

READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING.

This Report is prepared and issued by the developer of this land divisions. 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 a parcel of land in these developments. 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 Development: Clearwater Mountain

Name of Developer: Woods & Waters Inc.

Date of this Report: November 12, 2003

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Note: in this Property Report, the words "you" and "your" refer to the Buyer. The words "we" and "us" refer to the developer.

RISKS OF BUYING LAND

The future value of land is uncertain and dependent on many factors. DO NOT expect all land to increase in value. Resale of your parcel 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 parcel.

Any land division will have an impact on the surrounding environment. Whether or not the impact is adverse, and the degree of impact, will depend on location, size, planning and extent of development.

Land divisions 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 parcel 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.

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 24 parcels located in Reynolds County, MO. See Page 18 for a listing of these parcels. No additional parcels are planned for any of these sites.
The developer of this land is:

Woods & Waters Inc.
P.O. Box One
Willow Springs, Mo. 65793

Neil@OzarkLand.com
Phone (417)932-4873
FAX (417)932-6698

Answers to questions and information about these land divisions 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 for sale agreement to buy a parcel of land may give you possession, but does not give you legal title. You do not have legal title until you receive a valid deed. A restriction or an encumbrance on your parcel, or on the land division, could adversely affect your title.

Here, we will discuss the Sale Agreement (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, underlying contracts or liens affecting your parcel, and some important facts about payments, recordings, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

Here we discuss our method of selling and financing property: Each property is offered for a set price and monthly payment based on a fifteen-year amortization (unless otherwise stated). Upon receipt of your first monthly payment we will enter into a Contract for Warranty Deed with you. After you have made six monthly payments, or the equivalent thereof, we will issue you a Corporation Warranty Deed and record your Deed of Trust. We will also hold a Quit Claim Deed to be used only in the event of your default. Your Contract for Warranty Deed and Deed of Trust will both show the actual sale price, initial payment, remaining balance, rate of interest and number of installment payments required. When your Corporation Warranty Deed is issued to you, it will be free and clear of all other liens and encumbrances except for easements and reservations referred to herein.

If you fail to make the installment payments on your Contract for Warranty Deed or Deed of Trust, or fail to make other arrangements agreeable to us, you may lose your land and all monies paid.

Because notification of your purchase will be placed on record by way of your Deed of Trust neither we, nor our creditors, nor any underlying owners of record, can encumber your parcel after the Deed of Trust has been signed and recorded (See Method and Purpose of Recording, p. 6).

Type of Deed

All deeds given by us will be Corporation Warranty Deeds conveying fee-simple title to the property free of all liens and encumbrances at the time of generation.

Oil, Gas, and Mineral Rights

The oil, gas and mineral rights to all of the parcels covered in this Report will be passed on to the purchasers.

ENCUMBRANCES, MORTGAGES AND LIENS

In General

We are fee simple owners of all the land in this subdivision. There is a first deed of trust held by Richard W. Wood, trustee for the William W. Blevins family which is current in it's payments.

There is a release clause of record in the body of this document that allows us to obtain clear title for you before the blanket encumbrance is paid in full. This trust deed has a clause that allows you to exercise the release provision in the event of our default.

RECORDING THE CONTRACT AND DEEDS

Methods and Purpose of Recording

We will record the Corporate Warranty Deed and Deed of Trust at the appropriate county recorder's office immediately after the 180-day closing. Your parcel will still be subject to the unpaid balance on your Deed of Trust. We will pay the costs of all recording.

Title Insurance

We will pass title to you by way of a Corporation Warranty Deed wherein we guarantee that the title is free and clear of all but noted restrictions, easements and encumbrances. However, you should obtain a title insurance policy which will describe the rights of ownership which you are acquiring in your parcel. We recommend that an appropriate professional should interpret the opinion or policy.

