



Arizona Department of Real Estate (ADRE)
Development Services Division

www.azre.gov

PHOENIX OFFICE
2910 N. 44th STREET STE-100
PHOENIX, AZ 85018

DOUGLAS A. DUCEY
GOVERNOR

JUDY LOWE
COMMISSIONER

SUBDIVISION DISCLOSURE REPORT

(PUBLIC REPORT)

FOR

SEDONA RANCH ON OAK CREEK

Aka: SEDONA RANCH

Registration No. DM17-058648

SUBDIVIDER

LA MERRA HOLDINGS, LLC, a Delaware limited liability company
C/O: Enchantment Group
14635 N. Kierland Blvd., Suite 150
Scottsdale, AZ 85254

Effective Date : OCTOBER 11, 2017

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.

Contents

GENERAL	4
SUBDIVISION LOCATION	4
UTILITIES	4
STREETS, ROADS AND DRAINAGE	9
LOCAL SERVICES AND FACILITIES	11
COMMON, COMMUNITY AND RECREATIONAL FACILITIES	13
ASSURANCES FOR COMPLETION OF IMPROVMENTS	14
PROPERTY OWNERS ASSOCIATIONS	15
SUBDIVISION CHARACTERISTICS	18
SUBDIVISION USE AND RESTRICTIONS	23
AIRPORTS	23
TITLE	24
METHOD OF SALE OR LEASE	24
TAXES AND ASSESSMENTS	25

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 2 – 10, inclusive and Lots 12 – 45 inclusive, SEDONA RANCH ON OAK CREEK, Yavapai County, Arizona.

The map of this Subdivision is recorded in Instrument 2017-0047349, Pages 1 – 7, inclusive, records of Yavapai County, Arizona.

The Subdivision is approximately 111.09 acres in size, per the recorded Plat. It has been divided into 45 Lots and Tracts A through H, inclusive. Lot corners will be monumented with 1/2" rebar with aluminum caps marked LS 27253.

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: Upper Red Rock Loop Road and Loy Lane, Sedona, Yavapai County, Arizona.

Directions: From I-17 (via Cottonwood): Take Exit 287, heading northwest on Hwy 260, proceeding to Cottonwood. In Cottonwood take Hwy 89A northeast toward Sedona proceeding approximately 15 ½ miles to Upper Red Rock Loop Road, turning right and following approximately 3 ¼ miles (heading south) to Loy Lane (on the left). Turn left onto Loy Lane and follow to Subdivision entrance. From I-17 (via Sedona): Take Exit 298 onto Hwy 179 heading north, follow Hwy 179 to Sedona (approximately 15 miles) then exit onto Hwy 89A heading south (toward Cottonwood) and proceed for approximately 4 miles to Upper Red Rock Loop Road (on the left). Turn onto Upper Red Rock Loop Road and follow for approximately 3 ¼ miles to Loy Lane, turning left and following to Subdivision entrance.

UTILITIES

Electricity: Arizona Public Service (APS), (602) 371-7171. Facilities are complete to the lot lines. For purchasers of vacant lots, Subdivider estimates costs to purchasers to extend facilities from the lot line to the dwelling to be approximately \$40.00 per linear foot (for trenching and conduit) which includes extension of the other available utilities. For improved lots (those with a dwelling); the Builder will extend facilities from the lot line to the dwelling, the cost of which will be included in the construction cost of the new home. Cost to purchasers to receive service includes a \$25.00 (plus tax) service establishment charge and a deposit may be required depending on past service and payment or credit history, but will not exceed two times the average monthly bill at the service address. Monthly direct user fees will apply.

Website: www.aps.com

Telephone: CenturyLink, (800) 244-1111. Facilities are complete to the lot line. For purchasers of vacant lots; Subdivider estimates costs to purchasers to extend facilities from the lot line to the dwelling to be approximately \$40.00 per linear foot (for trenching and conduit) which includes the extension of the other available utilities. For improved lots, the Builder will extend the facilities from the lot line to the dwelling with the cost to purchasers being included in the construction cost of the new home. Costs to purchasers to receive telephone service include a one-time \$27.50 activation fee and a deposit ranging from \$25.00 to \$100.00 may be charged depending on credit or payment history. Monthly service fees range from \$35.00 to \$49.00 depending on type of service selected. Rates and fees vary depending on the type of services and bundles requested. Purchasers should check the CenturyLink website or call for additional information on services, offers and bundles. **Fees and/or deposits are subject to change; please contact the utility company for further details and current costs.**

Website: www.centurylink.com

Subdivider advises that, at this time, cellular phone service may or may not be available at certain times depending on location within the Subdivision and various service carriers. Purchasers are advised to contact their provider to determine availability of cellular phone service from that particular provider.

Cable: Cable is not available to the Subdivision at this time, however, Satellite Television is available from DIRECT TV through CenturyLink (*if bundled with its telephone and/or internet service*) or from DIRECT TV directly.

Costs to obtain DIRECT TV through CenturyLink (800)244-1111 varies greatly and depends on the bundle and services selected. As one example, if bundling with CenturyLink's telephone service, promotions are currently available to new residential customers with a 2 year contract. An equipment lease and a Credit card is required for a pro-rated ECF (early termination) fee of up to \$480.00, along with equipment non-return fees. Advanced fees may also be required depending on equipment needed for chosen service. Monthly fees vary depending on the plan selected. CenturyLink offers various plans including their "Budget Plan" (service to 4 TV's), which requires a \$35.00 activation fee and a \$29.00 installation fee. Other fees and charges may apply depending on equipment needed and plan chosen. **Fees, offers, deposits and bundles are subject to change. Purchasers should check the CenturyLink website or call for current and additional information.**

Website: www.centurylink.com

If Satellite Television service is obtained directly from DIRECT TV (855)641-5895, monthly fees for Satellite Television range from \$90.00 to \$187.00 per month ("regular" pricing), however, special reduced rates currently range from \$50.00 to \$125.00 per month including installation and equipment fees. A deposit of "up to" \$300.00 may be required depending on credit or payment history. In the event a deposit is required, customers will receive \$5.00 of the deposit back each month as a credit by keeping the account active and in good standing. DIRECT TV also offers phone and internet bundles with AT&T and their other partner companies. Purchasers should check the DIRECT TV website or call for additional information

on services, offers and bundles. **Fees, offers, deposits and bundles are subject to change. Purchasers should check the DIRECT TV website or call for current and additional information.**

Website: www.directv.com

Internet or Fiber Optic: CenturyLink, (800) 244-1111. Facilities are complete to the lot line. For purchasers of vacant lots, Subdivider estimates costs to purchasers to extend facilities from the lot line to the dwelling to be approximately \$40 per linear foot (for trenching and conduit), which includes the extension the other available utilities. For improved lots, the Builder will extend the facilities from the lot line to the dwelling with the cost to purchasers being included in the construction cost of the new home. Cost to purchasers to receive service depends on the services and bundles chosen. The current promotion for internet service only (High-Speed 1.5 Mbps) requires a 12 month contract and one-time installation fees as follows: Self Install – No Charge; Lite Tech Install (help with the installation of modem) - \$29.99; or Standard Tech Install - \$59.00. If a modem is needed, there is a one-time fee of \$99.99 to purchase or \$9.99 per month lease fee. A deposit of \$25.00 - \$100 may apply depending on credit or payment history. Monthly fees run \$29.95 for the first year and the normal one-time activation fee of \$19.95 and modem shipping of \$14.99 will be waived if ordered online under this particular promotion. **Fees, offers, deposits and bundles are subject to change. Purchasers should check the CenturyLink website or call for current and additional information.**

