



Arizona Department of Real Estate (ADRE)
Development Services Division
www.azre.gov

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DOUGLAS A. DUCEY
GOVERNOR

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COMMISSIONER

SUBDIVISION DISCLOSURE REPORT
(PUBLIC REPORT)

FOR
Mesquite Hills, Phase I
aka
Mesquite Hills

Registration No. DM13-056513

SUBDIVIDER "SELLER"

Mesquite Hills Investments, LLC, an Arizona Limited Liability Company
P.O. Box 2470
Cottonwood, AZ 86326

Effective Date: May 31, 2013
First Amended Date: September 25, 2014
Second Amendment Date: October 26, 2015
Third Amendment Date: August 9, 2018
Fourth Amendment Date: October 31, 2018

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land. The application and public report have not been subjected to a detailed examination by the Department. The report was prepared by the Subdivider and none of the information in this report has been verified by the Department; all information has been accepted by the Department as true and accurate based on attestation of the Subdivider/or the Subdivider's agents. The purchaser should verify all facts before signing any documents. The Department assumes no responsibility for the quality or quantity of any improvement or structure in this development.

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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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 subdivider 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 SUBDIVISION DISCLOSURE PUBLIC REPORT CONTAINS IMPORTANT INFORMATION RELATING TO THE SUBDIVISION DESCRIBED HEREIN. INFORMATION IN THIS REPORT IS SUBJECT TO CHANGE AT ANY TIME. SUBDIVIDER STRONGLY RECOMMENDS PURCHASERS READ AND UNDERSTAND THE CONTENTS OF THIS REPORT AND INDEPENDENTLY VERIFY AND INVESTIGATE THE INFORMATION THAT FOLLOWS.

ALL DISTANCES IN THIS REPORT DESCRIBED HEREIN ARE APPROXIMATE. IF ANY DISTANCE FROM A PARTICULAR LOT TO A PARTICULAR FEATURE IS IMPORTANT, PURCHASER SHOULD MEASURE AND VERIFY BEFORE DECIDING TO PURCHASE.

Subdivider advises that there may be other disclosure issues of concern not included in this Subdivision Disclosure Public Report. Purchaser is responsible for making all necessary inquiries and consulting the appropriate persons or entities prior to the purchase of any property.

The information in this Advisory is provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer or other professional representative.

The subdivision and the Community has been developed by multiple homebuilders. Subdivider does not control the architectural styles, designs and sizes of the residences built on lots owned by others. Subdivider is not responsible or liable for the impact of such changes.

SUBDIVISION LOCATION: W. Mingus Ave & Mesquite Hills Drive, Cottonwood, Yavapai County, State of Arizona.

THIS REPORT INCLUDES: Lots 1, 6 thru 8, 12, 14, 15, 17 thru 20, 23 thru 27, 30 thru 40, 42, 43, 45, 46, 48, 49, and lots 52 thru 59 and lot 62 and lots 63 thru 117, Lots 118 thru 147

EXCEPT all oil, mineral, ores and metals of every kind as reserved in Deed recorded in Book 187 of Deeds, page 331 records of Yavapai County, Arizona

THE MAP OF THIS SUBDIVISION: is recorded in Document Number 4238768 in Book 62 of Maps, page 31, dated May 29, 2008 records of Yavapai County, State of Arizona.

The subdivision is approximately 58.54 acres in size. It has been divided into 147 Lots and Tracts A, C, D, H, I, J, K, L, M, N, and O, inclusive. Lot boundaries will be staked with rebar at lot corners and radii.

Lots 1 through 147 were developed by prior developers.

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.

UTILITIES

ELECTRICITY:

Arizona Public Service (APS), 928-646-8412 www.aps.com. Purchasers will be required to pay \$25.00 plus tax, service establishment fee and security deposit may be required.

Facility completed to the lot line by prior developers.

NOTE: Activation of this service is in the control of the Provider and therefore “Seller” cannot guarantee when the service will be activated. Cost to complete facilities from lot line to dwelling is included in the purchase price. Service fees depend on types of service and/or bundles selected and vary in range. A deposit may be required depending on past service, payment history and/or based on credit rating. Fees and/or deposits and applicable taxes are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

IT IS POSSIBLE THAT YOU MAY NOT HAVE ELECTRICAL SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF ELECTRICAL SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES.

TELEPHONE:

Cable One, 1-877-693-2253, www.cableone.com. Purchasers will be required to pay \$20.00, plus tax, connection fee and a basic monthly fee will apply. Extra options are available at additional costs.

CenturyLink, 800-491-0118, www.centurylink.com. Purchasers will be required to pay \$27.50, plus tax, connection fee and a basic monthly fee of approximately \$8.50 - \$13.18. Extra options are available at additional costs.

Facility completed to the lot line by prior developers.

NOTE: Activation of this service is in the control of the Provider and therefore “Seller” cannot guarantee when the service will be activated. Cost to complete facilities from lot line to dwelling is included in the purchase price. Service fees depend on types of service and/or bundles selected and vary in range. A deposit may be required depending on past service, payment history and/or based on credit rating. Fees and/or deposits and applicable taxes are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

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

CABLE:

Cable One, 1-877-693-2253, www.cableone.com. Purchasers will be required to pay \$40.00, plus tax, connection fee and a basic monthly fee will apply. Extra options are available at additional costs.

CenturyLink, 800-491-0118, www.centurylink.com. Various bundle packages are available and vary in price some as low as \$54.94 per month Purchaser's cost to receive service is a one-time service activation fee of \$19.95 and a modem charge of \$14.99 for shipping and handling.

DirecTV, 800-783-1376, www.directv.com. Purchasers are advised to visit website as fees vary based on customer needs and may require additional fees such as a connection fee, service establishment fee, and a deposit.

Facility completed to the lot line by prior developers.

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IT IS POSSIBLE THAT YOU MAY NOT HAVE CABLE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF CABLE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E., A SATELLITE ANTENNA.

INTERNET OR FIBER OPTIC:

Cable One, 1-877-693-2253, www.cableone.com. Purchasers will be required to pay \$45.00, plus tax, connection fee and a basic monthly fee will apply. Extra options are available at additional costs.

CenturyLink, 800-491-0118, www.centurylink.com. Purchasers will be required to pay \$19.95, plus tax, activation fee, plus \$14.00, plus shipping and handling for modem, plus deposit may be required.

