

HARVEST RIDGE

Residential Community



Public Offering Statement
of
Harvest Ridge

PUBLIC OFFERING STATEMENT

OF

HARVEST RIDGE

JANUARY 11, 2008

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OF
HARVEST RIDGE

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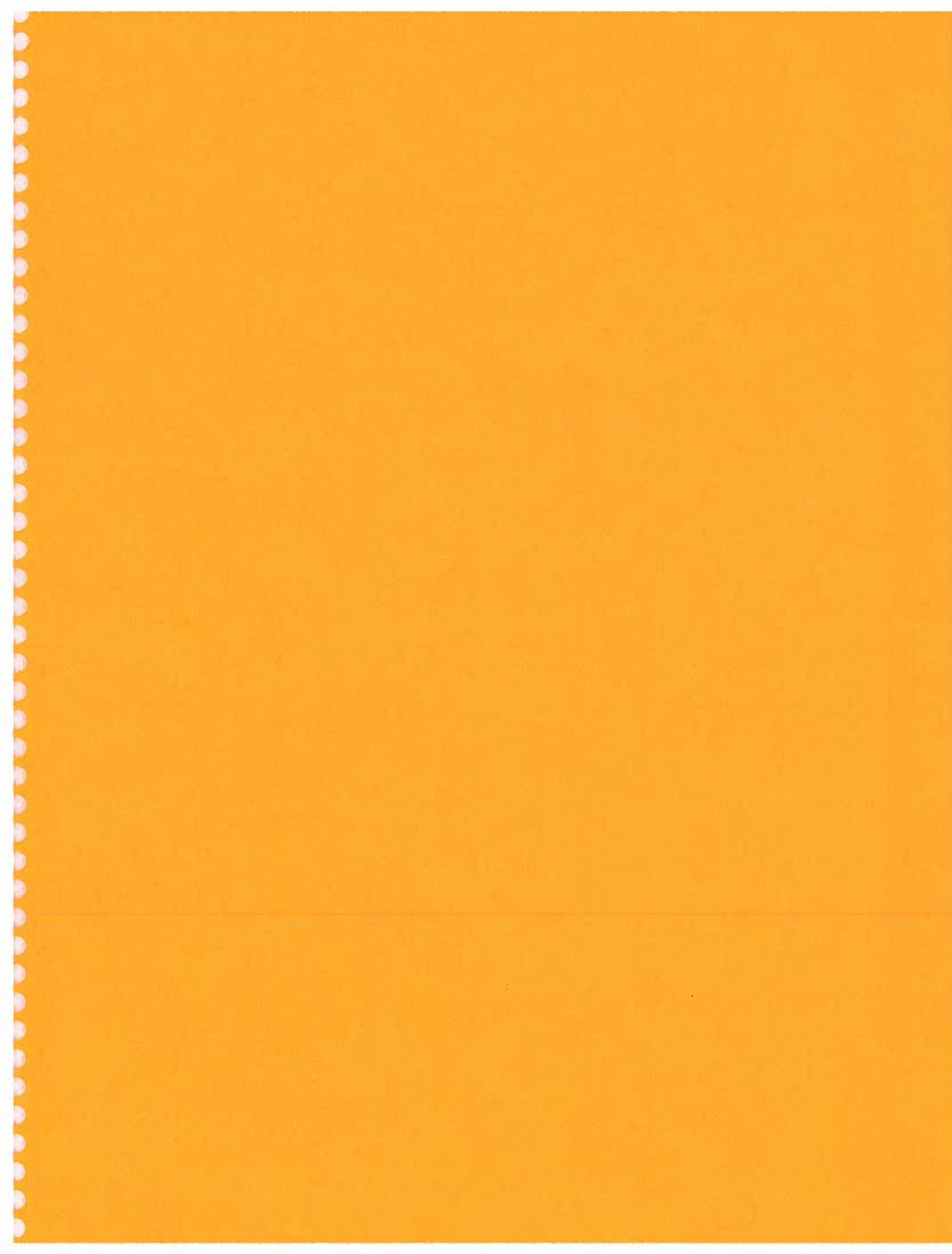
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**EXHIBITS TO HARVEST RIDGE
PUBLIC OFFERING STATEMENT**

EXHIBIT NO.	EXHIBIT
1	PLAT
2	DECLARATION
3	HARVEST RIDGE PROPERTY OWNERS ASSOCIATION, INC. ARTICLES OF INCORPORATION
4	BY-LAWS OF HARVEST RIDGE PROPERTY OWNERS ASSOCIATION, INC.
5	UNIT PURCHASE AGREEMENT
6	PRO FORMA DEED
7	PROJECTED BUDGET



PUBLIC OFFERING STATEMENT

OF

HARVEST RIDGE

A Planned Common Interest Community situate in Clinton District, Morgantown, Monongalia County, West Virginia

1. NAME AND ADDRESS:

Harvest Ridge is a Planned Common Interest Community of single-family residences and appurtenant Common Elements and easements having an address of Hornbeck Road, Morgantown, West Virginia 26508, being offered by Enrout Properties, LLC, a West Virginia limited liability company (hereinafter "Developer" or "Declarant"), with an office at 1445 Stewartstown Road, Morgantown, West Virginia 26508. The community is located in Clinton District, Monongalia County, West Virginia.

