

PUBLIC REPORT RECEIPT

The owner, agent or developer of this development shall furnish you, as a prospective customer, with a copy of the Public Report. It is recommended that you read the report before you make any written offer to purchase or lease an interest in the development, and before you pay any money or other consideration toward the purchase or lease of an interest in the development.

FOR YOUR PROTECTION, PLEASE DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE REPORT AND HAVE HAD THE OPPORTUNITY TO READ. BY SIGNING THIS RECEIPT THE BUYER HAS ACCEPTED THE PUBLIC REPORT AND ACKNOWLEDGES THE INFORMATION IT CONTAINS.

DM09-054966
(Public Report Registration No.)

Stone Willow, Lot ()
(Development Name and Lot No.)

I understand that the report is not a recommendation or endorsement of the development by the Arizona Department of Real Estate, but is for information only.

(Buyer's Signature)

(Buyer's Name)

(Date)

(Current Address)

SUBDIVISION DISCLOSURE REPORT

(PUBLIC REPORT)

FOR

Final Plat for Stone Willow

aka Stone Willow

Registration No. DM09-054966

SUBDIVIDER

Safford East Park, LLC
1622 E. Hwy 70
Safford, Arizona 85546

Effective Date

August 12, 2009

First Amended October 9, 2009

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION OR 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.

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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You BE GIVEN this public report;
2. YOU SIGN A RECEIPT indicating that you received this report;

RECOMMENDS:

1. You DO NOT SIGN ANY AGREEMENT before you have read this report;
2. You see the EXACT PROPERTY you are interested in BEFORE SIGNING any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

*A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: Lots 1 through 60, inclusive and Tracts A through E

The map of this subdivision is recorded in Maps 451 and 452, records of Graham County, Arizona.

The subdivision is approximately 15 acres in size. It has been divided into 60 Lots and 6 Tracts. Lot boundaries will be marked at corners with Rebar.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: Safford, Graham County, Arizona. Subdivision is located at 14th Avenue and 8th Street in Safford, Arizona. From Highway 70 take 14th Avenue South to 8th Street. Subdivision is on the Southwest corner across Railroad tracks.

UTILITIES

Electricity: City of Safford, 928-348-3100, www.safford-az.gov. Part of \$190 deposit and \$20 start up fee.

Telephone: Qwest, 1-800-244-1111, www.qwest.com. Due to the options of different bundles offered by Qwest it is in the purchaser's best interest to call for fees on packages that would best suit their needs.

Cable: Cable One, 928-428-1850, www.cableone.net. Due to the many different bundles offered by Cable One it is in the purchasers best interest to call for fees on packages that would best suit their needs.

Internet or Fiber Optic: Cable One, 928-428-1850, www.cableone.net. Qwest, 1-800-244-1111, www.qwest.com. Choice of service is left to the discretion of the purchaser. Due to the many different bundles offered for service it is in the purchasers best interest to call for fees on packages that would best suit their needs.

Natural Gas: City of Safford, 928-348-3100, www.safford-az.gov, Part of \$190 deposit and \$20 start up fee.

Water: City of Safford, 928-348-3100, www.safford-az.gov. Part of \$190 deposit and \$20 start up fee.

Sewage Disposal: City of Safford, 928-348-3100, www.safford-az.gov. Part of \$190 deposit and \$20 start up fee. There is a \$40.00 service fee due prior to purchaser receiving service.

Garbage Services: City of Safford, 928-348-3100, www.safford-az.gov. Part of \$190 deposit and \$20 start up fee.

(Subdivider/Master Developer) will or has completed the extension of the utilities to the lot line by, December 31, 2009.

PURCHASERS ARE ADVISED TO CONTACT THE ABOVE LISTED PROVIDERS REGARDING EXTENSION RULES, REGULATIONS, SERVICE CONNECTIONS, INSTALLATION CHARGES, ACCOUNT SET-UP FEES AND THE COSTS INVOLVED. COSTS ARE SUBJECT TO CHANGE BY THE SERVICE PROVIDERS.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Complete. Maintenance provided by City of Safford. Purchasers' cost is included in property taxes.

Access within the Subdivision: Will be completed by December 31st, 2009. Maintenance provided by City of Safford. Purchasers' cost is included in property taxes.

Street Lights: Will be completed by December 31st, 2009. Electricity paid for by HOA. Purchasers' cost is included in HOA assessments which are part of \$50 per month fee.

