

Tiffany's Condotel Public Offering Statement

The following information is provided pursuant to the provisions of Article IV of Chapter 47C of the North Carolina General Statutes, North Carolina Condominium Act ("the Act") with respect to the sale of Units in Tiffany's Condotel ("the Condominium complex").

- 1. Identification of the Declarant and the Condominiums.** The name and principal address of the Declarant is TCB HOLDINGS, LLC, 1016 Northlake Ct, Wake Forest, North Carolina 27587. The name and principal address of the Condominium complex is Tiffany's Condotel, 1502 N. New River Drive, Surf City, North Carolina 28445 in Pender County.
- 2. General Description of the Condominiums.** The Condominiums will be located in Surf City, NC on part or all of 1.4 acres of land. The site lies approximately 1.2 miles North on New River Drive at the intersection of North New River Drive and Pender Avenue.

The Condominium Units will be served by two drives which connect to an existing public road (NC Hwy 210, commonly known as North New River Drive). Individual Units will be available in a number of different plans: Two bedroom units with decks (ranging from 650 to 900 heated square feet); One bedroom units with decks (containing approximately 600 square feet); and Studio units (containing approximately 350 heated square feet). The Units will be laid out so that all studio units face the courtyard, some two-bedroom units face the courtyard, and the remaining two-bedroom units in Phase III face the ocean and front of the property with units in Phase III facing Pender Avenue. There will be one building in each phase of this property. Each building will consist of a maximum of 7 units on the bottom floor and 6 units on the top floor of the building for a total of 13 units per building. For Phase I the Unit numbering shall begin with the unit on the bottom floor of the building and move from ocean side to sound side and up the building. The numbering for Phase II will follow this same pattern. Unit numbers are unique in each building. The first number is the building number, the second number is the floor and the third number is the actual unique identifier for each Unit. An example of the numbering scheme for Building #1 is attached in Exhibit 6. Current planning anticipates a Phase III and Phase IV in this complex, which will consist of approximately 12 additional units for each phase. The final number of units and their locations, sizes and configurations will be dictated by actual and projected purchaser demand and by other business factors.

Once begun, construction of a given building could take between four and eight months depending on weather and availability of material and/or labor. Common element amenities will consist of a 33000 gallon swimming pool with concrete pad, exterior showers for near pool, public restrooms, interior drives and private streets, parking areas, lawns and landscaping, streets signs, street lights, mail boxes, and a laundry facility for owners/tenants use. The Declarant may, at its option, in the future, construct additional buildings, a gazebo, playground equipment, picnic area or other similar structure or amenity. The Declarant anticipates the schedule for commencement and completion of construction of all buildings and amenities to be as follows:

<u>Description</u>	<u>Commencement Date</u>	<u>Completion Date</u>
Building #3	April, 2007	November, 2007
Building #4	August, 2007	April, 2008
Additional Amenities	TBD	TBD

The Condominium complex may be developed in one or more phases, as determined by the Declarant. Such phases need not be contiguous as and when completed. Units will not be sold in a phase until adequate parking and roads are completed to serve the Units. Although the Declarant presently intends to develop substantially the entire site, it shall not be required to do so.

- 3. Number of Units.** The Condominium complex will consist of a maximum of 62 Units.

