

REGISTRATION NO.

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
BEAVER CREEK PRESERVE

Registration No. DM 05-050298

SUBDIVIDER

**Beaver Creek Preserve, Inc., An Arizona Corporation
14648 North Scottsdale Road, Suite 125
Scottsdale, Arizona 85254**

August 16, 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
First Floor
Phoenix, Arizona 85018
(602) 468-1414 ext. 400**

**TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940**

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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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 you 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

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This report includes: Lots 1 through 101, Tracts A (Common Area/Open Space), Tract B (Private Streets), Tract C (Wastewater Treatment Plant) and Tract D and E (Water Production Facilities).

The map of this subdivision: is recorded in Book 56 of Maps and Plats page 42 -46, records of Yavapai County, State of Arizona.

The subdivision is approximately 93.96 acres in size in size in Section 26, T15N, R5E, of the G & S.R.B.& M. in Yavapai County, Arizona. The Assessor's Parcel Number is 405-23-019B. It has been divided into 101 unimproved lots and 5 Tracts. All lots within the subdivision have both rear and front pins installed by a Licensed Surveyor. True North Survey licensed number LS 19853 has installed 16 inch by ½ inch rebar with plastic survey cap at all corners. There are also temporary wooden lath with a lot number on it for sales purposes.

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE FOLLOWING
“ GENERAL NOTES” ARE CONTAINED IN THE RECORDED PLAT:

1. This Subdivision is not within an Active Water Management Area.
2. Covenants, Conditions, and Restrictions for this Subdivision are recorded in Book 4419, of Official Records, Page 639, in the office of the County Recorder, in the County of Yavapai, in the State of Arizona.
3. All lots shown on this Plat shall be designated as single-family dwelling and accessory uses.
4. Ownership and maintenance of tracts “A”, “B” , “D” & “E” shall remain with the Beaver Creek Preserve Homeowners Association.
5. Each of the Lots 1 through 101 Beaver Creek Preserve are subject to the CC&R's; the building envelopes shown hereon; all applicable codes, regulations and conditions of approval by Yavapai County.
6. A private airstrip is in close proximity to the site.

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, City, County, State and directions from the nearest city or town: Beaver Creek Preserve is located off Beaver Creek Road within Rimrock, Arizona in Yavapai County. Beaver Creek Preserve's primary entrance is off of the intersection of Beaver Creek Road and Jo Ann Drive approximately 3 miles east of Exit 293 on Interstate 17. Direction: Exit Interstate at 293 (McGuireville) and proceed three miles on Beaver Creek Road, past the Post Office towards Montezuma's Well to the entrance of the project. Nearest town is the Village of Oak Creek.

SUBDIVISION CHARACTERISTICS

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Topography: Subdivider advises that the terrain has varying topographical conditions, ranging from a low contour line of 3,486 feet to a high point of 3,686 feet elevation. The subdivision's primary physical characteristic is a ridgeline that traverses the site from the northeast to the southwest, separating the east section of the project from the west section. The project's clubhouse, pool, tennis court and nature walk will be located on top of this ridgeline.. In addition, there are two washes traversing the site that will be retained as Common Open Space. The East section of the subdivision has a more passive environment as it is buffered by the ridgeline from any traffic noise from the Interstate 17. Conversely most of the lots within the west portion are subject to varying levels of traffic noise resulting from the northwest property line of the project abutting Interstate 17.

Flooding and Drainage: Subdivider advises the subdivision is not subject to any known flooding or drainage problems. In a letter dated February 7, 2006, from Pender, P.E., of Pender Engineering has stated, in part, the following:

“The project site lies within an areas classified as Zone X 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 500 year flood plain. This Flood Insurance Rate Map (FIRM) does not denote any other classifications which would be of lower flood probability. The FIRM that includes the project site is Community Panel No. 04025C1845F, which was revised June 6, 2001.

