

MILL CREEK CONDOMINIUM

PUBLIC OFFERING STATEMENT

THIS PUBLIC OFFERING STATEMENT is hereby issued identifying the Condominium, and to provide information about the Condominium to prospective purchasers of Condominium Units within Mill Creek Condominium, as required by the North Carolina Condominium Act. This Statement is delivered to each purchaser prior to the formal acceptance of a binding contract for the purchase of a Unit.

1. Name and Principal Address of the Developer and of the Condominium.

Mayfair Partners, LLC., with offices at 78 Dillingham Road, Asheville, North Carolina 28805, is the Developer creating the condominium located on Old County Home Road, Asheville North Carolina, and being a portion of that property identified in Deed Book 4368, Page 1143 and in Plat Book _____, on Page _____ of the Buncombe County Registry, to be known as Mill Creek Condominium.

2. General Description of the Condominium.

The condominiums will be built upon that 5.54 acre parcel that is a portion of that property identified Deed Book 4368, Page 1143 and in Plat Book _____, on Page _____ of the Buncombe County Registry and shall include thirty-six (36) Units as currently proposed, with a maximum of thirty-six (36) Units. The Units shall be 2 bedroom, 2 bath Units with an approximate area, not including patios of 1,114Sq. Ft. Each Unit will include at least unreserved off street parking space for the exclusive use of its owners or occupants. Each Unit will have a post box assigned to it and will be maintained in a designated area of the Condominium to be determined. The Units may include decks, patios, or other areas for the limited and exclusive use of its owners and occupants to be designated on the final plans. Each Unit shall also have an undivided interest in the roads and other common areas of the Condominium as designated in the final Declaration of Condominium. The Units will be contained in a number of buildings, of varied heights not to exceed two above-grade levels to be constructed on the property. It is the Developer's intent to commence construction of the Units in phases, as may be determined at a later date. The anticipated completion date of all proposed Units is on or around May, 2008, however, this completion date may vary substantially. The Developer reserves the right to alter the number, size and types of buildings and Units to be constructed and may change its schedule of commencement and completion, all in its exclusive discretion.

3. Number of Units in the Condominium.

The Condominium as presently proposed shall consist of thirty-six (36) residential Units. The Developer reserves the right to increase the actual number of Units to a maximum of thirty-six (36) Units, either by subdivision of existing Units or the construction of New Units. In the event that the Developer adds additional real property to the Condominium, then the maximum number of additional Units may be further increased at that time.

4. Copies Attached.

The following are attached hereto: (i) copy of the proposed Declaration Condominium; (ii) copy of the proposed Bylaws for the Association; (iii) a copy of the proposed preliminary budget for the Association; (iv) a copy of the proposed Plans and Specifications; (v) copies of all other conditions, covenants, easements, reservations, restrictions, and rules currently affecting the Condominium (if any); (vi) contracts or leases to be signed by Purchaser at closing (if any); and (vii) a brief narrative description of any contracts and leases that will or may be subject to cancellation by the Association (if any). The receipt of the herein identified documents is acknowledged by signature of this Public Offering Statement, the individual documents need not be signed by Purchaser.

5. Proposed Budget.

A copy of the proposed budget (or current year's actual budget) is attached as an exhibit hereto. The proposed budget attached hereto includes: (i) the identity of the entity who prepared the budget; (ii) the occupancy and inflation assumptions used in determining the budget; (iii) the amount of reserves for repairs and replacements (if

any); (iv) the amount of any other reserves; (v) categorized projected expenses of the Association; and (vi) the projected monthly common expense assessment for each Unit type. The budget is based upon good faith estimates of expenses and a 100% collection rate, therefore the actual budget may be adjusted due to unanticipated cost overages or unexpected costs.

6. Unbudgeted Projected Common Expenses.

Any services that the Developer presently provides for the benefit of the Units, which are not reflected in the budget but are expected to become a common expense of the Association, and the amount of such expense, including the amount attributable to each Unit type (*if any*) is included in an addendum to the budget attached hereto.

7. Additional Closing Fees.

The Closing Attorney on behalf of the Association as defined in the Declaration of Condominium for Mill Creek shall collect a non-refundable sum equal to one (1) month of association assessments as indicated on the Contract with Purchaser as a working capital contribution to the Association in order to capitalize the operating fund of the Association. The sum collected may vary as applied to the various Unit types. The additional fee shall be calculated based upon the current budgetary needs and the applicable Unit's percentage interest of common elements. The amount of the additional fee shall be determined by the Developer, however, the fee charged to subsequent purchasers may not in any event be less than that previously charged to a similar Unit type. This additional fee shall not include any closing expenses of the Purchaser, including but not limited to the following: (i) Purchaser's attorney's fees, for legal services rendered to Purchaser; (ii) fee for recording of general warranty deed, (iii) title insurance; (iv) prorated taxes for the Unit (*if determinable at closing*), or an agreement to pay such proration once determined; (v) and any other expenses customarily charged to purchasers relative to a real estate closing in North Carolina.

8. Existing Liens and Encumbrances.

All existing liens on any Unit being purchased shall be paid in full or released at closing. The current year ad valorem property taxes shall be prorated at the time of closing (*if determinable*), or upon issuance of the ad valorem property tax bill for such year. Any other easements or encumbrances affecting the Condominium (*if any*) are attached as exhibits hereto.

