

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION DISCLOSURE REPORT

Public Report

FOR

SUN SITES RANCHES UNIT TWO

Registration No. DM 05-050547

SUBDIVIDER

Camino Real Land Corporation

834 Kilani Avenue, Suite 205

Wahiawa, Hawaii 96787

Effective Date

October 6, 2005

First Amendment: November 21, 2008

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION or AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes: Lots 338,352,353,373,384,385,388,389,400,407,408,417,418, 421,422,428,442,444,449,450,478,479,492,501,502,506,508,512,522,539,541,551,563, 566,571,578,579,580,582,584,586,587,588,589,592,593,594,600,601,602,604,608,617, 618,623,626,627,631,636,638,641,654,655,658,659,662,666,668,670,677,681,685 and 690.

The map of this subdivision: is recorded in Book 5 of Maps, pages 89 and 99, and Affidavit of Scrivener's Error in Docket 582, page 575 records of Coconino County, State of Arizona.

The subdivision is approximately 1,765 acres in size. It has been divided into 706 lots. Front Lot corners are staked and center of lots marked for identification.

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 at Rucker Canyon Road, approximately ½ mile East of Arizona Highway 191 and 8 miles North of Elfrida, Cochise County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: The subdivision terrain is mostly level to gently sloping with some lower wash areas and sandy loam soil..

Flooding and Drainage: Subdivider advises that portions of the subdivision may be subject to flooding or drainage problems. Larry K Roberts, P.E., in a letter dated June 22, 1996, cites the following, in part:

According to the 1984 Flood Insurance Rate Maps (FIRMS) published by the Federal Emergency Management Agency (FEMA), none of the subject lots lie in a 500-year, or less, flood plain. In addition, these FEMA maps do not show (1) any apparent hazards resulting from a 500-year, or less, flood; or (2) any noted flood and drainage conditions of these lots. This flood-zone determination was conducted using the 1984 FEMA FIRM maps exclusively.

Karen C. Riggs, P.E., Floodplain Engineer, Cochise County, in a letter dated November 1, 1996, cites, in part:

Development is not prohibited in Zone A Floodplains provided floodplain requirements can be met. Proposed structures must meet finished floor elevations

requirements, and along with septic systems meet erosion setback requirements from washes. Manufactured homes must also be anchored. Parcels are evaluated individually upon receipt of permit applications and floodplain requirements determined.

Soils: Subdivider is unaware of any expansive or subsidence soil within the subdivision, however, due to the size of the lots, it is recommended the buyer contact a soils engineer and have the area on which the residence is to be built tested.

Adjacent Lands and Vicinity: Primarily unimproved 2.5 acre lots for residential use. Also TR-36, Transitional Residential, AG, Agricultural General and RU, Rural District.

The subdivision is adjacent to state land, farming and ranching activities. A sand and gravel operation is within approximately 6 miles of the subdivision.

AIRPORTS

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

Public Airport: The subdivision is located approximately 45 miles northeast of the City of Douglas Airport and approximately 80 miles to Tucson International Airport.

UTILITIES

Electricity: Supplier is Sulphur Springs Valley Electric Cooperative (SSVEC), (520) 515-3460, www.ssvec.org. Facilities are scattered throughout the subdivision with the farthest lot approximately 5 miles distant. The SSVEC in a letter dated May 19, 2005 states in part:

“The owner is responsible for any and all associated costs to bring electric service to the property. Based on the permanency requirements mentioned above (Conditions of Line Extension) (i.e., the water system, septic, foundation, etc.), SSVEC may provide a construction credit of up to \$1,750.00 to a residence or \$1,050.00 to a domestic well. Any estimated extension costs over the credited amount will be billable to the owner as a one time, non-refundable, aid-to-construction charge that must be paid prior to the actual construction. Generally, power lines brought in underground cost more to install than overhead lines. The owner is responsible for any trenching required to extend power lines underground.”