Prospective buyer 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 Yavapai County Flood District on any of the 101 lots within the subdivision”

Soils: Subdivider advises that the subdivision is not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity: Subdivider advises that there are no known geological conditions that would be detrimental to a purchaser's health, safety or welfare. Subdivider advises that on October 17, 2005, the Board of Supervisors of Yavapai County approved a zoning map change for the subdivision from RCU-2A (Rural 2-acre minimum parcels) to a Planned Area Development (PAD) zone for 101 lots. On January 17, 2006 the Board of Supervisors approved the subdivision's Final Plat, which was recorded March 15, 2006

North: RCU-2A (Minimum 2- Acre Parcels) and Interstate 17
South: RI-35 zoning (Minimum 35,000 square foot parcels)
East: RCU-2A and RI-10 (Minimum 10,000 square foot Parcels)
West: Coconino National Forest and Interstate 17

There are NO adjacent American Indian Reservation Lands.

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Subdivider advises that the subdivision is located in a predominantly rural residential area, with limited commercial and industrial lands uses. To the Southwest within 1.0 miles of the subdivision, via Jo Ann Drive and Beaver Creek Road, lies the privately owned Rimrock Airstrip, the U.S. Post Office, a church and the recently constructed Beaver Creek Gas Mart. Further Southwest within 3.0 miles of the subdivision lies a small country grocery store, the Lake Montezuma Rimrock Fire Department, several small bars and restaurants and a small office complex. To the southeast within 1.2 miles lies the Beaver Creek Elementary School, a small restaurant, several scattered industrial buildings and within 1.75 miles lies the Montezuma Well National Monument. Subdivider is unaware of any pending commercial, apartment, church, school, or park project that has been formally submitted to Yavapai County for review and approval.

Existing and proposed lands uses lying adjacent to the subdivision are:

North: Adjacent to the subdivisions north boundary lies vacant National Forest acreage and vacant platted lots of Thunder Ridge Phase V subdivision, and further North the alignment of interstate 17.

South: Adjacent to the subdivisions south boundary lies unsubdivided acreage currently occupied by approximately ten scattered manufactured homes.

West: Adjacent to the subdivision west property line lies a small portion of Coconino National Forest and the alignment of a portion of Interstate 17.

East: Adjacent to the subdivision east boundary line lies a steep slope on top of which are two homes on acreage parcels.

Note: Purchasers are advised that Beaver Creek Preserve's west property line abuts and the north property line is in full view of, the alignment of Interstate 17. Depending on weather conditions and time of the day or week, lot owners will hear varying levels of noise and be subject to views of traffic.

Purchasers are further advised that certain lots within the subdivision will be located in close proximity to a future wastewater treatment plat and may be subject to related noise and odors.

Purchasers are further advised that the subdivision lots and common areas contain plants, insect, and wildlife indigenous to a desert environment, some or all of which may be considered potential safety hazards to unsupervised children and adults. Agricultural and horse boarding use in the surrounding areas may produce odors, pesticides and related dust associated with agricultural activities.

Purchases are further advised that construction of this subdivision and the building of future homes may produce dust relating to their construction.

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NOTE: OWNERS OF THE 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.

INFORMATION ON AMERICAN INDIAN RESERVATION LANDS MAY BE OBTAINED USING THE INTER TRIBAL COUNCIL OF ARIZONA (ITCA) WEBSITE, <http://itcaonline.com/tribes.html>.

Subdivision located within five miles of the borders of an Indian reservation:
Subdivider advises subdivision lies within 5.5 miles due north-northeast of the Cliff Castle Casino which is on the Yavapai Apache Indian Reservation near the intersection of Middle Verde Road and Exit 289 of Interstate 17.

Subdivider further advises that approximately 3 miles southwest of the subdivision lies a small acreage parcel owned by a member of the Yavapai Apache Nation (Beaver Creek Road and Culpepper Ranch Road/McGuireville).

