affect the use of the land.

HAZARDS

We are unaware of any unusual safety factors or any proposed plans, private or governmental, for the construction of any facility which may create a nuisance or safety hazard or adversely affect the use of the land.

The land of the subdivision is not subject to floods, hurricanes, mudslides, forest fires, avalanches or volcanic eruptions. While the subdivision has not been subject to tornadoes, it is located in the midwestern United States, and therefore subject to the possibility of tornadoes. The subdivision's proximity to the New Madrid Fault creates the occurrence of occasional tremors, which have never caused damage in the subdivision. The undeveloped areas of the development have been subject to occasional brushfires which have not spread outside the undeveloped areas.

No portion of the subdivision has been formally identified by any Federal, state, or local agency as being subject to the frequent occurrence of natural hazards. The local jurisdiction does not have a rating system for fire hazards.

CLIMATE

The average temperatures for summer and winter are contained in the table below.

	<u>HIGH</u>	<u>LOW</u>	<u>MEAN</u>
Summer	111 degrees	40 degrees	76.5 degrees
Winter	79 degrees	-22 degrees	36.5 degrees

The average annual rainfall is 35 inches and the average snowfall is 16 inches.

OCCUPANCY

As of March 13, 2013, approximately 1276 homes in the development are occupied on either a full-time or part-time basis.

ADDITIONAL INFORMATION

In this section we will discuss the following areas:

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

PROPERTY OWNERS' ASSOCIATION

A Property Owners' Association has been incorporated under the laws of the State of Missouri. The organization, known as "Terre Du Lac Association, Inc." is operating for the mutual benefit of the property owners.

At this time we name only one Director on the seven-member Board of Directors and accordingly our control of the Association has ceased.

Within 14 days after you purchase a lot in this subdivision, you automatically become a member of the Association.

You will be required to pay annual dues and an annual assessment to the Association after signing your contract of purchase. The dues are currently \$50.00 per year, and the assessment is currently \$110.00 per year, which dues and assessments are subject to increase to reflect rising costs. In the event any of the common facilities are conveyed to the Association, you may be subject to assessments levied by the Association to cover the operation and maintenance of such facilities.

The Association is responsible for maintaining all roads in the subdivision and for maintaining common facilities, lakes and parks which have been conveyed to the Association and is currently maintaining all such facilities. An increase in assessments or fees may be necessary to continue these functions.

The Board of the Association has architectural control of the subdivision. It has the authority to promulgate rules, regulations, provisions, limitations, fees, permits, permit applications and restrictions concerning, use, occupancy, and construction on property subject to the restrictive covenants. Pursuant to an amendment to the restrictive covenants, the Board must obtain prior approval from us of any rules, regulations, provisions, limitations, permit forms, permit application forms or restrictions not in existence as of the date of the amendment to the restrictive covenants by which the Board of the Association was granted the authority to promulgate rules regarding architectural control.

The current level of dues and assessments will meet the expected operating expenses, including maintenance and replacement costs, of the Association. However, if the dues and assessments are insufficient to meet the Association's expenses, the membership assessments will be increased to cover the deficit.

TAXES

From the date of closing of your lot purchase, you will be responsible for county real property taxes assessed by either St. Francois County or Washington County. The current taxes are estimated to range from approximately \$36.00 to \$72.00, depending upon the value and location of your lot.

The subdivision is not encompassed within a special improvement district. We are not aware of any proposal to include the subdivision in a special improvement district.

VIOLATIONS AND LITIGATION

On January 14, 1985 the Department of Registration and Education of the State of Illinois filed a Rule to Show Cause against Terre Du Lac, Inc. claiming alleged misrepresentations in the Illinois Offering Statement as to the completion of certain facilities. The developer vigorously denied the allegations and requested and was granted an informal hearing to resolve this matter. The developer maintains that all disclosures in the Illinois Offering Statement were true when made: changed plans were due to circumstances beyond their control; that Illinois purchasers also received copies of the Federal Property Report which contained more detailed disclosures; that completion dates for the central water and sewer system depend on requests for service. The Department and the developer have agreed to the disposition of the matter by entering into a Consent Order by which the parties have agreed that the developer will withdraw its Application for a Certificate of Registration under the Illinois Land Sales Act and that it will not resume land sales in the State of Illinois without first complying with the Illinois Land Sales Act. The parties have also agreed that the developer will not petition for a Certificate of Registration under the Illinois Land Sales Act until the first to occur of the following events: (1) all pending litigation between the developer and the Association in the federal and state courts have been finally adjudicated; (2) substantially all of the assets of the Terre Du Lac Development have been sold by the developer to an unrelated third party or (3) the date upon which 50% or more of the issued and outstanding stock of the developer has been sold to an unrelated third party. The Consent Order clearly states that the entry of this Consent Order is not to be construed in any manner of whatsoever as an admission by the developer of any violation of the Illinois Land Sales Act.

RESALE OR EXCHANGE PROGRAM

We have no program to assist you in the resale of your lot.

