



STATE OF ARIZONA

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"PROMOTING MUTUAL RESPECT"

SUBDIVISION DISCLOSURE REPORT

(PUBLIC REPORT)

FOR

VILLA RIALTO, A CONDOMINIUM

aka Georgetown Communities

Registration No. DM07-053194

SUBDIVIDER

RIALTO II, L.L.C., an Arizona limited liability company
2925 E. Page Avenue
Gilbert, Arizona 85234

May 16, 2007

Effective Date

First Amendment: September 23, 2008

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.

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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: Units 101 through 173, 201 through 236, and 262 through 273.

The map of this subdivision: is recorded in 881 of Maps, page 29, records of Maricopa County, State of Arizona and Declaration is recorded in instrument no. **2006-1608343**; First Amendment to Condominium Declaration is recorded in instrument no. **2008-0419072**, Second Amendment to Condominium Declaration is recorded in instrument no. **2008-0668601**; Amendment to Condominium Declaration is recorded in instrument no. **2008-0689343**; and Third Amendment to Condominium Declaration is recorded in instrument no. **2008-0758998**.

The subdivision is approximately 8.7762 acres in size. It has been divided into 121 Units and Tracts A through D. Building pad boundaries will be permanently staked at lot corners and radii by registered engineering firm.

PURCHASERS ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

Purchasers are advised that the recorded plat for this subdivision cites the following, in part:

Notes:

3. An Avigation Easement and Release for this plat is recorded with the Maricopa County Recorder. This subdivision is within four (4) miles of Williams Gateway Airport and that information regarding aircraft operations and airport development is available through the airport administration office.
4. These properties, due to their proximity to Williams Gateway Airport, are likely to experience aircraft over flights, which could generate noise levels which will be of concern to some individuals.

SUBDIVISION LOCATION

Location: 7726 E. Baseline Road, Mesa, Maricopa County, Arizona. Take US60 East to Sossaman Rd, head south to Baseline Rd, head east on Baseline Rd to 78th St head north into Subdivision.

SUBDIVISION CHARACTERISTICS

Topography: Land is level.

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

Soils: Subdivider advises that the subdivision lots are subject to expansive or subsidence soils. James R. Dedrick, P.E. of ACS Engineering Group, LC, in his letter dated April 30, 2007, has stated:

“The purpose of the soil investigation for the subject project is to present general information concerning the engineering characteristics of the soil and to submit recommendations for the design of foundations and site preparation for the proposed development.

It is understood that the proposed development will consist of one and/or two level single family homes, imposing relatively light foundation loads. Maximum structure loads on the order 2 kips per lineal foot are anticipated and grading will consist of cuts and fills to achieve desired finish grade elevations.

Site surface soils in the flat low lying areas are loose and dry to have allow swell potential in their current state. On-site soils in low lying areas are typically classified by USCS as silty or clayey SNDS; however some pockets of more expensive or clayey soils may exist on site. If soils are processed as recommended in the reference report an allowable bearing capacity of 2000 psf is possible for footings bearing at 18 inches below subgrade.

Total and differential settlements from assumed loads will be within generally accepted tolerance provided the grading operations are performed as specified and positive drainage away from the structures is maintained. Proper drainage of surface water and roof runoff water away from structures should be provided. Irrigation systems and landscaping should be placed carefully allowing a minimum 5 foot offset from the buildings. Foundation bearing and under slab soils should not be exposed to moisture infiltration.

Based on the findings of this report, the site is considered suitable for single family homes imposing relatively light foundation loads providing floor/foundation systems are properly designed, soils are compacted as specified and proper drainage away from the structures is maintained.”

Based upon current information, the subdivision does not have, nor is it in he proximity of, any known fissures, sink holes, or other, within or lying close to the subdivision. For more information on fissures and earth subsidence, refer to www.azgs.state.az.us

Adjacent Lands and Vicinity:

Zoning: North – R1-6 (Single Residential) East – O-S (Office Space), C-2- (Limited Commercial) West – C-2- (Limited Commercial) South – R-2 (Restricted Multiple Residence)

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:

- Williams 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: Williams 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 WILLIAIMS 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

Electricity: Salt River Project (602) 236-8888 Website: www.srpnet.com. Subdivider is to complete the extension of the facilities to the lot lines by December 31, 2008. Purchaser's costs to receive service is a \$28.00 plus tax service establishment fee for next day service or \$48.00 plus tax for same day or Saturday turn on service and a \$120.00 to \$240.00 security deposit may be required.

