

PUBLIC OFFERING STATEMENT

NAME OF CONDOMINIUM:

SEVEN GATES CONDOMINIUM
(the "Condominium")

LOCATION OF CONDOMINIUM:

 New Garden Road,
Greensboro, North Carolina

NAME OF DECLARANT:

D. Stone Builders, Inc.
(the "Declarant")

PRINCIPAL ADDRESS OF DECLARANT:

2904 Lawndale Drive, Greensboro, North Carolina 27408

EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT:

REVISED:

GENERAL INFORMATION

This Public Offering Statement presents information regarding condominium units being offered for sale by the Declarant. North Carolina law requires that a Public Offering Statement be given to every purchaser before a contract for purchase is signed. Under North Carolina law a purchaser of a condominium unit is afforded a seven (7) calendar day period following his or her execution of a contract for purchase, during which time no conveyance can occur and purchaser may cancel the contract for purchase and obtain full refund of any sums deposited by him or her in connection with the contract. The seven-day period commences on the date the purchaser signs the contract for purchase. If the purchaser elects to cancel, he or she must deliver notice of cancellation by hand or by United States mail, the postage thereon prepaid, to Declarant or to its agent for service of process, as follows:

D. Stone Builders, Inc.
2904-A Lawndale Drive
Greensboro, North Carolina 27408

Any sums deposited by a purchaser in connection with the reservation or purchase of a unit shall be deposited in an escrow account in an insured bank or savings and loan association located within the State of North Carolina and shall remain in such account during the time in which the purchaser has the right to cancel the purchase or until cancellation by the purchaser, whichever is earlier. The Escrow Agent is _____, whose address is _____. After purchaser's right to cancel the transaction has expired, Declarant may have transferred all sums deposited by purchaser, along with any interest accrued thereon, into any of Declarant's bank accounts, and sums thereafter will be the sole property of Declarant, subject to the provisions of the purchase agreement relating thereto.

THE CONDOMINIUM

1. General description of Condominium:

A. Number of Buildings:

Phase _____, contains _____ (____) buildings;
Phase _____, contains _____ (____) buildings;
Phase _____, contains _____ (____) buildings.

B. Types of Buildings:

The Phases 1 through _____ buildings are constructed on one and two levels, of frame construction with brick veneer exterior.

C. Number and Type of Recreational or other Amenities:

No recreational amenities which will be maintained by Seven Gates Condominium Association, Inc. (the "Condominium Association") will be located within the Condominium. Non-recreational amenities within the Condominium which are to be maintained by the Condominium Association include private streets, exterior parking areas, mailbox facilities, landscaping and exterior lighting. Condominium Unit Owners will also be mandatory members of Seven Gates Condominium Association, Inc. and shall be entitled to the use of the common areas maintained by the Association. Such common areas include private streets and roads, entryway signage and landscaping.

D. Schedule of Commencement and Completion:

Vertical construction of Phase _____ and Phase _____ commenced on or about _____, 2006.

E. Number of Residential Condominium Units:

Phases _____, _____, _____, and _____ contain _____ (____) residential condominium units each.

2. Copies of proposed or recorded Declaration and other restriction; Bylaws and other rules and regulations of the homeowners association; copies of any contracts and/or leases to be signed by purchasers at closing; and copies of (or narrative description of) any contracts or leases subject to cancellation by the homeowners association under N.C. Gen. Stat. §47C-3-105:

See Exhibit “A” attached hereto and incorporated herein by reference. Exhibit “A” includes copies of the following documents:

- a) Declaration of Condominium for Seven Gates Condominium, which was recorded in _____ .
- b) Articles of Incorporation for Seven Gates Condominium Association, Inc. which were filed in the offices of the North Carolina Secretary of State on _____, 2006.
- c) Bylaws of Seven Gates Condominium Association, Inc.

3. Copy of current balance sheet and projected budget for the condominium association (or, if a current budget for the association is available, copy of such current budget), along with statement identifying preparer of budget, and listing the underlying assumptions concerning occupancy and inflation factors. The budget includes the following: statement of the amount included in the budget as a reserve for repairs and replacement or a statement that no such reserve amount has been budgeted; statement of any other reserve; the projected common expense assessment by category of expenditures; and the projected monthly common expense assessment for each type of unit.