Facility completed to the lot line by prior developers.

NOTE: Activation of this service is in the control of the Provider and therefore “Seller” cannot guarantee when the service will be activated. Cost to complete facilities from lot line to dwelling is included in the purchase price. Service fees depend on types of service and/or bundles selected and vary in range. A deposit may be required depending on past service, payment history and or based on credit rating. Fees and/or deposits and applicable taxes are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

IT IS POSSIBLE THAT YOU MAY NOT HAVE INTERNET SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF INTERNET SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E., A SATELLITE ANTENNA.

NATURAL GAS:

Unisource Energy, 877-837-4968, www.uesaz.com. Purchasers will be required to pay \$20.00, plus tax, service establishment fee and a deposit may be required.

Facility completed to the lot line by prior developers.

NOTE: Activation of this service is in the control of the Provider and, therefore, Seller cannot guarantee when the service will be activated. Cost to complete facilities from lot line to dwelling is included in the purchase price. Service fees depend on types of service and/or bundles selected and vary in range. A deposit may be required depending on past service, payment history and/ or based on credit rating. Fees and/or deposits and applicable taxes are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

NATURAL GAS PIPELINES NOTE: THERE IS A 10” GAS LINE OWNED BY UNISOURCE ENERGY SERVICES THAT RUNS THROUGH MINGUS AVENUE LOCATED AT THE FAR EAST CORNER OF THE SUBDIVISION.

As a result of natural gas (hazardous liquid pipelines, propane pipelines, and interstate gas pipelines) service being available to this and other subdivisions within the vicinity, major natural gas lines and infrastructure is necessary in order to service the surrounding areas.

Information on the location of these hazardous liquid, propane, and interstate natural gas pipelines may be available from the Utilities Division of the Arizona Corporation Commission or title searches from Title Companies. Further, project engineers inspecting the subdivided and surrounding lands may identify above ground pipeline markers. For further information regarding natural gas lines, purchasers should contact their utility company. Additional information may be obtained by contacting the Pipeline and Railroad Safety Department of the Arizona Corporation Commission at (602) 262-5601 or visit www.azcc.gov/divisions/safety/pipeline.asp or the Federal Office of Pipeline Safety at www.phmsa.dot.gov/pipeline or the National Pipeline Mapping System website at www.npms.phmsa.dot.gov

WATER:

City of Cottonwood, 928-634-0186 www.cottonwoodaz.gov. Purchasers will be required to pay a \$48.31 service establishment fee and a \$100.00 refundable deposit.

Facility completed to the lot line by prior developers.

NOTE: Activation of this service is in the control of the Provider and, therefore, Seller cannot guarantee when the service will be activated. Cost to complete facilities from lot line to dwelling is included in the purchase price. Service fees depend on types of service and/or bundles selected and vary in range. A deposit may be required depending on past service, payment history and/ or based on credit rating. Fees and/or deposits and applicable taxes are subject to change; please contact the utility company for further details. Once service is established, direct user charges will apply.

SEWAGE DISPOSAL:

City of Cottonwood, 928-634-0186, www.cottonwoodaz.gov. Purchasers cost will be a monthly charge of approximately \$26.25.

Facility completed to the lot line by prior developers.

GARBAGE SERVICES:

Taylor Waste, 928-649-2662, www.taylorwaste.com. Purchasers cost with an approximate monthly fee of \$16.00 plus fuel surcharge for service.

The extension of facilities to the lot lines have been completed prior developers for Electricity, Telephone, Cable, Internet-Fiber Optic, Natural Gas, Water and Sewage.

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.

Utilities are Purchaser's responsibility after the Close of Escrow. The Subdivider cannot guarantee telephone service or cable service will be available your home as of the Close of Escrow or at time of occupancy.

Delays in service or delivery, monthly service charges, deposits, installation charges and service fees are subject to change by the utility companies and are not within the control of the Developer or Builder.

Arizona Corporation Commission regulates certain utility rates and service fees. Rate increases may be subject to public hearing. Purchasers are encouraged to contact the individual utility company or the Arizona Corporation Commission, for additional information.

STREETS, ROADS AND DRAINAGE

ACCESS TO THE SUBDIVISION: Prior developers have completed the asphalt paved public streets that has been accepted by the City of Cottonwood for maintenance. Purchaser's cost for continued maintenance is included in their property taxes.

ACCESS WITHIN THE SUBDIVISION: Prior developers have completed the asphalt paved public streets that have been accepted by the City of Cottonwood for maintenance. Purchaser's cost for continued maintenance is included in their property taxes.

STREET LIGHTS: There is a "dark sky" ordinance that governs this subdivision and there are no street lights installed. There is a flagpole with a light and the Mesquite Hills entry sign that has lights.

The Community features a "dark sky" focus for lighting along public streets outside the Community. The night sky friendly lighting is part of the Community's efforts to reduce light pollution and support astronomical observations, while conserving energy and money in the process. The Community's lighting plan has been approved by the City of Cottonwood, emphasis on major intersection lighting for roadway safety for vehicular and pedestrian traffic.

FLOOD AND DRAINAGE: Prior developers have completed the drainage facilities. Continued maintenance will be the responsibility of Homeowners Association. Purchaser's cost for continued maintenance is included in Homeowners Association dues.

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

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

WITHIN THE SUBDIVISION: Prior developers have completed the landscaping, which is being maintained by the Homeowners Association. Purchaser's cost for continued maintenance is included in Homeowners Association assessments.

WITHIN THE MASTER PLANNED COMMUNITY: This subdivision is not part of a master planned community.

ASSURANCES

ASSURANCES FOR COMPLETION OF SUBDIVISION FACILITIES: All facilities have been completed by prior developers.

ASSURANCES FOR MAINTENANCE OF SUBDIVISION FACILITIES: Utility companies to maintain their respective facilities and the Association to maintain the common area amenities as stated in the recorded Declaration of Restrictions, Homeowners Association Articles of Incorporation and Bylaws.

