

THREE FALLS GENERAL DISCLOSURES

(Revised on: September 30th, 2015)

Please carefully review the following disclosure items relating to your selected lot. As used herein, all reference to Three Falls Development Inc. "TFDI" shall include all of its authorized agents, employees and representatives.

1. GENERAL

Three Falls Development Incorporated ("TFDI") recognizes that your decision to purchase a lot at the Three Falls development (Three Falls) is an important one. For that reason, your purchase contract provides you with an opportunity to conduct "Evaluations & Inspections" of your selected lot. This process allows you to carefully evaluate the lot and all issues that you consider important in your purchase decision. The TFDI and its marketing agents, Pine Valley Realty, strongly encourage you to consult with land-use professionals, engineers, surveyors, planners, architects, attorneys and other professionals to evaluate all aspects of the lot and the Three Falls development. Review all requirements contained within the plat notes, the CC&Rs, and the Design Guidelines prior to purchasing the lot.

Three Falls contains 57 lots and consists of 523 acres of public open space and 114 acres of private open space. Three Falls is in a mountainous area therefore there are existing conditions which the buyer should make themselves aware of. Some of these are, wildlife, flowing rivers and small streams, faults, springs, snakes, high water tables, large natural open space, higher than average snow fall, wild fire and other things related to this type of terrain.

2. ABILITY TO OBTAIN A BUILDING PERMIT

Pursuant to the Subdivision Improvement and Guarantee Agreement between TFDI and Alpine City, the ability to obtain a building permit in Three Falls is based upon the improvements of Fort Canyon Road, as well as internal roadways, being completed. It is TFDI's intent to begin the phase 1 of the internal roadway improvements the fall of 2015. Phase 1 consists of the improving Three Falls Drive from the entry to the intersection of Mountain Park Road, and the Three Falls Ridge, Creekside Court, and Three Falls Court cul-de-sacs.

TFDI intends to complete phase 1 summer of 2016, which will improve Lots 1 through 22 and 53. The Fort Canyon Road improvements are intended to begin spring of 2016 and be completed summer of 2016.

The 500,000 gallon water tank located between Lots 31 and 32 is intended to commence fall of 2015 and be completed summer of 2016.

The second phase will consist of improving Three Falls Drive to the water tank, as well as portions of Sliding Rock Ridge and Mountain Park Road. The timing of the second phase will be determined by spring of 2016.

All infrastructure improvements are at the cost of TFDI and include all necessary utilities (water/sewer/gas/power/communication) and roadway improvements (asphalt, shoulders, curb) necessary to obtain a building permit.

3. VIEWS

In the course of completing this community, individual lot owners may, pursuant to the Conditions, Covenants and Restrictions (“CC&Rs”) and Design Guidelines, construct a variety of improvements, including residential improvements, landscaping and fences which may partially obstruct views from your particular lot. In addition, construction on other property may likewise partially obstruct your views. TFDI makes no representations or warranties, whether expressed or implied, as to: (a) the nature or extent of the view from your lot or residence or any obstruction thereof; or (b) the permanency of the view from any portion of your lot or residence.

4. HOMEOWNER IMPROVEMENTS

The lots on this subdivision are subject to Conditions, Covenants and Restrictions (CC&R's) which are of public record. These are intended to preserve the attractiveness and desirability of your community and contain restrictions regarding what you may and may not do with your lot. You should read these CC&R's carefully and contact your own legal representative if you have any questions.

In addition, certain restrictions may exist with respect to utility easements and/or public rights of way on or adjacent to your lot.

5. CHANGES IN CC&R'S

Notwithstanding the fact that you have received a copy of the CC&R's, certain changes may be made in those documents and correspondingly in the rights of certain parties including the homeowner as a result thereof in order to accommodate the needs of the subdivision and the requirements of certain governmental and quasi-governmental agencies including without limitation the FHA, VA, FNMA, FHLMC, and GNMA federally sponsored mortgage guarantee entities.

6. DESIGN GUIDELINES

The CC&R's require approval by Three Falls Design Review Committee of the design and location of each residence or any other improvement proposed to be constructed in Three Falls. Please carefully review the CC&R's and Design Guidelines to understand their effect on the design and location of the improvements you plan to build on your lot.

6 SURVEYING AND STAKING

Prior to commencement of the design of the home on your lot, you are encouraged to have your lot surveyed to be sure that the improvement will be properly located on your building

envelope and that its location will not be in violation of the setback requirements of Alpine City, the CC&R's or the Design Guidelines.

7. ADJACENT LAND USES

TFDI makes no representation about future land uses on adjacent or nearby properties. Because general plans and zoning are subject to change, we encourage you to check with the Planning Department of Alpine City regarding proposed land uses.

8. MAIL

Each lot is required to have a driveway entry monument, which is further defined in the Design Guidelines. The monument contains an internal mail box. Mail will be delivered by the U.S. Postal Service.

