

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
COR D'AMOR

Registration No. DM06-052144

SUBDIVIDER

Sedona Stars, LLC, an Arizona limited liability company
40 W. Starshine Lane
Sedona, AZ 86351

September 21, 2006

Effective Date

1st Amendment: July 19, 2007

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.

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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes: Lots 1 through 43, inclusive.

The map of this subdivision is recorded in Book 56 of Maps, pages 86-92, records of Yavapai County, Arizona.

The subdivision is approximately 38.16 acres in size. It has been divided into 43 lots and common area tract. Lot boundaries will be staked at the corners with iron pins.

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: Intersection of Highway 89-A and Calle del Sol in Sedona, Yavapai County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Gentle slopes, highly vegetated, some erosion.

Flooding and Drainage: The Subdivision is not subject to any known flooding or drainage problems. Engineer advises as follows: "According to the FIRM Flood Insurance rate map . . . for Yavapai County, Arizona, the site is in other area Zone X. Flood insurance should not be required for this subdivision. . . Drainage easements have been depicted for some areas requiring drainage channels on the final plat. Street cross-sections and drainage facilities are designed to handle the expected runoff from the 100-year frequency event."

Soils: The Subdivision is subject to subsidence or expansive soils. Engineer advises as follows: "Surface and subsoils at the site include loose to medium dense clayey and silty sands and stiff sandy and silty clays. All of the soils contained variable amounts of gravel and cobbles and low to medium plasticity fines. The materials underlying the soils and extending to the full depth of exploration consisted of differentially weathered sandstone. In general, the depth to the top of the rock varied from about 1 to 5.5 feet below existing site grades. The differentially weathered sandstone varied in consistency from stiff, soil-like material to heavily cemented, dense and massive rock. Groundwater was not encountered at the time of exploration.

To reduce the possibility of foundation movements, spread foundations bearing on the differentially weathered sandstone or on engineered fill are recommended for support of the proposed structures. To help minimize differential foundation movements, mixed bearing conditions (rock and fill) are not recommended within an individual structure.

Total and vertical differential movements will be within generally acceptable tolerances provided the recommendations contained in the report for foundation and floor slab support, site grading and site drainage are followed. Infiltration of water into utility or foundation excavations must be prevented during construction. Planters and other surface features which could retain water in areas adjacent to the houses should be eliminated. Scuppers and drain pipes should be designed to provide drainage away from the homes for a minimum of 10 feet. Positive drainage away from the perimeter of the structure should be maintained throughout the life of the structure. Backfill against footings, exterior walls, and in utility and sprinkler line trenches should be well compacted and free of all construction debris to minimize the possibility of moisture infiltration.

Based on the results of the evaluation, the site is considered suitable for the proposed construction provided the recommendations contained in the report are followed, and the foundations and floor slabs are not exposed to moisture infiltration or moisture content fluctuation.

Adjacent Lands and Vicinity:

East and Northeast:	CF and C-1 – Community Facilities & General Commercial
South:	PD – Planned Development
North and West:	RS-35, Single Family Residential

Adjoining State Land (as shown on plat) to the northeast is zoned for Community Facilities and General Commercial uses.

AIRPORTS

Public Airport: The Sedona airport is located approx. 5 miles to the Southeast.

UTILITIES

Electricity: Arizona Public Service - (928) 646-8463, www.aps.com. Facilities are complete to the lot lines. For unimproved lot sales, cost to complete facilities from lot line to dwelling is approximately \$1500 to \$2500, depending on site conditions with other utilities. All purchasers will be required to pay a \$25.00 establishment fee and a deposit may be required.

Street Lights: Subdivider advises that street lights are not available.

Telephone: Qwest Communications - (800) 244-1111, www.Qwest.com. Facilities are complete to the lot lines. For unimproved lot sales, cost to complete facilities from lot line to dwelling is approximately \$200 to \$300 for common trench with APS. All purchasers will be required to pay a \$46.50 hook-up fee, and a \$120.00 deposit.