LOCAL SERVICES AND FACILITIES

SCHOOLS:

The Subdivision is within the **Cottonwood Oak Creek School District #6 and the Mingus Union High School District #4**. For a recent list of schools, school boundaries, school assignments and bus transportation within the District, you may contact the Cottonwood Oak Creek School District at (928) 634-2288 or <http://www.cocsd.us/schools> or Mingus Union High School District at (928) 634-7531 or www.mingusunion.com. The following is the closest public schools to the subdivision:

Dr. Daniel Bright Elementary School (Grades K-8), approximately 3 ½ miles southeast
1500 S. Monte Tesoro Drive, Cottonwood, Arizona 86326, (928) 634-7039, <http://ddb.cocsd.us/>

Cottonwood Community School (Grades K-8), approximately 2 miles northeast
500 E. Mingus Avenue, Cottonwood, Arizona 86326, (928) 634-2234, <http://ccs.cocsd.us>

Mingus Union High School, (Grades 9-12), approximately 4 miles southeast.
1801 E. Fir Street, Cottonwood, Arizona 86326, www.mingusunion.com

SCHOOL BUS TRANSPORTATION WILL ONLY BE PROVIDED TO STUDENTS RESIDING OUTSIDE THE SCHOOLS DESIGNATED WALKING DISTANCE AND/OR SPECIAL EDUCATION STUDENTS, EXCEPTIONS MAY BE APPROVED BY THE SCHOOL SUPERINTENDENT. PURCHASERS SHOULD CONTACT THE SCHOOLS TO DETERMINE THE AVAILABILITY OF SCHOOL BUS TRANSPORTATION. PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION IS SUBJECT TO CHANGE AND IS OUTSIDE THE CONTROL OF THE SUBDIVIDER.

PRE-SCHOOL, CHARTER, PRIVATE AND COLLEGES, ETC.:

(Not necessarily within the District):

LICENSE NO. DM13-056513 A4
Mesquite Hills Phase 1 aka Mesquite Hills

Accelerated Learning Charter School, approximately 1 $\frac{3}{4}$ mile northeast
320 S. Main Street, Cottonwood, Arizona 86326

American Heritage Academy- Cottonwood Campus, approximately 2 miles northeast
2030 E. Cherry Street, Cottonwood, Arizona 86326

Clarkdale-Jerome School District, approximately 2 $\frac{1}{2}$ miles northwest
1615 Main Street, Clarkdale, Arizona 86324

Mountain View Preparatory, approximately 3 miles southeast
2939 Del Rio Drive, Cottonwood, Arizona 86326

Saint Joseph's Catholic School/Immaculate Conception, approximately 3 $\frac{3}{4}$ miles northeast
750 N. Bill Gray Road, Cottonwood, Arizona 86326

Verde Christian Academy, approximately 1 mile northeast
102 S. Willard Street, Cottonwood, Arizona 86326

Yavapai College Verde Valley Campus, approximately $\frac{1}{2}$ mile northwest
601 W. Black Hills Drive, Clarkdale, Arizona 86324

PLEASE NOTE: The State of Arizona Legislature enacted the Open Enrollment policy requiring a school district to allow students the opportunity to select a school of their choice if capacity permits, which is subject to change, and is outside of Subdivider's control. Transportation is not provided to students on Open Enrollment status. Transportation is the responsibility of the parent/guardian. Please contact the individual school for detailed information.

FOR ADDITIONAL INFORMATION, CONTACT:

Arizona Department of Education at www.azed.gov

Great Schools at www.greatschools.net

Arizona School Facilities Board www.sfb.state.az.us

Arizona State Board for Charter Schools <https://asbcs.az.gov/>

Arizona State Board for Private Postsecondary Education <https://ppse.az.gov/>

SHOPPING FACILITIES: Food, drinks/water, and medical supplies may be purchased at:

Food City, approximately 1 $\frac{1}{2}$ miles east
1501 AZ-89A, Cottonwood, Arizona 86326

Fry's Food and Drug, approximately 2 miles southeast
1100 US-89 #260, Cottonwood, Arizona 86326

Safeway, approximately 2 miles east
1635 E. Cottonwood Street, Cottonwood, Arizona 86326

Walmart Supercenter, approximately 2 $\frac{1}{4}$ miles southeast

LICENSE NO. DM13-056513 A4
Mesquite Hills Phase 1 aka Mesquite Hills

2003 E Rodeo Drive, Cottonwood, Arizona 86326

ADDITIONAL SHOPPING FACILITIES:

Big 5 Sporting Goods, approximately 2 miles east
745 S. Main Street, Cottonwood, Arizona 86326

Dollar Tree, approximately 1 ¾ miles east
1543 East State Route 89A, Cottonwood, Arizona 86326

Home Furnishings Direct, approximately 2 miles southeast
971 S. Main Street, Cottonwood, Arizona 86326

Sally Beauty, approximately 2 miles southeast
1100 AZ-260 Suite D-3, Cottonwood, Arizona 86326

These facilities include but are not limited to, malls, retail shopping, fast food and restaurants. Due to the various activities associated with these facilities, this subdivision may experience additional noise and traffic, which may be of concern to some individuals.

PUBLIC TRANSPORTATION:

Cottonwood Area Transportation System (CATS) has roughly 42 stops located throughout the Cottonwood, Clarkdale, Bridgeport, and the Verde Villages area. For more information and stops contact 928-634-2287 or at www.cottonwoodaz.gov

Verde Lynx provides service between Cottonwood and Sedona contact 928-232-0938 or at www.verdelynx.az.gov.

MEDICAL FACILITIES:

Verde Valley Medical Center, approximately 1 mile northeast
269 S. Candy Lane, Cottonwood, Arizona 86326, (928) 634-2251, www.nahealth.com

Fire, Ambulance and Police Services are available by dialing 911.

FIRE PROTECTION:

Cottonwood Fire Department, approximately 1 ¼ miles northeast
191 S. 6th Street Cottonwood, Arizona 86326
(928) 634-2741, www.cottonwoodfire.org
Costs to purchasers for service included in the property taxes.

AMBULANCE SERVICE: Developer advises this subdivision is within a 911 service area. Ambulance Service to Verde Valley Medical Center is available by dialing 9-1-1.

POLICE SERVICE:

Cottonwood Police Department, approximately 1 ¼ miles northeast
199 S. 6th Street, Cottonwood, Arizona 86326
(928) 634-2741, www.cottonwoodaz.gov
Costs to purchasers for service included in the property taxes.

NOTE: Due to the proximity of a fire stations, ambulance, and law enforcement offices, this subdivision may experience an increase amount of noise, and other effects associated with this type of facility that may be of concern to some individuals. Noise and increased traffic are normal in the vicinity of these types of facilities, including the use of sirens and helicopters, also the potential uses of gases and nuclear medicines. These type of departments provide fire protection, emergency medical services, and hazardous materials services.

