

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

ROCK CREEK RESORT

NAME OF DEVELOPER

DOUBLE DIAMOND, INC.

DATE OF THIS REPORT

October 2, 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 upon 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 1,516 lots located in Grayson County, Texas. See page 25 for a listing of these lots. It is estimated that this subdivision will eventually contain approximately 2,700 lots. Additional property may be acquired by us, in which event the subdivision will contain additional lots.

The developer of this subdivision is:

Double Diamond, Inc., a Texas corporation
5495 Belt Line Road
Suite 200
Dallas, Texas 75254
Telephone Number (214) 706-9801

IN THE FUTURE, WE MAY CONSTRUCT PARKS, FITNESS TRAILS, COMMON AREA GREEN BELTS, HOTEL, CONDOMINIUMS, FITNESS CENTER, SPA, RESTAURANT, ADDITIONAL MARINA CAPACITY, SWIMMING POOL AND TENNIS COURTS. THESE FACILITIES MAY BE CONSTRUCTED AFTER A SUCCESSFUL SALE OF SUFFICIENT LOTS TO JUSTIFY THEIR CONSTRUCTION AND WILL BE BUILT IN SUCH SEQUENCE AS WE DETERMINE TO BE MOST ADVANTAGEOUS TO US AND TO THE LOT OWNERS.

WE MAY CONSTRUCT A HOTEL, CONDOMINIUMS, SPA, TENNIS COURTS, ADDITIONAL MARINA CAPACITY AND OTHER RECREATIONAL FACILITIES AND AMENITIES, BUT WE ARE NOT CONTRACTUALLY OBLIGATED TO DO SO AND THERE IS NO GUARANTEE ANY OF THESE FACILITIES WILL BE COMPLETED. THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY OUR FAILURE TO COMPLETE THESE FACILITIES. CONSEQUENTLY, YOU SHOULD CAREFULLY CONSIDER YOUR DECISION TO PURCHASE A LOT IF IT IS BASED UPON THE ASSUMED COMPLETION OF ANY OF THESE FACILITIES.

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

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 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 both the cash and installment note methods of selling lots in the subdivision. In either case, you will sign a Real Estate Sales Contract, which will also be signed by us. This contract obligates you to purchase your lot from us and obligates us to deliver a warranty deed to you within one hundred eighty (180) days of the date you sign the contract. This deed will convey ownership of the lot to you, free and clear of all liens and encumbrances (except your mortgage lien if you purchase under the installment method) but subject to Covenants and Restrictions, mineral exceptions or reservations, and easements recorded in the public records of Grayson County, Texas.

If you do not pay us the full purchase price of your lot at the time you sign the Real Estate Sales Contract ("cash method"), you will be required to give us a cash down payment, sign a note in the amount of the unpaid balance of the purchase price of the lot, and sign a Deed of Trust as security for the note ("installment note method"). We will sign and acknowledge a warranty deed which conveys title to the property to you at the time of sale. All the sales documents will be held in escrow by United Equitable Mortgage Corp. ("UEMC") until processing at the corporate offices is complete, after which UEMC will release the documents to be recorded. Once recorded, the original warranty deed and copies of the Real Estate Sales Contract and Deed of Trust will be delivered to you. When all of the note obligations have been paid in full, we will release or cause to be released the mortgage lien on the lot you purchased.

IF YOU FAIL TO MAKE THE PAYMENTS REQUIRED BY YOUR REAL ESTATE SALES CONTRACT, YOU MAY LOSE YOUR LOT AND ALL MONIES PAID.

THE DEVELOPER CAN PLACE A MORTGAGE ON OR ENCUMBER TITLE TO THE LOTS IN THIS SUBDIVISION AFTER THEY ARE UNDER CONTRACT. THIS MAY CAUSE YOU TO LOSE YOUR LOT AND ANY MONIES PAID ON IT.

Type of Deed

The transfer of ownership of your lot will be accomplished by a general warranty deed conveying fee simple title to you.

Oil, Gas and Mineral Rights

The oil, gas, and subsurface mineral rights to all the lots in the subdivision will not belong to you. The exercise of these rights could effect the use, enjoyment and value of your lot. We will not, however, exercise any mineral rights owned by us on the surface estate of any lot we have sold to our property owners.

ENCUMBRANCES, MORTGAGES AND LIENS

All of the lots and common facilities in the subdivision are subject to a blanket mortgage in favor of Texas State Bank (the "Lender"), whose address is 6116 North Central Expressway, Dallas, Texas 75206, securing the Lender with

respect to the subdivision loan made by the Lender to us.

Release Provisions

The loan documents contain a recorded partial release-of-lien process so that we can deliver good and marketable title to you, free and clear of the Lender's lien, within one hundred eighty (180) days of the date you sign your Real Estate Sales Contract. The release provisions in the loan documents may be exercised either by us or by you. Therefore, if we fail to get a release of the Lender's lien within one-hundred-eighty (180) days from the date you sign your Real Estate Sales Contract for any reason, or if we default on our loan from the Lender before obtaining a release of the Lender's lien on your lot, you may obtain either (i) the return of the money you paid us for the lot or (ii) a release of the Lender's lien by presenting evidence (satisfactory to the Lender) of payment of the deposit or full purchase price to us and of your compliance with the Real Estate Sales Contract.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Both the Real Estate Sales Contract and warranty deed are in recordable form and will be recorded by us at your expense with the County Clerk of Grayson County, Texas. Recording your Real Estate Sales Contract will serve as notice to third parties so that no one can subsequently acquire your lot free of your interests without your consent. Recording your warranty deed will protect the title to your lot from the claims of subsequent purchasers or subsequent creditors of anyone having an interest in the land. However, your lot is still subject to your payment of the unpaid balance of your note to us if your lot is purchased by the installment sale method. For both cash sales and installment note sale, a seven day rescission period applies for the Purchaser. Due to the processing at the corporate office of the Developer, the Real Estate Sales Contract and Warranty Deed are typically recorded within (90) days of the date of sale, however pursuant to the Real Estate Sales Contract and as a contingency to allow for correction of possible errors, we are not obligated to deliver the recorded Warranty Deed until 180 days after the date of the Contract.

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

Title Insurance

We do not deliver a title insurance policy to you though you may purchase title insurance yourself from any title company authorized to insure title in Texas. You should obtain an attorney's opinion of title or a title policy which will describe your rights of ownership and the status of your title, and have an attorney, title examiner or other appropriate professional interpret and explain the opinion or policy to you.

PAYMENTS

Escrow

You cannot lose your deposit or cash payment in full even if we fail to deliver legal title to your lot for any reason. Your cash or check in full payment of your lot or as the down payment (in the event of an installment note sale) will be deposited by us in an escrow account at J.P. Morgan-Chase Bank, 2200 Ross Avenue, Dallas, Texas 75201 (the "Bank"), which acts as the escrow agent. Developer does not have any financial interest in and to or any type of controlling interest in the escrow agent. We do not get your money from the Bank until a warranty deed, transferring the lot to you, has been filed and recorded in the public records of Grayson County, Texas.

