

STATE OF ARIZONA  
DEPARTMENT OF REAL ESTATE  
**SUBDIVISION PUBLIC REPORT**

FOR

**CONTINENTAL MOUNTAIN ESTATES**

Registration No. DM07-053642

**SUBDIVIDER**

**LS & SS PROPERTIES, INC.,**  
an Arizona corporation  
6008 E. Indian Bend Road  
Paradise Valley, Arizona 85253

**June 28, 2007**

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.

**PHOENIX OFFICE:**  
2910 N. 44<sup>th</sup> Street  
First Floor  
Phoenix, Arizona 85018  
(602) 771-7750

**TUCSON OFFICE:**  
400 West Congress  
Suite 523  
Tucson, Arizona 85701  
(520) 628-6940

**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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT\* (WITHOUT A BUILDING) MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 13, inclusive.

**The map of this development:** is recorded in Book 856 of Maps, Page 40, records of Maricopa County, State of Arizona.

The subdivision is approximately 70 acres in size. It has been divided into 13 Lots. Lot boundaries will be staked at the corners and radii.

**Prospective purchasers are hereby advised that the recorded plat for this development contains the following, in part:**

#### **NOTES:**

1. EACH LOT WILL REQUIRE AN INDIVIDUAL ENGINEERING SITE/GRADING AND DRAINAGE PLAN, WHICH MUST BE PREPARED BY AN ARIZONA REGISTERED CIVIL ENGINEER AND SUBMITTED TO THE TOWN OF CAVE CREEK FOR REVIEW AND APPROVAL AT THE TIME APPLICATION IS MADE FOR A BUILDING PERMIT.
2. NATURAL, UNIMPEDED DRAINAGE IS PREFERRED WHENEVER PRACTICAL. NO STRUCTURE OF ANY KIND SHALL BE CONSTRUCTED OR VEGETATION BE PLANTED NOR BE ALLOWED TO GROW WITHIN NATURAL DRAINAGE CHANNELS OR DRAINAGE EASEMENTS, WHICH WOULD OBSTRUCT OR DIVERT THE FLOW OF STORM WATER. THE TOWN MAY CONSTRUCT AND/OR MAINTAIN DRAINAGE FACILITIES ON OR UNDER THE LAND OF THE EASEMENT.
3. INDIVIDUAL LOT SEWAGE SYSTEMS SHALL COMPLY WITH TITLE 18, CHAPTER 9, PART E OF THE ARIZONA ADMINISTRATIVE CODE.
4. NO STRUCTURES OF ANY KIND, EXCEPT FOR ROADWAY AND UTILITY EASEMENT CROSSINGS, SHALL BE CONSTRUCTED WITHIN ANY DRAINAGE EASEMENT AREA.

**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:** Subdivision is located east of 72<sup>nd</sup> Street on Continental Mountain Estates Drive, within the Town of Cave Creek, within Maricopa County, State of Arizona.

### **SUBDIVISION CHARACTERISTICS**

**Topography:** High Sonoran desert, existing trails, washes and hillside slopes.

**Flooding and Drainage:** Subdivider advises that development is not subject to any known flooding or drainage problems.

David Noe, P.E., Principal of DZ Engineering, Inc., in his letter dated January 18, 2007 states:

“The purpose of this letter is to describe drainage conditions for the subdivision noted above.

According to Map No. 04013C0806J dated September 30, 2005 of the National Flood Insurance Rate Map for Maricopa County, Arizona, the site has a Shaded Zone X designation. Since the lots are in Shaded Flood Zone X they are therefore outside of any FEMA designated floodplain and do not require flood insurance. A portion of the site is in Flood Zone AE this portion of the site is in a drainage easement. Shaded Zone X is defined as “Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood”. Flood insurance is available, but not a federal requirement, for areas located in Zone X. A mortgage lender still has the discretion to require that a property owner maintain flood insurance on the property.

Subdivision drainage design is in accordance with the requirements of the Town of Cave Creek. The runoff generated on all the lots in this subdivision is designed to drain to the existing drainage features of the lots and under the streets. The culverts under the streets can handle a 100-year storm event and the finish floors will be set to be above the 100-year storm event.”

**Soils:** Subdivider advises that this development is subject to subsidence or expansive soils.

John B. Ritter, P.E., Vice President, Materials Testing, of Wilcox Professional Services, LLC in his letter dated March 16, 2007 (Revised April 26, 2007) states:

“The purpose for this letter is to present general information concerning the engineering characteristics of the soil and to submit recommendations for the design of foundations and building pad preparation for the proposed development located Continental Mountain Estates on the northeast corner of Continental Mountain Drive and 72<sup>nd</sup> Street in Cave Creek, Arizona.