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

AIRPORTS

PUBLIC AIRPORT:

Cottonwood Municipal Airport, approximately ½ mile east
1001 W. Mingus Avenue, Cottonwood, Arizona 86326
(928) 634-5526 or (928) 340-2777, www.cottonwoodaz.gov/airport.php

Due to its proximity, this subdivision is likely to experience aircraft overflights, which may produce noise, vibrations, fumes, dust, fuel and lubricant particles or other effects of air traffic that may be undesirable to prospective buyers. Airport operations may produce noise, vibrations, fumes, dust, fuel and lubricant particles or other effects of air traffic that may be undesirable to prospective buyers. Please be advised that aircraft types, flight patterns, and volume could change. For information regarding current and future plans for the airport, air traffic volume and flight patterns, please contact the City of Cottonwood or the Cottonwood Airport.

THIS DEVELOPMENT IS LOCATED WITHIN THE TERRITORY IN THE VICINITY OF COTTONWOOD AIRPORT. FLIGHTS TO AND FROM THIS AIRPORT MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS. (SEE EXHIBIT “B” OF THIS REPORT)

IMPORTANT AIRPORT INFORMATION NOTE:

The State Land Department and the State Real Estate Department maintain airport maps, which are available to the public. You may contact the Arizona State Land Department at www.land.state.az.us. The maps are also posted on the Arizona Department of Real Estate's web site at www.azre.gov or you may view the Arizona Department of Transportation airport maps at www.azdot.gov/maps

SUBDIVISION CHARACTERISTICS

TOPOGRAPHY: Hills and wash area.

FLOODING AND DRAINAGE: In a letter dated September 18, 2018 Thomas L. Pender, P.E. of Pender Engineering states in part the following: The above referenced subdivision, Phase 1, Lots 1-147 are located in portions of sections 4 and 5, T15 N, R3 E of the G & S.R.B, & M in Yavapai County.

The project site lies within Zone X on FIRM Community Panel No. 04025C1756G classified by the Federal Emergency Management Agency's National Flood Insurance Program. The Zone X classification indicates that the area is determined to be outside the mapped 500-year floodplain. Prospective buyers should not need to purchase flood insurance. The Flood Insurance Rate Maps (FIRM) does not denote any other classification, which would be of lower flood probability. The FIRM that includes the project site is Community Panel No. 04025C1756G, which was revised September 3, 2010.

In addition to the above referenced study the developer has identified areas designated as drainage corridors and natural open space. These areas are adjacent to many of the lots within the subdivision and they are subject to storm water flooding. Caution should be used when developing adjacent to open space shown on the recorded plat. Prospective buyers and homebuilders are advised to acquire drainage information specific to their lot prior to the purchase of any lot or the design and construction of any residence. Information may be obtained from the City of Cottonwood on any of the lots within the subdivision.

End of letter

SOILS: In a letter dated May 7, 2008 Craig Wideman, P.E. of Western Technologies Inc. states in part the following: In accordance with your request, we are providing the following general discussion regarding geotechnical conditions on the above referenced site.

Eight borings and thirty-two test pits were drilled and excavated on the site to depths of about 5 to 20 feet below existing site grades. Surface and subsoils encountered on the site consisted primarily of medium dense to dense clayey sands with medium plasticity fines; and firm to stiff medium plasticity sandy clays. Moderately weathered limestone was encountered in eleven of the test pits at depths of 5 to 9 feet below existing site grades. Refusal to backhoe excavation occurred in these pits on the limestone at depths of 5.5 to 9.5 feet below existing site grades. Refusal to backhoe excavation occurred in Pits 28 to 31 on densely nested boulders at depths of 5 to 8 feet below existing grades. Groundwater was not encountered in any boring or test pit at time of exploration.

Selected soil samples obtained during the field exploration were tested for water content, density, gradation, plasticity, consolidation, expansion, water-soluble salts and sulfates, and R-value. Laboratory tests results indicate that native subsoils near anticipated shallow foundation levels exhibit relatively low to relatively high compressibility at existing water contents. Either low additional compression or low to moderate expansion occurs when the water content is increased. When water is added to compacted near-surface soils, low to relatively high expansion occurs.

The primary geotechnical concern on this site is the tendency of the site soils to either compress or swell moderately to significantly when wet. Typical moisture sources that initiate this type of movement are rainfall, snow melt and landscape watering. This movement results in drywall

cracking, warped windows and doors, and eventually structural distress. Water leaks from utilities can cause extreme damage in these types of soils.

Conventional shallow spread footings and slabs-on-grade bearing on the site soils are not suitable for use on this project due to the volume change characteristics of these soils. To help minimize this problem, consideration should be given to the use of post-tensioned slab-on-ground foundations. Post-tensioned slabs are thickened, reinforced concrete slabs-on-grade that contain tensioned steel cables to strengthen the slab. A post-tensioned slab combines the footings and floor slab into one rigid unit that acts like a raft and distributes stresses more uniformly throughout the structure if movement does occur due to volume change of the site soils. This will reduce the potential for cracking and warping of windows and doors. Although this type of foundation system is typically more expensive than conventionally shallow foundations, the cost is greatly offset by the reduced site preparation procedures that are required.

Other possible foundation and site preparation treatments for this type of condition include removal of some or all of the clay soils and replacement with imported low expansive engineered fill material, or more specialized foundation system such as drilled shafts with voided grade beams and suspended floor systems. A comprehensive geotechnical evaluation would be required to provide more detailed design information.

One of the major factors in reducing movements due to compressible and/or expansive soils is the proper control of surface water through positive drainage away from all structures. The quicker the water runs away from a structure, the less time it has to infiltrate into the soils. Proper backfill compaction around structures and in utility line trenches is also a key in minimizing subsurface moisture infiltration.

This summary should not be used for design.

