

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

**UNSUBDIVIDED LANDS
PUBLIC REPORT**

FOR

**WESTWOOD RANCHES PHASE VIII
aka: WESTWOOD RANCHES**

Registration No. DM00-024113

DEVELOPER

DIAMOND 7 RANCH, L.L.C.
3140 W. Ironwood Circle
Chandler, Arizona 85226

October 26, 2000

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.

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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: Parcels 851 through 884, 886 through 897, 899, 901 through 943, and 946 through 981.

The map of this development: is recorded in Book 16 of Land Surveys, Page 42, record in the office of the County Recorder of Coconino County, Arizona, Affidavit of Correction recorded July 26, 2000 as 00-03058151, of Official Records and Affidavit of Correction recorded August 30, 2000 as 00-3062365, of Official Records.

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.

RESULTS OF SURVEY NOTES:

THE FOLLOWING NOTES ARE TYPICAL TO ALL SECTIONS.

NOTE "A": A 60.00 INGRESS, EGRESS PUBLIC UTILITY EASEMENT (IE&PUE) ADJACENT TO ALL SECTION LINES WITHIN THE SECTIONS AS SHOWN HEREIN BEING GRANTED BY THE RECORDING OF THIS PLAT (SEE DETAIL "A")

NOTE "B": A 60.00 FOOT (30.00 FEET EACH SIDE OF THE PARCEL LINE) IE&PUE GRANTED BY THE RECORDING OF THIS PLAT. (SEE DETAIL "B")

NOTE "C": A 60.00 IE&PUE GRANTED BY THE RECORDING OF THIS PLAT. (SEE DETAIL "C")

PARCELS IN ALL SECTIONS ARE NOT NECESSARILY INTENDED TO BE "ALIQUOT" PARTS OF THE SECTION. THE MONUMENT FOR EACH PARCEL CORNER CONTROLS THE POSITION OF THE ORIGINAL PARCEL LINES.

This development is approximately 5,337.09 acres in size. It has been divided into 126 Parcels. Parcel boundaries will be staked at corners. Thomas R. Christopher, RLS 24514, advises as follows on the Survey Map:

"ALL PARCEL CORNERS HAVE BEEN MONUMENTED WITH A SURVEY MONUMENT AS DESCRIBED BELOW (set 5/8" rebar with 1 1/2" aluminum cap attached, RLS 24514) AND A 3/4" X 8' PVC PIPE ALONG SIDE."

SPECIAL NOTES:

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.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE WATER NOTE.

DEVELOPER ADVISES THAT THIS DEVELOPMENT IS LOCATED IN AN OPEN RANGE OR AREA IN WHICH LIVESTOCK MAY ROAM AT LARGE UNDER THE LAWS OF THIS STATE AND THAT NO PROVISIONS HAVE BEEN MADE FOR THE FENCING OF THE DEVELOPMENT TO PRECLUDE LIVESTOCK FROM ROAMING WITHIN THE UNSUBDIVIDED LANDS. DEVELOPER FURTHER ADVISES PURCHASERS THAT IF THEY WANT TO KEEP THE RANCHER/LESSOR'S LIVESTOCK OFF THEIR LAND, 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.

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.

PROSPECTIVE PURCHASERS ARE ADVISED THAT SPLITTING, DIVISION, ETC. OF ANY PARCEL 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 AGENCIES PRIOR TO ANY SUCH ACTIVITY TO DETERMINE ANY APPLICABLE JURISDICTION.

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 HOLD 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.

PROSPECTIVE PURCHASERS ARE ADVISED THAT AN ON-SITE INSPECTION BY A REPRESENTATIVE OF THIS DEVELOPMENT 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.

DEVELOPMENT LOCATION

Location: This development is located approximately 22 miles northeast of Seligman, Coconino County, Arizona. Proceed 8 miles east from Seligman on Old Route 66 to access road leading to property (Westwood Ranches entrance).

DEVELOPMENT CHARACTERISTICS

Topography: Developer advises that the land is flat and gently rolling hills to some steeper and mountainous terrain.