Cable Television: Cablevision; (866) 863-8479; www.buytelco.net. Facilities are complete to the lot lines. For unimproved lot sales, cost to complete facilities from lot line to dwelling will be included in amount shown for Electricity and Telephone in a common trench. All purchasers will be required to pay a turn-on fee of \$ 75.00 and approx. \$39.50 per month.

Natural Gas: UniSource Energy Services – (928) 634-5555, www.unisourceenergy.com. Facilities are complete to lot lines. UniSource pays for first the 100 feet of line from lot line to dwelling; thereafter it is \$15 per linear foot. All purchasers will be required to pay a \$15.00 turn-on fee and a security deposit of \$70.00 may be required.

Water: Arizona Water Company – (928) 282-7092; www.azwater.com. Facilities are complete to lot lines. For unimproved lot sales, cost to purchaser to complete facilities from lot line to dwelling is approximately \$15.00 per linear foot for trenching and material (\$1500 to \$2500 depending on site conditions). All purchasers will be required to pay a Refundable deposit of \$85.00; \$25.00 plus tax establishment fee; and \$430.00 meter fee.

Sewage Disposal: City of Sedona – (928) 282-1154, www.sedonaaz.gov. Facilities are complete to lot lines. Estimated cost to complete facilities from lot line to dwelling will be \$2,500 depending on site conditions. A sewer capacity fee of \$4,700 will be charged by the City of Sedona. Monthly service charge will be \$29.52 per dwelling unit.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Asphalt paved public streets are completed and maintained by City of Sedona.

Access within the Subdivision: Asphalt paved public streets are complete, and upon completion and inspection, to be maintained by the City of Sedona.

Private Shared Driveways: Lots 1 & 2; Lots 3 & 4; Lots 5, 6, & 7; Lots 8 & 9; Lots 11 & 12; Lots 13 & 14; Lots 15 & 16; Lots 18, 19, 20, 21, 22, & 23; and Lots 32, 33, 34, 35, & 36 have asphalt shared driveways, respectively, and are to be maintained by the lots they serve.

Flood and Drainage: Drainage easements as set forth on the plat are complete. It is the responsibility of each owner to maintain and repair any wash channel or other drainage easement or device located within the boundaries of their Lot, and to ensure that such wash channel or drainage device is kept free of any weeds or debris that might impede the flow of water through the channel or device.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Common Area Tract (2 benches and mailboxes) to be completed by 6/30/2008 and to be maintained by HOA, with costs for maintenance included in the association assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Escrow agreement with Arizona Title Agency for completion of common area benches and mailboxes.

Assurances for Maintenance of Subdivision Facilities: CC&R's provide for the Homeowners Association to maintain Common Area Tract.

LOCAL SERVICES AND FACILITIES

Schools: Sedona Red Rock High School is approx. 1 mile Southwest, and West Sedona Elementary is approx. 3.5 miles Northeast of subdivision.

School bus transportation is available.

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

Shopping Facilities: Shopping is approx. 3 miles east of subdivision.

Public Transportation: No public transportation is available at this time.

Medical Facilities: Sedona Family Medical Center, 35 Dry Creek Rd, Sedona, is approx. 1/4 mile west of subdivision.

Fire Protection: Sedona Fire District with costs to purchasers paid through property taxes.

Ambulance Service: Subdivider advises this subdivision is within a 911 service area.

Police Services: Provided by City of Sedona Police Department.

Garbage Services: Provided by Taylor Waste; at an average cost of \$16.00 per month.

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for unimproved lots (lots with no dwelling).

Zoning: PRD lots 1 – 16, Single Family Residential – RS-35 lots 17 – 43.

Conditions, Reservations and Restrictions: As recorded and referred to on EXHIBIT "A" Exceptions attached.

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

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 Yavapai County Planning and Zoning Department (Development Services). Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in Sedona Stars, LLC, an Arizona limited liability company.

Subdivider's interest in this subdivision is evidenced by deed into said company for 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 Title Report dated March 29, 2007 issued by Arizona Title Agency, Inc., agent of First American Title Insurance Company. **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: Contract with Buyer through sale by real estate agent, close of escrow with escrow agent, and transfer to Buyer by recordation of Warranty Deed.

