

PUBLIC REPORT RECEIPT

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

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

Dm05-050264

(Public Report Registration No.)

Majestic View Ranch - Lot #

(Development Name and Lot No.)

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

(Buyer's Name)

(Current Address)

(Date)

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
Majestic View Ranch

Registration No. Dm05-050264

SUBDIVIDER

AZNORTH Development
2410 E. Route 66
Flagstaff, Arizona 86004

May 11, 2006

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 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 inclusive.

The map of this subdivision is recorded in Case 9 Map 95, records of Coconino County, Arizona.

The subdivision is approximately 25.075 acres in size. It has been divided into 10 lots. This public report covers all 10 of these lots. Lot boundaries will be staked with rebar and marked caps.

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: The subdivision is located off Highway 180 across from Bader Road, approximately 6 miles from the Flagstaff city limits.

SUBDIVISION CHARACTERISTICS

Topography: The subdivision terrain is mostly level with grassy vegetation.

Flooding and Drainage: Guy Zeigler, PE, Project Engineer, Shephard-Wesnitzer, Inc., in a letter dated January 3, 2006, cites the following:

Re: Majestic View Ranch

Grading plans and a drainage study have been completed for the above project in accordance with Coconino County Engineering requirements and Floodplain Ordinance, as approved by the Coconino County Public Works Department. Based on the lot layout represented on the Final Plat and flood zone designations on the FIRM, lots 1, 2, 3, 4, 5, 6, 9 and 10 are all partially within Zone A4; "Areas of 100-year flood; base flood elevations and flood hazard factors determined." The remainder of the project, that is outside of Zone A4, is in Zone B: "Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. (Medium Shading)".

Any flood plains are designated on the approved grading plan, prepared by Shephard-Wesnitzer, Inc., and the Final Plat, prepared by Extreme Measures Land Survey Inc., as depicted on FEMA maps.

All roadway crossings and roadway grading have been completed in conformance with the approved grading plan.

Soils: Dwayne E. Smith, P.E. of ATL, Inc. in a letter dated February 24, 2005, cites the following, in part;

General Conditions

In summary, the near surface soils encountered across the site were classified as clays with varying amounts of sand. The soils tested contained, on average, 61% fines with an average Plasticity index of almost 16. In-situ conditions indicated that the soil was in a “very soft to moderately-firm” condition and that the soil moisture content was significantly above optimum. Testing also revealed that the soil near the proposed foundation bearing elevations, when wetted, had the potential to swell under light loads.

In addition, shallow or “perched” water was encountered during the field investigation. The water was encountered at Bore Hole B-6, located near the northwest corner of Lot 18. The water was encountered at approximately 3 feet below existing grade.

Standard Shallow Foundations

Due to the soil type and in-situ condition found during the investigation, ATL recommended that the existing soils beneath the proposed foundations be removed for a depth of no less than 12 inches and be replaced with structural fill conforming to the material requirements of the report. This includes a 12 inch blowout as measured from the outside edge of the footing. Prior to placing the structural fill, the bearing soils were recommended to be scarified 8-inches, moisture conditioned to -1% to +3% of optimum and compacted to no less than 95% of a standard receiving structural fill. A minimum footing depth of 28 inches below finish adjacent grade is required for the Flagstaff area due to frost penetration.

A bearing capacity of 4,200 psf within a limiting settlement range of 0.5 inches was determined based on the removal and replacement of 12 inches of native soil, including blowout of 12 inches, with scarification, moisture conditioning of the underlying native soils. Bearing capacity calculations were based on 25 kips for column loads and 3 kips/ft. for continuous footings. Positive drainage (10% slope) way from the structure for 10 feet was recommended with no landscaping requiring regular watering within 5 feet of the building perimeter.

Standard Slab on Grade

ATL recommended that the native soils underlying standard slab-on-grade concrete be removed for a depth of 12 inches and replaced with structural fill. Prior to the structural fill placement, the exposed native soils were recommended to be scarified 8-inches, moisture conditioned to within 2% of optimum and compacted to between 90% and 95% of a standard. The slabs were recommended to bear on no less than 4-inches of compacted aggregate base course (ABC).

Post Tension Building Slabs

Design parameters for post tension (PT) building slabs were provided in the report. Recommendations for the preparation of the subgrade soils were the same as for conventional foundations. See the report for PT design parameters including Y_m and E_m variables. The building pads were recommended to have a slope of no less than 10% fall for 10 feet away from the building.