See Exhibit “B” attached hereto and incorporated herein by reference.

4. Description of any liens, encumbrances or other defects affecting the title to the Condominium, which have been recorded as to the Condominium or as to which the Declarant has actual knowledge at the time of the delivery of this Public Offering Statement.

See Exhibit “C” attached hereto and incorporated herein by reference.

5. Description of the terms and limitations of any warranties provided by Declarant.

See Exhibit “D” attached hereto and incorporated herein by reference.

6. Description of any unsatisfied judgments or legal actions pending against the homeowners association or material to the Condominium which have been filed or recorded or as to which Declarant has actual knowledge as of the effective date of this Public Offering Statement.

NONE.

7. Description of any restraints on sale or transfer of any portion of the Condominium.

See Exhibit "E" attached hereto and incorporated herein by reference.

8. Description of the insurance coverage provided by Declarant or the homeowners association for the benefit of unit owners.

See Exhibit "F" attached hereto and incorporated hereby by reference.

9. Description of any current or established future fees or charges to be paid by Unit owners for use of common elements or other facilities related to the Condominium.

See Exhibit "G" attached hereto and incorporated hereby by reference.

10. Description of the extent to which financial arrangements have been made to provide for completion of any improvements labeled "TO BE BUILT" on any recorded plat or plan of the Condominium.

NONE.

11. Narrative description of any existing zoning or other land use requirements governing the Condominium.

See Exhibit "H" attached hereto and incorporated herein by reference.

Phased Condominium Developments Only
DECLARANT'S DEVELOPMENT RIGHTS

12. Maximum number of units permitted under Declaration.

_____ (____).

13. Maximum number of units per acre permitted under Declaration.

Not applicable.

14. Number or percentage of total proposed units in Condominium which are restricted under the Declaration to residential use or statement that Declaration contains no use restrictions and no representations have been made that use restrictions shall be imposed by Declarant.

All units in the Condominium will be restricted to residential use.

15. If any present or proposed units are not or are not to be restricted exclusively to residential use, the maximum percentage of total real estate area and maximum percentage of floor area of all present and permitted units in the Condominium which are not restricted exclusively to residential use are as follows:

Not applicable.

16. Description of Declarant's development rights in the Condominium, including any conditions or limitations on the exercise of such rights.

See Exhibit "I" attached hereto and incorporated herein by reference.

17. Description of the maximum extent to which each unit's share in the undivided interest in the common elements of the Condominium may change by Declarant's exercise of its development rights.

See Exhibit "J" attached hereto and incorporated herein by reference.

18. Description of compatibility of proposed buildings and improvements which may be erected pursuant to Declarant's development rights with the original buildings and improvements, in terms of architectural style, construction quality and size or a statement that no representations are made regarding compatibility of same.

Additional Units, Common Elements and Limited Common Elements will be consistent with existing Units, Common Elements and Limited Common Elements in exterior architectural style and quality of construction. Additional Units may or may not be of the same interior layouts and/or sizes as the original Units.

19. Description of all improvements, other than units discussed above, which may be erected and limited common elements which may be created pursuant to Declarant's development rights or a statement that no representations have been made as to such matters.

No other improvements shall be constructed within the Condominium, other than additional Units, Common Elements and Limited Common Elements which may be added pursuant to the reserved development rights discussed in Paragraph 18 above.

20. Description of any limitations on location of any buildings or other improvements which may be erected in the Condominium pursuant to Declarant's development rights or a statement that no representations have been made as to such matters.

No representations have been made as to such matters.

21. Comparison of proposed limited common elements created pursuant to Declarant's development rights with existing limited common elements. (Only designated statement below applies).

- The Condominium will contain no limited common elements;
- The proposed limited common elements will be compatible in size and type with present limited common elements; or
- The proposed limited common elements will differ from present limited common

elements as stated in Exhibit "K" attached hereto; or
 No representations have been made as to such matters.