Prepayment

You may prepay any portion of your note at any time without penalty.

Default

If you purchase your lot under the installment note method and if you fail to make your note payments to us, we have the right to (i) file suit for the unpaid balance of your Note, (ii) foreclose our deed of trust lien against your lot by non-judicial foreclosure, or (iii) foreclose our vendor's lien against your lot by judicial foreclosure. In the event we foreclose your lot, any proceeds in excess of the unpaid balance of your note and fees incurred to recover the lot (including expenses of advertising and selling the lot, trustee's fees and legal fees) will be given to you. If the sales proceeds from the foreclosure sale are less than the note balance and fees to repossess the lot, we have the right to seek recovery of such deficiency from you, subject to any rights of offset you may have based on the fair market value of your lot. If you should default, we will give you a written notice of default and allow you at least thirty (30) days from your receipt of that notice in which to correct the default.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants for the subdivision have been recorded in the Deed Records of Grayson County, Texas. A complete copy of the restrictive covenants affecting your lot will be given to you at the time you sign your Real Estate Sales Contract. The major provisions of these restrictive covenants will be discussed in the paragraphs below. However, this discussion will only highlight certain areas of the restrictive covenants and should not be a substitute for a careful study of these restrictive covenants by you.

Article I, Section (1) of the restrictive covenants states that each lot owner must become a member of Rock Creek Resort Property Owners Association.

Article I, Section (2) states that Rock Creek Resort Property Owners Association has the right to enforce the restrictive covenants in accordance with its bylaws.

Article II, Section (3) discusses Rock Creek Resort Property Owners Association right to approve or disapprove the architectural plan for any house or lot improvement.

Article III, Section (1) restricts the use of all lots to single family housing except as otherwise provided therein.

Article III, Section (5) discusses the size requirements for houses constructed on the lots in the subdivision.

Article III, Section (12) requires that the exterior of any improvements be completed within 8 months of groundbreaking.

Article III, Section (20) describes the dimensions of the utility and drainage easements affecting your lot which are reserved by us and Rock Creek Resort Property Owners Association.

Article III, Section (23) requires that each lot be maintained in a neat and orderly manner and gives Rock Creek Resort Property Owners Association the power to maintain the lot, at the expense of the property owner, if the property owner fails to do so after receipt of notice of a violation.

Article III, Section (27) provides that no signs of any type may be posted on any lot without a permit and the prior consent of Rock Creek Resort Property Owners Association.

In addition to the sections listed above, Article III also has a detailed list of restrictions and specifications governing the type, size, quality, appearance and placement of lot improvements. These restrictions and standards govern most of the improvements you would normally place on your lot. In addition, these are restrictions and standards on certain activities within the subdivision. These restrictions affect your use and enjoyment of your lot; therefore, you are

encouraged to read this section of the restrictive covenants with particular attention.

Article IV, Section (1) gives Rock Creek Resort Property Owners Association, you or any other property owner the right to institute judicial proceedings against any other property owner to enforce the provisions of the restrictive covenants.

Article IV, Section (5) gives Rock Creek Resort Property Owners Association power to sell any lot by non-judicial foreclosure upon default in payment of any assessments, dues, etc. levied thereon.

Article IV, Section (6) provides that no sale of any lot is complete and final until the name and address of the purchaser is provided to Rock Creek Resort Property Owners Association.

Easements

With the exception of the Lots described elsewhere in this section, all lots in the subdivision are free of easements which encroach on the normal building area of the lot. All lots in the subdivision are, however, subject to utility and drainage easements along the front, rear and side lot lines of each lot as described in the Restrictive Covenants and in the recorded subdivision plat of your lot.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

The subdivision plats have been approved by all regulatory authorities. The plats are recorded with the County Clerk of Grayson County, Texas.

Zoning

All lots in the subdivision are zoned for single-family residential dwellings except that we have reserved to ourselves the right to use any lot for recreational facilities, common areas, multi-family dwellings or interval ownership condominiums.

Surveying

The lots in the subdivision have been surveyed, staked and marked for identification by registered, professional surveyors.

Permits

Prior to the construction of a dwelling on your lot, you must obtain a building permit from Grayson County, Texas and pay \$250.00 for a building permit and conduct a site evaluation. These fees are subject to change in the future. You must also file an application with the Architectural Control Committee (hereinafter, (ACC)) together with your building plans and specifications and plot plan and landscaping plan for any building, fence, wall or other structure or additional landscaping you wish to erect, alter, repair, plant or remove on your lot. The ACC charges a fee as set forth in the Rock Creek Resort Building Code for issuance of the permit and on-site inspections to insure compliance with the Restrictive Covenants. Currently, these include, but are not limited to, a construction impact fee of \$2,000 and \$0.30 per square foot fee for new dwellings. Prior to building, contact the ACC for a current copy of Rock Creek Resort Building Code and a list of all current fees.

Environment

No environmental impact study has been prepared. No determination has been made as to the possible adverse

effects the subdivision may have upon the environment and surrounding area, however, certain minimum adverse environmental effects cannot be avoided if the subdivision is completed:

- loss of a limited number of trees, which however, can be replaced;
- some alteration of the existing ecology within the subdivision;
- temporary increase in noise level during construction of subdivision utilities;
- limited increase in smoke and dust during construction of subdivision utilities; and
- temporary increase in siltation during the construction period.

ROADS

ACCESS TO THE SUBDIVISION

Access to the subdivision is provided by Farm to Market Road 901, a two-lane asphalt road. This is a public road which is maintained by public funds. You will not be assessed for the maintenance costs incurred for this road. We are not aware of any proposed improvements to this road.

ACCESS WITHIN THE SUBDIVISION

Access from the subdivision entrance by automobile to the lots in the subdivision is provided by private roads as platted in the recorded subdivision plats. The recorded Declarations give you the legal right to use the subdivision roads. All roads in the subdivision will be 22 feet wide, except for Rock Creek Boulevard which is 24 feet wide, and two-lanes and are or will be paved with asphalt.

The roads in the subdivision are complete except for the roads in the Barrington, Castle Pines, La Paloma Phase 1, Palisades Phase 1 & 2, Pasadera Phase 1, and Grand Cypress Phase 1 Additions. In a prior Property Report we estimated that the roads in the La Paloma Phase 1 Addition would be complete in October 2013 and that the roads in Pasadera Phase 1 and Grand Cypress Phase 1 Additions would be complete in July 2014. We are responsible for completion of these roads. We have obtained a subdivision/site improvement bond to ensure completion of the roads in the La Paloma Phase 1, Pasadera Phase 1, Grand Cypress Phase 1, Palisades Phase 3, Palmilla Phase 1, and Pasadera Phase 2 Additions. The succeeding chart describes the present condition and estimated completion date of the roads in these Additions.

| Subdivision | Starting Date (month/year) | Percentage Construction Complete | Estimated Completion Date | Present Surface | Final Surface |
|-----------------------|----------------------------|----------------------------------|---------------------------|-----------------|---------------|
| La Paloma Phase 1 | March 2011 | 40% | October 2015 | Dirt | Asphalt |
| Pasadera Phase 1 | March 2012 | 40% | October 2015 | Dirt | Asphalt |
| Grand Cypress Phase 1 | March 2012 | 40% | October 2015 | Dirt | Asphalt |
| Palisades Phase 3 | August 2014 | 20% | October 2016 | Dirt | Asphalt |
| Palmilla Phase 1 | August 2014 | 20% | October 2016 | Dirt | Asphalt |
| Pasadera Phase 2 | August 2014 | 20% | October 2016 | Dirt | Asphalt |

The Rock Creek Resort Property Owner's Association is responsible for the maintenance of all roads within the subdivision out of the annual maintenance fees collected from all lot owners. The roads will be maintained to provide access to all lots in the subdivision on a year-round basis.

