

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
Stone Canyon IIA
a.k.a. The Stone Canyon Club

Registration No. DM 06-052344

SUBDIVIDER
Stone Canyon, L.L.C.
1121 West Warner Road, Suite 109
Tempe, AZ 85284

August 24, 2006
Effective Date

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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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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 134 and 397 through 403 inclusive.

The map of this subdivision: is recorded in Book 61, Pages 6-1 through 6-6, records of Pima County, State of Arizona.

The subdivision is approximately 15.00 acres in size. It has been divided into 8 lots in the entire subdivision. Lot boundaries will be staked with steel pins at each lot corner. .

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: Tortollita Mountain Circle, Oro Valley, Pima County, Arizona. From Tucson, take Oracle Road north to Tangerine Road, west to Rancho Vistoso Blvd., north on Vistoso Highlands Drive, west on Tortollita Mountain Circle.

SUBDIVISION CHARACTERISTICS

Topography: Gentle rolling desert with rock outcroppings.

Flooding and Drainage: A letter dated May 22, 2006, from The WLB Group, Inc., states in part:

A hydrology report was reviewed and approved by the Town of Oro Valley, which determined the floodprone limits of the 100-year storm. The subdivision was designed in accordance with applicable Town of Oro Valley Standards. As a result of the design, the improvements were constructed in accordance with approved plans and specifications, and each lot was provided a building site in which there were no drainage hazards from the 100-year storm. The entire subdivision, as indicated by Flood Insurance Rate Map (FIRM) Community Panel Nos. 04019C1025K and 040119C1030K dated February 8, 1999 lies within "unshaded" Zone X, areas determined to be outside the 500-year floodplain.

Soils: Developer states the subdivision lots are not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity: Zoning provides for 1 acre residential and medium density residential properties, up to 4 units per acre, 1 house per 5 acre suburban ranch. Catalina State Park is located east of Oracle Road, approximately 5 miles from the site. The site is adjacent to residential horse property that includes a small airfield, La Cholla Airpark and a golf course on its east and north boundaries. The Tortollita Mountains and undeveloped land is adjacent to the site on the northwest. There are commercial offices

located approximately 2 miles from the site. Painted Sky Elementary School is located approximately 2 miles from the site.

AIRPORTS

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

Public Airport:The subdivision is not in the vicinity of a public airport.

Airport:The subdivision is located approximately 1 mile north of the La Cholla Airpark, a private facility.

UTILITIES

Electricity:Supplier is Tucson Electric Power Company, (520) 623-7711, www.tep.com. Facilities to all lots will be completed to lot lines by October 1, 2006. Purchasers' Costs: First 500 feet of direct burial line at no charge. Estimated costs to excavate and backfill is \$5.00 per foot, service establishment fee of approximately \$13.50.

Street Lights: Not available.

Telephone: Supplier is Qwest Communications, 1 (800) 244-1111, www.qwest.com. Facilities to all lots will be completed to lot lines by October 1, 2006. Purchasers' Costs: No charge for cable if there is an open trench for lines. Ordering placement of cable must be 1 month prior to the need of installation. Construction fee of \$53.30 per line. Minimum installation fee \$46.50. \$100.00 deposit required depending on customer's credit rating from prior service.

CABLE: Supplier is Comcast Cable, (520) 744-1900, www.comcast.com. Facilities to all lots will be completed by October 1, 2006. Purchaser's Costs: No charge for cable if there is an open trench. Allow 1 day notice to schedule service. Establishment fee \$34.95. A deposit may be required.

Natural Gas: Supplier is Southwest Gas Corporation, (520) 889-1888, www.swgas.com. Facilities to all lots will be completed to lot lines by October 1, 2006. Purchasers' Costs:Hook-up fee \$30.00, meter set up fee \$60.00.

Water: Supplier is the Town of Oro Valley, (520) 575-1456, www.ci.oro-valley.az.us/WaterUtility. Facilities to all lots will be completed to lot lines by October 1, 2006.

Purchasers Costs: Hook up fees: 5/8" meter \$1,774.00, 1" meter \$4,435.00, 1 1/2" meter \$8,870.00. Alternative water fee: 5/8" meter \$300.00, 1" meter \$750.00, 1 1/2" meter 1,500.00. Meter fee: 5/8" meter \$158.40, 1" meter \$211.20, 1 1/2" meter \$411.00.Call for prices for meters 2' or larger. Base rates per 1,000 gallons: 5/8" meter \$12.65, 1" meter

\$31.50, 1 ½” meter \$63.15, 2” meter \$101.00. Establishment fee \$20.00, security deposit \$40.00, impact fee \$1,774.00. Arizona Dept. of Water Resources review fee \$300.00.