PAYMENTS

Escrow

During the first six months of your transaction, while the Contract for Warranty Deed is in effect, you may lose your deposit and installment payments if we fail to deliver legal title to you as called for in the contract because these installment payments are not held in an escrow account which fully protects you, that is we will hold your payments ourselves.

Prepayments

There are no penalties for prepayment. You may pay any amount in excess of your regular installments at any time.

Default

Should you fail to make the payments stipulated in the Contract for Warranty Deed or Deed of Trust, then at our option, we may declare a forfeiture and retake the property. If you are delinquent in your payments more than 30 days, we will give you written notice of your default or breach of contract, then you will have an additional 20 days from receipt of that notice to bring your payments current or make other arrangements agreeable to us. If you do not bring your payments current or make other arrangements, then we may declare a default and retake possession of the property.

In the case of default after title has been transferred to you but before the full balance of you Deed of Trust has been paid, we will, as title protection for ourselves in the event of your default, record the Quit Claim Deed you were required to sign on closing.

RESTRICTIONS ON THE USE OF YOUR PARCEL

Restrictive Covenants

Your Contract for Deed or Deed of Trust contains a restriction that no marketable timber (defined as trees of 8" or greater stump diameter) may be cut without our written permission

Listed below are the recorded restrictions effective on the date of This Report which affect Clearwater Mountain. Please note that some of these restrictions limit your use of these properties and might cause you an additional expense or detract from your intended use of the land. These covenants as listed below are available from our offices or from the Marion County Recorder's Office.

- (A) This Property, if occupied, shall not be used for other than private, single family residential purposes. No more than one dwelling may be constructed on any parcel. No commercial or business activities are allowed that require additional parking or signage larger than 2 square feet in area, such as 1 foot by 2 feet or 6 inches by four feet.
- (B) All homes constructed on the Property shall be complete on their exterior within 180 days from the date construction above the foundation is begun unless the building site is within sight of the access road, in which case, such homes must be complete on their exterior within 180 days after foundation construction is begun. All construction shall be of either whole-log construction, or native stone construction or any combination of native stone and whole-log construction of not less than 1000 square feet in living area permanently attached to an adequate concrete foundation. An adequate concrete foundation shall be one consisting of poured concrete or mortared concrete block placed in any combination of beams, piers, pilings and/or footings which supports the dwelling sufficiently that no settling greater than one inch in forty lineal feet shall occur. Mobile homes and metal buildings are not permitted on the roads or property of Clearwater Mountain under any circumstance.
- (C) Camping for more than 14 days in a twelve-month period is not permitted. Camping equipment or trailers may not be left on the property between uses unless kept within a closed building or otherwise covered.
- (D) Secondary electrical service shall be by underground cable unless specific conditions exist at the time of installation which make this impossible or if Black River Electric Co-op should absolutely refuse to install such underground cable. Primary electrical service shall be by either overhead or underground cable.
- (E) No construction, other than fencing, shall take place within the boundaries of building setbacks and utility easements as defined in the Official Plat of Clearwater Mountain. No flags, banners or signs other than signs to identify the owner and or address of the parcel, or signs advertising the parcel for sale, are permitted between the building setbacks and the road. Fences must not encroach upon the road easements.
- (F) No parcel of the Property as the same shall appear on the Official Plat of Clearwater Mountain as recorded at Book 2, Page 4, Reynolds County Recorder's Office, Centerville, Missouri, may be further sub-divided.
- (G) Waste materials must be kept in closed containers at all times. Parcels must be kept free of refuse, debris, and rubbish. No derelict vehicles may be kept on any parcel unless kept in an enclosed garage. Derelict vehicles are defined as those which EITHER do not run, or are not licensed.
- (H) Any animals kept on this property shall be maintained in such a manner that they do not present a nuisance to owners of neighboring parcels. Kennels and feedlots are not permitted.
- (I) All wastewater treatment facilities must be constructed in accordance with all federal, state and local standards.