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

| NEARBY COMMUNITIES | POPULATION (2010 CENSUS) | DISTANCE OVER PAVED ROADS | DISTANCE OVERUNPAVED ROADS | TOTAL |
|-----------------------|--------------------------|---------------------------|----------------------------|-------|
| Dallas | 1,197,816 | 89 | 0 | 89 |
| Fort Worth | 741,206 | 93 | 0 | 93 |
| Sherman (County Seat) | 38,521 | 32 | 0 | 32 |

| | | | | |
|---------------|---------|-----|---|-----|
| Oklahoma City | 579,999 | 147 | 0 | 147 |
| Little Rock | 193,524 | 355 | 0 | 355 |
| Whitesboro | 3,793 | 13 | 0 | 13 |
| Gainesville | 16,002 | 27 | 0 | 27 |

UTILITIES

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

WATER

All the lots in the subdivision will be served by a central water system. No individual wells for potable water will be permitted in the subdivision. The central water system is owned by our affiliated company, Double Diamond Inc. ("Developer") and will be maintained by it out of connection and usage fees collected from all central water system users.

Double Diamond Utilities, Co. ("DD Utility Co.") has petitioned the Texas Commission on Environmental Quality to secure the release of the Certificate of Convenience and Necessity ("CCN") from Northwest Grayson WCID #1 to provide water service to the subdivision. In the event the petition is denied, Northwest Grayson WCID #1 will provide water service to the subdivision.

DD UTILITY CO. HAS PETITIONED THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TO SECURE THE RELEASE OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY ("CCN") FROM NORTHWEST GRAYSON WCID #1 TO PROVIDE WATER SERVICE TO THE SUBDIVISION. IN THE EVENT THE PETITION IS DENIED, NORTHWEST GRAYSON WCID #1 WILL PROVIDE WATER SERVICE TO THE SUBDIVISION

A permit for the construction of the central water system was issued by the Texas Commission on Environmental Quality ("TCEQ"). Prior to the provision of water service, the chemical and bacteriological content of the water was tested by the TCEQ to ensure the water meets all standards for a public water system.

Phase 1 of the central water system has the capacity to serve two hundred twenty-five (225) connections, (under TCEQ guidelines). Phase 1 consists of one (1) water well, a one hundred thousand (100,000) gallon storage tank and water lines extended to the fronts of every lot in the subdivision with the exception of the water lines for and in the Additions listed in the table below. Developer is responsible for completing these lines and Developer secured a subdivision/site improvement bond from Fidelity and Deposit Company of Maryland to ensure the completion of the lines in those Additions described in detail in the table below. In a prior Property Report we estimated that the water lines in the La Paloma Phase 1 Addition would be complete in October 2013 and that the water lines in Pasadera Phase 1 and Grand Cypress Phase 1 Additions would be complete in July 2014. The succeeding chart describes the present condition and estimated completion dates of the water lines in the La Paloma Phase 1, Pasadera Phase 1, Grand Cypress Phase 1, Palisades Phase 3, Palmilla Phase 1, and Pasadera Phase 2 Additions.

| Subdivision | Starting Date (month/year) | Percentage of Construction Now Complete | Estimated Service Availability Date (month/year) |
|-----------------------|----------------------------|---|--|
| La Paloma Phase 1 | January 2012 | 95% | December 2014 |
| Pasadera Phase 1 | March 2012 | 95% | December 2014 |
| Grand Cypress Phase 1 | March 2012 | 40% | October 2015 |
| Palisades Phase 3 | August 2014 | 20% | October 2016 |
| Palmilla Phase 1 | August 2014 | 20% | October 2016 |
| Pasadera Phase 2 | August 2014 | 20% | October 2016 |

The TCEQ will require additional well and storage facilities after Phase 1 of the water system reaches seventy-five percent (75%) of capacity. Phase 2 of the water system will consist of water wells and storage tanks designed to meet the needs of all remaining lots in the subdivision. We have therefore, made no financial arrangements at this time, to assure completion of Phase 2 of the central water system. Furthermore, we expect construction costs for Phase 2 will be mainly borne out of funds collected from connection and user fees. Developer secured a subdivision/site improvement bond in

favor of Grayson County to ensure the completion of the centralized water system servicing the subdivision.

PHASE 1 OF THE CENTRAL WATER SYSTEM HAS THE CAPACITY TO SERVE UP TO TWO HUNDRED TWENTY-FIVE (225) CONNECTIONS, DEPENDING ON USAGE DEMANDS. ADDITIONAL WELLS AND STORAGE TANKS WILL BE REQUIRED TO SERVE ADDITIONAL CONNECTIONS. NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW ACCOUNT OR TRUST ACCOUNT NOR HAVE ANY OTHER FINANCIAL ARRANGEMENTS BEEN MADE TO ASSURE COMPLETION OF PHASE 2. DEVELOPER HAS SECURED A SUBDIVISION/SITE IMPROVEMENT BOND TO INSURE THE COMPLETION OF THE CENTRALIZED WATER SYSTEM SERVICING THE SUBDIVISION. CURRENTLY, THERE ARE 47 FULL OR PART TIME CONNECTIONS TO THE WATER SYSTEM.

You must hook up to the central water system if you build a house on your lot. DD Utility Co. will charge you a one time connection fee of \$675.00 and you will then be charged a minimum monthly usage fee of \$39.00 plus \$2.00-\$7.25 per 1,000 gallons thereafter, depending on total usage. The connection and usage fees may increase in the future. The connection and usage fees may increase in the future. In the event Northwest Grayson WCID #1 provides water service to the subdivision, such service will be provided at their then current rates.

Upon completion of sufficient construction and payment of the connection fee, DD Utility Co. will install, at no additional cost, a saddle tap corporation stop, curb stop, water meter and meter box at the front of your lot. You will be required to have a licensed plumber install a service line from the water meter to your house. The stops, water meter and meter box belong to and are maintained by DD Utility Co. DD Utility Co. has the right of access through your lot to maintain the equipment. It also has the right to inspect your individual home plumbing and sewer layout practices or cross connections to determine that no unsafe conditions exist that could contaminate the water system. Should improper conditions be discovered, DD Utility has the right to refuse (or to disconnect) water service to your lot until any hazardous or unsafe condition is corrected.

The rates which DD Utility Co. may charge water users and the water system operation, water quality and service capacity are regulated by the TCEQ.

