

MEMBER OF D.C., IDAHO
AND NEW YORK BARS

JOHN M. FEDDERS
ATTORNEY AT LAW
1914 SUNDERLAND PLACE, N.W.
WASHINGTON, D. C. 20036-1608

TELEPHONE (202) 659-2424
FACSIMILE (202) 659-4959
E-MAIL: jfedders@fedderslaw.com
WEBSITE: www.fedderslaw.com

IDAHO OFFICE
P.O. BOX 400
TETONIA, IDAHO 83452
TELEPHONE (208) 456-2050

Teton County Planning & Zoning Commission
c/o Angie Rutherford, Planner arutherford@co.teton.id.us
Teton County, Idaho
Room 107
150 Courthouse Drive
Driggs, Idaho 83422

July 1, 2013

Re: River Rim Ranch, Teton, Idaho

**Further Opposition to March 11, 2013
Amendment Application of Big Sky Western Bank**

Commission Members:

This letter supplements and expands upon my May 10 letter to you **opposing** the March 11, 2013 Amendment Application of Big Sky Western Bank. I respectfully ask the Commission to **deny** the Application.

I am a home owner in Division I at River Rim Ranch. I am a taxpayer. I am a member of the bar of the State of Idaho.

Summary

1. **The Bank Requests Interference with Private Contracts.** By its Application, the Bank is requesting the County to interfere with and abrogate private contract rights of RRR owners. Any such action by the County would be **beyond its authority**. The Bank remains bound by the contractual representations and warranties made to the RRR owners for a litany of amenities at the RRR project.

2. **Absence of Information.** The Amendment Application is deficient. It **fails to inform** the Commission of the **consequences** if there is approval of the Application. It is ambiguous and creates uncertainty about the post-approval impact on the safety, welfare and economic stability of the north-end of Teton County. The Commission lacks sufficient information in order to make an informed judgment about the Application.

3. **Absence of Good Faith Negotiations.** Even though the County has no HOA jurisdiction at RRR, the Commission should know of the unconscionable circumstances surrounding the HOA dispute. Only a few RRR owners are informed. There have been no “meaningful” negotiations between the Bank and RRR owners. For anyone to suggest otherwise is a misrepresentation. The Bank’s attitude remains **(a)** no HOA democracy, **(b)** we remain in control, **(c)** we know what is best, and **(d)** take it or leave it. Unexplainably, the Bank continues to damage its own sale efforts, and at the same time inflicts economic uncertainty upon RRR owners.

We have reached the point where the RRR issues are a burden for the Commission and an embarrassment to RRR owners. This Application process could have been avoided if the Bank would have simply invited all of the RRR owners to meet with it, and together reach an amicable resolution serving everyone’s interest. If this had been done, the Bank probably would have sold its RRR property by now. Is it too late for common sense to prevail?

Discussion

No. 1. The Bank is petitioning the County to act **beyond its legal authority**. The Bank is asking the County to interfere with the private contractual rights of the RRR owners. The County has no such authority.

As each parcel at RRR was purchased beginning in 2004, representations and warranties were made to the new owners about a litany of amenities to be part of the RRR complex, including a golf course. Those promises became, and remain, part of the **contractual rights** of the RRR owners. Importantly, funds were segregated from each owner’s purchase payment (in the neighborhood of \$55,000 each) for the completion of the amenities. At present, there has been

neither **(a)** specific performance of those contracted for features nor **(b)** an accounting for the monies set aside. Nothing has happened, including the transfer of rights to the Bank, which interferes with the contractual privileges of the RRR owners.

Rather than **(a)** fulfill the legal and binding responsibilities to the RRR owners or **(b)** seek the RRR owners consent to amending those commitments, the Bank is **ignoring** the RRR owners and **improperly** attempting to secure the imprimatur of the County to denigrate the RRR owners' contractual rights.

The Bank is asking the County to **(a)** do something which it is not authorized to do, **(b)** something which would be illegal, and **(c)** something which would interfere with private contractual rights of the RRR owners.

No. 2. Four examples of the absence of necessary information to make informed judgments:

A. **County Road.** The Bank does not want to move the road in Division II. The consequences would be trucks and farm equipment moving through that subdivision. The Amendment Application does not address the question of the safety and welfare of the Division II owners by the failure to move the road. Has the Commission been told of reasonable justification for the Bank's desire not to move the County road?

B. **South Canyon.** The Bank proposes to increase the density in the South Canyon. However, the Amendment Application does not adequately address the fish and game consequences by such increased density. How will the Teton River and this environmentally sensitive area be impacted?

C. **Sewage System.** The Amendment Application is unclear and confusing with respect to a sewage system and septic tanks. I believe the original PUD calls for a sewage system rather than septic tanks. The uncertainty is who will pay for the sewage system? The Amendment Application is not at all clear about who will pay for this system or its upkeep either in the short or long term. What will the cost impact be on **all** RRR owners who will not have access to the system?

D. **Golf Course.** The Bank seeks to avoid its golf course responsibilities and wishes to convert the acreage into a public park. The Application does not address either the future maintenance and/or future funding issues for such park. What is the impact of the proposed park on property values? The unanswered questions regarding the park are too long to list.

No. 3. The HOA Shenanigans. The Fourth Amendment to the Master Declaration of Covenants, Conditions and Restrictions for RRR, dated September 2010, does not provide the non-Bank owners at RRR with **(a)** any meaningful information, **(b)** input into process, or **(c)** a vote even though they are financially impacted.

The efforts a few of us have had in discussions with the Bank have been **fruitless.**

Importantly, the vast majority of RRR owners have not been kept advised by the Bank of the economic consequences of the Amendment Application. Those RRR owners are uninformed. When the Bank negotiates by saying it cannot do something, what its spokesman means is that “it will not take action to create a more democratic participatory community at RRR”. The Bank wants unilateral control permitting it to impose financial hardship on RRR owners without information or democratic process.

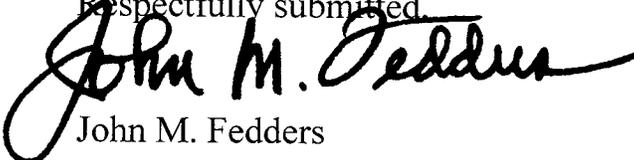
These shenanigans are not the County’s burden. But, they do reflect the quality of the citizenship of the Bank.

* * * * *

Conclusion

I respectfully request that the Commission **deny** the Big Sky Western Bank’s Amendment Application.

Thank you for taking the time to consider what I have said here.

Respectfully submitted,

John M. Fedders

Teton County Planning & Zoning Commission

July 1, 2013

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cc: Donald Chery, Agent dchery@glacierbancorp.com
Big Sky Western Bank (Glacier Bancorp)
49 Commons Loop
Kalispell, Montana 59901

Sean Cracraft, Manager riverrimranch@aol.com
River Rim Ranch
Box 337
Tetonia, Idaho 83452

July 1, 2013

Ms. Rutherford:

Please accept the attached letter from property owners in Division I of River Rim Ranch.

Twelve owners have signed the letter. Currently, there are 15 existing homes and 1 home under construction in Division I. The owners of 11 of those 16 homes have signed this letter.

Thank you.

Division I Owners

To: Teton County Planning and Zoning Commission
From: River Rim Ranch Division 1 Homeowners
Re: Proposed Amendment to River Rim Ranch and Establishment of Division 1 HOA
Dated: June 28, 2013

Preamble

Over the last several weeks, the Planning and Zoning Commission has been considering the proposed Amendment to River Rim Ranch as submitted by Glacier Bank, as the Declarant (but referred to here as the “Bank”).

As part of that process, the homeowners in Division 1 of River Rim Ranch (the “D1 Owners”) raised concerns regarding, among other issues, the allocation of costs from Division 2 to the D1 Owners and other impacts that the Amendment, if approved, would have on Division 1. It also became apparent that the separate HOA for Division 1 has not yet been established, even though it was promised as an inducement to the D1 Owners under various written documents in the past.

As a result of the Planning and Zoning Commission hearing in May on the Bank’s proposed Amendment, the Bank was asked to meet with the D1 Owners to work on a plan to resolve these concerns. To that end, Don Chery, representative for the Bank, had several phone conferences with two of the D1 Owners, but offered no specific plan. Instead, he reiterated that there was nothing he could do for the D1 Owners. According to Mr. Chery, Division 1 could not be removed from the Master Association, and therefore would not be given autonomy to stand alone with its own HOA. He reported that Division 1 would always be subject to a Master Association encompassing the entire River Rim project.