Website: www.centurylink.com

Natural Gas / Propane: Natural Gas is not available to the Subdivision at this time, however, AmeriGas, Propane (DBA: Flame Propane) - (928) 567-4099, located in Camp Verde, will service the Subdivision with bottled gas (propane). For purchasers of improved lots, Builder will have the tank and lines installed and completed to the dwelling, with cost to purchasers being include in the construction cost of a new home. For purchasers of unimproved lots, according to a letter from Christopher Hussey of Flame Propane received on February 22, 2017, the costs involved for a typical residential user for the set up of an underground 250-gallon tank rental are as follows:

“Under Ground – Tank to be installed prior to landscaping (250 GAL TANK EST)

1. 250 Gal Tank (Customer will own tank after first fill)
2. Installation of all piping from tank to house completed by Flame Propane
3. First Fill of propane - @ Market First Fill Price (Call for pricing)
4. Estimated Cost for Tank and First Fill - \$2995-\$3495
5. Multiple pricing and lock in rates available for clients including online portal”

Fill rates vary and costs are subject to change therefore purchasers are advised to contact Flame Propane directly at (928) 567-4099 for further details, current costs and pricing

Website: www.flamepropanegas.com

Water: The Subdivision is served water by the “Retreat at Oak Creek Water Improvement District”; (928) 203-2006, 625 Golf Club Way, Sedona, AZ 86336; Email: heather.pugsley@sevencanyons.com. Facilities are complete to the lot line. For purchasers of

vacant lots, Subdivider estimates costs to purchasers to extend facilities from the lot line to the dwelling to be approximately \$40.00 per linear foot, which includes the extension of the other available utilities as well. A Meter Fee (5/8' – 3/4" meter) of \$1,500.00 will also be required from purchasers of unimproved lots. For improved lots, the Builder will extend facilities from the lot line to the dwelling and pay the Meter Fee, the cost of which will be included in the construction cost of a new home. There is a one-time Establishment Fee of \$50.00 and a deposit of \$150.00 in order to receive service. Once service is established there is a monthly fee of \$25.00 (5/8' – 3/4" meter) and a \$4.25 Commodity Charge (for up to 3,000 gallons) with an additional \$4.25 charge per 1000 gallons afterward. **Fees and/or deposits are subject to change; please contact the Water District for further details and current costs.**

Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-701 *et seq.*, the Department of Water Resources in its Report dated December 10, 2015, has determined that the water supply for the Sedona Ranch On Oak Creek (Re-Plat of La Merra Subdivision) is adequate, *i.e.* that the water supply is physically, continuously and legally available to satisfy the Subdivision's annual estimated water demand, that the water supply is of suitable water quality, and that the applicant has demonstrated the financial capability to construct adequate delivery, storage and treatment works. 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 a 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.

DISCLOSURE WITH REGARD TO WATER WELLS:

Subdivider has become aware of the physical existence of a "pre-existing" water well located on Lot 30. Subdivider has been unable to locate any well registration information regarding said well from the Arizona Department of Water Resources ("ADWR")'s website. Subdivider has no knowledge and makes no warranty, expressed or implied, as to the origin, age or condition of the well (or any related equipment) nor to the depth, quality, quantity or potability of water, *if any*, that may be produced by said well.

Subdivider advises that during its research into ADWR's well registration records, several well registrations were discovered that are shown to be located within the Subdivision's boundaries. Subdivider has made every reasonable effort to verify their existence and to establish their physical location in the field but has been unable to locate or identify them. Therefore, Subdivider is unable to determine which if any, of the lots located within the perimeters of the legal descriptions in the registrations, contain a pre-existing water well.

The lots that appear to be situated within the boundaries of the well registration areas are as follows: Lots: 6, 17, 18, 31, 32, 36, 37 & 38.

DUE TO THE LACK OF FURTHER INFORMATION AVAILABLE TO SUBDIVIDER REGARDING THE LOCATION OR PHYSICAL EXISTENCE OF THESE UNDETERMINED WELLS, SUBDIVIDER MAKES NO WARRANTY, EXPRESSED OR

IMPLIED, AS TO WHICH OF THESE LOTS, IF ANY, CONTAIN A WATER WELL. IN THE EVENT ANY OF THESE REGISTERED WELLS ARE SUBSEQUENTLY PHYSICALLY IDENTIFIED, SUBDIVIDER MAKES NO WARRANTY, EXPRESSED OR IMPLIED, AS TO THE WELL OR ITS EQUIPMENT'S FUNCTIONALITY OR CONDITION, NOR TO THE DEPTH, QUALITY, QUANTITY OR POTABILITY OF WATER, *IF ANY*, THAT MAY BE PRODUCED BY ANY SUCH WELL.

Fire Hydrants have been installed and are inspected by the Sedona Fire District semi-annually.

Sewage Disposal: Lots will be served by individual wastewater treatment systems (septic systems). Arizona Waste Water Services, (928) 203-9320, will provide installation of wastewater systems to lots within the Subdivision. For purchasers of improved lots the Builder will have the system installed with the cost to purchasers being included in the cost of a new home. For purchasers of unimproved lots, according to his letter dated February 19, 2017, Steve Burnett from Arizona Waste Water Services estimates the average cost range to be as follows:

“Site Investigation per Lot:	\$ 850
Conventional Septic Systems:	
Design	\$ 500
Installation	\$ 7,000 - \$10,000
Permit Fee	\$ 160
Alternative Wastewater Systems:	
Design	\$ 2,500 – \$ 3,200
Installation	\$ 10,000 - \$ 25,000
Permit Fee	\$ 363

Cost may vary widely due to differing soil types, depths, site contours and vegetation.”

For additional information or questions, purchasers are advised to call Arizona Waste Water Services directly. Costs are subject to change.

PLEASE BE ADVISED THE FOLLOWING REQUIREMENTS ARE STATED WITHIN THE CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION ISSUED BY YAVAPAI COUNTY DEVELOPMENT SERVICES DATED JUNE 29, 2016:

1. Each individual lot owner must submit proposed on-site disposal system to Yavapai County Development Services – Environmental Unit for review and approval prior to beginning any construction on the lot.
2. Each lot must have a site investigation conducted and must have a minimum of three discovery holes and the leach area must be designed to be inside a 30' radius of the discovery holes. Perc and boring hole log information submitted as part of Subdivision approval may be used to satisfy the above requirement on a one-hole for one-hole replacement basis.