Contact information: Yavapai-Apache Nation
2400 W. Datsi Street
Camp Verde, Arizona 86322
Phone: (928) 567-1004
www.yavapai-apache.org
or more information online at <http://www.itcaonline.com>

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION,. ACTIVITIES ON THE RESERVATION INCLUDE OR MAY INCLUDE OPEN RANGE, AGRICULTURAL OPERATIONS, AIRCRAFT OPERATIONS, INDUSTRIAL OPERATION AND DAIRY FARMS. A RESERVATION HAS ITS OWN LAWS GOVERNING THE LAND WITHIN ITS BOUNDARIES. THESE MAY INCLUDE TRESSPASSING, DUMPING, ARCHAEOLOGY, HUNTING, FISHING, ETC. IN ADDITION, CERTAIN AREAS OF THE RESERVATION MAY BE NON-PUBLIC CLOSED AREAS WHICH REQUIRE SPECIAL PERMISSION TO ENTER. THOUROUGHFARES AND ROAD ON THE RESERVATIONS MAY NOT BE AVAILABLE FOR PUBLIC USE.

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AIRPORTS

Subdivider advises that no portion of this development is located in the territory or vicinity of an ancillary military facility or a military training route.

No portion of the development is located in territory in the vicinity of a military airport as defined in A.R.S. 28-8461

No portion of the development is located in a high noise or accident potential zone as defined in A.R.S. 28-8461

Subdivider advises that the subdivision is not located within the vicinity of an airport located on an American Indian Reservation.

Subdivider advises that the Rimrock Airport is located ½ miles south from the subdivision

Subdivider advises that the Sedona Airport is located approximately 23 miles northwest from the subdivision.

Subdivider advises that the Cottonwood Airport is located approximately 27 miles from the subdivision.

NOTE: SUBDIVISION IS LOCATED WITHIN THE VICINITY OF RIMROCK AIRPORT. ALL AREAS WITHIN AN OVER-FLIGHT DISTRICT ARE SUBJECT TO AIRCRAFT ACTIVITY. SINGLE AIRCRAFT OVER-FLIGHTS, CERTAIN AIRCRAFT AND PARTICULAR NOISE LEVELS AFFECT EVERYONE DIFFRENTLY. IF A RESIDENCE IS OUTSIDE THE OVER-FLIGHTS THE OVER-FLIGHT DISTRICT IT IS STILL SUBJECT TO OVER-FLIGHTS BY AIRCRAFT FROM THE CLOSEST AIRPORT, ANOTHER AIRPORT IN THE OR OUTSIDE THE AREA.

UTILITIES

Electricity: APS Corporation, Contact: Robert Witte, 1250 East Highway 89A, Cottonwood, Arizona 86326, (928) 646-8462, Website: www.aps.com Subdivider to complete to lot lines, Lot Purchasers costs for completion of facilities from lot line to dwelling are approximately \$20.00 to \$30.00 per lineal foot, depending on soils conditions, plus any costs of conduit (Note: electrical and telephone can share the same trench). Lots purchasers costs to receive service are a \$25.00 establishment fee, plus tax, security deposit, if applicable.

Street Lights: Subdivider advises that there will be no street lights within the subdivision as it is the intent of subdivider to maintain a “dark sky” environment within the subdivision in accordance with Yavapai County’s ordinance.

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Telephone: Qwest Communication, Contact Qwest Communications, 6212 S. Quentin, Suite 100A Englewood Colorado 80112, 1-800-496-0663, Website: www.qwest.com. Subdivider to complete facilities to lot lines. Lot purchasers costs for completion of facilities from lot line to dwelling are included in the APS trenching costs plus any conduit costs. Lot purchasers costs to establish service for basic telephone are a one-time connection fee of \$27.50 and basic service ranges from \$8.50 to \$13.18 per month. Other services can be obtained at additional costs.

NOTE: IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, IE. A CELLULAR TELEPHONE.

