

STATE OF ARIZONA  
DEPARTMENT OF REAL ESTATE

**SUBDIVISION PUBLIC REPORT**

FOR  
**MOUNTAIN GATE UNIT TWO**  
**aka MOUNTAIN GATE**

Registration No. DM 04-049155

**SUBDIVIDER**

MOUNTAIN GATE DEVELOPMENT, LLC  
1222 E. Baseline Road, #200  
Tempe, AZ 85283

December 15, 2004

Effective Date

**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.

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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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)\* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 60 through 117.

**The map of this subdivision:** is recorded in Book 24 of Plats, pages 8-10, records of Navajo County, State of Arizona.

The subdivision is approximately 28.64 acres in size. It has been divided into 58 lots. Lot boundaries will be permanently staked with rebar.

**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:** Pinetop/Lakeside, Navajo County, Arizona – East on Deuce of Clubs; 5 miles south on White Mountain Blvd to Mountain Gate Trail.

## SUBDIVISION CHARACTERISTICS

**Topography:** The physical characteristics of the subdivision are rolling hills.

**Flooding and Drainage:** In a letter from Ronald C. Fisher, P.E., R.L.S., of Fleet • Fisher Engineering, Inc., dated September 23, 2004:

“The topography is such that the site occupies a high spot from which the runoff sheet flows to the north, south and east. A large wash along the eastern boundary is called Scotts Pine Wash and it carries a significant stormwater flow of 1858 cfs during the 100 year event. Five of the lots are slightly affected by the floodway of Scotts Pine Wash and floodway easements have been provided along the back of these lots. These five lots along with five others are within the limits of the 100 year floodplain of Scotts Pine Wash and therefore minimum finish floor elevations have been established on the final plat which are intended to protect the structures.”

**Soils:** Clays exist in the area and expansive soils could exist. Footers for homes should be designed by a professional engineer after soil testing.

**Adjacent Lands and Vicinity:** Mountain Gate is zoned P.U.D. Some adjacent properties are R-Low (single family residential) and R1-10; commercial use on Highway 60. There are no known safety factors within or near the subdivision nor conditions which might adversely affect lot owners. The subdivision is not subject to any known geological or environmental conditions.

### AIRPORTS

**Public Airport:** Show Low Municipal Airport is located at the intersection of Highways 60 and 177, approximately 6.5 miles from the subdivision.

### UTILITIES

**Electricity:** Navopache Electric (928/368-5118) will provide electric service to the subdivision. Facilities are currently adjacent to Unit Two. The Developer will be responsible for completion of the facilities to the lot lines and it is anticipated the facilities will be completed by September 30, 2005. Buyer will be responsible for the meter loop, trenching (approximately \$5 per foot), and conduit for completion of facilities from lot line to the dwelling. A \$100 deposit may be waived with a letter of credit. There is a connection fee of \$25 plus a \$5 membership fee.

**Street Lights:** None

**Telephone:** Frontier Communications (800/921-8101) will provide telephone service to the subdivision. These facilities are currently adjacent to Unit Two. Developer estimated that completion of facilities to lot lines will be September 30, 2005. Buyers may be required to pay a deposit depending on credit history. A connection fee of \$60 is required.

**Gas:** No natural gas is available to this subdivision. Propane and installation of underground propane tanks may be used. Lot purchasers will select their propane provider and be responsible for the purchase and installation of the tanks. The estimated costs are: (a) purchase of a 250-gallon underground tank for 10 feet of pipe, \$1,575; (b) lease purchase of 250-gallon underground tank for 10 years, \$158 per year; (c) excavation and placement of underground tank, \$350; and (d) additional trenching and installation of pipe, \$6.00 per foot. The Mountain Gate Architectural Review Committee should be contacted for specifications for installation. No combustible materials shall be placed on or around the underground tank.

**Water:** Arizona Water Company (928/368-6992), a public utility, will provide water service to the subdivision. They are in compliance with the Arizona Department of Environmental Quality and possess a Certificate of Convenience and Necessity from the Arizona Corporation Commission. Water facilities are currently adjacent to the subdivision. Developer anticipates having the water facilities completed by September 30, 2005. Buyer is responsible for costs of trenching and lines to establish service. Trenching is approximately \$5 per foot. There is a \$16 establishment fee. Arizona Water Company is responsible for maintenance of the water lines within and outside the subdivision.

**Sewage Disposal:** Pinetop-Lakeside Sanitary District (928/368-5370), a public utility, will provide sewage collection and disposal services to the subdivision. They are in compliance with the Arizona Department of Environmental Quality and possess a Certificate of Convenience and Necessity from the Arizona Corporation Commission. Developer is responsible for completion of the sewage collection and disposal facilities to the lot lines and anticipates completion by September 30, 2005. Buyer will be responsible for costs of trenching and conduit from lot line to

establish service to the dwelling. There will be a \$60 inspection permit. Pinetop-Lake Sanitary District will be responsible for maintenance of the sewage collection and disposal facilities both within the subdivision and outside the subdivision.

**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:** Streets providing access to the subdivision are public streets with asphalt surfacing. Arizona Department of Transportation is responsible for street maintenance.

**Access within the Subdivision:** Interior streets are private streets and will be asphalt surfacing. It is anticipated by the developer that the streets will be completed by September 30, 2005. Mountain Gate POA will be responsible for street maintenance, the cost of which is included in the homeowners' POA annual dues.

**Flood and Drainage:** Developer will install culverts and ditches as required. Mountain Gate POA will be responsible for maintenance of the facilities, the cost of which is included in the homeowners' association annual dues.