Around June 21, 2013, the Bank submitted a proposal to the County with its plan to resolve the D1 Owner’s concerns, labeled interestingly enough “Third Draft”. The proposal did not establish, or even recognize the possibility of, a separate HOA for Division 1, but instead required that Division 1 must remained permanently tied to the other divisions of River Rim Ranch.

The Bank has not distributed their current proposal for a “sub-association” for Division 1 to the group of D1 Owners, nor have they asked for any meetings to discuss it. There is inadequate time at this point to hold any meeting of the D1 owners, or to reach any consensus between the Bank and the D1 Owners before the July 9 hearing. Furthermore, as of Friday, June 28, the Bank’s submitted proposal is still incomplete.

What D1 Owners Need to Participate in a Discussion with the Bank

The D1 Owners wish to participate in a meaningful discussion and negotiation with the Bank to resolve concerns about Division 1. In order for that process to take place, we need the following:

1. Contact information for every owner in Division 1. This has been requested from the Bank, but they have never provided it.

2. A series of Division 1 HOA meetings, called with 30 day prior notices to every owner, to provide a forum to discuss these issues. These meetings must be available by teleconference to encourage participation by owners who cannot attend in person. Any proposals to be made at a meeting must be made available in writing to the D1 Owners well in advance of the particular meeting.
3. Prior to the meetings, full audited financials on Division 1 for the last three years so we can see a true track record of income and expenses.
4. Prior to the meetings, detailed budget projections for Division 1, as well as every other division at River Rim. We need the budgets for the other divisions of River Rim because the Bank has proposed a cost sharing plan across multiple divisions. In particular, the Bank's proposal says that Division 1 would pay 16% of the "Master Association administrative, operations, and maintenance costs" as outlined on Exhibit B to their proposal, but there's no Exhibit B attached. We need to know: 16% of what?
5. Information on all current contracts, written or verbal, for all services provided to Division 1.
6. Written assurances of a formal dedication of the Overlook Lodge, the trail system, and all other amenities located in Division 1 to the HOA for Division 1. These amenities were promised in writing for the common use of the Division 1 owners, and they should not be allowed to be sold to outside parties for commercial uses, such as a hunting lodge or conference center. The purpose of the Overlook Lodge and trails is to provide common amenities for the homeowners, not an opportunity for the Bank to make money by selling them off.

Conclusion

The D1 Owners wish to negotiate the terms of their own HOA. The separate HOA for Division 1 should have been established long ago, and it's time for the Bank to work in good faith with the D1 Owners to follow through on those promises. We have paid our dues to the Bank for years, with no information, participation in meetings, reports, or control of our own HOA.

It's time for the Bank to work with the D1 Owners to establish their own HOA, as promised. We have confidence that the D1 Owners and the Bank can reach an agreement that is workable and sensible for everyone.

Respectfully submitted for your consideration.

[signatures follow on next pages].


Signature

Louis P. CARAVELLA
Print Name


Signature

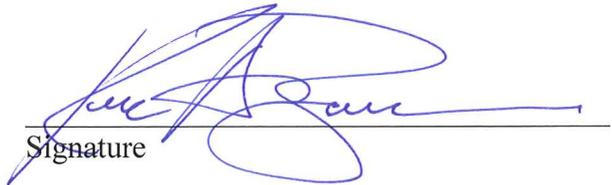
PATRICIA R. CARAVELLA
Print Name


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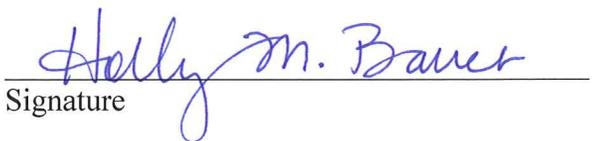
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Michael A. Thornton
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KEVIN A BAUER
Print Name


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Holly M. Bauer
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David L. Abbott
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DAVID L. ABBOTT
Print Name

Penelope N. Abbott
Signature

PENELOPE N. ABBOTT
Print Name

Lindsay W. Brehm
Signature

LINDSAY W. BREHM
Print Name

Kristy M. Brehm
Signature

Kristy M. Brehm
Print Name

Jerry Wirkus
Signature

Jerry Wirkus
Print Name

Katherine Oklandt (Wirkus)
Signature

Kate Oklandt
Print Name

Deana Y. Davis
William R. Davis

Signature

Deana Y. Davis
William R. Davis

Print Name

Bill D

Signature managing member

HTI Investments, LLC

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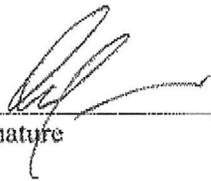
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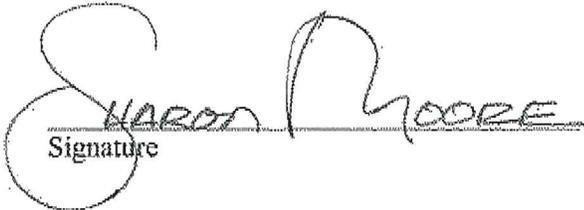
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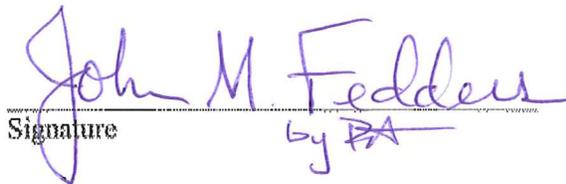
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DWAYNE MOORE
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SHARON MOORE
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JOHN M. FEDDERS
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Levon Moradian
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Merrin Moradian
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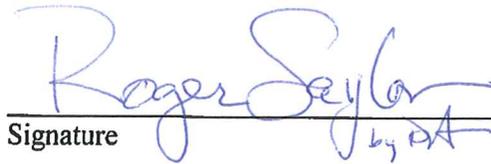
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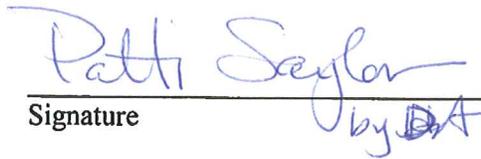
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Lance Gunderson 7/1/13
Print Name


Signature by DA

ROGER SAYLOR
Print Name


Signature by DA

PATTI SAYLOR
Print Name

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Print Name

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Signature

Print Name

To: Angie Rutherford, Teton County P&Z
Re: Opposition to River Rim Amendment
Dated: July 1, 2013

We are four families who own both existing homes in Division 1 and undeveloped lots in Division 2 at River Rim Ranch. This letter expresses our position as Division 2 owners.

We object to the Amendment proposed by Glacier Bank.

As you are aware, Glacier Bank acquired its interest in River Rim Ranch around 2009 by taking a Deed in lieu of foreclosure from the original developers, rather than foreclosing against the property. As such, Glacier Bank now stands in the shoes of the original developers and must fulfill the obligations of the original developers.

The developers regularly and repeatedly gave prospective buyers in both Divisions written documents under which promises were made regarding (a) the extent of the amenities that would be built, and (b) the creation of homeowners associations that would be controlled by the buyers, not the developers. Certain of those documents are attached to this letter. The developers, and now the Bank, have failed to fulfill those written promises. The buyers in both Divisions, however, purchased their lots and built homes in reliance on these promises.

With their proposed Amendment, the Bank is merely trying to skip out on their outstanding promises to finish the development of River Rim, leaving the property owners and the citizens of Teton County holding the bag. If the Amendment is allowed, River Rim will not be better off, and those of us who own property there will be harmed.

As owners in Division 2, we object to the Amendment for many reasons, including:

1. Roads. The Bank wants to default on building the county road where it is intended to be located. Instead, the Bank wants to run the county road through the development, trying to build just one road where two were not only planned, but needed. In addition, since the Bank acquired the property in 2009, none of the roads in Division 2 have been completed. Even if a property owner wanted to build home, they could not get a building permit because there's no road access to the lots.

The Bank states in its June 24, 2013 Response to Staff Comments that the internal, private, road would serve only "temporarily" as the county road, and that they will report to the county when there is enough traffic to warrant moving the county road to its intended location away from residential lots. We wonder if the Bank would ever think that there was enough traffic to warrant the construction of the county road in its proper place.