2. GENERAL DESCRIPTION:

A. THE COMMUNITY: Harvest Ridge (the "Community") is a Planned Common Interest Community ("CIC") consisting of residential lots (the "Units"). The Developer will construct the Community. The Developer may construct homes on a portion of the Units but is not obligated to improve the Units with housing. The owners of Units in the Community will be members of a non-profit homeowners' association which has the general responsibility of governing and managing the Community (the "Association"). The Community will have certain rights and obligations such as access and utility rights and rights to use certain amenities together with obligations to pay maintenance, repair and service fees. Such rights, obligations and Community management provisions are set forth in detail herein and in the exhibits attached to this Public Offering Statement.

B. THE UNITS: Phase I of the Community will consist of 51 Units. The Community is projected to consist of three hundred seventeen (317) Units. The Developer reserves the right to subdivide or consolidate Units, provided that all Units dedicated to detached home/single family residence use will contain a minimum of .2 acres. Developer reserves the right to develop subsequent phases of the Community for multifamily, townhome, or condominium use. If so

developed, the minimum Unit size may be less than .2 acres for these Units. The maximum number of Units in the Community will not exceed three hundred seventy-five (375). The rate of development will depend upon the sale of Units.

The Unit boundary lines for Phase I of the Community are shown on the plat attached to this Public Offering Statement as Exhibit 1 (the "Plat"). Unit nos. 124, 126, 128, 130, 132, and 134 are not included in Phase I of the Community. As subsequent phases of the Community are developed, plats of the phases will be included with Exhibit 1.

C. AMENITIES: The Community will benefit from various amenities that will be constructed by the Developer. The amenities include paved access roads, underground utilities, city water and sewage, storm water retention ponds, and landscaped areas at the entrance of the Community. Developer has commenced construction of the amenities. It is anticipated that the access road will be paved by Spring 2008, the retention pond for Phase I of the Community will be completed by January 1, 2008, and utilities will be extended to all units in Phase I by January 1, 2008. Amenities for future phases may not be built, and will be built based upon the marketability of units in future phases. Developer will not install the top coat of pavement on the roads of the Community. Unless deferred pursuant to the terms of the First Amendment to the Declaration, at Closing for each Unit, the Purchaser will pay to the Association a road impact fee of \$500.00. The road impact fees will be used by the Association to pay for installation of the top coat and other required repairs and maintenance to the roadways. The Association will determine when it is appropriate to install the top coat of pavement. The Developer will recommend to the Association that the top coat be installed when 75% of the homes in a phase have been constructed. To the extent it can be proven, expenses caused by damage to roads due to the negligence of a Unit Owner, its contractors or its agents will be the responsibility of the Unit Owner.

Developer may, but is not obligated to, construct recreational amenities in future phases of the Community, or may donate or sell property to the Association for recreational or other Community Common Area purposes. If Developer elects to do so, the Association would be responsible for the maintenance of such areas.

ALTHOUGH DEVELOPER CONTEMPLATES COMPLETION OF THE AMENITIES DURING THE TIME FRAMES INDICATED, EVENTS THAT ARE NOT WITHIN

THE CONTROL OF DEVELOPER, SUCH AS MARKET CONDITIONS, UTILITY COMPANIES' ELECTION AS TO WHEN TO EXTEND UTILITY SYSTEMS, OR TO DELAY THE EXTENSION OF UTILITY SYSTEMS, LACK OF CONTRACTORS OR MATERIALS MAY DELAY COMPLETION OF THE AMENITIES.

3. DEFINITIONS:

In this Public Offering statement, and other related documents and instruments, unless specifically provided otherwise, or the context otherwise requires, the terms and words of art below shall mean as follows:

A. Act: The Uniform Common Interest Ownership Act, Chapter 36B of the West Virginia Code, as the same may be amended from time to time.

B. Architectural Review Committee (ARC): The committee which shall ensure quality development of the Community and maintain an attractive general character or scheme of development by approving or disapproving virtually all proposed improvements to the Units.

C. Articles: The articles of incorporation of the Association and any and all amendments and modifications thereof and supplements thereto.

D. Association: Harvest Ridge Property Owners' Association, Inc., a non-profit corporation, organized under the laws of the State of West Virginia, and any wholly-owned subsidiary thereof, its successors and assigns.

E. Board: The board of directors of the Association.

F. Bylaws: The bylaws of the Association and any and all amendments and modifications thereof and supplements thereto.

G. Clerk's Office: The office of the Clerk of the County Commission of Monongalia County, West Virginia.

H. Common Elements: Except for and specifically excluding the Units, the Property, in its entirety, including, without limitation, all streets, roads, easements, rights of way, storm water retention ponds, rights, privileges, benefits, and interests appurtenant thereto, and improvements and permanent fixtures now or hereafter located and situated thereon. References to the Common Elements on the Plat are solely for general information purposes and shall not define, limit, or prescribe, in any manner, the Common Elements.

I. Common Expenses: Expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves.

J. Common Expense Liabilities: The liability for Common Expenses allocated each year.

K. Community: The Planned Common Interest Community consisting of residential living units known as Harvest Ridge, which, initially, includes Phase I only, but may be expanded by Declarant.