SEWER

All lots in the subdivision will be served by a central sewage system. No individual septic systems are permitted on any lot in the subdivision. The central sewage system is owned by our affiliated company, Double Diamond Utilities Co., ("DD Utility Co.") whose address is 5495 Belt Line Road, Suite 200, Dallas, TX 75254, and will be maintained by it out of connection and usage fees collected from all central sewage system users.

DD Utility Co. applied for the permit for the construction of the central sewage system and it has been approved. TCEQ will issue a permit for use and operation of the central sewage system upon its final review. Phase 1 of the central sewage system consists of an extended aeration, activated sludge system and sewage collection lines extended to the fronts of all lots in the subdivision with the exception of the sewer lines for and in the Additions listed in the table below. Developer is responsible for completing these lines and Developer secured a subdivision/site improvement bond from Fidelity and Deposit Company of Maryland to ensure the completion of the lines in those Additions described in detail in the table below. In a prior Property Report we estimated that the sewer lines in the La Paloma Phase 1 Addition would be complete in October 2013 and that the sewer lines in the Pasadera Phase 1 and Grand Cypress Phase 1 Additions would be complete in July 2014. The succeeding chart describes the present condition and estimated completion dates of the sewer lines in the La Paloma Phase 1, Pasadera Phase 1, Grand Cypress Phase 1, Palisades Phase 3, Palmilla Phase 1, and Pasadera Phase 2 Additions.

| Subdivision | Starting Date (month/year) | Percentage of Construction Now Complete | Estimated Service Availability Date (month/year) |
|-----------------------|----------------------------|---|--|
| La Paloma Phase 1 | January 2012 | 95% | December 2014 |
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| Grand Cypress Phase 1 | March 2012 | 40% | October 2015 |
| Palisades Phase 3 | August 2014 | 20% | October 2016 |
| Palmilla Phase 1 | August 2014 | 20% | October 2016 |
| Pasadera Phase 2 | August 2014 | 20% | October 2016 |

The TCEQ will require an additional treatment unit ("Phase 2") after Phase 1 of the central sewage system reaches seventy-five percent (75%) of capacity. Phase 2 of the central sewage system will be capable of treating sewage collected from all remaining lots in the subdivision. We have not made financial arrangements, at this time, to assure completion of Phase 2 of the central sewage system because we believe Phase 1 will meet the anticipated needs of the subdivision for a significant period of time. Developer secured an irrevocable letter of credit from Texas State Bank, N.A. in favor of Grayson County to insure the completion of the centralized sewage system servicing the subdivision.

PHASE 1 OF THE CENTRAL SEWAGE SYSTEM HAS THE CAPACITY TO SERVE UP TO TWO HUNDRED TWENTY-TWO (222) LOTS, DEPENDING ON USAGE DEMANDS. AN ADDITIONAL COLLECTION SYSTEM MUST BE CONSTRUCTED OR ADDITIONAL CONNECTIONS CANNOT BE SERVED. NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT NOR HAVE ANY OTHER FINANCIAL ARRANGEMENTS BEEN MADE TO ASSURE COMPLETION OF PHASE 2 OF THE CENTRAL SEWAGE SYSTEM. DEVELOPER HAS SECURED A SUBDIVISION/SITE IMPROVEMENT BOND TO INSURE THE COMPLETION OF THE CENTRALIZED SEWAGE SYSTEM SERVICING THE SUBDIVISION. CURRENTLY, THERE ARE 47 FULL OR PART TIME CONNECTIONS TO THE CENTRAL SEWAGE SYSTEM.

You must hook up to the central sewage system if you build a house on your lot. DD Utility Co. will then charge you a one-time connection fee of \$3,100.00 and a monthly usage fee of \$87.00 thereafter after your lot is connected to the central sewage system. The usage and connection fees may increase in the future but DD Utility Co. must apply for all rate increases with the TCEQ and all customers will have the opportunity to appear at a public hearing regarding such application.

You must install on your lot an individual lift station consisting of a grinder pumping unit with pumping basin and fittings. The lift station will also contain automatic control and warning devices. You will be required to have a licensed electrician connect electrical power to the control box for this system and have a licensed plumber install a sewer line from the primary holding tank installed on your lot to your house. The lift station, controls and fittings belong to and are maintained by DD Utility Co. DD Utility Co. has the right of access through your lot to inspect your sewer layout to determine that no unsafe practices exist that may contaminate the sewage system or water system. Should improper conditions be discovered, DD Utility Co. has the right to refuse (or to disconnect) sewage service to your lot until any hazardous or unsafe condition is corrected.

The rates which DD Utility Co. may charge sewage system users and the operation of the sewage system and service capacity are regulated by the TCEQ.

ELECTRICITY

Electrical service to all lots in the subdivision will be provided by Grayson-Collin Electric Cooperative (hereinafter, the "Utility"), a publicly-regulated utility, whose address is 902 South Waco Street, Van Alstyne, TX, 75495. Primary electric service lines have not been extended to every lot in the subdivision, however, the Utility is responsible for extending such lines to your lot at no cost to you within 30 days of your request for service. Since we are not responsible for the installation of these service lines, we can give no assurance that electrical service will be available to your lot within the above stated time frame. The Utility bears the full expense of extending service lines from the nearest existing

electric lines to your lot. You will be required to pay the Utility a \$20.00 connection fee, \$35.00 transfer fee, \$10.00 credit check fee and a variable security deposit based upon credit history, size of the residence, and past usage history, if any, to obtain electric service to your lot. The deposit may be waived, at the Utility's sole discretion, if you have at least a 12 month utility history with another electric company showing no late payments. These fees may increase in the future.

TELEPHONE

Telephone service to all lots in the subdivision will be provided by Verizon, a publicly-regulated utility. Telephone lines have not been extended to every lot in the subdivision, however, Verizon is responsible for extending such lines to your lot within 30 days of your request for service. Since we are not responsible for the installation of these lines, we can give no assurance that telephone service will be available to your lot within the above stated time frame. We have contracted and arranged for Verizon to extend service lines from the nearest distribution point to your lot at no cost to you. You will be required to pay Verizon a connection fee and a security deposit in an amount based on your credit history to obtain telephone service to your house. These fees may increase in the future.

FUEL OR OTHER ENERGY SOURCE

The primary energy source for heating, cooling, cooking, etc. is electricity, however, propane gas may also be used as an energy source. Propane is available from various suppliers and dealers in and around Grayson County, Texas, however the two closest dealers to the subdivision are DL Morrison Propane, 217 Morrison Hill Lane, Gainesville, TX and Texoma Propane, 733 Ethel Cemetery Road, Collinsville, TX. You may purchase a new 250 gallon storage tank for approximately \$1,100.00 or lease a storage tank for approximately \$65.00 per year. Installation costs are estimated to be approximately \$50.00. These costs may increase in the future.

FINANCIAL INFORMATION

Copies of the audited and certified financial statements of the parent company of Developer for the years ending December 29, 2013 and December 30, 2012 are available from us upon request. The parent company of Developer has issued an unconditional guaranty to perform and fulfill the obligations of the Developer under the Real Estate Sales Contract.

