

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

**UNSUBDIVIDED LANDS
PUBLIC REPORT**

FOR
WESTWOOD RANCHES PHASE VI
Registration No. 97-00483

DEVELOPER

DIAMOND 7 RANCH, L.L.C.
an Arizona Limited Liability Company
PO BOX 354
Paulden, AZ 86334

February 3, 1998
Effective Date

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.

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

SPECIAL NOTES:

1. MAP OF THIS DEVELOPMENT IS RECORDED IN BOOK 13 OF LAND SURVEYS, PAGES 90-90M, RECORDS OF COCONINO COUNTY, ARIZONA. YOU ARE ADVISED TO OBTAIN A COPY OF SAID MAPS AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREON. THESE INCLUDE IN PART, "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."

2. THIS REPORT INCLUDES ONLY PARCELS 547-732 INCLUSIVE: **EXCEPT** AN UNDIVIDED 1/3 INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AS SET FORTH IN DEEDS RECORDED IN DOCKET 155, PAGE 93, IN DOCKET 155, PAGE 96, IN DOCKET 155, PAGE 99, IN DOCKET 155, PAGE 102, IN DOCKET 155, PAGE 105, IN DOCKET 155, PAGE 108, AND IN DOCKET 155, PAGE 111.

FURTHER EXCEPTING A 3/16 OF ALL OIL, GAS AND ALL OTHER MINERALS AND HYDROCARBON SUBSTANCES LYING AT, UNDER OR THAT MAY BE PRODUCED FROM 500 FEET OR MORE BENEATH THE SURFACE OF THE AFORESAID REAL PROPERTY AS RESERVED IN INSTRUMENT RECORDED FEBRUARY 9, 1993 IN DOCKET 1541, PAGE 518.

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

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

5. 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 RANCHER/LESSOR'S LIVESTOCK OFF THEIR LAND AND TO KEEP THEIR OWN LIVESTOCK WITHIN THEIR PROPERTY THEN THE PROPERTY MUST BE FENCED ALONG THE INSIDE OF ROADWAY/PUBLIC UTILITY EASEMENTS ON THEIR PARCELS AT THEIR OWN EXPENSE WITH A "GOOD AND

SUBSTANTIAL FENCE". THE LAND IS CURRENTLY UNDER A GRAZING LEASE AND LIVESTOCK ARE GRAZING ON PORTIONS THEREOF. SAID LEASE IS PRESENTLY SCHEDULED TO END AT MIDNIGHT, OCTOBER 31, 1997.

6. PERCENTAGES IN AND TO ALL OIL, GAS, OTHER MINERALS AND HYDROCARBON SUBSTANCES TO 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.

7. RESTRICTIONS PROVIDE, **IN PART**: "EACH PARCEL MAY BE IMPROVED WITH NO MORE THAN FOUR (4) RESIDENTIAL BUILDINGS PER PARCEL. FROM AND AFTER JULY 1, 2004 THIS RESTRICTION SHALL TERMINATE, BE VOID, AND HAVE NO FURTHER FORCE OR EFFECT ON THE REAL PROPERTY."

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

9. PIPELINE EASEMENTS GENERALLY INCLUDE THE RIGHT OF VEHICULAR ACCESS ALONG THE EASEMENT FOR MAINTENANCE AND EMERGENCY RESPONSE. FENCES CROSSING THE EASEMENT MUST HAVE GATES TO PERMIT VEHICULAR ACCESS. FOR YOUR SAFETY, IT IS IMPERATIVE THAT YOU CONTACT THE EASEMENT HOLDER PRIOR TO ANY CONSTRUCTION ACTIVITY WITHIN THE EASEMENT INCLUDING ROADS AND FENCES. THE OWNER OF THE FACILITY WITHIN THE EASEMENT MAY LOCATE AND MARK HIS FACILITY UPON YOUR REQUEST. SEE TITLE EXCEPTION NUMBER 4 IN EXHIBIT A HEREIN.

10. 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.

11. PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,

ARTICLES OF CORPORATION, BYLAWS, ROAD EASEMENT MAINTENANCE OBLIGATION (SEE PAGE 15 HEREIN), ETC.

FOR THIS DEVELOPMENT TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE MAINTENANCE OBLIGATION 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 DEVELOPER'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 ALL OTHER APPLICABLE DOCUMENTS.