It is understood that the proposed development will consist of one and/or two level single-family residences of masonry, wood and/or steel frame construction imposing relatively light foundation loads. Basements may be proposed. Maximum structure loads

on the order of 2.5 kips per lineal foot are anticipated and the grading will consist of cuts and fills to obtain finish grade elevations.

The site encompasses approximately 70 acres, which consist of a parcel of land on the northeast corner of Continental Mountain Drive and 72<sup>nd</sup> Street. The parcel is currently undeveloped. The parcel is located next to a mountain side and drains from east to west.

Generally, site surface soils have a low settlement potential when subjected to moisture under structure loads. Generally, site surface soils have low to moderate expansive potential. Post-tensioned floor/foundation systems and conventional footing, stem and floor foundations are recommended. There are inherent risks involved with construction on expansive soils, therefore lot specific soils investigations and recommendations are recommended.

Total and differential settlements from assumed loads will be within generally accepted tolerances, provided that grading operations are performed as specified in the lot specific soils investigations, no major changes in moisture content of foundation bearing soils occur and that positive drainage away from structures is maintained. Bearing soils should not be exposed to moisture infiltration or moisture content fluctuations. Proper drainage of surface water and roof runoff water away from the structures should be provided during construction as well as through out their life. In no case should long-term ponding be allowed near structures. Proper designing and placement of yard vegetation and irrigation systems should be used so that structural foundation/floor slab bearing soils are not exposed to moisture infiltration or moisture content fluctuations.”

#### **Adjacent Lands and Vicinity:**

**North:** Maricopa County  
**South:** R-190 (One house per 190,000 sq. ft of land or approx. 5 acres)  
**East:** R-190 (One house per 190,000 sq. ft of land or approx. 5 acres)  
**West:** R-190 (One house per 190,000 sq. ft of land or approx. 5 acres)

**NOTE:** Owners of the adjacent land 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 Maricopa County Planning & Development Department at (602) 506-3201 for up-to-date information.

#### **NORTH:**

- County Land, less than ¼

#### **NORTHEAST:**

- County Land, approximately ½
- Tonto National Forest, approximately 2 ½ miles

**NORTHWEST:**

- Cave Creek, approximately 2 ¾ miles
- Tonto National Forest, approximately 3 ½ miles
- County Land, approximately ½ mile
- Spur Cross Ranch Conservation Area, approximately 2 ½ miles

**SOUTH:**

- Fire Station, approximately 2 ¼ miles
- Law Enforcement Offices, approximately 2 ¼ miles
- Rowe Wash, approximately ¾ mile
- Galloway Wash, approximately 2 miles
- Grapevine Wash, approximately 1 ½ miles
- The Boulders Golf Course, approximately 3 miles
- Whisper Rock Golf Club, approximately 6 miles
- Club Terravita Golf Course, approximately 4 miles

**SOUTHEAST:**

- Desert Forest Golf Club, approximately 2 ½ miles
- Sky ranch at Carefree, approximately 3 miles
- Legend Trail Golf Course, approximately 4 ½ miles
- Desert Mountain/Renegade Golf Course, approximately 3 miles
- Tonto National Forest Boundary, approximately 2 miles

**SOUTHWEST:**

- Black Mountain Summit Preserve, approximately 3 miles
- Galloway Wash, approximately 2 miles
- Library, approximately 2 miles
- Post Office, approximately 2 miles
- Rowe Wash, approximately 1 mile
- Rancho Manana Golf Club, approximately 2 ½ miles
- Municipal Buildings, approximately 2 ¾ miles
- Go John Canyon Preserve, approximately 3 ¼ miles
- Watt Preserve, approximately 3 miles
- Cave Creek Regional Park, approximately 3 ½ miles
- Dove Valley Ranch Golf Course, approximately 5 ½ miles

**WEST:**

- Cave Creek, approximately 2 ½ miles

**EAST:**

- Continental Mountain, adjacent
- Tonto National Forest Boundary, approximately 1 ¾ mile
- Desert Mountain Chiricahua Golf Course, approximately 2 ¾ miles
- Desert Mountain Geronimo Golf Course, approximately 3 ¼ miles

- Desert Mountain Cochise Golf Course, approximately 3 <sup>3</sup>/<sub>4</sub> miles
- Desert Mountain Outlaw Golf Course, approximately 5 <sup>1</sup>/<sub>4</sub> miles

**Fire Station:** Due to the proximity of a fire station, this subdivision may experience an increase amount of noise, and other effects associated with this type of facility that may be of concern to some individuals.