L. Declarant: Enrout Properties, LLC, a West Virginia limited liability company, its successors and assigns, but excluding as successors and assigns, (a) all Purchasers of any Unit, and their successors and assigns, and (b) all persons having a lien or security interest in the Property, whether such lien or security interest is voluntary or involuntary, and their successors and assigns, but not excluding any such Person who succeeds to the interest of Enrout Properties, LLC in and to the Property as a result of the foreclosure of such lien or security interest. Enrout Properties, LLC is sometimes also referred to herein as Developer.

M. Declaration: The Declaration of Common Interest Community for Harvest Ridge, creating the Community, and any amendments or modifications thereto or supplements thereto, properly recorded in the Clerk's Office. A copy of the Declaration is attached hereto as an Exhibit.

N. Development Rights: The rights reserved in Section 6.01 of the Declaration.

O. Limited Common Elements: A portion of the Common Elements allocated by the Declaration for the exclusive use of one or more but fewer than all of the Units.

P. Limited Common Expenses: Expenditures made by, or financial liabilities of, the Association relating to Limited Common Elements.

Q. Limited Common Expense Liabilities: The liability for Limited Common Expenses allocated to the Unit Owners benefitted by the related Limited Common Elements.

R. Member: Any and every Person holding membership in the Association in accordance with Section 4.01.

S. Person: An individual, corporation, business trust, estate, trust, partnership, limited partnership, association, joint venture, limited liability company, limited liability partnership, government, governmental subdivision or agency, or other legal entity.

T. Plat: That plat of survey of the Property indicating, among other things, Phase I of the Community prepared by Patrick E. Gallagher, P.E. No. 9297, P.S. No. 1352, of CTL Engineering, Inc. of West Virginia, dated October 9, 2007, appended hereto as an exhibit and incorporated herein by this reference, together with any amendments, modifications, or revisions thereof and supplements thereto.

U. Property: That certain real property referenced and described in Section 3.01 of the Declaration, together with all streets, roads, easements, rights of way, rights, privileges, benefits, and interests appurtenant thereto, and improvements and permanent fixtures now or hereafter located and situated thereon.

V. Purchaser: A Person, other than Declarant or a dealer (as that term is defined in the Act), who by means of a voluntary transfer acquires a legal or equitable interest in a Unit other than (1) a leasehold interest or (2) as security for an obligation.

W. Restrictions and Protective Covenants: Those certain conditions, covenants, restrictions, exceptions, reservations, easements, rights of way, and limitations set forth and contained in the Declaration and imposed upon the Property.

X. Special Declarant Rights: Rights reserved for the benefit of Declarant to (1) complete improvements indicated on the Plat; (2) exercise any Development Right; (3) maintain sales offices, management offices, signs advertising the Property or Units, and models; (4) use easements and rights of way through the Common Elements for the purpose of making improvements within the Property or within real property which may be added to the Property or within property that may be withdrawn from the Community, or within real property which may not be added to the Property; (5) make the Property subject to a master association; (6) merge or consolidate the Property with another common interest community of the same form of ownership or merge the Association with a master association; or (7) appoint or remove any officer, director, or committee member of the Association or any master association during any period of Declarant control.

Y. Unit: A physical portion of the Property designated for separate ownership or occupancy. In addition, a Unit shall include, as an appurtenance thereto, rights of way and easements over and across the Common Elements for the purposes contemplated herein and in the Declaration reasonably necessary for the use of the Unit as a single-family residence.

Z. Unit Owner: Any and every record owner, whether Declarant or another Person, whether one or more Persons, of any undivided interest in any Unit, but excluding those Persons having (1) a leasehold interest in a Unit or (2) an interest in a Unit solely as security for an obligation.

4. SIGNIFICANT FEATURES OF THE DECLARATION:

The Developer has created the Community by executing the Declaration attached hereto as Exhibit 2. The Declaration has been recorded in the office of the Clerk of the County Commission of Monongalia County in Deed Book 1355, at Page 190. A First Amendment to the Declaration has been recorded in said Clerk's office. This section is intended to provide a summary of the significant features of the Declaration.

A. MANAGEMENT OF THE COMMUNITY: Developer will manage the Community and supervise the maintenance and operation of the Community until such time as Developer transfers control of the Community to the Association. The Association will hold its first meeting as soon as reasonably necessary.

The costs associated with the management of the Community are generally satisfied from annual assessments and charges levied upon the Unit Owners. Developer, or its agent, has formed the Association, which is a non-profit West Virginia corporation. The Association is a managing entity with power to levy assessments and enforce collection of assessments and other charges. Upon the purchase of a Unit, the Owner will be responsible for payment of monthly assessments to the Association for Common Area Maintenance and other Association expenses. The amount of the initial assessments will be determined by Developer on behalf of the Association.

The Association's operation shall be governed by its Articles of Incorporation, (Exhibit 3) Declaration (Exhibit 2) and By-Laws (Exhibit 4). Each Unit Owner becomes a voting member in the Association by holding title to a Unit. Ownership of one Unit entitles that member

to one vote. If Units are combined as provided for in the Declaration, the combined Unit shall be considered a single Unit for purposes of voting on Association matters.