Sewage Disposal: Provider is Pima County Wastewater Management, (520) 740-6609, www.pima.gov/wwn/custserv Public sewers to all lots will be completed by October 1, 2006. Purchaser Costs: Building permit fee \$101.72 for each fixture unit in the dwelling, i.e. washing machine, sink, toilet, and tub/shower. Activation fee \$15.00, approximate monthly sewage utility fee \$13.11, based on 7,480 gallons of water usage.

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: Public streets are surfaced with asphalt and are maintained by the Town of Oro Valley.

Access within the Subdivision: Interior streets are private and will be completed with asphalt to all lots by October 1, 2006 and will be maintained by the Homeowner’s Association.

Flood and Drainage: Rock rip rap has been installed along washes directing water into box culverts under roadways. It will be completed by October 1, 2006 and maintained by the Homeowner’s Association and Pima County Flood Control

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: None available.

Within the Master Planned Community: Parks, common areas, landscaping in street right of ways and street lighting on Rancho Vistoso Blvd. are maintained by the Homeowner’s Associations.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Assurance with the Town of Oro Valley and First American Title Insurance Company Trust No. 9055.

Assurances for Maintenance of Subdivision Facilities: The Master and Sub Associations, utility companies and the Town of Oro Valley are responsible for their respective facilities.

LOCAL SERVICES AND FACILITIES

Schools: Painted Rock Elementary School is approximately 2 miles, Coronado Middle/Jr High School is approximately 5 miles and Ironwood Ridge High School is approximately 7 miles. School bus service is available.

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: Available approximately 3 miles southeast.

Public Transportation: Sun Tran Bus System at Oracle Road and Hanley Street is approximately 6 ½ miles south

Medical Facilities: Northwest Hospital at Tangerine and Innovation Drive is approximately 5 miles. General practice at Rancho Vistoso Urgent Care and Medical Center at 15631 N. Oracle Road is approximately 6 miles and at Rancho Vistoso Blvd & Oracle Road approximately 4 miles.

Fire Protection: Provided by Golden Ranch Fire Department approximately 2 ½ miles from the subdivision. Costs included in real property taxes.

Ambulance Service: Available through 911 service.

Police Services: Provided by the Town of Oro Valley.

Garbage Services: Provided by Waste Management of Tucson with costs of approximately \$10.95 per month.

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 vacant lots for single family residential use.

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 Pima County Recorder. Information about zoning may be obtained at the Office of the Town of Oro Valley 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 First American Title Insurance Company as Trustee under Trust No. 9055.

Subdivider's interest in this subdivision is evidenced by 100% beneficial interest in Trust No. 9055.

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 June 9, 2006, issued by First American Title Insurance Company. **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: All purchasers will enter into a sales agreement and receipt for deposit. Purchasers vested interest/ownership will be evidenced by delivery of a recorded Deed. Earnest monies will be deposited and held in an escrow account at the title company.

Release of Liens and Encumbrances: At the close of escrow and recordation of your Deed.

Use and Occupancy: Available to the purchasers at the close of escrow and recordation of their Deed.

Leasehold Offering: None available.

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 2005 is \$15.8664 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 \$950,000.00, is estimated to be \$20,499.00.

Special District Tax or Assessments: None

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Stone Canyon Homeowners' Association fees are \$75.00 per month with a one time fee of \$1,000.00 (\$600.00 transfer fee and \$400.00 reserve) Vistoso Community Association, the master association, fees are \$200.00 per year, payable quarterly.

Control of Association: Turned over to the purchasers when 3 to 1 voting ratio by Declarant is extinguished in approximately 10 to 15 years.

Title to Common Areas: Transferred to the Association at the recordation of the plat.

Membership: All lot owners become members of the Associations

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.

EXHIBIT "A"

1. Taxes for the year of 2006. (The first half is due October 1, 2006 and is delinquent November 1, 2006. The second half is due March 1, 2007 and is delinquent May 1, 2007)
2. Taxes for the full year of 2005. (The first half is due October 1, 2005 and is delinquent November 1, 2005. The Second half is due March 1, 2006 and is delinquent May 1, 2006)

NOTE: Taxes are assessed in the total amount of \$6.88 for the year 2005 under Assessor Parcel No. 219-19-3810 (Delinquent)(Affects a portion of Lot 134)

NOTE: Taxes are assessed in the total amount of \$12.69 for the year 2005 under Assessors Parcel No. 219-19-3800 (Delinquent)(Affects portion of Lot 134)

NOTE: Taxes are assessed in the total amount of \$807.28 for the year 2005 under Assessors Parcel No. 219-05-011K (All Paid)(Affects Lots 399, 402, 403 and a portion of Lots 400 and 401)

NOTE: Taxes are assessed in the total amount of \$12.69 for the year 2005 under Assessors Parcel No. 219-06-013F (Delinquent)(Affects a portion Lot 398)

NOTE: Taxes are assessed in the total amount of \$19.36 for the year 2003 under Assessors Parcel No. 219-06-014A (Delinquent)(Affects a portion Lot 398 with other property)

NOTE: Taxes are assessed in the total amount of \$12.69 for the year 2005 under Assessors Parcel No. 219-06-013H (Delinquent)(Affects a portion of Lots 400 & 401)

NOTE: Taxes are assessed in the total amount of \$ 1,089.07 for the year 2005 under Assessors Parcel No. 219-06-013Q (Delinquent)(Affects Lot 397)

3. Certificate of Purchase No. 600937, issued on a sale of said land for taxes for the year 2004, under Tax Parcel Number 219-06-013K (Current Parcel Number 219-06-013Q)(Affects Lot 397 with other property)
4. 2005 Tax Rate: 13.75410 and 15.86640
5. Reservations contained in the Patent from the United States of America, reading 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, a right of way thereon for ditches or canals constructed by the authority of the United States.