Purchasers are advised that dams, dykes, canals, creeks, rivers, floodways, and washes may be hazardous to unsupervised children and adults. Purchasers are advised to independently investigate this matter. For further information, please contact the Flood Control District of Maricopa County at (602) 506-1501 or visit the web site at [www.fcd.maricopa.gov](http://www.fcd.maricopa.gov).

Skyranch at Carefree, a private airport, is approximately 3 miles southeast of subdivision, which may produce noise, vibrations, fumes, dust, fuel and lubricant particles or other effects of air traffic that may be undesirable to prospective purchasers. Please be advised that aircraft types, flight patterns, and volume could change. For information regarding current and future plans for the airport, air traffic volume and flight patterns, please contact Skyranch at Carefree at (480)488-3571.

**SCORPIONS AND OTHER PESTS:**

Cockroaches, rattlesnakes, black widow spiders, scorpions and other pests and animals are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. If a buyer has concerns, they should seek the advice of a pest control company.

Subdivider has used its best efforts in an attempt to disclose all noteworthy activities and conditions surrounding this subdivision using the resources reasonably available to developer at the time this Public Report was prepared. This information may change from time to time. Prospective purchasers are encouraged to (i) drive the areas surrounding the subdivision (at different times of the day) to determine whether there exists any activities or conditions that may be of concern to Purchaser and (ii) determine to Purchaser's own satisfaction whether or not the items mentioned in the Public Report or discovered by Purchaser's own inspections are of concern to Purchaser.

**PURCHASER IS ADVISED THAT HOMES SITUATED ADJACENT TO OR IN THE VICINITY OF COMMERCIAL PROPERTY, MULTI-FAMILY SITES, WORSHIP SITES, SCHOOL SITES, STREETS, FREEWAYS, PARKWAYS, ROADWAYS, TRAILS, OPEN SPACE AREAS, CONSTRUCTION-RELATED OPERATIONS, INDUSTRIAL PROPERTIES, PROVING GROUND, MINING OPERATIONS, ENTERTAINMENT VENUES, PARKS, CORRECTIONAL FACILITIES, AGRICULTURAL AREAS, OTHER NON-RESIDENTIAL USES, AND/OR OTHER RECREATION AMENITIES MAY EXPERIENCE AN ADDITIONAL AMOUNT OF NOISE, DUST, LIGHTING, AND SIGNAGE, AS WELL AS PEDESTRIAN AND VEHICULAR TRAFFIC TYPICALLY ASSOCIATED WITH SUCH FACILITIES.**

**AIRPORTS**

**Airport:** Sky ranch at Carefree is located at 8302 East Cave Creek Road, Carefree, Arizona, approximately 3 miles southeast of subdivision.

**UTILITIES**

**Electricity:** Arizona Public Service (602) 371-7171, 400 N. 5<sup>th</sup> Street Phoenix, Arizona, website: www.aps.com. Subdivider to complete the facilities to the building site by September 28, 2007. Cost to purchaser to complete facilities from the lot line to the dwelling is approximately \$10,000.00, which includes electricity, telephone and water. Upon completion of facilities, costs to purchasers to receive this service is a deposit of two times the average bill, if required, and a service charge or approximately \$25.00 (plus tax). Fees and/or deposits are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

**Street Lights:** Subdivider advises that street light facilities are not available within the subdivision.

**Telephone:** Qwest Communications, 20 East Thomas Road, Phoenix, Arizona, (800) 244-1111, website: www.qwest.com. Subdivider to complete the facilities to the building site by September 28, 2007. Cost to purchaser to complete facilities from the lot line to the dwelling is approximately \$10,000.00, which includes electricity, telephone and water. Upon completion of facilities, costs to purchasers to receive this service for Qwest Communications include a minimum deposit and pre-payment fee will be determined after a credit check is complete. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

**NOTE: IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E., CELLULAR TELEPHONE.**

**Cable:** Subdivider advises that cable facilities are not available within the subdivision.

**Natural Gas:** Subdivider advises that natural gas facilities are not available within the subdivision.

**Water:** Cave Creek Water Company, which is owned by the Town of Cave Creek. The Town of Cave Creek has selected Arizona American Water, (800) 383-0834, to operate, maintain and manage the Cave Creek Water system. website: www.azamwater.com Subdivider to complete the facilities to the building site by September 28, 2007. Cost to



purchaser to complete facilities from the lot line to the dwelling is approximately \$10,000.00, which includes electricity, telephone and water. Upon completion of facilities, costs to purchasers to receive this service are an account establishment fee of \$20.00, plus a refundable deposit of \$80.00. Fees and/or deposits are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

**Sewage Disposal:** Individual on-site wastewater treatment system (septic). Developer advises that purchasers will be required to install septic tanks.

