

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
SHOW LOW PINES UNIT FIVE

Registration No. DM07-053618

SUBDIVIDER

PARADIGM PROPERTIES, INC., a California Corporation
35221 Orchid Drive
Winchester, CA 92596
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.

THIS SUBDIVISION IS LOCATED UNDER A MILITARY TRAINING ROUTE. THE STATE LAND DEPARTMENT AND THE STATE REAL ESTATE DEPARTMENT MAINTAIN MILITARY TRAINING ROUTE MAPS AVAILABLE TO THE PUBLIC. THE MILITARY TRAINING ROUTE MAP IS POSTED ON THE STATE REAL ESTATE DEPARTMENT'S WEB SITE. SUBDIVIDER HAS NO CONTROL OVER THE MILITARY TRAINING ROUTES AS DELINEATED IN THE MILITARY TRAINING ROUTE MAP OR THE TIMING OR FREQUENCY OF FLIGHTS AND ASSOCIATED LEVELS OF NOISE.

PHOENIX OFFICE:
2910 N. 44th Street
Suite 100
Phoenix, Arizona 85018
(602) 771-7750

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 248, 265, 283, 324, 325 and 341

The map of this subdivision is recorded in Book 2 of Townsite Maps, Page 14, records of Apache County, Arizona.

The subdivision is approximately 440 acres in size. It has been divided into 355. 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 purchasers 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: From Highway 61, turn west on CR-8206 (aka Charleen Drive) for .17 miles continue on Hickory for 433 feet; Turn right on Beech Ave .3 miles you are at lot 341 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:

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 248,265,283,324,325 and 341)

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

Adjacent Lands and Vicinity: Residential rural subdivision with agricultural zoning.

Seller advises that heavy winds blow from time to time in all desert regions in Arizona, and this may or may not prove detrimental to this subdivision.

DEVELOPER ADVISES THAT OPEN RANGE RANCHING OPERATIONS MAY REQUIRE FENCING OF PURCHASER'S PROPERTY TO EXCLUDE LIVESTOCK.

AIRPORTS

Airport: Show Low Municipal Airport located at 3401 Airport Loop is approximately 2 miles east of downtown Show Low on Highway 60 and is approximately 30 miles from the subdivision.

UTILITIES

Electricity: Navopache Electric Cooperative. (800) 543-6324 www.navopache.org. The distance from the farthest lot is approximately 2,000 feet. Cost to purchaser to extend the facilities to lot line is approximately \$4.00 per foot without existing power poles. Navopache Electric Cooperative requires a New Service Application to be completed and a \$500 non-refundable deposit to pay for a professional engineer to evaluate the property and to write a quote on the final costs. The price from lot line to dwelling is Estimated at \$20.00 per foot for electric lines, conduit, trench, infill and compaction (Other utilities and facilities may utilize the same trench). Overhead power lines are estimated at \$3.00 per foot for wire plus cost of power pole if necessary based on distance to service from the rear of the property. A \$25.00 establishment fee, \$5 application fee and a \$100.00 security deposit is required for new service. New Customers can reduce or waive the security deposit with a letter of credit history from their current electric company. Navopache Electric Cooperative maintains up to lot lines. The purchaser is responsible from lot lines to dwelling.

Please note, the seller advises purchaser to contact the above number for a policy manual containing line extension rules and regulations and to verify costs as this above is only provided for informational purposes.

Street Lights: Street lights will not be available.

Telephone: Frontier Communications. (800) 921-8101 www.frontieronline.com. The distance from the farthest lot is approximately 2,000 feet. Please contact Frontier Communications for trench dimensions and connection procedures. The phone company will bring the phone line from the lot line to the home at no charge. However, the subcontractor will be needed to dig the trench. (Other utilities and facilities may utilize the same trench). If the phone installation requires more than a basic install, a phone company engineer will need to visit the site and quote the job. Contact the phone company for specific trench dimensions and connection procedures. A \$60.00 hook-up fee will be charged and Deposit required for service will be determined at time of credit check.

