

SUBDIVISION PUBLIC REPORT

FOR

DESERT PEAK UNIT 4

aka

Rockpoint at Desert Peak

Keystone at Desert Peak

Registration No. DM06-051903

SUBDIVIDER

CONTINENTAL HOMES, INC.

doing business as

D.R. HORTON – CONTINENTAL SERIES

16430 N. Scottsdale Road, Suite 200

Scottsdale, AZ 85254

December 4, 2006

Effective Date

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 the 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.

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

TUCSON OFFICE:
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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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 that 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 128.

The map for this subdivision is recorded in Book 856 of Maps, Page 34 records of Maricopa County, State of Arizona.

The subdivision is 47.533 acres in size. It has been divided into 128 Lots and Tracts A through Q. Lot corners, radius points and angle points are marked with a surveyor's pin.

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.

PURCHASERS ARE ADVISED THAT THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THIS SUBDIVISION PROVIDES FOR AN ARCHITECTURAL CONTROL COMMITTEE.

SUBDIVISION LOCATION

Location: West of Cave Creek Road at Quiet Hollow Lane, City of Phoenix, Maricopa County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Site is generally level with some hillside areas, a wash and some rocky soil.

Flooding and Drainage: The subdivision is subject to known flooding or drainage problems. Cave Butte Dam is located approximately ¼ mile north to 1 mile northwest and Cave Creek Dam is located approximately 1 ¼ miles northwest.

Louis A. Romero, P.E., for JMI & Associates, Inc., in his letter dated April 25, 2006, has cited:

“This is to state that to the best of my knowledge, the grading and drainage for Desert Peak Unit 4 has been designed to meet the following criteria:

1. The finish floor elevations of insurable structures has been set at least 12” above any adjacent storm water elevation from a 100-year frequency storm or protected by a flood wall.
2. The finish floor elevations has been set at a minimum of 14 inches above the point of low outfall for the lot.

3. To the best of my knowledge flood insurance will not be required for this subdivision.

The flood insurance rate map (FIRM), Community Panel Number 04013C1210-G, dated July 19, 2001, currently shows that Desert Peak Unit 4 is located within Flood Zone "X". Zone X is defined by FEMA as: being "areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from the 100-year flood". A levee exists approximately ½ mile to the north and was constructed as a part of the Cave Creek dam and recreational area."

Soils: This subdivision is subject to subsidence or expansive soils. An executive summary prepared by Construction Inspection & Testing Co. states:

"The aforementioned subject site is proposed to consist of single family residential construction. A soils investigation of the surface and subsurface site soils was conducted by Construction Inspection & Testing Co. Soil Investigation Report 55044 dated August 12, 2003. The soils investigation indicated sandy clays, silty sandy clays, and gravelly silty sands with a low to moderate potential for expansion. The site soils also displayed a moderate to high potential for settlement with the induction of moisture. Conventional or Post-tensioned slab designed for site specific soils conditions are recommended associated with proper building pad preparation as indicated in the soils investigation report.

During and after construction of the structural foundation/floor slab exposure of bearing soils to moisture content fluctuation due to moisture infiltration should be minimized through the following items.

1. Proper drainage of surface water and roof runoff water away from the structures during construction and through out the life of the structure.
2. In no case should long-term ponding be allowed near structures.
3. Proper designing and placement of yard vegetation and irrigation systems should be used so that structural foundation/floor slab bearing soils are not exposed to moisture infiltration or moisture content fluctuations. For example, watering cycles should be monitored and timed for changes in watering requirement from summer to winter to prevent unwanted water to accumulate and significantly increase moisture contents of slab and foundation bearing soils.
4. Post construction improvements should not impede drainage away from the structure. For example, walkways, pools, etc. should be designed to direct water away from the house structure and not create areas that will trap water."