22. Comparison of proportion of proposed limited common elements to total number of units which may be created pursuant to Declarant's development rights with proportion of existing limited common elements to units now in the Condominium. (Only designated statement below applies).

- The Condominium will contain no limited common elements;
- The proportion of proposed limited common elements to proposed units will be approximately equal to the existing proportion; or
- The proposed proportionate relationship will differ from the present relationship as stated in Exhibit "L" attached hereto; or
- No representations have been made as to such matters.

23. Applicability of restrictions in the Declaration affecting the use, occupancy and alienation of existing units to units created pursuant to Declarant's development rights. (Only designated statement below applies).

- All present restrictions as to use, occupancy and alienation of units shall apply to units created pursuant to declarant's development rights.
- Description of any restrictions which will apply to proposed units, if different from present restrictions. See Exhibit "M" attached hereto and incorporated herein by reference.
- No representations have been made as to such matters.

24. Description of the extent, if any, to which any assurances made in Paragraphs 14 through 23 above shall apply in the event Declarant does not exercise any of its development rights.

In the event neither Declarant nor any successor to Declarant exercises the development rights described in Paragraph 16 above, none of the assurances made in Paragraphs 14 through 23 shall apply to the real estate described in Exhibit C to the Declaration.

EXHIBIT "C"

Liens, Encumbrances and Other Defects Affecting Title

1. Easements affecting Phase ____ of the Condominium, recorded in Condominium Plat Book __, Pages __ and __ of the Guilford County Public Registry;
2. Easements affecting Phase ____ of the Condominium, recorded in Condominium Plat Book __, Pages __ and __ of the Guilford County Public Registry;
3. Easements affecting Phase ____ of the Condominium, recorded in Condominium Plat Book __, Pages __ and __ of the Guilford County Public Registry;
4. Deed of Trust from D. Stone Builders, Inc. to Southland Associates, Inc., Trustee for Central Carolina Bank, recorded in Book 6262, Page 172, of the Guilford County Public Registry;
5. Right of way as recorded in Book 1924, Page 188, of the Guilford County Public Registry;
6. Permanent slope easements and temporary construction easement in favor of the City of Greensboro as recorded in Book 4927, Page 229, of the Guilford County Public Registry;
7. Permanent slope easements and temporary construction easement in favor of the City of Greensboro as recorded in Book 5144, Page 1068, of the Guilford County Public Registry; and
8. Easements and licenses granted and reserved in the Declaration.

EXHIBIT "D"

Terms and Limitations of Any Warranties Provided by Declarant

1. Declarant will provide a warranty program that includes the following:

A. A one-year builder limited warranty covering defective workmanship and materials, which warranty shall commence on the day of closing of purchase of the Unit from Declarant or the date of first occupancy of the Unit by purchaser, whichever occurs first.

The specific coverages and limitations of the above-described warranties will be governed by and set forth in the warranty documents provided by the Declarant to the purchasers of condominium units.

2. Waterproofing of basement (terrace) Units will be covered by a ten-year limited warranty provided from the waterproofing product manufacturer through the Declarant to the condominium association.

3. Manufacturers' warranties for household appliances, etc. will be delivered by Declarant to purchaser at the time of the closing of the purchase of the unit from Declarant.

4. The limited warranties described above shall be in lieu of all other warranties, express or implied.

EXHIBIT "E"

Restraints on Sale or Transfer

There are no restraints on the sale or transfer of any portion of the Condominium except as follows:

1. All leases of a Condominium Unit must be in writing and for a period of at least thirty (30) days.
2. No Unit Owner has the right to bring an action for partition or division, and the Allocated Interests in the Common Elements may not be conveyed separately from the Condominium Unit to which they are appurtenant.
3. The Executive Board of the Condominium Association may convey or subject to a security interest all or any portion of the Common Elements only upon approval of Owners (other than Declarant) owning at least eighty percent (80%) of the Allocated Interest in the Common Elements.

