

**SOUTHWIND AT LAKE TAHOE – A PLANNED COMMUNITY
PUBLIC OFFERING STATEMENT**

DATED: December 2006

Seven Springs Farm, Inc., a Pennsylvania corporation, having an office and place of business at 777 Waterwheel Drive, Seven Springs, Pennsylvania 15622, being the Declarant with respect to Southwind at Lake Tahoe - A Planned Community ("Southwind") hereby makes and sets forth this Public Offering Statement in compliance with the provisions of § 5402 of the Pennsylvania Uniform Planned Community Act, Title 68, Act of December 19, 1996 (P.L. 1336, No. 180), as follows:

1. The Declarant is Seven Springs Farm, Inc., a Pennsylvania corporation, having a mailing address of 777 Waterwheel Drive, Seven Springs, Pennsylvania, 15622, and having a telephone number of (814) 352-7777.

2. Southwind Final Phase (Phase III) is generally shown and described on the drawing attached hereto as **EXHIBIT A** (the "Plan") which remains subject to final changes, modifications and refinements by Declarant.

Southwind Final Phase (Phase III) is composed of forty-three townhouse residences.

The general description and location of each lot is shown on the Plan.

Declarant will commence construction of the units and the amenities shown on the Plan in approximately April 2007, and plans to substantially complete construction on or about November 2008, subject to limitations of weather or other conditions beyond the control of Declarant. Construction will be completed in phases and final completion of an individual unit will generally be completed within ninety (90) days of the general completion date provided that no significant plan changes are made by purchasers of individual units. Landscaping work will be substantially completed by July 2009, depending on weather, appropriate planting seasons and conditions beyond the reasonable control of Declarant.

Completion of infrastructure will be completed on or about December 2008. The application of the final or top layer of asphalt on all roadways in Southwind will be deferred until the later of the completion of construction of substantially all residences within the Plan or October 2009.

3. Declarant will construct or cause to be constructed roads, sanitary sewer lines, public water supply lines and various utilities presently contemplated to include gas, electric, telephone and cable television which work will commence on or about March 2007, with an expected completion date of December 2008, subject to the limitations of weather or other conditions beyond the control of Declarant described in paragraph 2 above.

Declarant will construct various walkways and trails within the common areas of Southwind as shown on the Plan. Such trails shall include snow making equipment, water lines, air lines and lighting as constructed by Declarant. Such trails shall be owned by the homeowners association. Such trails may be used as ski trails during the ski season. Usage shall be determined by the homeowners association. Declarant will operate, maintain and repair the trail system at the expense of the homeowners association based on an annual budget submitted by Declarant to the homeowners association for final approval. An appropriate agreement setting forth the operation, maintenance and repair of such trails will be prepared setting forth the terms and conditions of such operation by Declarant. Such trails may connect with additional and further trails located throughout the balance of the additional real estate described and referred to below which shall be owned and operated generally in accordance with the same terms and conditions as the trails herein described.

Declarant has constructed a ski lift on additional real estate described below and included within earlier phases of Southwind. Declarant will own and operate the ski lift which will be located on an easement and right-of-way. Declarant will operate the ski lift at the expense of the homeowners association based on an annual budget prepared by Declarant and submitted to the homeowners association. The ski lift is intended to be for the private use of units or properties within the Southwind community. An Agreement will be established by Declarant for the operation, maintenance and repair of the ski lift. Costs will include utility services which will be purchased from applicable utility service providers.

Declarant will construct certain amenities, including a swimming pool, club house and recreational facilities for the use of Southwind which will be constructed on property not included within Southwind. Such facilities, upon construction, will be made available to the owners of units within Southwind. Declarant will begin construction activities on such facilities not later than ninety (90) days after the closing of title to all fifty-four (54) Phase I townhouse units within Southwind, subject to weather and conditions beyond the reasonable control of Declarant. In the event that construction of such facilities occurs and subsequent phases of Southwind (as generally described below) are not built and included with Southwind for any reason, Declarant will make reasonable arrangements for transfer of such recreational facilities to the Southwind homeowners association or other arrangements will be made to assure owners of units within Southwind of future use at no cost or expense to the unit owners. Unit owners will be responsible for the costs and expenses of operation, maintenance and repair of such facilities.