We understand that County Engineering requires limited driveway access along county roads. As it stands now, the internal development road cannot qualify for use as a county road because there must be a 378 foot separation between driveways. The Bank has a nifty solution to this problem. It suggests that multiple lots in Division 2 should share single driveways. Frankly, we don't see how

the Bank can require us to allow our neighbors to drive across our properties to access their homes. That's not what we bought. If that's the Bank's solution, maybe they should pay the owners whose lots would be used by multiple residences for the loss in value to their lots.

2. Golf Course. The Bank wants to default on its promise to build the golf course, now or in the future. By getting the Amendment passed, the Bank believes it can sell its stake in the project to a new buyer for less money, making the project more attractive to an outsider and allowing the Bank to get away from River Rim sooner than if the golf course were required. In a document titled "Summary of Scheduled Fees" (attached) which was given to us when we were buying our lots, the developers stated:

"All owners at River Rim Ranch automatically become members of the River Rim Sporting Club & Teton Rim Golf Club, with access to the Overlook Lodge, The Fishing Lodge, The Sports Barn, Equestrian facilities, common trails and pathways, fishing ponds, trail shelters, and Teton River fishing, the planned fitness facility, tennis courts, swimming pool and spa facilities, all restaurant, grill and bar facilities. An initiation fee of \$55,000 has been included in the sales price of each lot."

The Bank should be required to return all the fees collected from Division 1 and Division 2 property owners for the golf course they won't put in, and for the promised amenities they never built. The Overlook Lodge and Sports Barn were completed (though we have limited or no access to either building, or to the equipment that is supposedly stored in the Sports Barn), but none of the other promised amenities were built. If the Bank wants its Amendment approved, it should either be required to finish all of the promised amenities or refund the fees collected for them, prior to any approval.

3. Sewage. The Bank wants to default on building the promised sewage system. Instead of installing the system that was part of our lot purchase prices, the Bank now wants us to pay for part of the system. Again, the Bank is just trying to avoid spending any money on River Rim.
4. South Canyon. The South Canyon has been called the "crown jewel" of Division 2 by parties related to the Bank. We agree. However, the Bank views the South Canyon as the crown jewel because they think they can derive a large majority of River Rim's potential sales price from this portion of the development. We, on the other hand, think the South Canyon is the crown jewel because of its natural beauty, very close proximity to the Teton River, and importance to wildlife in the area. The County should deny any Amendment that would allow for increased housing densities in the South Canyon or that would have any negative impact on wildlife in the area.
5. Homeowners Associations. The developers and the Bank repeatedly promised that homeowner associations would be created and that the developers, now the Bank, would turn over those associations to the property owners to run and control. Attached are four redacted versions of the documents which were given to us, as potential buyers, to induce us to buy property. [If the Commission would like to see the entire documents, we can supply them]. Because we purchased properties relying on these promises, we believe the Bank should be bound by them now.

These documents, each called "General Information Disclosure" and dated January 2004, July 2006, October 2006, and November 2006", are intended to "provide full disclosure as to the development and what is being provided by the developer....". (In fact, the 2004 document is currently posted on the River Rim website as a description of the project). Included were:

- a. Lists of amenities, including those already mentioned earlier in this letter.
- b. Descriptions of the various clubs into which owners were automatically enrolled, along with, in some instances, a description of the fees collected for these clubs.
- c. Paved main roads serving each lot.
- d. Owners Associations that would be turned over to the property owners. Two of the attached documents promise the turnover date to be when *"75% of all the lots are sold or five (5) years, whichever is first"*. Two describe the date as when *"75% of all the lots are sold or five years from the initial recording of the plat, whichever is first"*. The document dated January 2004 applied to Division 1 before Division 2 was added. So Division 1 became entitled to its own HOA years ago. The other documents would apply to Division 2, so Division 2 is also entitled to its own HOA now. In any event and even if only one HOA covers the entire development, it has been *more than 5 years* since the "initial recording of the plat". So the Bank should no longer control ANY owners association at River Rim Ranch.

* * * * *

Don Chery, the Bank's representative, has repeatedly told River Rim property owners that the Bank will control everything at River Rim, bragging that the Bank is worth billions of dollars. A quick on-line search reveals that the Bank holds total assets of \$7.6 billion. Rather than spending some of its money to fulfill its obligations, the Bank wants to reduce its costs to zero, transfer its development and financial obligations to the property owners, and sell River Rim as fast as it can.

Why shouldn't the Bank be required to finish the roads, the golf club, the other amenities, the sewage system, and leave River Rim in good shape, rather than as an abandoned zombie development? And if the Bank won't put up the money to make that happen, then the County should vacate Division 2 entirely, and make the Bank return the purchase price to every owner in Division 2.

Sincerely yours,

Mike and Nona Thornton

Bill and Deana Davis

Jerry Wirkus and Kate Ohlandt

Glenn and Merri Moradian

Attachments



SUMMARY OF SCHEDULED FEES

Homeowners Association Monthly Dues:

- Division I, Dues to start January 2007
 - Division II, Dues to start approximately Fall 2007
- Estimated monthly dues - \$75 per month
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Utility Costs:

- Irrigation season monthly cost estimated at \$30-\$40 per month
 - Teton Telecom (phone, cable TV, high speed internet): Contact Teton Telecom for the various service options available.
 - Fall River Cooperative (power): Future extension costs vary. Contact Fall River for details.
 - Water & Sewer monthly cost estimated at \$45 per month beginning the summer of 2007 or until construction then \$100 per month.
-

River Rim Ranch Committee for Design Review :

- Review fee of plans - \$1,500
 - Construction deposit - \$5,000
-

General Information:

- Each building lot in River Rim Ranch shall conform to the R20 set back requirements which are: Front - 30' ; Rear - 40' ; Side - 30' . A building envelope map will be maintained by the Committee for Design Review. Building envelopes range in size from
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the nonesite.

- Single family residences shall have a maximum building size of 6,000 square feet. The minimum floor area at or above ground is 2,500 square feet exclusive of garages, porches, carports and decks.
- Building heights shall be limited to a maximum of 25 feet for roof slopes of less than 6:12 and 30 feet for roof slopes greater than 6:12.
- Ranch lots will be fenced by the developer with a buck'n rail type of fence.

Property Taxes:

- Property taxes are based on the appraised value of the lot together with improvements and are determined by the Assessor. Teton County will bill for assessments in accordance with state laws.

River Rim Ranch Foundation

- The developer is establishing the River Rim Foundation where upon the initial sale and each subsequent sale thereafter, 1.0% of gross sales price of the land value shall be paid to River Rim Foundation. The Foundation is a non profit organization founded to provide on going funds for the benefit of public services, programs, facilities, charities, school district needs and similar needs of Teton County.

River Rim Sporting Club & Teton Rim Golf Club

- All owners at River Rim Ranch automatically become members of the River Rim Sporting Club & Teton Rim Golf Club and will have access to the Overlook Lodge, The Fishing Lodge, The Sports Barn, Equestrian facilities, common trails and pathways, fishing ponds, trail shelters, and Teton River fishing, the planned fitness facility, tennis courts, swimming pool and spa facilities, all restaurant, grill and bar facilities. An initiation fee of \$55,000 has been included in the sales price of each lot.
- Dues to start approximately January 2010



GENERAL INFORMATION DISCLOSURE

RIVER RIM RANCH TETON VALLEY, IDAHO

June 22, 2004

This initial phase of the River Rim Ranch is a low density Agricultural Planned Unit Development consisting of 898.46 acres located at the north end of Teton Valley, Idaho. Phase I of River Rim Ranch is a compatible blend of residential uses, long term agricultural uses, recreational amenities and an open space system that protects a one mile stretch of the Teton River and River Canyon environment.

The property is being developed by West Rim, LLC, an Idaho Limited Liability Company established for the purpose of developing River Rim Ranch. Engineering for the project has been provided by AW Engineering of Victor, Idaho and construction of infrastructure is being done by Alta Construction, Fall River Electric Cooperative, and Teton Telecom. Sales and marketing efforts are being provided by American Realty West.

The following information is being provided to potential buyers of River Rim Ranch in an effort to provide full disclosure as to the development and what is being provided by the developer, the Covenants, Conditions and Restrictions under which the property is being purchased and the rights, privileges, obligations and duties of buyer and seller.

This document is to be signed, dated, and attached to each Buy-Sell Agreement as an integral part of the agreements therein. The information is intended to be generally descriptive of River Rim Ranch, and to answer commonly asked questions; however, it may or may not be all inclusive.