EXHIBIT "F"

Insurance Coverage Maintained by the Association

As provided in Articles XXII and XXIII of the Condominium Declaration, the Condominium Association shall maintain casualty insurance covering the buildings, all improvements and all personal property within the Condominium, except personal property owned by Unit owners, in an amount equal to 100% of the insurable replacement value thereof (exclusive of excavation, streets and exterior parking spaces). The Condominium Association shall also maintain a comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00), and fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association.

EXHIBIT "G"

Current or Established Fees or Charges

Unit Owners shall be responsible for payment of the following assessments:

1. To the Condominium Association – Annual assessments for maintenance of the Condominium Common Elements, at the present time, are as follows:
 - a. All units - \$ _____, payable in installments of \$ _____ per month.

EXHIBIT "H"

Zoning

The land upon which the Condominium (and any expansion thereof) sits is zoned _____.

The Condominium Declaration all limit the use of the land upon which the Condominium sits for residential purposes.

EXHIBIT "I"

Declarant's Development Rights

Declarant has reserved the following development rights as to the Condominium, any or all of which may be exercised within twenty (20) years from the date the Declaration of Condominium is recorded, without the consent of any Unit Owner or mortgagee:

1. Declarant may add additional real estate to the Condominium, and may create upon that additional real estate additional Condominium Units, Common Elements and Limited Common Elements. The additional real estate which Declarant may add to the Condominium is unknown. Additional Units, Common Elements and Limited Common Elements will be consistent with the original Units, Common Elements and Limited Common Elements. New phases may be added in any order, in the Declarant's discretion, and Declarant shall have no obligation to add any or all of the Additional Real Estate to the Condominium.

2. Declarant may subdivide an existing Unit into two or more new Units or into two or more new Units and new Common Elements and/or Limited Common Elements. This right shall apply to Units created under the original Declaration or to new Units created upon the Additional Real Estate pursuant to Paragraph 1 above.

3. Declarant may convert an existing Unit or Units entirely to Common Elements. This right shall apply to Units created under the original Declaration or to new Units created upon the Additional Real Estate pursuant to Paragraph 1 above.

4. Declarant may withdraw real estate from the Condominium. This right shall extend to the real estate which presently comprises the Condominium, and to the Additional Real Estate, if added pursuant to Paragraph 1 above.

As to all of the development rights reserved as described above, if Declarant exercises such right(s) it shall file an amendment to the Declaration reallocating the proportional interest in the Common Elements appurtenant to the Condominium Units, such proportional interest to be determined by the relative approximate square footage of the Condominium Units which are then a part of the Condominium.

In the event a party other than Declarant is the owner of the Additional Real Estate and wishes to add any or all of the Additional Real Estate to the Condominium, such party shall thereupon succeed to all rights of Declarant under the Declaration and the Articles and Bylaws of the Condominium Association.

Subsequent to recording the Declaration, a portion of the Additional Real Estate was developed for single-family use and therefore will not be developed as part of the Condominium. Accordingly, under current zoning laws, no more than _____ (_____) Condominium

Units can be built on the property that now is a part of or can be added to the Condominium through the Development Rights described in Paragraph (1) above.

EXHIBIT "J"

Maximum Change in Undivided Interests in Common Elements

Any change in a Unit's Allocated Interests in the Common Elements will be determined by the number of new Units added to or withdrawn from the Condominium, and by the approximate square footage of the Units which are added or withdrawn. Following the creation of the first Condominium Unit located in Phase 1 of the Condominium, the Declarant may elect to add no new Units to the Condominium, or may add up to _____ (____) additional Units to the Condominium. Declarant makes no representations as to the size and/or floor plan of any new Units which may be added to the Condominium. Therefore, it is impossible at this time to determine the potential maximum change in Allocated Interests appurtenant to each original Unit.

RECEIPT OF PUBLIC OFFERING STATEMENT

The undersigned hereby acknowledge:

(1) Receipt on the date hereafter written from _____ or a copy of the Public Offering Statement (and all amendments thereto referenced in the Public Offering Statement) of Canaan at The Noles Condominium, a condominium; and

(2) The right of the undersigned to cancel the purchase contract within seven (7) calendar days following the signing of the purchase contract for a condominium unit.

This the ____ day of _____, 20__ .

_____(SEAL)

_____(SEAL)