4. Declarant may, in accordance with the provisions of the Declaration of Covenants, Conditions and Restrictions, and in accordance with the provisions of the aforesaid Pennsylvania Planned Community Act add additional real estate or lots to Southwind which additional land is shown on **EXHIBIT B** which additional real estate is owned by Declarant. In the event that Declarant determines to add additional real estate or lots and if Declarant exercises such right, such right will be exercised within a time period not exceeding seven (7) years after the recording of the Declaration. Such additional real estate may be by phases or sections. In the event that such right is exercised, a maximum number of one hundred sixty nine (169) additional units may be added to Southwind beyond Phase One. Such units may include undeveloped lots, condominium units or townhouse units in the sole and exclusive discretion of the Declarant. Declarant may construct up to sixty nine (69) condominium units within a building which may

include a commercial operation or facility described below. The decision of the Declarant to proceed with such additional land and units will be made in the future and will be based upon sales and related market and financial considerations to be determined solely and in the exclusive discretion of Declarant. Declarant makes no representations hereby that such additional lots or land will be laid out or added to Southwind and expressly denies and disclaims any such representations to the contrary.

Declarant may construct a commercial facility within the additional real estate. Such commercial amenity may include a restaurant or a similar amenity. If Declarant determines to proceed with the construction of such a commercial amenity, Declarant may or may not retain ownership of the facility. The decision of the Declarant to proceed with such commercial amenity will be made in the future and will be based upon sales and related market and financial considerations to be determined solely in the exclusive discretion of Declarant. Declarant makes no representations that such commercial amenity will be constructed and expressly denies and disclaims any such representation to the contrary.

5. Declarant has not reserved any option to withdraw withdrawable real estate from Southwind.

6. Declarant expects to complete the construction of all amenities for Southwind on or about November 2007, subject to the limitations of weather or other conditions beyond the control of Declarant as described in paragraphs 2 and 3 above. Declarant expects to complete construction of amenities for any additional land or lots referred to above within twenty-four (24) months after completion and approval of any additional subdivision of such additional units.

7. A final recorded copy of the Declaration of Covenants, Conditions and Restrictions is attached hereto as **EXHIBIT C** attached to which is a copy of the By-Laws of the Southwind at Lake Tahoe Association, Inc. A copy of the basic Agreement of Sale is attached hereto as **EXHIBIT D** which is and shall remain subject to the final approval of Declarant with individual purchasers with such additional terms and conditions as Declarant may agree upon. There are no other contracts or leases to be signed by any purchaser prior to or at the closing relating to Southwind, except for any options or upgrades to individual units that purchasers may elect to request, customary and usual utility agreements, if any, as may be required by the utilities serving Southwind. Purchasers will be responsible for payment of initial service charges, connection charges or similar charges with respect to all such utilities.

8. There is no current balance sheet for the Association since the Association has yet to complete a full year of operation. A budget for the Association is attached hereto as **EXHIBIT E**. Such budget has been approved by the Board of Directors of the Southwind at Lake Tahoe Association Inc. for the first year of operation and is based upon the best information available to Declarant at the present time. Such budget may be subject to annual adjustment based on additional or more detailed figures and information as the same are obtained. The members of the Association will be responsible for such expenses and costs in accordance with the budget then adopted for the applicable period. Declarant will pay the expenses and costs for all recorded lots within the Plan which are not closed until the transfer of title to a purchaser. Said budget as attached sets forth includes a reserve for repairs and

replacements, a statement of all other reserves considered by Declarant to be necessary, a projected common expense assessment and a projected monthly common expense assessment for each lot.

9. Declarant believes that all services that Declarant will provide or expenses that Declarant expects to pay are reflected in said budget and no other such services or expenses are known to Declarant as of the date hereof which are not reflected in the budget.

10. Purchasers will not be required to pay an initial fee to Southwind at Lake Tahoe Association, Inc. Purchasers of individual lots will be responsible only for closing and related costs that purchaser may individually incur or as may be charged by financing institutions of purchaser and applicable municipal fees or charges, including, but not limited to, the connection or initial service charge of The Municipal Authority of the Borough of Seven Springs. No other additional charges will be due from purchaser, except as set forth in the Declaration.

11. The liens, defects or encumbrances on or affecting the title to the planned community are set forth on the attached **EXHIBIT F**.

