

ARIZONA
SUBDIVISION PUBLIC REPORT
FOR
ARIZONA SUN SITES UNIT 7
REGISTRATION NO. DM98-014866
SUBDIVIDER
CAMINO REAL LAND CORPORATION
834 KILANI AVENUE, SUITE 205
WAHIAWA, HAWAII 96786

March 26, 1998
Effective Date
Second Amended February 25, 1999

STATE 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.

This 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. The purchaser 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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(602) 468-1414

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Estate
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GENERAL

This report includes: Block 723, Lot 6 and 9; Block 725, lot3; Block 726, Lots 1, 2, 3; Block 727, Lot 15; Block 728, Lot 18; Block 729, Lots 5, 10, 17, 18 and 20; Block 730, Lots 3, 4, 8, 12, 13, 14 and 18; Block 731, Lots 5 and 19; Block 732, lots 14 and 15; Block 733, Lots 13, 14 and 19; Block 734, Lot 18; Block 735, Lots 5, 15, 16, 17 and 19, 20; Block 736, Lot 9 and 18; Block 737, Lots 5, 12, 13, 14, 18, 20; Block 738, Lots 3, 9 and 19; Block 740, Lot 6; Block 741, Lots 3, 5, 6, 19; Block 742, Lots 9, 10, 16, 17 and 18; Block 743, Lots 2, 3, 4, 5, 14, 15 and 16; Block 744, Lot 2; Block 745, Lots 2, 13 and 16; Block 746, Lots 19, 20; Block 747, Lots 1 through 20; Block 748, Lots 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15 and 19; Block 749, Lots 3, 4, 7, 8, 9, 10, 11,12, 13, 14, 16, 17, 18, 19, 20, 21, 22; Block 750, Lots 1, 6, 7, 8, 9, 2, 3, 4, 10, 11, 12; Block 752, Lot 2; Block 753, Lots 1, 3, 5, 7, 8, 9, 10 and 11; Block 754, Lots 1, 3, 4, 5, 6, 7,8, 11, 12, 13, 15, 21, 16, 17, 20; Block 755, Lots 1, 2, 5, 15, 18, 19, 3, 4, 10, 16, 17, 20; Block 756, Lots 1, 5, 6, 7, 16; Block 757, Lots 6, 10, 11; Block 758, Lots 9, 10, 11; Block 759, Lots 1, 4, 5, 6, 7, 17; Block 760, Lots 17, 18; Block 761, Lots 9, 10, 13, 14, 15 and 16; Block 762, Lots 1, 3, 5, 9, 10, 7, 8; Block 763, Lot 8; Block 764, Lot 13; Block 765, Lots 8, 5, 17, 19; and Block 766, Lots 1, 2, 3, 4, 5, 9, 10, 11 and 12.

The map of this subdivision is recorded in Book 4 of Maps, Page 94, records of Cochise County, State of Arizona.

The subdivision is approximately 855 acres in size. It has been divided into 835 lots in the entire subdivision. Lot boundaries will be staked at front corners and 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 THEREON.

THIS SUBDIVISION IS ADJACENT TO A MAJOR ELECTRICAL POWER GENERATING STATION. IT IS TRAVERSED BY HIGH VOLTAGE ELECTRICAL TRANSMISSION LINES AS WELL AS A MAJOR HIGH PRESSURE NATURAL GAS PIPELINE. YOU SHOULD DETERMINE FOR YOURSELF THE POSSIBLE HEALTH EFFECTS THESE COULD HAVE ON THESE LOTS, AS WELL AS THE RELATIVE DESIRABILITY OF THE LOTS.