A permit is required from the Maricopa County Environmental Services Department (MCESD). A percolation test is required to design the septic system. After the percolation test is completed and the house is designed, the final individual septic system can be designed for the lot. It is anticipated that all of the individual lots will require non-standard septic systems, that is some form of treatment of the effluent will be required as part of the disposal system.

Lot	MCESD Permit Fee	Septic Tank Cost	Treatment System Proposed	Installed Cost	Annual O&M Cost
1	\$1,050	\$2,000	EcoFlo Units	\$25,000	\$2,000
2	\$1,050	\$2,000	EcoFlo Units	\$25,000	\$2,000
3	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
4	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
5	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
6	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
7	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
8	\$1,050	\$2,000	EcoFlo Units	\$25,000	\$2,000
9	\$1,050	\$2,000	EcoFlo Units	\$25,000	\$2,000
10	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
11	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
12	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000
13	\$1,050	\$2,000	AdvanTex Unit	\$30,000	\$2,000

Please note that this assessment is based on the assumption that all lots will require non-standard septic systems. Individual percolation tests for some of the lots may indicate that a standard system is acceptable; if this is the case, the installation of the system is significantly cheaper.

Please note that these costs are estimates and are naturally subject to change. But the treatment systems and installation costs do reflect septic systems approved as part of the subdivision process.

If an operational individual on-site waste water treatment system cannot be installed, lot purchaser will not be offered a refund of the purchase price.

**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 will complete the asphalt paved public streets to the subdivision by September 28, 2007, which will be maintained for one year by the Subdivider. One year after completion, the Town of Cave Creek will be responsible for maintenance.

**Access within the Subdivision:** Subdivider will complete the asphalt paved public streets to the subdivision by September 28, 2007, which will be maintained for one year by the Subdivider. One year after completion, the Town of Cave Creek will be responsible for maintenance.

**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 open space 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](http://www.land.state.az.us), or call (602) 542-4631.

**Flood and Drainage:** Subdivider to complete the culverts at wash crossings by June 30, 2007, which will then be maintained by the Town of Cave Creek one year after completion.

### **ASSURANCES FOR COMPLETION**

**Assurances for Completion of Subdivision Facilities:** Subdivider has provided Subdivision Improvement Bonds to assure completion of the subdivision improvements.

**Assurances for Maintenance of Subdivision Facilities:** CC&Rs provide for the Homeowners Association to maintain all common areas. Utility companies to maintain their respective utilities. Town of Cave Creek to maintain all public streets.

### **LOCAL SERVICES AND FACILITIES**

**Schools:** Black Mountain Elementary, 33016 North 60<sup>th</sup> Street (grades K-5), approximately 5 ½ miles southwest of subdivision; Desert Arroyo Middle School, 33401 North 56<sup>th</sup> Street, (grades 6-8), approximately 5 ½ miles southwest of subdivision and Cactus Shadows High School, 5802 East Dove Valley Road, (grades 9-12), approximately 5 ½ miles southwest of subdivision.

**NOTE: School assignments are subject to change. Prospective Purchasers should contact the Cave Creek Unified School District at (480) 575-2000 for verification of schools. Additional information regarding schools and districts can be found at the following websites: [www.greatschools.net](http://www.greatschools.net) and [www.sfb.state.az.us](http://www.sfb.state.az.us).**

Bus service is available to designated schools.

**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:** Nearest community shopping area is located at the southwest corner of Carefree Highway and Scottsdale Road, approximately 4 miles south of subdivision.

**Public Transportation:** There is no bus service available to the subdivision.

**Medical Facilities:** Mayo Clinic Hospital, 5777 E. Mayo Blvd., Phoenix, Arizona, (480) 515-6296, approximately 14 miles southwest of subdivision.

**Fire Protection:** Provided by Rural Metro Fire District, (480) 627-6200.

Purchasers must contact membership services at (480) 627-6200 or (800) 645-9413 to enroll. Each new member shall be subject to a registration fee charge of \$35.00. Re-enrollment of all canceled memberships that have lapsed by reason of nonpayment for a period of 30 days after the expiration date shall be subject to the \$35.00 registration fee upon written notice of cancellation by the Fire Department to the member.

