

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: _____ CRYSTAL COVE SUBDIVISION

NAME OF DEVELOPER: _____ BLUEGREEN CORP OF TENNESSEE

DATE OF THIS REPORT: _____ AUGUST 11, 1997

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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 on 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 404 lots located in Roane County, Tennessee. See page 23 for a listing of these lots. No additional lots are contemplated for this subdivision.

The Developer of this subdivision is:

Bluegreen Corporation of Tennessee
1064 North Gateway
Rockwood, Tennessee 37854

Telephone number: (423) 354-8772

Answers to questions and information about this subdivision may be obtained by telephoning the Developer at the number listed above.

WHILE WE ARE PERMITTED BY THE REGULATORY AUTHORITIES TO ENTER INTO A BINDING CONTRACT WITH YOU TO SELL YOU A LOT IN THIS SUBDIVISION, WE WILL NOT BE PERMITTED TO TRANSFER TITLE TO THE LOT TO YOU UNLESS AND UNTIL WE OBTAIN FINAL APPROVAL OF THE SUBDIVISION PLAT MAPS (AND/OR HAVE FILED THE FINALLY APPROVED PLAT MAPS OF RECORD). IF WE ARE UNABLE TO OBTAIN FINAL APPROVAL OF THE PLAT MAPS (AND/OR FILE THE PLAT MAPS OF RECORD), YOU MAY NEVER RECEIVE TITLE TO YOUR LOT. FURTHER, THE REGULATORY AUTHORITIES MAY REQUIRE SIGNIFICANT ALTERATIONS BEFORE THEY WILL GRANT FINAL APPROVAL AND THIS MAY RESULT IN THE LAND BECOMING UNUSABLE FOR THE PURPOSE FOR WHICH IT IS BEING SOLD. ALSO, UNTIL THE PLAT IS FILED OF RECORD, THE DESCRIPTION OF THE LOTS MAY NOT BE LEGALLY ADEQUATE TO TRANSFER TITLE TO YOUR LOT TO YOU.

TITLE TO THE PROPERTY AND LAND USE

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 the note and deed of trust methods of sale.

A cash purchaser (full payment at the time of settlement) will receive a warranty deed free and clear of liens and encumbrances when the final payment has been made at closing, which will be within 30 days after you sign your purchase contract.

If you sign a purchase contract, make a downpayment on the purchase price of your lot, and execute a note and deed of trust for the balance of the purchase price, you will receive a warranty deed free and clear of liens and encumbrances other than your deed of trust within 30 days after you sign your purchase documents.

You will not have title to the lot until you receive a warranty deed.

Type of Deed

The transfer of legal title will be accomplished by a warranty deed.

Oil, Gas, and Mineral Rights

All of the oil, gas and mineral rights to the lots in this subdivision will belong to the purchasers of those lots.

ENCUMBRANCES, MORTGAGES AND LIENS

All of the lots in this subdivision are encumbered by a first deed of trust in favor of First Tennessee Bank National Association.

Release Provisions

We are obligated by your Contract to obtain a release of your lot from any blanket encumbrances affecting it prior to the date of conveyance of the lot to you.

The blanket deed of trust on all lots in this subdivision contains provisions for the release of an individual lot when the full purchase price of the lot has been paid, provided that we have satisfied the conditions set forth in the deed of trust. Under the terms of the deed of trust, individual lots will be released from the lien upon our payment of a specified release fee to the lender. The release provisions in this deed of trust may be exercised only by us. Therefore, if we should default on the blanket deed of trust prior to obtaining a release, you may lose your lot, but all monies paid by you will be held in escrow and will be returned to you.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Under Tennessee law, the recording of your contract or deed would protect your right to the title of the land from such third parties as subsequent creditors of the Developer or from any subsequent purchasers from the Developer.

We will record your deed at the time of transfer of title. The cost of recording the deed is \$4 per page and is paid out of the closing costs paid by you. After your deed is recorded, you will be protected from our creditors and any subsequent sales that we might make.

