



Lawyers Title
INSURANCE CORPORATION

March 19, 2009

Ron Lewis
Oak Creek Canyon Investments, LLC
8432 East Shea Boulevard, Suite 100
Scottsdale, Arizona 85260

Re: **Vistella (DM09-054874)**

Dear Mr. Lewis:

Enclosed is the approval for the public report Vistella, the approved Arizona Department of Real Estate Public Report to be given to purchasers and the Public Report Receipt.

I believe you have already talked with Betsy LaTarte, the Manager/Escrow Officer, of our Cottonwood office located at 1756 E. Villa Dr., Suite A, Cottonwood, AZ 86326. Her telephone number is (928) 634-3500 and fax number is (928) 634-3873. Her email address is bletarte@ltic.com.

Please contact Betsy and myself with any questions or concerns you may have.

We certainly appreciate your business.

Sincerely,

John Silliman
Builder Services Department
3131 East Camelback Rd, Suite 220
Phoenix, AZ 85016
(602) 282-5845 Email: jsilliman@ltic.com



STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

JANICE K. BREWER
GOVERNOR

JEROME JORDAN
INTERIM
COMMISSIONER

2910 NORTH 44TH STREET, SUITE 100, PHOENIX, ARIZONA 85018
PHONE: 602.771.7750 FAX: 602.955.9361

400 WEST CONGRESS, SUITE 523, TUCSON, ARIZONA 85701
PHONE: 520.628.6940 FAX: 520.628.6941

"PROMOTING MUTUAL RESPECT"

March 11, 2009

Oak Creek Canyon Investments, LLC
8432 E. Shea Boulevard
Suite 100
Scottsdale, AZ 85260

Registration No.: DM09-054874
Development: Vistella

CONGRATULATIONS!

This is to acknowledge issuance of the disclosure report for the above referenced development.
This property may now be offered for sale.

A copy of the disclosure report must be given to the prospective purchaser, allowing ample time for review, prior to signing the purchase contract and receipt for disclosure report. The developer shall obtain the purchaser's signature on the receipt form approved by this Department. Signed receipts shall be maintained at the office of the developer for a period of not less than five (5) years. Receipts shall be subject to inspection at any reasonable time by the Department. The receipt form enclosed with this letter is approved by this Department and must be used when the prospective purchaser receives a copy of the disclosure report.

Sincerely,

Janet Blair, Assistant Commissioner

enclosure

PUBLIC REPORT RECEIPT

The developer shall furnish you, as a prospective customer, with a copy of the Public Report required by the Arizona Department of Real Estate. It is recommended that you read the report before you make any written offer to purchase or lease an interest in the development, and before you pay any money or other consideration toward the purchase or lease of an interest in the development.

FOR YOUR PROTECTION, PLEASE DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE REPORT AND HAVE HAD THE OPPORTUNITY TO READ IT. BY SIGNING THIS RECEIPT THE BUYER HAS ACCEPTED THE PUBLIC REPORT AND ACKNOWLEDGES THE INFORMATION IT CONTAINS.

DM09-054874

(Public Report Registration No.)

VISTELLA

(Development Name and Lot No.)

I understand that the report is not a recommendation or endorsement of the development by the Arizona Department of Real Estate, but is for information only.

(Buyer's Name)

(Current Address)

(Date)

SUBDIVISION DISCLOSURE REPORT

(PUBLIC REPORT)

FOR

VISTELLA

Registration No. DM09-054874

SUBDIVIDER

Oak Creek Canyon Investments, LLC
an Arizona limited liability company
8432 East Shea Boulevard, Suite 100
Scottsdale, Arizona 85260

March 11, 2009

Effective Date

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION OR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. **NOTE** that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

*A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: Lots 1 through 19, inclusive.

The map of this subdivision is recorded in Book 62 of Maps and Plats, Page 57, records of Yavapai County, Arizona.

The subdivision is approximately 10.7327 acres in size. It has been divided into 19 lots. Lot boundaries will be permanently staked at lot corners and radii with ½" rebar.

