



**STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE**

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July 15, 2005

CREEKSIDE VILLAGE HOMES, LLC
1201 E. WESLEY POWELL BLVD.
FLAGSTAFF AZ 86001

Registration No.: DM05-050021
Development: MOUNTAIN ESTATES UNIT TWO AT PINE CANYON

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

A copy of the public report must be given to the prospective purchaser, allowing ample time for review, prior to signing the purchase contract and receipt for public 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 public report.

Sincerely,

Elaine Richardson

Elaine Richardson
Commissioner

enclosure

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
Mountain Estates Unit Two at Pine Canyon
a.k.a Creekside Village

Registration No. DM 05-050021

SUBDIVIDER

Creekside Village Homes, LLC
1201 E. John Wesley Powell Blvd
Flagstaff, Arizona 86001

July 15, 2005

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.

PHOENIX OFFICE:
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 47 through 92, inclusive.

The map of this subdivision: is recorded in Case 9, Maps 71--71B No. 3321838 records of Coconino County, State of Arizona.

The subdivision is approximately 25.321 acres in size. It has been divided into 46 lots and 12 tracts. Lot boundaries will be staked with 18" long, 1/2 " rebar with plastic or aluminum caps.

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: The subdivision is located at 3000 S. Lone Tree Road, Flagstaff, Coconino County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: The subdivision terrain is gently rolling forested, with rocky soil on its hills.

Flooding and Drainage: Subdivider advises the subdivision is not subject to any known flooding or drainage problems. Robert C. Impellitier, P.E., Project Engineer, Coconino Engineering, in a letter dated May 25, 2005, cites the following, in part:

The above referenced subdivision lies within Flood Zone Designation "C" (areas of minimal flooding) as shown on the Flood Insurance Rate Maps (FIRM), Map Index for Community Panel Number 0400193569B, (panel not printed [area in Zone "C"]) effective September 30, 1995, and Community Panel Number 0400200012B, effective January 19, 1983, of the National Flood Insurance Program (NFIP), Federal Emergency Management Agency (FEMA). I do not believe that there is any Federal requirement for flood insurance in Zone "C".

The engineering improvement plans for the development include the construction of curb and gutter and other drainage conveyance structures. Finish floor elevations of dwellings should be constructed at least 6-inches (6") above natural ground to minimize the threat of localized flooding. Care should be taken to direct any storm drainage away from dwellings. Lot owners should avoid construction of improvements that would create temporary or permanent obstruction of any natural drainage features or engineered drainage structures.

Soils: Subdivider advises the subdivision lots may be subject to expansive soils and that the City of Flagstaff required a geotechnical engineer be engaged by the lot owner to determine specific soil conditions and to recommend footing, trench and slab treatments.

Craig P. Woedeman, P.E., with Western Technologies, Inc., in a letter dated June 1, 2005, states the following, in part:
This summarizes the results of our geotechnical evaluation of the Pine Canyon Subdivision completed on December 4, 2000, referenced as WT Job No. 2520JW341 and the site specific geotechnical evaluation currently in progress.

Project information indicates that the proposed development will consist of forty-six, residential lots to be constructed on the approximate 25 acre site. It is anticipated that the residential structures will be one and two story buildings of wood frame and/or masonry construction. The plan areas of the structures are assumed to range from 2000 to 5000 square feet. The maximum wall and column loads are assumed to be about 2.5 kips per linear foot and 75 kips, respectively. Basement construction is not anticipated. It is assumed that maximum cut depths and fill heights will be less than 10 feet.

The subsurface profile at the site consists generally of firm to very stiff sandy clays of medium to high plasticity, loose to very dense silty and clayey sands and gravels with low to medium plasticity fines, and a few areas with firm sandy silts. In general, soil depths were less than about 5 feet. Typically, all of the soils contained variable amounts of limestone sand, gravel, cobble and boulder sized pieces. In all the locations explored, differentially weathered limestone was encountered below the surface soils. The differentially weathered limestone varied in consistency from stiff, soil-like material to heavily cemented, dense and massive rock.

The soils exhibited low compressibility at existing water contents and high additional compression or moderately high expansion when the water content was increased. To reduce the possibility of future movements, spread foundations bearing on the differentially weathered limestone or on engineered fill are recommended for support of the proposed structures. In any areas where medium to high plasticity clay soils are encountered in the building areas, it is recommended to remove the clay soils to a minimum depth of 3.5 feet below the bottom of the slab and replace the removed material with properly compacted engineered fill.

