

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
WILD HORSE II

Registration No. 97-05027

SUBDIVIDER

Ash Canyon L.L.C.
2200 E. River Road, Suite 123
Tucson, Arizona 85718

March 13, 1997

Effective Date

Third Amended June 20, 2001

Fourth Amended January 8, 2003

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR 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.

PHOENIX OFFICE:
2910 N. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 79 inclusive Except from the North half of the north half of the west half all coal and other minerals as reserved in Patent from the United States of America; and except all oil, gas and other hydrocarbons, and all other minerals of whatever kind or character, whether now known to exist or hereafter discovered (it being intended that the work "minerals" as used herein shall be defined in the broadest sense of the word and shall include, but not be limited to, oil, gas, other hydrocarbons, sand, gravel, stone, pumice, pjmiciate, cinders, clay, and all other common materials, and all other mineral substances and products, both metallic and nonmetallic, solid, liquid or gaseous) which are upon, in, under or may be produced from the subject property; all salt water, brines, and geothermal resources, which are in, under or may be produced from the subject property as reserved in Deed recorded in Document No. 9001-00683, records of Cochise County, Arizona.

The map of this subdivision: is recorded in Book 13 of Maps, Page 86, records of Cochise County, State of Arizona.

The subdivision is approximately 321.87 acres in size. It has been divided into 79 lots and Common Area "A". Lot boundaries will be pinned and marked with 5' fence post by registered surveyor prior to sale.

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.

GENERAL NOTES ON THE RECORDED PLAT STATE, IN PART:

- All weather access will be provided within this subdivision to all lots.
- Additional percolation tests and boring may be required by the property owner for lots 1, 2, 4, 5, 7-9, 11, 12, 14-17, 19, 21, 23, 24, 26, 27, 29, 30, 32, 33, 35, 38, 39, 41, 42, 44-46, 48, 49, 51, 53-55, 57-59, 61, 63, 65, 67, 69-71, 73, 74, 76, 77, & 79.

SUBDIVISION LOCATION

Location: South of Sierra Vista on State Route 92 for 9 miles, east on Andulsion Way.

Topography: Gentle rolling slopes.

Flooding and Drainage: A letter dated January 15, 1997 from Rogers Engineering Company states:

This letter will serve as the "Engineer's Certification" that when reference project is constructed in accordance with the approved Drainage Report & Improvement Plans the individual homes will be free from flooding during the 100 year storm event.

As a point of reference the Drainage Study & Improvement Plans have been reviewed & approved by Cochise County Department of Transportation & Flood Control District.

Adjacent Lands and Vicinity: Residential use surrounds subdivision.

UTILITIES

Electricity: Supplier is Sulpher Springs Valley Electric Co-op, and facilities will be complete to lot lines by August 7, 2003. Purchasers cost, \$8.00 per foot to service site, trench and backfill, \$130.00 to connect.

Telephone: Supplier is U.S. West Communications, and facilities will be complete to lot lines by August 7, 2003.

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

Natural Gas: Not available.

Water: Supplier is Bella Vista Water, and facilities will be complete to lot lines by August 30, 2003. Purchaser's cost for completion from lot line to dwelling is \$8.00 to \$10.00 per foot.

Sewage Disposal: Individual septic system. A letter dated January 8, 1997 from Frank Garcia Plumbing states: Prices on septic systems are as follows, \$1,850.00 for a 1,000 two bedroom home connection and \$3,250.00 for a 1,500 gallon five bedroom connection.

The Certificate of approval of sanitary facilities for subdivisions states:

This approval presumes compliance with Arizona Administrative Code R18-9-126. If any of these limits are exceeded, Cochise County shall begin planning to organize and construct community sewage facilities. When community sewage facilities available, owners of dwellings shall connect to the system within 6 months after the sewer is available. Closure of the abandoned on-site disposal system shall be in accordance with Cochise County and ADEQ requirements Facilities specified in the plat and approved plans may be also subject to the terms and conditions of yet-to-be issued permits pursuant to Arizona Administrative Code. Title 18, Chapter 9 and Titles 33 and/or 40 of the Code of Federal Regulations.