Prospective purchasers are advised that the recorded plat for this subdivision contains the following (in part):

NOTES (in part):

BUILDINGS CONSTRUCTED ON LOTS 2 THROUGH 11 SHALL BE EQUIPPED WITH AN AUTOMATIC FIRE SPRINKLER SYSTEM APPROVED BY SEDONA FIRE DISTRICT.

LOT 1 IS DESIGNATED AS A MODEL HOME LOT. LOT 12 IS DESIGNATED AS AN INTERIM PARKING AREA FOR THE MODEL HOME LOT.

A RETAINING WALL WILL BE REQUIRED TO BE CONSTRUCTED WITH DEVELOPMENT OF LOT 1 AND LOT 2. THE RETAINING WALL MUST CONFORM WITH THE FLOODPLAIN AND CLASS 1 DRAINAGE EASEMENT LINES SHOWN ON THIS PLAT, AND TO THE DETAILED LOCATIONS SHOWN ON THE APPROVED GRADING AND DRAINAGE PLAN ON FILE WITH YAVAPAI COUNTY. DETAILED WALL AND STRUCTURAL PLANS COMPLETED BY AN ARIZONA REGISTERED CIVIL ENGINEER SHALL BE SUBMITTED WITH THE BUILDING PLANS AND LOT-SPECIFIC GRADING PLAN FOR THESE LOTS,

CLASS I DRAINAGE EASEMENT:

EASEMENTS ARE GRANTED TO THE PROPERTY OWNER(S) OF THIS SUBDIVISION FOR DRAINAGE PURPOSES AS SHOWN ON THIS PLAT IN THE AREAS MARKED DRAINAGE EASEMENT 1. THE PROPERTY OWNER(S) OF THE PARTICULAR LOT OR PARCEL WHICH INCLUDES A DRAINAGE EASEMENT IS RESPONSIBLE FOR MAINTAINING THE DRAINAGE EASEMENT CONDITION AS IT WAS WHEN THE SUBDIVISION WAS APPROVED. DRAINAGE EASEMENTS CONFORM TO THE NATURAL OR MAN-MADE WATERCOURSES AND SHALL NOT BE MOVED FROM THE LOCATION EXISTING AT THE TIME OF THE APPROVAL OF THE SUBDIVISION (UNLESS APPROVED BY THE YAVAPAI COUNTY FLOOD CONTROL DISTRICT).

THESE WATERCOURSES MAY REQUIRE PERIODIC MAINTENANCE TO CONVEY ON-SITE OR OFF-SITE DISCHARGES. PERIODIC MAINTENANCE MAY CONSIST OF THE REMOVAL OF EARTH AND/OR VEGETATIVE MATERIAL THAT HAS BUILT UP SINCE THE ORIGINAL APPROVAL OF THE FINAL PLAT FOR THIS SUBDIVISION.

FLOOD CONTROL NOTES:

A DETAILED 100-YEAR FLOOD PLAIN HAS BEEN DELINEATED ON THIS PLAT IN ACCORDANCE WITH THE CRITERIA ESTABLISHED BY STATE STANDARD (SS 2-92) UNDER THE AUTHORITY OF THE DIRECTOR OF THE ARIZONA DEPARTMENT OF WATER RESOURCES.

THE AREA HEREON WITHIN THE 100-YEAR FLOOD PLAIN LIMITS REPRESENTS AN AREA SUBJECT TO FLOODING FROM THE REGULATORY FLOOD EVENT. ALL DEVELOPMENT AND USES WITHIN THIS AREA IS SUBJECT TO THE REQUIREMENTS OF THE YAVAPAI COUNTY FLOOD CONTROL DISTRICT ORDINANCE.