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

Within 60 days of your executing a contract to purchase, you will be provided with an owner's title insurance policy in the amount of your purchase price insuring title in your name. The cost for the title insurance policy is included in your closing costs and is an expense which is paid by you. The cost is calculated as \$50 for an assessed value of up to \$14,900; from \$14,900 to \$50,000, the cost is \$50 plus \$3.50 per \$1,000 of assessed value; and from \$50,000 to \$100,000, the cost is \$50 plus \$3.00 per \$1,000 of assessed value. We recommend that you obtain from an appropriate professional an interpretation and explanation of the policy to your satisfaction.

PAYMENTS

Escrow

Your deposits and pre-closing payments will be protected by being held, prior to the time of settlement, in the escrow account of Joseph G. Coker, Esq., P. O. Box 134, Jacksboro, Tennessee 37757.

Prepayments

You may prepay all or part of the unpaid balance of your contract purchase price at any time without penalty.

Default

Prior to closing on cash or note/mortgage sales, if you default (such as failing to make your required payments at closing), the payments you have made will be retained by us as liquidated damages, and we may, at our option, enforce the contract by means of specific performance or resort to any other legal or equitable remedy to which we may be entitled.

After closing, we will expect the conditions of the purchase money deed of trust and the promissory note to be satisfied in full. Failure to satisfy the terms of the promissory note and purchase money deed of trust may result in foreclosure according to the terms of the purchase money deed of trust and a deficiency judgment against you for any amount of indebtedness that remains outstanding.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants for the platted lots in this development have been recorded in the Office of the Register of Deeds for Roano County, Tennessee, and covenants will yet be recorded for all remaining lots. Until they are recorded, the covenants may change and there is no assurance that they will be applied uniformly and they may be difficult to enforce.

A complete copy of these restrictions is available upon request. The major provisions of these restrictions will be discussed in the paragraphs below. However, this discussion will only highlight certain areas of the covenants and should not be a substitute for a careful study of these restrictions by you.

The restrictive covenants require all lot owners to become members of the Crystal Cove Property Owners' Association at such time as the Association is formed, and to be liable for assessments duly levied by the Association. If a lot owner fails to pay such assessments, the Association may enforce its assessment by placing a lien upon the owner's lot.

All proposed improvements on lots in the subdivision must be approved in advance by the Architectural Control Committee. The Committee may disapprove any plans submitted to it if they are not in accordance with the restrictions, and it may review the plans as to their

quality or workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography.

Unless otherwise designated on the recorded plat, each lot in this subdivision may be used for single-family residential purposes only and may not exceed two and one half (2 1/2) stories in height. All one-story dwellings shall contain (exclusive of basement, porches or garage) not less than fifteen hundred (1,500) square feet. Dwellings of two stories above ground level shall contain (exclusive of basement, porches or garage) not less than fifteen hundred (1,500) total square feet, inclusive of both stories, with the main floor to contain not less than one thousand (1,000) square feet.

A private garage may be built separately or attached to and made a part of the dwelling, but must be made of the same materials and conform in construction with the dwelling, and must be built at the same time or after construction of the dwelling.

In addition, the restrictions require that the exterior walls of any structure or dwelling on any lot shall be of new materials consisting of wood, log, stone, stucco, brick or vinyl and must be of natural colors.

There shall be no trailers, basements, buses, mobile homes, double-wide mobile homes, pre-fabricated homes, modular homes or any derivative of the foregoing, situated on any lot as a residence or for storage, either temporarily or permanently.

Proper maintenance of yards and the exteriors of structures by the owners is required by the covenants, and the keeping of livestock, sheep, swine or poultry on the lots is prohibited. No sign of any kind shall be displayed to the public view on any tract except one professional sign of not more than five (5) square feet advertising the property for sale, or signs used by a builder to advertise the property during construction and sales period.

Recreational Vehicles including camping trailers, boats motor homes, and the like shall be parked at the rear of any lot and shall be out of sight to the general public.

Easements

The lots in this subdivision are subject to the following easements as indicated. You will not be allowed to construct any permanent structure or engage in any activities on the area affected by the easements that would interfere with the exercise of the easements, but each lot includes a suitable building site exclusive of such areas.

The lots in this subdivision are subject to general drainage and utility easements reserved within 10' of all sides; 20' of all rear; and 35' of the front lot lines as shown on the plat thereof.

