

SUBDIVISION DISCLOSURE REPORT

(Public Report)

FOR VILLAS AT PALM VALLEY CONDOMINIUM

AKA VILLAS AT PALM VALLEY

Registration No. DM07-053459

SUBDIVIDER

Villas At Palm Valley L.L.C.,
an Arizona limited liability company
10448 N. 106th Place
Scottsdale, Arizona 85258

Effective Date: APRIL 16, 2007

FIRST AMENDMENT DATED: AUGUST 7, 2007

SECOND AMENDMENT DATED: AUGUST 1, 2008

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 and/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

THIS DEVELOPMENT IS LOCATED WITHIN TERRITORY IN THE VICINITY OF A MILITARY AIRPORT. THE DEPARTMENT MAINTAINS A REGISTRY OF INFORMATION PROVIDED BY THE MILITARY AIRPORT. THE REGISTRY INCLUDES MAPS OF MILITARY FLIGHT OPERATIONS AND A MAP SHOWING THE EXTERIOR BOUNDARIES OF EACH TERRITORY AND HIGH NOISE OR ACCIDENT POTENTIAL ZONE. THIS INFORMATION IS AVAILABLE TO THE PUBLIC ON REQUEST.

ARIZONA DEPARTMENT OF REAL ESTATE

PHOENIX OFFICE:
2910 N. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 771-7750

TUCSON 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 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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT* (WITHOUT A BUILDING) MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 1 through 58, inclusive and an undivided interest in the common areas.

The map of this subdivision: as created by that certain Condominium Declaration recorded as 2007-0015603 of Official Records and as shown on the plat of said Condominium as recorded in Book 874 of Maps, Page 42, records of Maricopa County, Arizona.

The subdivision is approximately 8.425 acres in size. It has been divided into 58 Units and common element and Tracts A through F, inclusive. Units within condominiums will be shown in plat.

Prospective purchasers are hereby advised that the recorded plat for this subdivision contains the following, in part:

DEDICATION:

TRACT A IS DEDICATED AS PRIVATE STREETS FOR THE PRIVATE USE AND CONVEYANCE (INCLUDING INGRESS AND EGRESS) OF PROPERTY OWNERS. A NON-EXCLUSIVE EASEMENT OVER TRACT A IS DEDICATED TO THE CITY OF GOODYEAR FOR EMERGENCY, SERVICE AND REFUSE COLLECTION VEHICLE ACCESS, DRAINAGE AND PUBLIC UTILITIES PURPOSES. A PUBLIC UTILITY EASEMENT (P.U.E.) IS HEREBY DEDICATED TO THE CITY OF GOODYEAR OVER TRACT A, AND AS INDICATED ON THE PLAT, FOR THE PURPOSE OF INSTALLATION, OPERATION, MAINTENANCE, REPAIR, REMOVAL, RELOCATION AND ACCESS AS IS NECESSARY TO PROVIDE PUBLIC UTILITIES.

AN EASEMENT FOR DRAINAGE, LANDSCAPE, AND SIDEWALK PURPOSES OVER TRACTS B, C, D, E & F IS HEREBY DEDICATED TO THE OWNERS OF VILLAS AT PALM VALLEY.

TRACTS B, C, D, E & F ARE HEREBY DECLARED COMMON AREA, FOR THE USE AND BENEFIT OF ALL PROPERTY OWNERS IN THE VILLAS AT PALM VALLEY.

NOTES

1. ALL AREAS NOT SHOWN AS BUILDINGS OR EASEMENTS ARE COMMON ELEMENTS.

2. ALL PORCHES, GARAGES AND PATIOS ARE A "LIMITED COMMON ELEMENT" (LCE) ASSOCIATED WITH THE ADJOINING UNIT (REFERENCE THE CONDOMINIUM DECLARATION).
3. THE BOUNDARIES OF EACH UNIT ARE THE INTERIOR UNFINISHED SURFACES OF THE PERIMETER WALLS, FLOOR, CEILING, DOORS AND WINDOWS OF THE UNIT (REFERENCE THE CONDOMINIUM DECLARATION).
4. IN THE EVENT OF ANY DISCREPANCIES, INCONSISTENCIES OR CONFLICTS BETWEEN THE PLAT AND THE CONDOMINIUM DECLARATION, THE PROVISIONS OF THE DECLARATION SHALL GOVERN.
5. THIS CONDOMINIUM IS LOCATED WITHIN THE LITCHFIELD PARK SERVICE COMPANY WATER SERVICE AREA AND HAS BEEN DESIGNATED AS HAVING AN ASSURED WATER SUPPLY.
6. THE VILLAS AT PALM VALLEY IS SUBJECT TO ATTENDANT NOISE, VIBRATION, DUST, AND ALL OTHER EFFECTS THAT MAY BE CAUSED BY OVERFLIGHTS AND BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM PHOENIX-GOODYEAR AIRPORT AND LUKE AIR FORCE BASE. THE OWNER DOES RELEASE AND DISCHARGE THE CITY OF GOODYEAR THE DEVELOPER AND THE HOMEBUILDER FROM ANY LIABILITY FROM ANY CLAIMS FOR FUTURE DAMAGES TO PERSONS OR PROPERTY, OR COMPLAINTS OF ANY KIND, THAT MAY ARISE AT ANY TIME IN THE FUTURE FROM THE OPERATION OF SUCH AIRCRAFT NEAR OR OVER THE AREA.
7. THIS DEVELOPMENT IS IN PROXIMITY TO THE ARIZONA MOTOR SPORTS PARK (GENERALLY LOCATED AT CAMELBACK ROAD & REEMS ROAD) AND MAY BE SUBJECT TO POTENTIAL NOISE INTRUSION, VIBRATIONS, DUST, FUMES, AND ALL OTHER EFFECTS THAT MAY BE ASSOCIATED WITH SUCH USES.
8. ALL UTILITIES WITHIN AND ADJACENT TO THE SUBDIVISION, INCLUDING CABLE TELEVISION, SHALL BE PLACED UNDERGROUND (WITH THE EXCEPTION OF 69V OR LARGER ELECTRIC LINES) AS EACH PHASE IS DEVELOPED. PRIOR TO THE ISSUANCE OF THE FIRST CERTIFICATE OF OCCUPANCY IN SUCH PHASE, AND AT NO COST TO THE CITY.
9. NO STRUCTURES OF ANY KIND SHALL BE CONSTRUCTED OR PLACED WITHIN OR OVER THE UTILITY EASEMENTS EXCEPT: UTILITIES, ASPHALT PAVING, GRASS AND WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING.
10. NO STRUCTURE OF ANY KIND SHALL BE CONSTRUCTED OR ANY VEGETATION BE PLANTED NOR BE ALLOWED TO GROW WITHIN, ON, OR OVER ANY DRAINAGE EASEMENT WHICH WOULD CONSTRUCT OR DIVERT THE FLOW OF STORM WATER. THE CITY MAY, IF IT SO