The Association may perform or contract for the performance of such acts as may be necessary in the proper management of the Community, its amenities and facilities. Such acts include but are not limited to:

- (1) Hire, pay and supervise all personnel;
- (2) Maintain and repair the Community;
- (3) Enter into agreements for providing garbage removal and general janitorial services;
- (4) Purchase equipment, tools, etc.;
- (5) Cause to be placed or kept in effect liability and hazard insurance on the Units, Common Elements and Limited Common Elements;
- (6) Maintain the Association's financial record books, accounts, etc.;
- (7) Maintain records to describe the services rendered and to identify the source of all funds collected by the Association;
- (8) Prepare a proposed annual budget to be approved by the Association;
- (9) Collect Common Expenses, Limited Common Expenses, and charges from members;
- (10) Maintain and utilize bank accounts;
- (11) Promulgate and enforce reasonable rules and regulations relative to use and occupancy of the Units;
- (12) Perform or cause to be performed repairs, maintenance and alterations and/or additions to any Unit;
- (13) Employ and retain management companies, professionals and other experts whose services may be reasonably required to effectively perform these duties.

B. BOARD OF DIRECTORS AND ARCHITECTURAL REVIEW COMMITTEE:

Developer will initially hold title to a majority of Units, so Developer will have a majority of the votes in the Association. The Board of Directors ("Board"), which manages the day to day business of operating the Association, has been created by the Declaration and the By-Laws. The directors are elected to the Board by the voting members (Unit Owners) of the Association. In the performance of their duties the members of the Board are required to exercise, (i) if appointed by the Developer, the care required of fiduciaries of the Unit Owners, and (ii) if elected by the Unit Owners, ordinary and reasonable care.

The Declaration and By-Laws establish the ARC. Members of the ARC are appointed to their position by the Board. Because Developer will elect most or all of the Board, the ARC will be composed of individuals who are essentially Developer's designees. The ARC must approve in writing the proposed construction upon or within the Units along with the proposed general contractor and construction contract of the Unit Owner. To accomplish this, all Unit Owners are required to submit all plans and/or specifications showing in detail all aspects of the construction (including building materials, the name of the general contractor and the proposed construction contract) to the ARC in order to obtain the ARC's written approval. No construction shall commence until the ARC has approved the plans and specifications. The ARC shall have the right, as a condition of approval of the proposed plans and specifications, to require the general contractor to post a payment and performance bond. The ARC will control construction times and transportation of materials to and from a Unit. ARC may impose weight limits on vehicles delivering materials to a Unit and may assess fines for violations thereof. The Declaration (Exhibit 2) provides in greater detail the various functions of the ARC. Upon submittal of plans and specifications to ARC, a Unit Owner shall pay to the Association a review fee of \$100.00. The purpose of this fee is to offset costs incurred by ARC in reviewing plans and specifications. ARC reserves the right to hire architectural or engineering firms to assist with review of the plans and specifications. The Board may increase or decrease the review fee, from time to time, based upon the cost incurred by ARC in reviewing plans and specifications.

After initial construction, if a Unit Owner desires to remodel, reconstruct, alter or otherwise renovate the exterior of a Unit, the ARC must approve, in writing, the proposed new

construction and the Unit Owner must submit to the ARC the same plans and specifications and related information as required for initial construction on a Unit.

Any proposed construction, remodeling, reconstruction, alterations or renovations that may compromise the structural integrity or the infrastructure of the Unit or the Community will be subject to approval by Developer, in the sole discretion of the Developer.

AS NO CONSTRUCTION CAN BE COMMENCED UNTIL PLANS AND SPECIFICATIONS ARE APPROVED BY THE ARC, PROSPECTIVE PURCHASERS ARE URGED TO SUBMIT PROPOSED PLANS AND SPECIFICATIONS TO THE ARC PRIOR TO PURCHASING A UNIT TO ADDRESS ANY ISSUES ABOUT CONSTRUCTION PRIOR TO MAKING A SUBSTANTIAL INVESTMENT IN A UNIT.

C. CONTROL OF THE ASSOCIATION:

DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.

Developer, or its successors or assigns, has the right to appoint a majority of the persons who will serve as members of the Board until the occurrence of certain designated events as set forth in Article IV of the Declaration attached as Exhibit 2.

Initially, Developer shall elect or appoint all members to the Board. Not later than sixty (60) days after the conveyance by Developer of twenty-five percent (25%) of the Units that may be created in the entire Community (Developer projects 317 Units will be created, but reserves the right to create up to 375 Units), the Unit Owners, other than the Developer, shall elect at least two (2) members of the Board. Developer shall appoint or elect the remaining Board members.

Not later than sixty (60) days after the conveyance by Developer of fifty percent (50%) of the Units that may be created in the entire Community, the Unit Owners, other than Developer, shall elect at least three (3) members of the Board. Developer shall appoint or elect the remaining Board members.

Not later than sixty (60) days after the conveyance of seventy-five percent (75%) of the Units that may be created in the entire Community, the period of Developer control of election of members to the Board shall terminate and the Unit Owners (including the Developer) shall elect all members to the Board.