The lots in this subdivision are subject to a 500-year flood plain which is located between the 745'-750' elevation in which no permanent structures may be built. Reference should be made to the final plat for information regarding the location of this flood plain.

The lots are not otherwise affected by any flood control or flowage easements.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

The subdivision plats for 115 lots in this offering have been approved by local officials and recorded in the plat records of Roane County, Tennessee, but plats for the remaining lots have not yet been so approved and recorded. The description of the remaining lots will not be legally adequate for the conveyance of the lots until the plat is recorded.

REGULATORY AUTHORITIES HAVE NOT APPROVED THE PROPOSED PLATS FOR ALL THE LOTS IN THIS SUBDIVISION, THEY MAY REQUIRE SIGNIFICANT ALTERATIONS BEFORE THEY WILL APPROVE THEM, AND THEY MAY NOT ALLOW THE LAND TO BE USED FOR THE PURPOSE FOR WHICH IT IS BEING SOLD.

Zoning

The lots are not subject to any existing ordinance or classification in Roane County. The use of the lots is limited by the restrictive covenants to single-family residences.

Surveying

Each lot in the subdivision will be surveyed, staked and marked for identification at our expense prior to sale.

Permits

You must obtain the following permits or approvals prior to the construction of your home:

1. Crystal Cove Architectural Control Committee
c/o 1064 North Gateway
Rockwood, Tennessee 37854
(Approval of improvements -- no charge to you.)
2. Roane County Property Assessor
Roane County Courthouse
200 Race Street
Kingston, Tennessee 37763
Phone - (423) 376-4362
(Building permit -- cost to you is approximately \$30)
3. Tennessee Valley Authority
2009 Grubb Road
Lenoir City, Tennessee 37771
Phone - (423) 988-2440
(Approval of dock construction -- cost to you is approximately \$100)

4. United States Army Corp. of Engineers
United States Army Corp. of Engineers District Office
P.O. Box 1070
Nashville, Tennessee 37202-1070
Phone - (615) 744-5181
(Approval of dock construction -- no cost to you)

No other permits are needed to use the lots for the purpose for which they are being sold.

Environment

We are not aware of any governmental environmental impact study which has been prepared on this subdivision. A private, Level I environmental impact study was completed for the Developer by Environmental Risk Information and Imaging Services, 505 Huntmar Park Drive, Suite 200, Herndon, Virginia 22070. Based on the findings in that assessment report, it would indicate that the company does not consider the property to have significant problems of an environmental contamination nature. No determination has been made as to the possible adverse effects the subdivision may have upon the environment and surrounding area.

ROADS

ACCESS TO THE SUBDIVISION

Access to the subdivision is provided by the roads listed below:

ROUTE NUMBER	SURFACE	WIDTH OF WEARING SURFACE	LANES
Winton Chapel Road	Asphalt	20 feet	2

This road is a public road which will be maintained by the Roane County Road Department. You will not be assessed for the maintenance costs incurred for this road. No improvements to this road are planned.

ACCESS WITHIN THE SUBDIVISION

Access within the subdivision will be available by conventional automobile over interior streets on recorded rights-of-way dedicated to the use of the public. The interior streets will have two lanes and 20-foot wide asphalt surfaces.

We are responsible for constructing all interior roads. We have posted a bond with the Rockwood Regional Planning Commission to assure the completion of the subdivision roads. You will bear none of the cost of the construction of these roads. We have completed the road system to the extent indicated in the following chart:

UNIT	ESTIMATED STARTING DATE (month/year)	PERCENTAGE OF CONSTRUCTION NOW COMPLETE	ESTIMATED COMPLETION DATE (month/year)	PRESENT SURFACE	FINAL SURFACE
All	N/A	10%	6/98	Dirt	Asphalt

The roads within the subdivision are public roads which will be constructed according to the standards of the Roane County Road Department and maintained by the Developer at our expenso for a period of 3 years after completion, at which time they will be turned over to the Roane County Road Department. You will not be assessed for the maintenance costs incurred for these roads.