Geological Conditions: The conclusion of the Earth Fissure Review prepared by Construction Inspection & Testing Co., states:

“The closest identified earth fissure zone lies to the southeast of the site to the west of the McDowell Mountain range, approximately 12 miles from the southeast corner of Desert Peaks. The closest identified ground subsidence zone lies south, southeast of the site to the east of the highway 51, approximately four and one half miles from the southeast corner of Desert Peaks. The Desert Peak site lies outside of known earth fissure and ground subsidence zones.”

Environmental Conditions:

There are no known environmental conditions which may be detrimental to a purchaser's health, safety or welfare. An environmental site assessment (ESA) was conducted for the property in accordance with established American Society for Testing and Materials practices. Any environmental conditions identified in the ESA deemed detrimental are, as a matter of routine practice, addressed prior to land development and home construction.

There are no known environmental conditions which would require soil remediation within the subdivision. Any environmental conditions identified by the ESA that are associated with the subdivision and require soil remediation are, as a matter of routine practice, addressed prior to land development and home construction. Any sites that are in proximity to the subdivision that are known to be undergoing environmental soil remediation at the time of the ESA are identified and, if necessary, further assessed in relation to the subdivision. Any conditions discovered that are deemed detrimental to the subdivision are, as a matter of routine practice, addressed prior to land development and home construction.

Adjacent Lands and Vicinity:

North – Zoned Suburban S-1 District – Ranch or Farm Residence

South – Desert Peak Unit 3 zoned Suburban S-1 District – Ranch or Farm Residence (Approved R1-8 Single-Family Residence District, Planned Residential Development (PRD))

East – Zoned Suburban S-1 District – Ranch or Farm Residence

West – Zoned Suburban S-1 District – Ranch or Farm Residence

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

up-to-date zoning information.

Desert Peak is located in an area of long-standing agricultural activity. As a result, residents are advised of the presence of, and potential for, nuisances and other potentially detrimental effects associated with normal agricultural practices in the immediate and surrounding area including, but not limited to, feed lots, dairies and the grazing of animals, noises, odors, flies, dust, pollen, chaff from harvesting, pesticide applications, farm irrigation operations and farm equipment operations. These nuisances may occur periodically, or on an ongoing-basis, in proximity to this subdivision, and may be of concern to some individuals.

There may be other land uses in the vicinity of the project that may be of particular concern for individual purchasers. Purchasers are advised to tour the surrounding area to determine for themselves what effect, if any, the land uses in the vicinity of the project will have on the purchasers' use and enjoyment of their lot(s).

For additional information concerning the potential future use or development of such adjacent property, the owner or prospective purchaser may contact the City of Phoenix, Planning and Zoning Department, at 200 W. Washington St., 2nd Floor, Phoenix, AZ 85003.

State Land and Flood Control District Land is adjacent to and in the vicinity of Desert Peak. For more information contact the Arizona State Land Department at 602-542-4631 or the Maricopa County Flood Control District at 602-506-1501.

There are various irrigation canals, drainage channels and washes in the vicinity of Desert Peak, which may be of concern to some individuals.

There are high pressure gas lines, various overhead power transmission lines and high voltage electrical lines located within or in the vicinity of Desert Peak. There may be refined petroleum product pipelines located within or in the vicinity of Desert Peak. Well sites may cause periodic noise and wastewater plants may cause periodic noise and odors. Please contact the appropriate utility or gas company for more information.

There are various commercial and industrial plants that operate in the vicinity of Desert Peak that may generate noise, odors, traffic, dust and air particulates that may be of concern to some individuals.

North – Cave Buttes Recreation Area approximately 1/2 mile north. Access to area is currently closed. Contact the City of Phoenix Cave Buttes Recreation Project for information on proposed recreational uses at 602-534-2976; Cave Butte Dam approximately 1/2 mile north; RC Airfield approximately 1/2 mile north.

Northeast - City of Phoenix booster pump approximately 1 mile northeast; Montessori School approximately 1 3/4 miles northeast; fire station approximately 1 3/4 miles northeast; sand/gravel mining operation approximately 2 miles northeast.