4. **Condominium Documents.** A copy of the recorded Declaration of Condominium is attached as Exhibit 1 hereto. All covenants, conditions, restrictions and reservations affecting the Condominiums are contained in the proposed Declaration. The proposed Articles of Incorporation and Bylaws of the Tiffany's Condotel Owner's Association, Inc. ("the Association") are attached hereto as Exhibits 2 and 3 respectively. There are presently no rules or regulations of the Association other than those, if any, contained in the proposed Articles of Incorporation and Bylaws of the Association. The buyers may choose to sign a Unit Management agreement at the time of closing. The Declarant intends to enter into a management contract with an affiliated real estate management company for the day-by-day management of the Condominium complex for continued use as a motel. A copy of the proposed motel management contract is attached hereto as Exhibit 5. This contract may be subject to cancellation by the association pursuant to Section 47C-3-105 of the Act. There are no other contracts or leases that will or may be subject to cancellation by the Association. In the event of a conflict between any of the terms and provisions of this Public Offering Statement with the terms and provisions of the Declaration or the Bylaws, the terms and provisions of the Declaration or Bylaws shall govern.
5. **Financial Information.** A copy of the projected budget for the Association is attached as Exhibit 4 hereto. No current balance sheet is attached, as the Association does not yet have assets or liabilities to reflect. The budget was prepared by the Declarant, and assumes full payment of the indicated assessments by all Units in the Condominium complex. The budget makes no assumptions concerning inflation.
6. **Unreflected Expenses.** The Declarant does not anticipate that any services will be provided by the Declarant, which may become at any subsequent time a common expense of the Association. The Declarant shall not pay any expenses not reflected on the budget materials shown on Exhibit 4.
7. **Initial or Special Fees.** At closing, a purchaser will be required to reimburse the Declarant for its contribution toward the working capital fund described in Article VIII, Section 8.3 of the Declaration in the amount of \$500.00 (five hundred dollars). The first year's insurance and an initial contribution of three months of Association fees are to be paid at the time of closing to allow for processing and setup of the new owners by the Association. There are no other initial or special fees due from the purchaser at time of closing.
8. **Title Matters.** A description of known or recorded liens, encumbrances or defects affecting the title to the Condominiums is attached as Exhibit 6 hereto. The Condominiums will also be subject of one or more mortgages, deeds of trust, assignments of leases, profits, and rents, and other similar security and financing instruments to secure one or more loans obtained by Declarant for the purpose of acquiring and developing the Condominium property. When all such properties are built out and sold such encumbrances will be canceled entirely. Prior to such time, each Unit will be released from such encumbrances on a Unit-by-Unit basis as each is conveyed by Declarant to a purchaser.
9. **The Declarant's Warranties.** The only warranties, if any, to be provided by the Declarant will be those expressly set forth in any Purchase Agreement entered into between the Declarant and any purchaser. Pursuant to such Purchase Agreement, Declarant will deliver (or will cause its builder to deliver) to a purchaser a written warranty containing materially the same features, coverages, and exclusions as the sample warranty attached as Exhibit 7. TO THE EXTENT ALLOWED BY LAW, AND EXCEPT AS SET FORTH IN THE PURCHASE AGREEMENT, THE UNIT AND ALL PERSONAL PROPERTY ARE BEING SOLD "AS IS," WITHOUT WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BY WAY OF ILLUSTRATION AND NOT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. The Declarant will make available to the purchaser such warranties on equipment or appliances as have been provided to the Declarant by the manufacturer of such items. Warranties are only applicable to newly constructed units.

10. **Purchaser's Right to Cancel.** The purchaser must receive a Public Offering Statement before executing a contract for the purchase of any Unit. No conveyance of a Unit can occur until seven calendar days following the signing of a contract for purchase. The purchaser has the absolute right to cancel the contract during the seven calendar day period. A purchaser may also have additional rights to cancel in the event of any material change is made in the proposed Declaration after a contract of purchase has been signed but before conveyance of the Unit. These rights, and the procedures for providing notice of such changes, are described in Paragraph 24.
11. **Judgments and Suits.** There are no known or recorded unsatisfied judgments or pending suits against the Association. There are no pending suits material to the Condominiums of which the Declarant has actual knowledge.
12. **Escrow of Deposits.** Any deposit or down payment made in connection with the purchase of a Unit will be held in an escrow account pursuant to North Carolina General Statutes §§ 47C-4-108 and 110 by the listing agent.. The deposit or down payment shall be held in such account until the period of time during which the purchaser may cancel expires, or the time of cancellation by the purchaser, or the date of closing, whichever first occurs. Any deposit or down payment shall be applied to the purchase price of the Unit at closing.
13. **Restraints on Alienation.** There are no restraints on the alienation of any portion of the condominium except as provided in the Declaration.
14. **Insurance Coverage.** The Condominium complex, exclusive of the Units themselves, will be insured by a policy of fire and property damage, flood, wind, liability and Directors & Officers insurance maintained by the Association. This policy will not insure physical improvements within the boundaries of each Unit, nor any appliances or personal property irrespective of whether such physical improvements, appliances or personal property were initially furnished by the Declarant or a Unit Owner. A description of the insurance coverage to be provided by the Association for the benefit of Unit Owners is attached as Exhibit 8 hereto.
15. **Common Element Fees.** The current known common element fees include the following: water and sewer charges for pools and laundry, trash collection, basic cable service, property taxes of common areas, carpet cleaning (as needed), common area insurance, pool maintenance, landscaping & irrigation fees, common area electrical (lighting and pool pump), unit electrical services, parking area maintenance, and any other costs associated with maintaining or adding amenities for the common use of all homeowners.