Total and vertical differential movement will be within generally acceptable tolerances provided the recommendations contained in the report for foundation and floor slab support, site grading and site drainage are followed. 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 house should be eliminated. Scuppers and drain pipes should be designed to provide drainage away from the homes for a minimum of 10 feet. Positive drainage

Away from the perimeter of the structure should be maintained throughout the life of the structure. 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.

Based on the results of the evaluation, the site is considered suitable for the proposed construction provided the recommendations contained in the report are followed, and the foundations and floor slabs are not exposed to moisture infiltration or moisture content fluctuation.

Adjacent Lands and Vicinity: All lands adjacent to the subdivision are zoned R-1, Single Family Residential. Coconino Community College and Northern Arizona University are located to the North, Flagstaff Airport to the Southwest with adjacent residential community including a golf course and club house.

A high pressure natural gas pipeline, which brings natural gas to the Pine Canyon community, runs in John Wesley Powell Blvd., which is located approximately 1/2 mile North of the subdivision.

AIRPORTS

Military Airport: The subdivision is not located within the vicinity of a military airport.

Public Airport: The subdivision is located approximately 1 to 2 miles northeast of the City of Flagstaff's Pulliam Airport, within the noise cone of Runway 3-21.

UTILITIES

Electricity: Arizona Public Service Company, (928) 779-6911. Subdivider is to complete facilities to the lot lines by December 31, 2005. Buyer's cost to complete facilities from lot line to dwelling is approximately \$15.00 per lineal foot for trenching and conduit. Buyer's cost to receive service include a \$25.00 service establishment and credit screening fee. A security deposit may be required.

Street Lights: Subdivider is to complete the street light facilities by December 31, 2005. Buyer's cost for electricity and maintenance are included in the Association fees.

Telephone: Qwest Communications Company (800) 244-1111. Subdivider is to complete facilities to the lot lines by December 31, 2005. Buyer's cost to complete facilities from the lot line to dwelling is included in the service charge. Buyer's cost to receive service includes a \$35.00 service charge. A security deposit may be required.

Natural Gas: Citizens Arizona Gas (928) 774-4592. Subdivider is to complete facilities to the lot lines by December 31, 2005. Buyer's cost to complete facilities from lot line to dwelling is approximately \$8.00 per lineal foot over 60 feet (first 60 feet at no cost to buyer). Buyer's cost to receive service include a \$15.00 (plus tax) service fee and \$85.00 deposit or letter of credit from another utility company or credit check.

Water: City of Flagstaff (928) 779-7685. Subdivider is to complete facilities to the lot lines by December 31, 2005. Buyer's cost to complete facilities from lot line to dwelling is included in the cost of plumbing of the dwelling. Buyer's cost to receive service includes a 3/4" x 5/8" water meter and connection fee of \$1,440.00; installation fee of \$405.91 and hook-up fee of \$44.15.

Sewage Disposal: City of Flagstaff (928) 779-7685. Subdivider is to complete facilities to the lot lines by December 31, 2005. Buyer's cost to complete facilities from lot line to dwelling is approximately \$15.00 per lineal foot for trench installation cost. Individual grinder pumps may be required on some lots, at a cost of approximately \$4,500.00 per grinder pump, including installation. Buyer's cost to receive service includes a connection fee of \$1,475.00 and a monthly usage fee. The Association is responsible for maintenance of the sewage collection/disposal facilities from the lot line to the sewer lift station, with buyer's cost included in the Association's fees. The City of Flagstaff is responsible for maintenance from the lift station to the main sewer system.

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: Asphalt paved public streets have been completed and are being maintained by the City of Flagstaff, with costs to buyers included in their ad valorem taxes.

Access within the Subdivision: Subdivider is to complete asphalt paved private streets within the subdivision by December 31, 2005. Upon completion, these streets will be maintained by the Association, with costs to buyers included in the Association's fees.

Flood and Drainage: Subdivider is to complete drainage conveyance and detention facilities by December 31, 2005, with costs to buyers included in the Association's fees.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider advises there are no common, community or recreational facilities included in the subdivision offering.