Pavement Structural Sections

ATL recommended a pavement structural section of 3 inches of asphalt concrete (AC) overlying 7 inches of ABC for the residential roads accessing the proposed residences. Prior to the construction of the roadways, ATL recommends that the site soils be scarified 8-inches, moisture conditioned to between -1% and +3% of optimum and compacted to no less than 95% of a standard proctor. See the geotechnical report for AC and ABC material property requirements.

Site/Retaining Wall Recommendations

ATL provided recommendations and design parameters for retaining walls. The design parameters for short (less than 5 feet tall bearing no less than 2 feet below final adjacent grade) walls were based on site clay soils. Walls taller than 5 feet would require import material to be used as wall backfill.

Adjacent Lands and Vicinity: North is zoned RR 2.5, Rural Residential 2.5 acre; East is zoned RR 2, Rural Residential 2 acre; South is zoned RR 2, Rural Residential 2 acre; West is zoned RR 2, Rural Residential 2 acre.

NOTE: Owners of adjacent lands described above may seek to rezone their property, may seek zoning variances for their property or may modify their site plan within existing zoning. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that described above.

Highway 180 is located directly to the north of the subdivision. Highway 180 is one of the major routes to the Grand Canyon National Park. On the other side of Highway 180 to the North are residential homes. National forest is located approximately one mile to the North of the subdivision. Undeveloped vacant land is to the East. Ski Lift Lodge and Cabins, a motel and restaurant is located approximately ½ mile to the east of the subdivision. Snow Bowl Equestrian facility is located approximately ¼ mile to the Northeast. The junction of the forest service road, which leads to the Arizona Snow Bowl Ski Resort, and Highway 180 is located approximately ¼ mile to the Northeast of the subdivision. The Arizona Snow Bowl Ski area is located approximately 7 miles to the Northeast. Single Family residences are located to the West. National Forest land is located approximately ¼ mile to the West. To the South are single family residences. National Forest is located approximately one mile to the South.

Due to the proximity of the highway, lot owners may possibly experience traffic, noise, dust, and odors associated with the highway. The subdivision is located in close proximity to the National Forest. These areas may also pose a safety factor to unsupervised children and adults. Purchasers are encouraged to drive within the vicinity of the subdivision to determine whether the areas of concern exist.

National Forest activities in the surrounding areas may include logging, forest thinning, hunting, and other recreational activities, which may be of concern to some individuals.

AIRPORTS

Military Airport: The subdivision is not located within the vicinity of a military airport.

Public Airport: The subdivision is located approximately 13 miles from Flagstaff's Pulliam Airport, 6200 S. Pulliam Dr.

UTILITIES

Electricity: Arizona Public Service Company (928) 779-6911. The facilities are complete to the lot lines. Buyers cost to complete facilities from lot line to dwelling is approximately \$12 to \$15 per lineal foot for trenching and conduit. Buyers cost to receive service include a \$25.00 hook up fee and a deposit may be required.

Street Lights: The subdivider is not providing street lights in the subdivision.

Telephone: Qwest Communications Company (800) 244-1111. The facilities are complete to the lot lines. Buyers cost to complete facilities from lot line to dwelling are included in the service fee. There is a \$27.50 service fee per line, and a deposit may be required.

Natural Gas: Unisource Energy (928) 774-4592. The facilities are complete to the lot lines. The costs purchaser will have to pay for completion of facilities from lot line to dwelling is \$8 per foot if Unisource does the trenching and pipe. If pipe only, \$5 per foot. There is a \$25.98 connection fee, and a deposit of \$85 may be required. Propane gas may be used if the buyer so chooses. Flagstaff Propane Service has committed to servicing the subdivision.

Water: Majestic View Domestic Water Improvement District. Arizona Small Utilities Corporation. (602) 882-1228. The water supplier is in compliance with the Arizona Department of Environmental Quality. Majestic View Ranch subdivision is being served groundwater by Majestic Views Domestic Water Improvement District. The developer has chosen not to demonstrate a 100-year adequate water supply. The criteria for physical, legal and continuous availability as set forth in A.A.C.R12-15-718 were not demonstrated, and proof of adequate water quality as set forth in A.A.C.R12-15-718 was not provided. Therefore the Department must find the water supply to be *inadequate*. For additional information please contact the Arizona Department of Water Resources at (602)417-2465. Water lines are complete to the lot lines. The pumphouse is presently under construction. The Developer will be responsible for the completion of the water facilities which are complete. Homeowner pays for water meter and installation, which is approximately \$2500.00. Estimated cost to the purchaser for completion of facilities from lot line to dwelling is between \$8.50 and \$10.00 per foot for the trenching and water line. Fire hydrants have been installed in the subdivision.