Northwest – Cave Butte Dam approximately 1 mile northwest; Cave Creek Dam approximately 1 ¼ miles northwest; Sonoran Preserve approximately 2 1/2 miles northwest.

South – Pima Freeway (Loop 101) approximately 2 ¼ miles south; Holy Redeemer Cemetery approximately ¾ mile south; proposed commercial and multi-family development approximately ¼ mile south; equestrian facility approximately 2 miles south; various commercial and industrial facilities approximately 2 miles south; school bus transportation facility approximately 2 miles south; City of Phoenix sewer force main adjacent to the south, running east/west; Cave Creek Water Reclamation Plant approximately 1 miles south; Reach 11 Recreation Area begins approximately 1 1/4 miles south and extends to the southeast for 7 miles, including an equestrian center approximately 4 ½ miles southeast.

Southeast – National Memorial Cemetery located approximately ½ mile to 1 mile southeast; tank approximately 1 mile southeast; equestrian facility approximately 1 mile southeast; mobile home park 1 ¼ miles southeast; communication towers approximately 1 ¼ miles southeast; APS 69 kV electric substation approximately 1 mile southeast; Pinnacle High School approximately 2 miles southeast; electric substation approximately 2 miles southeast.

Southwest – Central Arizona Project (CAP) Hayden Rhodes Aqueduct is located approximately 1 ¼ miles southwest, running northwest/southeast; various industrial and commercial facilities approximately 1 ¼ mile southwest; communication tower approximately 1 ½ mile southwest; landfill is approximately 1 ¾ miles southwest; rock mining quarry and concrete mixing plant approximately 2 ½ miles southwest; City of Phoenix Waste Water Treatment Plant approximately 1 ½ miles southwest; Boulder Creek Elementary School and Mountain Trail Middle School approximately 1 mile southwest; equestrian riding arena and other farm animals approximately ½ mile southwest; wildlife museum approximately ¾ mile southwest; church approximately 2 ¼ miles southwest; industrial park approximately 2 ¼ miles southwest; equestrian facility approximately 2 ¼ miles southwest; nursery approximately 2 ¼ miles southwest; sand/gravel mining operation approximately 2 miles southwest; sand/gravel/stone operations approximately 2 ½ miles southwest.

East –230 kv overhead power transmission lines, running north/south, approximately 1 ¼ miles east; scenic corridor and multi-use trail easement adjacent to the east. A General Plan Amendment and Rezoning application has been submitted to the City of Phoenix for the State Land adjacent to the east of Desert Peak. The parcel is generally bounded by Cave Creek Road to the west, Jomax Road to the north, Pinnacle Peak Road to the south and Scottsdale Road to the east. For further information contact the City of Phoenix Planning Department at 602-534-5829.

West – Black Mountain BMX Race Park approximately 1 ½ miles west; Cave Creek Wash approximately 1 mile west; various commercial operations approximately 1 ¼ miles west.

Union Hills located approximately 1/4 mile west, southwest and northwest may contain

abandoned mine shafts.

An El Paso Gas line is located within Unit 4 along the southern boundary.

APS, SRP and WAPA 230 kV overhead power transmission lines are located adjacent to the south, running east/west. APS 230 kV overhead power transmission lines located adjacent to the south, running north/south. For further information contact Arizona Public Service (APS) at 602-493-4200 or visit their website at <http://siting.aps.com>, the Salt River Project (SRP) at 602-236-2872 or visit their website at www.srpnet.com and the Western Area Power Association at 602-605-2564 or visit their website at www.wapa.gov.

The Arizona Corporation Commission has issued a Certificate of Environmental Compatibility for APS to place a 230 kV overhead power transmission line within a 1,000-foot corridor north of the centerline of the existing SRP transmission line, which is located adjacent to the south of Desert Peak Unit 4. APS has also applied for a Certificate of Environmental Compatibility to place a 500 kV power transmission line within the same 1,000-foot corridor. Construction by APS of a transmission line within any portion of the corridor that overlaps lots in Desert Peak Unit 4 would require APS to take such property by condemnation. For further information please contact APS at 602-493-4446 or visit the APS website at <http://siting.aps.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.