Street Lights: Subdivider is to complete the installation of street lights by December 31, 2008. The Homeowners Association will provide maintenance. Purchasers' costs are included in their Homeowners Association assessments.

Telephone: Qwest Communications (800) 244-1111 (website: www.qwest.com) or Cox Communications (623) 594-1000 (website: www.cox.com) Subdivider is to complete the extension of the facilities to the lot lines by December 31, 2008. Purchasers' cost to receive service with Qwest Communications is a \$27.50 per line hook up fee. A deposit or advanced payment may be required. 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.

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

Cable: Cox Communications (623) 594-1000 (website: www.cox.com) Subdivider is to complete the extension of the facilities to the lot lines by December 31, 2008. 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.

Natural Gas: Not available

Water: City of Mesa, (480) 644-2011, www.cityofmesa.org. Subdivider to complete the extension of the facilities to the lot lines by December 31, 2008. Purchaser's costs to receive service are an \$8.00 service establishment fee. A deposit of \$80.00 may be required depending on credit; monthly service charges vary by usage.

Sewage Disposal: City of Mesa, (480) 644-2011, www.cityofmesa.org. Subdivider to complete the extension of the facilities to the lot lines by December 31, 2008. Purchaser's costs to receive service are \$8.00 service establishment fee. A deposit of \$80.00 may be required depending on credit; monthly service charges are included in monthly water bill.

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: Subdivider is to complete asphalt paved public streets to the subdivision by December 31, 2008. The City of Mesa will provide maintenance upon completion, inspection, and issuance of a letter of acceptance. Purchaser's costs for maintenance are included in their property taxes.

Access within the Subdivision: Subdivider is to complete asphalt paved public streets within the subdivision by December 31, 2008. The Homeowners Association will provide maintenance upon completion. Purchaser's costs for maintenance are included in their Homeowners 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: Subdivider is to complete drainage/retention tracts and typical street drainage within the subdivision by December 31, 2008. The Homeowners Association will provide maintenance upon completion. Purchaser's costs for maintenance are included in their Homeowners Association assessments.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider is to complete pool, club house, landscaping, tot lot and entry gates by December 31, 2008. The Homeowners Association will provide maintenance upon completion. Purchaser's costs for maintenance are included in their Homeowners Association assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has obtained an Occupancy Certificate Agreement with the City of Mesa as assurances for completion of all subdivision facilities.

Assurances for Maintenance of Subdivision Facilities: As stated in the Declaration of Condominium, Filed Articles and Bylaws for the Homeowners Association and current zoning regulations.

LOCAL SERVICES AND FACILITIES

Schools: Jefferson Elementary (K-6) located at 120 S. Jefferson, is approximately 2 $\frac{3}{4}$ miles northwest; Brimhall Junior High School (7-8), located at 4949 E. Southern Avenue, is approximately 3 $\frac{1}{4}$ miles northwest; Skyline High School (9-12), located at 845 S. Crismon, is approximately 4 $\frac{1}{2}$ 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 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 Homeowners 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 a Lot (with dwelling)
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 WILL NOT BE PLACED IN A NEUTRAL ESCROW, EXCEPT FOR VA FINANCED PURCHASES, WHICH ARE DEPOSITED IN A SEPARATE ESCROW ACCOUNT. SUCH MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING SUCH MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

Release of Liens and Encumbrances: Individual lot release provisions are contained within the aforementioned instrument.

Use and Occupancy: Lot purchasers will be permitted to use and occupy their lot upon completion of construction, close of escrow and recordation of deed.

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 Rialto II, LLC, an Arizona limited liability company

Subdivider's interest in this subdivision is evidenced by fee title.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **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 August 26, 2008 issued by Fidelity National Title Insurance Company. **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 combined primary and secondary property tax rate for this subdivision for the year 2006 is \$9.17 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 \$212,000.00 is \$1,652.13.

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 \$98.00 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.

Control of Association: "Period of Declarant Control" means the time period commencing on the date this Declaration is Recorded and ending on the earlier of: (a) one hundred twenty (120) days after the date by which seventy-five percent (75%) of the Units have been conveyed to Purchasers; or (b) five (5) years following the first conveyance of a Unit to a Purchaser.

Title to Common Areas: Upon completion of the improvements or sooner.