3. If a lot proves unsuitable for a conventional septic tank system, an alternative on-site disposal system complying with Arizona Department of Environmental Quality specifications must be designed and approved by Yavapai County Development Services-Environmental Unit prior to construction.
4. The buyer shall be made aware that all lots are approved for the use of Alternative on-site disposal system and such systems shall be designed on a individual basis for each lot by a qualified designer. Construction plans for the on-site sewage disposal systems shall be approved by Yavapai County Development Services-Environmental Unit before a building permit is issued. The buyer shall be made aware that the cost of the alternate on-site sewage disposal system may be in excess of \$10,000 and that there may be annual reporting requirements and associated costs for alternative disposal systems. The buyer may wish to pursue approval of a conventional tank-leach field system with the Yavapai County Development Services-Environmental Unit.
5. All lots shall hook up to a public sewer within 90-days of availability and abandon the individual wastewater systems immediately upon connection to the sewer.

Developer advises that there are no assurances that a conventional standard septic system can be installed on every lot. Alternative systems may be required on some lots. Purchasers are advised to contact the Arizona Waste Water Services for further information. If an operational sewage disposal system of *any* type acceptable to Yavapai County cannot be installed, purchasers will be offered a refund of their money.

Garbage Services: Patriot Disposal, (928) 775-9000, will provide garbage collection service to homes in the Subdivision. Costs to purchasers to receive collection service for a one 96 gallon container include a one-time \$20.00 set up / container delivery fee and a monthly fee of \$16.75, billed quarterly (\$50.25 per quarter). The monthly fee for two 96 gallon containers would be \$27.75 per month (\$83.25 per quarter). The monthly service fee includes recycling, as everything that is placed in the container(s) is sorted at a recycling center.

Website: www.patriotdisposal.com

PURCHASERS ARE ADVISED TO CONTACT THE ABOVE LISTED PROVIDERS REGARDING EXTENSION RULES, REGULATIONS, SERVICE CONNECTIONS, INSTALLATION CHARGES, ACCOUNT SET-UP FEES AND THE COSTS INVOLVED. COSTS ARE SUBJECT TO CHANGE BY THE SERVICE PROVIDERS.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: The asphalt paved exterior streets are public roadways and are complete. Maintenance is provided by Yavapai County. Purchasers' cost for continued maintenance is included in their property taxes.

Access within the Subdivision: The asphalt paved interior streets are private roadways dedicated to the Homeowners Association. All interior roadways are complete and are to be

maintained by the Association. Purchasers' cost for maintenance is included in their Association Assessments.

Street Lights: Not available to this Subdivision.

Flood and Drainage: Subdivider advises that the natural Drainage Easements and man-made drainage facilities within the Subdivision are complete. Per the recorded Plat:

“FLOOD CONTROL NOTES:

9. The Property Owner(s) of any particular Lot or Parcel which includes a Drainage Easement are responsible for maintaining the Drainage Easement's condition as it was when the Subdivision was approved. Drainage Easements conform to the natural or man-made watercourses and shall not be moved from the location existing at the time of the approval of the Subdivision (unless approved by the Yavapai County Flood Control District). The watercourses may require periodic maintenance to convey on-site or off-site discharges. Periodic maintenance may consist of the removal of earth and /or vegetative material that has built up since the original approval of the final Plat for this Subdivision.

10. Residential Development of Lots 1 through 12, and Lots 17 through 37 will require a Federal Emergency Elevation Certificate completed by an Arizona registered land surveyor or civil engineer prior to the Yavapai County Flood Control District final inspection of the residential structures.”

“DECLARATION AND DEDICATION:

2. Owner hereby dedicates to the Association, Non-Exclusive Drainage Easements upon, over, across and through Natural Area Easements and those areas specifically designated as such hereon. No use shall be permitted within the Drainage Easements which would prohibit or interfere with the drainage use. Should the Lot Owner not adequately maintain the Drainage Easement, the governing agency having jurisdiction over the area in which the Drainage Easements are located, at its discretion, may enter upon and maintain the Drainage Easements and charge the Property Owner the cost of the maintenance. All easements are subordinate to the Drainage Easements.”

Subdivider advises that the frequency and costs of any such maintenance that may be needed

would be difficult to ascertain, but Subdivider estimates, depending on the severity of blockage, costs to lot owners may range from \$400.00 - \$1000.00 per year.

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.az.gov, or call (602) 542-4631.

LOCAL SERVICES AND FACILITIES

Schools: The Subdivision lies within the Sedona-Oak Creek Unified School District #9 boundaries, (928) 204-6800. **Website:** www.sedona.k12.az.us

Elementary Schools (grades K–6th): “Big Park Community School”, (928) 204-6500, is located at 25 W. Saddle Horn, Sedona, which is approximately 4 ½ miles southeast of the Subdivision (an approximately 14 ½ mile drive). “West Sedona School”, (928) 282-0528, located at 570 Posse Ground Rd., in Sedona, is approximately 6 ½ miles northeast of the Subdivision.

Elementary / Middle School (grades K – 8th): “Sedona Charter School” (a Montessori school), (928) 204-6464, is located at 165 Kachina Dr., in Sedona, approximately 5 miles north of the Subdivision.

Junior High School (grades 7th – 8th): “Red Rock Junior High School” (928) 204-6700, located at 995 Upper Red Rock Loop Road, Sedona, which is approximately 3 ½ miles to the northwest of the Subdivision.

High School (grades 9th -12th): “Red Rock High School”, (928) 204-6700, located at 995 Upper Red Rock Loop Road, Sedona, which is approximately 3 ½ miles to the northwest of the Subdivision.

School Bus transportation is available near the Subdivision on Upper Red Rock Loop Road, near Loy Lane (within approximately 1/3 mile of the Subdivision entrance).

PURCHASERS SHOULD CONTACT THE SCHOOL DISTRICT TRANSPORTATION DIRECTOR AT (818) 321-0965 TO VERIFY THE CURRENT AVAILABILITY OF SCHOOL BUS TRANSPORTATION, SCHEDULES AND BUS STOP LOCATIONS.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE THEREFORE YOU SHOULD CONTACT THE “SEDONA-OAK CREEK UNIFIED SCHOOL DISTRICT 9” AT (928) 204-6800 OR VISIT THEIR WEBSITE AT www.sedona.k12.az.us. ADDITIONAL INFORMATION REGARDING SCHOOLS AND DISTRICTS CAN BE FOUND AT www.greatschools.org.

Shopping Facilities: For gasoline and miscellaneous sundries, there is a Giant Gas Station approximately 4.9 miles to the northeast at 2960 W. Hwy 89A and a Circle K is located approximately 5.1 miles northeast at 2570 W. Hwy 89A, Sedona. Walgreen's is approximately 5.8 miles to the northeast at 1995 W. Hwy 89A in Sedona. For groceries, medical and other supplies, Safeway Food Store & Pharmacy is located at 2300 W. Hwy 89A (approximately 5.5 miles), and Bashas' Grocery Store & Pharmacy is located at 160 Coffee Pot Dr. (approximately 6 miles) northeast of the Subdivision in Sedona. New Frontiers Natural Market is approximately 6.5 miles from the Subdivision at 1420 W. Hwy 89A in Sedona. Various types of shops, restaurants and miscellaneous businesses are located in Sedona.