Excepting and reserving, to the United States, all the coal and other minerals, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916, (39 Stat., 862).

Excepting and Reserving, also, to the United States, all oil and gas in the lands so patented, and to, or persons authorized by it, the right to prospect for, mine and remove such deposits from the same upon compliance with the conditions, and subject to the provisions and limitations of the Act of June 17, 1914, (33 Stat. 509).

6. Water rights, claims or title to water, whether or not shown by the public records.
7. Covenants, conditions and restrictions in the document recorded as Docket 8021, Page 925, Docket 8327, Page 2058, Docket 8629, Page 576, Docket 10037, Page 1540 and Docket 11565, Page 1377 and Tract Declaration recorded in Docket 11020, Page 1750, Docket 11267, Page 1892 and Docket 12819, Page 4453 of Official Records, but deleting and covenants, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex,

handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604©, of the United States Codes.

8. Any changes upon said land by reason of its inclusion in Vistoso Community Association.
9. Covenants, conditions and restrictions in the document recorded as Docket 11020, Page 1754, amended in Docket 11869, Page 1479 and Docket 11267, Page 1895, supplemental in Docket 12819, Page 4448 of Official Records, but deleting and covenants, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604©, of the United States Codes.
10. Any charge upon said land by reason of its inclusion in The Stone Canyon Community Association, Inc., and Arizona nonprofit corporation.
11. Any charge upon said land by reason of its inclusion in The Stone Canyon Community Association, Inc., an Arizona nonprofit corporation. (Affects Lot 134)
12. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 61 of Maps, Page 6, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604©.
13. All matters as set forth in the Covenants, Conditions and Restrictions in instrument recorded in Docket 10894, Page 2917, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604©.
14. A Deed of Trust to secure an indebtedness of \$13,000,000.00, and any other amount or obligations secured thereby, recorded November 2, 1998 as Docket 10914, Page 164 of Official Records. (with other property)

Dated: October 8, 1998

Trustor Stone Canyon, L.L.C., an Arizona limited liability company

Trustee: First American Title Insurance Company

Beneficiary: Big Stone Limited Partnership, an Arizona limited partnership, and Cooper Williams, L.L.C., an Arizona limited liability company

Said Deed of Trust was modified by First Amendment to Deed of Trust, recorded April 13, 2000, as Docket 11276, Page 1715.

The beneficial interest in the Deed of Trust of Cooper Williams, L.L.C., an Arizona limited liability company, in said Deed of Trust was assigned to Stone Canyon, L.L.C., an Arizona limited liability company by Assignment recorded February 22, 2001 as Docket 11491, Page 1874 of Official Records.

The beneficial interest in the Deed of Trust was assigned to ABCDW, L.L.C., an Arizona limited liability company by Assignment recorded November 30, 2005 as Docket 12690, Page 8702 of Official Records.

Partial Reconveyance of Lot 403, recorded as Docket 12812, Page 6472.

15. Terms, provisions as set forth in the Easement Agreement recorded as Docket 11057, Page 1273. (Affects Lot 134)
16. An easement for private streets, including side slopes and other appurtenances and incidental purposes, recorded as Docket 11295, Page 895 of Official Records. (Affects Lots 398 & 403)
17. An easement for electric and communication lines and facilities and incidental purposes, recorded as Docket 11629, Page 845 of Official Records. (Affects Lot 398)
18. An easement for electric and communication lines and facilities and incidental purposes, recorded as Docket 12808, Page 3118 of Official Records. (Affects Lot 397)
19. Assurance Agreement for completion of Subdivision improvements in favor of the Town of Oro Valley, a municipal corporation, recorded March 29, 2006 as Docket 12771, Page 890.
20. A Deed of Trust to secure an indebtedness of \$(amounts and obligations therein provided), and any other amounts or obligations secured thereby, recorded May 25, 2006 as Docket 12812, Page 6466. (Affects Lot 403)

Dated: May 18, 2006

Trustor: Stone Canyon, L.L.C., an Arizona limited liability company

Trustee: J Patricia E. Nolan

Beneficiary: Flagstaff Acquisitions, L.L.C.

21. Access: Tortolita Mountain Circle a private street and Vistoso Highlands Drive.