Sewage Disposal: Individual Sewage Disposal Systems will be required. The purchaser will be required to use an Alternative Onsite Wastewater System. As per AAC R18-5-408(B), this subdivision is approved for non-saturating, denitrifying alternative onsite wastewater treatment systems only as per August 26, 2004 County Approval form(ADEQ form 113) comments. Please note the following regulatory citations regarding individual onsite treatment systems. Where soil conditions and terrain features or other conditions are such that individual sewage disposal systems cannot be expected to function satisfactorily or where groundwater or soil conditions are such that individual sewage disposal systems may cause pollution of groundwater, they are prohibited. The costs of these systems range between \$15,000 and \$20,000.

Dan Smith of Arizona Wastewater Design in a letter to the developer writes:

RE: Majestic View Ranch – Alternative Onsite Wastewater System Options & Costs

There are three typical alternative wastewater system options for this subdivision. System type, size and cost will depend on the soil characterization and limiting conditions listed in the County Site Investigation Report, and on number of bedrooms and/or plumbing fixtures in the residence. Note: Systems described below may not always qualify for site depending on specific limiting site conditions. In addition to the system installation costs listed below, there is a \$900 county permit fee and a designers fee in the range of \$1,900-3,000.

Option 1 – Aerobic Treatment Plant with drip irrigation, pressure-dosed trench or gravity flow trench. This system typically consists of a 500 – 1,000 gallon septic tank, an aerobic plant and a 1,000-1,250 gallon pump tank equipped with a ½ hp pump and control panel. Cost for a 4 bedroom residence is in the range of \$14,000 – 15,500. Price usually includes a required 2-year service contract, after which the owners can renew it or maintain system themselves. Requires constant power to run blower that aerates the effluent. Life of a pump can be 2 – 10+ years, and for the blower 2 – 7+ years.

Option 2 – Mound System. System for a 3 bedroom typically consists of a 1,700 gallon septic/pump (or for a 4 bedroom, a 1,250 gallon septic tank and 1,000 gallon pump tank) equipped with a 1/3 -1/2 hp pump discharging to a raised mound. Cost is in the range of \$15,000-17,000. No service contract required. Least maintenance of all the mechanical systems. Only requires power when system is used. System can be aesthetic issue when lot is flat as it is typically 3 – 4.5' tall, 25-30' wide & 90-120' long.

Option 3 – Textile filter with drip irrigation, pressure-dosed trench or gravity flow leach trench. This system consists of a 1,700-2,500 gallon septic tank with a textile filter placed on top of the tank and a ½ hp recirculation pump. In addition there is a pump basin equipped with a ½ hp discharge pump and control panel tied to a phone modem. Cost is in the range of \$17,000-20,000. Price usually includes a required 3-year service contract, after which the owner can renew the contract or maintain system themselves. Requires constant power to run a recirculation pump. Life of the pumps is typically 2-10+ years.

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: Asphalt public streets are complete and are maintained by Coconino County, with the costs to purchasers included in the ad valorem taxes.

Access within the Subdivision: The asphalt interior streets of the subdivision are complete. Coconino County has accepted them for maintenance. Costs to the purchaser are included in ad valorem taxes.

Flood and Drainage: There will be no flood protection or drainage facilities installed within this subdivision.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: None

Within the Master Planned Community: None

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: There is a letter of credit/guarantee from The Mortgage Group to assure financing of facilities.

Assurances for Maintenance of Subdivision Facilities: Creation of the Homeowners Association as outlined in the CC&R's as follows: All rights, duties, and obligations described herein shall be vested in the Declarant until (a) such time as ninety percent (90%) of the lots in the subdivision have been sold or (2) until Declarant shall, in writing, voluntarily transfer control to the Association, whichever comes first. At such time, control shall thereafter be vested in the Association. The Association shall have all rights and powers prescribed by law, provided that all acts shall be consistent with the provisions of this Declaration and shall be necessary, desirable, or convenient for effectuating the purposes set forth herein. A copy of the Declaration, Bylaws, and Articles of Incorporation shall be available for inspection at the office of the Association by any Owner or Mortgagee during reasonable business hours.

LOCAL SERVICES AND FACILITIES

Schools: Sechrist Elementary School is approximately 6 miles. Flagstaff Middle School is approximately 7.5 miles. Flagstaff High School is approximately 8 miles. All are within the Flagstaff Unified School District. Public school buses are available to students of the above schools.

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: A community shopping center is located approximately 7.5 miles from the subdivision.

Public Transportation: Mountain Line Transit bus service is at city limits approximately 6 miles.

Medical Facilities: Flagstaff Medical Center is approximately 7.5 miles

Fire Protection: Flagstaff Fire District Station #5. The additional county taxes are approximately \$97.00 annually.