1. The lands located in The River Rim Ranch Planned Unit Development are being developed by West Rim, LLC, an Idaho Limited Liability Company, established for the phased development of River Rim Ranch. The members of the West Rim, LLC are:

Roger Hoopes, Attorney
Brent Hoopes, Agricultural Operations
Thomas L. Clinton, CPA
Michael E. Potter, Landscape Architect

River Rim Ranch - Phase I consist of 898.46 acres in Teton County, Idaho containing 52 single family lots, 20 cabin lots, and one Farm/Ranch Conservation Unit which contain a four-lot residential compound within it. Additionally, there is one lot for the Overlook Lodge and one lot for the Horse Barn Area.

The lands are being developed and platted in conformance with subdivision regulations and standards set forth by Teton County, the State of Idaho, and, therefore, the property, and its development and use is subject to the terms, covenants and conditions set forth in these county and state regulations. Development, construction, and use of land within River Rim Ranch are also addressed in the following documents:

- a. Declaration of Covenants, Conditions, and Restrictions for River Rim Ranch; and
- b. Design Guidelines and Regulations for River Rim Ranch.
- c. Final Plat for River Rim Ranch

In addition to the above documents, there may be other sources of information important to your property purchase which are not addressed nor referred to herein. As a buyer, you should carefully review all documents which relate specifically to your property and adjacent property within River Rim Ranch, to ensure that your intended plans for the lot are permitted. Additionally, you should also make yourself aware of all property zoning and use of the adjacent properties within River Rim Ranch.

2. DEVELOPER IMPROVEMENTS. The developer will construct the following improvements to the subdivision:

- a. Paved main roads serving each lot;
- b. Electricity and phone lines stubbed to each lot;
- c. Common irrigation water systems and service lines stubbed to each lot;
- d. Fire hydrants for fire protection located at various locations along the main road;
- e. Common area landscape and irrigation;
- f. Common trails and pathways; and
- g. Common fencing.

The Farm House at the entry, the Overlook Lodge, the Fishing Lodge, the Barn and Equestrian Facilities, and the Fishing Shelters will initially be constructed and capitalized by the developer and will be operated by the Overlook Club. The Overlook Club will be owned and operated by West Rim, LLC. All owners in Phase I will automatically become members of the Overlook Club and will pay dues, which dues will be utilized to operate the club and retire debt service relative to those improvements.

Regarding individual residential lots, each individual owner will be financially responsible for the permitting, installation, operation and maintenance of their own domestic water system and individual septic disposal system. In addition, each owner will be responsible for extending their utilities from the stubs provided to the lot lines for electrical service, telephone, and irrigation water. Irrigation water will be metered and each lot will be charged according to usage.

Electrical service is being provided by Fall River Electrical Cooperative. Telephone service is being provided by Teton Telecom. Buyers should check with these companies for cost of utility extension, activation, and charges which change from time to time.

3. COVENANTS AND DESIGN GUIDELINES. The Declaration of Covenants, Conditions, and Restrictions defines the relative rights, duties and obligations of the individual owner, owners' association, directors, and the developer, and contain provisions governing the operation of the development and the River Rim Ranch Owners Association.

Prior to constructing improvements or changes to your residence or lot, you must obtain written approval of the building plans and landscape plans from the Committee for Design Review as well as obtaining any necessary permits from District 7 Health for septic systems, Idaho Department of Water Resources for residential wells, and building permit from Teton County. This restriction includes construction of the home, any outbuildings, any exterior improvements, landscaping, and any removal or trimming of trees on your lot or common area. Certain restrictions exist with respect to county rights-of-way, utility easements, set backs and other restrictions and reference is made to the Design Guidelines and Regulations.

The developer or his agents shall furnish to a prospective buyer the Covenants, Conditions and Restrictions of River Rim Ranch and the Design Guidelines of River Rim Ranch prior to signing the Buy-Sell Agreement. As the buyer, you acknowledge receipt of these documents on the date of your execution of this Disclosure Statement.

4. The seller is providing title insurance with First American Title Company in Driggs, Idaho to assure that the buyer receives marketable title. Any exceptions will be set forth in the general and special exceptions shown on the preliminary title commitment which will be furnished to the buyer prior to closing. As a buyer, you should carefully review the title commitment and title insurance policy.

Upon full payment of the purchase price, you will receive a warranty deed conveying merchantable title to the property, subject to the general and special exceptions noted in the title insurance policy.

5. OWNERS ASSOCIATION. Pursuant to the Declaration of Covenants, Conditions and Restrictions, the River Rim Ranch Owners Association, an Idaho nonprofit corporation, shall be established to operate and maintain the common areas and facilities of the River Rim Ranch PUD. The developer will constitute the majority of the Board of Directors until 75% of all the lots are sold or five (5) years, whichever is first, in order to ensure that things are running smoothly before transition to the owners. Transition can occur earlier. The Homeowners Association is distinct and separate from the Overlook Club.

The Board of Directors will initially constitute the Committee for Design Review.

6. ASSOCIATION ASSESSMENTS. The Association through its Board of Directors will levy assessments for the management and administration of the Association and the improvement, maintenance and repair of the common areas, which include, but are not limited to, roads, snow removal, landscaping of common areas, insurance of the common areas, common utilities, management fees, administrative expenses, debt service where applicable, street signs, common irrigation, reserves, entry monuments and gates, common fence maintenance and similar common items. As an owner you will be billed by the Association for your share of the assessments in accordance with your allocated interests for the expenses of the Association on a monthly, quarterly or annual basis. Failure of any owner to pay the assessments will result in a lien for the amount of the past due assessments being filed against the property. Please refer to the Covenants for the purposes and procedures for allocating and collecting owners' fees and assessments, and the schedule of each owner's allocated share of common interests.

A budget is to be proposed by the Directors of the Owners Association annually. The annual budget is based upon a projected estimate of the costs as described above. The budget forms the basis for the assessments to be charged to each owner. Assessments will generally be billed on a quarterly basis in advance and are due upon receipt. It is anticipated that assessments will begin on January 1, 2006 when improvements are substantially complete.

7. THE OVERLOOK CLUB. The common amenities of River Rim Ranch will initially be capitalized by the developer and will be operated by the Overlook Club. These common amenities include the following items: the Farm House and maintenance facilities at the entry; the Overlook Lodge; the Fishing Lodge; the Barn and Equestrian facilities, the Trail Shelters; the Common Trails and Pathways, and the Pond.

All owners of Phase I of River Rim Ranch (the 76 lots previously described herein) shall automatically become members of the Overlook Club with no initiation fee. Monthly dues, based on estimated cost of operations and debt service will be assessed to members on a prorata basis.

Members and owners will have access and use of all of the facilities of the Club including access to the Teton River from the common area lands. Access to the Teton River from the River Rim Ranch property is exclusive to owners and their guests. It is anticipated that Club dues will begin on January 1, 2006 when improvements are substantially complete.

West Rim, LLC, the developer, will more than likely develop adjacent and additional properties in the future related to River Rim Ranch Phase I. Memberships to the Overlook Club will be made available to owners of these properties; however, those members will be required to pay an initiation fee as well as monthly or quarterly dues. Membership privileges would be the same as those granted in Phase I. The effect of adding additional members will be to spread operating costs over a larger number of participants, thus lowering monthly costs. The number of total members in the Overlook Club will not exceed 304 members.

- Phase I members	76
- Future phase members	<u>228</u>

GENERAL INFORMATION DISCLOSURE
WEST RIM AREA HOMESITES RIVER RIM RANCH
TETON VALLEY, IDAHO
July 18, 2006

River Rim Ranch is a low density Planned Unit Development consisting of approximately 5,500 acres located at the north end of Teton Valley, Idaho. River Rim Ranch is a compatible blend of residential uses, recreational amenities, long term agricultural uses and an open space system that protects a two and one half mile stretch of the Teton River and River Canyon environment. The property is being developed in multiple phases. The initial phase consisting of approximately 900 acres was started in 2004 and completed in 2006. A separate General Information Disclosure was prepared for that phase and reference is made to that disclosure for specific information relative to those properties. This general information relates to the West Rim Area Development.