- DESIRES, CONSTRUCT OR MAINTAIN FACILITIES ON OR UNDER THE LAND OF THE DRAINAGE EASEMENT.
11. STRUCTURES AND LANDSCAPING WITHIN VISIBILITY EASEMENT WILL BE LIMITED TO GROUND COVER, FLOWERS AND GRANITE LESS THAN 2 FEET (MATURE) IN HEIGHT AND/OR TREES WITH BRANCHES NOT LESS THAN 6 FEET ABOVE THE GROUND. TREES SHALL NOT BE LESS THAN 5 FEET APART.
 12. THE DEVELOPER SHALL BE RESPONSIBLE FOR THE CONSTRUCTION AND MAINTENANCE OF ALL INTERIOR DRIVE AISLES AND/OR ENTRYWAYS TO THE PROPERTY, SIDEWALKS, PARKING AREAS, SIGNAGE , LIGHTING, TRACTS, AND DRAINAGE EASEMENT UNTIL SUCH TIME AS THE CLOSE OF ESCROW ON THE FIRST UNIT IN THE CONDOMINIUM. THEREAFTER, DEVELOPER SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF THE FOREGOING TO BE DETERMINED ON A PRO RATA BASIS BY THE NUMBER OF UNITS THE DEVELOPER OWNS. UPON CLOSE OF ESCROW OR ANY UNIT, THE UNIT OWNERS SHALL THEREAFTER BE RESPONSIBLE FOR HIS/HER PRO RATA SHARE FOR MAINTENANCE OF THE FOREGOING. UPON CONFIRMATION OF THE ASSOCIATION, THE ASSESSOR SHALL THEREAFTER BE RESPONSIBLE FOR THE MAINTENANCE OF ALL INTERIOR DRIVE AISLES AND/OR ENTRY WAYS TO THE PROPERTY, SIDEWALKS, PARKING AREAS, SIGNAGE, LIGHTING, TRACTS, DRAINAGE, EASEMENTS, AND ANY AND ALL OTHER COMMON ELEMENTS DEFINED HEREIN.
 13. THE VILLAS AT PALM VALLEY IS ADJACENT TO LAND DESIGNATED FOR DEVELOPMENT AS COMMERCIAL AND/OR MULTI-FAMILY USES AND MAY BE SUBJECT TO POTENTIAL NOISE INTRUSION, VIBRATIONS, DUST AND OTHER EFFECTS THAT MAY BE ASSOCIATED WITH SUCH A USES. THE OWNER DOES RELEASE AND DISCHARGE THE CITY OF GOODYEAR, THE DEVELOPER, AND THE HOMEBUILDER FROM AN LIABILITY CLAIMS FOR FUTURE DAMAGES TO PERSONS OR PROPERTY, OR COMPLAINTS OF ANY KIND, THAT MAY ARISE AT ANY TIME IN THE FUTURE FROM THE DEVELOPMENT OF SUCH PROPERTY WITH COMMERCIAL AND/OR MULTI-FAMILY USES.
 14. THIS DEVELOPMENT IS SUBJECT TO ATTENDANT NOISE CAUSED FROM VEHICULAR TRAFFIC ON INTERSTATE 10 AND THE PROPOSED LOOP 303.
 15. THE CITY OF GOODYEAR IS NOT RESPONSIBLE FOR AND WILL NOT ACCEPT MAINTENANCE OF ANY PRIVATE UTILITY, PRIVATE DRIVE AISLES, PRIVATE FACILITIES AND LANDSCAPED AREAS WITHIN THIS DEVELOPMENT.
 16. ALL LOT CORNERS SHALL BE MONUMENTAL WITH ½” REBAR WITH CAP, TAG OR OTHER MONUMENTATION AS DESCRIBED BEARING THE

REGISTRATION NUMBER OF THE SURVEYOR RESPONSIBLE FOR THEIR PLACEMENT.

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: 4241 N. Pebble Creek Parkway (Indian School & Pebble Creek Parkway), City of Goodyear, Maricopa County, State of Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Land is generally level.

Flooding and Drainage: This subdivision is not subject to any known flooding or drainage problems. Dennis F. Keogh, P.E., R.L.S. of Keogh Engineering, Inc., in his letter dated November 13, 2006, has cited, in part:

Regarding flood and drainage conditions for the above subdivision project, I submit the following:

- 1.) The above project is located in the vicinity of Pebble Creek Parkway and Charles Blvd., in Goodyear, Arizona. More specifically it is situated in Section 19, Township 2 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona.
- 2.) The project consists of 58 condominium units. No major washes enter or exit the site. The site was a cultivated field prior to development.
- 3.) The site currently lies in Zone X as issued by F.E.M.A. shown on FIRM MAP No. 04013C1595H dated September 30, 2005. Zone X is defined as Areas of 500 year flood; areas of 100 year flood with average depths of less than 1 foot or drainage areas less than 1 square mile; and are as protected by levees from 100 year flood. This site does not lie in a regulatory 100 year flood plain.
- 4.) A grading and drainage plan has been prepared by this firm and reviewed and approved by the City of Goodyear. All finished floor elevations have been established at a grade which is above the 100 year storm surface, more or less.
- 5.) Individual units drain towards the fronting streets or retention areas. Unit owners should be aware that when landscaping their unit they should not block drainage away from the unit and towards the outfall of the lot.
- 6.) This project is designed with drainage ways and detention areas. Because these areas receive runoff from the site they will periodically have running or standing water and will require periodical maintenance.

- 7.) According to the National Flood Insurance policy, flood insurance is not required for unit owners in Villas at Palm Valley Final Condominium Plat but it maybe required by public or private lending institution or private parties.

Soils: Subdivider advises that the subdivision is not subject to subsidence or expansive soils.

Adjacent Lands and Vicinity:

NORTH: PAD (Planned Area Development) – Single Family Residential & Light Industrial, R-43AG (Rural Residential).

SOUTH: PAD (Planned Area Development) – Existing active adult Pebble Creek community on the south side of Indian School Road.

EAST: R1-6, R-6 (City of Litchfield Park) - PD (Planned Development) – Single Family Residential.

WEST: PAD (Planned Area Development) – Single Family Residential & AG (Agricultural)

NOTE: Zoning information is current as of the date issuance of this report. Purchasers are encouraged to contact the City of Goodyear at (623) 932-3005 or the City of Litchfield Park at (623) 935-5033 for the most current zoning information. Purchasers can also visit their websites at www.ci.goodyear.az.us or www.litchfield-park.org.

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.