Public Transportation: There is no public transportation available to the Subdivision at this time.

Medical Facilities: Verde Valley Medical Center – Sedona Campus, (928) 204-4100, open seven days a week, 24 hours a day for emergencies, is located approximately 4.6 miles northeast of the Subdivision at 3700 W. Hwy 89A in Sedona. "NextCare Urgent Care: Sedona", (928) 303-4813 (daytime / early evening hours only), is located at 2530 W. Hwy 89A, approximately 5.3 miles northeast in Sedona. Other medical and dental practices are located in Sedona (5+/- miles northeast) and in Cottonwood (18+/- miles southwest).

Fire Protection: Provided by Sedona Fire District, (928) 282-6800 (Administration). For emergencies dial 911. Cost to purchasers is included in property taxes. Website: www.sedonafire.org

Subdivider hereby advises that the Sedona Fire District has, from time to time, historically used the Bridge on Loy Lane, crossing Oak Creek and portions of nearby lots, to access the Creek for rescue training purposes. Although there has been no written agreement between the Fire District and Subdivider, nor to Subdivider's knowledge, between the Fire Department and the previous owner of the property, purchasers are hereby notified that, in it's desire to contribute to and promote the general welfare of the community, it is Subdivider's intent to make specific arrangements with the Fire District in the future to allow the District continued periodic access to Oak Creek from the Bridge, for its training purposes.

THE LOT OWNERS OF THE LOTS ADJACENT TO AND LOCATED NEARBY MAY EXPERIENCE AN ADDITIONAL AMOUNT OF NOISE, VIBRATION, VEHICULAR AND PEDESTRIAN TRAFFIC ASSOCIATED WITH THE DESCRIBED USES AND/OR OPERATIONS BY THE FIRE DISTRICT DURING POSSIBLE TRAINING SESSIONS.

Ambulance Service: Service is available by dialing 911.

Police Services: Provided by the Yavapai County Sheriff's Office, (928) 771-3260 (administration). For emergencies dial 911. Website: web.sheriff@yavapai.us.

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

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: The Common Facilities and Common Areas, as identified on the recorded Plat and as referred to in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sedona Ranch on Oak Creek, as subsequently amended (collectively, the “Declaration”) include, but are not limited to, the Subdivision’s: Interior Roads, Natural Areas, Trail Easements, Landscape Easements, Drainage Easements, a “Community Lake” (used primarily for irrigation) and the use of the “Ranch House” facility located on Tract H (as described and set forth below). Oak Creek winds through portions of the Subdivision.

Subdivider advises that Tract “H” and the “Ranch House” facility located thereon, is not part of the Subdivision’s Common Recreational Facilities, however, per a recorded License Agreement between Subdivider (as the current owner of Tract “H”) and the Homeowners Association, the Association’s Members (Lot Owners) have been granted the irrevocable use of the Ranch House facility. The License Agreement is recorded Fee No. 2017-0042205 in the records of the Yavapai County Recorder’s Office.

The “Ranch House”, is described as a 2,212 sq. ft. +/- facility (with 4,183 sq. ft. under roof) overlooking the Community Lake and open areas. The facility includes a large great room, an expansive lounge with a wet bar, a gourmet kitchen and seating, a large patio, indoor and outdoor fireplaces, and surrounding activity areas for recreation.

NOTE: Subdivider advises that a separate recorded License Agreement between Subdivider and the Seven Canyons Club provides for the revocable use of Tract “H” and the “Ranch House” facility by Seven Canyons Club Members. This License Agreement is recorded at Fee No. 2017-0042206 in the records of the Yavapai County Recorder’s Office.

As referred to on the recorded Plat and as stated in Section 2.8 of the Declaration:

“Tract H initially shall not be a part of the Common Area. The Golf Club will be the initial manager of the facility being constructed on Tract H (the ‘Ranch House’). The Ranch House is being developed by the Declarant (which is the Tract H Owner) as an amenity of the Golf Club, but the Ranch House may be used by Declarant as a sales office for the marketing and sale of the Lots. All costs and expenses to operate the Ranch House shall be paid by the Tract H Owner. No Owner shall have any right, title or interest in or to Tract H, except as expressly granted by the Tract H Owner. The Tract H Owner shall be a Member of the Association but no Assessments or other charges shall be levied against Tract H by the Association, except as expressly set forth herein. The

Tract H Owner shall have the right, but not the obligation, to convey Tract H to the Association in which event Tract H shall become part of the Common Area.”

Additionally, per the Declaration (Item 8 of the Second Amendment):

“The Association hereby recognizes and affirms the rights of Specialty/Sedona Loan Holdings, LLC, a Delaware limited liability company [DBA: Seven Canyons Club] (‘SSLH’), in and to that certain License Agreement dated even date herewith (the ‘SSLH License Agreement’). The SSLH License Agreement allows SSLH and its Members (as defined in the SSLH License Agreement) the use of the building(s) on Tract H (the ‘License Area’) in accordance with the terms and conditions of the SSLH License Agreement, and for no other purpose. A copy of the SSLH License Agreement is on file at the offices of the Association and is available for review during regular business hours by any Owner. Upon expiration or earlier termination of the SSLH License Agreement, the Association shall advise each Owner of same and SSLH (and its Members as defined in the SSLH License Agreement) shall have no further right or interest in and to the License Area. In addition, the Association hereby approves and adopts the terms of that certain License Agreement dated of even date herewith (the “Association License Agreement”). The Association License Agreement allows the Association and its Members (as defined in the SSLH License Agreement) the use of the License Area in accordance with the terms and conditions of the Association License Agreement, and for no other purpose. A copy of the Association License Agreement is on file at the office of the Association and is available for review during regular business hours by any Owner.”

With regard to the “Community Lake” Subdivider advises: Per Section 5.11 (c) of the Declaration;

“A perpetual, non-exclusive easement is created and granted to the Owners, Lessees and Residents and their guests for the use of the Community Lake subject to such rules and regulations as may be adopted from time to time by the Board. A perpetual, non-exclusive easement is created and granted to the owners, lessees and residents and their guests over, upon and across such part of Tract ‘H’ as may be designated from time to time by the Tract H Owner to provide access to and from Loy Lane and the Community Lake. The Declarant reserves the right to grant easements or licenses for the use of the Community Lake and for access across Tract H to the Community Lake by persons who do not own or have any interest in a Lot including, without limitation, the members of the Golf Club (as defined in section 2.7) and their guests. The principal purpose of the Community Lake is to store irrigation water.”

Within the Master Planned Community: The Subdivision is not located within a Master Planned Community.

ASSURANCES FOR COMPLETION OF IMPROVEMENTS

Assurances for Completion of Subdivision Facilities: Subdivider advises that all facilities have been completed.

Assurances for Maintenance of Subdivision Facilities: Utility companies are to maintain their own respective facilities. The responsibility for maintenance of the Common Facilities and Common Areas belongs to the Homeowners Association. Costs to purchasers for maintenance to the Association's Common Areas are included in their Association Assessments. The Tract "H" owner is responsible for maintenance to Tract "H" and the "Ranch House" facility

Drainage Easements: Subdivider advises that per the recorded Plat and Section 8.2(b) and (c) of the Declaration;

"The Owner of a Lot subject to a drainage easement created by and shown on the Plat is responsible for the maintenance of the drainage easement. The drainage easements shown on the Plat conform to the natural or manmade watercourses. The periodic maintenance of the watercourses may consist of the removal of earth or vegetative material that has been built up since the original approval of the Plat."

