

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR
THE HILLS AT TUCSON NATIONAL

Registration No. DM 07-053463

SUBDIVIDER

LONGHOLD, LLC
P. O. Box 11846
Tucson, AZ 85734

Effective Date

November 1, 2007

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. **NOTE** that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

PHOENIX OFFICE:
2910 N. 44th Street
Suite 100
Phoenix, Arizona 85018
(602) 468-1414 ext. 400

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400 West Congress
Suite 523
Tucson, Arizona 85701
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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes: Lots 1 through 20

The map of this subdivision is recorded in Book 63 at page 2, records of Pima County, Arizona.

The subdivision is approximately 33.12 acres in size. It has been divided into 20 lots. Lot boundaries will be staked.

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: 8251 North La Cholla Boulevard, Pima County, Arizona

SUBDIVISION CHARACTERISTICS

Topography: The land is rolling.

Flooding and Drainage: Pursuant to a letter by Ray A. Brown of Tetra Tech, Inc. dated October 29, 2007, the subdivision is in a "Zone X" as being an area of minimal flooding. The land elevations exceed the 500 year flood level. The subdivision will not be mass graded and if the subdivision is constructed as depicted on the plat, with normal care taken when constructing structures so that stormwaters will be conveyed in a positive manner and away from all structures, local site drainage will not impact the property.

Soils: Shallow native soils are typically low to moderate density silty sands. These soils are not typically expansive. However, this soil is commonly moisture sensitive (collapsible) and could undergo settlements if the soils were not properly treated and then become wet while supporting houses. Geotechnical engineering services should be performed prior to design of the foundations for the structures, to evaluate the soil types and to provide recommendations for support of the structures. In a letter dated August 6, 2007 signed by Lyle Tweet, P.E., states in part... "Based on our geotechnical engineering experience in this vicinity, the shallow native soils are typically low to moderate density silty sands. These soils are not typically expansive in their insitu conditions. However, this type of soil in this vicinity is commonly moisture sensitive (collapsible) and could undergo settlements if the soils were not properly treated and then became wet while supporting the houses."

Adjacent Lands and Vicinity: This project is subject to the Hillside Development Overlay Zone. There is a golf course in the vicinity of the project.

North – SR – Suburban Ranch, East – SR, West – CR-1 and SR
South -CR-1 (Single Residence) and CR-5 (Multiple Residence)

AIRPORTS

Military Airport: None

Public Airport: Tucson International Airport – approximately 20 miles from the subdivision.

Airport: None

UTILITIES

Electricity: Tucson Electric Power, 623-7711. Hook up fee of \$13.50, deposit may be required. www.tucsonelectric.com

Street Lights: None

Telephone: Qwest Communications, 800/244-1111. Minimum hook up fee of \$46.50, deposit may be required. www.qwest.com

NOTE: It is possible that you may not have telephone service at the time of closing. You are advised to contact your service provider to determine the status of telephone service. You may also want to consider temporary alternatives, i.e. cellular telephone.

Natural Gas: Southwest Gas Company, 889-1888. Hook, up fee of \$30.00, deposit may be required. www.swgas.com

Cable: Comcast Cable Company, 744-1900, hook up fee of \$38.00 plus \$21.00 for each additional outlet, deposit may be required. www.comcast.com

Water: Metropolitan Domestic Water Improvement District, 575-8100. Hook up fee of \$25.00 and a deposit of \$30.00 may be required. www.metrowater.com

Sewage Disposal: Conventional septic system. All lots have individual on-site disposal systems designed in accordance with Arizona Administrative Code, including percolation testing or soil evaluations performed in the area of any proposed primary and reserve leach field.

Any lot that cannot accommodate a conventional septic system will require an alternative on-site disposal system. The on-site disposal system must be designed in accordance with Arizona Administrative Code – Title 18, Chapter 9 and that an alternative on-site disposal system may be required.

Perk test \$500.00, engineering and permitting \$1500.00, equipment and installation \$4000.00 and annual maintenance \$100.00. These fees are approximate.

All utilities to be completed on or before December 31, 2007

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

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Access to the subdivision is through an asphalt paved public road that has been completed and is being maintained by Pima County.

Access within the Subdivision: Access within the subdivision is through asphalt paved private roads that will be completed by December 31, 2007 and maintained by the Homeowners Association.

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 openspace 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: Flood and drainage facilities will be constructed pursuant to the final recorded plat.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Entry gates will be constructed on or before December 31, 2007 and be maintained by the Homeowners Association.