The following restrictions may hinder you in the resale of your lot: You may not post any signs in the subdivision without obtaining our approval. You will not be able to sell your lot to any person or persons not accepted for membership in Terre Du Lac Association, Inc. You may not sell your lot without first offering the lot to us and giving us at least 14 days to accept your offer.

Although we do not have a formal exchange program it is our practice to permit you to exchange your lot for one which is at least \$5,000 higher in price, provided that we have sufficient lots in inventory for such an exchange. However, we are not obligated to allow you to exchange one lot for another. Your request must be made within 2 years of the date of purchase. The interest paid on the original transaction will not be credited toward the price of the new lot.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968 by not directly or indirectly discriminating on the basis of race, color, religion, sex, handicap, familial status or national origin in our marketing and advertising, our lot services, or in the terms and conditions of our sales.

LISTING OF LOTS

The lots included in this offering consist of 5,515 lots described below.

The following lots recorded at the designated Book and Page in the records of the Recorder of Deeds of St. Francois County, Missouri:

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
1	I	1-7, 11, 13-26	9	55
	II	1-21		
	III	1-12		
	IV	1-16		
	V	1-11		
	VI	1-16		
	VII	1-15		
	VIII	1-15		
	IX	1-11		
	X	1-14		
	XI	1-10		
	XII	1-46		
	XIII	1-18		
	XIV	1-20		
	XV	1-23		

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
	XVI	1-18		
	XVII	1-14		
	XVIII	1-24, 26, 27		
TOTAL: <u>328</u> Lots.				
2	A	1-36	9	56
	B	1-16		
	C	1-16		
	D	1-16		
	E	1-21		
	F	1-22		
	G	1-25		
	H	1-20		
	I	1-16		
	J	1-33		
	K	1-46		
	L	1-24		
	P	1-8		
	R	1-15		
	T	1-7		
TOTAL: <u>321</u> Lots.				
2B	A	1-22	12	19
TOTAL: <u>22</u> Lots.				
3	A	1-7	11	11
	B	1-8		
	C	1-60		
	D	1-28		
	E	1-23		
	F	1-25		
	G	1-32		
	H	1-18		
	J	1-32		
	K	1-10		
	L	1-18		
	M	1-7		
	N	1-17		
	P	1-43		
	R	1-11		
	S	1-15, 17-30		

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
	T	1-16		
	U	1-10		
	V	1-23		
	W	1-17		
	Y	1-29		
	Z	1-18		
		TOTAL: <u>481</u> Lots.		
3A	A	1-2	11	54
		TOTAL: <u>2</u> Lots.		
4	A	1-15	11	19
	B	1-9		
	C	1, 3, 5-22		
	D	1-13		
	E	1, 2, 4-13		
	F	1-4		
	G	1-5		
	H	1-17		
	J	1-13		
	K	1-15		
	L	1-7		
		TOTAL: <u>130</u> Lots.		
5	A	1-25	11	39
	B	1-31		
	C	1-7		
	D	1-33		
	E	1-22		
	F	1-23		
	G	1-53		
		TOTAL: <u>194</u> Lots.		
5A	A	1-105	11	40
	B	1-55		
	C	1-23		
	D	1-23		
	E	16-42		
	F	12-23		
	G	1-18		

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
	H	1-23		
	J	1-22		
	K	1-13		
	L	12-16		
	M	9-20		

TOTAL: 338 Lots.

5C		1-7, 9-12	16	217
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TOTAL: 11 Lots.

6	A	1-27	11	50
	B	1-18		

TOTAL: 45 Lots.

7	A	1-27	9	25
	B	1-5		
	C	1-4		
	D	1-4		
	E	1-4		
	F	1-6		
	G	1-16		
	H	1-14		
	K	1-6		
	M	1-25		
	N	1-8, 10-19		
	P	1-14		
	R	1-4		
	T	1-5		

TOTAL: 152 Lots.

8	A	1-19	12	6
	B	2-35		
	C	1-18		
	D	1-26		
	E	1-40		

TOTAL: 137 Lots.

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
9	A	1-8	12	14
	B	1-33		
	C	1-15		
	D	1-10		
	E	1-16		
	F	1-20		
	G	1-23		
TOTAL: <u>125</u> Lots.				
10	A	1-71	12	16
	B	1-8		
TOTAL: <u>79</u> Lots.				
11	A	1-24	12	34
	B	1-35		
	C	1-22		
	D	1-22, 24-46, 48		
	E	1-27		
TOTAL: <u>154</u> Lots.				
12	A	1-13	12	38
	B	1-28		
	C	1-21		
	D	1-35, 37-48		
	E	1-17		
TOTAL: <u>126</u> Lots.				
14	A	1-31	12	39
	B	1-13		
	C	1-39		
	D	1-24		
	E	1-22		
	F	1-42		
	G	1-4		
TOTAL: <u>175</u> Lots.				