9. SCHOOLS

Buyer should verify with the local school district the schools servicing your neighborhood. Due to the rate of population change, the school districts change boundaries and designated schools periodically, prior to or after the close of escrow. At this time, bus service will not be provided by the school district. The TFDI has no control or responsibility for any such change(s).

The schools currently serving Three Falls:

Westfield Elementary School
www.westfield.alpineschools.org
380 Long Drive Court,
Alpine, UT 84004
801-610-8720

Alpine Elementary School
<http://alpine.alpineschools.org/>
400 East 300 North
Alpine, UT 84004
801-610-8700

Timberline Middle School
<http://timberline.alpineschools.org/>
500 West Canyon Crest
Alpine, UT 84004
801-610-8765

Lone Peak High School
<http://lphs.alpineschools.org/>
10189 N 4800 W
Highland, UT 84003

10. WILDLIFE

Three Falls is located in an area that was formerly undeveloped, and various forms of wildlife still exist. Construction operations or general living in this area may upset the natural habitat of various wildlife, such as moose, elk, deer, fox, coyote, snakes, rodents, spiders, squirrels, etc. Be aware of this at all times and take appropriate precautions. All efforts to preserve the existing natural wildlife habitat should be made, especially strict adherence to non-disturbance of areas outside your building envelope and irrigable areas.

11. HOMEOWNERS ASSOCIATION AND ASSESSMENTS

The Homeowners Association is responsible for the maintenance of private open spaces and their facilities, development entries, gatehouses, landscaped areas the Three Falls development. Owners will pay annual assessments to the Association for the services provided to their community. The fully improved Three Falls assessment is estimated to be approximately \$3,600 per year, and the first year's assessment is to be paid in advance at closing. At closing Buyer will also pay a one-time set-up fee to the Association of \$500. A budget has been provided that shows the graduation of dues as Three Falls is developed.

12. WATER SUPPLIER

The water company supplying water to Three Falls is Alpine City and will be used for culinary and irrigation purposes. A water meter vault and yoke has been installed to each lot's property line. Lot owners must purchase a water meter from Alpine City at the time of building permit acquisition. No irrigation water system is provided. Pursuant to the plat and CC&Rs, no more than one acre of irrigable area may be irrigated.

13. OPEN SPACE AND TRAIL SYSTEM

As shown on the recorded plat, Three Falls contains extensive public open space, within which are public trails. The public open space and public trails are owned and maintained by Alpine City. There will be specific rules of use of the trails and open space, such as hours of use, no fires, and no hunting. TFDI expects the hours of trail use to be similar to other trails and trail heads, which is from dawn to dusk. As this is public open space TFDI cannot control the implementation of the specific rules. The public trail system and public open space is for the benefit and use of all Three Falls owners as well as the general public. Any renderings depicting public trails within the public open space represent approximate locations of the trails and should not be relied upon in making a purchase decision. The public open space will be kept in its existing, natural state.

Other than certain trail maintenance, no alterations or improvements may be made to the public open space by individual homeowners, TFDI, the HOA, or Alpine City. TFDI will install the public trail head as shown on the plat. Three Falls will be responsible for maintaining the landscaping and irrigation system, and the exterior of the bathroom structure; Alpine City will maintain all other components of the trail head. The trailhead is intended to be completed late 2017.

There are private open space and private trails that are designated as such on the recorded plat. Any renderings depicting trails within the private open space represent approximate locations of the trails and should not be relied upon in making a purchase decision. The private open space and private trails system is for the benefit and use of all Three Falls owners and their guests. The site and utilization planning of the private open space and trails is under way. TFDI intends to complete the private open spaces late 2017.

14. WATERWAYS

Many water ways run through the project. The water rights are property of the state and the Alpine City and Alpine Irrigation. All stream alteration requires approval first from the Design Review Committee and then from all three entities. Any modification, damming or diverting is considered an alteration. Because of these water ways, ground water may be higher than normal and should be checked before construction. Certain drainages are dry during most or all of some years. No modification of these 'dry' drainages may occur without Design Review Committee approval, as well as all other required jurisdictional approvals.

15. BUILDING PERMITS & UTILITY SERVICES

You are responsible for all costs associated with obtaining a building permit and paying for all related fees for a residence on your selected lot.

Each Lot Owner is required to pay the base impact fee and any related connection fees. There is no irrigation water right associated with the property.

You are also responsible for bringing all utility service lines from the boundary of your Lot to your residence. Pursuant to Alpine City requirements, there is a 10' public utility easement around each lot. Please review the plat for further information.

You are advised to carefully consult with Alpine City and with all other governmental and quasi-governmental entities to determine the nature and amount of all permit fees, impact fees, meter fees, and charges of any kind or nature associated with obtaining a building permit for a residence on your lot. You are also advised to carefully consult with all utility service providers (including water, telephone, natural gas, and electricity) regarding the nature and amount of all connection fees, service fees, and charges of any kind or nature, to obtain initial and continued utility services to your residence.