Within the Master Planned Community: Not applicable

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: The developer has an Assurance Agreement with Pima County

Assurances for Maintenance of Subdivision Facilities: CC&R's have been recorded and a Homeowners Association created to maintain the subdivision facilities.

LOCAL SERVICES AND FACILITIES

Schools: Mesa Verde Elementary School is approximately 1.5 miles from the subdivision,
Cross Middle School is approximately 2 miles from the subdivision
CDO High School is approximately 4.5 miles from the subdivision

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

Shopping Facilities: Albertson's shopping center at Ina and La Cholla Boulevard – approximately 1 mile from the subdivision.

Public Transportation: Suntran bus at La Cholla Boulevard and Tuscan Road, approximately ¾ of a mile from the subdivision.

Medical Facilities: Northwest Hospital at La Cholla Boulevard and Orange Grove road, approximately 3 miles from the subdivision.

Fire Protection: Rural Metro Fire Department, 297-3600 – contact provider for specific fee which is based on the size of the home and number of garages.

Ambulance Service: Rural Metro Ambulance, 755 West Grant Road, Tucson, AZ 85705, 520/544-4800 also 911 service is available

Police Services: Pima County Sheriff

Garbage Services: Waste Management Service, approximately \$14.20 per month.

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for vacant lots.

Conditions, Reservations and Restrictions:

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 Pima County Recorder. Information about zoning may be obtained at the Office of the Pima 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 Lawyers Title of Arizona, Inc., Trust 7918-T

Subdivider's interest in this subdivision is evidenced by a 100% beneficial interest in Trust

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 October 11, 2007 issued by Lawyers Title Agency of Arizona, LLC. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a Promissory Note and Mortgage or Deed of Trust for the unpaid balance, if any. You should read these documents before signing them.

Release of Liens and Encumbrances: Upon close of escrow and recordation of deed.

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

Leasehold Offering: None

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

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2006 is \$12.8314 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$500,000.00, is \$ 10,265.00.

Special District Tax or Assessments:

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: The Hills at Tucson National Homeowners Association. Quarterly fees are currently \$400.00.

Control of Association: Control of the Association will transfer after the last lot has been sold.

Title to Common Areas: Title to the Common Area will transfer to the Association after the last lot has been sold.

Membership: All lot owners are members.

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

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF (COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, 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, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS/UNITS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

EXHIBIT A

1. RESERVATIONS contained in the Patent from the United States of America, recorded in Book 164 of Deeds at page 592, reading as follows:
RESERVED from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States of America. Excepting and reserving, however, to the United States all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862)
2. WATER RIGHTS, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.
This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
3. TAXES AND ASSESSMENTS collectible by the County Treasurer, the first half now due and payable for the following year:

2007

17. Ordinance No. 2005-82 by the Board of Supervisors of Pima County, Arizona, recorded in Docket 12647 at page 947.
18. Ordinance No. 2005-229 by the Board of Supervisors of Pima County, Arizona, recorded in Docket 12647 at page 636 and re-recorded in Docket 12740 at page 1447. Assignment and Assumption Agreement recorded in Docket 12700 at page 6160, re-recorded in Docket 12740 at page 1447.
19. ANY MATTERS arising by reason of Affidavit of Disclosure recorded in Docket 12700 at page 6153.
20. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:
- | | |
|--------------------|-------|
| Recorded in Docket | 12700 |
| Page | 6167 |
21. License for Golf Cart Path Extension recorded in Docket 12700 at page 6176.
22. (INTENTIONALLY OMITTED)
23. DEED OF TRUST given to secure the original amount shown below, and any other amount payable under the terms thereof:
- | | |
|-------------|--|
| Amount | \$3,515,000.00 |
| Dated | May 25, 2007 |
| Recorded | May 30, 2007 |
| Docket | 13065 |
| Page | 4535 |
| Trustor | LONGHOLD, L.L.C., an Arizona limited liability company |
| Trustee | NATIONAL BANK OF ARIZONA, a national banking association |
| Beneficiary | NATIONAL BANK OF ARIZONA, a national banking association |
24. EASEMENTS, RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, as shown on the plat recorded in Book 63 of Maps, page 2.
25. ASSURANCE AGREEMENT for the Completion of Subdivision Improvements with Pima County, Arizona, recorded in Docket 13129 at page 1034. Amendment to Trust recorded in Docket 13129 at page 1038.
26. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:
- | | |
|--------------------|-------|
| Recorded in Docket | 13129 |
| Page | 1040 |