

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
ARIZONA PARK ESTATES UNIT ONE

Registration No. DM07-053615

SUBDIVIDER

PARADIGM PROPERTIES, INC., a California Corporation

May 16, 2007

Effective Date

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. **NOTE** that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

PHOENIX OFFICE:
2910 N. 44th Street
Suite 100
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

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

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes: Lots 150, 198, 218, 276, 289, 406, 438, 528, 678, 686, 698, 699, 753, 754, 822, 880, 923, 1103 and 1143.

The map of this subdivision is recorded in Book 3 of Townsite Maps, Page 11, records of Apache County, Arizona.

The subdivision is approximately 1,760 acres in size. It has been divided into 1,243. Lot boundaries will be Lot boundaries staked at corners. In the event that any of the stakes have been disturbed due to some unforeseen or uncontrollable act, the seller advises that the lot purchaser may want to contact a surveyor at the purchaser's expense..

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: Arizona Highway 191 and Navajo Blvd, Apache County Arizona.

SUBDIVISION CHARACTERISTICS

Topography: A lovely subdivision with terrain that varies from level to gentle rolling hills with mixed native vegetation.

Flooding and Drainage. Kenneth K. Isaacson, P.E., in his letter dated April 26, 2007, has stated: Flood Zone Designation – FEMA Firm Panel – FEMA firm Panel 040001 220B, July 5, 1982.

Based on the above-reference panel, the following lots lie above the level of the 100 year flood event in flood zone C., area of minimal flooding. Flood insurance for these areas is generally not required, however that determination would typically be made by a lending institution. There may exist small, isolated locations on the referenced lots which would need to be avoided when choosing a building site. (Lots 150, 198, 218, 276, 289, 406, 438, 528, 678, 686, 698, 699, 753, 754, 822, 880, 923, 1103 and 1143)

Soils: To sellers knowledge this subdivision is not subject to subsidence or expansive soils

Adjacent Lands and Vicinity: Existing uses of adjacent land include a post office, grocery and general store, coin-operated laundry, churches, elementary and high schools, gas station, Interstate 40 highway and Arizona Highway 191. The subdivision is also adjacent to the Navajo Indian Reservation.

AIRPORTS

Military Airport: This subdivision is not located under a military training route as defined in A.R.S. 28-8461 and delineated in the military training route map prepared pursuant to A.R.S. 37-102

Public Airport: No portion of the subdivision located in territory in the vicinity of a public airport as defined in A.R.S. 28-8486

Airport: Holbrook Airport approximately 54 miles West.

UTILITIES

Electricity: Navajo/Hopi Land Commission: (928) 871-6441/6277 Office of Environmental Health (OEH) : (928) 871-6349; Archaeology: (928) 871-6540/6541 Purchaser needs to contact the above for before applying for service to make sure the lines will not be affecting reservation land. The provider is Navajo Tribal Utility Authority (928) 729-5721 www.ntua.com. The distance from the farthest lot is approximately 4,000 feet. Any extension of the current facilities to the property would be the sole responsibility of the individual parcel owners and would be conditioned on a request for service and successful negotiations with individual parcel owners and the service provider. Individual cost estimates will be provided to individual homeowners upon request on a case by case. Seller advises purchaser to contact the above number for a policy manual containing line extension rules and regulations and to discuss costs directly with NTUA. Estimated costs purchaser will have to pay for completion of facilities from lot line to the dwelling include an establishment fee (\$10.00) and meter deposit (\$25.00). Residential Customer rates include a flat service charge and a usage charge every month.

- \$3.00 Service Charge
 - \$0.0660/kWh for all usages
- A power cost adjustment will be applied

Street Lights: No street lights are available.

Telephone: No Telephone service is available to the subdivision.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, IE. A CELLULAR TELEPHONE.

Natural Gas: Seller advises that natural gas facilities are not available. Propane gas may be used. The following estimates was supplied by Graves Propane, (520) 333-4135.

"Graves Propane services the Show Low Pines subdivision, Units 2 and 6-10, from our Springerville office. The following is a list of our current prices and some programs.

250-gallon tank rent	\$60.00 per year, plus tax
Current propane price	\$2.21 per gallon, plus tax
Tank set fee	\$55.00 (includes pressure test)

Piping and trenching available at our regular labor rates. Gas and electric appliances sales and installation available. Budget Pay Program. Keep full service at no additional cost."

Water: The estimated price for a well is \$21,508.26. The following is a break down of the costs. State Permit Fee of \$100, Apache county well permit 200.00, 450' of 8-34" hole drilled \$11,250.00, 450' of 5" schedule 200PVC casing installed to total depth (top 20' steel) \$500.00,

Seal top 20' of well per Sate Law \$500.00, 3-HP variable speed sub pump (quikPak) pump, motor & sub driver \$2,900.00, 400' of 1 1/4" PVC schedule 120 drop pipe with galvanized couplings. \$980.00, 21' of 1 1/4" galvanized pump column \$62.58, 480' of #10-4 submersible pump cable \$950.40, 6" x 1 1/4" well seal \$65.00, WM-6 x 20 gallon well-mate pressure tank \$680.00, fittings package to plumb tank at well site \$250.00, Labor to install new pump in well & plumb pressure system \$500.00. There can be changes made during the drilling process due to the ever changing drilling conditions. These conditions could change the scope of the work & Materials used thereby changing costs. When such changes happen the owner will be notified and changes. Purchaser may consider the option of having water hauled, check local directory for provider and costs.