Easements

The easements of record within the land division included in this report are for roads and utility purposes. They will appear in your title report. Here we will discuss the easements which may affect building or land use in each of these land divisions. Please note that each and every parcel is large enough to accommodate a residence despite the easements. None of the land covered in the report is subject to any type of flood control or flowage easements. No road easements cut across or through parcels. Road easements are 40 feet in width, and utility transmission easements include this 40 feet, plus an additional 35 feet on either side of the road easements. Additionally there are 10 foot utility easements along all side lines and a 30-foot utility and setback easement running from the southwest corner of the property north along the west boundary to the northeast corner of

Parcel N which will be used for primary electrical service to the back parcels. These things will need to be considered in locating a building site.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

The layouts of the land division included in this Report has been approval by the Reynolds County Commission. A complete plat for this subdivisions has been recorded at the Reynolds County Recorder's Office in Centerville in Book 2, Page 4.

Further divisions of the parcels in any of these land divisions is not allowed by restrictive covenants and may not be in compliance with the county subdivision ordinances.

Zoning

This subdivision is not subject to any state or local zoning laws, therefore, their use for any purpose is not limited in any way other than specified in the Restrictive Covenants of record. (See Restrictive Covenants, page 7)

Surveying

Each lot in this subdivision has been professionally surveyed and marked for identification by Schultz Engineering Services Inc. of Poplar Bluff, MO

Permits

No building permits are required by county or state authorities for construction on any of the parcels covered in this Report. A permit is required from the Reynolds County Department of Health, before locating a septic system.

Environment

No determination has been made as to the possible adverse effects these land divisions may have upon the environment and surrounding area.

Roads

Here we will discuss the roads that lead to the scattered sites, those within the land divisions and locations of nearby communities.

ACCESS TO THE LAND DIVISION

CLEARWATER MOUNTAIN is accessed from Missouri Highway H, a 20 to 24 foot wide two-lane asphalt road maintained by the Missouri State Highway Department.

ACCESS WITHIN THE LAND DIVISIONS

We have completed construction of the interior roads at Clearwater Mountain in such a fashion as to provide year-round access to every parcel. They consist of dirt, gravel, rock and other on-site material covered with four inches of crushed rock. No further improvements to these roads that would result in extra expense to you are anticipated at this time.

These roads and their easements have been dedicated to and have been accepted for county maintenance by the Reynolds County Commission. Easements have been recorded for the road systems which are described as 40-foot-wide rights-of-way for access. Interior roads are cleared 40 feet in width in most places with approximately 20 feet of wearing surface comprising 2 driving lanes.

NEARBY COMMUNITIES

| Nearby community | Population | Distance over paved roads | Distance over unpaved roads. | Total distance |
|------------------------|------------|---------------------------|------------------------------|----------------|
| Centerville (co. seat) | 171 | 28.0 miles | -0- | 28.0 miles |
| Ellington | 1,045 | 13.0 miles | -0- | 13.0 miles |
| Poplar Bluff | 16,651 | 68.0 miles | -0- | 60.0 miles |

UTILITIES

WATER

We do not supply water or water systems to any of these parcels of land. Purchasers of these parcels will have to arrange to drill their own private well if they desire water. For information on drilling procedures you should contact local well drillers which are listed in the yellow pages of local phone books or we will recommend some to you.

The Missouri Department of Natural Resources has performed a Geohydrologic Groundwater Evaluation of the property and approved the area for individual wells.

Current prices charged by local well drillers run around \$6 per foot to drill and \$8 per foot to install a 6 inch casing. Missouri law requires a minimum of 80 feet of casing in all locations and more in some. The estimated cost of a complete well, casing and pump system in this area is \$6,000.

Well depths will average between 250 to 500 feet throughout the Ozarks. In the event that a productive well cannot be installed, you may exchange your parcel for another.

Permits are not required of water wells for single family dwellings.

Purity and chemical content of water cannot be determined until each individual well is completed and tested.

