

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR

Granite Mountain Homesites Unit V, Phase II

Registration No. #DM05-050190

SUBDIVIDER

Equestrian Development Corporation
2465 W. Shane Drive
Prescott, AZ 86305

October 14, 2005

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 St.
First Floor
Phoenix, Arizona 85018
(602)468-1414 ext. 400

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

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 TO 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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALANDAR DAY FOLLOWING THE SIGNING.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 doesnot constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

GENERAL

This report includes: Lots 22 through 25 and 51 through 58.

The map of this subdivision: is recorded in Book 53 of Maps, pages 73,74, records of Yavapai County, State of Arizona.

The subdivision is approximately 24.031 acres in size. It has been divided into 12 lots. Lot boundaries will be staked at lot corners and radii.

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: Rainmaker Road 5.2 miles north of Iron Springs Road Fire station on Williamson Valley Road.

SUBDIVISION CHARACTERISTICS

Topography: Granite plateau with some clay soil and scattered trees and brush. There are occasional granite out-cropping's.

Flooding and Drainage: Subdivider advises there are no known flooding or drainage problems.

Soils: Subdivider advises the subdivision lots are subject to subsidence or expansive soils.

Hazards or Nuisances: Subdivider advises there are no known hazards or nuisances.

SUBDIVIDER ADVISES THAT 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.

Adjacent Lands and Vicinity: Prescott National Forest is to the west, Granite Mountain Unit IV is to the east, Granite Mountain Unit V, Phase I is to the north, and Granite Mountain Unit V, Phase III is to the south of the Subdivision.

UTILITIES

Electricity: Arizona Public Service, 120 N. Marina Street, Prescott, AZ 86301 (928)776-3651. Cost to Purchasers to complete facilities from lot line to dwelling is approx. \$250.00 to \$1500.00. Purchaser will be required to pay a service connection fee in the amount of \$25.00. See attached APS letter for details, Exhibit "A".

Telephone: Qwest, P.O. Box 29060 Phoenix, AZ 85038 (800)422-1234. Purchaser will be required to pay a zone connection fee of \$27.50 for the first 750 feet, then as determined by Qwest.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E. A CELLULAR TELEPHONE.

Natural Gas: Subdivider advises natural gas is not available to this subdivision. As per a letter from FLAME, INC. :

"We serve the area in Yavapai County where the above mentioned property is located. Flame's service consists of bulk propane delivery to both residential and commercial users."

The following is a breakdown of the current initial costs involve for a typical residential user for the set up of an above ground rental 500 gallon tank:

Deliver and set tank (100 gallons included)	N/C
Safety Check	\$ 50.00
Tank Rental (1 st 12 months free)	\$ 48.00 per year thereafter
Balance of gas 400 gal*	\$556.00
8.3% Sales Tax	\$ 46.43
Environmental Recovery Fee	<u>\$ 3.97</u>
	\$656.40 Total

* Initial fill of rental tank at \$1.39 per gallon plus tax. Current market rates apply to all future fills.

The tank will be set a minimum of 10' from the house on a flat area provided by owner/builder and hooked up to existing gas line installed by the owner/builder. All gas lines must be approved and installed according to code. Flame can install the yard gas line; however, trenching is to be provided by owner/builder.

Flame must be able to drive directly to the tank site to set it. Gas delivery truck must be within 50 feet maximum of the tank with direct line of site from the tank to the truck. Rates may vary according to tank size and usage. We also offer for sale, or lease, underground propane tanks for those who are not satisfied with the appearance of above ground tanks.

For additional information, our office hours are from 7:30 to 5:00 Monday through Friday.

Water: Granite Mountain Water Co., Inc., 2465 W. Shane Drive, Prescott, AZ 86305; PO Box 350 Chino Valley, AZ 86323 (928)717-2616. Cost to purchasers to complete facilities from lot line to dwelling (trenching and pipe) is approx. \$350.00 to \$1000.00. In addition other costs will apply according to the following rates and charges. See exhibit "B" attached.