A FLOODWAY AND MINIMUM FINISHED FLOOR ELEVATIONS FOR LOTS 1, 2, 5 THROUGH 19 HAVE BEEN ESTABLISHED AND PROVIDED FOR THOSE LOTS AND THOSE AFFECTED BY OTHER DRAINAGE RELATED FACILITIES, PLACING THEM OUTSIDE THE 100-YEAR FLOODPLAIN. FLOODPLAIN LIMITS, BASE FLOOD ELEVATIONS AND REGULATORY ELEVATIONS MAY BE MODIFIED BY SUBSEQUENT STUDIES APPROVED BY THE YAVAPAI COUNTY FLOOD CONTROL DISTRICT.

NO CHAIN LINK, WOVEN WIRE OR BLOCK WALL FENCES ARE TO BE PLACED WITHIN THE 100-YEAR FLOOD AREAS (OR THOSE AREAS NECESSARY TO CONVEY STORM RUNOFF FROM THE SUBDIVISION).

PRIOR TO ANY WORK BEING CONDUCTED WITHIN THESE WATERCOURSES, THE PROPERTY OWNER(S) SHALL VERIFY THAT SUCH MAINTENANCE ACTIVITY COMPLIES WITH ALL APPLICABLE FEDERAL, STATE AND LOCAL REQUIREMENTS INCLUDING BUT NOT LIMITED TO THE CORPS OF ENGINEERS 404 PERMIT REQUIREMENTS.

NATURAL GROUND CONDITIONS MAY CONVEY FLOWS THROUGH INDIVIDUAL LOTS. CAUTION SHOULD BE EXERCISED IN SELECTING A BUILDING SITE. PROPERTY OWNERS MAY WISH TO CONTACT THE YAVAPAI COUNTY FLOOD CONTROL DISTRICT FOR ADDITIONAL DIRECTION.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: Subdivision is located at ½ mile north of Jacks Canyon Road on Suncliff Drive, Village of Oak Creek Canyon, Yavapai County, Arizona.

UTILITIES

Electricity: Arizona Public Service-Cottonwood AZ Office, (928) 646-8463, Sandra.finley@aps.com . Costs to purchasers to complete facilities from the lot line to the dwelling are approximately \$15.00 to \$40.00 per linear foot, depending on soil conditions, for trenching and materials. Per Sandy Finley at APS the service establishment fee has already been paid; a deposit may be required. Fees and rates are subject to change. Please contact utility provider for additional information.

Telephone: Qwest Communications, (928) 634-7556, Karen.prutzman@qwest.com. Costs to purchasers to complete facilities from the lot line to the dwelling are approximately \$15.00 to \$40.00 per linear foot, depending on soil conditions, for trenching and materials. Costs to receive service include a \$27.50 connection fee with additional fees for available added options. A deposit may be required. Fees and rates are subject to change. Please contact utility provider for additional information.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E, A CELLULAR TELEPHONE

Cable: NPG Cable of Sedona, (928) 821-1398 or 1-800-896-5701, www.npgcable.net. Costs to purchasers to complete facilities from the lot line to the dwelling are approximately \$15.00 to \$40.00 per linear foot, depending on soil conditions, for trenching and materials. To receive service purchasers costs are a \$39.95 installation/service establishment fee for one outlet plus the first month's billing of \$43.80. Provider does not provide telephone or internet service which can be bundled. Fees and rates are subject to change. Please contact utility provider for additional information.

Internet or Fiber Optic: NPG Cable of Sedona, (928) 821-1398 or 1-800-896-5701, www.npgcable.net. Costs to purchasers to complete facilities from the lot line to the dwelling is included in the cable costs. There is no service establishment fee; basic internet is \$19.95 per month with a modem rental of \$5.00 per month. Fees and rates are subject to change. Please contact utility provider for additional information.

Natural Gas: Natural gas is not available to this subdivision.

Water: Big Park Water Company, (928) 284-2298, ngudovic@bigparkwater.com. Costs to purchasers to complete facilities from the lot line to the dwelling are approximately \$15.00 to \$40.00 per linear foot, depending on soil conditions, for trenching and materials. Costs to lot purchasers to receive service include a \$20.00 hook-up fee and \$150.00 for a 1" meter. All costs are subject to change; please contact service provider for further details.