D. ASSOCIATION ARTICLES OF INCORPORATION:

The Association has been created by the filing of Articles of Incorporation with the West Virginia Secretary of State. A copy of the Articles is attached hereto as Exhibit 3. The Articles provide, in addition to other matters:

- (1) That the Association is a non-profit corporation;
- (2) That the purpose of the Association is to manage, maintain, and govern the Community; and
- (3) That the Association has the ability to assess Unit Owners for maintenance fees and to levy and enforce liens against Unit Owners in order to collect the assessments.

E. ASSOCIATION BY-LAWS:

The By-Laws of the Association are attached as Exhibit 4. The By-Laws provide, in addition to other matters:

- (1) That the Board shall contain seven (7) members;
- (2) For the election by the Board of a president, treasurer, secretary and other officers of the Association;
- (3) The qualifications, powers and duties, terms of office and manner of electing and removing Board members and officers and filling vacancies;
- (4) For the delegation by the Board or officers of duties to other persons or to a managing agent;
- (5) Which of its officers may prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and
- (6) A method for amending the By-Laws.

5. CURRENT BALANCES AND PROJECTED BUDGETS:

The Developer has prepared a projected Association budget, a copy of which is set forth as Exhibit 7. BUDGETS MAY BE AMENDED OR UPDATED from time to time to reflect actual expenditures or alterations in future projections based on new information.

Unit Owners are subject to a yearly fee for maintenance and operation of the Community which yearly fee is projected to not be less than \$372.00. A Unit Owner shall be

responsible for assessments even if the Unit Owner does not reside at the Unit. As the Developer has expended substantial sums in creating the Community and constructing amenities and as Developer will be responsible for initial maintenance of the Community, Developer shall not be responsible for assessments for Units owned by Developer unless Unit is improved by a home and ready for occupancy.

A budget prepared yearly by the Association, similar to the one contained in Exhibit 7, determines the yearly projected budget. Each Unit Owner can calculate the amount of the annual fee to be paid by the Unit Owner to the Association by the following formula: $(\text{One [1]} \div \text{number of Units conveyed to Members, excluding Units owned by the Declarant}) \times \text{total annual budget determined by the Association}$.

Upon purchase of a Unit, a Purchaser or Owner shall pay a prorated portion of the current year's assessment, based upon the remaining days in the calendar year from the closing date unless otherwise provided in the purchase agreement or other closing documents.

6. SERVICES AND EXPENSES OF DEVELOPER:

Units are being offered by Developer without the assumption by Developer of on-going Community services or expenses. Initially, Developer will assume responsibility for maintenance and management of the Community. After the first meeting of the Association, the Association will be responsible for maintaining the Common Elements and Limited Common Elements and providing such other services as set forth in the Declaration and as may later become reasonably necessary.

7. INITIAL ASSOCIATION ASSESSMENT:

Unless payment is deferred pursuant to the First Amendment to the Declaration, due upon transfer of the deed from Declarant to each Purchaser shall be an "initial maintenance assessment" for the benefit of the Association of Two Hundred Dollars (\$200.00) per Unit transferred. This initial assessment shall be held in reserve by the Association for purposes of future repair and replacement of the Common Elements. Unless payment is deferred pursuant to the First Amendment to the Declaration, due upon transfer of the deed from Declarant to each Purchaser shall be a road impact fee for the benefit of the Association of Five Hundred Dollars (\$500.00) per Unit. This road impact fee shall be held in reserve by the Association for purposes of paying for the

installation of the top coat of pavement and to make other repairs and maintenance to the roadways. The road impact fee may not be used to pay for snow removal. The road impact fees shall be held in reserve until such time as the Association deems it appropriate to apply all or a portion of the reserves toward installation of top coat or to make other required repairs and maintenance to the roadways. The initial assessments shall be held in reserve until such time as the Association deems it appropriate to apply all or a portion of the reserves toward repair or replacement of Common Elements. These initial assessments shall apply to all Purchasers from Declarant regardless of the date of purchase and the initial assessments shall be in addition to Annual or Special Assessments assessed by the Association. Any outstanding annual or special assessments for a Unit shall be prorated on a yearly basis, as of the date of closing with an initial Purchaser.

At closing, the initial Purchaser of a Unit in the Community shall, on the date of closing, reimburse to the Developer the sewage tap fee for the Unit that has been prepaid by the Developer to the Morgantown Utility Board. For Phase I of the Community, the tap fee is \$350.00 per Unit. The tap fee for future phases of the Community will be the amount charged Developer by the Morgantown Utility Board for each Unit, which future amount may or may not equal \$350.00 per Unit.

8. RESTRICTIONS AND RESTRAINTS ON ALIENATION, USE, AND OCCUPANCY OF UNITS AND COMMON ELEMENTS:

A. Restraints on alienation of any portion of the Community.

(1) Common Elements: Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by Developer, agree to that action. Unless made pursuant to the Declaration, any proposed conveyance of Common Elements is void. Any conveyance or encumbrance of Common Elements pursuant to this section does not deprive any Unit Owner of his easement rights in and to the applicable Common Elements.

(2) Units:

Resale Certificate. All Unit Owners are subject to the provisions of Chapter 36B of the West Virginia Code, the Uniform Common Interest Ownership Act. The Code

enumerates in detail that prior to a conveyance of a Unit, a purchaser must be furnished a copy of the Declaration (other than plats and plans), the By-laws, the rules or regulations of the Association and a certificate supplied by the Unit Owner containing various information about judgments, liens, assessments, operations and workings of the Association.