The common area fees will be calculated by dividing total costs by total number of units. The only exceptions will be insurance, power, taxes, water and sewer charges. These fees will be calculated based on square footage of each unit, e.g. larger units pay a larger fee.
16. **Additional Improvements.** The only improvements labeled "MUST BE BUILT" on any plat or plan of the condominium prepared and recorded pursuant to Section 47C-2-109 of the North Carolina General Statutes is the pool adjacent to Building #1.
17. **Zoning and Land Use Requirements.** The land on which the Condominiums are situated is zoned C-1. The development criteria shown on the application and the approval constitute agreements between the Declarant and the Town of Surf City to continue to operate the development as a motel. The Declaration contains certain other restrictions on the use of the Units and Common Elements.
18. **Alienation or Conveyance of Common Elements.** Any portion of the Common Elements may be alienated, conveyed, or subjected to a security interest in accordance with the procedures outlined in North Carolina General Statutes § 47C-3-112.
19. The Declarant reserves the right to create out of Phase III a maximum of thirteen (13) additional units of the condominium, together with additional common elements and limited common elements. The proposed plans and elevations for Phase III are attached as Exhibit 12 hereto. The development rights described in this section must be exercised within five (5) years of the date of recording of the Declaration. The Declarant plans to construct one (1) additional building on Phase III and one (1) additional building on Phase IV that shall be virtually identical in style, composition and construction to the buildings in previous phases, together with additional parking area and

roadway to support the additional units. The proposed plans and elevations for Phase IV are attached as Exhibit 12. No other buildings shall be built by Declarant on Phase III or IV. Notwithstanding any other provision herein, no property may be added to the condominium without the prior written consent of any federal agency that holds, insures or guarantees any mortgage on any existing unit in the condominium.

20. The maximum extent to which any unit's allocated interests may be changed by the exercise of the development rights described in Section 21 above is to reduce such interests by fifty percent (50%). For example, a unit whose initial interest in the common areas is 3% could be reduced to no less than 1.5% interest at the completion of all development.
21. No assurances are made with regard to the locations of any building or other improvements that may be made within any part of the condominium pursuant to the development rights described in Section 19 above.
22. Any limited common elements created pursuant to the development rights described in Section 19 above will be of the same general types and sizes as the limited common elements within other parts of the condominium.
23. The proportion of limited common elements to units created pursuant to the development rights described in Section 20 above will be approximately equal to the proportion existing within other parts of the condominium.
24. All restrictions in the Declaration affecting use, occupancy and alienation of units will apply to any units created pursuant to the development rights described in Section 19 above.
25. The assurances made in Sections 20 through 24 above will not apply if the Declarant, its successors or assigns, does not exercise the development rights described in Section 19 above.
26. A copy of the proposed purchase contract is attached as Exhibit 10 hereto.
27. **Version and Effective Date; Amendment to Statement.** This document is Version Number 3 and its effective date is March 1, 2007. The Declarant reserves the right to amend this statement to report any material change in the information contained in this statement. A copy of any amendments will be provided to any purchaser who has executed a Purchase Agreement, but who has not yet closed on the purchase of a Unit. If any material change is made in the proposed Declaration after a contract for purchase of a Unit has been signed, but before conveyance, a purchaser may rescind the contract within seven days after receipt of the amendment, which gives notice of the change.

RECEIPT FOR PUBLIC OFFERING STATEMENT

The undersigned hereby acknowledges receipt from TCB Holdings, LLC on _____, 2007 of a copy of the Public Offering Statement of Tiffany's Condominiums. This Statement consisted of a document with Version identifier Number 3, and with an effective date of March 1, 2007, and the following numbered amendments (list amendments by number or write "None"):

Dated: _____, 2007

PURCHASER(S):