Within the Master Planned Community: The subdivision is located within the Pine Canyon master planned community, which includes a privately owned 18-hole golf course, club house and common open areas. Subdivider advises the golf course is completed and being maintained by the golf club owners and members at their expense. The golf course and proposed additions, such as fitness center, pool and related facilities are not part of the subdivision offering. **Buyers are advised that use of the golf course, club house and/or its proposed amenities require the separate purchase of membership in the Pine Canyon Golf Club,**

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has entered into an Assurance of Performance Agreement with the City of Flagstaff and has secured a Letter of Credit to assure completion of all subdivision improvements.

Subdivider advises that there are no guarantees that proposed facilities, not part of the subdivision offering, will be completed; therefore, no financial assurances are provided to assure the completion of these facilities.

Assurances for Maintenance of Subdivision Facilities: The City of Flagstaff, the Association and various utility providers are responsible for the maintenance of their respective facilities.

LOCAL SERVICES AND FACILITIES

Schools: Kinsey Elementary School, approximately 1 mile North; Flagstaff Middle and Flagstaff High School, approximately 4 miles Northwest and Sinaqua High School, approximately 4 miles Northeast. All are within the Flagstaff Unified School District #1. School buses are available to students of the above schools.

Additionally, Coconino Community College and Northern Arizona University are approximately 1/2 mile North.

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

Shopping Facilities: A community shopping center is located on Milton Road, approximately 2 1/2 miles Northeast of the subdivision.

Public Transportation: Mountain Line bus service is available approximately 1/2 mile North of the subdivision at the Community College.

Medical Facilities: Flagstaff Medical Center, 1200 N. Beaver Street, located approximately 4 miles North of the subdivision, is surrounded by numerous general and special practice providers.

Fire Protection: City of Flagstaff Fire Department, with cost to buyers included in their ad valorem taxes.

Ambulance Service: Ambulance service is available by dialing 911.

Police Services: City of Flagstaff Police Department

Garbage Services: City of Flagstaff, with costs to buyers included in their ad valorem taxes.

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 improved lots (lot with structure).

Zoning: The subdivision is zoned R-1, Single Family Residential.

Conditions, Reservations and Restrictions: Buyers are advised to read the Declaration of Covenants, Conditions and Restriction (CC&R's) and other such restrictive documents, which may have an effect on your use and enjoyment of your property.

Subdivider advises that the subdivision is located within an open range area in which livestock may roam at large under the laws of this state and that the subdivision property has 3-wire Forest Service fencing on all sides to preclude livestock from roaming within the subdivision.

Buyers are advised that the recorded Declaration of Covenants, Conditions and Restrictions for this subdivision provide for a Design Review 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.

TITLE

Title to this subdivision is vested in Creekside Village Homes, LLC, an Arizona limited liability company, subject to the terms of Fidelity National Title Insurance Company Trust No. B-178.

Subdivider’s interest in this subdivision is evidenced by a recorded Warranty Deed.

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 May 9, 2005, issued by Fidelity National Title Insurance Agency of Coconino, Inc. **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: Buyer’s ownership interest in the subdivision will be evidenced by the Subdivider’s delivery of a recorded Warranty Deed to the buyer and the buyer’s signing a Promissory Not and Deed of Trust for any unpaid balance of the purchase price, if any. **You should read these documents before signing them.** Cash sales are permitted.

Subdivider advises that buyer’s deposit and earnest monies will not be held in a neutral escrow account. “Prospective buyers are advised and hereby agree that upon buyer’s qualification for the loan, or immediately after the acceptance of this contract by seller if schedule 3A is attached hereto, all earnest money deposits, down payments and other advanced monies will be released to seller and will no longer be held in a neutral escrow. Upon such qualification or schedule attachment, such monies will be paid directly to seller and may be used by seller. This means the buyer assumes a risk of losing such monies if the seller is unable or unwilling to perform under the terms of this contract”

Release of Liens and Encumbrances: The subdivision is subject to a recorded Deed of Trust, which contains provision for the release of individual lots free and clear of such lien.

Use and Occupancy: Buyers will be permitted to use their lot upon the close of escrow and recordation of the Warranty 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.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2004 is \$10.7617 per \$100.00 assessed valuation. The estimated property tax for an improved lot, based on the above tax rate and average sales price of \$750,000.00, is approximately \$4,321.00.

Special District Tax or Assessments: Subdivider advises that no special assessment district has been formed or proposed for the subdivision.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: PC Village Association, Inc. has been formed and is operational. The Association's current regular assessment is \$110.00 per month per lot.