LOCATION AND SIZE: The development is located 15 miles northeast of Seligman. Proceed 8 miles east from Seligman on Old Route 66 to entrance of Westwood Ranches then approximately 7 miles north on right-of-way to subject property.

These parcels are located in a development of unsubdivided land approximately 30.240 acres in size. This unit has been divided into 186 parcels.

TOPOGRAPHY: Randy S. Delbridge, Registered Land Surveyor 18214 reports on May 27, 1997 that: "I have set all the property corners for Westwood Ranches Phase VI with a 1/2" capped rebar and a 6' steel fence post along side, per the recorded plat of Westwood Ranches Phase VI." Further:

"Following is my report on the proposed Westwood Ranches Phase VI subdivision consisting of Sections 3, 5, 9, 15, 17, 19, 21, 27, 29, 31, and 33 in Township 24 North Ranch 3 West and Section 5, Township 23 North, Range 3 West, and Section 25, Township 24 North, Range 4 West of the Gila and Salt River Base and Meridian, Coconino County, Arizona.

1. Section 3, Township 24 North, Range 3 West - The terrain ranges from flat to gently rolling throughout the section. The elevations range from 5820 to 5900 feet.

Drainage patterns are well defined by a few washes and draws which slope gently from the west to the east throughout the section.

The soil is predominately silty loam and clay with some limestone and malapai outcroppings.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense.

2. Section 5, Township 24 North, Range 3 West - The terrain ranges from gently flat to gently rolling throughout the section. The elevations range from 5900 to 5980 feet.

Drainage patterns are well defined by a few washes and draws which slope gently from the center to all four corners of the section.

The soil is predominately limestone with large areas of malapais outcroppings.

The predominant vegetation consists of cacti and wildflowers. Juniper tree coverage ranges from sparse to dense.

3. Section 9, Township 24 North, Range 3 West - The terrain ranges from gently to moderately sloping throughout the section. The elevations range from 5780 to 5860 feet.

Drainage patterns are well defined by a few washes and draws sloping from west to east. The soil is predominately silty loam and clay with some limestone and malapais outcroppings.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense.

4. Section 15, Township 24 North, Range 3 West - The terrain ranges from flat to gently rolling throughout the section. The elevations range from 5720 to 5820 feet.

Drainage patterns are well defined by two washes and draws which slope from the west to the east.

The soil is silty loam and clay with malapais rock in the west part of the section as it rises up the hill.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense. There is a coal slurry underground pipeline which crosses the section in the southerly portion.

5. Section 17, Township 24 North, Range 3 West - The terrain ranges from gently rolling to mountainous terrain in the east portion of the section. The elevations range from 5880 to 5960 feet.

Drainage patterns are well defined by major washes and draws throughout the section.

The soil is silty loam and clay with major malapais outcroppings.

The predominant vegetation consists of cacti and wildflowers. Juniper tree coverage ranges from moderate to dense.

6. Section 19, Township 24, North, Range 3 West - The terrain ranges from gently rolling to mountainous terrain throughout the section. The elevations range from 5860 to 5960 feet.

Drainage patterns are well defined by major washes and draws throughout the section.

The soil is silty loam and clay with some limestone and large malapai outcroppings.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage is moderate.

There is one road traversing the southerly portion of the section. There is an underground coal slurry line running throughout the section from the east to the west.

7. Section 21, Township 24 North, Range 3 West - The terrain ranges from flat to gently rolling throughout the section. The elevations range from 5820 to 5880 feet.

Drainage patterns are well defined by washes and draws throughout the section.

The soil is silty loam and clay with some limestone.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage is moderate. There is one road traversing the section in the southwesterly portion.

8. Section 27, Township 24 North, Range 3 West - The terrain ranges from gently to mountainous terrain in the northerly part of the section. The elevations range from 5600 to 5880 feet.

Drainage patterns are well defined by two major washes and draws throughout the section.

The soil is predominately silty loam and clay with some limestone and malapais outcropping.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense. There are two roads traversing from the northeast part of the section to the southwest. Another from the southerly part of the section through the southwesterly part of the section.

9. Section 29, Township 24 North, Range 3 West - The terrain ranges from gently rolling mountainous terrain in the northerly part of the section. The elevations range from 5680 to 5860 feet.

Drainage patterns are well defined by washes and draws throughout the section.

The soil is silty loam and clay with malapais rock in the west part of the section as it rises up the hill. The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense. There is one road traversing through the northeast part of the section.