The following table identifies the distance from the center of the subdivision to nearby communities:

NEARBY COMMUNITIES	POPULATION	DISTANCE OVER PAVED ROADS	DISTANCE OVER UNPAVED ROADS	TOTAL
Kingston, TN (County Seat)	4,552	12.0 miles	0 miles	12.0 miles
Glen Alice, TN	750	3.5 miles	0 miles	3.5 miles
Euroka, TN	750	0.5 miles	0 miles	0.5 miles
Rockwood, TN	5,404	2.5 miles	0 miles	2.5 miles
Harriman, TN	7,180	11.0 miles	0 miles	11.0 miles
Knoxville, TN	169,761	44.0 miles	0 miles	44.0 miles

UTILITIES

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

WATER

Water will be provided to lots in this subdivision by means of a central water system. The supplier of water service to this subdivision is the City of Rockwood, 110 N. Chamberlin Avenue, Rockwood, Tennessee. The supplier's phone number is (423) 354-0163. The City of Rockwood has determined that its water system has sufficient capacity to serve the anticipated population of the subdivision. The City of Rockwood is a self-regulating governmental agency.

We are responsible for the construction of the central water system distribution lines in front of, or adjacent to, each lot in the subdivision. We have posted a bond with the Rockwood Regional Planning Commission to assure the completion of the water system distribution lines. You will bear none of the cost of the construction of this system. We have completed the system to the extent indicated in the following chart:

UNIT	ESTIMATED STARTING DATE (month/year)	PERCENTAGE OF CONSTRUCTION NOW COMPLETE	ESTIMATED COMPLETION DATE (month/year)
All	N/A	5%	6/98

There is no central water plant within the subdivision inasmuch as the water distribution system has been tied into the City of Rockwood's water system.

The water in the City of Rockwood is tested on a daily basis for purity and chemical content and the tests show that the water meets all Federal and State standards for a public water supply.

THE REQUIRED PERMITS, APPROVALS OR LICENSES FOR CONSTRUCTION, OPERATION OR USE OF THE CENTRAL WATER SYSTEM HAVE NOT BEEN OBTAINED, THEREFORE THERE IS NO ASSURANCE THE SYSTEM CAN BE CONSTRUCTED OR USED.

You will not be permitted to use individual water systems on a residential lot. You will be required to connect to the central water system when it is available to your lot. You will be responsible for a one-time connection fee of \$500.00, a deposit for utility service of \$35.00, a service fee of \$20.00, and \$1.25 per foot for extending the water service lines from the service lines to your residence.

WE DO NOT OWN OR OPERATE THE CENTRAL WATER SYSTEM SO WE CANNOT ASSURE ITS CONTINUED AVAILABILITY FOR YOUR USE.

SEWER

Sanitary sewage disposal for the lots in this subdivision will be accomplished by a central sewer system. The name and address of the owner and operator of the sewer system for the subdivision is Rockwood Utility Board, 110 N. Chamberlin Avenue, Rockwood, TN 37854, a private utility company which is not affiliated with the Developer. The supplier's phone number is (423) 354-0163. The operator has confirmed that it will provide service to the subdivision and that it has sufficient capacity to serve all of the proposed lots.

We are responsible for the construction of the central sewer system. We have posted a bond with the Rockwood Regional Planning Commission to assure the completion of the sewer service lines. You will bear none of the cost of the construction of this system. You will be responsible for a one-time connection fee of \$175.00. We have completed the system to the extent indicated in the following chart:

UNIT	ESTIMATED STARTING DATE (month/year)	PERCENTAGE OF CONSTRUCTION NOW COMPLETE	ESTIMATED COMPLETION DATE (month/year)
All	N/A	5%	6/98

UNTIL THE CENTRAL SEWER SYSTEM HAS BEEN COMPLETED, NO LOTS IN THE SUBDIVISION CAN BE SERVED BY THE SYSTEM.

THE REQUIRED PERMITS, APPROVALS OR LICENSES FOR THE CENTRAL SEWER SYSTEM HAVE NOT BEEN OBTAINED, THEREFORE THERE IS NO ASSURANCE THE SYSTEM CAN BE CONSTRUCTED, OPERATED OR USED.

You may not install an individual sewage disposal system on your lot. You will be required to connect to the central sewer system when it is available to your lot.

WE DO NOT OWN OR OPERATE THE CENTRAL SEWER SYSTEM SO WE CANNOT ASSURE ITS CONTINUED AVAILABILITY FOR YOUR USE.