LOCAL SERVICES

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

FIRE PROTECTION

Fire protection is provided year-round by The Gordonville Volunteer Fire Department. In case of emergency, call 911.

POLICE PROTECTION

Police protection is provided by the Grayson County Sheriff's Office, located at 200 S. Crockett Street, Sherman, Texas 750901 (903-813-4409). In case of emergency call 911.

SCHOOLS

Most will be entitled to use the Whitesboro I.S.D. schools if you live in the subdivision. The nearest elementary is located in Whitesboro, Texas. School bus transportation for the schools are available at the entrance of the subdivision but not from within the subdivision. The nearest junior and senior high schools are located in Whitesboro, Texas. The following numbers may be helpful in contacting the proper school for your children:

| | |
|--|----------------|
| Whitesboro Primary School (Grades Pre-K thru 2) | (903) 564-4264 |
| Whitesboro Intermediate School (Grades 3 thru 5) | (903) 564-4280 |
| Whitesboro Middle School (Grades 6 thru 8) | (903) 564-4239 |
| Whitesboro High School (Grades 9 thru 12) | (903) 564-4208 |

Grayson County College and Austin College are located in Sherman. Other convenient area institutions of higher learning are University of Texas at Dallas, Southern Methodist University in Dallas and University of North Texas in Denton.

HOSPITAL

The nearest hospitals available to residents of the subdivision are: Wilson N. Jones Memorial Hospital located at 500 N. Highland, Sherman, Texas 75092, Phone number (903) 870-4611), North Texas Medical Center, 1900 Hospital Blvd. Gainesville, Texas 76240, Phone number (940) 665-1751) and Texoma Medical Center, 1000 Memorial Drive, Denison, Texas 75020 Phone Number (903) 416-4000)

PHYSICIANS AND DENTISTS

Physicians and Dentists are located in and around Whitesboro and Sherman, Texas, however the closest physician's office to the subdivision is Whitesboro Family Clinic, 304 Charlie Street, Whitesboro, TX. The closest dentist's office is Alan W. Smith, DDS, 306 Charlie Street, Whitesboro, TX.

SHOPPING FACILITIES

No shopping facilities are currently located in the subdivision. The nearest shopping facilities are located at David's Supermarket, 805 North Union Street, Whitesboro Texas, approximately 13 miles from the subdivision entrance. General shopping is available at Target, 4160 Town Center Road, Sherman, TX and Walmart, 401 N. US Highway 75, Denison, TX.

MAIL SERVICE

Mail service is presently provided to the subdivision entrance where individual mail boxes will be provided for each resident by the U.S. Post Office. The development address is Rock Creek Resort, 21400 FM 901, Gordonville, TX 76245.

PUBLIC TRANSPORTATION

There is no public transportation within the subdivision, however, Texoma Area Paratransit Service ("TAPS") provides transportation Monday through Friday by appointment within Grayson County. In addition, four times daily, Monday through Friday, TAPS has shuttle service to Dallas connecting to Dallas Area Rapid Transit ("DART"). Their telephone number is (903) 893-4601. Burlington Northern Santa Fe Railroad and Texas North Eastern Railroad provide freight service to the area. Grayson County has two airports for private aviation and freight service, Grayson County Airport with a 9,000 foot lighted runway and Sherman Municipal Airport offering a 4,100 foot concrete runway. DFW Airport is one hour away by four-lane divided highway. Airport shuttle service is available from Sherman to DFW Airport.

RECREATIONAL FACILITIES

| Facility | Percentage Construction Now Complete | Estimated Start Date - Construction | Estimated Date Available for Use | Financial Assurance of Completion | Buyer's Annual Cost or Assessments |
|---|--------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--|
| 18 Hole Nicklaus Design Golf Course | 100% | n/a | Available for use | n/a | Note 1 |
| Driving Range, Putting Green | 100% | n/a | Available for use | n/a | Available to Members of the Association* |
| Clubhouse | 100% | n/a | Available for use | n/a | Available to members of Association* |
| Marina w/ gas dock, 8 courtesy slips and 20 private slips | 100% | n/a | Available for use | n/a | Note 2 |
| Ships Store | 100% | n/a | Available for use | n/a | Available to members of Association* |
| Swimming Pool | 100% | n/a | March 2012 | None | Available to members of Association* |
| Restaurant | 100% | n/a | Available for use | n/a | Available to members of Association* |
| Beach area with volleyball court, grills, and picnic tables | 100% | n/a | Available for use | n/a | No cost to members of Association* |

Note 1: Limited golf dues of \$100 per month for six (6) rounds of golf (cart excluded); Unlimited golf available for \$175 per month (cart excluded) and will become mandatory at Developer's discretion.

Note 2: 24' slips are available at the rate of approximately \$2,400 per year.

* member must be current in maintenance fees and dues as applicable. Retail goods and services available at certain facilities for extra costs.

In the future, we may construct parks, fitness trails, common area green belts, hotel, condominiums, additional marina capacity and tennis courts. These facilities may be constructed after a successful sale of sufficient lots to justify their construction and will be built in such sequence as we determine to be most advantageous to us and to the lot owners. Certain facilities constructed by the Developer will be maintained by Rock Creek Resort Property Owners' Association out of the annual maintenance fees collected from all lot owners, while others may be maintained through collection of fees for use and/or membership dues.

In the event Developer chooses to construct recreational facilities in the future, it is anticipated that the following will be applicable thereto:

(a) Maintaining the Facilities

Rock Creek Resort Property Owner's Association will be responsible for the maintenance of the recreational facilities that may be completed in the subdivision in the future, out of the annual maintenance fees collected from all lot owners. The Developer is responsible for maintenance of the clubhouse, restaurant, and any future lodging facilities. Rock Creek Club Corp., an affiliate of Developer, operates and manages all resort amenities.

Transfer of the Facilities

We have not transferred recreational facilities to the Association.

(b) Use of Facilities

Current monthly dues payable to Rock Creek Club Corp (the "Club") are \$100.00 per month and are a mandatory requirement of lot ownership. Lot owners who are current in payment of all dues, maintenance fees, fines and assessments due to the Club and the Property Owners Association will enjoy all rights and privileges in the country club facilities, swimming pools, clubhouses, tennis courts, parks and fitness centers at no additional charge. Lot owners in good standing will also be entitled to play six (6) rounds of eighteen hole golf per month at no additional charge, unless the lot owner elects an offered social program option. At the Club's option, all lot owners will be required to pay full club membership dues, which are anticipated to be \$175 per month, in return for unlimited golf privileges. No dues requirement to the Club will be waived or reduced, even if the lot owner does not desire golf privileges; however, the Club, at its option, may offer social programs for lot owners who do not wish to play golf. Guests of the lot owner will be entitled to limited use of the recreational facilities as may be provided in the Covenants and Restrictions of Rock Creek Resort and/or the rules and regulations applicable to such recreational facilities.