The property is within the boundaries and subject to charges and assessment of the following:

Three Falls Homeowner Association, Alpine City, Timpanogos Special Service District, North Utah County Water Conservancy District, Wasatch Mental Health Special Service District, North Utah Valley Animal Shelter Special Service District and Utah Valley Dispatch Special Service District.

16. SEWER

A sewer stub will be provided to every lot. You are responsible to check the depth of your individual sewer lateral; some areas of a lot may not be able to gravity feed and may require an ejector system which will be the lot owner's responsibility to install and maintain. The sewer depth should be confirmed before the design of the home.

UTILITIES:

NATURAL GAS

Natural gas will be stubbed to each lot. At the lot owner's sole cost, the gas will need to be extended to the building envelope at the time of constructing the home. Verification of the stub locations should be completed prior to the design of the home.

ELECTRICITY

Power is provided in the right of way.

Once installed, lot owners are required to contact Rocky Mountain Power to locate, tie into the power line, and install any transformers or meters as needed.

TELEPHONE

The phone line is installed and lot owners are required to contact CenturyLink to locate, tie into the phone line, and install a phone pedestal as needed.

CABLE TV

Cable television is provided by Comcast Cable. The Design Guidelines and CC&R's allow for small satellite dishes. The developer has provided additional conduit underground in the event that fiber optic or some other medium becomes available.

17. SOILS

Purchasers of any lot within the Project are directed to the geotechnical reports prepared by Bear West dated November 2003 titled "Three Falls Ranch Development Environmental Study Final Report" and Intermountain GeoEnvironmental Services, Inc. dated July 20, 2005, titled "Landslide Investigation Three Falls Ranch Alpine, Utah", and Western Geologic, LLC dated September 7th,

2004 titled “Geologic Hazards Evaluation Three Falls Ranch” and Western Geologic, LLC dated December 17th, 2004 titled “Supplemental Surface Fault Rupture Hazard Study, Three Falls Ranch” These reports identify existing surface and subsurface conditions and geologic conditions, including faults, present in areas within the Project.

Certain lots and open spaces in Three Falls contain a cut/fill slope easement for the subdivisions roadways. The easement is necessary for the construction and maintenance of the roadways within the subdivision. This easement is maintained by Alpine City. Lot owners may not alter or affect this easement in anyway unless expressly authorized by the Three Falls Design Review Committee and Alpine City.

As a lot owner you are required to do a geotechnical lot study. At a minimum you should assess the lot for the following: soil type (collapsible or expansive soil), any fill, fault lines, and water table levels. Because of the mountainous, rocky conditions we encourage all lot owners to make their homes radon safe.

18. ACCESS

The primary access is Fort Canyon Road. This road is intended to be improved by late 2016. The gate house and entry feature is under final design and is intended to be installed 2017. The gate house is intended to house informational personnel during times and days that TFDI is determining. In subsequent phases, a gated secondary access road will be installed. Three Falls will snowplow the secondary access road through an agreement with Alpine City. All owners will be provided with key fobs that will automatically open the gates in the event of an emergency. It is intended that this road will always be gated and closed.

19. RECORDED PLAT

The buyer should familiarize themselves with the Recorded Plat, plat notes, and all associated recorded documents, for Three Falls. Most of the general information and details of the plan, design, and legal issues are contained therein.

20. TFDI AND PINE VALLEY REALTY RELATIONSHIP

Pine Valley Realty is the real estate brokerage firm with whom TFDI is contracting with for the marketing and selling of the lots within the Three Falls. Pine Valley Realty is solely owned by Will Jones. Will Jones is also an officer and partner in TFDI.

ACKNOWLEDGEMENT & RECEIPT

THE UNDERSIGNED ACKNOWLEDGES: (A) RECEIPT OF A COPY OF THIS GENERAL DISCLOSURE STATEMENT FOR THE THREE FALLS DEVELOPMENT; (B) HAVING READ THIS GENERAL DISCLOSURE STATEMENT; (C) AND HAVING BEEN ADVISED BY TFDI, TO CAREFULLY REVIEW THIS GENERAL DISCLOSURE AND ALL OF THE SELLER DISCLOSURES REFERENCED IN SECTION 7 OF THE REAL ESTATE PURCHASE CONTRACT BETWEEN THE UNDERSIGNED AND TFDI; AND (D) THAT NO REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE TO THE UNDERSIGNED, EITHER BY THE TFDI PARTNERS, OR EMPLOYEES OR AGENTS OF TFDI; OR BY ANY SALES AGENT OR BROKER ASSOCIATED WITH PINE VALLEY REALTY, THAT ARE INCONSISTENT WITH THIS GENERAL DISCLOSURE STATEMENT.

BUYER: _____

DATE: _____

BUYER: _____

DATE: _____

SELLER: _____

DATE: _____

NOTE: TWO COPIES WILL BE USED FOR EACH LOT. BUYER SIGNS AND RETURNS ONE TO TDFI