PIPELINE EASEMENTS GENERALLY INCLUDE THE RIGHT OF VEHICULAR ACCESS ALONG THE RIGHT OF WAY FOR MAINTENANCE AND EMERGENCY RESPONSE. FENCES CROSSING THE RIGHT OF WAY MUST HAVE GATES TO PERMIT VEHICULAR ACCESS. FOR YOUR SAFETY, IT IS IMPERATIVE THAT YOU CONTACT THE EASEMENT HOLDER PRIOR TO ANY CONSTRUCTION ACTIVITY UPON THE RIGHT OF WAY INCLUDING ROADS AND FENCES. THE OWNER OF THE FACILITY WITHIN THE RIGHT OF WAY WILL LOCATE AND

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MARK HIS FACILITY UPON YOUR REQUEST.

DEVELOPER ADVISES THAT THIS SUBDIVISION IS LOCATED IN AN OPEN RANGE OR AREA IN WHICH LIVESTOCK MAY ROAM AT LARGE UNDER THE LAWS OF THIS STATE AND THAT NO PROVISIONS HAVE BEEN MADE FOR THE FENCING OF THE SUBDIVISION TO PRECLUDE LIVESTOCK FROM ROAMING WITHIN THE SUBDIVIDED LANDS.

THE DEVELOPER STATES THAT MINERAL RIGHTS ARE RESERVED AND THIS COULD AFFECT THE USE, ENJOYMENT AND VALUE OF THE PROPERTY.

CERTIFICATES OF PURCHASE HAVE BEEN ISSUED FOR NON-PAYMENT OF PROPERTY TAXES AGAINST THE LOTS SHOWN IN THIS PUBLIC REPORT.

THE REAL ESTATE DEPARTMENT HAS INSTRUCTED THE SUBDIVIDER TO PLACE ALL EARNEST MONEY DEPOSITS AND OTHER ADVANCED FUNDS INTO ESCROW AND NOT TO CLOSE ANY ESCROWS UNTIL THE TAX CP HAS BEEN REDEEMED FOR THE LOT WHICH IS THE SUBJECT OF THAT ESCROW. PROSPECTIVE PURCHASERS ARE ADVISED TO DETERMINE WHAT EFFECT THIS HAS ON THEIR LOT PRIOR TO MAKING ANY COMMITMENT TO PURCHASE.

A LETTER DATED JUNE 19, 1997 FROM THE DEVELOPER TO THE TRUSTEE STATES:

"THIS LETTER SHALL CONSTITUTE IRREVOCABLE INSTRUCTIONS TO FIDELITY ESCROW SERVICES CORPORATION AS TRUSTEE UNDER TRUST NO. 003 THAT ANY DELINQUENT REAL PROPERTY TAXES (OR ANY REAL PROPERTY TAXES WHICH BECOME PAYABLE DURING THE YEAR IN WHICH A SALE IS MADE) ARE TO BE PAID PRIOR TO OR AS A PART OF THE COMPLETION OF ANY SALES TO A THIRD PARTY PURCHASER AS TO THE PROPERTY WHICH IS THE SUBJECT OF SAID SALE."

THE ARIZONA DEPARTMENT OF HEALTH CERTIFICATE OF APPROVAL FOR WELLS AND SEPTIC TANKS ON EACH LOT IS DATED 1962. THE CERTIFICATE DOES NOT EXPIRE. YOU SHOULD SATISFY YOURSELF AS TO THE PRESENT DAY FEASIBILITY OF INSTALLING A WELL AND SEPTIC SYSTEM ON THE LOT OF YOUR CHOICE PRIOR TO ANY COMMITMENT TO PURCHASE.

SUBDIVISION LOCATION

Location: Approximately 11 miles to the town of Pearce.

SUBDIVISION CHARACTERISTICS

Topography: Level to rolling terrain with sandy loam soil.

Flooding and Drainage: The developer states that portions of the subject property are within a floodplain. E. H. "Buck" Lewis, P.E., in a letter of March 13, 1998 states, in part:

"There is one undefined A Zone mapped FEMA flood area which follows a drainage flowing northeasterly from the Dragoon Mountains on the west. In the area of the subdivision the 100 year flood zone follows the path of the wash and affects parts of Blocks 723, 729-733, 735, 736, 739-742, 746-748 and 754."