Sewage Disposal: All lots are approved for Alternate Septic Systems designed and approved by an engineer. See CC & R's for responsibility of Purchasers to have septic inspected and maintained.

For costs see attached letter from Robbins Engineering. See Exhibit "C"

IT IS ANTICIPATED THAT ALL LOTS WILL REQUIRE AN ALTERNATE SEPTIC SYSTEM. IF PURCHASER WISHES TO ATTEMPT A STANDARD OR CONVENTIONAL SEPTIC SYSTEM, IT WILL BE AT LOT BUYER'S EXPENSE.

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

STREETS, ROADS, AND DRAINAGE

Access to the subdivision: Asphalt. Paved public streets maintained by Yavapai County.

Access within the subdivision: Asphalt paved public streets. Upon completion and acceptance will be maintained by Yavapai County.

THE COUNTY WILL NOT MAINTAIN THE STREETS UNTIL THEY HAVE BEEN CONSTRUCTED TO MINIMUM STANDARDS AND THE COUNTY APPROVES AND ACCEPTS THEM FOR MAINTENANCE. IF THE STREETS ARE NOT ACCEPTED FOR MAINTENANCE, THE FUTURE COST OF MAINTENANCE WILL HAVE TO BE PAID BY THE ADJACENT PROPERTY OWNERS. IF THE ADJACENT LOT OWNERS FAIL TO COOPERATE, THEN A LOT PURCHASER MAY HAVE TO INDIVIDUALLY BEAR THE ENTIRE COST OF MAINTAINING THE ROAD TO HIS LOT.

Flood and Drainage: Drainage and flood facilities will be maintained by Yavapai County.

ASSURANCES FOR COMPLETION

Assurances for Maintenance of Subdivision Facilities: Per CC & R's any common facilities will be maintained by the Homeowner's Association. Secured Assurances of Completion of all facilities to be constructed and provided by developer have been posted by developer and Stockmen's Bank of Yavapai County.

LOCAL SERVICES AND FACILITIES

Schools: Granite Mountain Middle School and Abia Judd Elementary School located approx. 4 miles from subdivision. Prescott High School is located approx. 6 miles from subdivision.

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: Ponderosa Mall located approx. 8 miles from subdivision.

Public Transportation: Subdivider advises no public transportation is available.

Medical Facilities: Yavapai Community Hospital, Dentists and Doctors offices approx. 6 miles from subdivision.

Fire Protection: Provided by the Central Yavapai Fire District

Ambulance Service: Subdivider advises this subdivision is within a 911 service area. Lifeline Ambulance Service, Inc. (928)445-3811.

Police Services: Provided by the Yavapai County Sheriff's Department.

Garbage Services: Provided by Patriot Disposal, Inc., PO Box 26296 Prescott Valley, Arizona 86312 (928)775-9000, at a cost of \$38.25 every 3 months.

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for unimproved (vacant) lot sales only.

Zoning: Single family residential zoning.

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. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

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

TITLE

Title to this subdivision is vested in First American Title Insurance Agency of Yavapai, Inc., an Arizona corporation, as Trustee under Trust No. 5001.

Subdivider's interest in this subdivision is evidenced by Subdivider is second beneficiary in the above mentioned Trust.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, lien 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 June 23, 2005 issued by First American Title Insurance Company. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE SCHEDULE "B", THIRD AMENDED ATTACHED

METHOD OF SALE OR LEASE

Sales: YOUR VESTED INTEREST/OWNERSHIP INTEREST IN THE PROPERTY WILL BE EVIDENCED BY THE SUBDIVIDER DELIVERING A RECORDED DEED TO YOU AND BY YOUR SIGNING A PROMISSORY NOTE AND MORTGAGE OR DEED OF TRUST FOR THE UNPAID BALANCE, IF ANY. YOU SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

Release of Liens and Encumbrances: SUBDIVIDER HAS ADVISED THAT ARRANGEMENTS HAVE BEEN MADE FOR THE RELEASE OF INDIVIDUAL LOTS.