End of Letter

ADJACENT LANDS AND VICINITY:

SUBDIVIDER MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO FUTURE ADJACENT LAND USES OR DEVELOPMENT OF THE PROPERTY NOT OWNED BY THE SUBDIVIDER BOTH WITHIN AND SURROUNDING THE SUBDIVISION. EXISTING AND/OR PROPOSED USE OF ADJACENT PROPERTY IS SUBJECT TO CHANGE AND IS NOT WITHIN THE SUBDIVIDER'S CONTROL. ALL DISTANCES ARE APPROXIMATE. Adjacent land to the Community, but not necessarily adjacent to the Subdivision, is as follows:

North:

Cottonwood Transfer Station, adjacent
Coyote Trails Golf Course, approximately 1 ¼ miles
Pecks Lake, approximately 2 ½ miles

Northeast:

Accelerated Learning Charter School, approximately 1 ¾ miles
Access to Highway 89A approximately ¾ mile
American Heritage Academy- Cottonwood Campus, approximately 2 miles
Blowout Creek, approximately 1 ¾ miles

Cottonwood City Hall, approximately 1 ½ miles
Cottonwood Fire Department, approximately 1 ¼ miles
Cottonwood Middle School (Grades 6-8), approximately 2 miles
Cottonwood Police Department, approximately 1 ¼ miles
Cottonwood Recreation Center, approximately 1 mile
Cottonwood Seventh-Day Advent, approximately 1 ½ miles
Dead Horse Ranch State Park, approximately 1 ¾ miles
Garrison Park, approximately 1 mile
Lions Club Park, approximately 1 ¼ miles
Pine Shadows Golf Course, approximately 1 mile
Red Rock Sky Diving Center, approximately ½ mile
Riverfront Park, approximately 1 ¾ miles
Saint Joseph's Catholic School/Immaculate Conception, approximately 3 ¾ miles
Spirit of Joy Lutheran church, approximately 1 mile
Tuzigood National Monument, approximately 2 ¼ miles
Verde Baptist Church, approximately 1 ½ miles
Verde Canyon Railroad, approximately 2 ¾ miles
Verde Christian Academy, approximately 1 mile
Verde Valley Medical Center, approximately 1 mile
Vineyard Christian Fellowship, approximately 1 mile

East:

Big 5 Sporting Goods, approximately 2 miles
Calvary Chapel Verde Valley, approximately ½ miles
Coconino National Forest, approximately 2 ½ miles
Cottonwood Airport, approximately ½ mile
Cottonwood Municipal Airport, approximately ½ mile
Dollar Tree, approximately 1 ¾ miles
Food City, approximately 1 ½ miles east
Giant convenience store, approximately 2 miles
Safeway, approximately 2 miles
Verde River, approximately 2 ¼ miles
Verde Santa Fe Golf Course, approximately 4 miles

Southeast:

Arizona State Route 260, approximately 2 miles
Cottonwood Chamber of Commerce, approximately 2 ¼ miles
Dr. Daniel Bright (Grades K-8), approximately 3 ½ miles
Fry's Food and Drug, approximately 2 miles
Home Furnishings Direct, approximately 2 miles
Mingus Union High School, (Grades 9-12), approximately 4 miles
Mountain View Preparatory (K-8), approximately 3 miles
Sally Beauty, approximately 2 miles
Walmart Supercenter, approximately 2 ¼ miles

South:

Mingus Mountain-Prescott National Forest/Vacant Land, adjacent

Southwest:

Mingus Mountain-Prescott National Forest/Vacant Land, adjacent

West:

Jerome-Del Monte Shaft, Clarkdale, approximately 1 ½ miles
Mingus Mountain-Prescott National Forest/Vacant Land, approximately ½ mile east
State Trust Land, adjacent

Northwest:

Clarkdale-Jerome School District, approximately 2 ½ miles
Mingus Mountain- Prescott National Forest/Vacant Land, adjacent
United Verde Mine (Jerome, Arizona), approximately 3 ¾ miles
Yavapai College Verde Valley Campus, approximately ½ mile

Active and/or Abandoned Mines

NOTE: Purchasers are advised to do their independent research regarding Active and/or Abandoned Mines surrounding the subdivision and investigate any matters of concern.

Abandoned or Active Mines may be in the vicinity of this subdivision. . These mines may have multiple man-made “features” such as shafts, tunnels, machinery, facilities or piles of waste rock that can pose either a physical or environmental hazard. Historical mining practices, ore processing techniques, disposal practices, closure procedures, and/or surface exposure of ore deposits at abandoned sites have resulted in the generation and disposition of large quantities of mine wastes, including waste rock, mine tailing, mine drainage water, processing chemicals, and other wastes. The interaction of natural processes such as climate hydrology, geochemistry, and weathering with these wastes has resulted in the release of contaminants, which may affect human health, the environment, and water quality. **BEWARE! Subdivider advises a mine, working or abandoned, open pit or underground, is a potentially dangerous place.**

American Indian Reservations

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION. **NOTE: Purchasers are advised to do their independent research regarding American Indian Reservations surrounding the subdivision and investigate any matters of concern.** Subdivider makes no representation or warranty with respect to future land uses on these Indian Communities nor as to any rights an adjacent property owner may have to protest or influence future land uses. Land use changes within these Indian Communities are not subject to mandatory public notice and hearing requirements and procedures that are common in many municipalities. The land in these Indian Communities may be developed for any use, now or in the future. Furthermore, the Indian Community is a Sovereign Nation and is not subject to all laws and regulations of the United States of America, the State of Arizona or Yavapai County.

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 NON-PUBLIC CLOSED AREAS, WHICH REQUIRE SPECIAL PERMISSION TO ENTER. THOROUGHFARES AND ROADS ON THE RESERVATION MAY NOT BE AVAILABLE FOR PUBLIC USE.

YAVAPAI APACHE NATION, CLARKDALE, ARIZONA 86324; YAVAPAI APACHE TRIBAL COMMUNITY BUILDING, 928-6449-6949.

Arizona Native Desert Wildlife, Scorpions, Termites and Other Pests

NOTE: Purchasers are advised to do their independent research regarding Arizona Native Desert Wildlife, Scorpions, Termites and other Pests surrounding the subdivision and investigate any matters of concern.

Arizona Native Desert Wildlife: Purchaser is also advised that desert wildlife and pests, including but not limited to squirrels, gophers, coyotes, javelina, rabbits, rodents, birds, mountain lions, skunks, bats, owls, woodpeckers, lizards, other reptiles and other pests such as cockroaches, snakes, black widow spiders and centipedes and other animals are common in parts of Arizona and can and will roam unrestricted portions of Arizona and the Subdivider has no control over their behavior. Animals and pests are common in parts of Arizona that may be of concern to some individuals. Fortunately, most pests can be controlled with pesticides.