ELECTRICITY

Electricity will be available to the subdivision and will be supplied and installed by Rockwood Electric Utility, 341 W. Rockwood Road, Rockwood, Tennessee, a public utility which is not affiliated with us. The supplier's phone number is (423) 354-0514.

Electrical facilities have not yet been extended to all lots in the subdivision. We have paid the utility company to extend the electrical lines to all lots. You will bear none of the cost of extending the electrical lines to your lot. The estimated cost to you for extending service from the lot line to your residence is \$1 per foot.

The status of the construction of service lines is summarized below:

UNIT	ESTIMATED STARTING DATE (month/year)	PERCENTAGE OF CONSTRUCTION NOW COMPLETE	ESTIMATED SERVICE AVAILABILITY DATE (month/year)
All	8/97	0%	6/98

TELEPHONE

Telephone service will be available to the subdivision and is provided by BellSouth, 333 Commerce Street, Nashville, Tennessee 37825, a publicly-regulated utility company. The supplier's phone number is (423) 557-6500.

Telephone facilities have not been extended to each individual lot, but are expected to be extended by the telephone company at its own expense. The company has indicated that it will provide service within approximately 45 days after service is requested by a lot owner. You will pay regulated connection charges to obtain service.

FUEL OR OTHER ENERGY SOURCE

In addition to electricity, you may want to utilize bottled propane gas for heating and/or cooking.

Propane gas can be obtained from United Cities Propane Gas Co., 2100 Roane State Highway, Harriman, Tennessee. The supplier's phone number is (423) 376-6467. The installation costs will vary, depending on the distance the tank is located from the residence. The approximate installation cost is \$100.00. The propane tank, which ranges in size from 120 gallons to 500 gallons may be rented at a cost of \$78 per year. The price to fill the tank is approximately \$1.29 per gallon. The price of propane varies from month to month. These costs are subject to change, and you should consult the supplier for the actual costs which will apply to your circumstances.

Natural gas is not available to the lots in Crystal Cove.

FINANCIAL INFORMATION

The discussion in this section will focus on our financial position.

Our parent company, Bluegreen Corporation, has audited and certified financial statements, which are available from us in lieu of our own audited financial statements. Our parent company has executed a written guaranty that it will be unconditionally obligated to perform and fulfill any of our obligations in the event we fail to do so. The guaranty was written expressly for the benefit of each lot purchaser in the subdivision and for us. Our parent company currently has a deficit in retained earnings as a result of losses incurred during its fiscal years ending in March, 1991, and this may affect our ability to complete promised facilities and to discharge financial obligations.

A copy of our parent company's audited financial statements for the period ending March 30, 1997, are available from us upon request.

LOCAL SERVICES

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

FIRE PROTECTION

Fire protection is available year-round to the subdivision from the West Roane County Volunteer Fire Station, 1303 Pumphouse Road, Rockwood, Tennessee.

POLICE PROTECTION

Police protection is available to the subdivision from the Roane County Sheriff's Department, 300 E. Race Street, Kingston, Tennessee. Their phone number is (423) 376-5582.

SCHOOLS

The nearest schools available are as follows:

Name and Address of School	Grade	Distance from Subdivision
Ridge View Elementary 625 Pumphouse Road Rockwood, Tennessee	K-5	4.2 miles
Rockwood Middle School 434 W. Rockwood Street Rockwood, Tennessee	6-8	4.2 miles
Rockwood High School 512 W. Rockwood Street Rockwood, Tennessee	9-12	4.2 miles

At this time, school bus transportation is not available from the subdivision entrance to these schools.

HOSPITALS

The nearest hospitals available to residents of the subdivision are: Baptist Hospital of Roane County (Acute care, non-major emergency), 241 Chamberlin Avenue, Rockwood, Tennessee; and Roane Medical Center (Major Medical), Roane County, Tennessee.

Ambulance service is provided by Roane County Ambulance Service, 370 Roane State Hwy., Rockwood, Tennessee. Their phone number is (423) 882-3005.

PHYSICIANS AND DENTISTS

The nearest physician is Ronald Higgs, MD, 201 South Wilder Avenue, Rockwood, Tennessee. The nearest dentist is Darrell Cafe, DDS, Highway 275, Harriman, Tennessee. He is located approximately 5 miles from the subdivision.