"All lot owners are advised to consult the Cochise County Flood Control Department Prior to any building for any potential hazards which may exist on any particular lot"

Adjacent Lands and Vicinity: Much of surrounding land is used for cattle grazing. Future use of this land is unknown.

UTILITIES

Electricity: Supplier is Sulphur Springs Valley Electric Co-op (SSVEC), and facilities are scattered throughout the unit. The farthest lot is approximately 1/2 mile distant. The following information has been provided by SSVEC:

"Before SSVEC can build a line to a property, the owner needs to apply for service at one of our offices. The owner should bring a copy of his deed and a sketch showing the proposed location of his home, well, and any other proposed buildings and facilities when he signs up for power. The water system, septic system, and a residence (or work begun on the residence) also needs to be in place on the property before a line can be built."

For overhead single phase line, 500 feet or two spans, whichever is greater, of primary line and up to 200 feet of secondary line is free. The cost beyond this distance is \$5.22 per foot. There is also an annual increased service availability charge (ISAC) which is 7.44% of the required construction deposit. This ISAC is required to be paid for a period of 25 years and is billed along with your monthly bill.

For underground single phase line, 500 feet of primary line and up to 200 feet of secondary line is free. The customer is required to pay for the conduit (which the co-op provides and installs) and furnish the trench to SSVEC's specifications. The cost beyond this distance is \$11.80 per foot. There is also an ISAC which is described above.

The construction deposit is held for 5 years. If there have been no new line connections, the deposit is forfeited. If a connection is made within 5 years, a refund is possible. The ISAC is also refigured at that time.

Telephone: Supplier is Valley Telephone Cooperative, but facilities are not complete to all lots. Detailed pricing for extension of service, on an individual basis, can be developed at a cost of \$45.00 per hour.

Monthly service charges are \$13.75 for residential and \$19.75 for business service.

Gas: Natural gas is not available to this subdivision. Bottle gas is available from AmeriGas, Sierra Vista, which has supplied the following information:

AmeriGas offered a \$299 special through August 1997. This includes the first year tank rent on a 250 gallon tank (\$39.95 plus tax). Also included in the tank set: labor, regulators, pigtail, a gas appliance check, pressure test, 30 feet of exterior tubing (Amerigas does not dig the trench), 100 gallons of propane and an additional 100 gallons at \$.99 per gallon. This is free if a 3 year service agreement is signed.

Water: Individual well. The Arizona Department of Water Resources, in a letter of January 12, 1993 states in part:

"Arizona Sunsites Unit 7 is being sold with the domestic water supply to be provided by wells to be drilled by the individual lot owners. Groundwater is available from alluvial deposits. The depth to water ranges from less than 100 to about 200 feet below land surface. Water levels have been declining at a rate of about two feet per year. The quality of the groundwater in the area is variable. Concentrations of total dissolved solids and fluoride may exceed maximum recommended limits. 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 find the water supply to be inadequate."

The Arizona Department of Environmental Quality, in a letter of October 10, 1995, states, in part:

"The following are ways that Clear Springs Utility Company can serve lots in Units 5, 6, 7 and 8 and comply with ADEQ rules and Bulletins:

1. Water can be hauled by the water company and placed in holding tanks provided by the lot owner.
2. Lots within a reasonable proximity of existing wells can be served by extending water lines.
3. New wells can be drilled on lots designated as well sites and water lines extended to lots needing water service.

4. Individual wells can be drilled on the lots. The

location of the well will be deed restricted to the front 40 feet of the lot."

Clear Springs Utility Company estimates costs for the various methods of serving water as follows:

1. Hauling - Initial cost for holding tank and booster pump (500 gallons) \$1200.
Individual single load - \$35.00
Load from route distribution - \$15.00

2. Line extensions (6") - \$10.00 per foot.

3. New water company wells (8" min.) and pumping equipment - \$12,000.

4. Individual wells - \$7,000.

Items 3 and 4, do not include extending electric service, if required. The individual wells will be owned and operated by the lot owner.