Cable: Subdivider advises that there is no Cable Services available at this time to the subdivision. However, Subdivider will be installing empty conduits for future installation. Lots purchasers will be responsible for extending to dwelling if and when services become available.

NOTE: THIS SUBDIVISION IS NOT LOCATED IN THE VICINITY OF ANY LOCAL CABLE TELEVISION PROVIDERS. PURCHASERS ARE ADVISED THAT SATELLITE TELEVISION CAN BE PROVIDED BY DIRECT TV. FOR MORE INFORMATION, CALL (800) 213-7089, OR VISIT THEIR WEBSITE AT WWW.XSATELLITE.COM

Natural Gas: No Natural Gas facilities are available to this subdivision as this time. Propane gas is available for gas stoves, furnaces, dryers, spas and pool from a variety of distributors. Subdivider has utilized Flame Propane. Costs associated with the use of propane are estimated as follows: Yearly tank rental (sizes 250 to 500 gallon) \$52.01 per year (First year waived). Year tank rental (size 500 gallons) \$84.51 year (first year waived). Purchase price for underground tank (500 gallons) \$1,506.07. This includes Anode Bag and 2 trips to install.

Note: Excavation for hole for underground tank will be at the expense of the homeowner.

Price of Propane January , 2006 Automatic Delivery: \$2.10 a gallon.
Will Call Delivery: \$2.24 a gallon

Flame Propane, 624. N. Industrial Road, Camp Verde, Arizona 86322, (928) 567-3845/(928) 567-4099.

Note: Purchasers are advised that all propane tanks must be buried in accordance with the Covenants, Conditions and Restrictions and Design Guidelines for this subdivision.

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Water: Arizona Water Company will service the lot purchasers by extending existing water lines they own within Rimrock, Arizona to the subdivision in accordance with an Extension of Water Facilities dated May 19, 2006 between Arizona Water Company and the subdivider, and also in accordance with an approval from the Arizona Corporation Commission at a hearing on July 25, 2006, and in accordance with an Opinion and Order dated July 28, 2006, allowing Arizona Water Company to extend their existing Certificate of Convenience and Necessity to include the subdivision in their service area. Subdivider will bear all costs associated with the extension of the water lines to the lot lines. Arizona Water Company will maintain all water lines outside and within the subdivision. Lot Purchasers will maintain any water lines located on their lot.

Costs to Lot purchasers to provide service to dwelling are estimated at \$20.00 to \$30.00 per lineal foot for trenching depending on soil conditions Plus the cost of the conduit. Upon approval to construct a dwelling, Arizona Water Company will install a meter at their lot under their current Tariff Rate Structure of:

\$16.00 Establishment Fee each time an account is established.

Guarantee Deposit: Residential Maximum: Two (2) times average customer class bill.

Meter Test: No Charge if done during regular working hours, otherwise a \$35.00 Service charge.

Service Line and Meter Installation: No Charge for 5/8 and 1-inch lines

Monthly Bill Charges (Rimrock, Arizona):

\$16.10 for a 5/8 inch line

\$34.13 for a 1 inch line

Commodity rate: \$0.250 per 100 gallons

Providers:

Michael Whitehead,
Vice President/Engineering
Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, Arizona 85015
Tel: (602) 248-6860
Fax: (602) 240-6878
www.azwater.com

The Assured and Adequate Water Supply Division of the Arizona Department of Water Resources, in a letter dated August 4, 2006 communication to the State of Arizona

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Department of Real Estate stated that Beaver Creek Preserve, Inc. has met the statutory requirements of the Adequate Water Supply rules administered by the Arizona Department of Water Resources.

“Adequacy of the 100-year water supply was reviewed by the Department with regard to quantity, quality and dependability. Water is suitable for domestic use, therefore the Department of Water Resources finds the water supply to be adequate to meet the subdivision’s projected needs.

This letter, which constitutes the Departments report on the subdivision’s water supply is being forwarded to your office as required by A.R.S. 45-108. This law requires the developer to hold the recordation of the subdivision’s plat until receipt of the ‘Departments report on the subdivision’s water supply. By copy of this report, the Yavapai County Recorder is being officially notified of the developer’s compliance with the law.