Flood and Drainage: No significant natural hazards are known to exist at this site. Storm water will be detained in two detention basins located at the northeast and northwest corners of the site. Detention basins and appurtenant drainage facilities have been designed to accommodate the 100-year, 24-hour storm, and conform to the City of Safford drainage ordinance. Maintenance will be provided by HOA. Purchasers' cost is included in HOA assessments that are a part of the \$50 monthly fee.

Arizona State Trust Land: The Arizona State Land Department administers over 9.3 million acres of State Trust Land. This is not public land. Trust land may be subject to future development and may not be preserved or saved for open space without compensation.

A person must have prior approval to use State Trust Land. Temporary recreational use is allowed with certain restrictions and conditions through purchase of a recreational permit. Use of State Trust Land without proper approval is a trespass.

MANY ROADS ON RURAL TRUST LANDS ARE NOT LEGAL TRAVEL ROUTES, EXCEPT FOR STATE LESSEES AND HUNTERS, AND DO NOT PROVIDE LEGAL ACCESS TO PRIVATE LAND. STATE TRUST LAND MAY BE SOLD OR LEASED FOR

USES WHICH MAY EXCLUDE RECREATION. RECREATION IS A TEMPORARY USE THAT MAY BE TERMINATED AT ANY TIME.

For additional information, visit the State Land Department web page at www.land.state.az.us, or call (602) 542-4631.

LOCAL SERVICES AND FACILITIES

Schools:

- (1) Elementary: Ruth Powell, 1041 S. 14th Avenue, Safford, AZ 85546. 800 feet to Southeast.
- (2) Junior High: Safford Middle School, 698 11th Street, Safford, AZ 85546. ½ mile to East.
- (3) High School: Safford High School, 1400 W. 11th Street, Safford, AZ 85546, 500 feet to South.

All schools are within walking distance.

Example: SCHOOL BUS TRANSPORTATION WILL ONLY BE PROVIDED TO STUDENTS RESIDING OUTSIDE THE SCHOOLS DESIGNATED WALKING DISTANCE. PURCHASERS SHOULD CONTACT THE SCHOOLS TO DETERMINE THE AVAILABILITY OF SCHOOL BUS TRANSPORTATION.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. YOU SHOULD CONTACT THE SAFFORD SCHOOL DISTRICT AT 928-348-7030 AND SAFFORD SCHOOL DISTRICT AT 928-348-7050 REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: Wal-Mart Super Center, ¼ mile to Northwest.

Public Transportation: None

Medical Facilities: Mt. Graham Regional Medical Center, 1600 S. 20th Avenue, Safford, AZ 85546, ½ mile to Southwest.

Fire Protection: Safford Fire Department

Ambulance Service: Southwest Ambulance, 800-737-1911, 209 W. 9th Street, Safford, AZ 85546 or by dialing 911

Police Services: Safford Police Department

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

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Retention Basins will be Tracts A and B and will be completed by Developer by December 31, 2009 and maintained by the HOA. Cost required by purchaser will be a portion of the \$50 monthly HOA fee.

Within the Master Planned Community: Not a master planned community

ASSURANCES FOR COMPLETION OF IMPROVMENTS

Assurances for Completion of Subdivision Facilities: To assure completion of Subdivision improvements an Improvement Bond in the amount of \$1,232,000.00 has been established with the Arizona State Credit Union.

Assurances for Maintenance of Subdivision Facilities: Acceptance into maintenance system by City of Safford upon completion

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Stone Willow Property Owners Association, Inc., assessments are \$50 per month.

Control of Association: Control of the Association will be upon the discretion of the declarant with written notice.

Title to Common Areas: Title to the common areas will be transferred to the association upon completion of sale of 75% of lots. In the event of default the purchasers' use and enjoyment of the common areas will be protected by Ratification of the Plat by Arizona State Credit Union recorded at Document No. 2009-03090.

Membership: All lot owners will be members of the HOA.

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

SUBDIVISION CHARACTERISTICS

Topography: Slightly Slopes from Southwest to Northeast

Flooding and Drainage: In a letter dated April 24, 2009 by Reed Larson, P.E. of PLS Group, Engineering and Surveying states that: "The Site is located in FEMA flood Zone "X" as delineated on FIRM Panel 04009C1503D, dated September 28, 2007. Zone "X" is defined by FEMA as areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

No significant natural hazards are known to exist at this site. Storm water will be detained in two detention basins located at the northeast and northwest corners of the site. Detention basins and appurtenant drainage facilities have been designed to accommodate the 100-year, 24-hour storm, and conform to the City of Safford drainage ordinance."