North

- Falcon Golf Club, approximately 1 mile
- Luke Air Force Base, approximately 1 ½ miles
- Falcon Dunes Golf Course, approximately 3 ½ miles
- Railroad tracks, approximately 4 ½ miles

Northeast

- Colter Channel, approximately 4 miles
- Sports Complex, approximately 4 miles
- APS Luke Field 69kV Substation, approximately 2 ¾ miles
- Luke Air Force Base Hospital, approximately 6 miles
- Fowler Park, approximately 5 miles
- El Mirage Inert Landfill, approximately 3 ½ miles
- City of El Mirage, approximately 4 miles
- Agua Fria River, approximately 5 miles
- Glendale Municipal Airport, approximately 8 miles

- City of Glendale Landfill, approximately 5 miles
- Arizona Motorsports Park, approximately 1 mile

Northwest

- Maricopa County White Tanks Cemetery, approximately 1 mile
- Wildlife World Zoo, approximately 4 miles
- White Tanks FRS #3, approximately 6 miles

South

- Eagles Nest Golf Course, less than 1 mile
- Roosevelt Irrigation District Canal, approximately 1 mile
- Pearl Harbor Freeway (Interstate 10), approximately 2 ¼ miles
- Phoenix Goodyear Airport, approximately 4 ½ miles
- Railroad tracks, approximately 5 ½ miles
- Kinder Morgan gas pipeline, approximately 5 ½ miles
- Interstate 10, approximately 2 ¼ miles

Southeast

- Litchfield Park Library, approximately 2 ¼ miles
- Roosevelt Irrigation District Canal, approximately 2 ¼ miles
- APS Litchfield 69kV Substation, approximately 1 ¼ miles
- Rural Metro Fire Station #7, approximately 3 miles
- City of Avondale, approximately 2 ½ miles
- Palm Valley Golf Course/Hale Irwin Course, approximately 4 miles
- Post Office, approximately 4 miles
- Estrella Mountain Community College & West Valley Skill Center, approximately 4 miles
- Palm Valley Golf Course/Arthur Hills Course, approximately 5 miles
- Railroad Tracks, approximately 2 ¼ miles
- Wigwam Outlet Shopping Center, approximately 2 ½ miles
- Palm Valley Reclamation Facility, approximately 2 ½ miles
- Palm Valley Pavilions, approximately 4 miles
- Palm Valley Pavilions II, approximately 4 miles
- West Valley Emergency Center, approximately 4 miles
- APS Coldwater 69kV Substation, approximately 3 ¾ miles
- Agua Fria River, approximately 3 ¾ miles
- APS White Tanks Substation, approximately 4 miles
- Loral Defense Systems, approximately 4 ¼ miles
- Goodyear Police Station, approximately 4 ½ miles
- Railroad tracks, approximately 4 ½ miles
- Kinder Morgan gas pipeline, approximately 4 ½ miles

Southwest

- Tuscany Falls Golf Course, approximately ¼ mile
- Arizona State Prison Complex at Perryville, approximately 3 miles
- APS Pima 69kV Substation, approximately 3 miles
- Roosevelt Irrigation District Canal, approximately 3 ½ miles
- Town of Buckeye, approximately 6 miles
- White Tanks Transfer Station, approximately 5 miles

East

- City of Litchfield, adjacent
- Millennium High School, approximately 1 mile
- Wigwam Resort West Golf Course, approximately 2 miles
- Municipal Building, approximately 2 miles
- Police Station, approximately 1 ¼ miles
- Wigwam Resort Blue & Gold Golf Course, approximately 2 ¾ miles
- Kinder Morgan gas pipeline, approximately 3 ¼ miles
- Agua Fria River, approximately 5 ¼ miles

West

- Loop 303 (Estrella Freeway), approximately 2 miles

Bodies of Water: Purchasers are advised that dams, dykes, canals, creeks, channels, rivers, floodways, man-made lakes, levees, washes, and wells may be hazardous to 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.

Zoo: The Wildlife World Zoo is located at 16501 West Northern Avenue, Litchfield Park, approximately 3 ¾ miles northwest. This facility is open 7 days a week from 9am to 5pm including all holidays. Purchasers are advised that they may experience odors, noise, dust, traffic and other related nuisances as a result of the zoo operations. For more information, please contact the Wildlife World Zoo at (623) 935-9453 or visit their website at www.phoenixzoo.org.

Prison: Arizona State Prison Complex - Perryville is located at 2014 North Citrus Road, Goodyear, AZ 85338, approximately 2 ½ miles southwest of the subdivision. For more information contact the prison at (623) 853-0304 or visit the website at <http://www.azcorrections.gov/prisons/perryvil.htm>.

Water Reclamation Facility: Palm Valley Water Reclamation Facility, 14222 W. McDowell Road is approximately 3 ¼ miles southeast. ***Many normal activities at this facility may create noise, pests, odors, smells, dust, traffic, and/or other effects that may be disturbing to some individuals. Purchasers are advised to independently investigate this matter.***

Proposed Regional Shopping Centers: Estrella Towne Center will be located on the southwest corner of Estrella Parkway and Van Buren Street, approximately 4 miles south. This neighborhood center will be anchored by Albertsons supermarket, pads and shops which is proposed to open in 2006. For more information please contact Vestar at (602) 866-0900 or visit their website at www.vestar.com.

Goodyear Regional Center is located at Interstate 10 between Estrella Parkway and Bullard Avenue, approximately 2 ¼ miles south. This mixed-use project will include approximately 300 acres which will include a regional shopping center, power centers and other retailers and is proposed to break ground in 2008 with development continuing through 2009. For more information please contact Westcor at (602) 953-6200 or visit their website at www.westcor.com.

City of Glendale Landfill is located at 11480 West Glendale Avenue, Glendale, Arizona, approximately 5 miles northeast. This property, due to the proximity to the landfill/transfer station, may from time to time experience noise, odors and dust associated with landfills, which some individuals may find of concern. For further information regarding the City of Glendale Landfill/Transfer station, please contact the City of Glendale Landfill at (623) 930-2190 or visit the City of Glendale website at www.glendaleaz.com.

El Mirage Inert Landfill is located at 4515 North El Mirage Road, El Mirage, Arizona, approximately 3 ½ miles northeast. This property, due to the proximity to the landfill/transfer station, may from time to time experience noise, odors and dust associated with landfills, which some individuals may find objectionable. For further information regarding the City of El Mirage Inert Landfill/Transfer station, please contact the City of El Mirage Inert Landfill at (623) 935-2021.

Freeways: Due to the proximity of Estrella Freeway 303, which is approximately 1 mile west, and Interstate 10, which is approximately 2 ¼ miles south, lot owners may possibly experience traffic, noise, dust, odors, vibrations, and other nuisances associated with these areas. Purchasers are advised that there exists the potential for future widening which may produce noise, vibration, fumes, dust, fuel particles and other effects from construction, which some individuals may find objectionable. These areas may also pose as safety hazards to unsupervised children and adults. For more information, contact Maricopa County Department of Transportation at (602) 506-8600 or visit their website at www.rightroads.org or The Maricopa County Association of Governments at (602) 254-6300 or visit their website at www.mag.maricopa.gov.