Thomas R. Christopher, Registered Land Surveyor 24514 reports on May 9, 2000:

“Mohave Engineering Associates, Inc. performed the boundary survey, staked parcel corners and roadways and prepared the Record of Survey for the Westwood Ranches-Phase VIII project located in Sections 9, 11, 17, 19 and portions of Sections 13, 15, 21, 29 and 31 of Township 23 North, Range 3 West and Sections 13, 23 and 25 of Range 23 North, Range 4 West of the Gila and Salt River Meridian, Coconino County, Arizona. All parcel corners are monumented with a 5/8 inch rebar and a 1 ½ inch aluminum cap, RLS 24514, attached, excepting the corners previously monumented with USGLO Brass Cap Monuments.

The land consists of some flat and gently rolling hills to some steeper and mountainous terrain. The elevations range from 5500 to 6600 feet above mean sea level. The soil is silty loam and clay with some flagstone, limestone and malapai rock outcropping. The predominate vegetation consists of rangeland grasses with some cacti and wild flowers. Juniper tree coverage ranges from sparse to dense.

Soil conditions allowed for adequate roadway surfaces. On-site material was used for road construction and was workable with normal equipment. Low water crossings were constructed through drainage channels. The land appears to be well drained with well defined arroyos.

Constructed roads within granted roadway easements are provided to access all parcels. Roads are constructed with widths, drainage flow and gradients to allow two-way traffic and are traversable with conventional passenger vehicles.”

Flooding and Drainage: Developer advises facilities will not be installed.

John A. Proffit, Registered Professional Engineer, in his report dated May 9, 2000, cites:

“Westwood Ranches-Phase VIII is located in all or portions of Sections 9, 11, 13, 15, 17, 19, 21, 29 and 31 of Township 23 North, Range 3 West, and Sections 13, 23 and 25 of Township 23 North, Range 4 West of the Gila and Salt River Meridian, Coconino County, Arizona.

To the best of my knowledge, there are no known geological conditions that would adversely affect the development in this area.

The Flood Insurance Rate Map Community Panel Number 040019 3250 B indicates that a small portion of Sections 11, 15, 21 of Township 23 North Range 3 West are within Zone “A”, areas of 100 year flood, base flood elevations and flood hazard factors not determined. Inquires for additional determination of flood zone boundaries should be directed to the Coconino County Community Development Department.”

Soils: Developer advises that the development parcels are not subject to subsidence or expansive soils.

Adjacent Lands: All adjacent lands are open ranges, used for recreational purposes.

AIRPORTS

Airport: Love Field in Prescott, Arizona is approximately 60 miles.

UTILITIES

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

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

Electricity: SUPPLIER: Arizona Public Service, (520) 635-2667. Existing facilities are located approximately 7 miles from this development. Estimated costs to extend facilities to a Parcel would be approximately \$4.00 - \$9.00 a foot.

Danny L. Ray, Area Supervisor – Williams, for Arizona Public Service, states in his letter dated May 10, 2000:

“This letter is to inform you that the above referenced sections are in Arizona Public Service Electric Service area. The Company extends it’s facilities in accordance with the “Conditions Governing Extensions of Distribution Lines and Services”, (Schedule #3) and “Terms and Conditions for the Sale of Electric Service”, (Schedule #1), on file with the Arizona Corporation Commission.

APS constructions costs can range from approximately \$4.00 to \$9.00 ± a foot. To extend electric facilities to this project may require an advance payment prior to design and contraction 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 “Schedule 3” provisions of the above-mentioned policy.

In addition, you could also incur additional cost, 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 for your general information and does not constitute any type of agreement between us. With these kinds of distances to build electric facilities, solar would be a viable option for these customers at this time. Customers in Metro Phoenix can call 602-216-0318 for information regarding solar. Customer outside the Phoenix area should call 1-800-659-8148.

If you have any questions, please call me at the Williams Office at 520-635-2667 or 602-250-1485.”

Telephone: Not available.

Developer advises that the property is located outside a telephone service area.

Bottled Gas: SUPPLIER: Ferraligas, (520) 445-3940. Debby Wheeler, Senior Account Manager of the Prescott Division, states in her letter dated July 21, 2000:

“Per your request. Ferraligas of Prescott, AZ will supply propane tanks to the above mentioned properties.

- We have a one time charge of \$45.00 for each tank installation.
- Tank rental is \$48.00 per year plus tax.
- As of this date propane is \$1.159 per gallon with a minimum delivery of 125 gallons.”

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.

Water: SUPPLIER: Standpipe in Seligman – Hauled Water.