B. Restrictions on Use and Occupancy.

(1) Restrictive Covenants: Contained within the Declaration (Exhibit 2) is "Article VII. Restrictions" These Restrictions and Protective Covenants impose extensive restrictions on the manner in which each Unit may be improved and used. The exterior of all Units shall at all times be kept in an aesthetically pleasing condition, uniform with the exterior of all Units in the Community. No construction in a Unit shall commence until approved by the ARC.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THE DECLARATION ATTACHED HERETO AS EXHIBIT 2 FOR A COMPLETE DESCRIPTION OF THE RESTRICTIONS AND PROTECTIVE COVENANTS.

The Declaration (Exhibit 2) provides that the ARC may allow reasonable variances and adjustments on restrictions in order to overcome practical difficulties and prevent unnecessary hardship.

(2) Common Element Restrictions: Developer does not desire or intend to place any restriction on the use or occupancy of the Common Elements located within the Community except to reserve those areas for common use in a manner consistent with the character of the Community. It is possible, however, that the Association at some time in the future would impose a user's fee on the usage of recreational areas, if any. That decision, if made during the period of Declarant control of the Association, will be imposed for the purpose of reducing the assessment burden on all Unit Owners and transferring such burden to the Unit Owners using the services.

9. DEVELOPER'S SPECIAL RETAINED RIGHTS:

A. Declarant has reserved the right, among other reserved rights, to complete improvements according to the schedule set forth herein. It is Declarant's intention to abide by the schedule set forth herein; however, there can be no assurance, nor should a Unit Owner rely on the

schedule with regard to the time when such rights may be exercised or which rights, if any, will be exercised.

Declarant has no duty or responsibility to exercise any of its reserved rights. In the event Declarant does exercise any right in any portion of the Subdivision, there is no assurance that Declarant will exercise that right in all or any other portion of the remainder of the CIC.

B. No assurances, other than those found in the Declaration or this Public Offering Statement, are made as to the compatibility of Units in terms of architectural style, quality of construction, and size.

C. No assurances, other than those found in the Declaration or this Public Offering Statement, are made as to other improvements that may be made and Common Elements or Limited Common Elements that may be created within the Community.

D. No assurances, other than those found in the Declaration or this Public Offering Statement, are made as to the locations of any improvement that may be made within any part of the Community pursuant to development rights reserved by the Developer.

E. No assurances, other than those found in the Declaration or this Public Offering Statement, are made as to the type, size or extent of any Common Elements or Limited Common Elements created pursuant to any Development Right reserved by the Developer.

F. No assurances are made that the restrictions in the Declaration (Exhibit 2) affecting use, occupancy and alienation of Units will apply to Units created pursuant to any Development Right reserved by the Developer.

G. Any assurance made pursuant to this section relating to the Development Rights of the Developer will not apply if that particular Development Right is not exercised by the Developer.

H. Developer has established three hundred seventy-five (375) Units as the maximum number of Units which may be created in the Community. For Units to be developed as detached, single family residential Units, the minimum lot size shall be .20 acres. Units dedicated to multifamily, townhome, or condominium use may be less than .20 acres. Subject to the terms of the Declaration and to Developer's Special Declarant Rights, one hundred percent (100%) of the Units shall be restricted exclusively to residential use; provided that firms, corporations or entities

(including the Developer) may purchase units for lease or rent or for use by employees, tenants, guests or invitees, as long as use of the Unit is consistent with the residential character of the Community. No representations are made as to use restrictions that may be imposed on future phases of the Community or property that is withdrawn from the Community. No more than five (5) Units may be used as model and management Units by Developer.

10. CONTINUITY AMONG PHASES:

It is Declarant's intention to maintain a consistent approach to the development of the phases of Harvest Ridge. Declarant intends to use the Plats, Declaration, Articles of Incorporation and By-laws of the Association, set forth in Exhibits 1 through 4 of this Public Offering Statement for each phase. Phase 1 of the Community consists of 51 Units, as shown on the Plat. It is possible, however, that events unforeseen at the time of printing this Public Offering Statement may necessitate the revision of certain Exhibits. **PROPERTY NOT PART OF A DEDICATED PHASE OF THE COMMUNITY MAY BE WITHDRAWN FROM THE COMMUNITY, AND MAY BE DEVELOPED FOR ANY USE. PROPERTY NOT PART OF A DEDICATED PHASE OF THE COMMUNITY MAY BE DEVELOPED FOR MULTIFAMILY, TOWNHOME, OR CONDOMINIUM USE. EASEMENTS, INCLUDING ACCESS EASEMENTS THROUGH THE COMMUNITY MAY BE UTILIZED TO SERVICE PROPERTY WITHDRAWN FROM THE COMMUNITY, PROPERTY OUTSIDE OF THE COMMUNITY, OR PROPERTY THAT IS DEVELOPED FOR MULTIFAMILY, TOWNHOUSE, OR CONDOMINIUM PURPOSES. THEREFORE, NO ASSURANCE CAN BE GIVEN THAT ALL RESTRICTIONS OR PROTECTIVE COVENANTS (INCLUDING RESIDENTIAL USE RESTRICTIONS) WILL REMAIN CONSISTENT AMONG PHASES OR AMONG PROPERTY WITHDRAWN FROM THE COMMUNITY.**

The Declaration creates an Architectural Review Committee within the Association. The Committee has been given the responsibility of enforcing the Restrictions and Protective Covenants and also the power to grant variances to the restrictions and covenants. Therefore, no assurance can be given that the Architectural Review Committee will not grant variances and thereby disrupt continuity within and among Phases.