Proposed Perryville Road: The proposed Perryville Road alignment is located approximately 4 miles west of the subdivision. Purchaser is advised to check with the Arizona Department of Transportation (ADOT) to determine whether this road may be scheduled for widening or other improvements. **There are no assurances that the proposed road will be completed, widened or improved. The completion and timing**

of construction is not within subdivider's control. For additional information, contact ADOT at (602) 712-7524 or visit their website at www.dot.state.az.us.

Luke Air Force Base is located approximately 1 ½ miles north of subdivision. Lots will be subject to overflight by jet aircraft and subject to aircraft noise as a result of flight operations. For further information regarding current and future flight patterns, aircraft volume, and flight operations, purchaser should contact AFB Public Affairs Specialist at (623) 856-5997 or the AFB Real Estate Section at (623) 856-7889 or their website at <http://www.luke.af.mil/urbandevelopment/default.htm>.

Transfer Station: The White Tanks Transfer Station is located at 18605 West McDowell Road, approximately 5 ½ miles southwest. This property may from time to time experience noise, odors and dust associated with transfer stations, which some individuals may find objectionable. For more information, contact the White Tank Transfer Station at (623) 853-1707.

High Power Transmission Lines: There are a few 69kV substations within the vicinity of the subdivision, and 230kV transmission lines run parallel to the Loop 303 freeway, which may create a concern of safety and health hazards to some individuals. Please note the size, nature, voltage, and location of such power lines and the addition of other power lines are not within subdivider's control and are subject to change. Purchaser is advised to independently investigate this matter. For further information, contact APS Customer Service Division at (602) 371-7171, or visit their website at <http://siting.apsc.com> or SRP Customer Service Division at (602) 236-8888, or visit their website at www.srpnet.com.

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.

Railroad tracks are located 4 ½ miles to the north, approximately 4 ½ miles southeast, and approximately 5 ½ miles south which from time to time may produce noise, dust, odors, vibrations, and traffic associated with railroad tracks. Due to the close proximity of railroad tracks, this may be a safety hazard to unsupervised children and adults. For additional information, contact Burlington Northern Santa Fe Railroad at (800) 795-2673 or visit their website at www.bnsf.com, or Union Pacific Railroad at (602) 322-2530 or their website at www.up.com.

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 buyer has concerns, they should seek the advice of a pest control company.

Pipelines: Two pipelines are located within the Union Pacific Railroad track right-of-way approximately 5 ½ miles south and 4 ½ miles southeast. One pipeline, which is used for delivering refined petroleum products from California to Phoenix, is owned, operated and maintained by SFPP, L.P. and its principal, Kinder Morgan Energy Partners, L.P. ("Kinder Morgan") and the installation, operation and maintenance of the pipeline is under the sole control of Kinder Morgan. The other pipeline, which is used for delivering natural gas, is owned by Southwest Gas Corporation, which is responsible for the installation, operation and maintenance of the pipeline.

A six-inch steel pipeline (jet fuel line), which is used for delivering refined petroleum products from Tucson to Phoenix, is located approximately 2 ¼ miles east of the subdivision within the right-of-way of Dysart Road. The pipeline is owned, operated and maintained by SFPP, L.P. and its principal Kinder Morgan. The installation, operation and maintenance of the pipeline are under the sole control of Kinder Morgan. For detailed information, prospective purchasers should contact Kinder Morgan at (713) 369-9000 or visit the web site at www.kindermorgan.com.

As a result of the natural gas facilities available to this subdivision, major natural gas lines in the vicinity of this community are necessary in order to service the surrounding areas. For further information regarding natural gas lines, purchasers should contact Southwest Gas Corporation at (602) 861-1999 or log onto their website at www.southwestgas.com. Additional information may be obtained by contacting the Pipeline and Railroad Safety Department of the Arizona Corporation Commission at (602) 262-5601 or visit the Corporation Commission web site at <http://www.cc.state.az.us/utility/gas/infrastructure.htm>.

El Paso Natural Gas Company has advised that there is an El Paso high pressure gas line approximately 4 ½ miles east of subdivision. For detailed information, prospective purchasers should contact El Paso Natural Gas Company at (602) 438-4200.

Agricultural: Property adjacent to or in the vicinity of the subdivision is currently or historically has been agricultural. Agricultural property may be subject to chemical treatment, including aerial spraying of chemicals, defoliants, pesticides and fertilizers, and the use of farm equipment, which may produce dust, chemicals and particles in the air, unpleasant odors and noise. Irrigation ditches on surrounding properties may pose a safety hazard to unsupervised children and adults.

Arizona Motor Sports Park: This development is in proximity to the Arizona Motor Sports Park, generally located at Camelback Road & Reems Road, therefore, subject to potential noise intrusion if the use is ever reactivated in the future. Purchasers may

experience increased noise, odors, dust, lighting and signage, as well as, pedestrian and vehicular traffic typically associated with such facility that may be of concern to some individuals. Purchasers are advised to independently investigate this matter. For further information, contact the Parks General Manager at (602) 622-0035 or the Maricopa County Deputy Director of Planning and Development, at (602) 506-7139.

PURCHASER IS ADVISED THAT HOMES SITUATED ADJACENT TO OR IN THE VICINITY OF COMMERCIAL PROPERTY, MULTI-FAMILY SITES, WORSHIP SITES, AIR FORCE BASE, SCHOOL SITES, COLLEGES, STREETS, FREEWAYS, PARKWAYS, ROADWAYS, TRAILS, OPEN SPACE AREAS, CONSTRUCTION-RELATED OPERATIONS, INDUSTRIAL PROPERTIES, PROVING GROUND, MINING OPERATIONS, ENTERTAINMENT VENUES, MOTORSPORTS PARKS, STADIUMS, BALL FIELDS, SPORT COMPLEXES, PARKS, CORRECTIONAL FACILITIES, AGRICULTURAL AREAS, ZOOS, OTHER NON-RESIDENTIAL USES, AND/OR OTHER RECREATION AMENITIES MAY EXPERIENCE AN ADDITIONAL AMOUNT OF NOISE, DUST, VIBRATIONS, LIGHTING, AND SIGNAGE, AS WELL AS PEDESTRIAN AND VEHICULAR TRAFFIC TYPICALLY ASSOCIATED WITH SUCH FACILITIES.

Subdivider also advises that the subdivision is within a FEDERAL SUPERFUND or STATE WQARF SITE:

South on Interstate 10, the City of Goodyear was founded approximately 50 years ago around the U.S. Naval Air Station, which later became the Phoenix-Goodyear Airport (PGA). North of the airport at Van Buren and Litchfield Road, Unidynamics, a subsidiary of Crane Co., began a research and development operation for the Department of Defense in 1963. These operations used de-greasers or cleaning solvents that subsequently found their way into the groundwater 85 to 120 feet beneath the PGA Unidynamics property. The predominant contaminant is trichloroethylene (TCE). The PGA became a superfund site in 1983, requiring clean up under the federal superfund laws. The responsible party for the clean-up is Unidynamics/Crane Co.