WE MAY CONSTRUCT A HOTEL, CONDOMINIUMS, ADDITIONAL SWIMMING POOLS, TENNIS COURTS, ADDITIONAL MARINA CAPACITY AND OTHER RECREATIONAL FACILITIES AND AMENITIES, BUT WE ARE NOT CONTRACTUALLY OBLIGATED TO DO SO AND THERE IS NO GUARANTEE ANY OF THESE FACILITIES WILL BE COMPLETED. THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY OUR FAILURE TO COMPLETE THESE FACILITIES. CONSEQUENTLY, YOU SHOULD CAREFULLY CONSIDER YOUR DECISION TO PURCHASE A LOT IF IT IS BASED UPON THE ASSUMED COMPLETION OF ANY OF THESE FACILITIES.

SUBDIVISION CHARACTERISTICS AND CLIMATE

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

GENERAL TOPOGRAPHY

The subdivision is located north and west of the intersection of Farm to Market Road 901 and Rock Creek Road, approximately 6 miles west of the town of Pottsboro, Texas and approximately 32 miles west of Sherman, Texas. The subdivision displays topographic features described as rolling hills generally sloping from Southeast to Northwest, with elevations ranging from 660 feet above sea level to 790 feet above sea level. Surface soils are typically fine sandy loam with a range of clay to sandy loam underlying to a depth of 3 to 6 feet. Vegetation consists of trees such as oaks, elms, and cedars, with native grasses and wild flowers providing ground cover.

Certain lots are located in the hilly areas of the subdivision and may require significant preparatory work prior to construction of a residence, depending on architectural design or special construction techniques used in the construction. The following lots have a slope of 20% or more: **Muirfield Addition**, Block A, Lots 15-33, 50, 51 59, 60, 62, 63 and 65-70. Block D, Lots 6, 7, 21 and 22. **Pronghorn Addition**, Block A, Lots 1, 2, 9-10, 61-62. Block D, lots 34-35. Block C, Lot 19. Block D. Lot 40. **Wynstone Addition**, Block A, Lots 4-13, 19-22, 25, 26, 28-40, and 44. **Bear Lakes Addition**, Block A, Lots 22-28. **Sherwood Addition**, None. **Toscana Addition**, Block A, lots 26-27, 29-30, 43-44. **Roaring Fork Addition**, Block A Lots 1-5, 22; Block B Lots 26-27. **Annadale Addition**, Block A Lots 3, 4, 20-25. **Barrington Addition**, Block A Lots 1, 2, 16, 17. **Castle Pines Addition**, Block A: Lots 6, 7, 11, 12, 17-22; Block B: Lot 4. **La Paloma Phase 1 Addition**, Block A: Lot 11; Block C: Lots 6, 7, 11. **Palisades Phase 1 Addition**: None. **Pasadera Phase 1 Addition**: Block A Lots 3-4, 18, 19; Block B Lots 1-4; Block D Lots 1-4; Block E Lots 1-3; Block F Lots 4-12. **Palisades Phase 2 Addition**: Block A Lots 2-4, 20-26, 30-34; Block D Lots 1-13, **Grand Cypress Phase 1 Addition**: Block A Lots 1-13, 22-23; Block B Lots 1-6. **Palisades Phase 3 Addition**: Block A: Lots 7-12; Block B: Lots 6-7; Block C: Lots 34-35; Block D: Lots 4-9 Block E: Lots 4-9. **Palmilla Phase 1 Addition**: Block A: Lots 1-3, 13, 14, 21; Block B: Lots: 5-6, 11-44, 55-57. **Pasadera Phase 2 Addition**: Block A: Lots 10-11, 16-20; Block B: Lots 11-12; Block C: Lot 5; Blocks D: Lots 3-4, 14.

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

Special techniques may be necessary for construction of improvements in the hilly areas of the subdivision, such as adding compacted fill on the lot, increasing the depth of the foundation, and designing a multi-level house to conform to the slope of the lot. Special construction will vary depending on the topography of the particular lot and the design of the proposed residence. No estimate can be made for such cost, but it could amount to several thousand dollars. You should seek professional advice on what special construction techniques your lot will require, if any.

WATER COVERAGE

None of the Lots in the subdivision are covered by standing water at any time. The subdivision contains several creeks, small ponds and small lakes. During periods of extended rainfall, the creek, pond and lake widths may increase. Each of the lots through which the creeks pass, or which adjoin the ponds or lakes, however, contain sufficient area on which to build a residence without danger of flooding from such creeks, ponds or lakes under normal circumstances.

DRAINAGE AND FILL

Your lot may be affected by natural drainage areas. Depending upon the design, type of construction and size of any improvements you intend to build, your lot may require fill to accommodate such improvements. Drainage and or fill are not required to construct a residence on your lot. Any costs for drainage or fill are completely dependent upon your design wishes. Consequently, Developer cannot accurately estimate the total cost because it is solely the option of the property

owner to incur the expense of drainage or fill. The cost to you of such fill, if any, will vary according to the type, size and location of the proposed improvements, however as of the time of this Report a load of fill dirt costs approximately \$225. Your contractor, at the time of design, is best equipped to estimate such costs. Because you will bear the cost, you should investigate this prior to purchase. We believe however, that none of the lots in the subdivision require any drainage of surface water prior to construction of improvements.

FLOOD PLAIN

No lots in the subdivision are located within a designated flood plain. Flood Insurance is available through the National Flood Insurance Program. Below is a summary of sample rates quoted on www.floodsmart.gov.

| Risk Level | Coverage (Building/Contents) | Annual Premium (with basement) |
|--------------------------------------|------------------------------|--------------------------------|
| Moderate to Low Risk (Zones B, C, X) | \$250,000/\$100,000 | \$ 460.00 |
| Standard (Zones B,C, X) | \$250,000/\$100,000 | \$1,958.00 |
| High Risk (Zone A) | \$250,000/\$100,000 | Consultation Required |

FLOODING AND SOIL EROSION

We do not have a comprehensive plan to control soil erosion. There are, however, drainage ditches and culverts throughout the subdivision to help control and direct water runoff, and seeded grasses in areas prone to erosion. These measures may not, however, be sufficient to prevent property damage or safety and health hazards.

NUISANCES

The subdivision is not subject to any onsite or offsite unpleasant odors, noises, pollutants or other nuisances. We are unaware of any proposed or existing land use which may adversely affect the subdivision or your lot.

HAZARDS

The area in which the subdivision is located has been officially identified by federal, state, or local agencies as being subject to occurrences of natural disasters and hazards. The Federal Emergency Management Agency ("FEMA") published multi-hazard advisory maps which are viewable online at www.fema.gov. The subdivision is also included in the Grayson County Multijurisdictional Hazard Mitigation Plan, which is available online at <http://www.co.grayson.tx.us/EM/FINAL> - Grayson County Multi-Jurisdictional Mitigation Plan.pdf. The table below summarizes the ratings of the Grayson County Multijurisdictional Hazard Mitigation Plans for the area in which the subdivision is located. Please refer to the individual plan for more information on their respective ratings and methodologies.

| Natural Hazard | Risk |
|----------------------------|----------|
| Inland Riverine Flooding | High |
| Hurricane & Tropical Storm | No Risk |
| Tornado | High |
| Drought | High |
| Local Windstorm | High |
| Hailstorm | High |
| Wildfire | High |
| Dam Failure | Moderate |
| Severe Winter Storm | High |
| Extreme Heat | High |
| Expansive Soils | High |
| Coastal Erosion | No Risk |

| | |
|-----------------|-----|
| Land Subsidence | Low |
| Earthquake | Low |

CLIMATE

The average high/low temperature for July is 93 F/ 73 F and the average high/low temperature for January is 51 F/ 32F. This area has an average of 241 days of sunshine. The average annual precipitation is forty-two inches, two inches of which is snowfall.