ARIZONA PARK ESTATES UNIT ONE SUBDIVISION IS BEING SERVED GROUNDWATER BY INDIVIDUAL WELLS. THE DEVELOPER HAS CHOSEN NOT TO DEMONSTRATE A 100-YEAR ADEQUATE WATER SUPPLY. THE APPLICANT HAS NOT DEMONSTRATED THAT THE CRITERIA FOR PHYSICAL, LEGAL AND CONTINUOUS AVAILABILITY, WATER QUALITY AND FINANCIAL CAPABILITY. THEREFORE THE DEPARTMENT MUST FIND THE WATER SUPPLY TO BE INADEQUATE.

YOU SHOULD CONTACT A LOCAL WELL DRILLER FOR INFORMATION ABOUT DRILLING A PRIVATE WELL. INVESTIGATE ALL COSTS AND REQUIREMENTS INVOLVED.

IF AN INDIVIDUAL WELL CANNOT BE INSTALLED, NO REFUND OF THE PURCHASE PRICE OF THE LOT WILL BE MADE.

Sewage Disposal: Sewage disposal for each lot is provided by the purchaser of each lot. The purchaser of each lot must install an on-site wastewater treatment facility for sewage disposal. Requirements for on-site wastewater treatment facilities are governed by rules of the ADEQ, AAC, Title 18, Chapter 9, Articles 1 and 3. As delegated by ADEQ, Apache County has responsibility for administering the permitting program for on-site wastewater treatment facilities. The purchaser of the lot must make application to Apache County, as delegated, and receive authorizations to construct and operate an on-site wastewater treatment facility.

Current information provided by Busy Bee Septic Systems 928-536-4547 states Site/Soil Evaluation (aka: Perk Test) is needed to determine the percolation rate of the soil. This will determine if a standard system or an alternate system can be installed on the property. Site Soil Evaluation cost.- \$700.00. Complete septic system can be installed at the cost of: \$4,250 for 2/3 bedroom home, \$5,000 for a 4 bedroom home, and \$6,000 for a 5 bedroom home. This price includes cost of permit, all required inspections, and all of the materials needed to install the septic system up to the inlet side of the tank.

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

PARADIGM PROPERTIES, INC. 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 DEPARTMENTS FOR SPECIFICATION AND REQUIREMENTS. YOU SHOULD SATISFY YOURSELF AS TO THE COST OF INSTALLING THE SYSTEM.

SUBDIVIDER 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.

CONTACT THE ABOVE UTILITIES REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Public roads are complete and maintained by the State of Arizona roads may be traversed by conventional 2 wheel drive vehicles and emergency vehicles, however during periods of high moisture may require high clearance four-wheel drive or chained vehicles.

Access within the Subdivision: Paved and Dirt Lots 150, 1103, 1143 are on Paved Road. Remaining lots are on dirt roads. **Paved roads are County Maintained. Dirt roads are the responsibility of purchaser.** The subdivision is over terrain which may be traversed by conventional 2 wheel drive vehicles and emergency vehicles. Traversing roads within the subdivision may require high clearance four-wheel drive or chained vehicles during periods of moisture.

THE FUTURE COST OF MAINTENANCE WILL HAVE TO BE PAID BY THE ADJACENT PROPERTY OWNERS. IF THE ADJACENT LOT OWNERS FAIL TO COOPERATE, THEN YOU MAY HAVE TO INDIVIDUALLY BEAR THE ENTIRE COST OF MAINTAINING THE ROAD TO YOUR LOT.

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 openspace 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.

Flood and Drainage: Letter provided by Kenneth K. Isaacson dated April 26, 2007, states the following; Flood Zone Designation – FEMA Firm Panel 040001 2175B, July 5, 1982.

Based on the above – reference panel, the following lots lie above the level of the 100 year flood event in Flood Zone C, areas of minimal flooding. Flood insurance for these areas is generally not required, however that determination would typically be made by a lending institution. There may exist small, isolated locations on the referenced lots which would need to be avoided when choosing a building site. (Lots 150, 198, 218, 276, 289, 406, 438, 528, 678, 686, 698, 699, 753, 754, 822, 880, 923, 1103 and 1143).

THE SELLER ADVISES THAT DURING CERTAIN PERIODS OF THE YEAR, HEAVY RAINS AND SNOW MAY OCCUR IN DESERT REGIONS OF ARIZONA. DAMAGE MAY RESULT TO PROPERTY ALONG NATURAL DRAINAGE COURSES WHICH HAVE NOT BEEN PROTECTED BY SUFFICIENT FLOOD CONTROL MEASURES.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: No common areas

Within the Master Planned Community: No master planned community

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Purchasers are responsible for the installation or extension of utilities and will be required to bear all costs of installation or extension of utilities.