Clean-up of the PGA superfund site began in 1989 and is continuing today under the supervision of the U.S. Environmental Protection Agency (EPA) and the Arizona Department of Environmental Quality (ADEQ). The Unidynamics contaminated groundwater has migrated to the northwest in a narrow plume about 150 feet beneath the surface of portions of the Palm Valley property. It is the stated policy of the EPA and ADEQ that innocent property owners are not liable for any part of such clean-ups. Furthermore, the EPA has specifically said that the land above the contaminated groundwater is not part of the superfund site. Even though

this groundwater will be cleaned to drinking water standards, the water will not be used for drinking water but instead will be used for golf course irrigation and for filling local decorative lakes.

Palm Valley's drinking water comes from Litchfield Park Service Company, whose wells draw from a completely different groundwater aquifer. Palm Valley's drinking water is absolutely safe, as is the City of Goodyear's, and meets all state and federal drinking water standards.

Subdivider has researched the surrounding area land uses and has made every attempt to disclose information, allowing Purchaser to make the most informed purchase decision. Prospective purchasers are encouraged to drive the areas surrounding this subdivision (at different times of the day) to determine whether there exists any activities or conditions that may be of concern. *It is the responsibility of the purchaser to determine whether or not the activities or conditions disclosed in this report would adversely affect them.*

AIRPORTS

Military Airport: Luke Air Force Base is located at 13960 West Eagle Street, Glendale, AZ, approximately 1 ½ miles north. Purchasers should contact AFB Public Affairs Specialist at (623) 856-5853 or their website at <http://www.luke.af.mil>

THIS SUBDIVISION IS LOCATED IN TERRITORY IN THE VICINITY OF LUKE AIR FORCE BASE. FLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS. FURTHERMORE, THIS SUBDIVISION IS LOCATED IN A HIGH NOISE OR ACCIDENT POTENTIAL ZONE ACCORDING TO A.R.S. §28-8461. SEE THE AIRPORT VICINITY MAP OF LUKE AIR FORCE BASE ATTACHED AS EXHIBIT "A".

Airport: Glendale Municipal Airport is located at 6801 North Glen Harbor Boulevard, Glendale, AZ, approximately 8 miles northeast. Phoenix-Goodyear Airport is located at 1658 South Litchfield Road, Goodyear, AZ, approximately 4 ½ miles south.

UTILITIES

Electricity: Arizona Public Service, (602) 371-7171, www.aps.com. Facilities are complete. Costs to purchasers to receive this service include a deposit of \$230.00 or two times the average monthly bill for a new customer, if required, and activation fee (service charge) of approximately \$25.00 plus tax activation fee.

Street Lights: Subdivider advises that Street lights will not be provided.

Telephone: Qwest Communications, (800) 244-1111, website: www.qwest.com. Facilities are complete. Costs to purchasers to receive this service may include a deposit of twice the monthly service fee, a \$110.00 advance payment (for long distance), if required a \$27.50 (plus tax) hook-up fee and \$16.18 (plus tax) per month for basic cable.

NOTE: 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: Natural gas facilities are not available to this subdivision.

Water: Litchfield Park Service Company, (623) 935-9367. Facilities are complete. Costs to purchasers to receive this service include a deposit of \$100.00 and an establishment fee of approximately \$20.00.

Sewage Disposal: Litchfield Park Service Company, (623) 935-9367. Facilities are complete. Cost to purchasers to receive this serve is included in the water establishment fee. Monthly cost is approximately \$27.00 plus tax, which will be included in the monthly water/sewer bill.

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. ONCE SERVICE IS ESTABLISHED, DIRECT USER CHARGES WILL APPLY.

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Subdivider advises that the asphalt paved public streets are complete and have previously been dedicated to the public and accepted by the City of Goodyear for maintenance. The City of Goodyear is responsible for maintenance. Costs to purchasers for maintenance will be included in the property taxes.

Access within the Subdivision: Subdivider has completed the asphalt paved private streets. The Condominium Owner's Association has accepted responsibility for continued maintenance. Costs to purchasers will be included in the Condominium 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 to complete retention basins by July 1, 2010. Upon completion and final inspection, the Homeowners Association will accept responsibility for continued maintenance. Costs to Purchasers for maintenance will be included in the Homeowners Association dues.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider has completed the pool, tot lot and putting green. Upon completion and final inspection, the Homeowners Association will accept responsibility for continued maintenance. Costs to purchasers for maintenance will be included in the Homeowners' Association dues.

Within the Master Planned Community: Palm Valley is an approximately 9,000 acre master planned community to be comprised of 5,500 residential units at build-out, and includes retail centers, offices, churches and schools. Amenities include two 18-hole championship golf courses, a community center, volleyball and basketball courts, neighborhood parks, walking trails and a planned YMCA facility. Phase V is an approximately 783 acre, 1,473 unit component of the master plan and includes parcels dedicated for a school and fire station, eight commercial sites, and two multi-family sites.

The Master Developer (Suncor) has completed the common area/community and/or recreational facilities include parks, pedestrian pathways and lifecycle system exercise trails are complete. The Community Association will provide maintenance, with purchaser's cost included in the Community Association fees.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has provided an assurance of completion of subdivision improvements with Washington Federal Savings for the completion of all subdivision improvements.

Assurances for Maintenance of Subdivision Facilities: The recorded Declaration of Covenants, Conditions and Restrictions (the “CC&R’s”) provide for the Homeowners’ Association to maintain all common areas. The utility companies will maintain their respective utilities. The City of Goodyear will maintain the public streets.

LOCAL SERVICES AND FACILITIES

Schools:

- **Litchfield Elementary School (Pre K-5th)** is located at 13825 West Wigwam Boulevard, Litchfield, AZ, approximately 2 miles southeast.
- **Western Sky Middle School (6th-8th)** is located at 4095 North 144th Avenue, Goodyear, AZ, approximately 1 ¾ miles southeast.
- **Millennium High School (9th-12th)** is located at 14802 West Wigwam Boulevard, Goodyear, AZ, approximately 1 mile east.

NOTE: SCHOOL ASSIGNMENTS ARE SUBJECT TO CHANGE. PROSPECTIVE PURCHASERS SHOULD CONTACT THE LITCHFIELD PARK ELEMENTARY SCHOOL DISTRICT #79 AT (623) 535-6000 OR VISIT THEIR WEBSITE AT WWW.LESD.K12.AZ.US AND/ OR THE AGUA FRIA UNION HIGH SCHOOL DISTRICT #216 AT (623) 932-7000 OR VISIT THEIR WEBSITE AT WWW.AGUAFRIA.ORG, FOR VERIFICATION OF SCHOOLS.