10. Section 31, Township 24 North, Range 3 West - The terrain is gently rolling throughout the section. The elevations range from 5760 to 5920 feet.

Drainage patterns are well defined by major washes and draws throughout the section.

The soil is silty loam and clay with major malapais outcroppings.

The predominant vegetation consists of cacti and wildflowers. Juniper tree coverage ranges from moderate to dense.

11. Section 33, Township 24 North, Range 3 West - The terrain ranges from gently to moderately sloping throughout the section. The elevations range from 5700 to 5840 feet.

Drainage patterns are well defined by washes and draws throughout the section.

The soil is predominately silty loam and clay with some limestone and malapais outcroppings.

The predominate vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense. There is one road traversing the northwesterly part of the section.

12. Section 5, Township 23 North, Range 3 West - The terrain is mountainous throughout the section. The elevations range from 5780 to 5860 feet.

Drainage patterns are well defined by major washes and draws which slope from the north to the south.

The soil is silty loam and clay with malapai rock in the west part of the section as it rises up the hill.

The predominant vegetation consists of rangeland grasses with some cacti and wildflowers. Juniper tree coverage ranges from sparse to dense.

13. Section 25, Township 24 North, Range 4 West - The terrain is gently rolling throughout the section. The elevations range from 5860 to 6100 feet.

Drainage patterns are well defined by major washes and draws throughout the section.

The soil is silty loam and clay with major malpais outcroppings.

The predominant vegetation consists of cacti and wildflowers. Juniper tree coverage ranges from moderate to dense. There is a coal slurry line which cuts throughout the very north part of the section.

Regarding the aforementioned parcels, the existing easements are over land on which roads could be established to accommodate conventional vehicles.”

PROPERTY BOUNDARY LINES: Developer advises parcels are staked at all four corners. Surveyor Randy S. Delbridge, R.L.S. 18214, advises as following on the Survey Map: “All parcel corners have been mounmented with a capped rebar marked “Delbridge #18214” and with a 8’ steel fence post driver alongside.”

RESTRICTIONS AND OTHER MATERS 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 Commission.

TITLE: Title to this development is vested in FIRST AMERICAN TITLE INSURANCE COMPANY, 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 your title are listed in a Preliminary title Report dated November 12, 1997 issued by FIRST AMERICAN TITLE INSURANCE COMPANY. As a prospective purchaser, you should understand the effect of the listed exceptions.

EXCEPTIONS: SEE EXHIBIT “B” ATTACHED

NOTE: DEVELOPER IS REQUIRED TO NOTIFY THE DEPARTMENT OF REAL ESTATE OF ANY FUTURE PLACEMENTS OF LIENS OR ENCUMBRANCES TO ENSURE COMPLIANCE WITH A.R.S. 32-3195 ET SEQ.

SALES: AGREEMENT FOR DEED: Your ownership interest in the property will be evidenced by an Agreement for Deed form First American Title Insurance Company 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.

The contract is a binding agreement: Said contract contains, in part, "...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 CONTRACT IS A BINDING AGREEMENT. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE. THE CONTRACT GIVES YOU CERTAIN RIGHTS AND REMEDIES. IN ADDITION, THE CONTRACT MAY CONTAIN CERTAIN WAIVERS, DISCLAIMERS AND/OR LIMITATIONS TO YOUR RIGHTS, REMEDIES AND WARRANTIES. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES.

UTILITIES: Developer advises that these services are available as follows:

ELECTRICITY: SUPPLIER: ARIZONA PUBLIC SERVICE

DEVELOPER ADVISES: "NO INSTALLATION IS PLANNED BY DEVELOPER

PURCHASERS' COSTS: ALL COSTS NOT BORNE BY SUPPLIER.

Larry Smith of Arizona Public Service (520) 635-2667, states in his letter dated February 27, 1997:

"This letter is to inform you that the above referenced subdivision is in Arizona Public Service Electric Service area. The company extends its facilities in accordance with the "conditions Governing Extensions of Distribution Lines and Services", and the "Terms and Conditions for the Sale of Electric Service", on file with the Arizona Corporation Commission.

APS construction costs can range from approximately \$4.00 to \$8.00 +/- a foot. To extend electric facilities to this project may require an advance payment prior to design and construction of the electric facilities. The amount of construction advance cannot be determined until an economic analysis has been made based on part on certain information you will be required to furnish. This payment may be refundable in accordance with the "Schedule 3" provisions of the above mentioned policy.