Subdivider advises that Fire Hydrants will be installed by July 31, 2008 with costs to lot purchasers included in lot purchase price. Yavapai County is requiring that all future dwellings be sprinkled.

Sewage Disposal: Subdivider advises lot purchasers that all sewage collection, treatment and disposal will be handled by an on-site wastewater treatment facility to be constructed on Tract “C”. Subdivider advises lot purchasers that engineering plans for the wastewater treatment facility have been submitted to ADEQ for approval. Yavapai County Environmental Services Department states, On February 28, 2006, YESD issued a Certificate of Sanitary Facilities for the subdivision allowing the subdivision to Vault and Haul any waste material until such time ADEQ approval is received. Once the wastewater treatment plant is installed, the Beaver Creek Preserve Domestic Wastewater Improvement District will be formed by Yavapai County as a special taxing district under Arizona Revised Statutes Title 48. The creation of a wastewater district can only occur “after” the completion of the facility. Beaver Creek Preserve Domestic Wastewater Improvement District will provide maintenance with costs to lot purchasers included in user billings.

Costs to lot purchasers to provide wastewater service to dwelling are estimated at \$20.00 to \$30.00 per lineal foot for trenching, depending on the soil conditions. Based on 2006 estimates, upon approval to construct a dwelling, a one-time Wastewater /Capital Improvement Reserve Fee of \$2,100.00 will be paid to the Beaver Creek Preserve Domestic Wastewater Improvement District (to be formed), along with a \$4,750.00 sewer hook-up charge for the installation of a sewer grinder pump, tank, conduit and connection of the dwelling to the sewer system. Once the dwelling is connected to the wastewater system, the lot purchaser will be subject to user fees based on the amount of usage as per the meter. Monthly Wastewater Service Usage charges are \$35.00 a month base rate that included the first 1,000 gallons of usage and \$2.00 per 1,000 gallons after the first 1,000 gallon. It is estimated that an average family using upwards of 7,000 gallons of domestic water a month could have a monthly sewer usage bill of approximately \$50.00.

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Wastewater system to be maintained by Beaver Creek Preserve Domestic Wastewater Improvement District.

Note: Pursuant to A.R.S. 45-108 and A.A.C. R 12-15-715 *et seq.*, the Department has determined that the water supply for the Beaver Creek Preserve subdivision is adequate, i.e. that the water supply is physically, continuously and legally available to satisfy the applicant's 100 year projected water demand, and that the water supply is of suitable water quality. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of the determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time.

Note: Vacant Lot Wastewater Assessment: A charge of \$38.00 to be paid at close of escrow of lot and then paid annually to provide operating and capital funds to the Beaver Creek Preserve Domestic Wastewater Improvement District until a dwelling unit is constructed and the lot owner is paying all fees and charges of the wastewater improvement district to receive service.

NOTE: COMPLETION DATES FOR FACILITIES ARE JULY 31, 2008

NOTE: ONCE SERVICE HAS BEEN ESTABLISHED TO A DWELLING, DIRECT USER CHARGES WILL APPLY.

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: Subdivider advises that an asphalt paved public access street Beaver Creek Road has been completed and dedicated to Yavapai County for maintenance. With costs to Lot Purchasers for maintenance included in property taxes. Subdivider will be improving the intersection of Beaver Creek Road and Jo Ann Drive to be completed by July 31, 2008. Which upon completion will be maintained as follows: 1,290 lineal feet of Jo Ann Drive to be maintained by Yavapai County with costs to lot purchasers included in property taxes and 400 lineal feet to be maintained by HOA with costs to lot purchasers included in HOA fees.

Access within the Subdivision: Subdivider to complete Private paved interior streets with concrete curbs by the subdivider by July 31, 2008. Upon completion the Home Owner's Association will maintain with costs to Lot Purchasers included in the monthly HOA fees.