Control of Association: Control of the Association will be turned over to the lot owners at the earlier of (i) 20 years from the date of the CC&R's or (ii) at such time as the subdivider no longer owns any property in the subdivision.

Title to Common Areas: Title to any common areas has been transferred to the Association, free and clear of any monetary liens or encumbrances.

Membership: All lot owners will be members of the PC Village Association, Inc.

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, DECLARATION OF CONDOMINIUM, BYLAWS)

FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT 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/UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

SCHEDULE "B"

The title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters: ,

1. "Restrictions, conditions and regulations governing the use of groundwater, pursuant to Title 45, Arizona Revised Statutes, 101, et seq."

2. Any action by the Coconino County Assessors and/or Treasurer altering the current or prior tax assesment subsequent to the date of this report.

3. Property taxes, which are a lien not yet due and payable, including any personal property taxes and any assessments collected with taxes to be leied for the year 2005.

4. Restrictions, conditions and regulations governing the use of groundwater, pursuant to Title 45, Arizona Revised Statues.

5. Reservations, conditions and provisions contained in the patent from the United States of America, or in the acts authorizing the issuance thereof, as follows:

Subject to any vested and accured water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted aright of way thereon for ditches or canals constructed by the authority of the United States of America; and any other reservations as set forth in the Statues under which said Patent was issued.

6. Water rights, claims or title to water whether or not disclosed by the public records.

7. Any obiligations imposed upon said land by its inclusion within the following named association.

Association: PC village Association, Inc.

8. Terms and Conditions as set forth in Agreement pertaining to ingress and egress as recorded in Docket 209, 660.

9. The effect of Ordinance by the City of Flagstaff recorded in Docket 1213, page 335.

10. The effect of Ordinance by the City of Flagstaff recorded in Docket 1213, page 348.

11. The effect of Ordinance by the City of Flagstaff recorded in Docket 1213, page 352.

12. The effect of Arizona Land Survey Corner recorded in Docket 1374, page 24.

13. All matters disclosed by Combination Split Request Form recorded in Docket 1476, page 107 and in Instrument No.3091757, records of Coconino County, Arizona.

14. The effect of Ordinance by the City of Flagstaff recorded in Docket 2060, page 978.

15. The effect of Ordinance by the City of Flagstaff recorded in Instrument No.3056860.

16. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Purpose: Avigation
Recorded: Instrument No.3063581
Affects: as set forth therein

17. Terms and Conditions as set forth in Agreement regarding Development as recorded in Instrument No.3063582.

18. Terms and Conditions as set forth in Notice of Resource Protection as recorded in Instrument No.3092108. .

19. Easements, restrictions, and matters shown on the plat recorded in Case 8, Map 79.

20. Easements, restrictions, and matters shown on the plat recorded in Case 8, Map 92.

- 21. Easements, restrictions, and matters shown on the plat recorded in Case 9, Map 22-22B.
- 22. Easements, restrictions, and matters shown on the plat recorded in Case 9, Map 28.
- 23. Easements, restrictions, and matters shown on the plat recorded in Case 9, Map 71.
- 24. City/Subdivider Agreement as recorded in Instrument No.3146200 and 3171316.
- 25. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document.

Recorded: Instrument No.3171314

All matters as set forth in that certain Declaration of Scrivner's Error, recorded in Instrument No.3216111.

Amendment(s) of said covenants, conditions and restrictions, Recorded: Instrument No.3261475

26. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby.

Amount: \$28,825 ,902 .48 Dated: June 4, 2003
 Trustor: Lone Tree Investments, LLC, an Arizona limited liability company
 Trustee: National Bank of Arizona, a national banking association
 Beneficiary: National Bank of Arizona, a national banking association
 Recorded: June 13, 2003 Instrument No.3205704

First Amendment to the above mentioned Deed of Trust recorded April 6, 2004, in Instrument No.3256751.

27. Financing Statement (UCC-1) filed in the office of the County Recorder, showing

Debtor: Lone Tree Investments, LLC, an Arizona limited liability company
 Secured Party: National Bank of Arizona, a national banking association
 Recorded: June 13, 2003 Instrument No.3205705;

28. There are no further matters of record affecting the land herein.

PUBLIC REPORT RECEIPT

The owner, agent or developer of this development shall furnish you, as a prospective customer, with a copy of the Public Report. 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.

DM05-050021

(Public Report Registration No.)

MOUNTAIN ESTATES UNIT TWO AT PINE CANYON

(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)