

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

**UNSUBDIVIDED LANDS
PUBLIC REPORT**

FOR

WESTWOOD RANCHES PHASE III

Registration No. 95-00695

DEVELOPER

DIAMOND 7 RANCH, L.L.C.,
an Arizona Limited Liability Company
3140 West Ironwood Circle
Chandler, Arizona 85226

September 14, 1995

Effective Date

FIRST AMENDMENT DATE: September 8, 2000

STATE 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. This report reflects information provided by the developer and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 7, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this document has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the developer and/or the developer's agents. The purchaser 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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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: **ONLY** Parcels 241-246, 247A, 247B, 247C, 248-294, 299-310, 312-326 and 335-378, inclusive. **EXCEPT** all grazing rights oil, gas and other mineral rights, water holes and underground commercial water rights, together with any right-of-way which may be reasonably necessary to have physical access to and/or to utilize the oil, gas and other mineral rights, water holes, and underground commercial water rights.

EXCEPT an undivided 1/3 interest in and to all of the oil, gas and other minerals, as set forth in deeds recorded in Docket 155, Page 93, in Docket 155, Page 96, in Docket 155, 99, in Docket 155, Page 102, in Docket 155, Page 105, in Docket 155, Page 108, and in Docket 155, Page 111.

The map of this development: Is recorded in Book 12 of Land Surveys, Pages 52-52J, and in Book 16 of Land Surveys, Page 71, records of Coconino County, Arizona.

This development is approximately 14,120 acres in size. It has been divided into 128 Parcels. Parcel boundaries will be staked at all four corners.

Registered Land Surveyor 18214 Randy S. Delbridge reports on July 27, 1995: "This letter is to certify that I have set all the property corners for Westwood Ranches Phase III with a 1/2" capped rebar and a 6' steel fence post along side, per the recorded plat of Westwood Ranches Phase III, as recorded in Book 12 of Maps, Page 52, records of Coconino County Recorder."

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.

SPECIAL NOTES:

ALL SECTION LINES SHALL HAVE A 30-FOOT ACCESS AND UTILITY EASEMENT LOCATED ADJACENT TO THE SECTION LINE AND ENTIRELY WITHIN THIS SECTION (EXCEPT AS SHOWN AND NOTED HEREON). ALL OTHER PARCEL LINES SHALL HAVE A 60-FOOT ACCESS AND UTILITY EASEMENT CENTERED ON THE PARCEL LINE.

EACH PROSPECTIVE PURCHASER IS CAUTIONED TO ASSURE YOURSELF, BY PERSONAL OBSERVATION OR OTHER METHODS OUTSIDE THIS REPORT, OF THE USABILITY FOR HIS NEEDS OF THE PARCEL IN WHICH YOU MAY BE INTERESTED.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE **WATER NOTE**.

DEVELOPER ADVISES THAT THIS DEVELOPMENT IS LOCATED IN AN OPEN RANGE OR AREA IN WHICH LIVESTOCK MAY ROAM AT LARGE UNDER THE LAWS OF THIS STATE AND THAT NO PROVISIONS HAVE BEEN MADE FOR THE FENCING OF THE DEVELOPMENT TO PRECLUDE LIVESTOCK FROM ROAMING WITHIN THE UNSUBDIVIDED LANDS.

DEVELOPER FURTHER ADVISES PURCHASERS THAT IF THEY WANT TO KEEP THE RANCHERS LIVESTOCK OFF THEIR LAND AND TO KEEP THEIR OWN LIVESTOCK WITHIN THEIR PROPERTY THEN THE PROPERTY MUST BE FENCED "WITH A GOOD AND SUBSTANTIAL FENCE" ALONG THE INSIDE OF ROAD EASEMENTS AT THEIR OWN EXPENSE. THE LAND IS CURRENTLY UNDER A GRAZING LEASE AND LIVESTOCK ARE GRAZING ON MANY PORTIONS THEREOF.

PROSPECTIVE PURCHASERS ARE ADVISED THAT AN ON-SITE INSPECTION BY A REPRESENTATIVE OF THIS DEPARTMENT INDICATES THAT ROADS TO A CORNER OF OR ALONG SOME PARCELS HAVE BEEN BLADED IN. HOWEVER, AS INDICATED HEREIN, THE DEVELOPER MAKES NO REPRESENTATION THAT ANY ROADWORK WILL BE PROVIDED AND HAS THEREFORE NOT PROVIDED ANY FINANCIAL ASSURANCES FOR ANY FUTURE ROADWORK.

PERCENTAGES OF THE OIL, GAS AND MINERAL RIGHTS TO ALL PARCELS IN THIS DEVELOPMENT WILL NOT BELONG TO THE PURCHASER OF THESE PARCELS. THE EXERCISE OF THE RIGHT TO EXTRACT THESE MINERALS COULD AFFECT THE USE, ENJOYMENT AND VALUE OF YOUR PARCEL.

RESTRICTIONS PROVIDED, **IN PART**: "EACH PARCEL MAY BE IMPROVED WITH NO MORE THAN FOUR (4) RESIDENTIAL BUILDINGS PER PARCEL".