Sewage Disposal: Big Park Domestic Waste Water (B.P.D.W.W), (928) 443-9484. Costs to purchasers to complete facilities from the lot line to the dwelling are approximately \$15.00 to \$40.00 per linear foot, depending on soil conditions, for trenching and materials. Costs to lot purchasers to receive service include a \$4,200.00 capacity fee and permit fee of \$225.00.

Garbage Services: Waste Management, (928) 282-5411. Costs to lot purchasers to receive service are a \$35.00 set up fee and \$20.75 per month for pick-up once per week.

Subdivider has completed the extension of the utilities to the lot lines.

PURCHASERS ARE ADVISED TO CONTACT THE ABOVE LISTED PROVIDERS REGARDING EXTENSION RULES, REGULATIONS, SERVICE CONNECTIONS, INSTALLATION CHARGES, ACCOUNT SET-UP FEES AND THE COSTS INVOLVED. COSTS ARE SUBJECT TO CHANGE BY THE SERVICE PROVIDERS.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: The asphalt paved public exterior streets to the subdivision are complete. Yavapai County is responsible for continued maintenance, with costs included in the property taxes.

Access within the Subdivision: Subdivider has completed asphalt paved public interior streets within the subdivision. Upon acceptance Yavapai County will be responsible for maintenance, with costs to purchasers included in the property taxes.

Street Lights: Street lights are not available in this subdivision.

Flood and Drainage: Subdivider has completed drainage facilities including installation of four barrel box culverts and retention basin. Yavapai County is responsible for the drainage easements lying outside the boundaries of individual lots and the individual lot owners are responsible for drainage on their individual lots. Costs for maintenance are included in property taxes for areas maintained by Yavapai County; lot purchasers are responsible for costs of maintenance on their respective lots.

Arizona State Trust Land: The Arizona State Land Department administers over 9.3 million acres of State Trust Land. This is not public land. Trust land may be subject to future development and may not be preserved or saved for open space without compensation.

A person must have prior approval to use State Trust Land. Temporary recreational use is allowed with certain restrictions and conditions through purchase of a recreational permit. Use of State Trust Land without proper approval is a trespass.

MANY ROADS ON RURAL TRUST LANDS ARE NOT LEGAL TRAVEL ROUTES, EXCEPT FOR STATE LESSEES AND HUNTERS, AND DO NOT PROVIDE LEGAL ACCESS TO PRIVATE LAND. STATE TRUST LAND MAY BE SOLD OR LEASED FOR USES WHICH MAY EXCLUDE RECREATION. RECREATION IS A TEMPORARY USE THAT MAY BE TERMINATED AT ANY TIME.

For additional information, visit the State Land Department web page at www.land.state.az.us, or call (602) 542-4631.

LOCAL SERVICES AND FACILITIES

Schools: Big Park Community School (K-8), 25 West Saddlehorn Court, approximately 1 ½ miles; Sedona Red Rock High School (9-12), 995 Upper Red Rock Loop Road, approximately 4 ½ miles.

School bus transportation provided for designated schools.

SCHOOL BUS TRANSPORTATION WILL ONLY BE PROVIDED TO STUDENTS RESIDING OUTSIDE THE SCHOOLS DESIGNATED WALKING DISTANCE. PURCHASERS SHOULD CONTACT THE SCHOOLS TO DETERMINE THE AVAILABILITY OF SCHOOL BUS TRANSPORTATION.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. YOU SHOULD CONTACT THE GLENDALE ELEMENTARY SCHOOL DISTRICT AND GLENDALE UNION HIGH SCHOOL DISTRICT REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: Prime Outlets and Jacks Canyon Road and Highway 179 within 1 mile in Village of Oak Creek

Public Transportation: Public transportation is not available to this subdivision.

Medical Facilities: Village of Oak Creek Health Center, 61 Bell Rock Plaza, approximately 1 mile away; Sedona Urgent Care, 2530 West Highway 89A, Bldg A, 10 miles away.