In a 1997 update, Gary Ingle Well Drilling/Pump Service estimates costs of an 8" well cased with steel pipe, with a 15 gallon per minute pump as follows: a 200 foot well and 1 ½ HP pump, \$5,800 plus tax; a 400 foot well and 3 HP pump, \$10,700 plus tax; a 600 foot well and 5 HP pump, \$17,100 plus tax.

Sewage Disposal: Individual septic systems. Chiricahua Building Supply of Elfrida estimates the cost of a system suitable for a two bedroom house at \$1,700.00, plus \$100.00 for an additional bedroom. Hook-up to the residences costs a minimum of \$35.00. Ditching costs \$50 per hour for backhoe and operator, with a 2 hour minimum.

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.

PURCHASERS ARE TO MAKE ALL ARRANGEMENTS AND PAY ALL COSTS FOR ESTABLISHING SERVICE.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Exterior streets are surfaced with dirt, except for U.S. Highway 191, which is paved with asphalt. Highway 191 is publicly maintained, but the remainder of the streets are maintained by property owners.

Access within the Subdivision: Interior streets are dirt. They

are maintained by an annual assessment of property owners. All weather access is NOT available to this subdivision.

Flood and Drainage: Culverts, ditches, etc., have been constructed concurrently with roads.

LOCAL SERVICES AND FACILITIES

Schools: Pearce Elementary, approximately 11 miles; Valley Union High School, approximately 33 miles.

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

Shopping Facilities: Approximately 11 miles in Pearce; full facilities in Willcox, approximately 25 miles.

Public Transportation: Roadrunner Bus Service, approximately 8 miles.

Medical Facilities: Available in Willcox, approximately 25 miles.

Fire Protection: Pearce/Sun Sites Volunteer Fire Department.

Ambulance Service: Available by calling 911.

Police Protection: Cochise County Sheriff.

Garbage Service: USA Waste, 2183 N. Coyote Place, Huachuca City, Arizona, 85616, (520) 458-2421, \$13.50 per month, billed quarterly—twice a week pick up.

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: Vacant lots for single family residential and commercial use. Blocks 734 and portions of Blocks 755, 762 and 766 are for commercial use; all other lots covered by this report are for residential use.

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

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Cochise County Planning and Zoning Department. Restrictions are
recorded as listed in the title section of this report and per
the subdivision plat.

METHOD OF SALE OR LEASE

Sales: By purchase agreement with the unpaid balance secured by
a note and deed of trust. Deposit and earnest monies will be
placed in escrow.

Use and Occupancy: Upon recordation of 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.

TITLE

Title to this subdivision is vested in Fidelity Escrow Services
Corporation, a Hawaii corporation, as Trustee under Trust No.
003.

Subdivider's interest in the subdivision is evidenced by a
beneficial interest in the above Trust.

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 Preliminary Title Report dated January 20,
1998 and October 15, 1998 issued by Pioneer Title Agency, Inc.
As a prospective purchaser, you should obtain a title report and
examine the effect of the listed exceptions.

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.
2. LIABILITIES AND OBLIGATIONS imposed upon said land by reason
of its inclusion with the following named district:

Sunsites-Pearce Fire District

3. Property taxes, including any personal property taxes and any assessments collected with taxes, for the year 1998. 1st half; payable October 1, delinquent November 2, 2nd half; payable October 1, due March 1, delinquent May 2.
4. A sale of the delinquent taxes and certificates of purchase issued by the County Treasurer for the years; 1993 thru 1997.
6. THE RIGHT OF ENTRY to prospect for, mine and remove 1/16 interest in oil rights in said land, as implied by the reservation of same in instrument:

Recorded in Book: 126 Deeds of Real Estate
Page: 375
(Affects Parcel 31)

