

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT
FOR
FOREST RIDGE

Registration No. DM04-048660

SUBDIVIDER

METRO DEVCO, LLC.
2390 E. Camelback Road, Suite 338
Phoenix, Arizona 85016

September 15, 2004

Effective Date

First Amendment: August 4, 2005

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.

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2910 N. 44th Street
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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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 14.

The map of this subdivision: is recorded in Case 9, Map 52, 52A and 52B, records of Coconino County, State of Arizona.

The subdivision is approximately 85.59 acres in size. It has been divided into 14 Lots and Tracts A through F. Lot boundaries will be staked with metal pins at the lot corners.

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: North of Lake Hills Drive at Gandalf Lane, City of Flagstaff, Coconino County, State of Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Subdivider advises that Lots 1-5 have gradual slopes and Lots 6-14 have gradual slopes in the building envelopes and steeper downhill slopes, west of the building envelopes. The areas with steeper terrain have more exposed rock. Tract A consists of 28.78 acres in the western 1/3 of the property comprised of steeper downhill slopes towards the Rio De Flag River and floodplain. The floodplain is comprised mostly of silt with areas of wild grasses. Tract A has been donated to the City of Flagstaff as open space.

Flooding and Drainage: Subdivider advises that the subdivision lots are not known to flooding or drainage problems. Rick Schuler, P.E., of Woodson Engineering & Surveying, Inc., in his letter dated July 19, 2004, has cited the following:

“The purpose of this letter is to state that within the Forest Ridge Subdivision there is no lot that is within the 100 year return interval floodplain. There is identified on the project construction plans dated April 16, 2004, Sheet 17, Overall Sheet, a floodplain for the Rio De Flag. This floodplain is lower than the residential lots by 80 to 100 feet, being down the bluff. The residential lots are well above the floodplain.

The on-site detention basins are located within separate Tracts that do not impact the residential lots. The residential lots adjacent to these detention basins will have minimum floor elevations that are a minimum of 1 foot above the 100-year flood elevation within the detention basins. These minimum floor elevations above the detention basin high water level are a requirement of the City of Flagstaff.

When the development is constructed per the approved plans, no flood insurance is required due to flood hazard to residential buildings within the 100 year return interval floodplain.”

Soils: Subdivider advises that the subdivision lots are subject to subsidence or expansive soils. Jon C. Schwindt, P.E., of Western Technologies Inc., in his report, dated September 3, 2003, has cited in part:

“Surface - At the time of our filed exploration, the site was undeveloped land. Vegetation across the site consisted of moderately dense growths of Ponderosa Pine trees, sparse growths of oak and fir trees, and native grasses and shrubs. The ground surface topography crowned at a high point near the middle of the parcel, with gentle slopes down to the north, east and south. The overall site sloped moderately to steeply toward the west with a drop in elevation of about 100 feet down to the Rio De Flag valley west of the site. A few small washes, about 3 to 4 feet wide and 1 to 2 feet deep, were present on the northwest portion of the site and drained down the slope to the west. The Rio De Flag valley borders the site to the west and Lake Hills Drive comprises the southern boundary. Existing homes are located adjacent to the east and north borders of the site. These structures were single and multi-story residential, wood-frame buildings, which appeared to be in good condition. Surface materials were comprised of silts and clays intermixed with a moderate amount of limestone cobbles and boulders.

Foundations – If the recommendations contained in this report are followed, the proposed structures can be supported by conventional shallow spread footings bearing on limestone and/or properly compacted fill (engineered fill). Footings should bear at least 2.5 feet below the lowest adjacent finished grade. Footings may be designed to impose a maximum dead plus live-load pressure of 2000 pounds per square foot.

We anticipate that total movement of the proposed structures, supported as recommended, should be less than $\frac{3}{4}$ inch. Differential movement should be less than $\frac{1}{2}$ inch. Additional foundation movements could occur if water from any source infiltrates the foundation soils. Therefore, proper drainage should be provided in the final design and during construction.

Finished grade is the lowest adjacent grade for perimeter footings and floor level for interior footings. The design bearing capacity applies to dead loads plus design live load conditions. The design bearing capacity may be increased by one-third when considering total loads that include wind or seismic. Recommended minimum widths of column and wall footings are 24 inches and 16 inches, respectively. The bearing value given is a net bearing value and the weight of the concrete in the footings may be ignored.