Fire Protection: Sedona Fire District with costs included in purchasers property taxes.

Ambulance Service: Available by dialing 911.

Police Services: Yavapai County Sheriff

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: There are no further subdivision improvements.

ASSURANCES FOR COMPLETION OF IMPROVEMENTS

Assurances for Completion of Subdivision Facilities: All subdivision facilities and improvements have been completed, thus no assurances are necessary.

Assurances for Maintenance of Subdivision Facilities: Utility providers will maintain their respective facilities. Yavapai County will maintain the public streets.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: There is no Homeowners Association.

SUBDIVISION CHARACTERISTICS

Topography: Subdivider advises the subdivision terrain is irregular with a wash running through the center.

Flooding and Drainage: Subdivider advises that the subdivision may be subject to flooding. In his letter dated February 25, 2009, from Gary E. Stocker, P.E., of Site Consultants, Inc., states in part:

“The above referenced project is located in an area containing a high desert wash which flows intermittently, typically only during rainfall events. The FEMA Flood Insurance Rate Map (FIRM) Number 040251470F dated June 6, 2001 indicates the site lies outside of an area of detailed study. However, the site is included in the study area of the Bell Canyon Wash Flood Hazard Study, prepared by Stantec Consulting for the Yavapai County Flood Control District in June 2002. The Stantec report studied the hydrologic conditions within the Bell Canyon Wash watershed and determined peak flow rates at various concentration points. These flow rates have been accepted by the Yavapai County Flood Control District and serve as the basis for the hydraulic calculations performed for the Vistella Drainage Report prepared by Site Consultants, Inc. in connection with the planning of the subdivision.

The Drainage Report for Vistella, dated September 6, 2007, delineates the 100-year flow limits for the Bell Canyon Wash within the Vistella site, and these flow limits are reflected on the improvement plans and the Final Plat for Vistella. A Class 1 Drainage Easement was created over the delineated flow area of the wash and is dedicated by the Final Plat.

The subdivision has been designed to provide building areas on each lot that are outside of the 100-year flood limits/Class 1 Drainage Easement. Minimum finish floor elevations have been established for each lot at least one foot above the water level resulting from a 100-year frequency storm. These are listed in a table on the cover sheet of the Final Plat and designated as “LFF” for Lowest Finish Floor on the Drainage Map (included Appendix A of the Drainage Report) as well as on the Grading and Drainage Plan in the Improvement Plans.

Flood Insurance is not absolutely required for the lots in the Vistella subdivision, however due to the proximity of the Bell Canyon Wash to the lots, flood insurance may be required by a lender. Flood insurance is available for all lots as a result of participation by Yavapai County in the National Flood Insurance Program (NFIP)”

Soils: Subdivider advises that the subdivision lots may be subject to expansive soils and also advises that it is not aware of any geological conditions, environmental conditions or environmental soil remediation conditions within or lying near this subdivision that would be or may be detrimental to the purchaser’s health, safety or welfare. In a letter dated February 25, 2009, Adam D. Arp-Romero, E.I.T. and Gregg A. Creaser, P.E. of Speedie and Associates state in part:

ADRE R4-28-A1203 Summary

“Speedie and Associates has been at the above referenced site to perform a soil sampling investigation and are familiar with the general soils types present. The original testing conducted was to provide data for pavement design however this information is also useful regarding subsidence, expansive soils, and known geological hazards. It was not conducted to address foundation design for residential structures. Considering the limited scope of the investigation and the possible variance in soil conditions among the individual lots it is recommended that site specific investigations be conducted as each lot is developed.

In general, the soils encountered during the field investigation consisted of sandy silt and silty sand with subordinate amounts of gravel and cobble. The presence of shallow sandstone outcroppings was also observed near the wash at towards the northeast corner of the site. Based on the soils encountered and possible shallow bedrock, construction of residential type structures on standard shallow foundation systems may be possible subject to remedial earthwork and/or specialized foundation systems depending on proposed development.