On each lot, prior to disposal trench construction percolation tests will be performed to characterize the disposal area. The following conditions will be met in sizing and locating the disposal area:

- Percolation tests will be reformed in accordance with Engineering Bulletin No. 12 (EB#12), Part III.C.
- The trench application rate will be determined from EB#12, Table 5.

The State Real Estate Department Public Report must include, but not be limited to the following

- A lot owner who has a lot which is suitable for septic tank/leach field system shall obtain a septic tank permit from the Cochise County Health department, based on the results of percolation testing at each proposed disposal area. All percolation testing shall be in accordance with ADEQ Engineering Bulletin No. 12, Part III. In the event any lot is unsuitable for a septic tank and leach field system due to a percolation rate greater than 60 mpi, an Alternative, on-site sewage system shall have to be designed by an Engineer and Approved by ADEQ prior to beginning any construction. The cost of an Alternative, on-site sewage system, if needed, may be in excess of \$20,000.00. The design and installation of on-site sewage disposal systems shall conform to the requirements of ADEQ Engineering Bulletin No. 12. Each Lot Owner shall abandon the on site wastewater system and connect to a public sewer within six (6) months after the sewer is available.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Rogers Civil Engineering in a letter dated January 15, 1997 states:

Permanent access from the above-referenced subdivision to State Route 92, Cochise County, Arizona is provided by the following recorded documents;

- Easement granted by Castle & Cooke Sierra Vista, Inc. To San Pedro Development II, Inc. Recorded at Fee # 9519\025835 in the office of the Cochise County Recorder on October 5, 1995
- Easement granted by Castle & Cooke Sierra Vista, Inc. To San Pedro Development II, Inc. Recorded at Fee #951024835 in the office of the Cochise County Recorder on October 5, 1995.

Dedications or easements are located so that access roads to the subdivision can be constructed over land which may be traversed by conventional motor vehicle. Permanent access within the subdivision to all lots, units or parcels is provided by the following documents: Plat for Wild Horse II Subdivision Recorded in Book 13, Page 86-86D and Plat for Wild Horse Subdivision Recorded in Book 1'3, Page 74-74D, Cochise County, Arizona. Roads and streets within the subdivision are or can be construct over land which maybe traversed by conventional motor vehicle.

Access streets will be surfaced with asphalt by August 7, 2003 and will be maintained by the Homeowners Association.

Access within the Subdivision: Private streets will be surfaced with pavement on main road and double-shot chip and seal on cul de sacs by August 7, 2003 and will be maintained by the Homeowners Association.

Flood and Drainage: Culverts under roadway will be completed by August 7, 2003 and will be maintained by the Homeowners Association.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Private roadways, entry, and electronic gate.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: An assurance agreement with Cochise County is recorded in Document No. 9611-30400 and expires September 4, 1999, and extended to August 7, 2003 and a letter of Credit #5450 for the entrance gate.

Assurances for Maintenance of Subdivision Facilities: Subdivision Homeowners Association.

LOCAL SERVICES AND FACILITIES

Schools: The elementary and jr. High is approximately 7 miles and the high school 11.5 miles from the subdivision.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING SCHOOLS AND BUS SERVICE.

Shopping Facilities: Sierra Vista - 9 miles north of the subdivision.

Public Transportation: Not available.

Medical Facilities: Medical - 10.5 miles - hospital 10.5 miles.

Fire Protection: Palomino Volunteer Fire District

Ambulance Service: Available by calling 911.

Police Protection: Cochise County Sheriffs Office

Garbage Services: SHK Disposal Services.

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

SUBDIVISION USE AND RESTRICTIONS

Use: Vacant lot/improved lots for single family residential homes.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items, which are recorded, may be inspected at the Office of the Cochise County Recorder. Information about zoning may be obtained at the Office of the County Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

METHOD OF SALE OR LEASE

Sales: Deed with earnest money held in a neutral escrow account at Title Company.

Use and Occupancy: At close of escrow.

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.