Street Lights: Subdivider does not intent to install such facilities.

Telephone: Supplier is Copper Valley Telephone Cooperative, 1 (800) 421-5711, www.vtc.net. Facilities are scattered throughout the subdivision with the farthest lot approximately 5 miles distant. There is no charge to the buyer to extend facilities to each

home in the subdivision. A \$100.00 refundable deposit is required and basic monthly rates vary from \$20.00 to 30.00.

CABLE: Supplier is Copper Valley Telephone Cooperative, Inc., 1-800-421-5711, www.vtc.net. Facilities are scattered throughout the subdivision. Buyer's cost for bundled services, including phone, video and internet, range from \$59.95 to \$99.50 per month depending on services desired.

Natural Gas: Natural gas is not available to the subdivision. M.P. Propane Inc. of Wilcox, AZ estimates the purchase of a 250 gallon tank with 100 gallons of gas installed, excluding trenching and exterior tubing to be \$450.00. Rental of such facilities is also available.

Water: Water is available from individual wells. Ammon Enterprises, (520) 826-3522, www.ammon@vtc.net, in a letter dated November 16, 2007, states in part:

"A standard well for domestic use would typically use "6 inch" steel or PVC casing to line the drilled well. The cost of the drilling and casing, will be between \$25-\$30 per foot.

The depth to first water and a recommended additional 100 ft, after hitting water, will determine the total cost of a well. Water depths in the above mentioned areas, range from approximately 300 ft to 500 ft.

Permits for "Intent to Drill" are State issued and cost \$100. A county health inspection of the location of the well is required for any lots less than 5 acres. The county inspection is currently \$50."

The Arizona Department of Water Resources, in a letter dated July 9, 1996, cites, in part:

Sun Sites Ranches Units 2 & 4 is being sold with the domestic water supply to be provided by wells to be drilled by the individual lot owners. The principal water bearing unit in the area is alluvial deposits. The depth to groundwater should range from 200 to 280 feet below land surface. Water levels in the area have shown decline rates of two to three feet per year in previous years. The quality of the water should be acceptable for domestic use. Because it has not been demonstrated that a 100-year water supply is available to each lot in the subdivision, the department of water Resources must fine (sic) the water supply to be inadequate.

Sewage Disposal: Available from individual septic systems. Ammon Enterprises, (520) 826-3522, www.ammon@vtc.net, in a letter dated November 16, 2007, states in part:

"On site investigation is required by the State of Arizona, to determine if a standard septic system could be installed, given the type classification of the soil, where the system would be installed, and the proposed water usage/number of bedrooms.

The determination of the cost of the system is dependent on the type of soil, at that site, and the gallons per day of water usage, therefore, the following range of costs are listed. Site inspection \$600, 2 bedrooms \$4,200-\$5,000, 3 bedrooms \$4,500-\$5,500, 4 bedrooms \$5,500-\$7,000, 5 bedrooms \$6,500-\$8,500. All costs are plus tax."

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: Exterior road is surfaced with dirt and maintained by Cochise County.

Access within the Subdivision: Interior roads are completed and are surfaced with dirt. Buyers are responsible for road maintenance, which Ammon Enterprises, (520) 826-3522 estimates that the cost to grade a typical one mile of established road access would be approximately \$600.00 per mile. Any severe washouts, rutting, or major base erosion of the surface, could require additional time, material and costs.

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.

Flood and Drainage: Such control facilities will not be installed.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider advises there are no common, community or recreational facilities included in the subdivision offering.

Within the Master Planned Community: The subdivision is not located within any master planned community.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: All seller promised facilities are completed. Buyers are responsible for installation of all such wanted facilities.

Assurances for Maintenance of Subdivision Facilities: Buyers, utility companies and public entities are responsible for maintenance of all such facilities.