12. No arrangements have been made by Declarant for financing of individual lots or townhouses.

13. Declarant has reserved special Declarant rights to make the Southwind at Lake Tahoe Association, Inc. a part of a master association in accordance with the provisions of the Pennsylvania Uniform Planned Community Act.

14. Declarant has agreed, for a period of two (2) years from the date of closing of title on an individual unit, to guarantee the entire unit against structural defects (as are defined in the Planned Community Act of Pennsylvania), the said guarantee to exclude, however, damage, injury or consequential damage of any kind resulting from mold, fungus, spores, toxins, similar agents or products thereof, damage resulting from casualty from normal shrinkage, settling and/or drying out, and from neglect or misuse of occupant. The Declarant has also agreed to deliver to all purchasers any and all guarantees as may be received by Declarant from subcontractors or suppliers, and such guarantees shall supersede the guarantee as herein set forth and all purchasers will be expected to rely solely on such guarantees and shall not rely on Declarant where such separate guarantees or warranties are supplied to the purchasers.

15. Declarant has no actual knowledge of any judgments against the homeowners association, Southwind at Lake Tahoe Association, Inc., or of any pending suit in which the Association is a party.

16. Deposits (not including payment for upgrades) made by any purchaser in connection with the purchase of any individual lot or land will be held in escrow in accordance with the provisions of the Pennsylvania Planned Community Act and will be credited to Buyer at the time of closing as set forth in contract.

17. There are no restrictions on alienation of any portion of Southwind, except as set forth in the Declaration attached as **EXHIBIT C**.

18. Insurance coverage for the common facilities within Southwind will be provided under an insurance policy obtained through the Southwind at Lake Tahoe Association, Inc. Such policy will insure the common facilities; service and recreational structures against fire and other casualty normally covered by such policies in an amount of approximately One Million and 00/100 Dollars (\$1,000,000.00). Individual lot owners will be expected to provide adequate insurance for the protection of their individual residences and all other structures or improvements on their individual lots. Insurance obtained by the Southwind at Lake Tahoe Association, Inc., will also be obtained to protect the Association from general liability in an amount of not less than Five Million and 00/100 Dollars (\$5,000,000.00).

19. No fees are to be paid by individual lot and unit owners for the use of any common elements or common facilities located on the property of Southwind, except as may be established by the homeowners association.

20. Declarant has made financial arrangements through financial institutions deemed by Declarant to be adequate and usual for all reasonable or known conditions so as to complete construction of all improvements shown on the Plan all of which improvements as reflected thereon "must be built" under § 5414 of the Act.

21. Southwind is located near the Seven Springs Mountain Resort. As Owners of lots or units within the Southwind development, Owners will be entitled to access and use of the facilities of Seven Springs on the same basis as general members of the public and subject to the same general terms and conditions.

22. Public water and public sanitary sewer service will be provided by The Municipal Authority of the Borough of Seven Springs, Somerset County, Pennsylvania. The Pennsylvania Rural Water Association recently declared the water the "Best tasting water in Pennsylvania". The individual lots are provided access to a public road across private roads as shown on the Plan.

23. As of approximately July 2006, Declarant commenced initial construction of the water, sewer, utility services and initial road construction. Since no such utility installations or roadway are complete, no statement as to their present condition can be made. Declarant hereby states that the construction of said roadway and utility installations will be completed in accordance with the construction schedule set forth above. It is expected that said utility services will have a useful life of twenty-five (25) years and the roadway a useful life of ten (10) years.

24. Provision has been made in the budget of the Association as attached hereto as **EXHIBIT E** for reserves for capital expenditures as may be reasonably expected to be incurred by said Association, all as more specifically set forth in said budget.

25. Votes in the Association are allocated one (1) Class A Vote for each lot or unit. Declarant holds two hundred fifty (250) votes designated as "Class B Votes" for the period

ending December 31, 2014, as set forth in the Declaration attached as **EXHIBIT C**. No cumulative voting is permitted.

26. Declarant knows of no outstanding or uncured notices of violation of governmental requirements concerning or involving Southwind.

27. Declarant has no knowledge of any hazardous conditions, including contamination of Southwind by hazardous substances, hazardous wastes or the like or the existence of any underground storage tanks for petroleum products or other hazardous substances. No investigation has been required nor has Declarant deemed any such investigation necessary to determine the presence of hazardous conditions on or affecting Southwind. Declarant knows of no finding or action recommended to be taken by any governmental body, agency or authority to correct any hazardous condition involving Southwind.