TITLE

Title to this subdivision is vested in Pioneer Title Agency, Inc., an Arizona Corporation as Trustee, under Trust No. 306978.

Subdivider's interest in this subdivision is evidenced by A beneficial interest in Trust No. 306978.

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 10, 1997 and thereafter dated December 5, 2002 issued by Pioneer Title Agency, Inc. . As a prospective purchaser, you should obtain a title report and examine the effect of the listed exceptions.

EXCEPTIONS, LIENS AND ENCUMBRANCES

- Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records. This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
- Liabilities and obligations imposed upon said land by reason of its inclusion with the following named district: Palominas Fire District.
- Taxes and assessments collectible by the County Treasurer not yet due and payable for the following year: 1997.
- Taxes and assessments collectible by the County Treasurer for the following year: 1996.
- Right of entry to prospect for, mine and remove the minerals in said land as reserved in Patent to said land. (Affects the North half of the North half of the West half).
- Easement and rights incident thereto, as set forth in instrument: Recorded in Book 52, Miscellaneous records, Page 133, Purpose, telephone lines and thereafter assigned in Book 60 miscellaneous records page 556.
- The rights reserved in Deed recorded in Document No. 9001-00583 concerning the 'minerals' reserved in said Deed, as the term "minerals" is defined therein, including but not limited to the right to prospect for, mine and remove, all as more particularly set forth in said Deed.
- Easement and rights incident thereto, as set forth in instrument: recorded in Document No. 9510-24831, Purpose, ingress, egress and utilities, Affects; over the North 50.00 feet.
- Restrictions, conditions and covenants, omitting, if any, from the above, any restrictions based on race, color, religion or national origin contained in instrument, recorded in Document No. 9510-24838.
- Agreement according to the terms and conditions contained therein: Purpose; Assurance Agreement, Parties: Pioneer Title Agency Inc., as Trustee under Trust No. 306978 and Ash Canyon, LLC and Cochise County, Arizona, Dated: October 7, 1996, Recorded: November 5, 1996, Document No. 9611-30400
- Restrictions, conditions and covenants, omitting, if any, from the above, any restrictions based on race, color, religion or national origin contained in instrument: Recorded in Document No. 9604-08334 and Recorded in Document No. 9611-30401 and as shown on the recorded plat of said subdivision.
- Easements as shown on the recorded plat of said subdivision.
- Non-access easement restricts direct access on to Wild horse Subdivision as shown in Book 13 of Maps, page 74 on recorded plat of said subdivision: (Affects Lots 1, 2, 9, 10, 27, 28, 29, 36, 37, 38, 71, 72 and 73)
- Non-access easement which restricts direct access to vacant land on the south as shown on recorded plat of said subdivision: (Affects Lots 73, through 79)
- Non-access easement which restricts direct access to vacant land on the east as shown on recorded plat of said subdivision: (Affects Lots 8, 19, 20, 46, 47, 48, 52, 53, 64, 65 and 79)

NOTE: DEVELOPER IS REQUIRED TO NOTIFY THE DEPARTMENT OF REAL ESTATE OF FUTURE PLACEMENTS OF LIENS OR ENCUMBRANCES TO ENSURE COMPLIANCE WITH A.R.S. 32-2181, ET SEQ.

TAXES AND ASSESSMENTS

Real Property Taxes: The average tax is \$1,800.00 for an improved lot and \$400.00 for a vacant lot per year, based on 1996 tax rate and \$16.9121 per \$100.00 assessed valuation.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessment: Wildhorse II Homeowners Association fees are \$240.00 per year.

PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

Control of Association: Upon sale of all lots.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF RESTRICTIONS, ASSOCIATION ARTICLES OF INCORPORATION, AND ASSOCIATION BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNER'S ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR PAYMENT OF ASSESSMENTS OF UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

Title to Common Areas: Upon recording of plat.

Membership: All lot owners.

PURCHASERS ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBVIDISION PROVIDE FOR AN ARCHITECTURAL CONTROL COMMITTEE.

MJY

REGISTRATION NO.97-05027 WILD HORSE