The property is being developed by West Rim, LLC, an Idaho Limited Liability Company established for the purpose of developing River Rim Ranch. Engineering for the project is being provided by Rendezvous Engineering of Jackson, Wyoming and AW Engineering of Victor, Idaho. Infrastructure construction is being done by Owen-PC Construction of Victor, Idaho, Fall River Electric Cooperative and Teton Telecom. The Teton Rim Golf Course is being designed by Greg Norman Golf Course Design Company and fishing amenities are being managed by World Cast Anglers. Sales and marketing efforts are being provided by Teton Springs Realty of Victor, Idaho and Prime Properties of Jackson Hole.

The following information is being provided to potential buyers of River Rim Ranch in an effort to provide full disclosure as to the development and what is being provided by the developer, the Covenants, Conditions and Restrictions under which the property is being purchased and the rights, privileges, obligations and duties of buyer and seller.

This document is to be signed, dated, and attached to each Buy-Sell Agreement as an integral part of the agreements therein. The information is intended to be generally descriptive of River Rim Ranch, and to answer commonly asked questions; however, it may or may not be all inclusive.

1. The lands located in The River Rim Ranch Planned Unit Development are being developed by West Rim, LLC, an Idaho Limited Liability Company, established for the phased development of River Rim Ranch. The members of the West Rim, LLC are:

Roger Hoopes, Attorney
Brent Hoopes, Agricultural Operations
Thomas L. Clinton, CPA (Potter Clinton Development, Inc.)
Michael E. Potter, Landscape Architect (Potter Clinton Development, Inc.)

River Rim Ranch - Phase I consists of 898.46 acres in Teton County, Idaho containing 52 single family lots, 20 cabin lots, and one Farm/Ranch Conservation Unit which contain a four-lot residential compound within it. Additionally, there is one lot for the Overlook Lodge and one lot for the Sports Barn Area. These Properties began construction and development in 2004 and were completed in 2006.

The West Rim Area, which is the subject of this disclosure, consists of the following:

Phase I

8	West Rim Ranches
22	West Rim Estates
40	West Rim Cabin Lots
39	Golf Fairway Lots - East
24	Golf Cabin Lots
12	Big Hole Estate Lots
14	Golf Fairway Lots - West
<u>4</u>	Highland Ranch Lots
163	<i>Subtotal Phase I</i>

Phases II, III, IV

25	Big Hole Estate Lots
31	Golf Fairway Lots - West
14	Big Hole Chalet Lots
46	Golf Chalet Lots
45	Golf Chalet Cluster Units
4	Residential Homesites in the West Rim Farm
<u>30</u>	Bed and Breakfast/Residential Condos
195	<i>Subtotal Phase II</i>

In addition to the homesites, the West Rim Area contains the West Rim Village and the Teton Rim Golf Village Area and O&M Center.

The Phase I lands of the West Rim Area are being developed beginning in 2006. Phases II through IV will follow with construction beginning in 2007/2008 time period. There are five subsequent neighborhoods in different areas of the master planned River Rim Ranch Community consisting of 220 additional residential homesites that will be under development as demand dictates through 2011.

The lands are being developed and platted in conformance with subdivision regulations and standards set forth by Teton County, the State of Idaho, and, therefore, the property, and its development and use is subject to the terms, covenants and conditions set forth in these county

and state regulations. Development, construction, and use of land within River Rim Ranch are also addressed in the following documents:

- a. Amendment I to the Declaration of Covenants, Conditions, and Restrictions for River Rim Ranch; and
- b. Design Guidelines and Regulations for River Rim Ranch.
- c. Final Plat for River Rim Ranch

In addition to the above documents, there may be other sources of information important to your property purchase which are not addressed nor referred to herein. As a buyer, you should carefully review all documents which relate specifically to your property and adjacent property within River Rim Ranch, to ensure that your intended plans for the lot are permitted. Additionally, you should also make yourself aware of all property zoning and use of the adjacent properties within River Rim Ranch.

2. DEVELOPER IMPROVEMENTS - WEST RIM AREA. The developer will construct the following improvements to the subdivision:

- a. Paved main roads serving each lot;
- b. Electricity and phone lines stubbed to each lot including Cable TV and high speed internet;
- c. Domestic (potable) water to each lot via a community system;
- d. Community wastewater lines to each lot
- e. Common irrigation water systems and service lines stubbed to each lot;
- f. Fire hydrants for fire protection located at various locations along the main road;
- g. Common area landscape and irrigation;
- h. Common trails and pathways; and
- i. Common fencing.

Each owner will be responsible for extending their utilities from the stubs provided to the lot lines for water, sewer, electrical service, telephone, and irrigation water. Water, sewer and irrigation water will be metered and each lot will be charged according to usage. The charges for water and sewer are estimated to be \$50 - \$60 per month and irrigation charges are expected to be in the \$30 per month range. Actual billing rates will be determined based on budgets to be developed in the future.

Electrical service is being provided by Fall River Electrical Cooperative. Telephone, Cable TV and high speed internet service is being provided by Teton Telecom. Buyers should check with these companies for cost of utility extension, activation and charges which change from time to time.

3. COVENANTS AND DESIGN GUIDELINES. The Declaration of Covenants, Conditions and Restrictions defines the relative rights, duties and obligations of the individual

owner, owners association, directors and the developer, and contain provisions governing the operation of the development and the River Rim Ranch Owners Association.

Prior to constructing improvements or changes to your residence or lot, you must obtain written approval of the building plans and landscape plans from the Committee for Design Review as well as obtaining any necessary building permits from Teton County. This restriction includes construction of the home, any outbuildings, any exterior improvements, landscaping, and any removal or trimming of trees on your lot or common area. Certain restrictions exist with respect to county rights-of-way, utility easements, set backs and other restrictions and reference is made to the Design Guidelines and Regulations.

The developer or his agents shall furnish to a prospective buyer the Covenants, Conditions and Restrictions of River Rim Ranch and the Design Guidelines of River Rim Ranch prior to signing the Buy-Sell Agreement. As the buyer you acknowledge receipt of these documents on the date of your execution of this Disclosure Statement.

4. The seller is providing title insurance with First American Title Company in Driggs, Idaho to assure that the buyer receives marketable title. Any exceptions will be set forth in the general and special exceptions shown on the preliminary title commitment which will be furnished to the buyer prior to closing. As a buyer you should carefully review the title commitment and title insurance policy.

Upon full payment of the purchase price you will receive a warranty deed conveying merchantable title to the property subject to the general and special exceptions noted in the title insurance policy.

5. OWNERS ASSOCIATION. Pursuant to the Declaration of Covenants, Conditions and Restrictions, the River Rim Ranch Owners Association, an Idaho nonprofit corporation, has been established to operate and maintain the common areas and facilities of the River Rim Ranch PUD. The developer will constitute the majority of the Board of Directors until 75% of all the lots are sold or five (5) years, whichever is first, in order to ensure that things are running smoothly before transition to the owners. Transition can occur earlier. The Homeowners Association is distinct and separate from the Teton Rim Golf Club or the River Rim Sporting Club.

The Board of Directors will initially constitute the Committee for Design Review.

6. ASSOCIATION ASSESSMENTS. The Association through its Board of Directors will levy assessments for the management and administration of the Association and the improvement, maintenance and repair of the common areas, which include, but are not limited to, roads, snow removal, landscaping of common areas, insurance of the common areas, common utilities, management fees, administrative expenses, debt service where applicable, street signs, common irrigation, reserves, entry monuments and gates, common fence

maintenance and similar common items. As an owner you will be billed by the Association for your share of the assessments in accordance with your allocated interests for the expenses of the Association on a monthly, quarterly or annual basis. Failure of any owner to pay the assessments will result in a lien for the amount of the past due assessments being filed against the property. Please refer to the Covenants for the purposes and procedures for allocating and collecting owners' fees and assessments, and the schedule of each owner's allocated share of common interests.

A budget is to be proposed by the Directors of the Owners Association annually. The annual budget is based upon a projected estimate of the costs as described above. The budget forms the basis for the assessments to be charged to each owner. Assessments will generally be billed on a quarterly basis in advance and are due upon receipt. It is anticipated that assessments will begin on June 30, 2007 when improvements are substantially complete. Fees are estimated at \$75 per month.