"Areas within some Lots are within a 100-year floodplain as delineated on the Plat. Areas within the 100-year floodplain limits as shown on the Plat are subject to flooding. All development, uses and maintenance within such areas are subject to the requirements of the Yavapai County Flood Control District and all applicable laws, ordinances and rules."

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: The "Sedona Ranch Oak Creek Homeowners Association, an Arizona nonprofit corporation" (referred to herein as the "Homeowners Association" or the "Association"). The Association's current "Regular Assessments" (per Lot) are due monthly in the amount of \$400.00 (\$4,800.00 per year) and there is a "Golf Club Social Membership Fee" (*described below*) in the amount of \$300.00 per month (\$3,600.00 per year) payable quarterly. Upon the purchase of a Lot, there is a one-time Reserve Contribution Fee equal to one-fourth (1/4) of the monthly Assessment fees (currently \$81.25). All Lot owners will also share equally in the cost of the Homeowners Association's membership in the Red Rock Ditch Association (for irrigation within the Subdivision). Each Lot owner's share of the Homeowners Association's membership dues is currently \$2.67 annually.

Note: When a Lot is purchased from a party other than the Subdivider (Declarant) or Builder, a one-time Transfer Fee of \$75.00 will be due to the Association for its administrative cost resulting from the transfer of a Lot, as well as a fee of \$250.00 for the HOA's issuance of a resale statement.

Golf Club Social Membership: Per Section 2.7 of the Declaration;

“An Owner of a Lot shall automatically, upon becoming the Owner of a Lot, become a social member of that certain Golf Club located at 755 Golf Course Way, Sedona, Arizona, and commonly known as the Seven Canyons Golf Club (the ‘Golf Club’) and shall remain a member of the Golf Club until the Owner’s ownership of the Lot ceases for any reason, at which time the Owner’s social membership in the Golf Club shall automatically cease. By accepting title to a Lot, each Owner agrees to abide by the rules and regulations of the Golf Club and to execute any membership agreement required by the Golf Club. The dues for the social memberships of the Owners of the Lots shall be billed to the Association and shall be a Common Expense. By becoming a social member of the Golf Club, an Owner does not acquire any ownership or other interest in the Golf Club other than the right to use the facilities of the Golf Club that are available for use by social members in accordance with the rules and regulations of the Golf Club. An Owner may acquire a golf membership in the Golf Club, in which event (i) the dues for such golf membership shall be charged directly to such Owner, (ii) the Association thereafter shall not be charged the dues for a social membership for such Owner, and (iii) and the Assessment charged to the Lot owned by such Owner shall not include any portion of the Common Expenses related to dues for social memberships for so long as such Owner is a golf member in the Golf Club.”

IN ADDITION TO THE ASSESSMENTS DESCRIBED ABOVE, SUBDIVIDER DISCLOSES THE FOLLOWING ADDITIONAL FEES WILL BE CHARGED TO THE OWNERS OF THE FOLLOWING INDIVIDUAL LOTS FOR THE PURPOSES AND IN THE AMOUNTS STATED BELOW:

Driveway Easement Lots: Subdivider advises that certain lots contain and/or use shared ingress/egress easements (driveways) for their access. The Homeowners Association will be responsible for providing the maintenance to these driveways, however, per the recorded Declaration, the owners of the lots benefiting from these easements will be responsible for the cost of said maintenance. The affected lots are shown in detail on the recorded Plat and are listed as follows: Lots 1 & 2 (“Easement #1”); Lots 17, 18 & 19 (“Easement #2”); Lots 13, 14 & 15 (“Easement #3”); Lots 6 & 7 (“Easement #4”); Lots 8 & 9 (“Easement #5”); Lots 32, 33, 34, 43, 44 & 45 (“Easement #6”); and Lots 35, 36 & 37 (“Easement #7”).

Under Section 5.12(i) of the Declaration: “...the driveways shall be maintained, repaired and replaced by the Association. The Association is granted a perpetual, non-exclusive easement over, upon, across and under Lots upon which the driveways are located for the purpose of inspecting, maintaining, repairing and replacing the driveways.” Subdivider advises that per the Declaration, all costs and expenses incurred by the Association in inspecting, maintaining, repairing and replacing the driveways located on Ingress/Egress and Public Utility Easements #1 - 7 will be assessed by the Association equally to the Owners of the respective Driveway Easement Lots.

The shared portion of these Driveways will be asphalt pavement through the easement areas only. Below are the estimated initial costs for sealing every two years and chip sealing every six years:

LOT	COST AT 2 YEARS	COST AT 6 YEARS
-----	-----------------	-----------------

1	\$198	\$541
2	\$198	\$541
6	\$180	\$493
7	\$180	\$493
8	\$105	\$288
9	\$105	\$288
13	\$251	\$688
14	\$251	\$688
15	\$251	\$688
17	\$531	\$1456
18	\$531	\$1456
32	\$175	\$479
33	\$175	\$479
34	\$175	\$479
35	\$323	\$884
36	\$323	\$884
37	\$323	\$884
43	\$175	\$479
44	\$175	\$479
45	\$175	\$479

The above costs will be prorated and billed to the respective Lot owners annually.

Lots 1 – 11 (“Irrigation Easement Lots”): An Irrigation Ditch Easement is located on and across portions of Lots 1 – 11, inclusive, as shown on the recorded Plat and identified in the Declaration (as amended). Property through which the Irrigation Ditch runs is subject to the “Red Rock Ditch Association” (the “Ditch Association”) and its membership dues. The Ditch Association is responsible for maintenance to the Irrigation Ditch. The Homeowners Association also has its own membership in the Ditch Association and will be responsible for handling the timely payment of all Ditch Association dues (including the individual dues for Lots 1 – 11). All lots in the Subdivision will share equally in the cost of the Homeowners Association’s separate membership, however, the owners of the Irrigation Easement Lots, will be responsible for reimbursement to the Association for their individual Ditch Association membership dues.

Per the recorded Plat, under FINAL PLAT NOTES:

“9. Lots 1 through 11 have a portion of the Irrigation Ditch Easement crossing within the limits of said Lots. The Association shall provide for the care, operation, management, maintenance, repair and replacement of the Common Area and Association maintained property, as defined in the Declaration, including, but not limited to the Landscape Easements, Trails Easement, Irrigation Easement (all being included as areas of Association maintained property). Owners of Lots 1 – 11, are required to provide proper civil engineering design to avoid disruption or interference with the Irrigation Ditch Easement, if necessary, for ingress and egress, public utilities, construction, and/or any other action that may affect natural flow of said ditch.

10. Ingress and egress across the Forest Service County Easement Road (also known as Long Bow Ranch Road) is for the purposes of Emergency Access only.”

