

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
STONE CANYON VI, RANCHO VISTOSO NEIGHBORHOOD 11

aka STONEGATE

Registration No. DM05-051105

SUBDIVIDER

LA ENTRADA STONE CANYON, L.L.C.
1121 W. Warner Road, Suite 109
Tempe, AZ 85284

December 30, 2005

Effective Date

First Amended March 9, 2006

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 355 through 389 inclusive

The map of this subdivision is recorded in Book 59 of Maps, Page 23 and Declaration of Scrivener's Error recorded in Docket 12462, Page 416, in Docket 12499, Page 969 and in Docket 12600, Page 22, records of Pima County, Arizona.

The subdivision is approximately 85.86 acres in size. It has been divided into 56 lots and Common Areas A and B. The above 35 lots and portions of the Common Areas, consisting of approximately 53.32 acres are included in this offering.. Lot boundaries will be staked with steel pins at each 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: Tortolita Mountain Circle, Oro Valley, AZ 85755

SUBDIVISION CHARACTERISTICS

Topography: Gentle rolling desert with rock outcroppings.

Flooding and Drainage:

A letter dated January 4, 2004, from the WLB Group, Inc. regarding grading, drainage and flood hazards for the subdivision states:

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-years storm. The entire subdivision, as indicated by Flood Insurance Rate Map (FIRM) Community Panel No. 04019C1030K 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: 1 acre residential and medium density residential, up to 4 units per acres, 1 house per 5 acres suburban ranch. Catalina State Park is East of Oracle Road, approximately 5 miles from the subdivision. The subdivision is adjacent to residential horse property the includes a small airfield, La Cholla Airpark and a golf course on its East and North boundaries. The Tortolita Mountains and undeveloped land is adjacent to the Northwest boundaries of the subdivision. There are commercial offices located approximately 2 miles from the subdivision.

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 South of the La Cholla Airport, a private facility.

UTILITIES

Electricity: Supplier is Tucson Electric Power Company, (520) 623-7711. Facilities will be completed to lot lines by December 31, 2005. Purchasers' Costs: First 500 feet of direct 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, Inc., 1(800) 244-1111. Facilities will be completed by December 31, 2005. 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 of \$46.50. \$100.00 deposit required depending on customer's credit rating from prior service.

Natural Gas: Supplier is Southwest Gas Corporation, (520) 889-1888. Facilities will be completed by December 31, 2005. Purchasers' Costs: Trenching costs of approximately \$8.00 per foot from lot line to dwelling; hook-up fee of \$30.00 and a meter set up fee of \$80.00.

Water: Supplier is the Town of Oro Valley, (520) 229-5000. Facilities will be completed by December 31, 2005. 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" \$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. Establishment fee \$20.00; security deposit \$40.00; impact fee \$1,774.00 and Arizona Dept. of Water Resources review fee \$300.00.

Sewage Disposal: Collection and disposal provided by Pima County Wastewater Management, (520) 740-6609. Facilities will be completed by December 31, 2005. Purchasers' Costs: Building per fee \$118.60 for each fixture unit in the dwelling, i.e. washing machine, sink, toilet shower/tub. Activation fee \$15.00; monthly sewage utility fee approximately \$16.34 based on 6,732 gallon of water usage; trench and pipe installation fee approximately \$15.00 per foot.

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 surfaced with asphalt by December 31, 2005. Maintenance will be provided by the Stone Canyon Homeowner's Association.

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

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

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

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

Flood and Drainage: Rock riprap will be installed along washes directing water into box culverts under roadways. Such facilities will be completed by December 31, 2005 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, entry features, landscaping in street right of ways are owned and maintained by the Homeowner's Association.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Evidenced by an Assurance Agreement with the Town of Oro Valley. Lots will not be conveyed by the Trustee until all facilities are completed.

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 Sky Elementary School is approximately 2 miles, Coronado Middle/Junior 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-Oracle and Hanley Street is approximately 6 1/2 miles South.

Medical Facilities: Northwest Hospital Oro Valley at Tangerine and Innovation Drive is approximately 5 miles. General practice and urgent care is available at Rancho Vistoso Medical Center located at 13101 N. Oracle Road, which is approximately 8 miles.

Fire Protection: Provided by Golden Ranch Fire Department approximately 2 1/2 miles with 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 improved lots containing single family residences.

Conditions, Reservations and Restrictions: The subdivision is subject to recorded covenants, conditions and restrictions, restrictions reflected on the recorded plat, Association rules and regulations and design guidelines.

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. 9136.

Subdivider's interest in this subdivision is evidenced by a (Memorandum of Option—Option Agreement—etc., whichever applies)

OPTION AGREEMENTS

Subdivider's only interest in the development is a right to purchase lots pursuant to the described option agreement. You have no assurance that SUBDIVIDER will purchase or build homes on all development lots.

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 November 28, 2005 issued by First American Title Insurance Company. **You should obtain a title report and determine the effect of the listed exceptions.**

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.

Release of Liens and Encumbrances: At the close of escrow and recordation of purchaser's Deed.

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

PROSPECTIVE PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL NOT BE PLACED IN A NEUTRAL ESCROW. THIS MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING THE MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE SALES CONTRACT.

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 improved lot (lot with dwelling), based on the above tax rate and average sales price of \$950,000.00, is approximately \$12, 800.00.

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 \$240.00 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.

