



Arizona Department of Real Estate (ADRE)
Development Services Division
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SUBDIVISION DISCLOSURE REPORT
(PUBLIC REPORT)

FOR
VILLA RIALTO II, A CONDOMINIUM

Registration No. DM17-058653

SUBDIVIDER

VILLA RIALTO II, LLC

An Arizona Limited Liability Company
1635 N. Greenfield Road, Suite 115
Mesa AZ 85205

Phone: (602) 525-0000 E-mail: hudd@belaflo.com

Effective Date :

October 11, 2017

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land. The application and public report have not been subjected to a detailed examination by the Department. The report was prepared by the subdivider and none of the information in this report has been verified by the Department; all information has been accepted by the Department as true and accurate based on attestation of the subdivider/or the subdivider's agents. The purchaser should verify all facts before signing any documents. The Department assumes no responsibility for the quality or quantity of any improvement in this development.

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

Contents

SUBDIVISION DISCLOSURE REPORT.....	1
(PUBLIC REPORT).....	1
SUBDIVISION LOCATION	4
SUBDIVISION CHARACTERISTICS	4
AIRPORTS.....	8
UTILITIES.....	8
STREETS, ROADS AND DRAINAGE	9
COMMON, COMMUNITY AND RECREATIONAL FACILITIES	10
ASSURANCES FOR COMPLETION.....	10
LOCAL SERVICES AND FACILITIES	11
SUBDIVISION USE AND RESTRICTIONS	12
METHOD OF SALE OR LEASE	12
TITLE.....	13
TAXES AND ASSESSMENTS.....	13
PROPERTY OWNERS ASSOCIATIONS	14
EXHIBIT "A".....	16

GENERAL

This report includes: Units 101 through 115, inclusive; and Units 201 through 215, inclusive.

The map of this subdivision: The map of the Condominium is recorded in Book 1330 of Maps, page 48, records of the County Recorder of Maricopa County, State of Arizona. The Amended and Restated Condominium Declaration was recorded August 15, 2017, at Recorders No. 2017-0602726 of said records.

The subdivision is approximately 2 acres in size. Building pad boundaries will be identified by the foundation corners.

SPECIAL ATTENTION IS DIRECTED TO THE GENERAL NOTES, DECLARATION, DEDICATION, EASEMENTS AND OTHER MATTERS CONTAINED ON THE RECORDED PLAT OF THE SUBDIVISION, DISCLOSURE OF WHICH MATTERS IS INCLUDED IN THIS REPORT BY THIS REFERENCE THERETO.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP, DECLARATION OF CONDOMINIUM COVENANTS, CONDITIONS AND RESTRICTIONS AND ANY CORRECTION DOCUMENTS AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

Location: 7820 E. Baseline Road, Mesa, Maricopa County, Arizona. Take US60 East to Sossaman Rd, head south to Baseline Rd, head east on Baseline Rd to the northeast corner of 78th St. and Baseline Rd.

SUBDIVISION CHARACTERISTICS

Topography: Land is level.

Flooding and Drainage: Subdivider advises that the subdivision lots are subject to expansive or subsidence soils. E & A Consulting Group, in letter dated August 29, 2017, states the following:

“Storm water runoff will be retained on-site utilizing three (3) on-site retention basins having the same high water elevation. A 12-inch storm-drain bleed off pipe will be installed along baseline road and connect to the existing City of Mesa storm-drain system.

This project is not impacted by any offsite flows and does not impact any neighboring properties negatively.

The subdivision is located within Flood Insurance Rate Map (FIRM) 04013C2295L dated October 16th, 2013. The FIRM indicates the site to be located within Zone X. This Zone X is defined by FEMA as follows:

"Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from the 1% annual chance flood."

According to National Flood Insurance Policy (NFIP), flood insurance is not required for homeowners located in Zone X. As all lots within the subdivision are located within Zone X, flood insurance will not be required by NFIP, but public or private lending institutions or other parties may require it. A section of the relevant FIRM map is attached for reference."