Use and Occupancy: Upon close of escrow.

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 2005 is 10.058% 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 \$299,708.00, is \$301.45.

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

PROPERTY OWNER'S ASSOCIATIONS

Name and Assessments: Granite Mountain, Unit 5, Phase II Homesites Association, Inc.

Control of Association: Will be transferred to the association when 75% of the lots are sold.

Membership: All lot owners.

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 OWNER'S 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"
Arizona Public Service Company
120 North Marina Street - Prescott, Arizona 86301

December 9, 2004

Mrs. Jeanette Myrick
2465 Shane Drive
Prescott, Arizona 86305

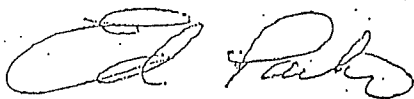
Re: Electric Availability - Granite Mountain Home sites Unit IV, Ph. III

Dear Mrs. Myrick:

Per your letter dated Nov. 13, 2004 inquiring what the costs and/or requirements for the purchaser of a lot in the above mentioned subdivision, the following will apply.

1. Purchaser of a lot will be required to trench and install conduit from the location of the conduit stub-out to the meter panel location. The stub-out will be at lot lines. None of these are costs are paid to APS; customer will pay the contractor doing the trenching and installing the conduit. APS inspector will inspect and approve the trench and conduit. **NO CHARGES FROM APS FOR THE INSPECTION, WIRE AND METER INSTALLATION.**
2. Meter panel will be installed by the electrical contractor, customer will pay him directly.
3. Customer or contractor will call city or county for clearance on meter panel. **NO CHARGES BY THE CITY OR COUNTY.**
4. When the account is put into permanent customer's name they will see a Service Establishment Charge of \$25.00. on the first bill.
5. Permanent customer may be required to pay an additional service deposit based on previous payment history with APS or another electric utility. APS will do an online credit check when the customer applies for service. The deposit may range from \$200.00 - \$350.00 depending on the size of the home and the usage.

If you have any questions please feel free to call me on 928-776-3651.



ED PACHECO

ORIGINAL

TARIFF SCHEDULE

AMENDED

UTILITY: GRANITE MOUNTAIN WATER CO., INC.
DOCKET NO: U-2467-94-288

PAGE 1 OF 1
DECISION NO. 58869
EFFECTIVE: DEC. 1, 1994

RATES AND CHARGES :CUSTOMER/MINIMUM CHARGE
PER MONTH

METER	CHARGE	GALLONS
5/8 X 3/4"	\$23.00	FOR N/A
3/4"	\$33.75	FOR N/A
1"	\$56.25	FOR N/A
1 1/2"	\$112.50	FOR N/A
2"	\$180.00	FOR N/A
3"	\$337.50	FOR N/A
4"	\$565.50	FOR N/A
6"	\$1125.00	FOR N/A

SERVICE LINE & METER
INSTALLATION CHARGES

METER	CHARGE
5/8 X 3/4"	\$400.00
3/4"	\$450.00
1"	\$555.00
1 1/2"	\$716.00
2"	\$1,572.00
3"	\$2,400.00
4"	\$3,516.00
6"	\$6,916.00

COMMODITY CHARGE (EXCESS OF MINIMUM) :

GALLONS INCLUDED IN MINIMUM -0-
\$4.00 PER 1,000 GALLONS TO 10,000 GALLONS
\$5.00 PER 1,000 GALLONS EXCESS OF 10,000 GALLONS

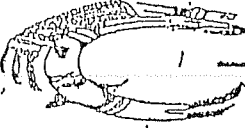
SERVICE CHARGES:

- | | |
|--|--|
| 1. ESTABLISHMENT (R14-2-403.D.1) | \$15.00 |
| 2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2) | \$25.00 |
| 3. RECONNECTION/DELINQUENT (R14-2-403.D.1) | \$25.00 |
| 4. NSF CHECK (R14-2-409) | \$15.00 |
| 5. METER REREAD/IF CORRECT (R14-2-408.C.2) | \$10.00 |
| 6. METER TEST/IF CORRECT (R14-2-408.F.1) | \$35.00 |
| 7. DEFERRED PAYMENT (PER MONTH) | 1.00% |
| 8. DEPOSIT INTEREST (R14-2-403.B.3) | PER RULE |
| 9. DEPOSIT (R14-2-403.B.7) | PER RULE |
| 10. REESTABLISHMENT W/N 12 MOS (R14-2-403.D.1) | MONTHS OFF THE SYSTEM
TIMES THE MINIMUM |

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

APPROVED FOR FILING



11/15/04

Mr. Paul Levie
2465 Shane Dr.
Prescott, Az. 86305

Re: Cost of individual "Waste Water Systems"

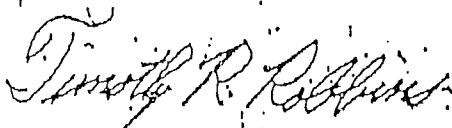
Dear Paul:

Based on the preliminary soil investigations as well as actual "on-site" testing profiles, it is felt that the majority of the lots in Granite Mountain Homesites, Unit V, will require "Alternate Waste Water Systems". Site conditions and owners preference will determine the type of system that best meets conditions. Alternate waste water systems require that Plans and Specifications of the system be submitted to Yavapai County Environmental Services. The plans as well as site specific soils profiles shall be signed and sealed by a "Professional Engineer". The "installed cost" for alternate systems will vary somewhat based on type of system and cosmetics landscaping, however generally the cost are as follows: Site specific soil testing \$300.00 to \$500.00. Engineering (Plans, Inspection, Testing, As-Built): \$1,800.00 to \$2,200.00 Construction: \$9,500.00 to 12,000.00; Permit Fee to Yavapai County: \$360.50. Thus the installed cost will range from \$12,000 to \$15,000.

It should be noted that if additional testing is done that is "site specific" to the installation. And the testing demonstrates that the soil meets the requirements for the installation of a "Standard Septic System", this system may cost between \$3,500.00 and \$4,500.00.

It is hoped this letter addresses the majority of your questions regarding the cost of individual Waste Water Systems, and if I can be of further assistance, please don't hesitate to call our office at 777-8999.

Sincerely Yours:
Robbins Engineering



Timothy R. Robbins P.E.

SCHEDULE B

THIRD AMENDED

(All recording data refer to records in the office of the County Recorder in the County in which the land is situated.)

EXCEPTIONS:

1. Taxes for the year 2005, a lien not yet due and payable.
(Assessor Parcel No. 102-10-005E/5 Covers More Property)
2. Any charge upon said land by reason of its inclusion in Granite Mountain Unit V, Phase I, Homesites Association, a non-profit association.
3. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof.
4. Water rights, claims or title to water, whether or not shown by the public records.
5. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded in Book 53 of Maps, Page 73-74, 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. Covenants, conditions and restrictions in the document recorded as Book 4278, Page 373 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 Title 42, Section 3604(c), of the United States Codes.
7. Reservations, exceptions, covenants and conditions contained in instrument recorded as Book 10, Page 294 of Agreements, and in Book 127, Page 41 of Deeds.
8. Covenants, conditions and restrictions in the document recorded as 3663, Page 468 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 Title 42, Section 3604(c), of the United States Codes.
9. An easement for underground electric lines and incidental purposes, recorded as Book 2004, Page 691 of Official Records.

10. An easement for ingress, egress, slope, drainage and all public and private utilities and incidental purposes, recorded as Book 3552, Page 528 of Official Records.

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

End of Schedule B