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:

- **Albertsons-Osco** is located at the northeast corner of Indian School Road and Dysart Road, approximately 3 miles east; and
- **Bashas** is located at the northeast corner of Dysart Road and Camelback Road, approximately 4 miles northeast.

Public Transportation: Valley Metro bus stop is located at Litchfield Road and Wigwam Boulevard, approximately 2 miles east.

NOTE: Bus routes and schedules are subject to change. Purchasers should contact the Valley Metro Transit System at (602) 253-5000, or visit their website at www.valleymetro.org for the most up to date information.

Medical Facilities: West Valley Emergency Center is located at 140 North Litchfield Road, approximately 4 miles southeast. Banner Estrella Medical Center is located at 9201 West Thomas Road, Phoenix, AZ, (623) 327-4000, approximately 7 ½ miles southeast.

Fire Protection: City of Goodyear Fire Department, with costs included in the property taxes. * **Emergencies: 9-1-1** * **Non-Emergencies: 602-495-5555.**

Ambulance Service: Ambulance service is available by dialing 911.

Police Services: City of Goodyear Police Department.

PLEASE NOTE: PURCHASERS ARE ADVISED THAT ACCESS MAY BE DELAYED FOR RESIDENCES IN A GATED COMMUNITY FOR ALL EMERGENCY SERVICES.

Garbage Services: City of Goodyear Refuse, (623) 883-7615. Cost to purchasers is currently \$20.01 per month for collection.

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 Condominium Units
Zoning: Multiple Family Residence

“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 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: As stated in the recorded Declaration of Condominium and Covenants, Conditions and Restrictions and as stated in the Articles of Incorporation and Bylaws of the Condominium Owners Association.

PURCHASERS ARE ADVISED THAT THE RECORDED CONDOMINIUM 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 Goodyear Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in Villas At Palm Valley, L.L.C., an Arizona limited liability company.

Subdivider's interest in this subdivision is 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 Preliminary Title Report dated April 16, 2008, issued by The Talon Group, *Title and Settlement Services, a division of First American Title Insurance Company*. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "B" ATTACHED

METHOD OF SALE OR LEASE

Sales: Sales will be evidenced by a standard purchase contract. Your vested interest/ownership 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.**

Cash sales are permitted.

YOU ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL BE PLACED IN A NEUTRAL ESCROW ACCOUNT AND MAY NOT BE USED BY THE SELLER.

Release of Liens and Encumbrances: Developer has advised that arrangements have been made with the lender in the aforementioned Deed of Trust for release of individual Units.

Use and Occupancy: Unit purchasers will be permitted to use and occupy his unit upon close of escrow, recordation of the Deed and completion of construction.

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 2007 is \$9.4763 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 \$275,000.00, is approximately \$2,215.09.

Special District Tax or Assessments:

Community Facilities Districts:

The Palm Valley property you are purchasing is located within two Community Facilities Districts: Palm Valley Community Facilities District No. 3 and Goodyear Community Facilities Utilities District No. 1 (the "Districts"). The Districts were created pursuant to the provisions of the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes by the developer, with the cooperation and approval of Goodyear, Arizona to finance the acquisition and construction of certain improvements has been, and will be paid for by General Obligation property tax assessed against all property within the Districts. The bonds are structured with the expectation that a total annual tax rate for the Districts of not to exceed \$3.00 per \$100 of taxable value will be maintained. To protect the property owner, the developer (SunCor Development Company) has contractual obligations to provide monies to the District to maintain a \$3.00 tax rate until such time as monies from the \$3.00 tax levy are sufficient to provide for the debt service of all bonds issued and the administrative costs of the District. Payments of the Districts' property taxes will be included as part of the property owner's tax-deductible property taxes.

The \$3.00 per \$100 rate corresponds to the following estimated annual tax payments:

<u>Marked Value of Home **</u>	<u>Estimated Annual District Tax **</u>
\$100,000.00	\$246.00
\$150,000.00	\$369.00

\$200,000.00	\$492.00
\$250,000.00	\$615.00
\$300,000.00	\$738.00
\$350,000.00	\$861.00
\$400,000.00	\$984.00

** These taxes are in addition to property taxes imposed by other governmental jurisdictions.

West Maricopa Education Center (West-MEC):

West-MEC is a joint technological education district serving Agua Fria Union, Buckeye Union, Cartwright Elementary, Dysart Unified District, Fowler Elementary, Pendergast Elementary, Peoria Unified District and Saddle Mountain District. Annual assessments are included in the property tax billing from the Maricopa county Assessor. Purchasers should contact the Maricopa County Assessor's Office at (602) 506-3406 or visit their website at www.maricopa.gov/assessor for the most up to date tax rates.

Central Arizona Water Conservation District (CAWCD): Property is subject to assessments imposed by the CAWCD for membership in the Central Arizona Groundwater Replenishment District (CAGR). Annual assessments are payable with and in addition to the property tax billing from the County treasurer. A lot purchaser's share of the costs will depend on the amount of water used. On average, homes in the CAGR are projected to use about 10,000 to 15,000 gallons per month. Purchasers should contact CAGR at (623) 869-2243 for more information.

As stated in the recorded Condominium Declaration recorded in instrument number 2007-0015603:

7.9 Working Capital Fund: Each Purchaser of a Unit from the Declarant shall pay to the Association, immediately upon becoming the Unit Owner of the Unit, a sum equal to two monthly installments of the Common Expense Assessment for the Unit. Such amount shall be non-refundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

7.11 Transfer Fee: Each Purchaser of a Unit shall pay to the Association immediately upon becoming the Owner of the Unit a transfer fee in the amount set from time to time by the Board of Directors to compensate the Association for the administrative cost resulting from the transfer of a Unit.

As stated in the recorded Declaration of Covenants, Conditions and Restrictions for Palm Valley Phase V recorded in instrument number 2004-1403136:

Section 2. Reserve Contribution: Except as otherwise provided in this Section, each Person (other than the Declarant or a Builder) who purchases or otherwise becomes the Owner of a Lot shall pay to the Association, immediately upon becoming the Owner of the Lot, a contribution (the "Reserve Contribution") to the reserves to be established by the Board for the periodic maintenance, repair and replacement of the Common Area. The initial Reserve contribution will be in the amount of \$100.00.