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Flood and Drainage: Subdivider will complete flood and drainage facilities by July 31, 2008, upon completion facilities will be maintained by the Home Owner's Association with costs to lot purchasers included in the HOA fees.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider to complete an *approximate* 1,600 square foot Clubhouse, pool and pool deck, a tennis court, and a natural trail along the "Preserve" ridgeline open space by July 31, 2008. Once completed, facilities will be maintained by the Homeowners Association with costs to Lot Purchasers for maintenance included in the HOA fees.

Master Planned Community: This is not a Master Planned Community

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Assurance for completion of subdivision infrastructure and common areas including Clubhouse, pool and pool deck, tennis court, natural trail facilities and Entrance Gate are assured through a letter of Assurance issued by M & I Marshall & Ilsely Bank in favor of Yavapai County and secured by funds in an amount sufficient to assure completion of all subdivision improvements.

Assurances for Maintenance of Subdivision Facilities: As stated in recorded CC&R's, Filed Articles and Bylaws for The Beaver Creek Preserve Homeowners Association, The Beaver Creek Domestic Wastewater Improvement District Services, Inc. and Environmental Biomass Services, Yavapai County zoning .

NOTE: COPIES OF DOCUMENTS, AGREEMENTS OR STATEMENTS DEMONSTRATING THAT ADEQUATE FINANCIAL OR OTHER ARRANGEMENTS ACCEPTABLE TO THE COMMISSIONER HAVE BEEN MADE FOR COMPLETION OF ALL FACILITIES ARE REQUIRED. SEE RULE R4-28-A1211 FOR A LIST OF ACCEPTABLE FINANCIAL ASSURANCE OPTIONS. (SEE REQUIRED DOCUMENT NO. 18).

LOCAL SERVICES AND FACILITIES

Schools: Beaver Creek Elementary School (K-8) (928) 567-4631 is located approximately 1.0 mile from the subdivision.

High School students have a choice of: Sedona Red Rock High School (9-12) (928) 204-6800, approximately 30 miles from the subdivision; Mingus Union High School (9-12) (928) 634-7531, approximately 20 miles from the subdivision; or Camp Verde High School, (9-12) (928) 567-8033, approximately 13 miles from the subdivision.

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In addition, a number of private schools are available in the region including, Southwestern Academy at Beaver Creek. Higher Education facilities include Yavapai College in Cottonwood with classes also in Camp Verde, Sedona, Clarkdale and Prescott Embry-Riddle Aeronautical University in Prescott, Prescott College and Northern Arizona University of Flagstaff.

School Bus transportation is available to Beaver Creek Elementary School, Mingus High School and Camp Verde High School. Bus Transportation is Not available to Sedona Red Rock High School.

SUBDIVIDER ADVISES PURCHASERS TO SATISFY THEMSELVES AS TO SCHOOL FACILITIES AND BUS SERVICE AS THEY MAY CHANGE. PURCHASERS SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: Shopping facilities are available at a country store located approximately 1.5 miles from subdivision or Basha's Shopping Center in Camp Verde approximately 11 miles from the subdivision. Additional shopping and drug store facilities are available within Village off Oak Creek 17 miles from the subdivision. (Weber's IGA) and in the surrounding communities of Cottonwood (Safeway, Food City, Fry's and Super Wal-Mart) and Sedona (Basha's New Frontiers Natural Marketplace and Safeway).

Public Transportation: There is not Public Transportation available to this subdivision.

Medical Facilities: Medical facilities are available at the full service Verde Valley Medical Center with 99 beds and located at 269 S. Candy Lane, Cottonwood, (928) 634-2551, along with a personal care facility with 120-beds.
www.VerdeValleyMedicalCentr.com.

Fire Protection: Montezuma Rimrock Fire Department provides fire protection, with costs to lot purchasers included in their property taxes. In turn, the subdivision is providing on-site fire hydrants at locations acceptable to the fire department.