AIRPORTS

Public Airport: Phoenix-Deer Valley Airport located at 702 W. Deer Valley Road is approximately 2 ½ miles southwest; Scottsdale Airport located at 15000 N. Airport Drive is approximately 7 miles southeast.

The subdivision lies within the traffic pattern airspace of the Phoenix-Deer Valley Airport, which is located between Pinnacle Peak Road on the north, 7th Street on the east, Deer Valley Drive on the south and 19th Avenue on the west. The Airport is a general aviation reliever airport for the North Phoenix area. The aircraft fleet mix includes single-engine, twin engine, corporate jet, helicopters and non-scheduled service turbo prop and jet planes. There may be overflights over the Property by aircraft taking off and landing at the Airport. Any questions regarding the Phoenix-Deer Valley Airport can be directed to the Airport administrative office at (623) 869-0975.

All areas within an over-flight district are subject to aircraft activity. Single aircraft over-

flights, certain aircraft and particular noise levels affect everyone differently. If a residence is outside the over-flight district, it is still subject to over-flights by aircraft from the closest airport, another airport in the valley or from an airport outside the valley.

UTILITIES

Electricity: Arizona Public Service, (602) 371-7171, <http://www.aps.com>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Costs to purchasers to receive this service are a \$25.00 plus tax service establishment fee and a \$200.00 deposit may be required.

Street Lights: Developer to complete the installation of street lighting by December 31, 2008. Costs for electricity and maintenance of the facilities are included in the property taxes.

Telephone: Qwest Communications, 1-800-244-1111, <http://www.qwest.com> and Cox Communications, (623) 594-1000, <http://www.cox.com>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Costs to purchasers to receive this service are a \$27.50 per line activation fee and an advance payment deposit may be required (Qwest); \$24.95 installation charge (Cox).

Conduit Only: Developer will provide trench and Qwest/Cox will install conduit within subdivision only by the above listed date. Wire from junction box to house will be installed by Qwest/Cox upon request from homebuyer. Qwest/Cox is also responsible for installing any wire and/or conduit required to the boundary of the subdivision. At the time of close of escrow of any lot, Developer will have installed all conduit on that lot and will have signed agreement with Qwest/Cox. Developer has no control over the timing of when Qwest/Cox will complete their portion of the wire and/or conduit and, therefore, Developer has no control over the availability of phone service.

SINCE 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, IE. CELLULAR TELEPHONE.

Cable: Cox Communications, (623) 328-9143, <http://www.cox.com>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Costs to purchasers to receive this service may include a \$75.00 - \$150.00 connection fee and a deposit may be required. Service charges will vary depending on level of service selected by purchaser.

Natural Gas: Southwest Gas Corp., (602) 861-1999, <http://www.swgas.com>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Costs to purchasers to receive this service are a \$30.00 establishment fee and an \$80.00 deposit may be required.

Developer will provide trench and gas company will install gas pipe. Developer has no control over gas company providing service to the subdivision.

Water: City of Phoenix, (602) 262-6251, <http://www.ci.phoenix.az.us>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Cost to purchasers to receive this service is a \$27.26 hook up charge.

Sewage Disposal: City of Phoenix, (602) 262-6251, <http://www.ci.phoenix.az.us>. Developer to complete the facilities to the lot lines by December 31, 2008. Cost to complete the facilities from the lot line to the dwelling is included in the sales price. Cost to purchasers to receive this service is included in the water hook up fee.

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: Developer to complete the asphalt paved public streets to the standards of the City of Phoenix by December 31, 2008. Upon completion and acceptance by the City, the City of Phoenix will maintain the streets. Costs to purchasers for maintenance are included in the property taxes.