For foundations located adjacent to slopes, a minimum horizontal setback of five (5) feet should be maintained between the foundation base and slope face. In addition, the setback should be such that an imaginary line extending downward at 45 degrees from the nearest foundation edge does not intersect the slope.

Thickened slab sections can be used to support interior partitions, provided that loads do not exceed 900 pounds per linear foot, thickened sections have a minimum width of 12 inches, and thickness and reinforcement are consistent with structural requirements.

All footings, stem walls, and masonry walls should be reinforced to reduce the potential for distress caused by differential foundation movements. The use of joints at openings or other discontinuities in masonry walls is recommended.

We recommend that the geotechnical engineer or his representative observe the footing excavations before reinforcing steel and concrete are placed. It should be determined whether the bearing materials exposed are similar to those anticipated for support of the footings. Any soft, loose or unacceptable materials should be undercut to suitable materials and backfilled with approved fill materials or lean concrete. Soil backfill should be properly compacted.

Drainage – The major cause of soil problems in this vicinity is moisture increase in soils below structures. Therefore, it is extremely important that positive drainage be provided during construction and maintained throughout the life of the proposed development. Infiltration of water into utility or foundation excavations must be prevented during construction.

Planters and other surface features, which could retain water in areas adjacent to the houses, should be eliminated. Scuppers and drain pipes should be designed to provide drainage away from the homes for a minimum of 10 feet.

In areas where sidewalks or paving do not immediately adjoin the structures, protective slopes should be provided with an outfall of about 5 percent for at least 10 feet from perimeter walls. Backfill against footings, exterior walls, and in utility and sprinkler line trenches should be well compacted and free of all construction debris to minimize the possibility of moisture infiltration.”

Adjacent Lands and Vicinity: Zoning to the North is RR-E (single family residential – rural residential established), PLO-E (public lands/open space) current use is open space and single family homes; South is RR-E (single family residential – rural residential established) currently use is existing single family homes – County island; East is RR-E (single family residential – rural residential established) current use is existing single family homes; and West is RR (rural residential), BP (business park) and PLO-E (public lands/open space) current use is vacant, open space.

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 City of Flagstaff for zoning information.

A major 230 kV overhead power transmission line runs across the southern portion of the subdivision in a 135’ easement. Overhead communication lines are also located within the same easement. A City of Flagstaff sanitary sewer interceptor line runs northeasterly near the northwest corner of the subdivision. The Rio De Flag River, stream and floodplain, flows across the western portion of the subdivision. There is a private lake located in the adjacent subdivision to the east and the residents of Forest Ridge have no legal access to the lake. A public trail runs across the northern portion of the subdivision and is adjacent to lots 4, 5 and 6. There is some steep rocky terrain in the rear of the western lots and across Tract A within the subdivision. There is a Flagstaff Fire Department station on Butler Road, approximately 2,300 feet north of the subdivision. The Humane Society has a facility 950 +/- feet northwest of the subdivision. Railroad tracks run northeasterly 1.3 +/- miles from the subdivision. Interstate 40 runs northeasterly 1.0 +/- miles northwest of the subdivision. The Interstate 40 Freeway and Butler Avenue interchange is approximately 3.1 miles. This property is in a forested area and as such there is always a potential for forest fires.

PROPERTY IS IN A FORESTED AREA AND AS SUCH THERE IS ALWAYS A POTENTIAL FOR FOREST FIRES. BUYERS ARE REQUIRED TO CONSTRUCT HOMES PER FLAGSTAFF FIRE DEPARTMENT REGULATIONS FOR FIRE RESISTANT MATERIALS, FIRE SPRINKLERS, AND PROPER CONTROL OF LANDSCAPING TO PREVENT FIRES AND OR DAMAGE TO THEIR PROPERTY.

NORTHERN ARIZONA HAS BEEN SUBJECT TO BARK BEETLE INFESTATION.

Due to the close proximity of the Humane Society's facility, purchasers may experience noise and possibly odors associated with the normal operations of the facility.