In addition, you could also incur additional costs which are non-refundable. These costs will depend upon the extent of the construction you will require of APS. An annual

facilities charge or annual minimum may also be required in addition to the Standard Rates for Electric Service. These non-refundable costs and annual charges will also be set forth in the extension Agreement.

It is to be understood that this letter is intended only for your general information and does not constitute any type of agreement between us.

If you have any questions, please call me at the Williams Office at 635-2667.”

BOTTLED GAS: SUPPLIER: FERRELLGAS

PURCHASERS’ COST: Supplier advises: FERRELLGAS OF PRESCOTT, AZ. WILL SUPPLY PROPANE TANKS AND PROPANE TO WESTWOOD RANCHES-PHASE VI. WE HAVE A ONE TIME CHARGE OF \$52.00 FOR TANK INSTALLATION PER TANK. TANK RENT IS \$52.00 PER YEAR. PROPANE AS OF THIS DATE IS \$1.399 PER GALLON, WITH A 125 GALLON MINIMUM DELIVERY.

TELEPHONE: NOT AVAILABLE

Developer advises: “No installation is planned by Developer. The property is located in an uncertificated area and no telephone company is franchised to serve the area. The nearest telephone company is Table Top Telephone company, 600 N. Second Avenue, Ajo, AZ 85321, but they do not plan to serve the property.”

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 NOT BORNE BY SUPPLIER.

NOTE: CONTRACT THE ABOVE UTILITEIS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

WATER: SUPPLIER: 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 of March 19, 1997 states:

“Westwood Ranches, Phase VI, is located approximately 15 miles northeast of Seligman, Arizona. Limited information is available regarding the hydrology of the area. This Coconino Plateau area consists predominantly of basalt at the land surface, underlain by sedimentary rocks. The volcanic material generally is non water-bearing, except possibly where porous, fractured, and/or faulted. Groundwater that occurs in shallow volcanic rocks is very drought-sensitive. Small amounts of water may be available in the sediments in wash areas. Although underlying limestones may contain some

groundwater, depths of approximately 2000 to 3000 feet below land surface render wells drilled into these layers economically infeasible. Depth-to-water greater than 400 feet exceeds normal practice for domestic wells in Arizona. Many of the deep wells in the western Plateau area are dry. Depth-to-water, inconsistent well yields, and unknown groundwater quality make the potential for domestic supply very limited or non-existent. Conditions only can be confirmed by drilling and testing on the individual parcels.

“By law, all well construction in Arizona must be performed by a licensed well driller. No well legally may be drilled without first filing a *Notice of Intention to Drill*. Persons wishing further information are urged to contact the Department of Water Resources.”

Arroyo Water Company (520) 474-2100 of Payson, Arizona reports: “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.

If additional information is required, please contact Genie Howell at (602) 417-2448.”

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

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, AZ states in its letter dated March 29, 1997: “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	\$2,000.00
Total price for perc test and septic system (Tax not included)		\$2,750.00

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 PRCCEL WILL BE MADE.

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

PUBLIC ROADWAY EASEMENTS: 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 and/or the Westwood Ranches VI Owners Road Maintenance Association. 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/US Highway 66.

The Board of Supervisors makes no formal acceptance of right of way received from ADOT through the abandonment procedure, A.R.S. §28-1902A 5.

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.”

Thomas Christopher, R.L.S. of Mohave Engineering Associates, Inc. (Kingman) reports on December 6, 1995: “Apparently there were some questions concerning the roads constructed to access the four south parcels in Section 31, T.24 N., R.4 W., Parcels Nos. 466 thru 469. Pete Proffit informed me that you had stated that we could not use the pipeline for access. The road constructed to access these parcels was within the 60.00 foot easement that was granted on the plat and abutting the North boundary of the 20.00 foot right-of-way and easement previously granted to Black Mesa Pipeline. This easement parallels but is separate from the Black Mesa Pipeline easement. The road to access Parcel 469 crosses this 20.00 foot easement which was necessary to provide access to that parcel.”

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 ROADWAY IMPROVEMENTS WILL BE UNDER COCONINO COUNTY JURISDICTION.

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.

FIRE PROTECTION: The developer advises that fire protection is not available to this development.