Water is not available to this development from a municipal or private water company. Richard S. Williamson, P.E., R.L.S., of Williamson Engineers & Contractors, Inc., in his letter dated July 6, 2000, cites:

“This letter is to confirm that water is available for sale to the public in Seligman at the “standpipes” located 1 block East of the Seligman train station. This water supply can be limited if use in the town is extremely high, or if there are periods of outage or shortage due to equipment breakdowns or pipeline breaks. The costs for water at the bulk-water standpipes is \$5.00 per 1000 gallons. The cost at the coin-operated standpipe is \$0.25 per 50 gallons of water.

This supply is available for sale to those properties located in Westwood Ranches – Phase VIII, and more particularly described in your attached letter of May 4, 2000.”

THE ARIZONA DEPARTMENT OF WATER RESOURCES IN ITS REPORT OF JUNE 27, 2000, STATES: “Westwood Ranches, Phase VIII, consist of unsubdivided land located approximately 10 miles northeast of the town of Seligman. The property consists mostly of steep sloped semi-flat mesas of volcanic and sedimentary rocks. The Coconino aquifer is the principal water bearing unit for the area in which the depth-to-water may exceed 2,500 feet. The volcanic rocks and recent sedimentary deposits are generally non-water bearing, however, water may accumulate in fractures and fissures but may be drought sensitive. Water quality, well yields and decline rates are unknown. Depth-to-water greater than 400 feet exceeds normal practice for domestic wells in

Arizona. By law, all well construction in Arizona must be preformed by a licensed well driller and no well may be legally drilled without first filing a *Notice of Intention to Drill*. Persons wishing further information are urged to contact the ADWR.”

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.

Lawrence Vigil, of Vigil and Sons Construction, Inc. (license #115170 KBZ), in Ashfork, Arizona states:

“Regarding the proposal of the installation of 1000 gallon septic systems.

PERK TEST: If requested by Coconino County after an on site inspection is complete.
(Perk is limited to two hours digging and back fill).

\$1,150.00

ON SITE: Dig four test holes for an on site inspection (this includes permit).

(On site time is limited to four hours digging and back fill).

\$ 600.00

SEPTIC SYSTEMS: 1000 gal. septic tank, leach rock perforated drain pipe.
Also includes up to 60 feet of leach field that is 10’ deep, digging,
labor and permit.
(Septic system time is limited to six hours of digging for septic and
leach field).

\$2,470.00

Total price of perk test & septic (tax not included)

\$4,220.00

Prices subject to change depending on the system.

NOTE: No blasting or jack hammering figured.”

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

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

ROADS AND DRAINAGE

Access to the Development: Old Route 66 is a County maintained macadam and dirt road that provides access to the entrance of this development.

Public Roadway Easements (within the Development): The Developer has advised that the roadway easements have been dedicated for public use. Developer also additional 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."

The entrance to this development is the road off Old Route 66, which per the access statements is a state land right-of-way, so the entrance does not abut Old Route 66, but is on private land. The road and access submitted in previous phases and set forth in the Statement of Access are the roads to Phase VII of the development.

Except for the roads to be maintained by the Westwood Ranches Phase VI Owner's Road Maintenance Association ("POA") for Phase VI, VII and VIII roads, there is no obligation under which the roads in Phases I through V are maintained. The Developer has the obligation to install and the Association has the obligation to maintain the roads in Phases VI, VII and VIII. Attached, as Exhibit "B" is a map of Phases VI, VII and VIII showing the roads the POA will maintain. The "HOA" referred to is the Westwood Ranches Phase VI Owner's Road Maintenance Association and is the "POA" referenced herein.

There is no plan/criteria/mechanism for maintenance of the roads from the entrance through Phases I through V. The only plan for any of the roads within the entire development are those roads that are under the jurisdiction of the POA for Phases VI, VII and VIII.

Developer has no obligation to maintain any roads within the entire development; but Developer is presently maintaining the main road from Route 66 to the phases for sale for purposes of bringing potential buyers to the parcels being sold. There is no obligation or intent on behalf of the Developer to continue this practice.

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.”

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.

ASSURANCES FOR MAINTENANCE

Assurances for Maintenance of Development Facilities: The Westwood Ranches Phase VI Owner's Road Maintenance Association has been established to maintain the roadway system in Phases VI, VII and VIII.

LOCAL SERVICES AND FACILITIES

Schools: Seligman Elementary, Junior High and High Schools are approximately 28 miles from Phase VIII. School bus service is NOT available.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING SCHOOLS AND BUS SERVICE.