YOUR VESTED/OWNERSHIP INTEREST IN THE PROPERTY WILL BE EVIDENCED BY A DEED TO YOU AS PREPARED AND RECORDED BY THE ESCROW HOLDER, AND BY YOUR SIGNING A DEED OF TRUST AND PROMISSORY NOTE FOR THE UNPAID BALANCE, IF ANY. YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

Release of Liens and Encumbrances: Lot release provisions are contained on the existing Deeds of Trust shown in the Exceptions on EXHIBIT "A" attached.

Use and Occupancy: Upon the close of escrow and recordation.

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 2006 is \$9.0947 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$600,000.00 is \$5,457.00.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: The name of the association is COR D'AMOR Homeowners Association Inc. Property owners are required to pay assessments estimated to be in the amount of \$360.00 per year, per lot owner.

Control of Association: Control of the association is as set forth in the Covenants, Conditions and Restrictions of said subdivision. In paragraph 7.2B: Class B membership (by Declarant) shall cease and be converted to Class A membership on the earliest of (i) the date on which the votes entitled to be cast by the Class A Members equals or exceeds the votes entitled to be cast by the votes of the Class B Member; (ii) the date which is seven (7) years after the Recording of this Declaration; or (iii) the date on which Declarant notifies the Association in writing that it elects to convert its Class B membership to Class A membership.

Title to Common Areas: Common areas in this subdivision will be vested in the homeowners association. Title is to be transferred to the association prior to the sale of the last lot by Developer.

Membership: All lot owners will be members of the association.

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

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, & BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT/UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT/UNITS. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

EXHIBIT "A"

EXCEPTIONS

1. Taxes for the full year of 2007. (The first half is due October 1, 2007, and is delinquent November 1, 2007. The second half is due March 1, 2008, and is delinquent May 1, 2008.)
2. Water rights, claims or title to water, whether or not the matters excepted are shown by the public records.
3. Reservations contained in the Patent from the United States of America, or the State of Arizona.
4. An easement for ditches and canals and rights incident thereto, as [set forth/disclosed, etc.] in instrument recorded in Book 1311, page 865 of Official Records.
5. An easement for highway and rights incident thereto, as [set forth/disclosed, etc.] in instrument recorded in Book 1332, page 391 of Official Records.
6. An easement for ingress, egress and utilities and rights incident thereto, as [set forth/disclosed, etc.] in instrument recorded in Book 3318, pages 930 and 936 of Official Records.
7. Easements and other matters as they appear on Survey recorded in Book 38 of Land Surveys, Page 67.
8. Right of way for State Route 89-A, and any portion as conveyed to the State of Arizona by deed recorded in Book 3777, page 30 of Official Records.
9. Deed of Trust given to secure an indebtedness in the original amount of \$ 6,600,000.00, dated February 7, 2005, recorded February 8, 2005 in Book 4231, page 855 of Official Records.

Trustor: [KENNETH SCHROEDER and BARBARA SCHROEDER, husband and wife]
Trustee: M & I Marshall and Ilsley Bank
Beneficiary: [M & I Marshall and Ilsley Bank]

Thereafter First Amendment to Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated June 12, 2006 and recorded June 15, 2006 in Book 4406, page 888 of Official Records.

10. Arizona Commercial Code Financing Statement Form UCC-1 recorded February 8, 2005 in Book 4231, page 856 of Official Records, assigning interest of KJS Real Estate Holdings, LLC, Debtor, to M & I Marshall and Ilsley Bank, Secured Party.
11. Easements and other matters as they appear on Survey recorded in Book 99 of Land Surveys, Page 57.

- 12. Easements, restrictions, reservations, conditions and set-back as set forth on the plat recorded in Book 56 of Maps, Page 86-92, but deleting any covenants, conditions or restrictions 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).**
- 13. All matters as set forth in the Covenants, Conditions, and Restrictions in instrument recorded in Book 4395, page 535, Ratification in Book 4411, page 349, and Amended in Book 4498, page 327 of Official Records, 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).**
- 14. Sedona Public Airport Disclosure Map recorded in Book 57 of Maps, page 22.**

NOTE: There are no further matters of record concerning this subdivision through the date of this report.