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

Article 3, subsection 3.3.1 of the Condominium Declaration for Villa Rialto, A Condominium, says, in part: "Every Owner, Lessee and Occupant shall have a right and easement of enjoyment in and to the Common Elements, which right and easement shall be appurtenant to and shall pass with the title to every Unit"

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.

/ma

Exhibit "A"

1. Any action by Maricopa County Assessor and/or Treasure, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
2. TAXES AND ASSESSMENTS collectible by the County Treasurer not yet due and payable for the following year:

Year: 2008

3. The right of entry to prospect for, mine and remove the mineral deposits in said land, as reserved in Deed recorded in Docket 211, page 437.

(All units except 207, 208 & 209)

4. The right of entry to prospect for, mine and remove the minerals and all uranium, thorium or any other material necessary to produce fissionable material, as reserved in Patent to said land.

(Units 207, 208 & 209)

5. The right of entry to prospect for, mine and remove 50% of minerals in said land, as implied by the reservation of same in instrument recorded in Docket 7194, page 424.

(All units except 207, 208 & 209)

6. The right of entry to prospect for, mine and remove 50% of minerals in said land, as implied by the reservation of same in instrument recorded in Docket 7194, page 430.

(All units except 207, 208 & 209)

7. WATER RIGHTS, claims or title to water, whether or not shown by the public records.

8. LIBILITIES AND OBLIGATIONS that may arise by reason of the inclusion of said land within the following named district:

Name: Electrical District No. 5 as disclosed by plat recorded in Book 342 of Maps, page 17.

9. Liabilities and Obligations imposed upon said land by reason of the formation of the following named Association:

Villa Rialto Condominium Association

10. Easements, setback lines, terms, conditions and matters as shown on the recorded plat of said subdivision.

11. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Docket 7958, Page 589 and re-recorded January 29, 1970, in Docket 7978, Page 128

Purpose: electrical facilities
(Affects Common area)

12. Easement and rights incident thereto, as set forth in instrument:

Recorded: November 29, 1984 in Instrument No. 84-514143 and in Instrument No. 84-514145

Purpose: public utilities and irrigation facilities
(Affects common area)

13. Easement and rights incident thereto, as set forth in instrument:

Recorded: November 29, 1984 in Instrument No. 84-514144 and Instrument No. 84-514146

Purpose: public utilities and irrigation facilities.
(Affects common area)

14. Easement and rights incident thereto, as set forth in instrument:

Recorded: December 3, 1984 in Instrument No. 84-519590

Purpose: public utilities and irrigation facilities.
(Affects common area)

15. Easement and rights incident thereto, as set forth in instrument:

Recorded: December 3, 1984 in Instrument No. 84-519591

Purpose: public utilities and irrigation facilities.
(Affects common area)

16. Easement and rights incident thereto, as set forth in instrument:

Recorded: May 11, 1987 in Instrument No. 87-293590

Purpose: road or highway.
(Affects common area)

17. Easement and rights incident thereto, as set forth in instrument:

Recorded: in Instrument No. 2007-0028405

Purpose: avigation.

(Affects common area)

18. RESTRICTIONS, CONDITIONS, COVENANTS, LIABILITIES, OBLIGATIONS AND EASEMENTS, (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) contained in instrument recorded in Instrument No. 2006-1608343, First Amendment to Condominium Declaration recorded in instrument no. 2008-0419072, Second Amendment to Condominium Declaration recorded in instrument no. 2008-0668601, Amendment to Condominium Declaration recorded in instrument no. 2008-0689343 and Third Amendment to Condominium Declaration recorded in instrument no. 2008-0758998.

19. Easement(s) for the purpose(s) shown and rights incidental thereto, as granted in a document:

Granted to: Salt River Project Agricultural Improvement and Power District
Recorded: November 14, 2007 in Instrument No. 2007-1220656
Purpose: Power distribution
Affects: As set forth therein

20. All matters set forth in the document entitled "Payment in Lieu of Construction Agreement" made by and between the City of Mesa and Rialto II, L.L.C., an Arizona limited liability company, recorded February 21, 2008 in Instrument No. 2008-0152379.

21. Deed of Trust given to secure the original amount shown below, and any other amount payable under the terms thereof:

Trustor: Rialto II, L.L.C., an Arizona limited liability company
Trustee: Towne Bank of Arizona
Beneficiary: Towne Bank of Arizona
Amount: \$5,500,000.00
Dated: February 23, 2007
Recorded: February 28, 2007 in Instrument No. 2007-0243556