Soils: Subdivider advises that the subdivision lots are subject to expansive or subsidence soils. ProTex, in letter dated June 8, 2016, states the following:

"Field investigation and laboratory testing indicated that the site consists mainly of low plasticity silty clayey sand, clayey sand, silty sandy clay and sandy clay. The expansion potential for site soils when foundation bearing soils are exposed to a moisture increase is anticipated to be very low for the surface level soils. All lots are subject to very low expansive soils and post-tensioned or conventional slab/foundation systems are recommended.

Settlements at the site are anticipated to be within accepted tolerances provided that pad preparation is performed as specified and no significant changes in moisture content of foundation/floor slab bearing soils occur and proper drainage and irrigation control are maintained. Drainage should be directed away from the structures and off the lot during and after construction and should be maintained for the life of the project. In no case should long-term ponding be allowed near structures. Proper design and placement of landscape vegetation and irrigation systems should be used so that structural foundation slab bearing soils are not exposed to moisture content fluctuations.

The site is located within an area of regional groundwater withdrawal; however, based on the Earth fissure Maps provided by the Arizona Geological Survey there is no indication of earth fissures on site or within approximately 2 miles of the site.

Based on the findings of the soils investigation, the site is considered suitable to construct multi-family residential structures imposing relatively light to moderate foundation loads provided floor and foundation systems are properly designed, soils properly conditioned as specified and proper maintenance of drainage and irrigation systems."

Adjacent Lands and Vicinity:

Zoning: North: R1-6; West R-3; South R-2, restricted Multiple Residences; East: Commercial (current use Church)

NOTE: Owners of the adjacent lands described above may seek to rezone their property, may seek zoning variances for their property or may modify their site plan within existing zoning. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that described above. Purchasers should contact the City of Mesa Planning and Zoning Department for further and up to date zoning information.

Canals/Rivers/Washes:

- Guadalupe Channel Canal is adjacent north
- East Maricopa Floodway is approximately 2 miles west

- Roosevelt Water Conservation District Canal is approximately 2 miles west
- Eastern Canal is approximately 4 miles west
- Central Arizona Project Fannin-McFarland Aqueduct is approximately 4 ¼ miles northeast

Due to the proximity of these canals, rivers and washes, they may present a safety hazard, especially during times of heavy rainfall, for unsupervised children and adults. Purchasers are advised to independently investigate this matter. For further information, please contact the Flood Control District of Maricopa County at (602) 506-1501 or visit the website at www.fcd.maricopa.gov.

Public Recreation:

- Desert Sands Golf is approximately ¼ mile north
- Arizona Golf Resort is approximately 1 mile northwest
- Fountain of the Sun Golf Course is approximately 1 mile north
- Mesa Pavilions Shopping Center is approximately 1 mile northwest
- Superstition Springs Mall is approximately 1 ¼ miles northwest
- Superstition Springs Golf Club is approximately 1 ½ miles west
- Sunland Village East Golf Course is approximately 2 miles south
- Augusta Ranch Golf Club is approximately 3 miles southeast
- Skyline Community Park is approximately 3 miles northeast
- Leisure World Country Club is approximately 3 miles northwest
- Red Mountain District Park is approximately 3 ½ miles north
- Red Mountain Sports Complex is approximately 4 miles north
- Additional Parks and Golf Courses are within a 4 to 5 miles radius

Public/ Roadways:

- Highway US60 is approximately ½ mile north
- State Highway 202 is approximately 1 mile east

Due to the proximity of the freeways, this subdivision may experience, noise, traffic, lighting or other effects that may be of concern to some individuals. Purchasers are advised to independently investigate this matter.

Educational Facilities:

- Noah Webster Public School is approximately 1 mile east
- Superstition Springs Elementary School is approximately 1 ¼ miles southwest
- Highland Junior High School is approximately 1 ½ miles southwest
- Gilbert Learning Center is approximately 1 ½ miles southwest
- University of Phoenix is approximately 1 ¼ miles west
- Numerous Elementary Schools and High Schools are within a 2 to 5 mile radius
- Arizona State University East Campus is approximately 5 miles southeast
- Mesa Community College is approximately 5 ½ miles north

Airports:

- Phoenix-Mesa Gateway Airport is approximately 4 miles south
- Mesa Falcon Field Municipal Airport is approximately 8 miles northwest

Police/Fire/Municipal:

- Post offices are approximately 3 miles northwest and 4 miles northeast
- Fire Stations are approximately 1 ½ miles northwest, 2 ½ miles southeast and 3 miles north
- Police Department is approximately 2 ½ miles southeast
- Library is approximately 4 miles northwest

Other facilities:

- Mobile Home Park is approximately ¾ mile northeast
- Mountain View Memorial Garden is approximately 2 ½ miles north
- Banner Baywood Hospital and Banner Baywood Heart Hospital are approximately 3 miles northwest
- General Motors Proving Grounds are approximately 4 miles southeast

Transmission lines:

Purchasers are advised that transmission lines may create health risks and may have financial or other adverse impacts on the homes or residents within the subdivision. Please note that the size, nature, voltage and location of such power lines and the addition of any other power lines are not within subdivider's control and are subject to change. Purchasers are advised to independently investigate this matter. For further information please contact APS, customer service division at (602) 371-7171, SRP, customer service division at (602) 236-8888, or Western Area Power Administration (WAPA) at 602-605-2525 or visit their website at www.wapa.gov.

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.

PURCHASERS ARE ADVISED THAT UTILITY PROVIDERS MAINTAIN GENERATING PLANTS THROUGHOUT THE AREAS THAT THEY SERVICE. PURCHASERS SHOULD CONTACT THE UTILITY PROVIDER FOR FURTHER INFORMATION REGARDING ANY CHANGES TO EXISTING FACILITIES OR ANY NEW FACILITIES THAT MIGHT BE PLANNED.

Purchaser's are advised that homes situated adjacent to or in the vicinity of including but not limited to: agricultural operations, dairy farms, canals, creeks, washes, rivers, flood plains, railroads, freeways, water reclamation/treatment plants, well site/storage tanks, landfills, commercial property, multi-family sites, worship sites, school sites, libraries, fire stations, municipal buildings, parks, trails, open space areas, golf courses, construction-related operations, industrial property, or other non-residential uses and/or other recreation amenities are likely to experience an additional amount of, including but not limited to: noise, odors, fumes, cultivation & related dust, agricultural burning, application of pesticides, irrigation and drainage, vibrations, pests such as flies and mosquitoes, lighting, vehicular and pedestrian traffic associated with the described uses and/or operations for an

indefinite period of time. PURCHASERS ARE ADVISED TO DETERMINE FOR THEMSELVES WHAT AFFECT, IF ANY, THE USES ADJACENT TO OR IN THE VICINITY OF THE SUBDIVISION WILL HAVE ON THE USE AND ENJOYMENT OF THEIR LOT.

ARIZONA NATIVE DESERT LANDS:

Cockroaches, rattlesnakes, black widow spiders, scorpions and other pests and animals are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. If a purchaser has concerns, they should seek the advice of a pest control company

AIRPORTS

Public Airport: Phoenix-Mesa Gateway Airport, located at 5835 S. Sossaman Road, is approximately 4 miles south. **See Exhibit “B” attached for vicinity map.**

THE DEVELOPMENT IS LOCATED IN TERRITORY IN THE VICINITY OF WILLIAMS GATEWAY AIRPORT. FLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

ALL AREAS WITHIN AN OVER-FLIGHT DISTRICT ARE SUBJECT TO AIRCRAFT ACTIVITY. NOISE LEVELS FROM AIRCRAFT OVERFLIGHTS AFFECT EVERYONE DIFFERENTLY. IF A RESIDENCE IS OUTSIDE THE OVER-FLIGHT DISTRICT IT IS STILL SUBJECT TO OVER-FLIGHTS BY AIRCRAFT FROM THE CLOSEST AIRPORT IN THE VALLEY OR FROM AN AIRPORT OUTSIDE THE VALLEY.

UTILITIES

The Subdivider advises that the following utility improvements to the building pad are complete or will be completed no later than July 31, 2018, as assured herein under the heading “Assurance of Completion”.

Electricity: City of Mesa, (480) 644-2221, www.cityofmesa.org Purchaser’s costs to receive service are as follows. Monthly service charges vary by usage.

