

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
EAGLE ROCK

Registration No. DM 05-049515

SUBDIVIDER

SUNBURST VENTURES, LLC., an Arizona limited liability company
540 Concho Drive
Sedona, Arizona 86336

May 3, 2005

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. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 26

The map of this subdivision: is recorded in Book 49 of Maps, page 77, records of Yavapai County, State of Arizona.

The subdivision is approximately 9.27 acres in size. It has been divided into 26 Lots. Lot boundaries will be permanently staked lot corner and radii.

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE FOLLOWING "GENERAL NOTES" ARE CONTAINED IN THE RECORDED PLAT:

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.

NOTE: YOU ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDES FOR AN ARCHITECTURAL CONTROL COMMITTEE.

SUBDIVISION LOCATION

Location: Rhapsody Road and Eagle Rock Lane, Sedona, Yavapai, Arizona

SUBDIVISION CHARACTERISTICS

Topography: Subdivider advises that the terrain is hilly.

Flooding and Drainage: Luke A. Sefton, P.E. with Southwestern Environmental Consultants, Inc. (928) 282-7787 report on March 10, 2004:

This firm is the engineer of record for the above referenced subdivision and produced the construction plans for grading, paving, sewer, water and other utilities improvements and the Final Plats. They have been designed to comply with the standards and criteria of the controlling governmental agencies. A final Drainage Study was completed and accepted by the City of Sedona. With respect to the Drainage Study the following data is provided.

- The subject property is not within a designated FEMA floodplain.
- Lot 4 is the only lot that is designated to have a minimum Finish Floor due to the vicinity of the detention basin and the lot grades.
- The site has been designed to comply with AZNPDES requirements.
- Drainage within the public streets are designed to carry a maximum of the 10 year frequency storm.

We certify that the lots have been designed to be free from flood hazards, as that term is commonly and currently defined by the Yavapai County Flood Control District.

Soils: Subdivider advises that the soils are not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity: Coconino National Forest borders Eagle Rock Subdivision to the North and West, To the East and South is Single Family Residential neighborhoods. There are numerous multi-denominational places of worship located within a mile of the Eagle Rock Subdivision and throughout the City of Sedona.

AIRPORTS

Public: Sedona Airport, 235 Air Terminal Drive, approximately 1.7 miles from subdivision

NOTE: **SUBDIVISION IS LOCATED WITHIN THE VICINITY OF
SEDONA AIRPORT. FLIGHTS MAY PRODUCE AIRCRAFT
NOISE AS A RESULT OF FLIGHT OPERATIONS AND
WEATHER CONDITIONS.**

UTILITIES

Electricity: Arizona Public Service (928) 282-7128. Subdivider to complete facilities to lot lines by June 15, 2005. Costs to lot purchasers to extend facilities from lot line to dwelling are approximately \$8.00-\$15.00 per foot, depending on soil conditions. Costs to lot purchasers to receive service are a \$25.00 administrative fee and Security Deposit if applicable.

Street Lights: Street light facilities are not available to this subdivision.

Telephone: Qwest Communications (800) 244-1111. Subdivider to complete facilities to lot lines by June 15, 2005. Costs to lot purchasers to extend facilities from lot line to dwelling are included in the electrical fees. Costs to lot purchasers to receive service are a \$35.00 connection fee, additional fees are available at an additional cost.

Natural Gas: Unisource Energy (800) 352-3010. Subdivider to complete facilities to lot lines by June 15, 2005. Costs to lot purchasers to extend facilities from lot line to dwelling are approximately \$500.00 - \$1,000.00. Costs to lot purchasers to receive service are a \$15.00 connection fee, plus tax, and a security deposit, if applicable.

Water: Arizona Water Company (928)282-5555. Subdivider to complete facilities to lot lines by June 15, 2005. Costs to lot purchasers to extend facilities from lot line to dwelling are approximately \$500.00 - \$1,000.00. Costs to purchasers to receive service are a \$16.00 service establishment fee and security deposit, if applicable.

NOTE: THE ARIZONA DEPARTMENT OF WATER RESOURCES IN ITS REPORT OF JANUARY 31, 2005, STATES "Pursuant to A.R.S. 45-108, the Department of Water Resources has reviewed the available information pertaining to the Water Supply for the above referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, and to determine if the water supply is of adequate quality. Information available to the Department indicated that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-715 *et seq.* Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any change to the subdivision or its water supply plans may invalidate this decision.

This letter is being forwarded to your office as required by A.R.S. 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Yavapai County Recorder is being officially notified of the developers compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that your office included the following statement in all promotional material and contracts for sale of lots in the subdivision:

"Pursuant to A.R.S. 45-108 and A.A.C. R-12-15-715 *et seq.*, the Department has determined that the water supply for the Eagle Rock Subdivision is adequate, *i.e.* that the water supply is physically, continuously and legally available to satisfy the applicant's 100-year projected water demand, and that the water supply is of suitable water quality. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time."

If you have any questions, please contact D. Holden at (602) 417-2448. Sincerely, Frank Putman, Assistant Director

Sewage Disposal: City of Sedona (928) 204-2234. Subdivider to complete facilities to lot lines by June 15, 2005. Costs to lot purchasers to extend facilities from lot line to dwelling are estimated at \$500.00 - \$1,000.00. An additional sewer impact fee of \$4,600.00 which increases yearly is also required. Costs to lot purchasers to receive service are a \$

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: Previously completed asphalt paved public roads. The City of Sedona maintains with costs to lot purchasers for maintenance included in property taxes.