Ambulance Service: Ambulance service is available to the subdivision by dialing 911.

Police Services: Coconino County Sheriffs Department

Garbage Services: Owners will need to arrange for private collection. There are several companies to choose from averaging approximately \$17 to \$20 per month.

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 unimproved (vacant) lots.
Zoning: Single family residential.

Conditions, Reservations and Restrictions: Purchasers are advised to read the Declaration of Covenants, Conditions, and Restrictions (CC&R's) and other such restrictive documents, which may have an effect on your use and enjoyment of your property.

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

TITLE

Title to this subdivision is vested in AZNorth Development, Inc. and Jeremy G. Bach and Merika J. Bach, husband and wife.

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

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 February 2, 2006 issued by Fidelity National Title Insurance 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: Sales of the lots will be conducted by a real estate agent, licensed in the State of Arizona. Your ownership interest will be evidenced by the subdivider delivering a recorded special warranty deed to you and by your signing a Promissory Note and Deed of Trust for any unpaid

balance of the purchase price, if any. **YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.** Cash sales are permitted. Purchaser's deposit and earnest monies will be held in an Escrow account at Fidelity National Title Insurance Agency of Coconino, Inc., and may be released to the subdivider prior to close of Escrow with Buyer's written consent.

Release of Liens and Encumbrances: Subdivider advises arrangements have been made with lender in the aforementioned Deed of Trust for individual lot releases. Purchaser will receive lot free and clear of all liens by Subdivider.

Use and Occupancy: Lot purchaser will be permitted to use lot upon close of escrow and recordation of Deed.

Leasehold Offering: There will be no leasehold offerings from the Subdivider.

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 2004 is \$10.00 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 \$170,000, is \$350.00.

Special District Tax or Assessments:

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Majestic View Ranch Homeowners Association has been formed and is operational. The Association has set its initial regular assessment at \$600.00 per year per lot.

Control of Association: Control of the association will be turned over to lot owners upon written notice of developer or upon sale of 90% of the lots in the subdivision.

Title to Common Areas: Conveyance of common areas at such time as improvements have been completed on the Common Area, and the Association has been formed and in the Developer's reasonable opinion, is able to operate and maintain the Common Areas, but in no event later than the transition date, the Developer shall cause title to the Common Areas to be conveyed to the Association, without further consideration therefore, by special warranty deed free and clear of all financing encumbrances. All the Associations assets will be collateralized so the Association has clear ownership and full control of assets.

Membership: All lot owners will be members of the 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.

REAL ESTATE REPORT

EXHIBIT A

The title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters:

1. "Restrictions, conditions and regulations governing the use of groundwater, pursuant to Title 45, Arizona Revised Statutes, 101 et seq."
2. Any action by the Coconino County Assessors and/or Treasurer altering the current or prior tax assessment subsequent to the date of this report.
3. Property taxes, which are a lien not yet due and payable, including any personal property taxes and any assessments collected with taxes to be levied for the year 2005.
4. Reservations, conditions and provisions contained in the patent from the United States of America, or in the acts authorizing the issuance thereof, as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America; and any other reservations as set forth in the Statues under which said Patent was issued.

5. Water rights, claims or title to water whether or not disclosed by the public records.
6. Any obligations imposed upon said land by its inclusion within the following named association.
Association: Majestic View Ranch Homeowners Association
7. Any obligations imposed upon said land by its inclusion within the following named district.
District: Fort Valley Fire District
8. Any Obligations imposed upon said land by its inclusion within the following named district.
District: Majestic View Domestic Water Improvement District
9. Easements, restrictions, and matters shown on the recorded map of said subdivision.
10. Location of improvements, easements, discrepancies, conflicts in boundary line, shortage in area, encroachments or any other matters which a correct survey would disclose, but which are not shown by the public records.
11. Any rules and regulations prescribed by the Secretary of Agriculture concerning the use of National Forest Service Roadway System road which provide access to the within described property as provided for in 16 USC 478.
12. All rights exercised (prior to or after the effective date of this commitment) by the State of Arizona concerning Rights of Way for US Highway 180, which abuts the Southerly portion of the herein described property.
13. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Purpose: highway
Recorded: Book 11 of Promiscuous Records, page 341
Affects: as set forth therein

14. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: Pipeline
Recorded:Book 62, page 378 of Deeds
Affects: as set forth therein
15. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: Pipeline
Recorded:Book 63, page 119 of Deeds
Affects: as set forth therein
16. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: roadway and utility
Recorded:Docket 207, page 220
Affects: as set forth therein
17. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document:

Recorded: in Docket 191, page 538
18. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: roadway
Recorded:Docket 241, page 53 and re-recorded in Docket 241, page 529
Affects: as set forth therein
19. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: electric lines
Recorded:Docket 455, page 670
Affects: as set forth therein
20. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: electric lines and appurtenant facilities
Recorded:Docket 772, page 120
Affects: as set forth therein
21. All matters as set forth in that certain Survey recorded in Book 4 of Land Surveys, pages 31, 31a and 31b.
22. Agreement for road maintenance, dated June 17, 1986, recorded June 19, 1986 in Docket 1094, page 481.
23. All matters as set forth in that certain Survey recorded in Book 9 of Land Surveys, page 82.
24. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
Purpose: ingress, egress and utilities
Recorded:Docket 1061, page 853, Docket 1094, page 481; Docket 1106, page 116; Docket 1206, page 485; Docket 1240, page 716; Docket 1672, page 552; Docket 1742, page 873; Docket 1750, page 157; Docket 2022, page 944.
Affects: as set forth therein
25. All matters set forth in Resolution NO. 2004-59, establishing the Majestic View Domestic Water Improvement District, recorded in Instrument No. 3296209.

26. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Purpose: ingress, egress and utilities
Recorded: 2/2/2005 in Instrument No. 3357477
Affects: as set forth therein

27. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Purpose: ingress, egress and utilities
Recorded: 2/19/2005 in Instrument No. 3360527
Affects: as set forth therein

28. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document:

Recorded: in Instrument No. 3364279

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

Trustor: Thomas M. Brewster, a married man, as his sole and separate property
Trustee: Fidelity National Title Insurance Agency of Coconino, Inc., an Arizona corporation
Beneficiary: M & I Marshall and Ilsley Bank
Amount: \$350,000.00
Dated: August 12, 2004
Recorded: August 13, 2004 in Instrument No. 3277955

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

Trustor: Thomas M. Brewster, a married man, as his sole and separate property
Trustee: Fidelity National Title Insurance Agency of Coconino, Inc., an Arizona corporation
Beneficiary: M & I Marshall and Ilsley Bank
Amount: \$474,000.00
Dated: June 17, 2004
Recorded: August 13, 2004 in Instrument No. 3277956

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

Trustor: Jeremy G. Bach and Merika J. Bach, husband and wife
Trustee: Fidelity National Title Insurance Agency of Coconino, Inc., an Arizona corporation
Beneficiary: Countrywide Home Loans
Amount: \$500,000.00
Dated: January 18, 2006
Recorded: January 18, 2006 in Instrument No. 3365209

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

Trustor: AZNORTH Development, Inc., an Arizona corporation
Trustee: Grand Canyon Title Agency, Inc.
Beneficiary: MCS Family LLP as to an undivided 50% interest and Brent R. Allan and Deborah B. Allan, husband and wife as to an undivided 50% interest
Amount: \$150,000.00
Dated: December 6, 2005

Recorded: January 18, 2006 in Instrument No. 3365211

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

Trustor: AZNORTH Development, Inc., an Arizona corporation
Trustee: Grand Canyon Title Agency, Inc.
Beneficiary: Nathan M. Laskin and Lenore B. Laskin, as trustees as to an undivided 50% interest and Wendy S. Laskin, as trustee as to an undivided 50% interest
Amount: \$150,000.00
Dated: December 6, 2005
Recorded: January 18, 2006 in Instrument No. 3365212

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

Trustor: AZNORTH Development, Inc., an Arizona corporation
Trustee: Grand Canyon Title Agency, Inc.
Beneficiary: Betty Sulkin, as trustee as to an undivided 50% interest and Ruth M. Brisch, as trustee as to an undivided 50% interest
Amount: \$150,000.00
Dated: December 6, 2005
Recorded: January 18, 2006 in Instrument No. 3365213

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

Trustor: AZNORTH Development, Inc., an Arizona corporation
Trustee: Grand Canyon Title Agency, Inc.
Beneficiary: Kenneth A. Levin and Linda S. Levin, as trustees as to an undivided 2/3 interest and Steven W. Lew and Janet K. Lew, as trustees as to an undivided 1/3 interest
Amount: \$150,000.00
Dated: December 6, 2005
Recorded: January 18, 2006 in Instrument No. 3365214

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

Trustor: AZNORTH Development, Inc., an Arizona corporation
Trustee: Fidelity National Title.
Beneficiary: F. Dewitt Reed and Patsy Reed, as trustees
Amount: \$424,000.00
Dated: January 11, 2006
Recorded: January 18, 2006 in Instrument No. 3365215

37. There are no further matters of record affecting the land herein.