SCHOOLS: The developer advises it is approximately 15 miles to the Seligman Elementary School; 15 miles to the Seligman Junior High School; 15 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 SCHOOL FACILITIES AND BUS SERVICE.

FLOOD AND DRAINAGE: Developer advises facilities will not be installed.

SHOPPING AND FACILITIES: Developer advises that the nearest community shopping center is approximately 15 miles from the development in Seligman.

PUBLIC TRANSPORTATION: Developer advises that public transportation is not available.

USE: Developer advises that the property will be offered for recreational use and that you will be permitted to occupy your parcel upon purchase. Provisions in the unrecorded grazing lease include, in part: “Specifically, this addendum amends section IV, part B and any other section related to wood cutting privileges. Lessee shall be permitted to cut wood for the same purposes outlines in the original lease. However, all wood cutting shall be limited to Township 24N, 3W on the Diamond 7 Ranch. At no time shall lessee cut wood on any land subject to an Arizona Department of Real Estate filing or on any land marketed by Westwood Ranches.”

TAXES AND ASSESSMENTS:

Real Property Taxes: The tax rate for this subdivision for the year 1997 is \$5.7941 Primary and \$1.8108 Secondary per \$100.00 assessed valuation.

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

ROAD MAINTENANCE:

Name and Assessments: Westwood Ranches Phase VI Owners Road Maintenance Association (an Arizona non-profit corporation, incorporated for the purpose constructing, operating and maintaining roadways to provide the State of Arizona, its grantees and lessees and the general public the right of ingress and egress across State Trust Land).

NOTE: PROSPECTIVE PURCHASERS are ADVISED - You and any “advisor” you may select, if any should thoroughly, specifically and in absolute DETAIL, PERUSE ALL DOCUMENTS involved with and/or pertinent to this Association and development..

Said DOCUMENTS include, IN PART:

A. Docket 2041, Page 001 (In Part):

“With the addition of roadway over additional state and private land to be maintained by the Association pursuant to the REMO, and with the change of the roadway system to be maintained by the Association as reflected on the New Exhibit C, as a clarification, it is hereby agreed that the Association will maintain the roadway system set forth in the New Exhibit C which shall include all of the real property described as Exhibit “A”: property and Exhibit “B” Property in the REMO, the land described in State Land Right-of-Ways No. 16-101068 and No. 16-101069, the easements granted over the private land described in the Declaration of Easement dated August 28, 1997, recorded September 22, 1997, in Docket 2024, Page 041, in the Coconino County Recorder’s records, the easement for road purposes over the private lands known as Section 1, and the North One-Half (N1/2) of Section 12 in Township 23 North, Range 4 West, as shown on New Exhibit C, and when and if granted, the easement for road purposes granted by the State Land Department over Section 36, Township 24 North, Range 4 West. The road maintenance obligation to run with the land and remain an obligation of the Owners of the Westwood Ranches Phase VI property (subject to expansion through annexation) through the Association until the roadways are assigned, dedicated and accepted for maintenance by the appropriate governmental agency having jurisdiction thereof upon request of said governmental agency.

B. ADDITIONAL CONDITIONS FOR PUBLIC ROADS GRANTED TO A CORPORATION WESTWOOD RANCHES VI.

1. Grantee shall be incorporated pursuant to the laws of the State of Arizona as a corporation and/or owner’s association formed for the purpose of constructing, operating, and maintaining roadway(s) to provide the State of Arizona, its Grantees and Lessees, and the general public the right of ingress and egress, across State Trust lands. Grantee shall be a perpetual legal entity providing all necessary repairs, reconstruction, and maintenance of the roadway(s) until said roadway(s) are assigned and dedicated to the appropriate governmental jurisdiction. Grantee shall be sufficiently funded to effectuate its purposes enumerated in this paragraph.
2. Grantee agrees that at the request of the appropriate government jurisdiction this Right of Way will be assigned and dedicated to said government jurisdiction.
3. Grantee shall adhere to all rules, regulations, ordinances, building codes, and permitting processes as promulgated by the local jurisdiction, including city, County, State and Federal agencies, the Arizona Department of Transportation and/or the County Highway Department.
4. Roadway(s) shall be built to appropriate governmental agency specifications prior to the assignment and dedication to the appropriate governmental jurisdiction.
5. Grantee shall install cattle guards in the appropriate areas at the request of the Grantor prior to the assignment and dedication to the appropriate governmental jurisdiction.
6. Grantee, and its successors and assigns, shall conduct all construction and maintenance activities in a manner that will minimize disturbance to surface features affecting adjacent land values. Grantee shall not alter, cause ponding, or any damage upstream or downstream of any drainage crossing.