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

Cable: There is no cable service in the subdivision.. These lots are being sold as raw vacant land with no cable service. Satellite and/or internet service available in the area, but may not be to your specific property. These services are provided by Frontier Communications. (800) 921-8101. www.frontieronline.com The purchaser would need to contact Frontier Communications to determine if indeed either or both services are available to the property being purchased.

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.

Natural Gas: Seller advises that natural gas facilities are not available. Propane gas may be used. The following estimates were 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 Seller advises the purchaser will have to install a private well. The following estimate was supplied by Willis Drilling & Pump (928) 536-4414; 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 discussed so that both parties have an understanding of the situation. **Purchaser may consider the option of having water hauled, check local directory for provider and costs**

The Arizona Department of Water Resources states, "Show Low Pines Unit 5 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."

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.

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 cinder roads are complete and maintained by the County as manpower, equipment and funds are available. Maintenance consists of grading roads or plowing snow, not including any road construction. Costs to purchasers for maintenance are included in the property taxes. The subdivision is over terrain which 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: The cinder roads are complete and maintained by the County *as* manpower, equipment and funds are available. Maintenance consists of grading roads or plowing snow, not including any road construction. Costs to purchasers for maintenance are included in the property taxes. 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.

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: 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 248,265,283,324,325 and 341).

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:

Show Low Primary (K-3), 1350 N. Central Avenue, approx. 13-14 miles

Show Low Intermediate (4-6), 760 E. McNeil, approx. 13-14 miles

Show Low Junior High (7-8), 761 E. McNeil, approx. 13-14 miles

Show Low High School (9-12), 500 W. Linden Road, approximately 20 miles

Concho Elementary (K-8), Highway 61 & Cinder Road, Concho, AZ, approximately 15-16 miles.

St. John's High School (9-12), 360 S. Redskin Drive, St. John's, AZ, approximately 34 miles.

NOTE: Prospective Purchasers should contact the Show Low Unified School District at (928) 537-6000, the Concho Elementary School District at (928) 337-4665, or St. John's High School at

(928) 337-2221 for verification of schools.

Bus transportation is available at the designated bus stop along Highway 61. Student's attending St. John's High School are bussed from Concho Elementary School.

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: The nearest community shopping center is approximately 27 miles.

Public Transportation: Not available

Medical Facilities: Navopache Regional Medical Center, 2200 Show Low Lake Road, approximately 27 miles.

Fire Protection: Currently not available.

Ambulance Service: Available by dialing 911.

Police Services: Apache County Sheriff.

Garbage Services: Lone Pine Transfer Station, 7654 Lone Pine Dam Road, Show Low, approximately 16 miles.

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 Land.
Zoning: single family residential.

Conditions, Reservations and Restrictions: Recorded Declaration of Covenants, conditions and Restrictions, and the following:

"THE OIL, GAS AND MINERALS TO LOTS 248,265,283,324,325 and 341 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.

SELLER 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 THESUBDIVISION.

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.

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 2006 is \$6.0146 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$17,000.00, is \$163.60.

Special District Tax or Assessments: None at this time.

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

PROPERTY OWNERS ASSOCIATIONS

NONE

EXHIBIT "A"

1. Right of entry to prospect for, mine and remove the minerals in said land as reserved in Patent in said land.
2. The right of entry to prospect for, mine and remove one half all oil, gas and other hydrocarbon substances in said land as set forth in instrument:

Recorded in Book: 24 of Deeds
Page: 33

3. The right of entry to prospect for, mine and remove an undivided one half interest in all oil, gas and minerals in said land as set forth in instrument:

Recorded in Book: 26 of Deeds
Page: 124

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 50
Page 589

Pursuant to ARS 32:2185.02 (A) Permanent Access to subject property is provided by way of Highway 61 (Concho Highway) Hickory Lane which leads into said subdivision as shown on plat of Show Pines Unit five record in Book 2 of maps, page 14.

There are no other matters of record.

(All recording data refer to records in the office of the County Recorder of the County in which the land is situated.)