While we discourage the use of cisterns, there are no state, local or private restrictions on such use. Water for cisterns may be obtained from numerous suppliers throughout Southern Missouri and Northern Arkansas at an approximate delivered cost of \$12 to \$25 per 1000 gallons. Water stored for extended periods tends to become stale and may acquire an unpleasant taste or odor.

SEWAGE DISPOSAL

We do not provide any means of sewage disposal for these parcels. Being in a rural area, the most common methods of sewage disposal are by individual on-site septic tanks or septic-lagoons.

The Missouri Department of Natural Resources has given general approval for this usage of this site for individual sewage treatment systems.

Septic systems must be constructed in accordance with County and State standards, and you must obtain permission from the Missouri Department of Health (417-895-6917) to install a septic tank or sewage lagoon. The average cost of a septic tank and drain field is \$2900.

ELECTRICITY

We do not provide electrical service to these parcels. You are responsible for extending electrical service from the nearest source if you require electricity. Electric service for the land division covered in this Report is provided by BLACK RIVER ELECTRIC CO-OP. P.O. Box 31, Fredricktown, Mo. 63645. (800)392-4711 First 600 feet free to permanent residences. Beyond that, the actual cost of construction is amortized in monthly installments over 5 or 10 years with a minimum monthly payment of not less than \$40.

TELEPHONE

We do not provide telephone lines or service to any of these parcels. You may provide telephone service at your own expense by Verizon 1-800-483-4000. Their policy is to give the first half mile of service free with a standard \$21 fee.

FUEL OR OTHER ENERGY SOURCE

Propane gas is the most commonly used fuel for heating and cooking in the areas covered by This Report and is broadly available from a number of suppliers. A typical cost for a one-year lease on a 250 gallon propane tank is \$100 per life-time lease. Propane currently sells for \$ 1.12 per gallon. The nearest propane dealer to Clearwater Mountain is: Ellington Propane Inc. Ellington, MO 63638 (573) 663-7313

FINANCIAL INFORMATION

A copy of our financial statement for the period ended December 31, 2003, and subsequent statements are available from us upon request.

LOCAL SERVICES

FIRE PROTECTION

Fire protection is provided by the Webb Creek Volunteer Fire Department (1-573-461-2244 days or 1-573-461-2243 evenings) for a cost of \$75 for the first year and \$25 each year thereafter.

POLICE PROTECTION

In addition to the Missouri State Highway Patrols, the Reynolds County Sheriff's Office out of Centerville, (573) 648-2492 provides police protection.

SCHOOLS

Elementary, junior high and high schools are available to residents of Clearwater Mountain by the Ellington School District. School-bus pickup is available in front of the subdivision on Highway H

HOSPITALS

The nearest hospital with ambulance service provided is Reynolds County Memorial Hospital Highway 21 South, Ellington, MO 63638 (573) 663-2511

PHYSICIANS AND DENTISTS

The nearest physicians' and dentists' offices to the land division are located in Ellington, Missouri

SHOPPING FACILITIES

St. Louis and Poplar Bluff offer the major shopping facilities one associates with larger communities. Additionally, there are nearby shopping in Ellington and Van Burem, Missouri where you will find grocery stores, hardware stores, banks, service stations, restaurants and entertainment.

MAIL SERVICE

Mail delivery is provided to each parcel of the property by the Ellington, Missouri Post Office.

PUBLIC TRANSPORTATION

There is no public transportation within or to any of these sites. The nearest public transportation services available will be bus lines running along state highways and taxi services in the larger towns.

RECREATIONAL FACILITIES

There are no recreational facilities provided or contemplated by us.

SUBDIVISION CHARACTERISTICS AND CLIMATE

Here we discuss various natural conditions in and around the land divisions and their influence upon same.

GENERAL TOPOGRAPHY

This subdivision consists of level to rolling terrain on a ridge-top. About 4% of the land area is to remain natural open space. All of the parcels are covered with a mixture of oaks, hickories, maples, pine and junipers.