Per the Declaration, under Section 7.2 (d):

“The Association shall pay all dues, assessments and other charges payable to the Red Rock Ditch Association with respect to the Irrigation Easement. All such dues, assessments and charges shall be assessed by the Association in equal amounts solely against the Irrigation Easement Lots. Assessments levied by the Association pursuant to this Section 7.2(d) shall be paid at such times and in such installments as are fixed by the Board”.

Subdivider advises that the current amount for such Assessments to be levied against the owners of the Irrigation Easement Lots is \$120.00 annually (billed annually).

Membership in the Homeowners’ Association: All purchaser’s, as Lot Owners, will be members of the Association.

Control of Association: Declarant will be in control of the Association until the earlier of (a) the date that the Declarant no longer owns or has an option to purchase any Lot or Tract H (b) the date specified in a written notice from the Declarant to the Board as the date that the Declarant Control Period will terminate.

Title to Common Areas: Fee Simple title to the Common Areas has been transferred to the Association. The Common Areas are not subject to liens or encumbrances.

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

SUBDIVISION CHARACTERISTICS

Topography: A variety of; level and hilly land, rocky, loose soil, washes, arroyos and canyons. All Lots have vegetation ranging from light to heavy vegetation of native grasses to mature trees. Oak Creek flows through many of the Lots and most of the Subdivision consists of hillside lots with varying degrees of steepness.

Flooding and Drainage: All building envelopes are located outside of the Flood Plain. In his letter dated February 23, 2017, Arthur H. Beckwith, P.E. of Shephard-Wesnitzer, Inc., states:

“The Sedona Ranch on Oak Creek Subdivision consists of lots 1 – 45, located in Section 25, Township 17 North, Range 5 East, of the G. & S. R. M., in Yavapai County Arizona. The development lies partially within the 100 year flood plains of Oak Creek and several of its tributaries, as detailed below. Sedona Ranch on Oak Creek has been platted to keep buildings out of potential flood hazard areas, eliminating the requirement for flood insurance.

The project site lies within an area classified by the Federal Emergency Management Agency's National Flood Insurance Program as Zone AE and Zone X. All buildable sites are located outside the boundaries of Zone AE. The property within the bounds of the AE Zone – the 100-year flood plain- has been dedicated as natural Open Space on the Final Plat of Sedona Ranch on Oak Creek. Several lots are located within the area designated shaded Zone X, meaning that some portion of those lots are within the boundaries of the 500-year flood. Dwelling construction is not contemplated within major drainage areas.

Flood insurance is not required by the Federal Insurance Administration for buildings constructed in shaded Zone X, but it is available if desired. The current effective FIRM that includes the project site is Community Panel number 04025C1430G as revised September 3, 2010.

Prospective buyers and builders are advised to acquire drainage information specific to their lot prior to the design and construction of any residence. Pertinent Information may be obtained from the Yavapai County Flood Control District, the Final Plat and the Covenants, Conditions and Restrictions for this Subdivision.

The bridge, all street cross-sections and drainage facilities are designed to handle the expected site runoff from the 100-year frequency event.”

Subdivider advises, per Section 2.6 of the Declaration:

“As shown on the Plat, portions of certain Lots are encumbered by the Fema Floodway (the “**Floodway**”) and portions of other Lots are within a 100-year floodplain (the “**Floodplain**”). The limits of the Floodway and the Floodplain (collectively, the “**Floodway / Floodplain Area**”) are shown on the Plat. In addition, certain natural watercourses (the “**Watercourses**”) lie within the boundaries of some Lots or adjacent to some Lots. The Watercourses include, but are not limited to: (a) Oak Creek, (b) Schuermann Ditch which is also referred to as Red Rock Ditch, and (c) any and all ponds, streams, natural water drainage areas and washes. Each Owner, Resident and Lessee and their respective guests, acknowledges, understands and agrees that: (a) the Watercourses and the Floodway/Floodplain Area may present hazards to persons or pets; (b) insects associated with standing bodies of water may be present from time to time; (c) the water level within the Watercourses and the Floodway/Floodplain Area may rise and fall as dictated by the forces of nature or other causes which may result in the flooding of some or all of the Project; and (d) the existence of the Watercourses and the Floodway/Floodplain Area may cause an inconvenience and disturbance and personal injury to the persons residing in or visiting the Project. Each Owner, Resident and Lessee and their respective guests, acknowledges, understands and agrees to accept the risks associated with the existence of the Watercourses and the Floodway/Floodplain Areas and release and forever discharge the Declarant, the Builder and the Association and their respective members, managers, employees and agents from any claim or liability resulting from or in any way related to the existence of the Watercourses and the Floodway/Floodplain Area.”

Soils: The lots are minimally subject to subsidence and expansive soils. In his letter dated February 3, 2017, Hank Belliston, M.D., P.E. of Geotechnical Testing & Inspections (“GTI”) states:

“From the Geotechnical Subsurface Exploration, GTI determined that the on-site soils exhibit low shrink-swell potential. Post-tensioned slab foundations may be utilized to support the proposed residential homes. Detailed recommendations are provided in the Post-Tensioned Slab Recommendations report.

Based on the findings presented in the Geotechnical Subsurface Exploration report, the site is considered suitable for construction of single-family residential housing, provided that the recommendations contained in that report are followed. It should be noted that positive drainage away from the buildings is very important for the long term performance of the foundations. GTI recommends that a minimum of a 5% slope, away from the perimeter of the buildings, be maintained throughout the life of the buildings. In addition, landscaping and irrigation systems should be such that the foundation bearing soils are not subject to moisture infiltration.

Published data indicate that the subject site is located in area of no known earth fissures. GTI does not believe any earth fissures exist within the area in the current site conditions.”

Subdivider advises; although the Soils Report states the property is “minimally subject to expansive soils”, when expansive soil conditions *are* present, they may cause movement, cracking and other distress in slabs, patios, sidewalks and other flatwork improvements. Owners are encouraged to consult with a soils expert to determine if expansive soils are present on the owner’s lot, and to determine any recommendations for construction so that any work completed by the owner, contactors, engineers or architects mitigates possible impacts that expansive soils may have. Subdivider further advises that positive drainage is a key to the successful performance of any foundation or slab. Desert-type landscaping is advisable near building and pavement areas, and plants requiring more water should be located away from those areas. Positive drainage away from residential structures is always advisable.

Adjacent Lands and Vicinity: Zoning for the lands adjacent to the Subdivision is as follows:

North: Zoned “R1-12” - Residential; Single Family, with 12,000 sq. ft. minimum lot size. The area to the Northwest is zoned “R1L-35” – Residential; Single Family Limited with a minimum 35,000 sq. ft. lot size. The area to the Northeast is zoned “R1-10” – Residential; Single Family, minimum 10,000 sq. ft. lot size, with a portion being zoned “PAD” – Planned Area Development.

South: Coconino National Forest - Zoned “RCU-2A” - Residential; Rural, with a minimum 2 acre lot size. The area adjacent to the southeast (private land) is zoned “R1L-70” – Residential; Single Family Limited, with a minimum 70,000 sq. ft. minimum lot size.