Based on the classification of the soils encountered in the limited borings of this investigation expansive soils were not present at the boring locations. Although expansive soils were not encountered at the boring locations they may be present at other locations throughout the development considering the relief and size of the development. The typical swell (expansion) potential of the expansive soils (if present) in this area may be strong enough to cause differential movements and damage to lightly loaded structures and concrete slabs-on-grade. This would not prevent the design and construction of residential structures provided reasonable designs and precautions are taken. The differential movement is typically a result of post construction fluctuation in moisture contents. Preventing moisture changes under the foundations in addition to concrete slabs-on-grade is critical to reducing potential movement. With residential construction, this is extremely difficult due to drainage and landscaping changes incorporated by the various homeowners. Potential homeowners **must** be made aware of the risks associated with the possibility of expansive soils on site and restrictions on grading and landscaping adjacent to foundation elements and concrete slabs. Typical recommendations made, when properly executed, will help reduce, but not necessarily eliminate the swell potential.

Typical recommendations include the placement of non-expansive material beneath concrete slabs or the use of suspended wood floors. Attention must be paid to **provide and maintain**

proper drainage to limit the potential for water infiltrating under slabs and foundations. A minimum slope of at least 5 percent for a distance of 10 feet is recommended in unpaved landscaped areas. The lots should be uniformly graded away from the structures and drainage should not be allowed to discharge towards adjacent or proposed structures. Irrigation systems and planters requiring heavy watering should **not** be placed against the foundations. Roof drains should be installed and directed to discharge to either storm drains or the pavement, not unpaved planters adjacent to the structures. Depending on the swell potential of the expansive soils, these recommendations alone on typical shallow spread footing and slab-on-grade construction may not be sufficient without significant structural damage occurring.

Remedial earthwork or specialized foundation systems can further reduce the potential for structural damage. Remedial earthwork beneath foundations typically consists of carrying the foundations to competent rock or to a depth in which moisture fluctuations are reduced or the construction of a barrier wall to prevent moisture infiltration. Specialized foundation systems include mat foundations or the use of a post-tension foundation/slab-on-grade system. Both of these foundation systems are designed to move with the expanding soils. Post tensioned slabs should be designed in accordance with the procedures given in the *Design and Construction of Post-Tensioned Slabs-on-Ground*, by the *Post Tensioning Institute*. This type of foundation system is more flexible and may require special design and construction of the superstructure and interior walls to allow for this flexibility.

This project is not located in an area that is known for subsidence due to groundwater withdrawal or any other known geological hazards that would or may be detrimental to a purchaser's health, safety, or welfare."

Adjacent Lands and Vicinity:

North: PAD (Planned Area Development)

East: RS-3 (Residential Services up to 3000 square feet)

South: R1-10 (Single Family Residential)

West: R2-3; PUD (Multi Family Residential; Planned Unit Development)

NOTE: Owners of the adjacent lands described above may seek to rezone their property, may seek zoning variances for their property or may modify their site plan within existing zoning. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that described above. Purchasers should contact the Sedona Community Development Department at (928) 282-1154 or its website at www.sedona.gov; or Yavapai County Development Services Department at (928) 771-3214 or visit its website at www.co.yavapai.az.us for further and up to date zoning information.

NOTE: Views and/or scenes that may be visible from particular portions of the community or any of its lots will change over time and may be wholly or partially obstructed as development activity continues and landscape matures. SUBDIVIDER MAKES NO REPRESENTATION OR WARRANTY REGARDING THE FUTURE PROTECTION OF VIEWS THAT MAY BE A FACTOR IN THE BUYER'S DECISION TO PURCHASE IN THIS COMMUNITY.