9. Developer Warranties.

The Developer warrants to purchaser, fee simple marketable title to the Unit. Developer expressly disclaims any implied warranty of habitability or suitability related to the Condominium and any Unit thereof, not constructed by Developer. Developer further disclaims all warranties relating to electrical wiring, fixtures, structural and roofing components, appliances, heating and air conditions systems, water and sewer facilities, elevators and stairways, and other personal property located in the Condominium, not installed by, or installed under the supervision of the Developer. Developer will furnish any and all manufacturer's warranties (*if any*) with respect to any disclaimed items or facilities. Developer does not however warrant the quality of construction of any interior improvements to any Unit not completed or coordinated by the Developer. No additional express or implied warranties, unless required or imposed by law, are or will be made by Developer.

10. Statutory Cancellation Period.

Pursuant to the North Carolina Condominium Act, the Purchaser must receive a Public Offering Statement prior to signing a contract, and no conveyance can occur until seven (7) calendar days have passed following the signing of a contract for purchase. Purchaser has a absolute right to cancel the contract during the seven (7) calendar days period. Receipt of this Public Offering Statement, and all exhibits hereto, is evidenced by the Purchaser's signature hereof. The statutory seven (7) calendar days period shall commence on the day following Purchaser's signature date indicated, and such date shall be counted as the first of the seven days. Purchasers expressly acknowledge and agree that any change or custom orders submitted prior to any contract for purchase of a Unit, shall be independent and distinct from the contract for purchase, interpreted in accordance with laws applicable to custom orders, and

any sums paid relating to change or custom orders are subject to forfeit, in the event that Purchaser cancels the Contract or otherwise fails to purchase the Unit.

11. Judgments and Pending Suits.

There are no known or recorded unsatisfied judgments or pending suits against the Association or the Developer material to, or pertaining in any way to the Condominium.

12. Deposits.

Any deposit made in connection with the purchase of a Unit (*not including deposits made relating to change or custom orders*) will be held in a escrow account maintained by the Escrow Agent, in accordance with the North Carolina Condominium Act, and the Contract between Purchaser and Developer. Escrow Agent may deposit such sum in an interest bearing account at its exclusive direction, and shall communicate the name of the institution said account is maintained to Purchaser upon request. Any interest earned upon the Deposit shall accrue for the benefit of the Escrow Agent, and shall be paid to Escrow Agent. Upon expiration of the statutory seven (7) day cancellation period, the Deposit tendered shall be considered as an earnest money deposit and held pursuant to the terms of the Contract. In the event of a cancellation prior to the expiration of the statutory seven (7) day cancellation period, Deposit shall be returned to Purchaser (less any interest accrued thereupon). Developer shall, upon receipt of a valid Notice of Termination or Cancellation from Purchaser, direct the Escrow Agent to refund the Deposit to Purchaser. Any deposits or other sums required relating to change or custom orders shall be paid directly to Developer and shall not be subject to the refund provisions hereunder, and any sums paid relating to change or custom orders are subject to forfeit, in the event that Purchaser cancels the Contract or otherwise fails to purchase the Unit.

13. Restraints on Alienation.

No Unit or any interest in any Unit may be subjected to a time-share program, as defined in the North Carolina General Statutes. No Unit may be leased for any term of less than twelve (12) months in duration.

14. Insurance Provided.

Insurance has been obtained or shall be obtained prior to the date of closing whereby the common elements and the shell building improvements of the Condominium are insured for 100% replacement coverage, less a commercially reasonable deductible not to exceed \$10,000.00. The Master Insurance includes (or shall include) liability and Association Officer coverage of at least \$1,000,000.00 per occurrence. The interior of any Unit and any facilities not defined as common elements in the Declarations are not insured by the Developer or the Association. The Developer or the Association will provide a copy of the current insurance policy to any Purchaser upon request. Purchasers are advised that it is in their interest to examine the specifics of the Master Insurance with their insurance advisor and to obtain such additional and supplemental insurance as they may determine.

15. Future Fees or Charges to be Paid by Owners.

All current and known future fees and charges to be paid by Unit Owners for the use of the common elements and other facilities related to the condominium are listed on the proposed budget attached hereto. Purchasers acknowledge that unanticipated future fees and charges may be established by either the Developer or the Association, not otherwise disclosed herein.

16. Improvements Labeled "Must Be Built".

Developer represents and warrants that it either has cash and resources on hand, or has been provided with financing sufficient to complete construction of all improvements labeled "Must Be Built" pursuant to the North Carolina Condominium Act.

17. Zoning and Land Use Requirements.

The real property upon which the Condominium is situated is not subject to any local zoning ordinances or other

land use requirements that will in any way interfere with the intended uses of the Condominium, as set forth in the Declaration of Condominium. The uses of the Condominium are governed by the Declaration of Condominium attached hereto.

18. Alienation of Common Elements.

The Common Elements and any portion thereof may be alienated or conveyed in accordance with the terms set forth in the Declaration of Condominium pursuant to the North Carolina Condominium Act.

19. Material Changes to Public Offering Statement.

In the event that any material change in the information provided hereunder or in the exhibits hereto, prior to conveyance of the Unit to Purchaser, then the Developer shall cause an Amendment to this Public Offering Statement or a Notice of such material change to be delivered to Purchaser, and upon receipt thereof, the Purchaser may rescind the Contract within seven (7) days after the receipt of the Amendment or the Notice of Change.

Accepted and Acknowledged by Purchaser

*All parties identified as Purchasers on the Contract MUST sign below**

Purchaser on _____, 20____.

Purchaser on _____, 20____.

Purchaser on _____, 20____.

Purchaser on _____, 20____.

Purchaser on _____, 20____.

* In the event that Purchasers shall execute this Public Offering Statement on different dates, then the statutory seven (7) day cancellation periods shall be applied independently as to each Purchaser and shall commence on the date indicated to the right of their signature. Any cancellation by less than all Purchasers shall effect a reformation of the Contract to exclude only such cancelling parties.