OCCUPANCY

47 homes in the subdivision are occupied on a full-time or part-time basis as of September 15, 2014.

ADDITIONAL INFORMATION

In this heading, we will discuss the following areas:

1. Property Owners Association
2. Taxes
3. Resale or Exchange Program
4. Equal Opportunity in Lot Sales
5. Listing of Lots

PROPERTY OWNERS ASSOCIATION

A property owners association was incorporated as a non-profit corporation under the laws of the State of Texas in January, 2007. The association, incorporated as "Rock Creek Resort Property Owners' Association, Inc.," (the "Association") has been operating and active since its inception.

When you purchase a lot in the subdivision, you automatically become a member of the Association. Membership in the Association is required as a condition of lot ownership. You will be given one vote for each lot you own in the subdivision. We also have one vote for each lot we own. The directors of the Association are elected for two year terms by vote of all members present at the annual meeting of members, in person or by proxy, held in July of each year. The Developer does not exercise or have the right to exercise control over the Association, however, currently three of the six members of the Board of Directors also serve in officer or director positions with the Developer, including the majority shareholder of Double Diamond-Delaware, Inc., which is the sole shareholder of Developer. The Board of Directors sets the policy of the Association in accordance with its Articles of Incorporation and Bylaws and elects the officers of the Association to carry out its day-to-day affairs. The Association has hired National Resort Management Corp., an affiliate of Developer, to manage and operate the Association's affairs through December 31, 2016. Developer does not provide any functions or services free of charge for which the association may be required to assume responsibility in the future, the withdrawal of which would lead to an increase in assessments or fees.

The Association is responsible for maintaining the common areas and any recreational facilities for the use of property owners. The Association is also primarily responsible for enforcing the Restrictive Covenants affecting the subdivision. To enforce the Restrictive Covenants, the Association may levy fines or institute non-judicial foreclosure proceedings against any property owner for violations of the Restrictive Covenants. The Association may enter onto and clean any lot in the subdivision, at the lot owner's expense, for failure to maintain such lot in a neat and orderly manner. The Architectural Control Committee of the Association has the right to disapprove applications for construction of improvements which do not conform with the Restrictive Covenants.

The current annual maintenance fees payable to the Association are \$1,000.00 if you own 1 lot, \$1,500.00 if you own 2 lots, \$1,751.98 if you own 3 lots, \$1,876.00 if you own 4 lots and \$1,937.50 if you own 5 lots. If you own more than 5 lots, there is a base charge of \$2,000.00 and an additional charge of \$2.00 per year for each additional lot. If a lot is co-owned by three or more persons, the applicable maintenance fees described above will be increased by fifty percent (50%). Each lot with a residential dwelling is not eligible for the multi-lot discount described above and shall be assessed as a single lot at \$1,000.00 per improved lot. These dues represent your pro-rata share of the operating expenses of the Association to maintain the subdivision as described above. The income from the current annual maintenance fees should meet the expected operating expenses of the Association, however, if the income from annual maintenance fees is insufficient to meet future expenses, they may be increased to cover the deficit. The Association also has the power to levy special assessments against all lot owners in the event of an expenditure of funds not anticipated and not payable out of maintenance fee funds. It is anticipated that special assessments will only be levied in an emergency situation and will rarely, if ever, occur.

TAXES

You are responsible for payment of all real estate property taxes assessed or levied against your lot prorated from the date you sign your Real Estate Sales Contract. You will be responsible for payment of Whitesboro I.S.D. taxes and

Grayson County taxes. Additional taxes may be owed for Grayson Junior College and for Special Districts such as the Choctaw Watershed District. Various methods of assessment are used, which are usually based on a percentage of the selling price multiplied by a millage factor to arrive at the tax amount due. The property taxes are estimated to range around \$2.08 per \$100 of assessed value based on the 2013 property tax rates. Either the assessed value of your lot or the tax rates, or both, may increase or decrease in the future. There are no other real estate property taxes assessed against your lot at this time.

If you purchase a lot using an installment contract and fail to pay the taxes when due, we may foreclose your lot if we have to pay such taxes to prevent the appropriate taxing authorities from filing a lien against the lot and if you refuse to repay us for the amount of taxes we paid.

VIOLATIONS AND LITIGATION

Double Diamond, Inc. is not a party to all of the litigation actions disclosed herein, however either an affiliate or the sole shareholder of Double Diamond, Inc. is a party to one or more of the actions. None of these actions will have a material adverse impact on Double Diamond, Inc.'s financial condition or its ability to transfer title to a purchaser or to complete promised facilities.

Walkinshaw et al. v. Double Diamond-Delaware, Inc. et al., DC-11-10333, 191st Judicial District, Dallas County, Texas. State court action filed regarding Association board's authority to enact hospitality credit program. The case is currently in discovery phase. An adverse result will not have a material adverse impact on Double Diamond, Inc.'s financial condition or its ability to transfer title to a purchaser or to complete promised facilities.

Castillo et al. v. Double Diamond-Delaware, Inc., et al. C-22259-11F, District Court for Hidalgo County, Texas. State court action filed by same attorneys in *Walkinshaw* case regarding Association board's authority to enact hospitality credit program. The case is currently in discovery phase. An adverse result will not have a material adverse impact on Double Diamond, Inc.'s financial condition or its ability to transfer title to a purchaser or to complete promised facilities.

RESALE OR EXCHANGE PROGRAM

We have no program to assist you in the sale of your lot nor do we have a formal program which assures that you will be able to exchange your lot for another lot in the subdivision. We do, however, have an informal program which allows you to "trade up" to any available lot in the subdivision at its then current price subject to certain qualifications. The Restrictive Covenants may limit your rights to post signs in the subdivision. All signs offering a property for sale must be approved by the Architectural Control Committee in accordance with the Restrictive Covenants or be posted on a central bulletin board provided within the subdivision.

UNDIVIDED INTEREST OWNERSHIP

Developer sells one-fiftieth (1/50th) undivided interests in select lots in the subdivision to property owners as tenants-in-common with non-exclusive rights to use such lot. No improvements or construction are permitted on such lots. The property owners have the same rights, benefits, privileges, duties, and obligations of ownership as any other property owner in the subdivision, the same membership status in the Property Owners Association, the same rights to use the amenities and recreational facilities in the subdivision and the same obligation to pay maintenance fees to the property owners association.