DEVELOPMENT LOCATION

Location: The development is located 8 miles northeast of Seligman on old Route 66 to entrance of Westwood Ranches then approximately 7 miles north on right of way to subject property.

DEVELOPMENT CHARACTERISTICS

Topography: Randy S. Delbridge, Registered Land Surveyor 18214 reports: SEE EXHIBIT "A" ATTACHED.

UTILITIES

Electricity: Arizona Public Service. Cost to purchasers: All costs not borne by supplier. Cost per Schedule #3 A.G.C. 4545 on file with Arizona Corporation Commission.

Purchasers are advised by the developer that electricity is 4 ½ miles from southwest corner of Section 20 to 7 ½ miles to southwest corner of Section 3.

Larry Smith of Arizona Public Service states in his letter dated May 11, 1995: SEE EXHIBIT "B" ATTACHED.

All charges will be per Schedule #3, A.C.C. 4545, on file with the Arizona Corporation Commission. I have enclosed a copy for you. I have also enclosed maps showing the general locations of where existing power is in the area.

The distance given may vary due to the availability of rights-of-way and any permits required.

Telephone: Not available. Developer advises: "The closest telephone company to the property to which inquiries may be made is: Table Top Telephone Company, 600 North Second Avenue, Ajo, Arizona 85321".

Bottled Gas: Ferrellgas. Purchasers' Costs: Supplier advises: Ferrellgas of Kingman, Arizona will supply propane tanks and propane to Westwood Ranches-Phase III. We have a one-time charge of \$48.00 for tank installation per tank. Tank rent is \$48.00 per year. Propane as of this date is \$1.10 per gallon, with a 125 gallon minimum. Propane tanks are set on concrete blocks.

Water: Standpipe-Hauled water. Water is not available to this development from a municipal or private water company. The Arizona Department of Water Resources in its report on May 25, 1995 states: SEE EXHIBIT "C" ATTACHED.

Dean Shaffer of Utility Management & Operation Services, Inc. (520) 474-2100 of Payson, Arizona reports on June 6, 1995: "This letter is to confirm that water is available for your use in Seligman at the bulk water stand pipes or at the coin operated stand pipes managed by this company.

The cost for water at the bulk water standpipes is \$5.00 per 1000 gallons. The cost at the coin operated standpipes is \$.25 per 50 gallons of water.

Prospective purchasers are advised to review the Revised Certificate of Water Rights recorded in Docket 1345, Pages 23-47.

Sewage Disposal: Developer advises that Individual Sewage Disposal Systems are to be used for sewage disposal. There is no assurance that an individual system can be installed. Prior to purchase, you should contact the state and local Health Department for specifications and requirements. You should satisfy yourself as to the cost of installing the system.

Doug's Backhoe Service (Lic. #084604, 088569) (520) 636-4559 of Paulden, Arizona states in its letter dated June 13, 1995: "Regarding installation of 1000 gallon septic systems:

| | | |
|---|---|-----------|
| PERC TEST: | Dig two test holes to the specifications of Coconino or Yavapai County, including on site inspection | \$750.00 |
| SEPTIC SYSTEM: | 1000 gallon septic tank, leach rock, sewer and drain pipe, up to 1200 square feet of leach lines, digging, backfilling and labor, including permit. | \$2000.00 |
| Total price for perc test and septic system (tax not included) | | \$2750.00 |

Prices are subject to change and do not include blasting."

NOTE: IF AN INDIVIDUAL SEWAGE DISPOSAL SYSTEM CANNOT BE INSTALLED, **NO REFUND** OF THE PURCHASE PRICE OF THE PARCEL WILL BE MADE.

SOLID WASTE DISPOSAL: Developer advises that no provisions have been made for solid waste disposal; the responsibility is the purchasers.

DEVELOPER HAS MADE NO PROVISIONS FOR THE INSTALLATION OR EXTENSION OF UTILITIES. BUYERS WILL BE REQUIRED TO BEAR ALL COSTS FOR INSTALLATION AND EXTENSION OF UTILITIES.

NOTE: CONTACT THE ABOVE UTILITIES REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

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.

ROADS AND DRAINAGE

PUBLIC ROADWAY EASEMENT: The developer has advised that the roadway easements have been dedicated for public use. Developer also advised that roadways will **not** be built.

The developer advises that any improvements will be the responsibility of the adjacent property owners when and if they choose to do so. Unmaintained roads deteriorate and may become impassable requiring alternate routes.

Prospective purchasers are advised that access may be interrupted during periods of heavy moisture.

Developer further advises: "Roads and utilities are not installed and will not be installed by the developer."

James R. Wise, Yavapai County Public Works Director advises: "You have requested the status of Old Highway 66 in the area of Crookton Road overpass near Seligman.

Arizona Department of Transportation (ADOT) has abandoned to Yavapai County the section of Old Highway 66 from Kingman to Ashfork by Resolution of Abandonment, No. 72-10, dated January 31, 1972, recorded in Book 726, Pages 79-82 of Official Records, in the office of the Yavapai County Recorder.