East: Coconino National Forest - Zoned “R1L-70” - Residential; Single Family Limited, with a minimum 70,000 sq. ft. minimum lot size and, “R1-10” – Residential; Single Family, with a minimum 10,000 sq. ft. lot size.

West: Zoned “R1-12” – Residential; Single Family, with a minimum 12,000 sq. ft. minimum lot size; “RCU-2A” – Residential; Rural with a 2 acre minimum lot size; and “R1L-35” – Residential; Single Family Limited, with a 35,000 sq. ft. minimum lot size.

NOTE: Owners of the adjacent lands described above may seek to rezone their property, seek zoning variances, 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. Purchasers should contact Yavapai County Planning and Zoning for current zoning information.

Subdivider advises: The Subdivision is located in light to heavily vegetated area with mature trees, native grasses and brush, natural creeks, irrigation ditches and man-made ponds. Oak Creek winds through portions of the Subdivision. This is an area where native wildlife exists and may roam at large. Wildlife includes, but not limited to; deer, cottontails jackrabbits, javelinas, coyotes, skunks, bobcats, mountain lions, birds, bees, various rodents, lizards scorpions and snakes.

ADJACENT AND SURROUNDING LANDS PRIMARILY CONSIST OF COCONINO NATIONAL FOREST LAND, WITH SOME AREAS CONSISTING OF PRIVATE, VACANT AND RURAL-RESIDENTIAL LAND AS FOLLOWS:

North: Adjacent to the northern boundary of the Subdivision are privately owned parcels (for approximately ½ mile) and Red Rock Loop Rd. (approximately ¼ mile north). Beyond the private land and for approximately 2 miles further north is Coconino National Forest land, followed by property belonging to the City of Sedona and Hwy 89 N.

Northeast: (for up to approximately 2 miles); Primarily Coconino National Forest, the Crescent Moon Ranch and the City of Sedona, with an smaller portion being made up of some privately owned parcels and part of the Bella Terra Subdivision.

Northwest: Privately owned parcels for approximately ¾ of a mile and then Coconino National Forest extending to Hwy 89N (approximately 2 miles).

South: Adjacent to the southern boundary of the Subdivision, lies the Coconino National Forest which extends south for several miles.

Southeast: The property immediately adjacent to the Subdivision’s eastern boundary is the Coconino National Forest for approximately 2/3 of a mile leading to the Cathedral Rock Ranch Subdivision, which extends for approximately another 1 ½ miles south. Continuing southeast beyond that Subdivision lies more Forest land followed by the Big Park Community and Hwy 179.

Southwest: Directly adjacent to the southwest of the Subdivision is an area of privately owned land (for approximately ½ mile) and beyond that is the Red Rock State Park with hiking trails, Visitor Center, ramadas and a theatre. For more information on the Park visit

<https://azstateparks.com/re-rock>. Beyond the Park lies more of the Coconino National Forest which stretches on for several more miles.

East: The Coconino National Forest abuts the Subdivision and extends for approximately 2 continuous miles. Further beyond the Forest land lies the Village of Oak Creek, Hwy 179 and the City of Sedona.

West: Adjacent to the western boundaries of the Subdivision are privately owned parcels. Approximately $\frac{3}{4}$ mile to the west is the Cross Creek Ranch Subdivision followed by more of the Coconino National Forest land which extends for several miles to the west.

Purchaser's are advised that homes situated adjacent to or in the vicinity of including but not limited to: agricultural operations, creeks, ditches, canals, washes, rivers, flood plains, well site/storage tanks, parks, trails, open space areas, and/or other recreation amenities, etc., may experience an additional amount of, including but not limited to: noise, odors, dust, agricultural burning, application of pesticides, irrigation and drainage, vibrations, vehicular and pedestrian traffic and pests such as flies, gnats and mosquitoes, associated with the described uses and/or operations for an indefinite period of time.

SUBDIVIDER ADVISES THIS SUBDIVISION IS LOCATED IN AN OPEN RANGE 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 SUBDIVISION. SUBDIVIDER FURTHER ADVISES THAT PROPERTY OWNERS MAY FENCE THEIR PROPERTY IN ORDER TO PRECLUDE ANY LIVESTOCK FROM ENTERING THEIR PROPERTY.

High Voltage Lines: Subdivider advises, Arizona Public Service (APS) has existing underground 120/240kv standard service lines servicing the Subdivision. There are no existing or proposed substations in the Subdivision or within $\frac{1}{2}$ miles of the Subdivision boundary to Subdivider's knowledge.

INFORMATION ON A PROPOSED OR EXISTING TRANSMISSION LINE AND SUBSTATION MAY BE AVAILABLE FROM THE ARIZONA CORPORATION COMMISSION OR FROM THE UTILITY COMPANY. IN ADDITION TO THE ABOVE DISCLOSED INFORMATION, BUYER SHOULD CONTACT THE UTILITY COMPANY FOR FURTHER AVAILABLE INFORMATION WHICH MAY INCLUDE STRUCTURE HEIGHTS, SCHEMATICS OF WHAT THE STRUCTURES WILL LOOK LIKE AND CONSTRUCTION SCHEDULES.

Subdivider encourages prospective purchasers to drive around the areas surrounding the Subdivision (at different times of the day) to determine whether there exists any activities or conditions that may be of a material concern to purchaser or would affect purchaser's decision to purchase.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for both Unimproved Lots (vacant) and for Improved Lots (with a dwelling).

Zoning: The Subdivision consists of both R1-12 and RCU-2A zoning as follows:

RI-12 – Residential; Single Family with 12,000 sq. ft. minimum lot size: Lots 21 – 45, inclusive; northern portions of Lots 12 – 16 inclusive; and the northeastern portion of Lot 20.

RCU-2A – Residential; Rural, with a 2 Acre minimum lot size: Lots 2 – 11 inclusive; Lots 17, 18 & 19; and the southern portion of Lots 12 – 16 inclusive; and all but the northeastern portion of Lot 20.

Conditions, Reservations and Restrictions: The lots and property owners will be subject to the terms, provisions, restrictions and limitations on the recorded Subdivision Plat; within the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sedona Ranch on Oak Creek, as further amended (the “Declaration”); the Architectural Control Committee and Design Guidelines; the Association’s Articles of Incorporation and Bylaws; and existing County zoning ordinances.

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

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

AIRPORTS

THE SUBDIVISION IS LOCATED WITHIN TERRITORY IN THE VICINITY OF THE SEDONA-OAK CREEK AIRPORT AUTHORITY (A PUBLIC AIRPORT). FLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

Military Airport: Subdivider advises Subdivision is not located within the territory or vicinity of a Military Airport.

Public Airport: Sedona Public Airport (aka; SEDONA-OAK CREEK AIRPORT AUTHORITY), (928) 282-4487, is located approximately 8 miles to the northeast at 235 Air Terminal Drive, Sedona. COTTONWOOD AIRPORT, (928) 634-8033, is located at 1001 W. Mingus Avenue in Cottonwood, which is approximately 20 miles southwest of the Subdivision.

Airport: The nearest airport to the Subdivision is the Sedona Public Airport as described above.