Residential customers are required to place a deposit as security for payment of utility bills before utility services will be turned on. Deposits may be waived if the applicant has had comparable service with Mesa in the past 18 months, was not delinquent in payment more than twice during the past twelve (12) consecutive months or been disconnected for nonpayment during the past twelve (12) months. For dwelling units with individual service meters, the deposits applicable to each utility service are as follows:

- Electric \$ 265
- Water \$ 100
- Solid Waste \$ 60

A utility administrative fee of \$11.00 will be assessed to establish a utility account. In addition, the following service connection charges will be assessed for each metered service activated: Electric \$16.00 and Water \$16.00. Normally, utility service is connected the next business day following the request for service. If it is necessary to establish service the same day or after 5:00 P.M., Monday through Thursday, or weekend and holiday service, a convenience fee of \$45.00 will be assessed in addition to the normal administrative and connection charges.

Street Lights: This development will provide typical driveway lighting. The Property Owners Association will provide maintenance. Purchasers' costs are included in their Property Owners Association assessments.

Water: City of Mesa, (480) 644-2221, www.cityofmesa.org Purchaser's costs to receive service are itemized under "Electricity" above. Monthly service charges vary by usage. Monthly service charges vary by usage; monthly service charges are included in the monthly electricity/water bill.

Sewage Disposal: City of Mesa, (480) 644-2221, www.cityofmesa.org. Purchaser's costs to receive service are itemized under "Electricity" above. Monthly service charges vary by usage; monthly service charges are included in the monthly electricity/water bill.

Telephone: Cox Communications (623) 594-1000 (website: www.cox.com) Purchaser's cost to receive service through Cox is a one time set up/service establishment fee of \$34.95. A deposit may be required based on the results of a credit check. Purchasers should check Cox Communications website for additional information regarding types of services available as well as monthly costs associated with that service. Fees and rates are subject to change.

Cable and Internet: Cox Communications (623) 594-1000 (website: www.cox.com) Construction of facilities is complete. Purchaser's cost to receive service is a one-time set up/service establishment fee of \$34.95. A deposit may be required based on the results of a credit check. Purchasers should check Cox Communications website for additional information regarding types of services available as well as monthly costs associated with that service.

IT IS POSSIBLE THAT PURCHASERS MAY NOT HAVE TELEPHONE, CABLE TV OR INTERNET SERVICE AT THE TIME OF CLOSING. PURCHASERS ARE ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF SERVICE. PURCHASERS MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, IE: A CELLULAR TELEPHONE.

Natural Gas: Not available

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

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Construction of exterior public streets is complete. The City of Mesa will provide maintenance. Purchaser's costs for maintenance are included in their property taxes.

Access within the Subdivision: Construction of private driveways is complete or will be completed no later than July 31, 2018. The Property Owners Association will provide maintenance. Purchaser's costs for maintenance are included in their Property Owners Association assessments.

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.state.az.us, or call (602) 542-4631.

Flood and Drainage: Construction of facilities is complete or will be completed no later than July 31, 2018. Improvements consist of drainage retention facilities within the boundaries of the development and typical street drainage. The Property Owners Association will provide maintenance within the boundaries of the development. Purchaser's costs for maintenance are included in their Property Owners Association assessments.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Improvements consist of perimeter wall, entry gate, landscaped common areas and common driveways. The Property Owners Association will provide maintenance. Purchaser's costs for maintenance are included in their Property Owners Association assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Completion of all planned facilities and amenities prior to a purchaser occupying its Unit is assured by an Escrow Agreement between the Subdivider and Clear Title Agency of Arizona as Escrow Agent, wherein it is provided that all purchase money will be held in escrow and escrow will not close until construction of the facilities and the Units is complete .

Assurances for Maintenance of Subdivision Facilities: Utility providers and City of Mesa will maintain their respective facilities. The Property Owners Association will maintain the common areas and facilities, as provided in the Condominium Declaration and the Articles of Incorporation and Bylaws for the Property Owners Association.

LOCAL SERVICES AND FACILITIES

Schools: Jefferson Elementary (K-6) located at 120 S. Jefferson, Phone (480)472-8700 is approximately 3 miles northwest; Fremont Junior High School (7-8), located at 1001 North Power Road, Mesa, Arizona 85205, Phone (480) 472-8300, is approximately 5 miles northwest; Skyline High School (9-12), located at 845 S. Crismon, Phone (480) 472-9400 is approximately 4 miles northeast.