### **COMMON, COMMUNITY AND RECREATIONAL FACILITIES**

**Within the Master Planned Community:** All lots have been annexed into the master CC&Rs and all lot owners will be members of the Mountain Gate Property Owners Association. Streams and trailways (Tracts H, I, and J on the plat) will be completed by the Developer by September 30, 2005. Maintenance of the streams and trailways will be the responsibility of the Mountain Gate Property Owners Association. Costs of such maintenance are included in the Property Owners Association annual dues.

### **ASSURANCES FOR COMPLETION**

**Assurances for Completion of Subdivision Facilities:** An Assurance of Construction of Subdivision Improvements with the City of Pinetop/Lakeside and Stockmen's Bank.

**Assurances for Maintenance of Subdivision Facilities:** All infrastructure improvements are to be maintained by utility companies and Mountain Gate POA per the CC&Rs.

### **LOCAL SERVICES AND FACILITIES**

**Schools:** Blue Ridge Schools – 3.6 miles. School bus service with pick-up outside the gated areas is available.

**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:** Wal-Mart and Walgreen's are 1.4 miles from the subdivision. Complete shopping is available in Show Low or Pinetop-Lakeside.

**Public Transportation:** Bus and air services are available in Show Low. Four Seasons Transit bus stop located approximately 1.4 miles from the subdivision at Wal-Mart.

**Medical Facilities:** Navapache Regional Medical Center, nursing home, and clinics in Show Low are approximately 1.5 miles from the subdivision.

**Fire Protection:** Fire protection is provided by the Lakeside Fire Department.

**Ambulance Service:** Ambulance service is available to the subdivision and is within the 911 service area.

**Police Services:** Police protection is available to the subdivision and provided by the Town of Pinetop-Lakeside.

**Garbage Services:** Waste Management will provide refuse/garbage collection services to the subdivision. Weekly services will cost the buyer \$14.50 per month for one receptacle.

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

### **SUBDIVISION USE AND RESTRICTIONS**

**Use:** This offering is for unimproved (vacant) lots.

**Zoning:** Single family residential

**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 Navajo County Recorder. Information about zoning may be obtained at the Office of the Navajo County 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 Mountain Gate Development, LLC.

**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. **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 First Amended Title Report dated November 17, 2004, issued by First American Title Insurance Company. **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:** DEVELOPER HAS ADVISED THAT ARRANGEMENTS HAVE BEEN MADE WITH THE LENDER, IN THE AFOREMENTIONED DEED OF TRUST FOR THE RELEASE OF INDIVIDUAL LOTS.

**Use and Occupancy:** Upon close of escrow.

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

### **TAXES AND ASSESSMENTS**

**Real Property Taxes:** The combined primary and secondary property tax rate for this subdivision for the year 2003 is \$10.2607 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 \$67,500.00, is \$941.93.

**Special District Tax or Assessments:** None

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

**PROPERTY OWNERS ASSOCIATIONS**

**Name and Assessments:** Mountain Gate Property Owners Association, Inc. Initial assessment for an unimproved lot is \$300 per year; \$600 per year improved.

**Control of Association:** When lot purchasers' votes outnumber those held by Declarant.

**Title to Common Areas:** Upon recordation of plat.

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

**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 AND BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT 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. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS 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. Taxes for the full year of 2004.  
(The first half is due October 1, 2004 and is delinquent November 1, 2004. The second half is due March 1, 2005 and is delinquent May 1, 2005.)
2. Any charge upon said land by reason of its inclusion in Mountain Gate Property Owners Association.
3. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Plat 24, Pages 8, 9 and 10, 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).
4. Covenants, conditions and restrictions in the document recorded as 2002-017338 and Annexation was recorded as 2004-019677 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.
5. An easement for ingress, egress and sewer lines and incidental purposes, recorded as Docket 1021, Page 824 of Official Records.  
  
(Affects Tract J)
6. An easement for electric lines and incidental purposes, recorded as Docket 1021, Page 830, and re-recorded as Docket 1024, Page 223 of Official Records.  
  
(Affects Tracts H, I and J)
7. An easement for right of way and utilities and incidental purposes, recorded as Docket 1021, Page 832 of Official Records.  
  
(Affects Tract J)
8. An easement for pipelines and incidental purposes, recorded as Docket 1021, Page 833 of Official Records.  
  
(Affects Tract J)

9. An easement for utilities and incidental purposes, recorded as Docket 1021, Page 834, and re-recorded as Docket 1031, Page 265 of Official Records.

(Affects Tracts H, I and J)

10. All matters as set forth in Right-of-Way Agreement, recorded as Docket 1021, Page 817 of Official Records.

(Affects Tracts H, I and J)

11. All matters as set forth in Survey, recorded as Book 18 of Surveys, Page 20 of Official Records.

12. A Deed of Trust to secure an indebtedness of \$394,000.00, and any other amounts or obligations secured thereby, recorded April 18, 2002 as 2002-8150 of Official Records.

Dated: March 19, 2002

Trustor: Mountain Gate Development L.L.C., an Arizona limited liability company

Trustee: First American Title Insurance Company, a California corporation

Beneficiary: Wagon Wheel Mountain Limited Partnership, an Arizona limited partnership

A document recorded June 24, 2004 as 2004-014260 of Official Records provides that the lien or charge of the Deed of Trust was subordinated to the Deed of Trust recorded June 24, 2004 as 2004-014259 of Official Records.

13. A Deed of Trust to secure an indebtedness of \$1,825,000.00, and any other amounts or obligations secured thereby, recorded June 24, 2004 as 2004-014259 of Official Records.

Dated: June 14, 2004

Trustor: Mountain Gate Development L.L.C., an Arizona limited liability company

Trustee: The Stockmen's Bank, an Arizona corporation

Beneficiary: The Stockmen's Bank

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