You are advised that homes situated adjacent to or in the vicinity of lakes, rivers, flood plains, railroads, freeways, commercial property, school sites, fire stations, trails, open space areas, construction-related operations, industrial property, or other non-residential uses and/or other recreation amenities are likely to experience an additional amount of noise, odors, fumes, related dust, vibrations, pests such as flies and mosquitoes, lighting, vehicular and pedestrian traffic associated with the described uses and/or operations for an indefinite period of time. YOU ARE ADVISED TO DETERMINE FOR YOURSELF WHAT AFFECT, IF ANY, THE USES ADJACENT TO OR IN THE VICINITY OF THE SUBDIVISION WILL HAVE ON THE USE AND ENJOYMENT OF YOUR LOT.

AIRPORTS

Airport: Flagstaff Pulliam Airport, located at 6200 S. Pulliam Drive, is approximately 4.3 miles southwest.

ALTHOUGH THIS SUBDIVISION IS NOT LOCATED IN TERRITORY IN THE VICINITY OF A MILITARY OR PUBLIC AIRPORT, FLIGHTS TO AND FROM THIS AIRPORT MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

NOTE: THERE ARE PLANS TO EXTEND THE RUNWAY 1,000 FEET. HOWEVER, DEVELOPER IS NOT ABLE TO OBTAIN THE DIRECTION OF THE EXTENSION.

UTILITIES

NOTE: All utilities will be at extended, at the minimum, to the lot lines. Electric, and possibly telephone and cable will be brought further onto lots to keep streetscape clean of transformers and connection boxes.

Electricity: Arizona Public Service (APS), (928) 779-6911 or 1-800-253-9405 (website: www.aps.com). Subdivider is to complete the extension of facilities to the lot lines by November 30, 2004. Purchaser's cost to extend the facilities from the lot line to dwelling is approximately \$200.00 for trenching and materials. Purchaser's cost to receive service is approximately \$25.00 one time connection fee and a \$200.00 deposit may be required. Summer rates vary with amount used up to a maximum of \$0.11991 per kWh, winter

rates fixed at \$0.07394 per kWh, additional minimum charge of \$7.50 per month year round, also up to \$0.35 per month environmental surcharge.

Street Lights: Street Lighting will not be available.

Note: Upon development of the lot, a small lighted house number and mailbox monument may be required of the buyer by the architectural control committee (also known as the Design Review Committee). The committee will set the design and fixtures used for the monument. Electricity for the light fixture will be paid for by the HOA.

Telephone: QWest Communications, 1-800-244-1111 (website: www.qwest.com). Subdivider is to complete the extension of facilities to the lot lines by November 30, 2004. Purchaser's cost to extend the facilities from the lot line to dwelling is approximately \$200.00 for trenching and materials. Purchaser's cost to receive service is approximately \$27.50 one time connection fee and \$25.00 a month after taxes for a basic single line.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, IE: A CELLULAR TELEPHONE.

Natural Gas: UniSource Energy, (928) 774-4592 (website: www.uesaz.com/gas). Subdivider is to complete the extension of facilities to the lot lines by November 30, 2004. Purchaser's cost to extend the facilities from the lot line to the dwelling is approximately \$5.00 per foot to install in existing trench; \$8.00 per foot if UniSource has to trench. Purchaser's cost to receive service is approximately \$25.00 hook up fee; no meter fee and an \$85.00 deposit may be required. Base fee is \$7.00 per month, plus \$0.99 per therm.

Water: City of Flagstaff, (928) 779-7637 (website: www.flagstaff.az.gov). Subdivider is to complete the extension of facilities to the lot lines by November 30, 2004. Purchaser's cost to extend the facilities from lot line to dwelling is \$2,973.10 for a 1" meter; \$5,699.20 for a 1.5" meter. Meter size depends on size of home. Fire sprinklers are required which can increase meter size. Meter fees are due to increase as of 2005. Purchaser's cost to receive service is \$2.83 per 1,000 gallons for the first 5,000 gallons; \$3.32 per 1,000 gallons for the next 10,000 gallons; \$4.71 per 1,000 gallons over 15,000 gallons. There are base charges/fees of at least \$8.48 per month, which vary depending on size of meter.

THE CITY OF FLAGSTAFF HAS WATER CONSERVATION RULES, WHICH INCLUDE LIMITS ON DAYS AND TIMES TO IRRIGATE LANDSCAPING.