Environmental Hazards

NOTE: Purchasers are advised to do their independent research regarding Environmental Hazards surrounding the subdivision and investigate any matters of concern.

Landfill Transfer Station Note: This property, due to the proximity to the landfill/transfer station and the transport of waste to and from these facilities, may from time to time experience noise, odors and dust associated with landfills, which some individuals may find objectionable.

High Voltage Lines:

NOTE: Purchasers are advised to do their independent research regarding high voltage lines and electrical facilities surrounding the subdivision and investigate any matters of concern.

PLEASE NOTE: The size, nature, voltage and locations of such power lines are not within the subdivider's control and are subject to change. Information on proposed or existing transmission lines and substations may be available from the Arizona Corporation Commission or from the Utility Company. In addition to the disclosed information, purchaser should contact the utility company for information which, which may include structure heights, schematics of what the structures will look like and construction schedules.

Studies have shown that transmission lines may create health risks and may have financial or other adverse impacts on the homes or residents in the area of the transmission lines. Voltage and current associated with electrical lines produce electric and magnetic fields of varying strengths. Subdivider encourages Purchaser to make all inquiries into the effects of electric and magnetic fields as desired prior to purchasing a home. Subdivider makes no representation or warranty regarding electric or magnetic field levels within the Subdivision and all inquiries should be referred to the electric provider or to any other person or organization with whom Purchaser desires to consult prior to purchasing a home.

Parks, Golf Courses, Recreational Facilities and Mountainous Terrain

NOTE: Purchasers are advised to do their independent research regarding parks, golf courses, recreational facilities, and mountainous terrain surrounding the subdivision and investigate any

matters of concern. These facilities are owned, designed, constructed and maintained by entities other than the Subdivider. There may be amenities associated with the parks, golf courses, recreational, and mountainous terrain that may be of concern to individuals such as lighted ball fields, man-made lakes, walking, hiking and biking trails (multi-use trails). There may also be noise and traffic associated with their operations. The Subdivider has no control over the design, maintenance or future uses of these sites.

During certain periods of the year, golf courses will be heavily fertilized. Any of the above may be carried by the wind over the subdivision. Golf course maintenance often require the use of chemicals and pesticides. Certain nuisance factors associated with golf course play and maintenance may be present. **If lakes or man-made lakes exist within the park or the surrounding area, effluent water may exist.**

Surrounding Property:

NOTE: Purchasers are advised to do their independent research regarding surrounding property and investigate any matters of concern. The subdivision is located within an area with various schools, churches, apartment buildings and public service facilities such as fire stations, police stations, libraries and post offices located within a 5 mile radius of the subdivision. The proximity of the subdivision to these various uses may produce noise, odors, dust, vehicular traffic (including heavy trucks) that may be of concern to a purchaser.

Worship Sites

NOTE: Purchasers are advised to do their independent research regarding worship sites and religious organizations surrounding the subdivision and investigate any matters of concern. There are several worship sites within the vicinity of the subdivision. Due to the proximity of the worship sites, lots situated adjacent to or in the vicinity of the worships sites may experience an increased amount of vehicular and pedestrian traffic, noise, lighting or other effects typically resulting from activities associated with events held at the facility that may be of concern to some individuals. Subdivider has no control over the activities or events of such sites.

IMPORTANT NOTES:

Reclaimed water ("effluent") may be used for irrigating the open space/landscaped common areas of the subdivision. The golf courses, parks, lakes and other bodies of water within or surrounding the subdivision may also be irrigated or filled with effluent. Reclaimed water is non-potable (drinkable) water, may have an odor and is not suitable for human and animal consumption. The consumption of non-potable water may cause severe illness.

Good Faith to Disclose: Subdivider has used its good faith and best efforts in an attempt to disclose noteworthy activities, all material matters, and conditions surrounding and concerning this subdivision using the resources available to subdivider at the time this public report was prepared. This information may change from time to time. Prospective purchasers are encouraged to drive the areas surrounding the subdivision (at different times of the day and night) to determine whether any activities or conditions exist that may be of concern and determine to purchaser's own satisfaction whether or not the items mentioned in the Public Report or discovered by purchaser's own inspections are of concern to purchaser.

Views are not guaranteed: Views and scenes that are visible from particular portions of the subdivision or lots will change over time and may be blocked or partially obstructed as development activity continues and landscaping matures within and outside of the subdivision. NEITHER SUBDIVIDER NOR ANY SALESPERSON OR REPRESENTATIVE OF SUBDIVIDER MAKES ANY REPRESENTATION OR WARRANTY REGARDING THE FUTURE PROTECTION OF VIEWS THAT MAY BE A FACTOR IN THE PURCHASER'S DECISION TO PURCHASE IN THIS SUBDIVISION. PURCHASERS ARE ADVISED TO DETERMINE FOR THEMSELVES WHAT AFFECT, IF ANY, THE USES AND IMPROVEMENTS ADJACENT TO OR IN THE VICINITY OF THE SUBDIVISION WILL HAVE ON THE USE AND ENJOYMENT OF PURCHASERS' LOT.

Lands that may pose a safety hazard: Subdivider advises that homes situated adjacent to or in the vicinity of commercial property, industrial properties, proving ground, mining operations, entertainment venues, correctional facilities, worship site(s), multi-family site(s), non-residential uses, school site(s), recreational and non-recreational facilities, agricultural land/areas, streets and roadways, parkways and freeways, railroad and light rail tracks, trails, parks, golf courses, artificial lakes, open space areas and construction-related operations may experience an additional amount of noise, dust, odors, wildlife, lighting, signage, as well as, pedestrian and vehicular traffic typically associated with these types of facilities. These areas may also pose as safety hazards to unsupervised children and/or adults.

SUBDIVISION USE AND RESTRICTIONS

USE: This offering is for improved lot

The definition of "improved lot or parcel" means a lot or parcel of a subdivision upon which lot or parcel there is a residential commercial or industrial building or concerning which a contract has been entered into between a subdivider and a purchaser that obligates the subdivider directly, or indirectly through a building contractor, to complete construction for residential, commercial or industrial building on the lot or parcel within two years from the date on which the contract of sale for the lot is entered into

ZONING: PAD Planned Area Development

CONDITIONS, RESERVATIONS AND RESTRICTIONS: As stated in the recorded Declaration of Covenants, Conditions and Restrictions and as stated in the Articles of Incorporation and Bylaws of the Homeowners Association.