You have inquired what jurisdiction and control the County has regarding access to our roadways.

We do not have limited access in the same respect as ADOT.

However, if a developer builds a new road, relocates or improves an existing road that would intersect and actually connect with a County roadway, the developer would have to obtain a permit from the County to work within the County's rights of way.

I have received a request from Mr. Steve Manes to clarify the County's acceptance of the ADOT Recommendation of Abandonment #72-10, Kingman-Ashfork Highway/U.S. Highway 66.

The Board of Supervisors makes no formal acceptance of right of way received from ADOT through the abandonment procedure, A.R.S. §28-1902A5.

I have received an additional request from Mr. Steve Manes to further clarify the status of Old Highway 66.

Beginning at the time it was abandoned to the County from the Arizona Highway Department in 1972, Old Highway 66 has been considered a part of the Yavapai County

roadway system. It is a public road under the control and management of the Board of Supervisors.

It is maintained as similar roadways are maintained in the County.”

PROSPECTIVE PURCHASERS ARE ADVISED THAT HIGHWAY 66, AS IT APPLIES TO THIS LAND DEVELOPMENT, IS UNDER YAVAPAI COUNTY’S JURISDICTION. YOU SHOULD CONTACT YAVAPAI COUNTY CONCERNING ITS MAINTENANCE POLICY AND STANDARDS FOR HIGHWAY 66.

PROSPECTIVE PURCHASERS ARE ADVISED THAT THIS LAND DEVELOPMENT IS LOCATED IN COCONINO COUNTY AND ANY INTERIOR ROADWAY IMPROVEMENTS WILL BE UNDER COCONINO COUNTY JURISDICTION.

LOCAL SERVICES AND FACILITIES

Schools: The developer advises it is approximately 21 miles to the Seligman Elementary School; 21 miles to the Seligman Junior High School; 21 miles to the Seligman High School; and that school bus service is not available to the schools.

NOTE: YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING SCHOOLS AND BUS SERVICE.

Shopping Facilities: Developer advises that the nearest community shopping center is approximately 21 miles from the development in Seligman.

Public Transportation: Developer advises that public transportation is not available.

Fire Protection: The developer advises that fire protection is not available to this development.

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

DEVELOPMENT USE AND RESTRICTIONS

Use: Developer advises that the property will be offered for **recreational** use and that you will be permitted to occupy your parcel upon purchase.

NOTE: PROSPECTIVE PURCHASERS ARE ADVISED THAT ANY SPLITTING, DIVISION, ETC. OF ANY LOT HEREIN MAY COME UNDER JURISDICTION OF COCONINO COUNTY AND/OR THE STATE OF ARIZONA. YOU ARE ADVISED TO CONTACT THE ABOVE AND ANY OTHER APPLICABLE AGENCIES PRIOR TO ANY SUCH ACTIVITY TO DETERMINE ANY APPLICABLE JURISDICTION.

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 County Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the survey maps.

TITLE

Title to this development is vested in First American Title Insurance Company of Arizona, a California corporation as Trustee under Trust No. 7950.

Developer's interest in the Development is evidenced by developers beneficial interest in above cited Trust No. 7950.

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 August 22, 1995 (Exhibit "D") and August 7, 2000 (Exhibit "E"), issued by First American Title Insurance Company. As a prospective purchaser, you should obtain a title report and examine the effect of the listed exceptions.

**EXCEPTIONS: SEE EXHIBIT "D" ATTACHED
SEE EXHIBIT "E" ATTACHED**

NOTE: DEVELOPER IS REQUIRED TO NOTIFY THE DEPARTMENT OF REAL ESTATES OF ANY FUTURE PLACEMENTS OF LIENS OR ENCUMBRANCES TO ENSURE COMPLIANCE WITH A.R.S. 32-32-2195 ET SEQ.

METHOD OF SALE OR LEASE

Sales: AGREEMENT FOR DEED: Your ownership interest in the property will be evidenced by an Agreement for Deed from First American Title Insurance Company of

Arizona as the Trustee for Diamond 7 Ranch, L.L.C., an Arizona limited liability company. The installment contract will be recorded and deposited into escrow together with other documents within 60 days from the date of sale. You will not receive a deed to your parcel until you have paid the balance owed on the contract.

Said contract contains, **in part**, “In the event of forfeiture is enforced, Buyer shall forfeit any and all rights and interest hereunder in and to the Property and appurtenances thereto, and Buyer shall surrender to Seller, forthwith, peaceable possession of the Property, and shall forfeit to the Seller, as liquidated damages, any and all payments made hereunder, together with any and all Improvements placed on or in the Property. None of the provisions of this paragraph shall affect any other lawful rights or remedies which the Seller may have against the Buyer.”

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: Developer further advises that you will be obligated to pay approximately:

\$7.6853 per \$100.00 of assessed valuation annual Property Tax. Based on 1994 Tax Rate

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

SPECIAL NOTE: THIS DEPARTMENT RECOMMENDS THAT YOU SEE THE PROPERTY BEFORE BUYING.

PLW/fod/sed/TE