Sewage Disposal: City of Flagstaff, (928) 779-7637 (website: www.flagstaff.az.gov). Subdivider is to complete the extension of facilities to the lot lines by November 30, 2004. Purchaser's cost to extend the facilities from lot line to dwelling is approximately \$10.00 per foot for trenching and material and capacity fee of \$1,850.00. Purchaser's cost to receive service is \$2.73 per 1,000 gallons; amount charged per month is set annually based on water use December through March.

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: Subdivider is to complete the asphalt paved public street, to the subdivision, by November 30, 2004. City of Flagstaff is to provide maintenance of public streets upon completion, final inspection and acceptance. Purchaser's cost for maintenance is included in their property taxes.

Access within the Subdivision: Subdivider is to complete asphalt paved public streets, within the subdivision, by November 30, 2004. City of Flagstaff will provide maintenance upon completion, final inspection and acceptance. Purchaser's cost for maintenance is included in their property taxes.

Flood and Drainage: Subdivider is to complete typical street drainage and drainage/detention tracts by November 30, 2004. Forest Ridge Homeowners Association will provide maintenance upon completion. Purchaser's cost for maintenance is included in the Association fees.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider is to complete landscaped open spaces and trail by November 30, 2004. Forest Ridge Homeowners Association will provide maintenance upon completion, with purchaser's cost included in the Association fees. Tract "A" has already been deeded to the City of Flagstaff.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has entered into an Assurance of Performance Agreement with the City of Flagstaff for the completion of the subdivision improvements.

Assurances for Maintenance of Subdivision Facilities: As cited in the recorded Declaration of Covenants, Conditions and Restrictions for Forest Ridge, the Bylaws of the Association and utility company maintenance agreements.

LOCAL SERVICES AND FACILITIES

Schools: Thomas M. Knoles Elementary School (K-6), located at 4005 E. Butler Avenue is approximately 1.85 miles northwest; Mount Elden Middle School (7-8), located at 3223 N. 4th Street is approximately 5.7 miles northwest and Sinagua High School (9-12), located at 3950 E. Butler Avenue is approximately 1.75 miles northwest.

Transportation is available by school bus.

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 FLAGSTAFF UNIFIED SCHOOL DISTRICT AT (928) 527-6000 FOR THE MOST CURRENT INFORMATION.

Shopping Facilities: Albertson's-Osco located at 1416 E. Route 66, approximately 4.1 miles and Fry's Food Store located at 201 N. Switzer Canyon Drive is approximately 4.1 miles.

PURCHASERS ARE ADVISED THAT THE LOCATION OF SHOPPING FACILITIES MAY CHANGE AND PURCHASERS SHOULD DETERMINE FOR THEMSELVES THE LOCATIONS OF SHOPPING FACILITIES TO THIS SUBDIVISION.

Public Transportation: Mountain Line (Flagstaff Public Transit), bus stop is located at Fourth Street and Sparrow Lane, approximately 2.4 miles.

Medical Facilities: Flagstaff Medical Center – Hospital, located at 1200 N. Beaver Street, is approximately 6 miles and Concentra Medical Urgent Care, located at 120 W. Fine Avenue, is approximately 5.6 miles.

Fire Protection: City of Flagstaff Fire Department. Purchaser’s cost to receive services is included in their property taxes.

Ambulance Service: Available by dialing 911.

Police Services: City of Flagstaff Police Department.

Garbage Services: City of Flagstaff. Purchaser’s cost to receive service is \$13.50 per month for 1st container, 2nd container, if needed, is an additional \$6.75 per month.

Cable Television: Cablevision (928) 774-5336. Purchaser’s cost to receive service is approximately \$38.42 per month for basic service; \$11.25 per month additional for digital; \$7.10 per month additional for each premium channel; \$39.95 one time installation fee.

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: This offering is for Unimproved Lots (vacant land).

Zoning: single family residential.

“Unimproved lot or parcel” means a lot or parcel of a subdivision that is not an improved lot or parcel.

“Improved lot or parcel” means a lot or parcel of a subdivision upon which lot or parcel there is a residential, commercial or industrial building or concerning a contract has been entered into between a Subdivider and a purchaser that obligates the Subdivider directly or indirectly through a building contractor, to complete construction of a residential, commercial or industrial building on the lot or parcel within two years from the date on which the contract of sale for the lot is entered into.