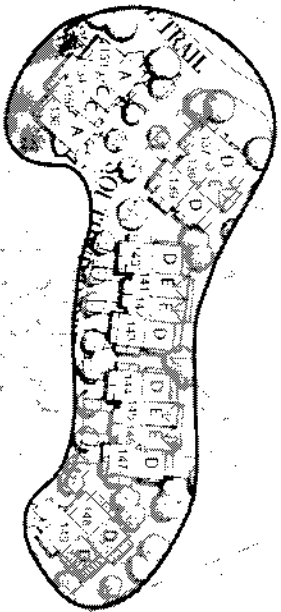
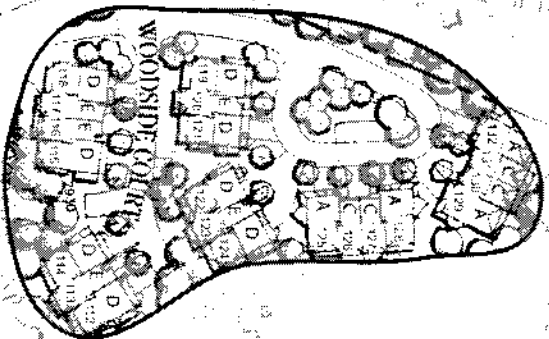
Pennsylvania Department of Environmental Protection
Pittsburgh Regional Office
400 Waterfront Drive
Pittsburgh, Pennsylvania 15222-4745
Telephone: (412) 442-4000

United States Environmental Protection Agency
EPA Region 3
841 Chestnut Street
Philadelphia, Pennsylvania 19107-4431
Telephone: (215) 597-9800

28. Declarant has obtained some permits and approvals and is in the process of obtaining all necessary and required permits for construction and development of Southwind as shown on the Plan. Declarant anticipates that such permits will be obtained in the normal course.

29. Declarant hereby undertakes to amend this Public Offering Statement at any such time as Declarant shall become aware of any material change in the information set forth herein or required under the provisions of § 5402 (c) of the Act.