11. ALLOCATED INTEREST:

(a) Association Voting: For matters relating to the Association in which Unit Owners have the right to vote, Unit Owners shall be entitled to one (1) vote for each Unit owned. If a Unit Owner combines two (2) Units, the Unit Owner shall be entitled to one (1) vote for the combined Unit.

If a Unit Owner properly subdivides a Unit, the Unit Owner shall be entitled to one (1) vote for each subdivided Unit. Declarant intends to create three hundred seventeen (317) Units. Declarant, however, has reserved the right to create up to three hundred seventy-five (375) Units. A Unit Owner can calculate the percentage of voting interest for Association matters by the following formula:

Number of Units owned ÷ total number of Units developed or to be developed

As the final number of Units has not been conclusively determined, a Unit Owner's percentage of voting interest will change depending on the number of Units.

(b) Common Element Expenses: Expenses relating to Community Common Elements will be allocated to Unit Owners based upon the number of Units sold by Developer. Units owned by the Developer where a home has not been constructed and ready for occupancy are not subject to Common Element Expense assessments. A Unit Owner can calculate his annual percentage of Common Element Expense assessment liability for each Unit Owner by the following formula: (One [1] ÷ number of Units conveyed by Developer to Third Parties) X Association's Annual Common Expenses.

(c) Limited Common Element Expenses. Expenses related to Limited Common Elements of the Community will be allocated in the same way as the allocation of Common Element Expenses, except the denominator will be the number of Units conveyed to third parties that benefit from the Limited Common Elements.

A Unit Owner's percentage of Common Element Expense assessment liability will change as additional Units of the Community are sold by Developer.

12. DEED AND UNIT PURCHASE AGREEMENT:

The pro forma Deed and Unit Purchase Agreement applicable to each Unit are attached hereto as Exhibits 6 and 5, respectively. The Deed provides that the Unit will be conveyed

with covenants of general warranty subject to the matters referenced in this Public Offering Statement or the Declaration. Also, the Deed requires Grantees, by accepting the Deed, to agree to be bound by the Declaration and all rules and regulations adopted by the Association. Purchaser's purchase obligations are contingent upon creation of the Community, construction of the Unit and providing access to the Unit. Construction of amenities that are not expressly stated in this section are not contingencies to Purchaser's purchase obligations.

13. TITLE TO LAND AND COMMUNITY:

By deed dated January 17, 2007, of record in said Clerk's Office in Deed Book 1333, at Page 333, Adrian Enterprises LLC, a West Virginia limited liability company, granted and conveyed unto Enrout Properties, LLC, a West Virginia limited liability company, property of which the Community is a part. Further, by quitclaim corrective deed dated January 30, 2007, of record in said Clerk's Office in Deed Book 1334, at Page 72, Adrian Enterprises LLC, a West Virginia limited liability company, granted, conveyed, released, remised and forever quit-claimed unto Enrout Properties, LLC, a West Virginia limited liability company, property of which the Community is a part.

Title to the land which Developer has submitted to the development of this Community is held in FEE SIMPLE, subject to:

- A. Covenants and restrictions contained in the Declaration and its Restrictions and Protective Covenants (Exhibit 2).
- B. Covenants and restrictions contained in the By-Laws (Exhibit 4), and the Articles of Incorporation for the Association (Exhibit 3).
- C. All rights-of-way and easements as shown on the Plats of the Community to be recorded as shown in preliminary form in Exhibit 1.
- D. All Common Elements and Limited Common Elements as displayed on the Plat of the Community and created by the Declaration.
- E. All of the exceptions, reservations, rights-of-way, easements, and other conditions that affect the title to the land as recorded in the Clerk's Office.

All sales of Units in this Community will provide for the transfer to the Purchaser of a FEE SIMPLE interest in the Unit, subject to the foregoing.

14. LIENS AFFECTING TITLE:

A. The Units are being offered subject to the following liens and encumbrances which shall be released as to each Unit at closing: A pro forma partial release is attached hereto as Exhibits 8A and 8B.

<u>Trust Deed Book</u>	<u>Page</u>	<u>Secured Party</u>
1527	400	The Huntington National Bank
1530	60	re-recording of 1527/400

B. No unsatisfied judgments or pending suits exist against the Association.

C. The Units are additionally subject to possible liens from time to time, including but not limited to:

(1) Units shall be separately assessed for taxation purposes on the Land Books of Monongalia County, West Virginia, and any assessment for any Unit constitutes a lien on that Unit until its payment.

(2) Unit Owners are subject to assessments and charges by the Association in accordance with the attached Declaration and other documents, and liens may accrue against individual Units for non-payment of the same.