THE CITY OF FLAGSTAFF HAS WATER CONSERVATION RULES, WHICH INCLUDE LIMITS ON DAYS AND TIMES TO IRRIGATE LANDSCAPING.

Conditions, Reservations and Restrictions: In accordance with the recorded Declaration of Covenants, Conditions and Restrictions for Forest Ridge and the existing zoning ordinances.

YOU ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDES FOR AN ARCHITECTURAL CONTROL COMMITTEE.

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 Coconino County Recorder. Information about zoning may be obtained at the Office of the City of Flagstaff Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

THE MINERAL RIGHTS TO ALL OF THE LOTS IN THIS SUBDIVISION WILL NOT BELONG TO THE PURCHASERS OF THESE LOTS. THE EXERCISE OF THE RIGHT TO EXTRACT THESE MINERALS COULD AFFECT THE USE, ENJOYMENT AND VALUE OF YOUR LOT.

METHOD OF SALE

Sales: Your vested interest/ownership interest 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.**

PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL BE PLACED IN A NEUTRAL ESCROW AND CANNOT BE USED BY THE SELLER, PRIOR TO CLOSE OF ESCROW.

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

Use and Occupancy: Purchaser's will be permitted to use and occupy their lot upon close of escrow and recordation of deed.

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 METRO DEVCO, 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 July 9, 2004 issued by FIDELITY NATIONAL TITLE INSURANCE COMPANY. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

TAXES

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2004 is \$11.6412 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$550,000.00, is \$8,707.62.

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

PROPERTY OWNERS ASSOCIATION

Name and Assessments: Forest Ridge Homeowners Association, current assessment is \$1,500.00 per year, payable quarterly.

Control of Association: Every Lot Owner shall be a Member of the Association, and Declarant shall be a Member of the Association so long as it owns any part of the Property (unless and until Declarant expressly relinquishes in writing its status as a

Member). Each such Lot Owner shall have one (1) Membership for each Lot owned by that Owner.

Title to Common Areas: Title to the common areas will be transferred to the Forest Ridge Homeowners Association upon completion of the improvements.

Membership: All Lot Owners will be members of the Association.

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

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION AND BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' 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 THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

/bjs

EXHIBIT "A"

1. Any action by Coconino County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
2. Reservations, rights, easements or other matters as may be set forth in the Patent to said land, or in acts authorizing the issuance thereof.
3. TAXES AND ASSESSMENTS collectible by the County Treasurer not yet due and payable for the following year:

Year: 2004 APN: 106-08-003D

4. WATER RIGHTS, claims or title to water, whether or not shown by the public records.
5. Liabilities and Obligation imposed upon said land by reason of the formation of the following named Associations:

FOREST RIDGE HOMEOWNERS ASSOCIATION

6. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 333, page 668
 Re-Recorded: in Docket 957, page 567
 Purpose: Sewer, Water and Utilities

7. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 402, page 324
 Purpose: Electric lines and appurtenant facilities

8. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 447, page 52
 Purpose: Right of way for communication lines and appurtenant facilities

9. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 464, page 45
 Purpose: Right of way for electrical purposes and appurtenant facilities

10. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 1178, page 972
 Purpose: Public utilities

11. Access Easement Agreement recorded in Docket 1926, page 380.
12. The effect of Acknowledgement of Non-Conforming Parcel recorded April 2, 1999 in Instrument No. 3000935.
13. All matters disclosed by Coconino County Combination/Split Request Form recorded October 7, 2002 in Instrument No. 3163188.
14. All matters disclosed by Coconino County Combination/Split Request Form recorded June 30, 2003 in Instrument No. 3203427.
15. Deed of Trust given to secure the original amount shown below, and any other amount payable under the terms thereof.
16. Easements, setback lines, terms, conditions and matters as shown on the recorded plat of said subdivision.
17. DECLARATION OF MASTER COVENANTS, CONDITIONS AND RESTRICTIONS, (deleting therefrom any restriction indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) contained in instrument recorded in Instrument No. 3266682.
18. All matters contained in CITY/SUBDIVIDER AGREEMENT, CITY OF FLAGSTAFF, ARIZONA recorded June 8, 2004 in Instrument No. 3266683.