NOTE: PURCHASERS ARE ADVISED THAT THE RECORDED DECLARATION OF COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS FOR THIS SUBDIVISION PROVIDES FOR AN ARCHITECTURAL/DESIGN REVIEW COMMITTEE. PURCHASERS SHOULD REVIEW THE ASSOCIATED DESIGN GUIDELINES FOR GUIDANCE. APPROVALS ARE NEEDED PRIOR TO MODIFYING CERTAIN STRUCTURES.

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 Yavapai County Recorder. Information about zoning may be obtained at the Office of the City of Cottonwood 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 VRE Cottonwood LLC, a Missouri limited liability company.

SUBDIVIDER'S INTEREST: in this subdivision is evidenced by recorded Memorandum of Option recorded June 29, 2018 in Document No: 2018-0033486

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 October 9, 2018 issued by Commonwealth Land Title Insurance Company, underwriter for Lawyers Title of Arizona. **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: Your vested interest/ownership interest in the property will be evidenced by the Subdivider delivering a recorded deed to you and you signing a promissory note and deed of trust for any unpaid balance. You should read these documents before signing them.

RELEASE OF LIENS AND ENCUMBRANCES: As noted in Deed of Trust dated December 2011 and recorded December 30, 2011 at 2011-68018, paragraph No.3 which states in part: Trustor shall aggressively defend the mortgaged property against all claims and shall maintain and preserve the mortgaged property free and clear of liens, encumbrances and impairments of every kind except the permitted encumbrances and those herein granted to beneficiary. **AS EACH LOT IS SOLD, IT WILL BE SOLD FREE AND CLEAR OF THIS AND ANY OTHER LIENS. ANY ENCUMBRANCES INCURRED BY THE PURCHASER FOR THE ACQUISITION OF THE LOT WILL BE THE RESPONSIBILITY OF THE PURCHASER.**

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.

PROPERTY OWNERS ASSOCIATIONS

NAME AND ASSESSMENTS: Mesquite Hills Homeowners Association, Incorporated. Lot owners will be required to pay assessments in the amount of \$45.00 per month.

CONTROL OF ASSOCIATION: The Founder control Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

- a) When 95% of the total number of Units (as defined in Section 3.1) permitted by applicable zoning for the property described in the Master Plan have certificates of occupancy issued thereon and have been conveyed to Persons other than builders holding title for purposes of construction and resale:
- b) December 31, 2030
- c) When, in its discretion, the Founder so determines and declares in a recorded instrument. The founder has certain approval rights for a limited period as provided in the by-laws after the termination of the Founder Control Period.

The Founder may assign its status and rights as the Founder under the Governing Documents to any Founder Affiliate or any Person who takes title to any portion of the property described in Exhibit "A" or "B" (Community Charter) for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties.

TITLE TO COMMON AREAS: Title to the common area tracts will be conveyed to the Homeowners Association upon completion and final inspection.

MEMBERSHIP: All lot owners will be members of the Homeowners Association.

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

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

TAXES AND ASSESSMENTS

REAL PROPERTY TAXES: The combined primary and secondary property tax rate for this subdivision for the year 2017 is 10.7398 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 \$195,000, is \$1,780.12

SPECIAL DISTRICT TAXES OR ASSESSMENTS: Please view your tax bill for information on special district taxes and tax assessments.

NOTE: The tax bill is prepared and mailed by the Yavapai County Treasurer, using tax rates set by local jurisdictions and taxing authorities in your district. The first one-half of your property tax bill is due and payable on October 1st. The second half of your tax bill is payable on March 1st. For the most current and complete tax rate information, interest, delinquent property tax rates, purchasers are encouraged to contact the appropriate taxing authority directly. You may contact the Yavapai County Treasurer's Office at www.yavapai.us/treasurer/ or at (928) 771-3233.

PLEASE NOTE: THE TYPICAL TAX RATES VARY IN RANGE AND THE ESTIMATES ABOVE ARE ESTIMATED HIGHER THAN THE ACTUAL RATE.

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, AND BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT 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 FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

EXHIBIT "A"

TITLE EXCEPTIONS:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date but prior to the date of the Proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2018.

2. Liabilities and obligations imposed upon said Land by its inclusion within any district formed pursuant to Title 48, Arizona Revised Statutes.

3. The right of entry to prospect for, mine and remove the minerals excepted from the description of said Land in Schedule A.

4. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: electric lines

Recording No: Book 172 of Deeds, page 38

5. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: smoke, etc.

Recording No: Book 187 of Deeds, page 332

6. RESERVATIONS, exceptions, covenants, conditions and rights reserved or imposed in Deed from Santa Fe Pacific Railroad Company:

Recorded in Book 194 of Deeds, Page 521

7. Matters shown on record of survey:

Recording No.: Book 28 of Surveys, page 54

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: gas lines

Recording No: Book 2910 of Official Records, page 948

9. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 62 of Maps, Page 31.

10. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition, or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: Book 4598 of Official Records, page 22

And thereafter Conveyance of Founder Rights Under Community Charter

Recording No: Book 4948 of Official Records, page 900

Liens and charges as set forth in the above mentioned declaration,

Payable to: Mesquite Hills Homeowners Association, Inc.,

11. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$76,000,000.00

Dated: December ____, 2011

Trustor/Grantor VRE Cottonwood, LLC., a Missouri limited liability company

Trustee: Lynn T. Ziolk, esq

Beneficiary: Armed Forces Bank, NA, successor by merger to Bank Midwest, NA

Recording Date: December 30, 2011

Recording No: Book 4853 of Official Records, page 915

An assignment of the beneficial interest under said deed of trust which names:

Assignee: Academy Bank, NA

Recording Date: July 29, 2015

Recording No: 2015-35793

12. A financing statement as follows:

Debtor: VRE Cottonwood, LLC

Secured Party: Armed Forces Bank, N.A. successor by merger to Bank Midwest, NA

Recording Date: January 17, 2012

Recording No: Book 4856 of Official Records, page 219

A change to the above financing statement was filed

Nature of Change: Assignment

LICENSE NO. DM13-056513 A4
Mesquite Hills Phase 1 aka Mesquite Hills

Assignee: Academy Bank, NA
Recording Date: January 12, 2016
Recording No: 2016-1542
A change to the above financing statement was filed
Nature of Change: Continuation
Recording Date: September 21, 2016
Recording No: 2016-47109
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043318
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043322
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043325
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043332
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043334
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043339
13. A financing statement as follows:
Debtor: VRE Cottonwood LLC
Secured Party: Armed Forces Bank, NA
Recording Date: January 28, 2014
Recording No: 2014-3744
A change to the above financing statement was filed
Nature of Change: Assignment
Assignee: Academy Bank, NA
Recording Date: November 19, 2015
Recording No: 2015-55297
A change to the above financing statement was filed
Nature of Change: Continuation
Recording Date: September 21, 2016
Recording No: 2016-47109
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043317
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043321
A change to the above financing statement was filed
Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043324
A change to the above financing statement was filed

LICENSE NO. DM13-056513 A4
Mesquite Hills Phase 1 aka Mesquite Hills

Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043331

A change to the above financing statement was filed

Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043335

A change to the above financing statement was filed

Nature of Change: Amendment
Recording Date: August 21, 2018
Recording No: 2018-0043340

14. Matters contained in that certain document

Entitled: Development Agreement

Executed by: VRE Cottonwood , LLC., a Missouri limited liability company and City of Cottonwood, a municipal corporation

Recording Date: December 9, 2015

Recording No: 2015-58247

Reference is hereby made to said document for full particulars.

15. THE RIGHTS OF Optionee under the terms of Option to Purchase:

Dated June 20, 2018

Optionor VRE Cottonwood, LLC., a Missouri Limited liability company

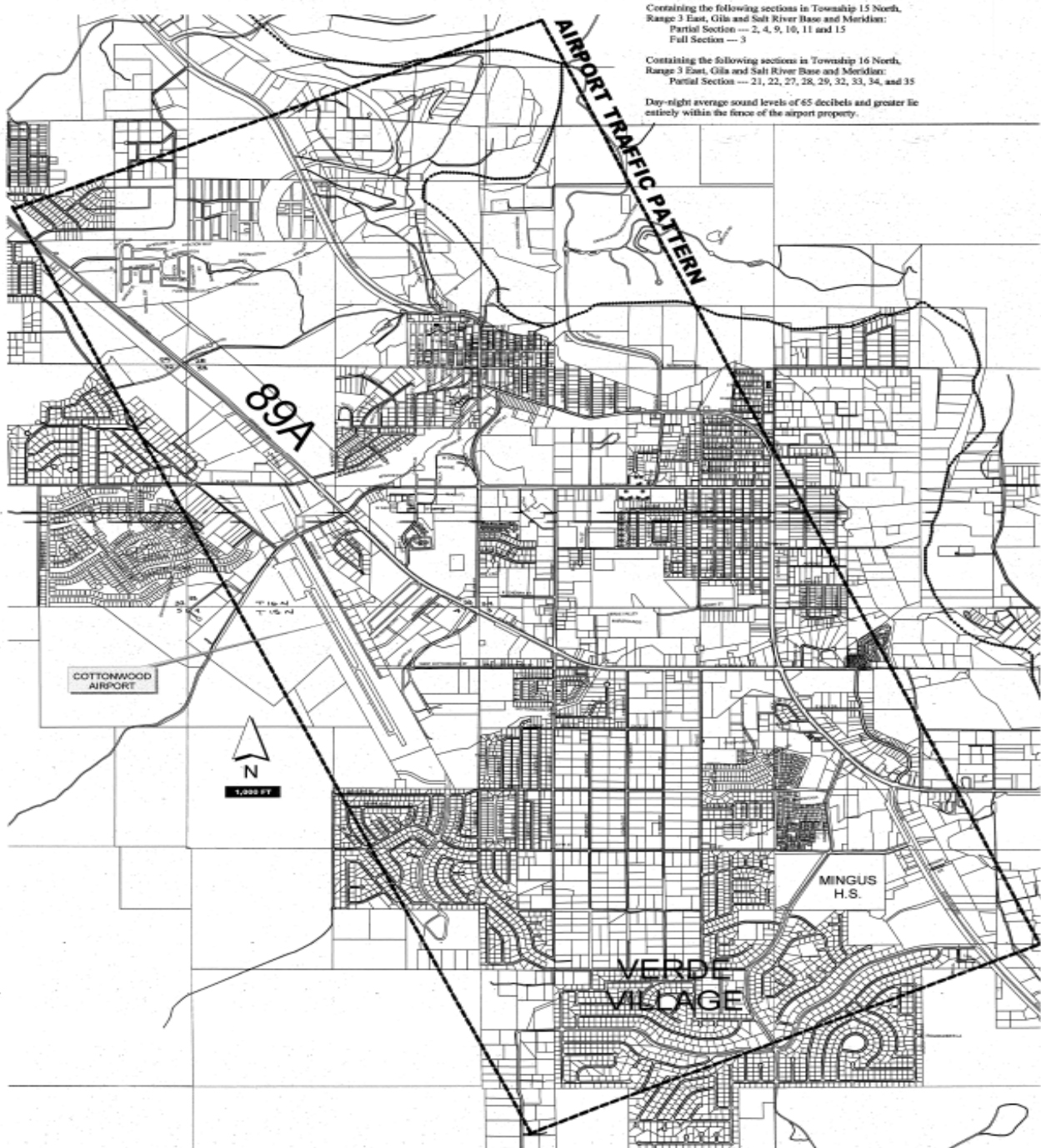
Optionee Mesquite Hills Investments, LLC., an Arizona limited liability company

Recorded June 29, 2018

Recording No. 2018-33486

NOTE: There are no further matters of record concerning this subdivision through the date of this report.

EXHIBIT "B"
Territory in the Vicinity
of the Cottonwood Airport
Pursuant to ARS 28-8486
January 2006



Containing the following sections in Township 15 North,
Range 3 East, Gila and Salt River Base and Meridian:
Partial Section --- 2, 4, 9, 10, 11 and 15
Full Section --- 3

Containing the following sections in Township 16 North,
Range 3 East, Gila and Salt River Base and Meridian:
Partial Section --- 21, 22, 27, 28, 29, 32, 33, 34, and 35

Day-night average sound levels of 65 decibels and greater lie
entirely within the fence of the airport property.