15. EARNEST MONEY DEPOSITS:

All earnest money deposits for the prospective purchase of a Unit shall be placed in a non- interest bearing escrow account until time of closing. Said earnest money shall be applied to the purchase price when the sale is consummated or will be returned to the Purchaser only if the purchaser cancels the contract prior to fifteen (15) days after receiving this Public Offering Statement, or if canceled in accordance with the terms of the unit purchase agreement. The escrow agent is Alliance Realty LLC.

16. INSURANCE COVERAGE:

A. Developer will provide insurance coverage for liability purposes on all Common Elements and Limited Common Elements until the Association's first meeting in limits of coverage of not less than \$1,000,000.00 per person/\$1,000,000.00 per accident. Once the Association is operational, it shall be the responsibility of the Association to determine the extent

and amount of insurance necessary to provide proper insurance coverage on the Common Elements and Limited Common Elements.

B. NEITHER DEVELOPER NOR THE ASSOCIATION WILL PROVIDE PERSONAL COVERAGE ON THE UNIT OWNER'S IMPROVEMENTS TO THE UNIT OR PERSONAL PROPERTY LOCATED THEREIN. UNIT OWNERS ARE URGED TO ACQUIRE HAZARD INSURANCE FOR THEIR OWN BENEFIT TO INSURE THE OWNER'S IMPROVEMENTS OR PERSONAL PROPERTY LOCATED WITHIN A UNIT OR THE COMMUNITY.

C. In the case of fire, casualty or other disaster, the Association shall act pursuant to Article 4.10 of the Declaration attached hereto (Exhibit 2).

17. ZONING REQUIREMENTS:

Harvest Ridge is situate in Clinton District, Monongalia County, West Virginia. There are no zoning laws or land use restrictions imposed upon the Community by the County Commission of Monongalia County, the State of West Virginia or the United States of America. However, all prospective buyers must take notice that Declarant has imposed Restrictions and Protective Covenants upon each Unit that limits the use and occupancy of the Unit and its improvements. All Units within the Subdivision are conveyed subject to the Restrictions and Protective Covenants and no use or occupancy in violation of those restrictions shall be tolerated. The Association is vested with specific powers that permit it to institute legal action to enforce the various Restrictions and Protective Covenants. It is Declarant's intention and desire that the Association, acting through the ARC, shall strictly enforce all Restrictions and Protective Covenants.

18. WARRANTIES:

The pro forma deed contains an Agreement and Waiver where Purchaser waives Purchaser's statutory right to a six-year statute of limitations for the commencement of legal action for breach of implied or expressed warranties of quality. In its place shall be substituted a statute of limitations requiring the commencement of any legal action by purchaser for breach of warranty within two years of the date the purchaser purchases the Unit.

19. COMPLETION OF IMPROVEMENTS AND AVAILABILITY OF AMENITIES;
PROJECT RISKS:

Developer is adequately financed to complete construction of the Community.

HOWEVER, REGARDLESS OF HOW WELL FINANCED DEVELOPER IS, THERE CAN BE NO ASSURANCE THAT THE IMPROVEMENTS AND AMENITIES AS SHOWN OR DISCLOSED WILL BE COMPLETED ACCORDING TO THIS PUBLIC OFFERING STATEMENT AND THE ATTACHMENTS TO IT OR WILL BE COMPLETED AT ALL DUE TO CIRCUMSTANCES AND CONDITIONS BEYOND DEVELOPER'S CONTROL.

20. PURCHASE DEPOSITS AND RIGHTS OF CANCELLATION:

A. WITHIN FIFTEEN (15) DAYS AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT, A PURCHASER, BEFORE CONVEYANCE, MAY CANCEL ANY CONTRACT FOR PURCHASE OF A UNIT FROM THE DEVELOPER, WHICH SHALL INCLUDE RETURN OF PURCHASER'S EARNEST MONEY DEPOSIT;

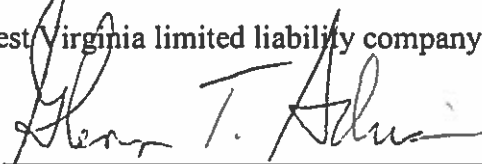
B. IF DEVELOPER FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM DEVELOPER TEN PERCENT (10%) OF THE SALES PRICE OF THE UNIT PLUS TEN PERCENT (10%) OF THE SHARE, PROPORTIONATE TO HIS COMMON EXPENSE LIABILITY, OF ANY INDEBTEDNESS OF THE ASSOCIATION SECURED BY SECURITY INTERESTS ENCUMBERING THE COMMUNITY; and,

C. IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN FIFTEEN (15) DAYS BEFORE SIGNING A UNIT PURCHASE AGREEMENT, PURCHASER CANNOT CANCEL THE CONTRACT, EXCEPT ACCORDING TO THE TERMS OF THE UNIT PURCHASE AGREEMENT.

D. CANCELLATION SHALL BE MADE BY HAND-DELIVERING A NOTICE THEREOF TO DEVELOPER OR BY MAILING NOTICE THEREOF BY PREPAID U.S. MAIL TO DEVELOPER OR ITS AGENT FOR SERVICE OF PROCESS.

Dated this 11th day of January, 2008.

Enrout Properties, LLC,
a West Virginia limited liability company

By: 
Its Member