7. THE RIVER RIM SPORTING CLUB. The River Rim Sporting Club amenities include the following items: the Overlook Lodge, The Fishing Lodge, The Sports Barn and Equestrian facilities, common trails and pathways, fishing ponds, trail shelters, and Teton River fishing. The planned fitness facility, tennis courts, swimming pool and spa facilities are also included in the Sporting Club Membership. All restaurant, grill and bar facilities are provided via the Sporting Club Membership. The Sports Barn facilities include among other things snowmobiles, ATV's, Mountain Bikes, and Cross Country Ski equipment for rent. Similarly, a licensed outfitter will provide horses and trail rides for a fee.

We are very pleased to be affiliated with World Cast Anglers who will provide and manage all fishing activities at River Rim Ranch. Such activities include guide services on the Teton and all area rivers, instruction, fishing gear and supplies.

All owners at River Rim Ranch automatically become members of the River Rim Sporting Club and will have access to the amenities described above. An initiation fee of \$15,000 has been included in the sales price of each lot. Monthly dues of approximately \$75 per month will be assessed to all owners when amenities are substantially complete.

8. THE TETON RIM GOLF CLUB. The amenities of the Teton Rim golf Club include a planned 18 hole championship golf course to be designed by Greg Norman Golf Course Design Company as well as all of the amenities of the River Rim Sporting Club. Greg Norman Golf Course Design has been contracted to design the course with construction planned to begin in the Spring of 2007. Course construction and grow in will span a 2-3 year period with all 18 holes being playable in 2010. Pro shops for the golf and tennis operations, spa facilities and a clubhouse with locker room, conference space and dining facilities are planned.

Memberships in The Teton Rim Golf Club is optional and will require a separate memberships initiation fee and dues. Memberships in the Teton Golf Club will also entitle the member to all of the amenities of the Sporting Club. Memberships in the Teton Rim Golf Club will include various types of memberships ranging from Resident Charter Memberships, a

GENERAL INFORMATION DISCLOSURE
WEST RIM AREA HOMESITES RIVER RIM RANCH
TETON VALLEY, IDAHO
October 16, 2006

River Rim Ranch is a low density Planned Unit Development (PUD) consisting of approximately 5,500 acres located at the north end of Teton Valley, Idaho. River Rim Ranch is a compatible blend of residential uses, recreational amenities, long term agricultural uses and an open space system that protects a two and one half mile stretch of the Teton River and River Canyon environment. The property is being developed in multiple phases. The initial phase consisting of approximately 900 acres was started in 2004 and completed in 2006. A separate General Information Disclosure was prepared for that phase and reference is made to that disclosure for specific information relative to those properties. This General Information Disclosure relates to the West Rim Area Development.

The property is being developed by West Rim, LLC, an Idaho Limited Liability Company established for the purpose of developing River Rim Ranch. Engineering for the project is being provided by Rendezvous Engineering of Jackson, Wyoming and AW Engineering of Victor, Idaho. Infrastructure construction is being done by Owen-PC Construction of Victor, Idaho, Fall River Electric Cooperative and Silver Star Communications. The Teton Rim Golf Course is being designed by Greg Norman Golf Course Design Company and fishing amenities are being managed by World Cast Anglers. Sales and marketing efforts are being provided by Teton Springs Realty of Victor, Idaho and Prime Properties of Jackson Hole.

The following information is being provided to potential buyers of River Rim Ranch in an effort to provide full disclosure as to the development and what is being provided by the developer, the Covenants, Conditions and Restrictions under which the property is being purchased and the rights, privileges, obligations and duties of the buyer and seller.

This document is to be signed, dated, and attached to each Buy-Sell Agreement as an integral part of the agreements therein. The information is intended to be generally descriptive of River Rim Ranch, and to answer commonly asked questions, however, it may or may not be all inclusive.

1. The lands located in The River Rim Ranch PUD are being developed by West Rim, LLC, an Idaho Limited Liability Company, established for the phased development of River Rim Ranch. The members of the West Rim, LLC are:

Roger Hoopes, Attorney
Brent Hoopes, Agricultural Operations
Thomas L. Clinton, CPA (Potter Clinton Development, Inc.)
Michael E. Potter, Landscape Architect (Potter Clinton Development, Inc.)

The lands are being developed and platted in conformance with subdivision regulations and standards set forth by Teton County, the State of Idaho, and, therefore, the property, and its development and use is subject to the terms, covenants and conditions set forth in these county and state regulations. Development, construction, and use of land within River Rim Ranch are also addressed in the following documents:

- a. Amendment I to the Declaration of Covenants, Conditions, and Restrictions for River Rim Ranch; and
- b. Design Guidelines and Regulations for River Rim Ranch.
- c. Final Plat for River Rim Ranch

In addition to the above documents, there may be other sources of information important to your property purchase which are not addressed nor referred to herein. As a buyer, you should carefully review all documents which relate specifically to your property and adjacent property within River Rim Ranch, to ensure that your intended plans for the lot are permitted. Additionally, you should also make yourself aware of all property zoning and use of the adjacent properties within River Rim Ranch.

2. DEVELOPER IMPROVEMENTS - WEST RIM AREA. The developer will construct the following improvements to the subdivision:

- a. Paved main roads serving each lot;
- b. Electricity and phone lines stubbed to each lot including Cable TV and high speed internet;
- c. Domestic (potable) water to each lot via a community system;
- d. Community wastewater lines to each lot
- e. Common irrigation water systems and service lines stubbed to each lot;
- f. Fire hydrants for fire protection located at various locations along the main road;
- g. Common area landscape and irrigation;
- h. Common trails and pathways; and
- i. Common fencing.

Each owner will be responsible for extending their utilities from the stubs provided to the lot lines for water, sewer, electrical service, telephone, and irrigation water. Water, sewer and irrigation water will be metered and each lot will be charged according to usage. The charges for water and sewer are estimated to be \$90 - \$100 for properties connected and a standby/availability charge of \$45-\$50 per month for properties not connected. Irrigation charges are expected to be in the \$30 per month range. Actual billing rates will be determined based on budgets to be developed in the future. Water and Sewer Services will be initially provided by the River Rim Ranch Water and Sewer Company, a private company owned by West Rim, LLC. As soon as practicable, it is the intention to establish the River Rim Ranch Water and Sewer District which will acquire the water and sewer assets and operate on a non profit basis thereafter. The Water and Sewer District will be owned by the property owners of those being served by the District with the objective of achieving the lowest possible rates on a non profit basis.

Electrical service is being provided by Fall River Electrical Cooperative. Telephone, Cable TV and high speed internet service is being provided by Silver Star Communications. Buyers should check with these companies for cost of utility extension, activation and charges which change from time to time.

3. COVENANTS AND DESIGN GUIDELINES. The Declaration of Covenants, Conditions and Restrictions defines the relative rights, duties and obligations of the individual owner, owners= association, directors and the developer, and contain provisions governing the operation of the development and the River Rim Ranch Owners= Association.

Prior to constructing improvements or changes to your residence or lot, you must obtain written approval of the building plans and landscape plans from the Committee for Design Review as well as obtaining any necessary building permits from Teton County. This restriction includes construction of the home, any outbuildings, any exterior improvements, landscaping, and any removal or trimming of trees on your lot or common area. Certain restrictions exist with respect to county rights-of-way, utility easements, set backs and other restrictions and reference is made to the Design Guidelines and Regulations.

The developer or his agents shall furnish to a prospective buyer the Covenants, Conditions and Restrictions of River Rim Ranch and the Design Guidelines of River Rim Ranch prior to signing the Buy-Sell Agreement. As the buyer you acknowledge receipt of these documents on the date of your execution of this Disclosure Statement.

4. TITLE COMMITMENT. The seller is providing title insurance with First American Title Company in Driggs, Idaho to assure that the buyer receives marketable title. Any exceptions will be set forth in the general and special exceptions shown on the preliminary title commitment which will be furnished to the buyer prior to closing. As a buyer you should carefully review the title commitment and title insurance policy.

Upon full payment of the purchase price you will receive a warranty deed conveying merchantable title to the property subject to the general and special exceptions noted in the title insurance policy.

5. OWNERS= ASSOCIATION. Pursuant to the Declaration of Covenants, Conditions and Restrictions, the River Rim Ranch Owners= Association, an Idaho nonprofit corporation, has been established to operate and maintain the common areas and facilities of the River Rim Ranch PUD. The developer will constitute the majority of the Board of Directors until 75% of all the lots are sold or five years from the initial recording of the plat, whichever is first, in order to ensure that things are running smoothly before transition to the owners. Transition can occur earlier. The Home Owners= Association is distinct and separate from the Teton Rim Club.

The Board of Directors will initially constitute the Committee for Design Review.