PHASE III



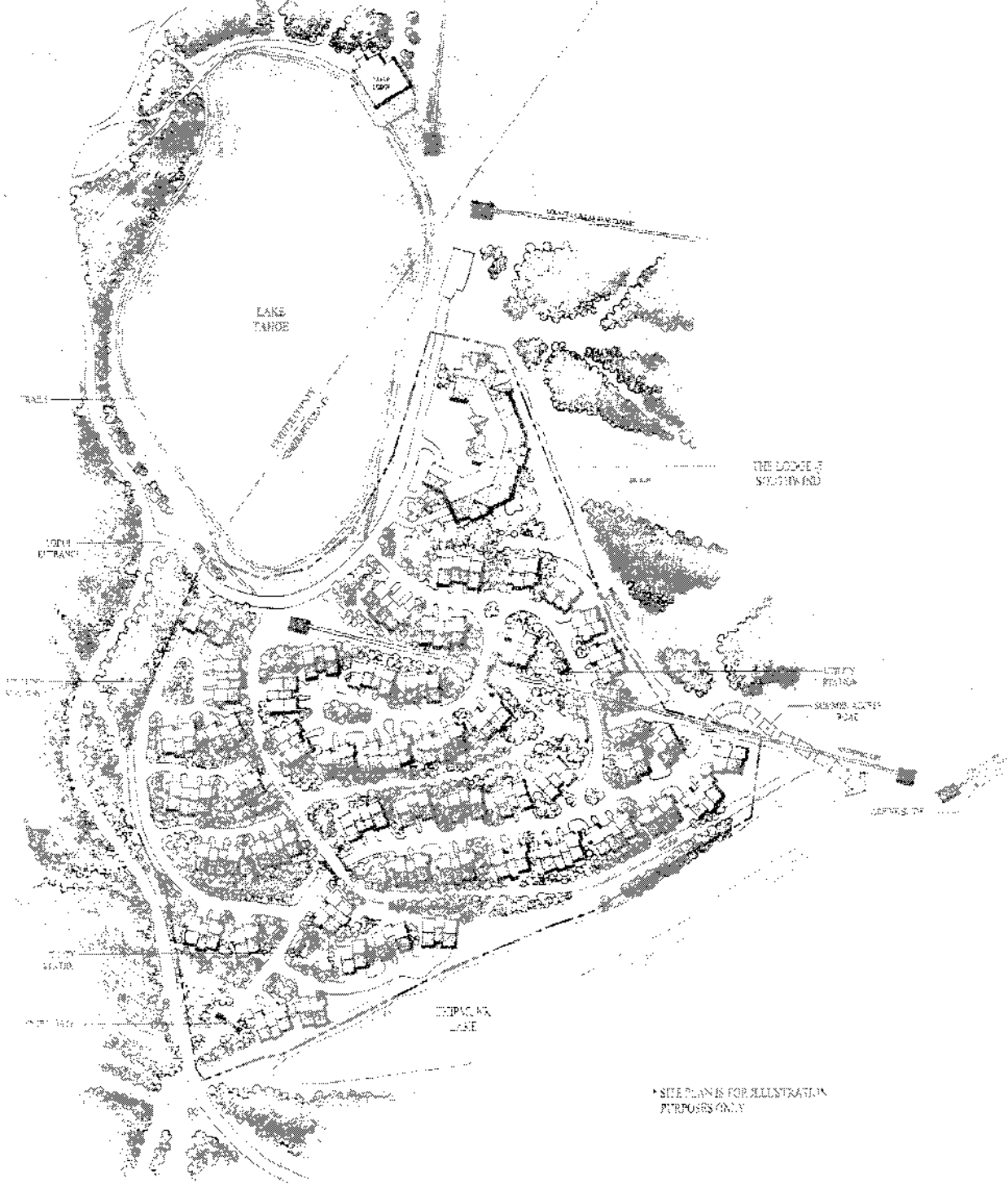
SOUTHWIND AT LAKE TAHOE

These plans are for illustrative purposes only.

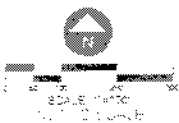
THE
SOUTHWIND AT LAKE TAHOE
COMMUNITY

Southern
AT LAKE TAHOE

SEVEN SPRINGS
MOUNTAIN RESORT



SOUTHWIND AT LAKE TAHOE



Liens, Defects, and Encumbrances

1. All adverse conveyances, encroachments, exceptions, reservations, conditions, restrictions, easements, rights-of-way and encumbrances of record and/or which are apparent on the ground; provided that title is not rendered unmarketable or uninsurable at normal rates by a reputable title insurance company or does not prevent or materially impair the continued use of the premises for residential purposes.

2. Right-of-way and easement for the purpose of laying, constructing, operating, replacing and changing the size of and removing a pipe or pipes to provide sanitary sewer service as set forth in the agreement given by Seven Springs Farm, Inc. to or assignable to The Municipal Authority of the Borough of Seven Springs.

3. Right-of-way and easement for the purpose of laying, constructing, operating, replacing and changing the size of and removing a pipe or pipes to provide public water service as set forth in the agreement given by Seven Springs Farm, Inc. to or assignable to The Municipal Authority of the Borough of Seven Springs.

4. All conditions, limitations, restrictions and provisions set forth or referred to on the Plan of Lots entitled "Southwind at Lake Tahoe" as filed of record in the Office of the Recorder of Deeds of Somerset County, Pennsylvania. Seller reserves the right to change, modify or adjust the Plan of Lots prior to recording provided that no such change, modification or adjustment substantially changes the premises adversely.

5. Under and subject to the terms, conditions, restrictions and limitations of the Declaration of Covenants, Conditions and Restrictions of Southwind at Lake Tahoe, a Planned Community, attached to the Public Offering Statement.

6. Under and subject to the right of Seller (or Seller's assignee) to abandon any and all existing water supply and transmission lines no longer required to provide public water supply service. Such abandonment may be at the Seller's sole and exclusive discretion by abandonment in place without obligation to excavate and remove such water supply lines.

7. Under and subject to all existing utility lines, services and related facilities as the same may currently exist, including, but not limited to, the right of developer to install, construct and maintain replacement utility services all as set forth on the aforesaid Plan of Lots.

8. All matters set forth or referred to in the Public Offering Statement delivered or provided to Buyer at or before the date hereof.

EXHIBIT F