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, national origin, familial status, or handicap in our marketing and advertising of lots, rendering of lot services, terms and conditions of lot sales, or in any other manner.

LISTING OF LOTS

| | |
|--------------------------------|--|
| Muirfield Addition | Block A: Lots 1-83; Block B: Lots 1-22; Block C: Lots 1-25; Block D: Lots 1-27; Block E: Lots 1-23 all of the Muirfield Addition, Rock Creek Resort as described in the plat recorded in Volume 19, Pages 12-15 of the Plat Records of Grayson County, Texas. |
| Pronghorn Addition | Block A: Lots 1-106; Block B: Lots 1-77; Block C: Lots 1-39; Block D: Lots 1-40; Block E: Lots 1-17; Block F: Lots 1-16, all of the Pronghorn Addition, Rock Creek Resort as described in the plat recorded in Volume 19, Pages 9-11 of the Plat Records of Grayson County, Texas. |
| Wynstone Addition | Block A: Lots 1-68 as described in the plat recorded in Volume 19, Pages 131-135 of the Plat Records of Grayson County, Texas. |
| Bear Lakes Addition | Block A: Lots 1-52 as described in the plat recorded in Volume 20, Pages 12-13 of the Plat Records of Grayson County, Texas. |
| Sherwood Addition | Block A: Lots 1-41 as described in the plat recorded in Volume 20, Pages 7-11 of the Plat Records of Grayson County, Texas. |
| Toscana Addition | Block A: Lots 1-51; Block B: Lots 1-18; Block C: Lots 1-20, as described in the plat recorded in Volume 20, Pages 56-57 of the Plat Records of Grayson County, Texas. |
| Roaring Fork Addition | Block A: Lots 1-38; Block B: lots 1-22, as described in the plat recorded in Volume 20, Pages 160-161 of the Plat Records of Grayson County, Texas. |
| Annadale Addition | Block A: Lots 1-28; Block B: Lots 1-18, as described in the plat recorded in Volume 21, Pages 119-121 of the Plat Records of Grayson County, Texas. |
| Barrington Addition | Block A: Lots 1-25; Block B: Lots 1-10, as described in the plat recorded in Volume 21, Pages 116-118 of the Plat Records of Grayson County, Texas. |
| Castle Pines Phase I Addition | Block A: Lots 1-22; Block B: Lots 1-13; Block C: Lots 1-4, as described in the plat recorded in Volume 21, Pages 110-112 of the Plat Records of Grayson County, Texas. |
| La Paloma Phase I Addition | Block A: Lots 1-19; Block B: Lots 1-36; Block C: Lots 1-29; Block D: Lots 1-4, as described in the plat recorded in Volume 21, Pages 113-115 of the Plat Records of Grayson County, Texas. |
| Palisades Phase I Addition | Block A: Lots 1-412; Block B: Lots 1-24; Block C: Lots 1-4, as described in the plat recorded in Volume 21, Pages 132-134 of the Plat Records of Grayson County, Texas. |
| Palisades Phase II Addition | Block A: Lots 1-39; Block B: Lots 1-17; Block C: Lots 1-4; Block D: Lots 1-13; Block E: Lot 1 as described in the plat recorded in Volume 21, Pages 193-194 of the Plat Records of Grayson County, Texas. |
| Pasadera Phase I Addition | Block A: Lots 1-26; Block B: Lots 1-9; Block C: Lots 1-4; Block D: Lots 1-3; Block E: Lots 1-12 as described in the plat recorded in Volume 21, Pages 188-192 of the Plat Records of Grayson County, Texas. |
| Grand Cypress Phase I Addition | Block A: Lots 1-22; Block B: Lots 1-6 as described in the plat recorded in Volume 21, Pages 185-186 of the Plat Records of Grayson County, Texas. |
| Palisades Phase III Addition | Block A: Lots 1-13; Block B: Lots 1-15; Block C: Lots 1-39; Block D: Lots 1-12 Block E: Lots 1-12 as described in the plat recorded Volume 22, Pages 145-147 of the Plat Records of Grayson County, Texas. |
| Palmilla Phase I Addition | Block A: Lots 1-57; Block B: Lots 1-21 as described in the plat recorded Volume 22, Pages 127-130 of the Plat Records of Grayson County, Texas. |

Pasadera
Phase II
Addition

Block A: Lots 1-48; Block B: Lots 1-16; Block C: Lots 1-5; Blocks D: Lots 1-25; Block E:
Lots 1-22; Block F: Lots 1-13 as described in the plat recorded Volume 22, Pages 148-150 of
the Plat Records of Grayson County, Texas.

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 (except sales price of the lot) are subject to change.

Sales price of lot

| | |
|----------------|----------|
| Cash price | \$ _____ |
| Finance charge | \$ _____ |
| Total | \$ _____ |

Estimated one-time charges

- 1. Water connection fee \$675.00
- 2. Sewer connection fee \$3,100.00
- 3. Electric connection fees \$20.00
- 4. Telephone connection fee \$52.95
- 5. Filing fees \$25.00
- 6. Construction Impact Fee \$2,000.00


Total estimated one-time charges: \$5,872.95

Total estimated sales price + one-time charges: \$ _____

Estimated reoccurring charges, exclusive of utility use fees

- 1. Taxes annual average unimproved \$ _____
lot after sale to purchaser
- 2. Annual Maintenance fees \$ _____
- 3. Monthly Golf/Club dues \$ _____

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

DOUBLE DIAMOND, INC.
By: 
R. Mike Ward, President

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 (except sales price of the lot) are subject to change.

Sales price of lot

| | |
|----------------|----------|
| Cash price | \$ _____ |
| Finance charge | \$ _____ |
| Total | \$ _____ |

Estimated one-time charges

- 1. Water connection fee \$675.00
- 2. Sewer connection fee \$3,100.00
- 3. Electric connection fees \$20.00
- 4. Telephone connection fee \$52.95
- 5. Filing fees \$25.00
- 6. Construction Impact Fee \$2,000.00

Total estimated one-time charges: \$5,872.95

Total estimated sales price + one-time charges: \$ _____

Estimated reoccurring charges, exclusive of utility use fees

- 1. Taxes annual average unimproved \$ _____
lot after sale to purchaser
- 2. Annual Maintenance fees \$ _____
- 3. Monthly Golf/Club dues \$ _____

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

DOUBLE DIAMOND, INC.

By: 
R. Mike Ward, President

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE
PURCHASER RECEIPT
IMPORTANT: READ CAREFULLY

NAME OF SUBDIVISION: ROCK CREEK RESORT
ILS Number: 31935

Date of Report: October 2, 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 _____ State _____ Zip _____
City _____

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

Bureau of Consumer Financial Protection
1700 G Street, N.W.
Washington, D.C. 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(s): _____, Block(s) _____, Addition, Rock Creek Resort

Name of Salesperson _____

Signature _____ Date _____

PURCHASE 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: Rock Creek Resort

Date of Contract: _____

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

Purchaser(s) Signature _____ Date: _____

RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE
PURCHASER RECEIPT
IMPORTANT: READ CAREFULLY

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