Access within the Subdivision: Subdivider to complete asphalt paved public roads by June 15, 2005. Upon completion and acceptance the City of Sedona to maintain with costs to lot purchasers for maintenance included in the property taxes.

Flood and Drainage: Subdivider to complete drainage facilities by June 15, 2005. The Homeowners Association to maintain with costs to lot purchasers included in the Homeowners Association Fees.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider to complete Natural landscape area "Tract O" and drainage facilities by June 15, 2005. Facilities will be maintained by the Homeowners Association and included in the Homeowners Association Fees.

Within the Master Planned Community: Not Applicable

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has secured an Irrevocable Letter of Credit through M&I Marshall & Ilsley Bank that has been accepted by the City of Sedona to assure the completion of all subdivision improvements.

Assurances for Maintenance of Subdivision Facilities: As stated in the recorded Declaration of Covenants, Conditions and Restrictions, Filed Articles/Bylaws and current zoning regulations for Yavapai County.

LOCAL SERVICES AND FACILITIES

Schools: West Sedona Elementary (K-8), 570 Posse Ground Road, approximately 1.4 miles from subdivision; Verde Valley School (9-12), 3511 Verde Valley School Road, approximately 4.5 miles from subdivision.

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: Safeway, 2300 West Highway 89A, approximately 0.8 mile from subdivision.

Public Transportation: None available at this time.

Medical Facilities: Sedona Medical Center, 3700 West Highway 89A, approximately 1.2 miles from subdivision.

Fire Protection: Sedona Fire Department with costs to lot purchasers included in the property taxes.

Ambulance Service: Available by dialing 911

Police Services: City of Sedona Police Department

Garbage Services: Waste Management of Northern Arizona (928) 282-5411, costs to lot purchasers of approximately \$16.00 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 Lot (vacant lot)*
Zoning: single family

Conditions, Reservations and Restrictions: As stated in the recorded Declaration of Covenants, Conditions and Restrictions, Filed Articles/Bylaws for the Homeowners Association and current zoning regulations.

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 Yavapai County Recorder. Information about zoning may be obtained at the Office of the Yavapai 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 Sunburst Ventures LLC, an Arizona limited liability company.

Subdivider's interest in this subdivision is evidenced by recorded 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 April 2, 2005 issued by Capital Title Agency. **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 interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a promissory note and deed of trust for the unpaid balance, if any. You should read these documents before signing them.

Release of Liens and Encumbrances: Individual lot lien release provisions.

Use and Occupancy: Upon close of escrow and recordation of 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 \$9.63 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 \$200,000.00, is \$1,504.80 and for \$500,000.00 is \$3,852.00.

Special District Tax or Assessments: Not Applicable

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Eagle Rock Homeowners Association with assessments in the amount of \$600.00 yearly.

Control of Association: Control of the Association will occur when two-thirds (2/3) of the Parcels and or Lots are sold.

Title to Common Areas: Tract "O" is reserved by the undersigned to be conveyed to the Eagle Rock Subdivision Homeowners Association, Inc. subject to easements granted for T.V., sewer, water, electric, gas, telephone, drainage and access purposes.

Membership: All lot purchasers will be members of the Association.

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 & RESTRICTIONS, ARTICLES OF INCORPORATION, BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT 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 LOTS. 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. Taxes for the year 2005, a lien but not yet payable
2. Second half taxes for the year 2004, a lien now payable.
3. Reservations or Exceptions in Patent or in Acts authorizing the issuance thereof.
4. The right to enter upon said land and prospect for, mine and remove all uranium, thorium or any other materials which is or may be determined to be peculiarly essential to the production of fissionable materials, as reserved in instrument recorded in Book 195 of Deeds, Page 265.
5. An easement and rights incident thereto for public utilities, as set forth in instrument recorded in Book 1017 of Official Record, Page(s) 362.
6. An easement and rights incident thereto for electric lines, as set forth in instrument recorded in Book 1020 of Official Records, Page(s) 478.
7. Easements as shown on the recorded Plat of said Subdivision
8. All matters as set forth in the Covenants, Conditions and Restrictions in instrument recorded in Book 4233 of Official records, Page(s) 101, 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).
9. Liabilities and obligations imposed on said land by reason of provisions contained in instrument recorded in Book 4233 of Official Records, Page 101, purporting to impress a lien on said land for collection of assessments of Eagle Rock Subdivision Property Owners Association, Inc.
10. A Deed of Trust executed by SUNBURST VENTURES, LLC., an Arizona limited liability company, as Trustor, to M & I Marshall and Ilsely Bank, a Wisconsin corporation, as Beneficiary, and M & I Marshall and Ilsely Bank, as Trustee, dated April 9, 2004, recorded April 15, 2004, in Book 4137 of Official Records, Page(s) 952; TO SECURE: \$2,000,000.00, and other amounts payable thereunder.

NOTE: There are no further matters of record concerning this Subdivision through the date of this Report.

2004 taxes, first half paid

Parcel No. 408-24-493A-2

Total Tax \$7,296.60