SHOPPING FACILITIES

Rite Aid Pharmacy, Auto Parts, Big & Tall Clothing, Aneids Beauty & Hair, J & B Furniture, Bilbrey's Appliances, Antique Mall, Piggly Wiggly Food Store, Fast Foods, Kroger Grocery, K-Mart, Ingles, Walmart, Goodies Clothing, Dollar General Store are all located within approximately 6 miles of the subdivision. The nearest major shopping mall is located approximately 40 miles from the subdivision in Knoxville, Tennessee.

MAIL SERVICE

The U.S. Postal Service will deliver mail to each of the lots in the subdivision once residences are established. The Post Office responsible for service to the subdivision is located at 340 West Rockwood Street, Rockwood, Tennessee 37854.

PUBLIC TRANSPORTATION

No public transportation is available from the subdivision to nearby municipalities. There is a Greyhound bus station located approximately 7 miles from the subdivision in Rockwood, Tennessee.

RECREATIONAL FACILITIES

There are no existing or proposed recreational facilities which are within or adjacent to the subdivision.

Although it is not reserved or maintained for the use of lot owners, Watts Bar Lake is located adjacent to many of the lots in this offering. Watts Bar Lake is a 39,000-acre public lake which is available to the general public for recreational use via various public lake-front parks and marina facilities. We do not own Watts Bar Lake, and except for those lots which are adjacent to the lake, your ownership of a lot in Crystal Cove does not grant you any rights to use the lake, other than those enjoyed by the general public.

SUBDIVISION CHARACTERISTICS AND CLIMATE

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

GENERAL TOPOGRAPHY

The land in this area of the State of Tennessee has a rolling semi-mountainous terrain with beautiful hardwoods, and a panoramic view of Watts Bar Lake with scenic views of neighboring mountains. No part of the land in this subdivision will remain as natural open space or will be developed as parkland. There are no rock outcroppings, unstable or expansive soil conditions, etc. which will necessitate the use of special construction techniques to build on, or use, any of the lots in the subdivision.

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

WATER COVERAGE

None of the lots or portions of the lots in the subdivision are covered by water.

DRAINAGE AND FILL

No special drainage or fill is required to render any of the lots suitable for construction purposes.

FLOOD PLAIN

The subdivision is not located within a flood plain or an area designated by any Federal, State or local agency as being flood prone. However, the area located between the 745'-750' elevation is reserved as a 500 year flood plain.

FLOODING AND SOIL EROSION

The Developer has a program which has been approved by appropriate government officials that will provide minimum controls for soil erosion, sedimentation, and period flooding throughout the subdivision. This program includes such things as seeding, mulching, and silt/sediment fence. This program began in January of 1997, is approximately 10% completed, and is estimated to be complete in June of 1998. The Developer is obligated to comply with this program.

NUISANCES

The land in the subdivision is not subject to any onsite or offsite unpleasant odors, pollutants, or other nuisances.

We are unaware of any proposed or existing land use which may adversely affect your lot.

HAZARDS

We are unaware of any unusual safety factors or any proposed plans, private or governmental, for the construction of any facility which may create a nuisance or safety hazard or adversely affect the use of the land. The local jurisdiction does not have a rating system for fire hazards. Because this property is partly forested, it may be subject to forest fires or brush fires, but the Developer is unaware of any recent occurrences.

CLIMATE

The typical temperatures for summer and winter months are contained in the following table.

	<u>HIGH</u>	<u>MEAN</u>	<u>LOW</u>
Summer	80 degrees	75 degrees	70 degrees
Winter	40 degrees	30 degrees	20 degrees

The average annual rainfall is 47.29 inches and the average annual snowfall is approximately 1 inch.

OCCUPANCY

As of July of 1997, there are no homes in the development which are occupied on either a full-time or part-time basis.

ADDITIONAL INFORMATION

In this section we will discuss the following areas:

- The Property Owners' Association
- The Annual Real Estate Taxes
- Resale or Exchange Program
- Equal Opportunity in Lot Sales
- Listing of Lots

PROPERTY OWNERS' ASSOCIATION

The Crystal Cove Home Owners' Association has not yet been formed. We will, at our option, form the Association before or at such time as 75% of the lots are sold by us. We will exercise control over the Association until 75% of the lots are sold by us.