SCHOOL BUS TRANSPORTATION WILL ONLY BE PROVIDED TO STUDENTS RESIDING OUTSIDE THE SCHOOLS DESIGNATED WALKING DISTANCE. PURCHASERS SHOULD CONTACT THE SCHOOLS TO DETERMINE THE AVAILABILITY OF SCHOOL BUS TRANSPORTATION.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. PURCHASERS SHOULD CONTACT THE MESA PUBLIC SCHOOL DISTRICT AT (480) 472-0000 FOR THE MOST CURRENT INFORMATION.

Shopping Facilities: Fry's Food Store, located 1915 S. Power Road, is approximately 1 mile west; Safeway, located at 9101 E. Baseline Road, is approximately 2 miles east; Albertsons, located at 9243 E. Baseline Road, is approximately 2 miles east.

PURCHASERS ARE ADVISED THAT THE LOCATION OF SHOPPING FACILITIES MAY CHANGE AND PURCHASERS SHOULD DETERMINE FOR THEMSELVES THE LOCATIONS OF SHOPPING FACILITIES TO THIS SUBDIVISION.

Public Transportation: Valley Metro has a stop located at Baseline and 78th Street, adjacent to the subdivision

PURCHASERS ARE ADVISED THAT BUS ROUTES AND SCHEDULES MAY CHANGE. PURCHASERS SHOULD CONTACT VALLEY METRO TRANSIT SYSTEM AT (602) 253-5000 OR VISIT THEIR WEBSITE AT www.valleymetro.org FOR THE MOST CURRENT INFORMATION.

Medical Facilities: Banner Baywood Hospital, located at 6644 E. Baywood Avenue, and Banner Baywood Heart Hospital, located at 6750 E. Baywood Avenue, are approximately 3 miles northwest

Fire Protection: City of Mesa Fire Department. Purchaser's costs for service are included in their property taxes.

Ambulance Service: Available by dialing 911.

Police Services: City of Mesa Police Department

Garbage Services: City of Mesa. Purchaser's costs are included in their Property Owners Association Assessments

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for an existing condominium unit (Improved)
Zoning: Multi-family residential

“Improved lot or parcel” means a lot or parcel of a subdivision upon which lot or parcel there is a residential, commercial or industrial building or concerning a contract that has been entered into between a subdivider and a purchaser that obligates the subdivider directly or indirectly through a building, contractor, to complete construction of a residential, commercial or industrial building on the lot or parcel within two years from the date on which the contract of sale for the lot is entered into.

Conditions, Reservations and Restrictions: Any and all reservations, restrictions, easements and rights of way of record in the public records of the Maricopa County Recorder, Arizona, including, but not limited to, the Condominium Declaration of Covenants, Conditions and Restrictions for Villa Rialto, a Condominium; and subject to any and all zoning restrictions and regulations; and to any reservations or exceptions contained in U.S. Patents or Acts authorizing the issuance thereof or any other matters of record; and to any and all other federal, state and local laws and regulations which may effect this property. A current title insurance report may be obtained by you from any title company showing the title company's understanding of the current status of the record title to this property.

PURCHASERS 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 Maricopa County Recorder. Information about zoning may be obtained at the Office of the City of Mesa Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

METHOD OF SALE OR LEASE

Sales: Purchaser's vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to Purchaser and by Purchaser signing a promissory note

and mortgage or deed of trust for the unpaid balance, if any. PURCHASERS SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.

PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY MAY NOT BE PLACED IN A NEUTRAL ESCROW, EXCEPT FOR VA FINANCED PURCHASES, WHICH WILL BE DEPOSITED IN A SEPARATE ESCROW ACCOUNT. SUCH MONEY MAY BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING SUCH MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

Release of Liens and Encumbrances: The Subdivider advises that individual lot release provisions are contained in the loan documents for the liens and encumbrances shown in the Title Exceptions herein.

Use and Occupancy: Lot purchasers will be permitted to use and occupy their Unit upon close of escrow and recordation of deed of conveyance of title to the Unit.

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

TITLE

Title to this subdivision is vested in the Subdivider.

Subdivider's interest in this subdivision is fee title, evidenced by a Deed recorded in the County records.