Access within the Subdivision: Developer to complete the asphalt paved public streets to the standards of the City of Phoenix by December 31, 2008. Upon completion and acceptance by the City, the City of Phoenix will maintain the streets. Costs to purchasers for maintenance are included in the property taxes.

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: Developer to complete typical street drainage and drainage tracts by December 31, 2008. The tracts will be maintained by the Homeowners Association with costs to purchasers for maintenance included in the Homeowners Association assessments. Upon completion to City standards, City of Phoenix will maintain street drainage with costs for maintenance included in the property taxes.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Developer to complete the common area landscaping and open space by December 31, 2008. The Homeowners Association will be responsible for maintenance with costs to purchasers included in the Homeowners Association assessments.

Within the Master Planned Community: The subdivision is part of the Desert Peak Master Planned Community. Desert Peak is a multi parcel development that is being developed into various subdivisions that contain common area improvements. Desert Peak master planned (proposed) facilities include landscaped open space, play structures/tot lots, basketball courts, ramadas, drinking fountains, barbeque grills and picnic tables.

Subdivider advises that there are no guarantees as to the completion or completion date of the amenities in the Master Planned Community and its proposed amenities. Costs to purchasers for maintenance of any amenities that are completed will be included in the Homeowners Association assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: No escrows will close until the City of Phoenix issues its Occupancy Clearance and all subdivision improvements are complete with the exception of the common area improvements. A bond has been posted to assure completion of the common areas.

Assurances for Maintenance of Subdivision Facilities: Utility companies to maintain their respective utilities; City of Phoenix to maintain streets; common area amenities are maintained by the Homeowners Association and as stated in the Covenants, Conditions and Restrictions, Articles of Incorporation and Bylaws of the Homeowners Association.

LOCAL SERVICES AND FACILITIES

Schools: Boulder Creek Elementary (K-6) – 22801 N. 22nd Street, approximately 1 mile;

Mountain Trail Middle School (7-8) – 2323 E. Mountain Gate Pass, approximately 1 mile;
Pinnacle High School (9-12) – 3535 E. Mayo Blvd., approximately 2 miles.

School bus transportation is available to the assigned schools only.

Note: School assignments are subject to change. Prospective purchasers should contact the Paradise Valley School District #69 at (602) 867-5100 for verification of schools, transportation and further information.

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: Cave Creek Road and Union Hills Drive, approximately 3 ½ miles; mini mart, approximately 1 mile south; Costco, approximately 2 miles south.

Public Transportation: Valley Metro bus stop is located at Cave Creek Road and Union Hills Drive, approximately 3 ½ miles.

Medical Facilities: Paradise Valley Hospital, 3929 E. Bell Road, approximately 5 miles.

Fire Protection: City of Phoenix with costs to purchasers included in property taxes.

Ambulance Service: Ambulance service is available by dialing 911.

Police Services: City of Phoenix Police Department.

Garbage Services: City of Phoenix with costs to purchasers included in the water billing.

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 an Improved Lot (with dwelling).

Zoning: Single Family Residential

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

Conditions, Reservations and Restrictions: As stated in the recorded Declaration of Covenants, Conditions and Restrictions and as stated in the Articles of Incorporation and Bylaws of the Homeowners Association.

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 that 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 Phoenix 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 CHI Construction Company, an Arizona corporation.

Subdivider's interest in this subdivision is evidenced by a recorded Memorandum of Option between Continental Homes, Inc., a Delaware corporation and CHI Construction Company, an Arizona corporation.

Subdivider's only interest in the subdivision is a right to purchase lots pursuant to the described Option Agreement. Purchasers have no assurance that subdivider will purchase or build homes on all the subdivision lots.

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 25, 2006, issued by DHI TITLE OF ARIZONA, INC. **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 owner delivering a recorded deed to you and by your signing a Promissory Note and Mortgage or Deed of Trust for the unpaid principal balance, if any. *You should read these documents before signing them.* Cash sales are allowed.