Assurances for Maintenance of Subdivision Facilities: Arrangements for continued maintenance with the public utilities will be the responsibility of the purchaser. Purchaser will be responsible for maintaining the private wells and septic tanks.

LOCAL SERVICES AND FACILITIES

Schools: The Public Schools listed below are approximately 2 miles from the subdivision.
Sanders Elementary School Located I-40 and Hwy. 191 S Sanders, AZ Grades Pre-K - 5.
Sanders Middle School Apache 7160 Sanders, AZ Grades 6-8.
Valley High School I 40 & US Highway 191 Sanders, AZ Grades 9-12.
School Bus Transportation is available.

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

Shopping Facilities: Shopping facilities are approximately ½ mile away.

Public Transportation: No public transportation is available to the subdivision.

Medical Facilities: Two clinics within a 3 mile radius of the subdivision.

- 1) Michael's Clinic Sun Lane 49 Sanders, AZ 86512 (928) 688-3903
- 2) Nahata Dziil Clinic 191 Industrial Rd Sanders, AZ 86512 (928) 688-2549
- 3) Gallup Indian Medical Center 516 Nizhoni Blvd. Gallup, NM 87301 (505) 722-1000.

The hospital is approximately 40 miles away

Fire Protection: Puerco Valley Fire District.

Ambulance Service: Ambulance service is provided by Puerco Valley Fire District by dialing 911. Ambulance cost is billed to the individual parcel owner.

Police Services: Apache County Sheriff's Department provides police protection.

Garbage Services: Blue Hills Environmental is located .2 miles South of I-40 on Highway 191 within ½ mile from the subdivision. Cost to dispose of refuse is \$5.00 per cubic yard. Costs are subject to change; please contact service company for further details.

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for Vacant Lot
Zoning: Single family dwelling

Conditions, Reservations and Restrictions: Recorded restrictions, building set backs as shown on recorded subdivision Map and as follows:

THE **COAL, OIL, GAS AND MINERALS TO ALL LOTS** IN THIS SUBDIVISION WILL NOT BELONG TO THE PURCHASERS OF THESE LOTS. THE EXERCISE OF THE RIGHT TO EXTRACT THESE MINERALS COULD AFFECT THE USE, ENJOYMENT AND VALUE OF YOUR LOT.

SUBDIVIDER ADVISES THAT THIS SUBDIVISION IS LOCATED IN AN OPEN RANGE 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 SUBDIVISION TO PRECLUDE LIVESTOCK FROM ROAMING WITHIN THE SUBDIVISION

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION. ACTIVITIES ON THE RESERVATION INCLUDE OR MAY INCLUDE OPEN RANGE, AGRICULTURAL OPERATIONS, AIRCRAFT OPERATIONS, INDUSTRIAL OPERATIONS AND DAIRY FARMS. A RESERVATION HAS ITS OWN LAWS GOVERNING THE LAND WITHIN ITS BOUNDARIES. THESE MAY INCLUDE TRESPASSING, DUMPING, ARCHAEOLOGY, HUNTING, FISHING, ETC. IN ADDITION, CERTAIN AREAS OF THE RESERVATION MAY BE NONPUBLIC-CLOSED AREAS WHICH REQUIRE SPECIAL PERMISSION TO ENTER. THOROUGHFARES AND ROADS ON THE RESERVATION MAY NOT BE AVAILABLE FOR PUBLIC USE.

FOR ADDITIONAL INFORMATION: NAVAJO NATION WEB SITE, www.navajo.org

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

TITLE

Title to this subdivision is vested in Paradigm Properties, Inc., a California Corporation

Subdivider's interest in this subdivision is evidenced by fee.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated April 19, 2007 issued by Pioneer Title Agency. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

Sales: Seller Vacant Land/Lot sales contract with Deed at close of escrow

Release of Liens and Encumbrances: No recorded liens of record.

Use and Occupancy: Recording of Deed at close of escrow.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2006 is \$6.0146 per \$100.00 assessed valuation. tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$35,000.00, is \$336.82.

Special District Tax or Assessments: None

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: None

EXHIBIT "A"

1. Taxes and assessments collectible by the County Treasurer not yet due and payable for the following year:

Year : 2007

2. Right of entry to prospect for, mine and remove the coal in said land as reserved in Patent in said land.
3. The right of entry to prospect for, mine and remove all oil, gas, coal and minerals in said land as set forth in instrument:

Recorded in Book: 31 of Deeds
Page: 188

4. Easements as shown on the recorded plat of said subdivision.
5. 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 Docket 59
Page 463

6. Tax Note:

Year : 2006
Parcel No. 207-26-various
Primary: .4683
Secondary: 9.2110
School District: 1800
District No.: 1800

Pursuant to ARS 32:2185.02 (A) Permanent Access to subject property is provided by way of various roads as disclosed in recorded plat of Arizona Park Estates Unit One, recorded in Book 3 of maps, page 11 to U.S. Highway 666.

There are no other matters of record.