Soils: In a letter dated September 11, 2007 by Wilcox Professional Services states in part: "Site surface soils have a moderate settlement potential when subjected to moisture under structure loads. Site surface soils have moderate expansive potential.

After clearing and over excavating, scarifying soils to a minimum depth of 6- inches and until the surface is free from ruts or other uneven features that would tend to prevent uniform compaction by the equipment used.

Disk or blade soils until free of large clods, bring to proper moisture content and compact to the specified density.

Place fill material in layers, that when compacted do not exceed 6-inches. Place each layer evenly and thoroughly mix during spreading to ensure uniformity of moisture through out each layer. Compact fill layers to specified density and moisture content.

And or any other remedy from a licensed engineer or city building official."

Adjacent Lands and Vicinity: North of subdivision: MDS (Manufactured Home district); East of Subdivision: R1-6 (Single Family Residential); South of subdivision: Public Facilities (Safford High School); West of Subdivision: C-2 (Highway Commercial). Railroad tracks adjacent on North; Public Schools with football, track and baseball stadiums and lights adjacent on South; Farm fields with use of pesticides, cultivation and related dust to the West; North and South: Highway Commercial businesses ¼ mile to North that include gas stations with underground fuel tanks; Irrigation Canal borders to the South property line; Gila River 1 mile to North.

Gas lines with subdivision to provide gas to individual lots and existing main gas lines with 8th Avenue and 14th Street.

High Voltage Lines: None

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for Vacant Lot and Lot with dwelling
Zoning: C-MH (Conventional-Manufactured Home)

Conditions, Reservations and Restrictions: Declaration of Covenants, Conditions and Restrictions recorded in Document No. 2009-03000.

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 Graham County Recorder. Information about zoning may be obtained at the Office of the Safford Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

AIRPORTS

Military Airport: None

Public Airport: None

Airport: Safford Regional Airport, 5 miles Northeast.

TITLE

Title to this subdivision is vested in Safford East Park, L.L.C., an Arizona Limited Liability Company

Subdivider's interest in this subdivision is evidenced by Warranty deed recorded at Fee No. 2006-06874

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 June 30th, 2009 issued by Pioneer title Agency, Inc. **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: Sales will be made through opened Escrow with title Company

Release of Liens and Encumbrances: There are no unrecorded liens on the property. Lots will be released with a payment of \$27,400 per lot per page 6 "Partial Releases" area of Construction Deed of Trust recorded at Fee Number 2008-07726.

Use and Occupancy: Upon close of Escrow and recordation of Deed

Leasehold Offering: Will any of the property be leased? ☐ Yes ☒ No

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 2009 is 10.31 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$160,000.00, is \$1,650. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$60,000.00, is \$990.00.

Special District Tax or Assessments: None

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

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF (COVENANTS, CONDITIONS AND RESTRICTIONS), ARTICLES OF INCORPORATION, DECLARATION OF CONDOMINIUM, BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT 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 LOT/UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS 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 and assessments collectible by the County Treasurer not yet due and payable for the following year:

Year: 2009

2. Reservations contained in the Patent from the United States of America recorded in Book 9, page 29 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, and 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, and there is reserved from the lands, hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America; and any other reservation as set forth in the Statutes under which said Patent was issued.

3. Liabilities and obligations imposed upon said land by reason of its inclusion within the following named District:

Name: Mt Graham Hospital District
Name: Gila Valley Irrigation District

4. Right of way for Union Canal.
(Affects Lots 43 – 58)
5. Easement as shown on the recorded plat of said subdivision.
6. Water rights, claims or title to water, whether or not shown by the public records.
7. Affidavit, dated July 30, 1999, recorded August 19, 1999, by document No. 1999-4577.
8. MATTERS SHOWN ON SURVEY:

Recorded in Document No. 2006-2730

9. Deed of Trust given to secure the original amount shown below, and any other amount payable under the terms thereof:

Amount: \$1,232,000.00
Dated: October 7, 2008
Recorded: October 22, 2008
Document No. 2008-07726
Trustor: SAFFORD EAST PARK, L.L.C., an Arizona Limited Liability Company

9. (continued)

Trustee: TRUSTEE SERVICES, INC.
Beneficiary: ARIZONA STATE CREDIT UNION

10. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument.

Recorded in Document No. 2009-03000

11. Ratification of Declaration and Plat as recorded June 9, 2009 in Document No. 2009-03090.

There are no other matters of record affecting this property as of the date of this report.