Shopping Facilities: Developer advises that the nearest community shopping center is approximately 28 miles from Phase VIII, in Seligman.

Public Transportation: Public Transportation is not available.

Medical: Developer advises the nearest medical facilities are located in Seligman, approximately 28 miles.

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

Police Service: Developer advises that there is no police protection available to this development.

Ambulance: Not available.

Garbage Services: Seligman dump approximately 28 miles away. Purchasers are responsible for transportation and disposal. Present cost for waste disposal at the Seligman Waste Transfer Station is \$4.00 per car or \$12.00 per pickup. Additional waste-cans may be disposed of at a cost of \$50.00 per ton up to a maximum limit of 8 yards.

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

DEVELOPMENT USE AND RESTRICTIONS

Use: This offer is for Unimproved (vacant) parcels. Developer advises that the property will be offered for recreational use and that you will be permitted to occupy your parcel upon execution of Agreement of Sale and required deposits.

Provisions in the unrecorded grazing lease include, in part:

“This Lease shall be for a term of five (5) years commencing on May 15, 1998, and ending at Midnight, May 14, 2003.

In an effort to prevent erosion, Lessees agree to conform to the best practices of the area in which the leased premises are located. Lessees shall not commit or permit or suffer the commission of any waste upon, or do or permit or suffer any damage to be done to the leased premises or any improvements thereon, nor to allow the range to be overgrazed, nor cut or remove, nor allow to be cut or removed, any timber or standing trees that may be upon said leased range area, excepting, nevertheless, such trees or timber as may be necessary for the maintenance of existing fences and improvements. In the event that Lessees desire to harvest, cut or extract trees or timber from the leased range for the maintenance of existing fences and improvements or for construction of such, Lessees agree to obtain the prior written approval of Lessor as to the location or area which such trees or timber are to be harvested, cut or extracted.”

ARTICLE XI HORSES/MULES

Without the payment of additional rentals, Lessees shall be entitled to keep and maintain upon the range embraced by this Lease sufficient number of saddle horses, mules and/or pack burros as are necessary and required in the judgment of Lessees for the livestock operation; provided, however, that such number of saddle horses, mules and/or pack burros kept and maintained on the leased range, when counted with the other livestock on the range, shall not exceed the then current annual carrying capacity appraisal per section of land as promulgated by the Arizona State Land Department on those certain State lands included within said leased range area unless the Arizona State Land Commissioner shall, in writing, waive the carrying capacity limitation”.

Developer advises: “The land has been used for cattle grazing. The lease will provide that a Parcel owner can fence off their parcel to remove their land from the Grazing Lease”.

A LEASE ADDENDUM includes:

“THIS LEASE ADDENDUM is made effective as of May 15, 1999, and is an Addendum to a grazing lease dated effective May 15, 1998, between Diamond 7 Ranch, L.L.C. as “Lessor”, and Shawn and Mindy Goemmer, husband and wife, as “Leasees” (the “Lease”).

In consideration of the mutual promises of the parties hereto, the parties hereto agree to clarify the Lease as follow:

1. Notwithstanding any other provisions set forth in the Lease, Lessees understand and agree that Lessor has committed to convey title to the leased

premises into a Subdivision Trust for development and sale of all or a portion of the lease premises owned in fee by Lessor into approximate forty (40) acre tracts and that some or all of such tracts which may be sold to third party purchasers may be fenced and thereby removed from the benefits and privileges to which Lessees are otherwise entitled under the Lease.”

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

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Coconino County recorder. Information about zoning may be obtained at the Office of the Coconino County Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the survey map.

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 Developer being the sole beneficiary under First American Title’s Trust No. 7950.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated September 22, 2000, issued by FIRST AMERICAN TITLE INSURANCE COMPANY. As a prospective purchaser, you should obtain a title report and examine the effect of the listed exceptions.

EXCEPTIONS: SEE EXHIBIT “ A” 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.

METHOD OF SALE OR LEASE

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

Developer advises: The developer has added the following language to the Agreement for Deed and to the Understanding and Acknowledgement to clarify that the reserved mineral rights includes all minerals including stone and gravel and that mining of such minerals are prohibited, the additional language is as follows:

“No excavation or removal of stone, gravel or other commercially valuable minerals or materials shall be made on or from the above-described property conveyed by this deed, except for walls, basements, or cellars of dwellings on the above-described property, and except of such excavation necessary to construct, or for access to, such dwellings. No manufacturing or commercial enterprise of any kind for profit shall be constructed on, in front of, or in connection with the above-described property conveyed by this deed, nor shall such property in any way be used for other than strictly recreational purposes. This covenant shall run with the land.”