TITLE

Title to this Subdivision is vested in LA MERRA HOLDINGS, LLC, a Delaware limited liability company.

Subdivider's interest in this Subdivision is Fee Simple as evidenced by a Special 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 27, 2017 issued by EMPIRE WEST TITLE 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 will be made through a professional real state brokerage firm and through an escrow account with a Title Company. Purchaser's vested ownership interest in the property will be evidenced by the Subdivider delivering a recorded Special Warranty Deed to purchaser and by purchaser signing a Promissory Note and Deed of Trust for the unpaid balance, if any. **You should read these documents before signing them.**

PROSPECTIVE PURCHASERS OF IMPROVED LOTS (WITH A DWELLING) ARE ADVISED THAT EARNEST MONEY DEPOSITS, (EXCEPT FOR VA DEPOSITS), DOWN PAYMENTS, AND OTHER ADVANCED MONEY WILL NOT BE PLACED IN A NEUTRAL ESCROW ACCOUNT. THIS MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING THE MONEY IF SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT. VA DEPOSITS *WILL* BE PLACED INTO A NEUTRAL ESCROW ACCOUNT OR SELLER'S SEPARATE TRUST ACCOUNT.

FOR PURCHASERS OF UNIMPROVED (VACANT) LOTS, YOUR VESTED OWNERSHIP INTEREST IN THE PROPERTY WILL BE EVIDENCED BY

SUBDIVIDER DELIVERING A RECORDED SPECIAL WARRANTY DEED TO YOU AND BY YOUR SIGNING A PROMISSORY NOTE AND MORTGAGE OR DEED OF TRUST IN FAVOR OF YOUR LENDER FOR THE UNPAID BALANCE, IF ANY. YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

Release of Liens and Encumbrances: The property is owned free and clear of any liens or encumbrances and there are no unrecorded liens against the property.

Use and Occupancy: Purchasers will be able to use and occupy their lot upon close of escrow and recordation of a Special Warranty Deed.

Leasehold Offering: Will any of the property be leased? Yes No

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this Subdivision for the year 2016 is 11.0286 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$1,100,000.00 is \$12,131.46 The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$313,000.00 is \$5,523.12.

Special District Tax or Assessments: All Special District Taxes are included in the above tax rate. The Subdivision is located within “The Retreat At Oak Creek Water Improvement District”, however, there are no Special District Tax fees assessed to the individual Lot Owners. The cost of owning, maintaining and operating the Water System shall be paid for by the District through charges to its customers for water usage and related services.

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

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF (COVENANTS, CONDITIONS AND RESTRICTIONS), FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE ARCHITECTURAL COMMITTEE AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT/UNITS.

EXHIBIT "A"
SCHEDULE B – EXCEPTIONS

1. Water rights, claims or title to water, whether or not shown by the public records.
2. Reservations or exceptions in Patents, or in Acts authorizing the issuance thereof.
3. Liabilities and Obligations imposed upon said land by reason of its inclusion within water, improvement, fire or other districts or associations, if any.
4. Taxes for the full year of 2017. (The first half is due October 1, 2017 and is delinquent November 1, 2017. The second half is due March 1, 2018 and is delinquent May 1, 2018).
5. Any action by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
6. Any charge upon said land by reason of its inclusion in The Retreat at Oak Creek Domestic Water Improvement Association.
7. Any charge upon said land by reason of its inclusion in Sedona Ranch on Oak Creek Homeowners Association.
8. Any charge upon said land by reason of its inclusion in Red Rock Irrigation Ditch Association.
9. The rights of the United States of America, the State of Arizona and/or the parties to any portion of the within property lying within the bed, or former bed, of any water course, as that term is defined under Arizona law.
10. Easements and rights incident thereto, as set forth in instrument recorded in Book 184 of Deeds Page 449. Purpose: telephone lines
11. Easements and rights incident thereto, as set forth in instrument recorded in Book 188 of Deeds Page 452. Purpose: electric power transmission line
12. Easements and rights incident thereto, as set forth in instrument recorded in Book 188 of Deeds

Page 452. Purpose: electric power transmission line

13. Easements and rights incident thereto, as set forth in instrument recorded in Book 217 of Official Records Page 239. Purpose: ingress and egress

14. Easements and rights incident thereto, as set forth in instrument recorded in Book 1351 of Official Records Page 286. Purpose: electric transmission lines

15. Easements and rights incident thereto, as set forth in instrument recorded in Book 1351 of Official Records Page 314. Purpose: electric lines

16. Easements and rights incident thereto, as set forth in instrument recorded in Book 1351 of Official Records Page 319. Purpose: electric lines

17. Terms and conditions and rights incident thereto regarding road maintenance and repair, as set forth in easement recorded in Book 3833 of Official Records Page 934. Purpose: access & utility

18. Easements, restrictions, reservations and conditions as set forth on the recorded plat of said subdivision recorded in Book 59 of Maps, page 99; replat recorded in Book 61 of Maps, page 27; replat recorded in Document No. 2016-0054832; replat recorded in Document No. 2017-0014925, and replat of replat in Document No. 2017-0047349.

19. 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 Book 4513 of Official Records Page 848; and in Document No. 2016-0054838 and amended in Document No. 2017-0014927 and amended in Document No. 2017-0047350 of Official Records and as shown on the recorded plat of said subdivision.

20. Easements and rights incident thereto, as set forth in instrument recorded in Book 4602 of Official Records Page 218. Purpose: utility (Affects Lot 32 only)

21. Easements and rights incident thereto, as set forth in instrument recorded in Book 4602 of Official Records Page 219. Purpose: utility (Affects Lot 31 only)

22. Easements and rights incident thereto, as set forth in instrument recorded in Book 4602 of Official Records Page 220. Purpose: utility (Affects Lots 29 and 38 only)

23. Easements and rights incident thereto, as set forth in instrument recorded in Book 4602 of Official Records Page 221. Purpose: utility (Affects Lots 27 and 28 only)

24. Easements and rights incident thereto, as set forth in instrument recorded in Book 4602 of Official Records Page 222. Purpose: utility (Affects Lot 20 only)

25. Matters Shown on Survey; recorded in Book 164 of Land Surveys Page 57.

26. The terms, conditions and provisions contained in the document entitled Assignment and Assumption of Declarant recorded in Book 4957, Page 19 and in Document No. 2015-0026045 of Official Records.

27. Easements and rights incident thereto, as set forth in instrument: recorded in Document No.

2015-0025410. Purpose: pedestrian, ingress and egress

28. An Option Agreement dated April 27, 2016, executed by La Merra Holdings LLC, a Delaware limited liability company as Optionor, and DH Sedona, LLC, an Arizona limited liability company, as Optionee, as disclosed by a document recorded March 8, 2017 as 2017-0011437 of Official Records. (Affects Lots 8, 9, 21 through 35, 37 through 39)

29. The terms, conditions and provisions contained in the document entitled License Agreements recorded August 17, 2017 as Document Nos. 2017-0042205 and 2017-0042206 of Official Records and thereafter amendments recorded September 27, 2017 as Document Nos. 2017-0049962 and 2017-0049963.

END OF SCHEDULE B