7. Grantee agrees to contact the State Land Department District Forester at (520)774-1425 prior to removing any commercial size Pinyon-Juniper that need to be removed as a result of road work.
8. Grantee agrees any rubbish or debris from road works shall be removed and properly disposed of at Grantee's expense.
9. Grantee agrees to record with Coconino county, the road easement maintenance obligation agreement attached hereto, and forward a copy to the State Land Department for the file.

Annual Assessments. It is hereby agreed to delete paragraph 6 of the REMO in its entirety and in its place insert the following language:

Annual Assessment. The initial annual assessment to each parcel for the Association expenses shall be \$120.00 to be paid in full at closing and before April 30 of each subsequent year. The annual assessment may be increased without membership approval, but such increase shall not exceed ten per cent (10%) per year. (See EXHIBIT "C")

Cost Sharing and Management. The cost of the maintenance and repair of the right-of-ways shall be shared pro rata by all Owners of the Exhibit "A" Property based upon the number of parcels owned by each Owner to the total number of parcels in the Association. In the event an owner sells all or a part of his land to another, the Association shall be immediately notified of the new Owner and the acreage sold. The Association documents will provide that until eighty per cent (80%) of the Exhibit "A" Property is sold by the Declarant to others, no action by the Association shall be taken without the express written consent of the Declarant.

6. **Annexation.** The parties hereto intend that other roadways over State of Arizona land or private land will from time to time be made subject to the REMO and that the parcel owners of subsequent phases will be members of the Association. Additional roadways and parcel owners of additional phases may be annexed to the Association and be bound by the terms of the REMO upon affirmative vote of sixty percent (60%) of the Association members and sixty percent (60%) of the parcel owners in the phase who would become members of the Association and subject to the provisions of the REMO.

MEMBERSHIP: All owners are required to be members of cited Owners Road Maintenance Association.

PAYMENTS TO PROPERTY OWNERS ASSOCIATION ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED DOCUMENTS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, BYLAWS AND APPLICABLE GOVERNMENTAL DOCUMENTS FOR THIS DEVELOPMENT TO DETERMINE

THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE ASSOCIATION INCLUDING, BUT NOT LIMITED TO, FUNCTIONS SUCH AS MAINTENANCE, CONSTRUCTION AND OPERATIONS. ALSO TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF DEVELOPER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE LEGAL DEMANDS AND FINANCIAL OBLIGATIONS, EXISTING AND FUTURE, OF THE ASSOCIATION AS SET FORTH IN THE DECLARATION, BYLAWS, ROAD EASEMENT MAINTENANCE OBLIGATION AND AMENDMENTS, POSSIBLE FUTURE REQUIREMENTS OF COCONINO AND/OR YAVAPAI COUNTY AND/OR STATE OF ARIZONA, ETC.

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

PLW:sl
Registration No. 97-00483

EXHIBIT "A"

Westwood Ranches Phase VI Road Easement Maintenance Obligation
Easements over State Land

Parcel 1 - Through the North half of the North half of GLO 4 Section 6T23N, R3W, Coconino County being 1.24 acres and abutting the north Line of Said Section. (1.24 acres)

Parcel 2 - The the South 60 feet of the East 60 feet of the Southeast quarter of the Southeast quarter of the Southeast quarter of Section 4; T24N, R.3W. Coconino County, (08 acres)

Parcel 3 - The the North 60 feet of the East 60 feet and the South 60 feet of the East 60 Feet of Section 8 T.24N., R.3W. Coconino County (.17 acres)

Parcel 4 - The North 60 feet of the East 60 feet and the South 60 feet of the East 60 feet of Section 16T24N, R.3W. Coconino County (.17 acres)

Parcel 5 - The North 60 feet of the West 60 feet of the Northeast quarter of the Northwest quarter of Section 20, T 24 N., R.3W., Coconino County (.08 acres)

Parcel 6 - Through the Northwest quarter and through the West one-half of the Northeast quarter of section 28 T24N, R 3 W., Coconino County (3.19 acres)

Parcel 7 - The North 60 feet of the West 60 feet, and the South 60 feet of the West 60 feet of Section 30, T. 24 N., R.3 W., Coconino County. (.17 acres)