Golf Clubs and Country Clubs:

- Village of Oak Creek Country Club (1/2 mile east)
- Sedona Golf Resort (1 mile southwest)
- Canyon Mesa Country Club (1/4 mile southeast)

Parks and Recreation:

- Munds Mountain Wilderness area (1 ½ miles east and north)
- Red Rock State Park (3 ½ miles northwest)

Freeways:

- State Route I-79 (1/2 mile west)

Miscellaneous:

- Kachina Point Independent Living (adjacent to the east)
- Oak Creek (3 ½ miles northwest)
- Factory Outlet Mall (1/2 mile west)

Due to the close proximity of the freeways, this subdivision may experience noise, traffic, lighting, odors or other effects that may be of concern for children and adults. Purchasers are advised to independently investigate this matter.

Purchasers are advised that homes adjacent or in the vicinity of golf courses may be subject to errant golf balls, unusual noise, dust and odors, normally associated with golf course use, care and maintenance.

Views and scenes that are visible from particular portions of the subdivision or from particular portions of the subdivision or from particular lots will change over time and may be blocked or partially obstructed as development activity continues and landscaping matures within the subdivision.

ARIZONA NATIVE DESERT LANDS:

Cockroaches, rattlesnakes, black widow spiders, scorpions and other pests and animals are common parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. If purchasers have concerns, they should seek the advice of a licensed pest control company.

Purchasers are advised that homes situated adjacent to or in the vicinity of including but not limited to: agricultural operations, dairy farms, canals, creeks, washes, rivers, flood plains, railroads, freeways, water reclamation/treatment plants, well site/storage tanks, landfills, commercial property, multi-family sites, worship sites, school sites, libraries, fire stations, municipal buildings, parks, trails, open space areas, golf courses, construction-related operations, industrial property, or other non-residential uses and/or other recreational amenities are likely to experience an additional amount of, including but not limited to: noise, odors, fumes, cultivation & related dust, agricultural burning, application of pesticides, irrigation and drainage, vibrations, pests such as flies and mosquitoes, lighting, vehicular and pedestrian traffic associated with described uses and/or operations for an indefinite period of time. **PURCHASERS ARE ADVISED TO DETERMINE FOR THEMSELVES WHAT AFFECT, IF ANY, THE**

USES ADJACENT TO OR IN THE SUBDIVISION WILL HAVE ON THE USE AND ENJOYMENT OF PURCHASER'S LOT.

As a result of the natural gas facilities available to surrounding subdivisions, major natural gas lines in the vicinity of this community are necessary in order to service the surrounding areas. For further information regarding natural gas lines, purchasers should contact the Unisource Energy Services at 1-877-837-4968 or visit its website at www.ueaz.com.

Subdivider has used its best efforts to disclose noteworthy activities and conditions surrounding this subdivision using the resources available to Subdivider at the time this Public Report was prepared. This information may change from time to time. Prospective purchasers are encouraged to (i) drive the areas surrounding the subdivision (at different times of the day and night) to determine whether these exists any activities or conditions that may be of concern to purchaser and (ii) determine to purchaser's own satisfaction whether or not the items mentioned in the Public Report or discovered by purchaser's own inspection are of concern to purchaser.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for unimproved lots (vacant lots) and is zoned single family residential.

Conditions, Reservations and Restrictions: As set forth in the recorded Restrictions and all such other similar documents as pertain to the subdivision, together with any properly adopted amendments, and zoning laws.

All minerals and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in patent from United States. The exercise of the right to extract these minerals could affect the use, enjoyment and value of purchaser's lots.

Restrictions and Other Matters of Record: Conditions, reservation and restrictions that may run with the land including City of County zoning restrictions should be investigated. Copies of those items which are recorded may be inspected at the office of the Yavapai County Recorder. Information about zoning may be obtained at the office of the Yavapai County Planning and Zoning Department. Restrictions are recorded in Schedule B of the title report and as shown on the recorded plat of said subdivision.

AIRPORTS

Airport: Sedona Airport, 235 Air Terminal Drive, Sedona, Arizona 86336, approximately 4 miles north

SUBDIVISION IS LOCATED WITHIN TERRITORY IN THE VICINITY OF SEDONA AIRPORT AIRPORT. OVERFLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

TITLE

Title to this subdivision is vested in Oak Creek Canyon Investments, L.L.C., an Arizona limited liability company.