Section 5. Special Assessments for Capital Improvements and Extraordinary Expenses: The Association may levy a Special Assessment against Lots that are Assessable Property for the purpose of (a) paying in whole or in part, the cost of any construction, reconstruction, repair or replacement of an improvement upon the Common Area, including fixtures and personal property related thereto, or (b) paying unbudgeted expenses or expenses in excess of the amount budgeted. Any Special Assessment must be approved by two-thirds (2/3) of the votes in the Association held by Members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 12. Initial Capital Contribution: Each Person (other than the Declarant or a Builder) who purchases or otherwise becomes the Owner of a Lot shall pay to the Association, immediately upon becoming the Owner of the Lot, the sum of \$100.00 to provide the Association with initial capital to pay its expenses.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Villas at Palm Valley Condominium Owners Association, Inc. with assessments of \$125.00 per month

Control of Association: Period commencing on the date this 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 Unit Owners other than the Declarant; or (ii) four (4) years after all Declarants have ceased to offer Units for sale in the ordinary course of business.

Membership: All Unit purchasers will be members of the Condominium Association and the Master Association.

PAYMENTS TO CONDOMINIUM OWNERS ASSOCIATION 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 CONDOMINIUM (COVENANTS, CONDITIONS AND RESTRICTIONS,

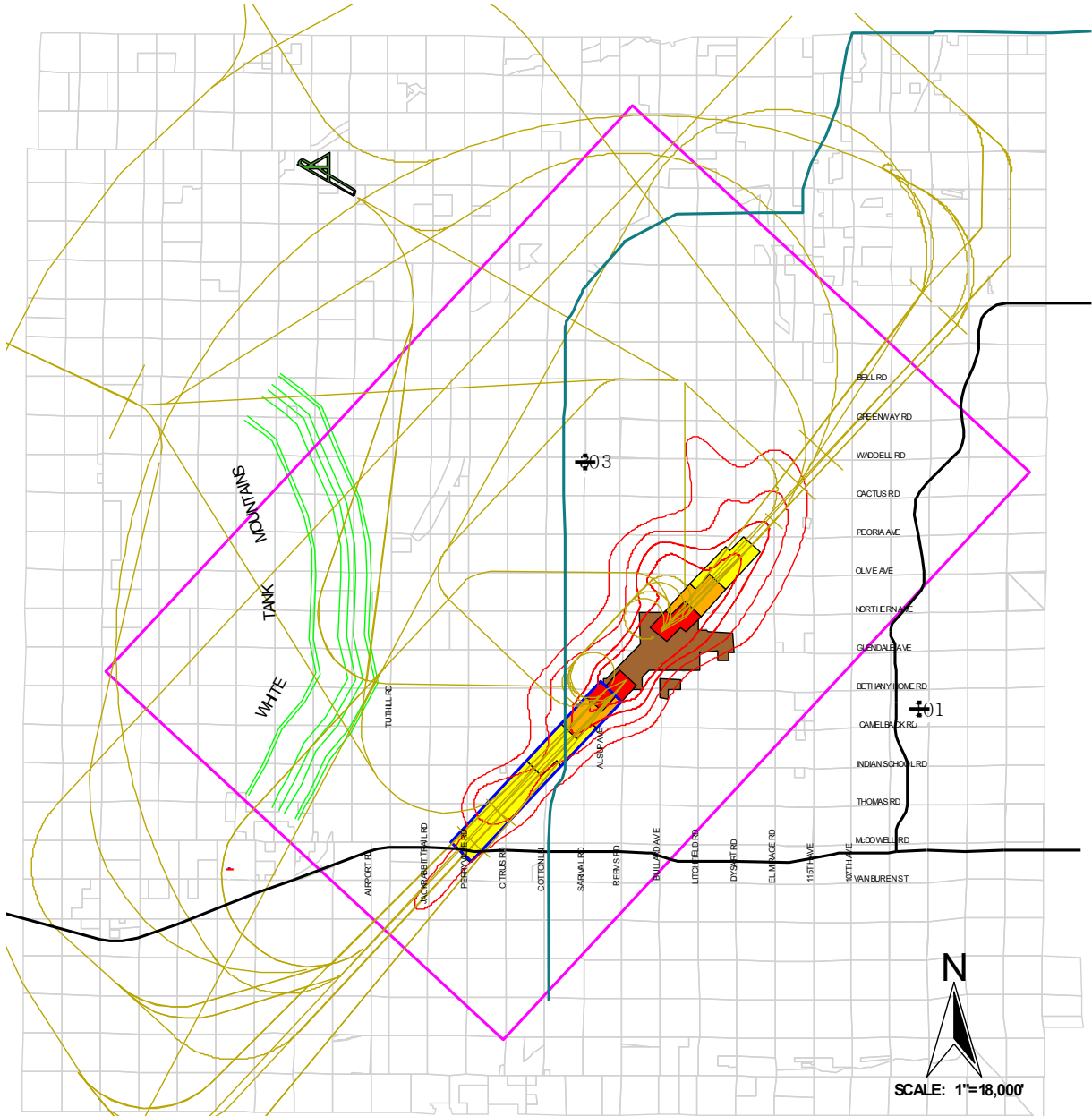
ARTICLES OF INCORPORATION, AND BYLAWS) FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF UNIT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR UNIT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF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

REGISTRATION NO. DM07-053459









VILLAS AT PALM VALLEY CONDOMINIUM
AKA VILLAS AT PALM VALLEY

EXHIBIT "A"

LUKE AIR FORCE BASE VICINITY MAP IS ATTACHED



Legend

- | | | | |
|---|---|---|---------------------------|
|  | LUKE AFB BOUNDARY |  | CLEAR ZONE |
|  | MAJOR FLIGHT TRACKS |  | ACCIDENT POTENTIAL ZONE 1 |
|  | TERRITORY IN THE VICINITY OF A MILITARY AIRPORT |  | ACCIDENT POTENTIAL ZONE 2 |
|  | HIGH NOISE OR ACCIDENT POTENTIAL ZONE | | |
|  | NOISE CONTOURS | | |

* LINE WIDTHS ARE GRAPHIC REPRESENTATIONS ONLY

**AIRPORT VICINITY MAP
FOR LUKE AIR FORCE BASE**

THIS MAP FULFILLS THE STATUTORY REQUIREMENTS UNDER ARIZONA REVISED STATUTE 28-8462 AND 8483

AS OF 20020628

EXHIBIT "A"

1. Second installment of 2007 taxes, a lien, payable on or before March 1, 2008, and delinquent May 1, 2008.
2. Taxes for the full year of 2008.
(The first half is due October 1, 2008 and is delinquent November 1, 2008. The second half is due March 1, 2009 and is delinquent May 1, 2009.)
3. Any assessment which may become a lien on the property herein described by reason of that certain proposed improvement lien, dated and posted February 9, 2004. Job No. 04-906.
4. Any charge upon said land by reason of its inclusion in Villas At Palm Valley Condominiums Owner's Association, Inc..
5. Any charge upon said land by reason of its inclusion in Palm Valley Community Facilities District No. 3 as set forth in instrument recorded as 2004-1284923.
6. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 717 of Maps, Page 27, 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).
7. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 720 of Maps, Page 27, 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).

8. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 874 of Maps, Page 42, 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).
9. All matters set forth in Condominium Declaration recorded as 2007-015603 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.
10. The terms, conditions and provisions contained in the document entitled "Agreement and Notice of Municipal Provider Reporting Requirements for Palm Valley Phase V, Parcel 1-22 Regarding Membership in the Central Arizona Groundwater Replenishment District" recorded October 18, 2004 as 2004-1214195 of Official Records.
11. The terms, conditions and provisions contained in the document entitled "Declaration of Covenants, Conditions and Restrictions for Palm Valley Phase V, Parcels 1-22 Regarding Membership in the Central Arizona Groundwater Replenishment District" recorded October 18, 2004 as 2004-1214196 of Official Records.
12. The terms, conditions and provisions contained in the document entitled "Agreement of Notice of Municipal Provider Reporting Requirements for Villas At Palm Valley Regarding Membership in the Central Arizona Groundwater Replenishment District" recorded September 27, 2006 as 2006-1275714 of Official Records.

13. The terms, conditions and provisions contained in the document entitled "Declaration of Covenants, Conditions and Restrictions for Villas At Palm Valley Regarding Membership in the Central Arizona Groundwater Replenishment District" recorded September 27, 2006 as 2006-1275715 of Official Records.
14. A document entitled "Construction Contract @ Palm Valley Phase VIII", recorded October 31, 2007 as 2007-1175698 of Official Records.
15. An easement for public utilities and incidental purposes, recorded as 2007-1322070 of Official Records.

(Affects Common Areas)

16. A Deed of Trust to secure an indebtedness of \$2,535,000.00, and any other amounts or obligations secured thereby, recorded November 30, 2005 as 2005-1813472 of Official Records.

Dated: November 28, 2005

Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company

Trustee: First American Title Insurance Company, a California corporation

Beneficiary: Washington Federal Savings, a United States corporation

A document recorded January 10, 2007 as 2007-040560 of Official Records, provides that the Deed of Trust or the obligation secured thereby has been modified.

(Affects Lot No. 10-25, 30-54)

17. A Deed of Trust to secure an indebtedness of \$214,000.00, and any other amounts or obligations secured thereby, recorded January 25, 2007 as 2007-098871 of Official Records.
- Dated: January 10, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 57)

18. A Deed of Trust to secure an indebtedness of \$225,000.00, and any other amounts or obligations secured thereby, recorded January 25, 2007 as 2007-098874 of Official Records.
- Dated: January 10, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 56)

19. A Deed of Trust to secure an indebtedness of \$240,000.00, and any other amounts or obligations secured thereby, recorded January 25, 2007 as 2007-098879 of Official Records.
- Dated: January 10, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 55)

20. A Deed of Trust to secure an indebtedness of \$230,000.00, and any other amounts or obligations secured thereby, recorded January 25, 2007 as 2007-098853 of Official Records.
- Dated: January 10, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 58)

21. A Deed of Trust to secure an indebtedness of \$246,000.00, and any other amounts or obligations secured thereby, recorded March 14, 2007 as 2007-303782 of Official Records.
- Dated: March 5, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 1)

22. A Deed of Trust to secure an indebtedness of \$231,000.00, and any other amounts or obligations secured thereby, recorded March 14, 2007 as 2007-303783 of Official Records.
- Dated: March 5, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 2)

23. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded March 14, 2007 as 2007-303830 of Official Records.
- Dated: March 5, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 3)

24. A Deed of Trust to secure an indebtedness of \$235,000.00, and any other amounts or obligations secured thereby, recorded March 14, 2007 as 2007-303899 of Official Records.
- Dated: March 5, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 4)

25. A Deed of Trust to secure an indebtedness of \$246,000.00, and any other amounts or obligations secured thereby, recorded April 17, 2007 as 2007-447921 of Official Records.
- Dated: April 11, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 26)

26. A Deed of Trust to secure an indebtedness of \$231,000.00, and any other amounts or obligations secured thereby, recorded April 14, 2007 as 2007-448000 of Official Records.
- Dated: April 11, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 27)

27. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded April 17, 2007 as 2007-447718 of Official Records.
- Dated: April 11, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 28)

28. A Deed of Trust to secure an indebtedness of \$235,000.00, and any other amounts or obligations secured thereby, recorded April 17, 2007 as 2007-447694 of Official Records.
- Dated: April 11, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 29)

29. A Deed of Trust to secure an indebtedness of \$246,000.00, and any other amounts or obligations secured thereby, recorded May 4, 2007 as 2007-545258 of Official Records.
- Dated: May 10, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 5)

30. A Deed of Trust to secure an indebtedness of \$231,000.00, and any other amounts or obligations secured thereby, recorded May 10, 2007 as 2007-545260 of Official Records.
- Dated: May 4, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 6)

31. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded May 10, 2007 as 2007-545259 of Official Records.
- Dated: May 4, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 7)

32. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded May 10, 2007 as 2007-545268 of Official Records.
- Dated: May 4, 2007
Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
Trustee: Security Title Agency, Inc.
Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 8)

33. A Deed of Trust to secure an indebtedness of \$235,000.00, and any other amounts or obligations secured thereby, recorded May 10, 2007 as 2007-545263 of Official Records.
- Dated: May 4, 2007
Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
Trustee: Security Title Agency, Inc.
Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 9)

34. A Deed of Trust to secure an indebtedness of \$246,000.00, and any other amounts or obligations secured thereby, recorded June 22, 2007 as 2007-720337 of Official Records.
- Dated: June 14, 2007
Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
Trustee: Security Title Agency, Inc.
Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 10)

35. A Deed of Trust to secure an indebtedness of \$231,000.00, and any other amounts or obligations secured thereby, recorded June 22, 2007 as 2007-720336 of Official Records.
- Dated: June 14, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 11)

36. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded June 22, 2007 as 2007-720081 of Official Records.
- Dated: June 14, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 12)

37. A Deed of Trust to secure an indebtedness of \$220,000.00, and any other amounts or obligations secured thereby, recorded June 22, 2007 as 2007-720338 of Official Records.
- Dated: June 14, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 13)

38. A Deed of Trust to secure an indebtedness of \$235,000.00, and any other amounts or obligations secured thereby, recorded June 22, 2007 as 2007-720339 of Official Records.
- Dated: June 14, 2007
- Trustor: Villas At Palm Valley L.L.C., an Arizona limited liability company
- Trustee: Security Title Agency, Inc.
- Beneficiary: Washington Federal Savings, a United States corporation

(Affects Lot No. 14)

39. A Notice and Claim of Lien recorded March 18, 2008 as 2008-238464 of Official Records.
- Claimant: Quality Construction Corporation
- Debtor: Villas at Palm Valley LLC
- Amount: \$89,479.60, and any other amounts due therein.

NOTE: Partial release recorded as to Units 34, 35, 36, 37, 45 and 46 only.

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

1.