Parcel 8 - The South 60 feet of the West 1500 feet of the South-West Quarter, and Metes and bounds through the South one-half of Section 32 T. 24 N.,R. 3 W. Coconino County. (4.28 acres)

Parcel 9 - The north 60 feet of the West 60 feet of the Northwest quarter of the Northwest Quarter of the Northwest quarter of Section 36, T.24 N., R. 4 W. Coconino County. (.08 acres)

Parcel 10 - 20 feet wide metes and Bounds through the North one-half of Section 14, T 23 N R 4 W Coconino County. (2.43 acres)

Parcel 11 - 20 feet wide metes and bounds through the southeast quarter of Section 12 T 23 N, R 4 W, Coconino County.

EXHIBIT "B"

1. Second installment of 1997 taxes, a lien, payable on or before March 1, 1998, and delinquent May 1, 1998.
2. Any charge upon said land by reason of its inclusion in Westwood Ranches Phase VI Owner's Road Maintenance Association.
3. an easement for pipe line and rights incident thereto as granted in instrument recorded June 12, 1967 in docket 280, Page 9. (Sections 23, 15, 19, 21, Township 24 North, Range 3 West, and Sections 25, 27, 28, 31, 33, Township 24 North, Range 4 West)
4. A Lease executed by DIAMOND SEVEN RANCH COMPANY, a limited partnership, lessor, to EL PASO NATURAL GAS COMPANY, a limited partnership, Lessee, dated July 25, 1977, recorded March 6, 1981, in Docket 826, Page 182. (Term: Until August 31, 1982, with provisions for a ten year extension.) (Legal undefined)
5. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded in book 13 of Surveys, Pages 90-90M, 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. All matters as set forth in the Covenants, Conditions, and Restrictions in instrument recorded May 6, 1997 in Docket 1981, Page 598, 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).
7. all matters, conditions and reservations set forth in those certain Right of Way for Public Road as recorded by Assignment and Change to Lessee’s Name to said Right of Ways recorded October 23, 1997 in Docket 2034, page 379, Docket 2034, page 401, Docket 2034, Page 413, Docket 2034, page 426, and Docket 2034, Page 438.
 8. road Easement Maintenance obligation as recorded by instrument recorded, October 23, 1997 in Docket 2034, page 391, and re-recorded December 8, 1997 in Docket 2048, Page 165 and Amendment to Road Easement Maintenance obligation recorded November 12, 1997 in Docket 2041, Page 1.
 9. All matters set forth in Combination/split Lot Request recorded August 28, 1997 in Docket 2016, page 684.
 10. The terms and conditions of that certain trust agreement entitled Trust No. 7950, wherein FRIST AMERICAN TITLE INSURANCE COMPANY, a California corporation is the Trustee.

EXHIBIT “C”

WESTWOOD RANCHES PHASE VI
OWNER’S ROAD MAINTENANCE ASSOCIATION

Projected Annual Budget

Member dues assessed	\$22,320	100.0%
Less: uncollectible dues	<u>(1,562)</u>	<u>-7.0%</u>
Net member dues	\$22,758	93.0%
Accounting fees	1,000	4.5%
Collection fees	1,256	5.6%
Insurance	1,500	6.7%
Legal fees	750	3.4%
Management fees	2,232	10.0%
Meeting expense	500	2.2%
Newsletter and printing	1,000	4.5%
Postage	250	1.1%

Road maintenance	<u>10,500</u>	<u>47.0%</u>
Total expenses	18,988	85.1%
Increase in cash reserve	<u>\$1,770</u>	<u>7.9%</u>

Notes for projected budget:

1. All of the roadway improvements to be provided by DEVELOPER in Westwood Ranches Phase VI are completed and no initial construction or maintenance is required of DEVELOPER.
2. The budget has been prepared for an entire year assuming that all 186 parcels have been sold and a full year's dues (\$120/parcel) are assessed.
3. The estimated uncollectible dues are based on industry standard and prior experience.
4. Management and collection fees are based on actual quotes.
5. The road maintenance expense is calculated based on a single grading of approximately 35 miles of roads in Westwood Ranches Phase VI at a cost of \$300 per mile which was the amount quoted by a road contractor. Additional road maintenance costs in addition to the single annual grading (if required) will be covered by any cash reserves.
6. All other expenses are estimated.