Subdivider's interest in this subdivision is evidenced by fee title.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated January 26, 2009 and updated February 13, 2009 issued by Lawyers Title Insurance Corporation. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

Sales: Sales will be pursuant to the purchase contract with title to be conveyed by deed. Your vested interest/ownership in the property will be evidenced by the Subdivider delivering a recorded deed to you and by your signing a promissory note and mortgage or deed of trust for the unpaid balance, if any. **You should read these documents before signing them.**

Use and Occupancy: Lot Purchaser will be permitted to use and occupy his/her Lot upon close of escrow and recordation of deed.

Cash sales are permitted. Purchaser's deposits and earnest monies will be deposited into a neutral escrow account and cannot be used by Seller prior to the close of escrow.

Release of Liens and Encumbrances: Subdivider has advised that arrangements have been made with the lender in the aforementioned Deeds of Trust for release of individual lots.

Leasehold Offering: Will any of the property be leased? ☐ Yes ☒ No

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2008 is 6.93 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant lot), based on the above tax rate and average sales price of \$160,000.00 to \$295,000.00 is \$ \$1,508.53 to \$2,781.36, respectively.

Special District Tax or Assessments: There are no Special Tax Districts or Assessments.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE IS APPROXIMATE ONLY AND SUBJECT TO CHANGE.

EXHIBIT "A"

- A. The exceptions and/or exclusions contained in any form policy that might be requested.
1. OBLIGATIONS imposed upon said land by its inclusion within any district formed pursuant to Title 48, Arizona Revised Statutes, excluding however Municipal or County Improvement Districts.
 2. LIABILITIES AND OBLIGATIONS imposed upon said land by reason of its inclusion within the following named District:

Big Park Improvement District and Sedona-Red Rock Fire District
 3. TAXES AND ASSESSMENTS collectible by the County Treasurer, a lien not yet due and payable for the following year:

2009
 4. TAXES AND ASSESSMENTS collectible by the County Treasurer, a lien payable but not yet due for the following year:

Second half of 2008
 5. RIGHT OF ENTRY to prospect for, mine and remove the minerals in said land as reserved in Patent to said land.
 6. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	847 of Official Records
Page	287
Purpose	telephone and telegraph
(Affects Lots 5, 17, 18 and 19)	
 7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	942 of Official Records
Page	496
Purpose	Sewer lines
(Affects Lots 5, 6, 7 and 13 through 19 inclusive)	
 8. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	1944 of Official Records
Page	157
Purpose	sanitary sewer
(Affects Lots 1, 2 and 5 through 17 inclusive)	
 9. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book	2199 of Official Records
Page	518
Purpose	ingress, egress, public utilities and drainage facilities
(Affects Lots 1 and 12 through 19 inclusive)	

10. DEED OF TRUST given to secure the original amount shown below, and any other amount payable under the terms thereof:

Amount\$	1,100,000.00
Dated	October 6, 2004
Recorded	November 18, 2004
Book	4208 of Official Records
Page	115
Trustor	Oak Creek Canyon Investments, L.L.C., an Arizona limited liability company
Trustee	Arizona Business Bank
Beneficiary	Arizona Business Bank

And thereafter modifies by instrument recorded in Book 4585 of Official Records, Page 827

11. RESTRICTIONS that may be imposed on said land by reason of its inclusion within a 100 year flood prone area, as shown on the recorded plat of said Subdivision
(Affects Lots 1, 2 and 5 through 19 inclusive)
12. EASEMENTS, restrictions, reservations and conditions as set forth on the recorded plat of said subdivision.
(Affects all Lots)

NOTE: There are no further matters of record concerning this subdivision through the date of this Report.

NOTE: Permanent access to this Development as required by A. R. S. 32-2101 (Paragraph 22) and A. R. S. 32-2185.02 is by way of Jack's Canyon Road shown on County Road Map in Book 18 of Maps, page 62, records of Yavapai County, Arizona