

CRESCENT RESOURCES
LLC

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May 4, 2007

Mr. John Duff
Mr. David Furr
Mr. Jordan Gross
Mr. Gary Hemric
Ms. Alice Herald
Mr. Kevin Oden

Lady and Gentlemen:

We understand that you have been selected to represent a significant group of the owners of preserves at the Sanctuary, and we are assuming that the group's views are shared generally by the other owners. In our meeting last week, you asked that we respond in writing to you by today.

We appreciate the candid response (and strong objection) to our announced intention to add to the Sanctuary the land described in the Declaration of Covenants, Conditions and Restrictions (the Declaration) as Parcels B and C (or as Tracts Two and Three). We have previously attempted to describe (i) the benefits of a larger membership in the property owners association (especially the broader sharing of association costs) and (ii) the ample capacity of the recreational facilities and other common areas to accommodate future homeowners on the additional land. However, our overriding interest is, and always has been, the satisfaction of our purchasers.

To that end, we (as Declarant under the Declaration) propose to do the following, subject to our having received by July 1, 2007, the approval of Crescent's Management Committee and a consent from each of the current property owners at the Sanctuary:

1. We will relinquish our right to subject Additional Property to the Declaration beyond the 1,317.31 acres described in the Declaration as Parcel A (or Tract One).
2. We will, effective December 31, 2007 (Effective Date), relinquish control of the property owners association by:
 - (a) giving the notice required to convert the Class II membership to the Class I membership, such that the Effective Date becomes the Turnover Date (as defined in the Declaration); and

(b) obtaining the resignation of the current members of the board of directors of the association and relinquishing the right to appoint all but one of the five directors, such that the members of the association will elect the four remaining directors to take office on the Effective Date.

3. We will subsidize the Association for any actual net operating loss for calendar year 2007, not to exceed the amount of developer subsidy shown on the previously approved 2007 budget that fixed homeowner dues at \$250.00 per month. For all subsequent years, we will pay as our only contribution to the Association, dues and assessments with respect to the Lots that we own on the same basis and at the same rates as all other Lots (as established for each such year by the board of directors of the association).

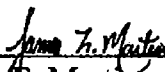
4. We, in consultation with a representative group of association members, will make commercially reasonable efforts to reduce previously budgeted association expenses to avoid or ameliorate the need for a subsidy or special assessment to cover budget deficits for 2007 and subsequent years.

5. We will cooperate with you to achieve an orderly "turnover" of the association management and control as of the Effective Date.

If the foregoing is acceptable to you, would one of you please countersign and return a copy of this letter to me. We will then ask our attorneys to begin working with you or your designees to prepare formal documents for implementation of the proposal, including an appropriate form for obtaining the consent of the members.

Very truly yours,

The Sanctuary at Lake Wylie, LLC

By: 
James F. Martin
Vice President

Attachment: Acceptance and list of representative group members

cc: Arthur W. Fields
H. Thomas Webb, III
A. Michael Burnett

ATTACHMENT

On behalf of the represented group identified below, we accept the foregoing proposal this _____ day of May, 2007, and agree to seek its further approval and implementation.

Name:

Tracy Ongena and Mike Crisp
Dave and Chris Chavoustie
James P. Kina
Barbara J. Kina
Anil R. Patel and Miriam A. Patel
John and Barbara Gerrish
D. Oscar Groomes
Andrea Williams, MD
Michael and Susan McKay
Dave and Alice Herald
Kevin and Maia Oden
John and Olga Duff
Jose and Julianna Calderon
Fred and Cheree Culpepper
General and Mrs. John Handy
Joseph Walsh and Christine Homer
Helga and Hal Houston
Stephanie Rauch, MD
Allyson Siegel
David A. Dowdy
Bernice L. Dowdy
Jordan A. Gross
Dana C. Gross

Astrid Lannes and Constantino Lannes
Johannes Etwaroo and S. Hygan
Kapikian
Robi Elnekave
Debbie Jefkin-Elnekave
David and Pamela Furr
William F. Alleyne II, MD FCCP
Ken and Malinda Gill
Allan Stark
Richard and Valerie Dunning
Brad Whitford
Amy W. Clark
Justin A. Webster
Bill and Eva Converse
Michael C. Price and Linda C. Price
Gary S. Hemric
Chad and Amy Clark
Hossein and Shahla Nikrooz
Mary Grace and Steve Lostetter
Palle Reddy and Uma Reddy
Terry and Rick Mattingley