6. ASSOCIATION ASSESSMENTS. The Association through its Board of Directors will levy assessments for the management and administration of the Association and the improvement, maintenance and repair of the common areas, which include, but are not limited to; roads, snow removal, landscaping of common areas, insurance of the common areas, common utilities, management fees, administrative expenses, debt service where applicable, street signs, common irrigation, reserves, entry monuments and gates, common fence maintenance and similar common items. As an owner you will be billed by the Association for your share of the assessments in accordance with your allocated interests for the expenses of the Association on a monthly, quarterly or annual basis. Failure of any owner to pay the assessments will result in a lien for the amount of the past due assessments being filed against the property. Please refer to the Covenants for the purposes and procedures for allocating and collecting owners' fees and assessments, and the schedule of each owner's allocated share of common interests.

A budget is to be proposed by the Directors of the Owners' Association annually. The annual budget is based upon a projected estimate of the costs as described above. The budget forms the basis for the assessments to be charged to each owner. Assessments will generally be billed on a quarterly basis in advance and are due upon receipt. It is anticipated that assessments will begin on June 30, 2007 when improvements are substantially complete. Fees are estimated at \$100 per month.

7. THE TETON RIM CLUB. Each purchaser is required to become a Full Member in the Teton Rim Club at River Rim Ranch. The Full Member is a unitary class of Membership, which allows the members to choose the level of golf privileges and corresponding dues on an annual basis. Full memberships are attached to the lots and must be transferred when a property is sold. There are a limited number of Founder Members, Corporate Members, Invitational Members, Honorary Members and Company Members in which members do not have to own property at River Rim Ranch. The cost of a full membership is currently \$55,000 which is treated as a membership deposit that is refunded to the member 30 years after the Membership is acquired, or if the Member resigns before 30 years, 100% of the Membership deposit paid, less a 20% transfer fee is refunded upon re-issuance of membership. Company members and current property owners who received a memberships without paying any membership deposit will receive 40% of the initial membership deposit paid by the members within 30 days after re-issuance of a resigned membership if prior to conversion to a member owned club. If the club converts to a member owned club, the Company members and current property members who received a membership without paying any membership deposit will receive 40% of the then current membership contribution amount within 30 days after re-issuance of the resigned membership.

The membership documents are being prepared to allow conversion of the Membership deposit program to an equity club owned by the members. If converted, the members will own all of the assets of the club and will be instrumental in operations of the club. The details of conversion to a member owned equity club are currently being determined but it is likely that conversion will not occur until substantially all of the full memberships are sold.

Full Members with The Golf Dues Option are entitled to the use of all Club facilities which include the following planned amenities: the Overlook Lodge, The Fishing Lodge, The Sports Barn and Horseback Riding facilities, common trails and pathways, fishing ponds, trail shelters, Teton River fishing, fitness facility, tennis courts, swimming pool, and spa facilities. All restaurant, bar and grill facilities are accessible in this membership. Members with the Golf Dues Option will also have unlimited use of the Teton Rim Golf Club with no greens fees consisting of an 18 hole championship golf course designed by Greg Norman Golf Course Design Company. The Sports Barn facility will include among other things snowmobiles, ATVs, Mountain Bikes, and Cross County Ski equipment for rent. In addition a licensed outfitter will provide horses and trail rides for a fee. The Teton Rim Club at River Rim Ranch is pleased to be affiliated with World Cast Anglers who will provide and manage all fishing activities at River Rim Ranch. Such activities include guide services on the Teton and all area rivers, instruction, fishing gear, and supplies.

The Full Member with The Sports Dues Option has access to the same facilities as the full member with The Golf Dues Option. The only difference is in the dues structure whereby the sports due option pays a lesser monthly due but must pay for green fees when they play golf. Membership dues are currently estimated as follows:

	<u>Monthly Golf Dues</u>	<u>Monthly Sports Dues</u>
Until Jan 2007	\$0	\$0
As of January 1, 2007	\$80	\$60
Upon opening of Golf Course	\$275	\$200
Upon opening of golf club house	\$400	\$300

The Overlook Lodge, river trails and pathways, Teton River fishing and the Division I fishing pond have been completed. The Teton Rim Golf Course is being designed by Greg Norman Golf Course Design and is scheduled to begin construction in 2007. Course construction and grow-in will span a 2-3 year period with all 18 holes being playable in 2010. Proshops for the golf and tennis operations, spa facilities and a clubhouse with locker room, conference space and dining facilities are planned to be constructed in the same general time frame.

8. **PROPERTY TAXES.** Property taxes are based on the appraised value of the lot together with improvements and are determined by the Assessor. Teton County will bill for assessments in accordance with State Laws.

9. **PRICES AND INVESTMENT.** The developer and its broker make no representations that real estate will be a good investment. The future value of real estate is uncertain and the developer may raise or lower prices at any time without regard to the property prices previously paid by other buyers within River Rim Ranch. All prices, terms, features and other inclusions are subject to change at the sole discretion of the developer. No representation is made by developer as to the rates of property sales in River Rim Ranch.

10. **LOCAL WILDLIFE AND SAFETY.** River Rim Ranch is located in an area with wild animals, steep topography and plant life that could pose a danger or threat to humans. Special precautions should be taken to protect property, children, family and invitees from risk of injury or

death. There are vertical cliffs from which serious injury or death would result from falling and wild animals within the river corridor or migrating through the property with which encounters should be avoided. The Teton River is a natural waterway with swift currents and deep holes, requiring precautions. Homes should be constructed and maintained to consider these and other safety features. Lot purchasers acknowledge the existence of these inherent risk characteristics and further acknowledge the need for special precautions.

11. AGRICULTURAL ACTIVITIES. The Farm/Ranch Conservation Unit within the River Rim Ranch PUD has been designed to carry on agricultural activities. The farm/ranch units may carry on limited agricultural operations which may include grain crops, hay crops, natural grasses, potato crops, other grain or row crops and limited grazing of horses, llamas, donkeys, mules or limited cattle for hobby purposes. Similarly, adjacent properties are engaged in commercial agricultural activities. Buyers acknowledge and agree that such activities are protected by the State of Idaho Right to Farm Statute and that such activities are not considered to be a nuisance unless operated improperly or negligently.

12. SALES LITERATURE. As part of River Rim Ranch=s literature and as a convenience to buyers, brochures, maps, graphs, diagrams, plans and other information related to the lot or community have been provided. This information is for general informational purposes only and in no way reflects exact as-built conditions. Please refer to recorded plat maps and other formal representations for specific detailed information concerning your property at River Rim Ranch.

13. PROJECTION OF SCHEDULE, COMMON COSTS AND ESTIMATE OF ASSESSMENTS FOR RIVER RIM RANCH WEST RIM AREA.

- A) River Rim Ranch West Rim Area Construction Schedule:
 - § Infrastructure begins 2006
 - § Golf Course Design 2006
 - § Golf Course Construction 2007-2010

- B) River Rim Ranch Owners= Association Monthly Assessments: (West Rim Area)
 - § Assessments to start July 2007
 - § Estimated monthly assessment amount \$100 per month

- C) Teton Rim Club Monthly Dues:
 - § Dues to start January 2007
 - § Estimated monthly sports dues - \$60 per month
 - § Estimated monthly golf dues - \$80 per month

- D) Utility Costs:
 - § Water/sewer charges
 - \$90-\$100 per month for connected properties
 - \$45-\$50 per month for properties not connected as an availability/standby charge

all

GENERAL INFORMATION DISCLOSURE
WEST RIM AREA HOMESITES RIVER RIM RANCH
TETON VALLEY, IDAHO
November 30, 2006

River Rim Ranch is a low density Planned Unit Development (PUD) consisting of approximately 5,500 acres located at the north end of Teton Valley, Idaho. River Rim Ranch is a compatible blend of residential uses, recreational amenities, long term agricultural uses and an open space system that protects a two and one half mile stretch of the Teton River and River Canyon environment. The property is being developed in multiple phases. The initial phase consisting of approximately 900 acres was started in 2004 and completed in 2006. A separate General Information Disclosure was prepared for that phase and reference is made to that disclosure for specific information relative to those properties. This General Information Disclosure relates to the West Rim Area Development.