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
15	A	1-27	12	44
	B	1-3, 5, 6, 19-47		
	C	8-10, 12-16 2-6, 8-57, 59-64		
	D	1-32		
	E	1-12		
TOTAL: <u>174</u> Lots.				
16	A	1-62	12	52
	B	1-23		
	C	1-32		
	D	1-48		
TOTAL: <u>165</u> Lots.				
17	A	1-46	12	51
	B	1-17		
	C	1-14		
	D	1-31, 34-40, 42-58		
	E	1-60		
TOTAL: <u>192</u> Lots.				
18	A	1-35, 37-39	13	10
	B	1-34		
TOTAL: <u>72</u> Lots.				
19	A	1-55	13	11
	B	1-8		
	C	1-17		
	D	1-15		
	E	1-28		
	F	1-22		
TOTAL: <u>145</u> Lots.				
20	A	1-21	13	12
	B	1-24		
	C	1-25		
	D	1-42		
TOTAL: <u>112</u> Lots.				

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
21	A	1-28	13	13
	B	1-40		
	C	1-14		
	D	1-13		
	E	1-15		
	F	1-31		
	G	1-29		
	H	1-7		

TOTAL: 177 Lots.

22	A	1-41	13	14
	B	1-32		
	C	1-34		
	D	1-19		
	E	1-28		
	F	1-29		

TOTAL: 183 Lots.

23	A	1-10	13	24
	B	1-19		
	C	1-14		
	D	1-10		
	E	1-35		
	F	1-16		
	G	1-39		
	H	1-56		
	J	1-27		
	K	1-9		
	L	1, 2, 4-15		
	M	1-6		

TOTAL: 255 Lots.

24	A	1-51	13	25
	B	1-27		
	C	1-19		
	D	1-26		
	E	1-9		
	F	1-13		

TOTAL: 145 Lots.

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
25	A	1-19	13	36
	B	1-10		
	C	1-10		
	D	1-22		
	E	1-64		
	F	1-21		
	G	1-45		
	H	1-17		
TOTAL: <u>208</u> Lots.				
26		1-51	13	37
TOTAL: <u>51</u> Lots.				
27	A	1-31	14	10
	B	1-6		
	C	1-16		
	D	1-15		
	E	1-12		
	F	1-8		
TOTAL: <u>88</u> Lots.				
28	A	1-101	14	12
TOTAL: <u>101</u> Lots.				
29	A	1-53, 62-65	14	27
		68, 69		
	H	1-21		
	I	1-19		
	J	1-6		
TOTAL: <u>105</u> Lots.				
30	A	1-22	14	60
	B	1-24		
	C	1-44		
	D	1-8		
	E	1-20		
	F	1-16		
	G	1-19		
	H	1-9		
	I	1-4		
	J	1-24		

K	1-22
L	1-21
M	1-22
N	1-16

TOTAL: 271 Lots.

The following lots recorded at the designated Book and Page in the records of the Recorder of Deeds of Washington County, Missouri:

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
29	A	71-75	5	69
	B	1-89		
	C	1-47		
	D	1-26		
	E	1-8		
	F	1-16		
	G	1-49		

TOTAL: 240 Lots.

The following lots recorded at the designated Book and Page in the records of both the Recorder of Deeds of St. Francois County, Missouri and the Recorder of Deeds of Washington County, Missouri:

<u>PLAT</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>BOOK</u>	<u>PAGE</u>
29	A	54-61, 66, 67 and 70	5 (Wash- ington County)	69
			14 (St. Fran- cois County)	27

TOTAL: 11 Lots.

TOTAL LOTS IN OFFERING: 5,515

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

COST SHEET

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

Sales Price of Lot

Cash Price of Lot

\$ _____

Finance Charge

\$ _____

Total

\$ _____

Estimated One-Time Charges

1. Water Connection Fee \$ 520.74
2. Installation of and connection to sewer system: *
 - A. Individual system — Plat 28 \$ 900-1,100
 - B. Gravity sewer system \$ 550-650
 - C. Pressure sewer system without interim facility \$ 3000-3526
 - D. Pressure sewer system with interim aeration unit and conversion cost \$ 2600-3000

*Please refer to the text of the sewer section for a listing of lots served by each type of system.

3. Construction costs to extend electric and/or telephone services. \$ NONE

4. Other (Identify) \$ NONE

Total

\$ _____

Total of estimated sales price and one-time charges

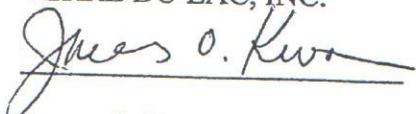
\$ _____

Estimated annual charges, exclusive of utility use fees

1. Taxes-Average unimproved lot after sale to purchaser \$ 36.00 - 72.00
2. Dues and assessments \$ 160.00 - 250.00

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

TERRE DU LAC, INC.



James O. Kwon, President

#11153920_v1

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE

PURCHASER RECEIPT

IMPORTANT: READ CAREFULLY

Name of Subdivision: Terre Du Lac
ILSRP NUMBER: 10121

Date of Report: February 27, 2014

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

Received by Date
Street Address
City State Zip

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

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

AGENT CERTIFICATION

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

Lot_____ Block_____ Section_____

Name of Salesperson
Signature Date

PURCHASER CANCELLATION

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

.....
Name of Subdivision TERRE DU LAC
Date of Contract _____

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

Purchaser(s) signature _____ Date _____

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