SOME OF THE PARCELS IN THIS SUBDIVISION HAVE A SLOPE OF 20% OR GREATER. THIS MAY AFFECT THE TYPE AND COST OF CONSTRUCTION. THESE PARCELS ARE IDENTIFIED BELOW.

All of parcels are characterized with slopes of 20% or more within their perimeters, except Parcel J. There is sufficient level ground on most for normal building and construction without the need of special techniques. If your parcel has a slope of 20% or more and you choose to build on the slope, you should be aware that special techniques, such as cantilever construction or building in tiers, may be required.

WATER COVERAGE

None of the parcels in this land divisions are covered by water at any time during the year. time.

DRAINAGE AND FILL

None of the parcels require drainage or fill prior to being used.

FLOOD PLAIN

None of these land divisions are located within a flood plain, or an area designated be any Federal, State or local agency as being flood prone..

FLOODING AND SOIL EROSION

Should a problem arise regarding soil erosion, sedimentation or periodic flooding on any parcel, we bear responsibility for the control of same through mulching, seeding, or construction of silt basins, diversion channels, ditches, outlet channels, or waterway stabilizers as may be appropriate. This program will be implemented in conjunction with our road-building and maintenance program immediately after a problem has been demonstrated. There are no governmental bodies which regulate the control of erosion on areas of less than 5 acres so our erosion control methods have not been approved by any governmental official or officials. Since no appropriate government officials have approved of our flood or erosion control program, the measures being taken may not be sufficient to prevent property damage or health and safety hazards.

NUISANCES

There are no known nuisances in or around these land divisions, other than the right-of-way and utility easements described in "Easements" herein.

HAZARDS

There are no known hazardous conditions in or around these land divisions.

CLIMATE

Average summer temperature range58.5 - 81.2 mean temperature.....69.9

Average winter temperature range.....31.6 - 49.8 mean temperature.....40.7

Average annual rainfall.....39.47 inches

Average annual snowfall.....16.1 inches

Figures given are according to the National Weather Service at Springfield, MO. (417) 869-4491.

OCCUPANCY

As of the date of this report, there were no homes within the boundaries of the land development which were occupied on a full or part-time basis.

ADDITIONAL INFORMATION

PROPERTY OWNER'S ASSOCIATION

There is no Property Owner's Association for of the land division covered in this Report, and there are no plans for forming any Property Owner's Association.

TAXES

Your obligation to pay property taxes begins the day that you purchase your property. However, since county governments are sometimes quite lax at proper billing, and because local real estate taxes are fairly insignificant, we will pay your tax bill for the first calendar year of your ownership. Thereafter taxes are due November 1st of each year and penalties are assessed if they are not paid by December 31. The tax office will be notified of your new ownership by January of each year and you should receive the tax notices thereafter. The fact that you do not receive the notice does not relieve you of the responsibility to pay your annual property taxes before they become delinquent.

Taxes are paid to the Reynolds County Collector at the courthouse in the Centerville, Missouri.

Since this is a new subdivision of property, no figures are yet available for taxes. We own and have subdivided property in this area and found that parcels like this are taxed from \$1.60 per acre to as much as \$15.19 per acre, at the whim of the county assessor

RESALE OR EXCHANGE PROGRAM

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

If, during the time your Contract or Trust Deed is in force, you wish to exchange your equity in your property, exclusive of interest, for equal dollar equity in any other property in our inventory at that time, for whatever reason, you may do so, so long as your balance is current and the property is clean and in essentially the same condition as when you purchased it.

EQUAL OPPORTUNITY IN LOT SALES

We do not discriminate on the basis of race, color, religion, sex or national origin in advertising, marketing, rendering of lot services, where applicable or in providing terms or conditions in sales of our parcels.

LISTING OF PARCELS

Below is a listing of all the parcels covered in this Report, by parcel letter.
A,B,C,D,E,F,G,H,I,J,K,L,M,N,O,P,Q,R,S,T,U,V,W,X