7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Book 147 Deeds of Real Estate
Page: 29
Purpose: Pipe line
(Affects Lots 16 through 19, Block 749, Lots 10 through 12, Block 750, Lots 7 through 9 and 11, Block 753, Lots 16, 17 19 and 20, Block 754 of Unit 7)

8. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket: 17
Page: 186
Purpose: Pipe Lines

(Crossing Block 749, Block 750, Block 753, and Block 754, Unit 7)

9. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket: 35
Page: 253
Purpose: Power lines
(Affects Block 752, Block 756, and Block 755, Unit 7)

10. EASEMENT and rights incident thereto, as set forth in

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instrument:

Recorded in Docket: 125
Page: 260
Purpose: Pipe Lines
(Affects Block 749, Block 750, Block 753, and Block 754,
Unit 7)

11. THE RIGHT OF ENTRY to prospect for, mine and remove ½ of all of the oil and mineral rights in said land, as implied by the reservation of same in instrument:

Recorded in Docket: 242
Page: 37
(Affects Parcels 30, 31, 32, and 34)

12. RESTRICTIONS, CONDITIONS AND COVENANTS, omitting, if any, from the above, any restrictions based on race, color, religion or national origin contained in instrument:

Recorded in Docket: 305
Page: 349
(Affects all of the Lots in ARIZONA SUN SITES UNIT NO. 7, except Lots 11 through 35, Block 734; Lots 6 through 14, Block 755; Lots 11 through 35, Block 762; Lots 6 through 9, Block 766 and, except Wellsite.

13. RESTRICTIONS, CONDITIONS, COVENANTS, omitting, if any, from the above, any restrictions based on race, color, religion or national origin contained in instrument:

Recorded in Docket: 305
Page: 350
(Affects Lots 11 through 35, Block 734; Lots 6 through 14, Block 755; Lots 11 through 35, Block 762, and Lots 6 through 9, Block 766 of ARIZONA SUN SITE UNIT NO. 7)

14. MATTERS concerning water as set forth in instrument recorded in:

Document: 9301-01321

By the use of this exception, the Company does not limit the generalities contained in Part 1 of Schedule B, if applicable.
(Affects Unit No. 7)

NOTE:DEVELOPER IS REQUIRED TO NOTIFY THE DEPARTMENT OF REAL ESTATE OF ANY FUTURE PLACEMENTS OF LIENS OR ENCUMBRANCES TO ENSURE COMPLIANCE WITH A.R.S. 32-2181, ET SEQ.

TAXES AND ASSESSMENTS

Real Property Taxes: Estimated annual amount of \$100.00 for an unimproved (vacant) lot, based on a sales price of \$7,000.00 and a 1998 tax rate of \$10.0997 per \$100.00 of assessed valuation.

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

PROPERTY OWNERS ASSOCIATION

Name and Assessment: Hawaiian Arizona Corporation Sun Sites Property Owners Association, with annual assessment of \$30.00.

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

Control of Association: Will pass to lot buyers upon sale of all lots; on December 31, 2011; or developers relinquishment of voting rights.

PROSPECTIVE PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF RESTRICTIONS, ASSOCIATION ARTICLES OF INCORPORATION, ASSOCIATION 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 THE 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.

Membership: Mandatory for all lot owners.

DBT
REGISTRATION NO. DM98-014866
ARIZONA SUN SITES UNIT 7, BLOCKS 723 THRU 766

REQUIRED RECEIPT FOR PUBLIC REPORT

The law and regulations of the Real Estate Commissioner require that the owner, agent or subdivider of this subdivision (or unsubdivided land) 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 subdivided or unsubdivided land, and before you pay any money or other consideration toward the purchase or lease of an interest in subdivided or unsubdivided land.

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.

DM98-014866

(File No.)

ARIZONA SUN SITES UNIT NO. 7

(Tract No. or Name)

I understand that the report is not a recommendation or endorsement of the subdivision, but is for information only.

(Name)

(Address)

(Date)