The Association will maintain the common areas within the subdivision, and will perform the function of architectural control through the Homeowner's Review Committee. We may control the Homeowner's Review Committee until 75% of the lots in the subdivision have been conveyed by us.

After purchasing a lot in the subdivision, you will be required to pay an annual assessment to the Association. The initial assessment is estimated to be \$50 per year per lot owned. We will not be required to pay an assessment to the Association for the lots that we own. Prior to the creation of the Association, you will pay the annual assessment to us for use in performing the functions of the Association.

The current level of assessments will meet the expected operating expenses of the Association. However, if the assessments are insufficient to meet these expenses, the assessments can be increased to cover the deficit by a vote of 2/3 of the Association members.

In addition, you may be subject to additional special assessments levied by the Association for the purpose of carrying out the duties of the Association if this becomes necessary.

There are no functions or services that the Developer now provides at no charge for which the Association will be required to assume responsibility in the future.

TAXES

After signing a contract to purchase your lot, you will be responsible for real estate taxes collected by Roane County, Tennessee, payable to Gerald Hensley, Tax Assessor, 200 E. Rhea Street, Kingston, Tennessee. The current real estate tax rate which is applicable to the lots is approximately \$2.98 per hundred dollars of assessed valuation. The taxes are assessed on 25% of the appraised valuation of the property.

RESALE OR EXCHANGE PROGRAM

We have no program to assist you in the sale of your lot. The restrictive covenants for the subdivision do allow the posting of a single, professional "For Sale" sign on each lot.

We have no program which permits you to exchange your lot for another after you have signed the sales contract.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We have not and will not directly or indirectly discriminate against you on the basis of race, religion, sex, familial status, handicaps or national origin in our marketing and advertising, our lot services, or in the terms and conditions of our sales.

LISTING OF LOTS

The lots included in this offering consist of the 404 lots described below:

The following 127 lots in Crystal Cove Subdivision as shown on a plat recorded on June 9, 1997, in Plat Cabinet A, Slides 149(1)-152(1) in the office of the Register of Deeds, Roane County, Tennessee:

Lots 1-77, 86-101, 200-211, 217-233 and 300-304.

The following 277 lots in Crystal Cove Subdivision as shown on a plat recorded on _____, 199__, in Plat Cabinet ____, Slide _____ in the office of the Register of Deeds, Roane County, Tennessee:

Lots 78-85, 102-199, 212-216, 234-299 and 305-404.

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 are subject to change.

Sales Price of Lot

Cash Price of Lot	\$ _____	
Finance Charge	\$ _____	
Total		\$ _____

Estimated One-Time Charges

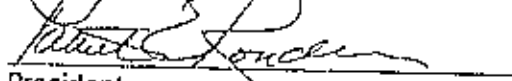
1. Water system deposit, connection & service fee	\$ _____ 555	
2. Sewer system connection fee pump & tank	\$ _____ 175 \$ _____ 3,000	
3. Construction costs to extend electric and/or telephone services to lots	\$ _____ -0-	
4. Other (Specify): Closing Costs	\$ _____	
Natural Gas \$1.75 per l.f.	\$ _____	
Total		\$ _____

Total of estimated sales price and one-time charges	\$ _____
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Estimated annual charges, exclusive of utility use fees

1. Taxes - Average unimproved lot after sale to purchaser	\$ _____ 275
2. Dues and assessments:	\$ _____ 50

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



President
BLUEGREEN CORPORATION OF TENNESSEE

PURCHASER RECEIPT

IMPORTANT: READ CAREFULLY

Name of Subdivision: Crystal Cove Subdivision

OILSR Number: 0-07439-48

Date of Report: August 11, 1997

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 _____

City _____, State _____ Zip _____

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

Interstate Land Sales Registration Division
HUD Building, 451 Seventh Street, SW
Washington, D.C. 20410

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 _____ Section _____

Name of Salesperson _____

Signature _____ Date _____

PURCHASER 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 Crystal Cove Subdivision

Date of Contract _____

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

Purchaser(s) signature _____ Date _____