Note: Purchasers are advised that future dwelling units will have to be sprinkled in accordance with a Plat stipulation of Yavapai County.

Ambulance Service: Ambulance and paramedic service are available from the Montezuma-Rimrock Fire Department. Call 911

Police Services: Yavapai County Sheriff's Department provides police service.

Refuse Collection: Available through Waste Management of Northern Arizona 1-(800) 386-7783 with costs to lot purchasers of approximately \$16.75 per month for a 96 gallon trash container., An additional container will costs \$12.75 per month. Households are billed three months in advance and there is an initial set up fee of \$25.00

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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 Lots

Zoning: Single Family Residential

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's, 1015 Fair Street, Prescott, Arizona 86305, (928) 771-3244. Information about zoning may be obtained at the Development Services Department, 10 south 6th Street, Cottonwood, Arizona 86326, (928) 639-8151. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

Restrictions set forth on the recorded plat of the subdivision, purchasers of **Lots 30 through 37** should note that due to the fact that the natural slope on these lots exceed 20.0 percent. When the time comes to construct a dwelling, purchase may not disturb more than 25.0 percent of their lot area as per the Subdivision Regulations of Yavapai County (Section 560 Hillside Development Standards, page 47).

Purchasers of **Lots 25 through 29** may, subject to Architectural Design Review approval, have the choice of a driveway access from either the clubhouse entry driveway or off of Hanover Court.

METHOD OF SALE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded Deed to you and by signing a Promissory Note and Deed of Trust for the unpaid balance, if any. **You should read these documents before signing them.**

NOTE: YOU ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL NOT BE PLACED IN A NEUTRAL ESCROW UNTIL THE EXPRATION OF ANY APPLICABLE RESCISSION RIGHTS AND EXPIRATION OR SATISFACTION OF FINANCING CONTINGENCIES (IF ANY). UPON EXPIRATION OF THE RECISSION RIGHT, IF APPLICABLE OR SATISFACTION OF FINANCING CONTINGENCIES, IF APPLICABLE, SUCH MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING SUCH MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

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Release of Liens and Encumbrances: Subdivider advises that arrangements have been made with M & I Bank for release provisions.

Use and Occupancy: Lot purchasers will be permitted to use and occupy their Lot upon close of escrow and recordation of deed, but may not commence construction of a dwelling until the infrastructure is sufficiently completed in 2007

Lot Resale: Due to the subdivider's desire to restrict lot speculation; lot purchasers are advised that they shall not sell, convey, transfer, assign, contract for sale, or dispose of their Lot for a period of twelve months commencing from the close of escrow. An addendum to this effect shall be recorded at close of escrow. Purchasers are advised to read the Addendum carefully and to note that there is a provision to convey the lot back to the subdividers at the subdividers option, if the purchaser is financially unable to retain the lot.

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 Beaver Creek Preserve, Inc. An Arizona Corporation

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 March 22, 2006 issued by Capital Title Agency. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for individual lots in this subdivision for the year 2007 has not been determined. The estimated property tax for an unimproved lot (lot without a dwelling), according to Yavapai County Assessor for 2007 will be approximately \$780.00, regardless of lot size.

REGISTRATION NO.

Special District Tax or Assessments: Subdivider advises that there are no Special District Taxes and Assessments known to the best of his knowledge. Beaver Creek Domestic Wastewater Improvement District *will not levy* taxes on the subdivision. All costs to administer the water/sewer systems will be paid by the Lot purchasers when initiating service for a dwelling and installing a meter and through user fees.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Beaver Creek Preserve Property Owner's Association, with costs to Lot Purchasers included in the Homeowner's Association fees. Fees are payable quarterly at \$150.00 or annually at \$600.00, which cover the costs of operating the clubhouse, pool, tennis court, central mailbox complex, entry gates, and for maintaining the private road, common area landscaping. Lot purchasers will be billed quarterly for their association fee.