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. **PURCHASERS SHOULD INVESTIGATE THE TITLE AND SATISFY THEMSELVES 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 22, 2017, issued by Clear Title Agency. **Purchasers should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

TAXES AND ASSESSMENTS

Real Property Taxes: The estimated property tax for an improved Unit, based on the current tax rate and an average sales price of \$187,500, is approximately \$1,600.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Villa Rialto Condominium Association, with current assessments in the amount of \$150 per month, approximately.

In addition, a one-time “Initial Working Capital Fund” fee equal to two monthly installments of the regular assessment and a “Reserve Contribution” fee of \$500.00 shall be collected at close of escrow, pursuant to Section 7.11 and 7.12 of the Condominium Declaration for Villa Rialto, A Condominium. This fee may pertain to subsequent resales as well.

Control of Association: Declaration of Condominium states, “Period of Declarant Control: means the time period commencing on the date the Declaration is Recorded and ending on the earlier of (i) ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created to Owners other than the Declarant; or (b) four (4) years after all Declarants have ceased to offer Units for sale in the ordinary course of business.”

Title to Common Areas: Because this Project is a Condominium, each Unit Owner owns the Common Area in undivided interests in the percentages set forth in the Declaration, as may be amended from time to time.. The Common Area will never be deeded or transferred to the Association, although the Association maintains responsibility for maintenance of the Common Area while the Condominium is in existence.

The Association shall acquire and pay for the following: (a) water, sewer, electric, natural gas and other utility service for the Common Elements and (b) refuse and rubbish collection for the Common Elements and the Units. Each Unit will be separately metered for electric service, and all charges for electric service to a Unit shall be billed directly to the Unit Owner by the electric company and shall be paid by the Unit Owner. The Units are separately metered for water service and each Unit Owner shall be billed directly for such service by the City of Mesa, Arizona.

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

Period of Declarant Control: Section 1.54 of the Condominium Declaration defines the "Period of Declarant Control" as the time period commencing on the date the Declaration was recorded in the Official Records of the Maricopa County, Arizona Recorder, and ending on the earlier of:

(A) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units in the Condominium to Unit Owners other than Declarant;

(B) Four (4) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or

(C) Such earlier date selected by Declarant in its sole discretion.

Purchasers are encouraged to read and understand all provisions of the Condominium Declaration

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

PURCHASERS ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, DECLARATION OF CONDOMINIUM, 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, PURCHASERS SHOULD DETERMINE FOR THEMSELVES 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"**Title Exceptions:**

1. 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.)
2. Any charge upon said land by reason of its inclusion in Villa Rialto II Condominium Association.
3. Right of Entry reserved to the State of Arizona and its lessees in connection with the mineral estate and the production of oil and gas as set forth in Arizona Revised Statutes.
4. The right to enter upon said land, prospect for, mine and remove an undivided one-half interest in gas and other minerals, as reserved in instrument recorded as Docket 7194, Page 430.
(Affects all Units)
5. The right to enter upon said land and prospect for and remove all coal, oil, gas, minerals or other substances, as reserved in the Patent to said land, recorded as Docket 11529, page 1243 and as Document No. 90-0444617 of Official Records.
(Affects all Units)
6. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 1330 of Maps, Page 48, 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).
(Affects all Units)
7. Covenants, conditions and restrictions in the document recorded as 83-357368 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.
(Affects all Units)
8. All matters set forth in Condominium Declaration recorded as 2017-0602726 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.
(Affects all Units)
9. The terms, conditions and provisions contained in the document entitled "Ovation and Modification Agreement" recorded September 19, 1983 as 83-377742 of Official Records.
(Affects all Units)
10. An easement for public utilities and incidental purposes, recorded as 84-514140 of Official Records.
(Affects Common Areas)
11. An easement for public utilities and irrigation and incidental purposes, recorded as 84-0514143 of Official Records.
(Affects Common Areas)
12. An easement for public utilities and irrigation and incidental purposes, recorded as 84-0519591 of Official Records.
(Affects Common Areas)
13. Water rights, claims or title to water, whether or not shown by the public records.

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

Exhibit "B"

Phoenix-Mesa Gateway Airport Traffic Pattern Airspace