PROSPECTIVE PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER SUCH ADVANCED MONIES WILL NOT BE PLACED IN A NEUTRAL ESCROW. SUCH MONIES WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE

PURCHASER ASSUMES A RISK OF LOSING SUCH MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

Use and Occupancy: Lot purchaser will be permitted to use and occupy their lot upon substantial completion of construction and 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 2005 is \$9.8709 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 \$325,000.00 to \$500,000.00 is \$2,727.00 to \$4,195.00.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Desert Peak Homeowners Association. Purchasers will be required to pay assessments in the amount of \$348.00 per quarter (\$116.00 per month). At close of escrow, buyer will be responsible for a \$75.00 transfer fee, pro-rata for the quarter of closing plus the next quarter and a one-time Capital Reserve Fee of \$232.00.

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

Control of Association: The Class B membership shall automatically cease and be converted to a Class A Membership, on the first to occur of the following: (i) The date when seventy-five percent (75%) of the Lots have been conveyed to a Person other than a Declarant or a Designated Builder; (ii) the date which is ten (10) years after the date the Declaration is recorded; or (iii) the date on which each Declarant and each Designated Builder relinquishes the Class B Membership by notifying the Association in writing.

Title to Common Areas: Title to the common areas will be transferred to the Association prior to the conveyance of a lot to a purchaser.

Membership: All lot purchasers will be members of the Association. Members of the homeowners association for the adjacent multifamily parcel will share in the use and maintenance costs of certain common areas.

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION 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 THE 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"**SCHEDULE B
EXCEPTIONS**

(ALL RECORDING DATA REFER TO RECORDS IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY IN WHICH THE LAND IS SITUATED)

1. Water rights, claims or title to water, whether or not shown by the public records.
2. Reservations, exceptions, and provisions contained in the patent issued on said land.
3. Taxes for the year 2006, a lien not yet due and payable.
4. Liabilities and obligations imposed upon said land by reason of inclusion within Desert Peak Homeowners Association.
5. Easements, restrictions, and set-back lines as shown on the recorded plat of said subdivision.
6. Matters disclosed by a document entitled "Cave Buttes Detention Basin Survey";
Recorded at: Book 125 of Maps, Page 31
7. Matters disclosed by a document entitled "Results of Boundary Survey of State Trust Managed Land";
Recorded at: Book 612 of Maps, Page 25
8. Matters disclosed by a document entitled "Affidavit of Disclosure";
Recorded at: Document No. 05-1880840
9. The rights of optionee under the terms of Option Agreement;
Optionor: CHI Construction Company, an Arizona corporation
Optionee: Continental Homes, Inc., a Delaware corporation, doing business as D. R. Horton – Continental Series
Disclosed by: Memorandum of Option
Recorded at: Document No. 06-0546902
10. Matters disclosed by a document entitled "Notice to Prospective Purchasers of Proximity to the Phoenix-Deer Valley Airport";
Recorded at: Document No. 06-697387
11. All matters contained in instrument(s) setting forth;
Covenants, conditions, restrictions, liabilities, obligations and easements, but omitting any covenants or restrictions, if any, based on race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons;
Recorded at: Document No. 2006-0836167 and Declaration of Annexation Recorded at Document No. 2006-1209352
12. Easements and rights incident thereto as set forth in an instrument;
Recorded at: Document No. 2006-1270439
Purpose: Access and Maintenance

NOTE: Permanent access from the above referenced subdivision to CAVE CREEK ROAD is provided by the following recorded document(s):

DESERT PEAK UNIT 4, recorded in Book 856 of Maps, Page 34

Dedications or easements are located so that access roads to the subdivision can be constructed over land which may be traversed by conventional, two wheel drive motor vehicles and emergency vehicles. Permanent access within the subdivision to all lots, units or parcels is provided by the following documents(s):

DESERT PEAK UNIT 4, recorded in Book 856 of Maps, Page 34

Roads and streets within the subdivision are, or can be constructed over land which may be traversed by conventional, two wheel drive motor vehicles and emergency vehicles.

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