THE AGREEMENT FOR DEED 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

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 1999 is \$8.1157 per \$100.00 assessed valuation. The estimated property tax for an unimproved parcel (vacant), based on the above tax rate and average sales price of \$16,000.00, is \$176.60.

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

ROAD MAINTENANCE ASSOCIATION

Name and Assessments: Westwood Ranches Phase VI Owners Road Maintenance Association, an Arizona non-profit corporation, incorporated for the purpose of 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.

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 percent (10%) per year.

Cost Sharing and Management: The cost of the maintenance and repair of the right-of-way shall be shared pro rata by all Owners of the 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 Property is sold by the Declarant to others, no action by the Association shall be taken without the express written consent of the Declarant.

Membership: All Owners are required to be members of the above referenced Owners Road Maintenance Association.

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

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF RESTRICTIONS, ASSOCIATION ARTICLES OF INCORPORATION AND BYLAWS FOR THIS DEVELOPMENT TO DETERMINE THE RIGHTS OF PARCEL OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNER'S ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR PARCEL. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF DEVELOPER'S ARRANGEMENTS AND PLANS FOR PAYMENT OF ASSESSMENTS OF UNSOLD PARCELS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

BJS

EXHIBIT "A"

1. Taxes for the full year of 2000. (The first half is due October 1, 2000 and is delinquent November 1, 2000. The second half is due March 1, 2001 and is delinquent May 1, 2001.)
2. Any charge upon said land by reason of its inclusion in WESTWOOD RANCHES PHASE VI OWNERS ROAD MAINTENANCE ASSOCIATION.
3. Reservation contained in the Patent from the United States of America as disclosed in Book 52 of Deeds, Page 217.
4. Reservation contained in the Patent from the United States of America, reading as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts, also subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as provided by law.
5. Reservations, Exceptions, Covenants, Conditions and Rights reserved or imposed in Deed from SANTA FE PACIFIC RAILROAD COMPANY recorded in Book 50 of Deeds, Page 630. (Parcels 851 through 884, 886 through 897, 899, 901 through 929, 946, 947, 948, 974, 978 through 981.)
6. Water rights, claims or title to water, whether or not shown by the public records.
7. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded in Book 16 of Maps, Page 42; Affidavit of Correction recorded July 26, 2000 as 00-3058151, of Official Records and Affidavit of Correction recorded August 30, 2000 as 00-3062365, 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 42 USC 3604 (c).
8. Covenants, Conditions, and Restrictions in the document recorded in Docket 2034, Page 391; re-recorded in Docket 2048, Page 165 and Declaration of Annexation recorded in Docket 3044, Page 932, 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 that such covenants, conditions or restrictions violate Title 42, Section 3604 (c), of the United States Codes.

9. All matters as set forth in Real Property Building Restrictions, recorded March 30, 2000 as in Docket 3044, Page 364.
10. An easement for pipe line and incidental purposes, recorded in Docket 108, Page 572. (Parcels 851 through 866, 883, 884, 886 through 897, 915 through 929, 978 through 931, 962 through 977)
11. An easement for underground cable wires and incidental purposes, recorded in Docket 213, Page 118; Docket 213, Page 119 and Docket 213, Page 121. (Parcels 891 through 897, 921, 923 through 929, 946, 947, 948, 962 through 969 and 946 through 948)
12. An easement for roadway and incidental purposes, recorded in Docket 221, Page 208. (Parcels 883, 884, 886 through 897 and 962 through 981)
13. An easement for Repeater Station and incidental purposes, recorded in Docket 221, Page 213. (Parcel 896)
14. An easement for ingress and egress and incidental purposes, recorded in Docket 257, Page 334. (Parcels 894, 896, 897, 927, 928, 929, 946, 947, 948, 962, 963, 964, 965, 969 and 978 through 981)
15. The terms and conditions of that certain trust agreement entitled FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as Trustee under Trust No. 7950, wherein FIRST AMERICAN TITLE INSURANCE COMPANY is the Trustee.