The property is being developed by West Rim, LLC, an Idaho Limited Liability Company established for the purpose of developing River Rim Ranch. Engineering for the project is being provided by Rendezvous Engineering of Jackson, Wyoming and AW Engineering of Victor, Idaho. Infrastructure construction is being done by Owen-PC Construction of Victor, Idaho, Fall River Electric Cooperative and Silver Star Communications. The Teton Rim Golf Course is being designed by Greg Norman Golf Course Design Company and fishing amenities are being managed by World Cast Anglers. Sales and marketing efforts are being provided by Teton Springs Realty of Victor, Idaho and Prime Properties of Jackson Hole.

The following information is being provided to potential buyers of River Rim Ranch in an effort to provide full disclosure as to the development and what is being provided by the developer, the Covenants, Conditions and Restrictions under which the property is being purchased and the rights, privileges, obligations and duties of the buyer and seller.

This document is to be signed, dated, and attached to each Buy-Sell Agreement as an integral part of the agreements therein. The information is intended to be generally descriptive of River Rim Ranch, and to answer commonly asked questions, however, it may or may not be all inclusive.

1. The lands located in The River Rim Ranch PUD are being developed by West Rim, LLC, an Idaho Limited Liability Company, established for the phased development of River Rim Ranch. The members of the West Rim, LLC are:

Roger Hoopes, Attorney
Brent Hoopes, Agricultural Operations
Thomas L. Clinton, CPA (Potter Clinton Development, Inc.)
Michael E. Potter, Landscape Architect (Potter Clinton Development, Inc.)

The lands are being developed and platted in conformance with subdivision regulations and standards set forth by Teton County, the State of Idaho, and, therefore, the property, and its development and use is subject to the terms, covenants and conditions set forth in these county and state regulations. Development, construction, and use of land within River Rim Ranch are also addressed in the following documents:

- a. Amendment I to the Declaration of Covenants, Conditions, and Restrictions for River Rim Ranch; and
- b. Design Guidelines and Regulations for River Rim Ranch.
- c. Final Plat for River Rim Ranch

In addition to the above documents, there may be other sources of information important to your property purchase which are not addressed nor referred to herein. As a buyer, you should carefully review all documents which relate specifically to your property and adjacent property within River Rim Ranch, to ensure that your intended plans for the lot are permitted. Additionally, you should also make yourself aware of all property zoning and use of the adjacent properties within River Rim Ranch.

2. DEVELOPER IMPROVEMENTS - WEST RIM AREA. The developer will construct the following improvements to the subdivision:

- a. Paved main roads serving each lot;
- b. Electricity and phone lines stubbed to each lot including Cable TV and high speed internet;
- c. Domestic (potable) water to each lot via a community system;
- d. Community wastewater lines to each lot
- e. Common irrigation water systems and service lines stubbed to each lot;
- f. Fire hydrants for fire protection located at various locations along the main road;
- g. Common area landscape and irrigation;
- h. Common trails and pathways; and
- i. Common fencing.

Each owner will be responsible for extending their utilities from the stubs provided to the lot lines for water, sewer, electrical service, telephone, and irrigation water. Water, sewer and irrigation water will be metered and each lot will be charged according to usage. The charges for water and sewer are estimated to be \$90 - \$100 for properties connected and a standby/availability charge of \$45-\$50 per month for properties not connected. Irrigation charges are expected to be in the \$30 per month range. Actual billing rates will be determined based on budgets to be developed in the future. Water and Sewer Services will be initially provided by the River Rim Ranch Water and Sewer Company, a private company owned by West Rim, LLC. As soon as practicable, it is the intention to establish the River Rim Ranch Water and Sewer District which will acquire the water and sewer assets and operate on a non profit basis thereafter. The Water and Sewer District will be owned by the property owners of those being served by the District with the objective of achieving the lowest possible rates on a non profit basis.

Electrical service is being provided by Fall River Electrical Cooperative. Telephone, Cable TV and high speed internet service is being provided by Silver Star Communications. Buyers should check with these companies for cost of utility extension, activation and charges which change from time to time.

3. COVENANTS AND DESIGN GUIDELINES. The Declaration of Covenants, Conditions and Restrictions defines the relative rights, duties and obligations of the individual owner, owners= association, directors and the developer, and contain provisions governing the operation of the development and the River Rim Ranch Owners= Association.

Prior to constructing improvements or changes to your residence or lot, you must obtain written approval of the building plans and landscape plans from the Committee for Design Review as well as obtaining any necessary building permits from Teton County. This restriction includes construction of the home, any outbuildings, any exterior improvements, landscaping, and any removal or trimming of trees on your lot or common area. Certain restrictions exist with respect to county rights-of-way, utility easements, set backs and other restrictions and reference is made to the Design Guidelines and Regulations.

The developer or his agents shall furnish to a prospective buyer the Covenants, Conditions and Restrictions of River Rim Ranch and the Design Guidelines of River Rim Ranch prior to signing the Buy-Sell Agreement. As the buyer you acknowledge receipt of these documents on the date of your execution of this Disclosure Statement.

4. TITLE COMMITMENT. The seller is providing title insurance with First American Title Company in Driggs, Idaho to assure that the buyer receives marketable title. Any exceptions will be set forth in the general and special exceptions shown on the preliminary title commitment which will be furnished to the buyer prior to closing. As a buyer you should carefully review the title commitment and title insurance policy.

Upon full payment of the purchase price you will receive a warranty deed conveying merchantable title to the property subject to the general and special exceptions noted in the title insurance policy.

5. OWNERS= ASSOCIATION. Pursuant to the Declaration of Covenants, Conditions and Restrictions, the River Rim Ranch Owners= Association, an Idaho nonprofit corporation, has been established to operate and maintain the common areas and facilities of the River Rim Ranch PUD. The developer will constitute the majority of the Board of Directors until 75% of all the lots are sold or five years from the initial recording of the plat, whichever is first, in order to ensure that things are running smoothly before transition to the owners. Transition can occur earlier. The Home Owners= Association is distinct and separate from the Teton Rim Club.

The Board of Directors will initially constitute the Committee for Design Review.

6. ASSOCIATION ASSESSMENTS. The Association through its Board of Directors will levy assessments for the management and administration of the Association and the improvement, maintenance and repair of the common areas, which include, but are not limited to; roads, snow removal, landscaping of common areas, insurance of the common areas, common utilities, management fees, administrative expenses, debt service where applicable, street signs, common irrigation, reserves, entry monuments and gates, common fence maintenance and similar common items. As an owner you will be billed by the Association for your share of the assessments in accordance with your allocated interests for the expenses of the Association on a monthly, quarterly or annual basis. Failure of any owner to pay the assessments will result in a lien for the amount of the past due assessments being filed against the property. Please refer to the Covenants for the purposes and procedures for allocating and collecting owners' fees and assessments, and the schedule of each owner's allocated share of common interests.

A budget is to be proposed by the Directors of the Owners' Association annually. The annual budget is based upon a projected estimate of the costs as described above. The budget forms the basis for the assessments to be charged to each owner. Assessments will generally be billed on a quarterly basis in advance and are due upon receipt. It is anticipated that assessments will begin on June 30, 2007 when improvements are substantially complete. Fees are estimated at \$100 per month.

7. THE TETON RIM CLUB. Each purchaser is required to become a Full Member in the Teton Rim Club at River Rim Ranch. The Full Member is a unitary class of Membership, which allows the members to choose the level of golf privileges and corresponding dues on an annual basis. Full memberships are attached to the lots and must be transferred when a property is sold. There are a limited number of Founder Members, Corporate Members, Invitational Members, Honorary Members and Company Members in which members do not have to own property at River Rim Ranch. The cost of a full membership is currently \$55,000 which is treated as a membership deposit that is refunded to the member 30 years after the Membership is acquired, or if the Member resigns before 30 years, 100% of the Membership deposit paid, less a 20% transfer fee is refunded upon re-issuance of membership. Company members and current property owners who received memberships without paying any membership deposit will receive 40% of the initial membership deposit paid by the members within 30 days after re-issuance of a resigned membership if prior to conversion to a member owned club. If the club converts to a member owned club, the Company members and current property members who received a membership without paying any membership deposit will receive 40% of the then current membership contribution amount within 30 days after re-issuance of the resigned membership.

The membership documents are being prepared to allow conversion of the Membership deposit program to an equity club owned by the members. If converted, the members will own all of the assets of the club and will be instrumental in operations of the club. The details of conversion to a member owned equity club are currently being determined but it is likely that conversion will not occur until substantially all of the full memberships are sold.