Note: Lot purchasers will be subject to the Homeowner Association fees as of the first day of the calendar month following the issuance of a Certificate of Occupancy by the Yavapai County for the Clubhouse.

Note: Each lot purchaser will also be subject to an initial annual fee of \$38.00 as a "Vacant Lot Sewer Assessment". The fee will be paid at the close of escrow to the improvement district to provide operating and capital funds to the association until residential dwelling units are constructed and the lot purchaser is paying all fees and charges for the sewer service. The amount to be charged each vacant lot purchaser will be amount that is reasonably estimated annually by the Board of Directors to be formed Beaver Creek Preserve Wastewater Improvement District to produce necessary funds for the sewer system to operate, maintain, repair and replace equipment in accordance with all applicable laws, rules and regulations.

Control of Association: "Turnover Date" Shall be the first to occur of the (i) the day on which title to the last residential Lot in the Subdivision owned by the Declarant is conveyed to a third party purchaser, (ii) such date as Declarant allows the Class A members to cast votes. Declarant shall have right, however, to allow the Class A members to cast votes while at the same time reserving unto itself the rights a Declarant, so long as its owns a single lot, the exclusive right to appoint or remove the Board of the Association and the Design Review Committee, and may further reserve the right to amend this Declaration regardless of whether Declarant has allowed the Class A members to cast votes, so long as Declarant owns a single Lot. Declarant shall continue to have and may enjoy all other rights and privileges of the Declarant hereunder.

Title to Common Areas: Common areas as stated on the plat are owned by the Association for the common use and enjoyment of the owners. All common areas, tracts, and the clubhouse parcel will be deeded to the Association when all the lots are sold.

REGISTRATION NO.

Membership: All Lot Purchasers will be members of the Association.

YOU ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDES FOR AN ARCHITECTURAL CONTROL COMMITTEE.

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 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
SCHEDULE B'S

1. Taxes for the year 2006, a lien but not yet payable.
2. Reservations or Exceptions in Patent or in Acts authorizing the issuance thereof.
3. The right to enter upon said land and prospect for and remove all oil and gas, as reserved in the Patent to said land.
4. Easements as shown on the recorded Plat of said Subdivision
5. All matters as set forth in the Covenants, Conditions and Restrictions in instrument recorded in Book 4374 of Official Records, Page(s) 539, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604 (c).
6. Liabilities and obligations imposed on said land by reason of provisions contained in instrument recorded in Book 4374 of Official Records, Page 539,

REGISTRATION NO.

purporting to impress a lien on said land for collection of assessments of
Beaver Creek Preserve Homeowners Association

7. A Deed of Trust executed by Beaver Creek Preserve, Inc. , an Arizona Corporation, as Trustor, to America West Capital One, LC., an Arizona limited liability company, as Beneficiary, and Capital Title Group, Inc., an Arizona corporation, as Trustee, dated October 11, 2005, recorded October 25, 2005, Book 4327 of Official Records, Page 3, TO SECURE: \$6,770,000.00, and other amounts payable thereunder.
And thereafter the lien of said Deed of Trust was subordinated to the lien of the Deed of Trust recorded in Book 4376 of Official Records, Page 234 by Subordination Agreement recorded in Book 4376 of Official Records, Page 235.
8. A Deed of Trust executed by Beaver Creek Preserve, Inc., an Arizona corporation, as Trustor, to M&I Marshall & Ilsley Bank, as Beneficiary, and M&I Marshall & Ilsley Bank, as Trustee, dated March 20, 2006, recorded March 21, 2006, Book 4376 of Official Records, Page 234; TO SECURE: \$6,200,000.00, and other amounts payable thereunder.

2005 Taxes paid in Full

Parcel No. 405-23-019-7

Total Tax \$4,441.36

THERE ARE NO FURTHER MATTERS OF RECORD CONCERNING THIS
PROPERTY THROUGH THE DATE OF THIS REPORT.