The following rates shall be charged for annual membership services (does not include registration fee). Memberships for properties based upon the square footage, must include all buildings, living areas, garages, basements, storage buildings, and barns. Contiguous unimproved land up to five (5) acres included at no extra charge:

Single Family Residential Property

Square Feet	Annual Rate
0-1399 .....	\$194.00
1400-1699 .....	\$283.00
1700-2099 .....	\$334.00
2100-2599 .....	\$443.00
2600-3199 .....	\$534.00
3200-3699 .....	\$672.00
3700-over .....	\$0.201/Sq.Ft.

There will be charges to non-members, if the fire department elects to respond, as follows:

\$1,000.00 per hour per fire fighting vehicle plus \$100.00 per hour per firefighter (\$1,000.00 minimum response charge) for fire suppression, a rate of \$525.00 per call will be assessed for Emergency Medical Services. Fees are subject to change, please contact the provider for further details.

**Ambulance Service:** Ambulance service is available by dialing 911.

**Police Services:** Provided by the Maricopa County Sheriffs Department.

**Garbage Services:** Waste Management. Cost to purchasers to receive this service is approximately \$24.00 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 unimproved (vacant) lots.

**Zoning:** Single family residential.

**Conditions, Reservations and Restrictions:** As stated in the Recorded CC&Rs and Homeowners Association documents.

**YOU ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDES 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 Maricopa County Recorder. Information about zoning may be obtained at the Office of the Town of Cave Creek Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the development plat.

### **TITLE**

**Title to this development** is vested in LS & SS Properties, Inc., an Arizona corporation.

**Subdivider's interest in** this development 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 April 18, 2007, 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:** Your vested interest/ownership in the property will be evidenced by the Subdivider delivering a Standard Real Estate Purchase Agreement and Escrow Instructions, Deed to Buyer and Note and Deed of Trust for any applicable balance.

Cash sales are permitted. Purchaser's deposits and earnest monies will be deposited into a neutral escrow account and cannot be used by Seller until the 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:** Lot Purchaser will be permitted to use and occupy his Lot upon close of escrow.

**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 development for the year 2006 is \$7.1525 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (lot without dwelling), based on the above tax rate and average sales price of \$1,300,000.00, is approximately \$12,645.62.

**Special District Tax or Assessments:** As disclosed in the Homeowners' Association documents (i.e., Covenants, Conditions and Restrictions, Articles of Incorporation & Bylaws). Please refer to the Homeowners' Association documents for additional information.

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

**PROPERTY OWNERS ASSOCIATION**

**Name and Assessments:** Continental Mountain Estates Homeowners Association. Property Owners will be required to pay assessments in the amount of \$300.00 per year.

**Control of Association:** Control of Association shall transfer to the Association or the Design Review Committee upon the earlier occurrence of when Declarant no longer owns any lots in the Property or when Declarant voluntarily transfers these rights to the Association. Such transfer shall be evidenced by a document in writing, signed by Declarant and sent to each member of the Association.

**Membership:** All Purchasers will be members of the Association.

**PAYMENTS TO THE ASSOCIATION 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, BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE 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.**

**EXHIBIT "A"**

1. Balance of first installment of 2006 taxes, delinquent plus penalties and interest.
2. Second installment of 2006 taxes, a lien, payable on or before March 1, 2007, and delinquent May 1, 2007.
3. Taxes for the full year of 2007.  
(The first half is due October 1, 2007 and is delinquent November 1, 2007. The second half is due March 1, 2008 and is delinquent May 1, 2008.)
4. Any charge upon said land by reason of its inclusion in Continental Mountain Estates Homeowners Association.
5. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 856 of Maps, Page 40, 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(c).
6. Covenants, conditions and restrictions in the document recorded as 2007-0480678 of Official Records, 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 Title 42, Section 3604(c), of the United States Codes.

NOTE: Although the instrument(s) cited above were recorded subsequent to the date of this report, it is included herein based upon a copy furnished by the County Recorder's Office and **DOES NOT CHANGE THE SEARCH DATE OF THIS REPORT.**

7. The terms, conditions and provisions contained in the document entitled "Effect of Inclusion with the Flood Control District" recorded as 2004-0988419 of Official Records.
8. An easement for ingress and egress and public utilities and incidental purposes, recorded as 2005-0711203 of Official Records.

9. A Deed of Trust to secure an indebtedness of \$7,735,000.00, and any other amounts or obligations secured thereby, recorded December 29, 2005 as 2005-1962148 of Official Records.

Dated:	December 23, 2005
Trustor:	LS & SS Properties, Inc., an Arizona corporation
Trustee:	First American Title Insurance Company, a California corporation
Beneficiary:	GTNN, Inc., an Arizona corporation

NOTE: There are no further matters of record concerning this subdivision through the date of this report.