LOCAL SERVICES AND FACILITIES

Schools: Elfrida Elementary and Intermediate School, approximately 13 miles; Valley Union High School, approximately 14 miles. 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 miles from the subdivision in Elfrida, AZ.

Public Transportation; None available to the subdivision.

Medical Facilities: Chiricahua Community Health Center in Elfrida, approximately 7 miles. Full medical facilities available in Wilcox, AZ., approximately 51 miles and Southeast Arizona Medical Center in Douglas, approximately 45 miles.

Fire Protection: Elfrida Fire Department, with cost to buyers included in their ad valorem taxes.

Ambulance Service: Ambulance service is available by dialing 911.

Police Services: Cochise County Sheriff's Department.

Garbage Services: Buyer responsible for refuse disposal at County transfer station in Elfrida, AZ. Costs approximately \$1.00 per trash bag, \$5.00 for level pick up truck load and \$5.00 each for tires, batteries, TV, etc.

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: The subdivision is zoned PDD, planned development district for single family residences.

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

Subdivider advises that the subdivision is located within an open range area in which livestock may roam at large under the laws of this state. Buyer is entitled to fence his lot to preclude such livestock from roaming thereon.

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 Cochise County Recorder. Information about zoning may be obtained at the Office of the Cochise 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 Camino Real Land Corporation, a Nevada corporation

Subdivider's interest in this subdivision is evidenced by a recorded Warranty Deed.

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 September 30 and amended November 13 2008, issued by Pioneer Title Agency, Inc... **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

Sales: Buyer's ownership interest in the subdivision will be evidenced by the Subdivider's delivery of a recorded Warranty Deed to the buyer and the buyer's 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.

Release of Liens and Encumbrances: The subdivision is not subject to any recorded lien or encumbrance,

Use and Occupancy: Buyers will be permitted to use their lot upon the close of escrow and recordation of the Warranty Deed.

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 2008 is \$12.4559 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 \$18,000.00, is approximately \$ 359.00.

Special District Tax or Assessments: Subdivider advises that no special assessment district has been formed or proposed for the subdivision.

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

Name and Assessments: The subdivision is not included in any property owners association.

Control of Association: Not applicable

Title to Common Areas: Not applicable

Membership: Not applicable

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.

EXHIBIT "A"

1. Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records. This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B. (Affects all lots)
2. Liabilities and Obligations imposed upon said land by reason of its inclusion with the following named district: Elfrida Fire District #76-27. (Affects all lots)
3. Taxes and assessments collectible by the County Treasurer not yet due and payable for the following year: 2008 (Affects all lots)
4. Decree entered May 8, 1955, in the United States District Court, District of Arizona, Cause No. Civ 790-Tucson, entitled Lowell C. Pinckard, etal -vs- Phelps Dodge Corporation, recorded in Docket 125, page 286, providing for settlement by Arbitration of Claims for damages to crops and vegetation by smoke, gases, fumes, etc., the provisions of which Decree were extended to include the within described property by Agreement recorded in Docket 151, page 99, and thereafter Phelps Dodge Corporation was released from liability as set forth in Document No. 9104-06030. (Affects all lots)
5. Easements as shown on the recorded plat of said subdivision. (Affects all lots)
6. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 521, page 134, and in Docket 521, page 139 and in Docket 521, page 144.
7. Matters concerning water as set forth in instrument recorded in Document No. 9607-18259.
8. The right of entry to prospect for, mine and remove ½ of the mineral rights in said land, as implied by the reservation of same in instrument recorded in Docket 222, page 354.
9. The right of entry to prospect for, mine and remove ½ of the oil, gas or other minerals in said land, as implied by the reservation of same in instrument recorded in Docket 380, page 531.
10. The right of entry to prospect for, mine and remove all the coal and other minerals as reserved in Patent to said land.

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.

DM05-050547

(Public Report Registration No.)

SUN SITES RANCHES UNIT TWO

(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.

X

(Buyer's Name)

(Current Address)

(Date)