

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR

ARTESIA CONDOMINIUMS
aka ARTESIA; THE RESIDENCES AT ARTESIA; THE BROWNSTONES
AT ARTESIA; THE TOWNHOMES AT ARTESIA; ARTESIA VILLAGE

Registration No. DM07-054072

SUBDIVIDER

STARPOINTE ARTESIA CONDOMINIUMS, L.L.P.
8135 E. Indian Bend Road, Suite #101
Scottsdale, Arizona 85250

Effective Date: December 13, 2007

First Amended: February 13, 2009

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.

ARIZONA DEPARTMENT OF REAL ESTATE

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT* (WITHOUT A BUILDING) MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

FEDERAL LAW STATES:

1. IF YOU RECEIVE THE PUBLIC REPORT PRIOR TO SIGNING A CONTRACT OR AGREEMENT, YOU MAY CANCEL YOUR CONTRACT OR AGREEMENT BY GIVING NOTICE TO THE SELLER ANYTIME BEFORE MIDNIGHT OF THE SEVENTH DAY FOLLOWING THE SIGNING OF THE CONTRACT OR AGREEMENT.
2. IF YOU HAVE SIGNED A PURCHASE AGREEMENT PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.
3. IF YOU DID NOT RECEIVE THE PUBLIC REPORT BEFORE YOU SIGNED A CONTRACT OR AGREEMENT, YOU MAY CANCEL THE CONTRACT OR AGREEMENT ANYTIME WITHIN TWO YEARS FROM THE DATE OF SIGNING.

RISKS OF BUYING LAND:

1. The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.
2. Any value, which your lot may have, will be affected if the roads, utilities and all proposed improvements are not completed.
3. Resale of your lot may be difficult or impossible, since you may face the competition of the developer's sales program and local real estate brokers may not be interested in listing your lot.
4. Any subdivision or development will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact will depend on the location, size, planning and extent of development. Subdivisions and developments, which adversely affect the environment, may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your lot and your ability to sell it.
5. In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

GENERAL

This report includes: Units 1001 through 1016, inclusive, 2001 through 2016, inclusive, 3001 through 3016, inclusive, 4001 through 4013, inclusive, of Building C1; Units 1001 through 1018, inclusive, 2001 through 2018, inclusive, 3001 through 3018, inclusive, 4001 through 4015, inclusive, of Building C2; Units 1001 through 1016, inclusive, 2001 through 2016, inclusive, 3001 through 3016, inclusive, 4001 through 4013, inclusive, of Building C3; Units 1001 through 1018, inclusive, 2001 through 2018, inclusive, 3001 through 3018, inclusive, 4001 through 4015, inclusive, of Building C4; Units 1001 through 1018, inclusive, 2001 through 2018, inclusive, 3001 through 3018, inclusive, 4001 through 4015, inclusive, of Building C5; Units 1001, 1002, 1003 of Building G1; Units 1004, 1005, 1006, 1007 of Building G2; Units 1008, 1009, 1010, 1011 of Building G3; Units 1012, 1013, 1014 of Building G4; Units 1015, 1016, 1017, 1018 of Building G5; Units 1019 through 1023, inclusive, of Building G6; Units 1024, 1025, 1026, 1027 of Building G7; Units 1028, 1029, 1030, 1031 of Building G8; Units 1032, 1033, 1034, 1035 of Building G9; Units 1036 through 1040, inclusive, of Building G10; Units 1041, 1042, 1043, 1044 of Building G11; Units 1045 through 1049, inclusive, of Building G12; Units 1050 through 1054, inclusive, of Building G13; Units 1055, 1056, 1057, 1058 of Building G14; Units 1059 through 1063, inclusive, of Building G15; Units 1064 through 1068, inclusive, of Building G16; Units 1069, 1070, 1071, 1072 of Building G17; Units 1073, 1074, 1075, 1076 of Building G18; Units 1077 through 1081, inclusive, of Building G19; Units 1082, 1083, 1084, 1085 of Building G20; Units 1086 through 1090, inclusive, of Building G21; Units 1001, 1002, 1003, 1004 of Building LW1; Units 1001 through 1005, inclusive, of Building LW2; Units 1001 through 1005, inclusive, of Building L1; Units 1006, 1007, 1008, 1009 of Building L2; Units 1010, 1011, 1012 of Building L3; Units 1013 through 1017, inclusive, of Building L4; Units 1018 through 1022, inclusive, of Building L5; Units 1023, 1024, 1025 of Building L6; Units 1026, 1027, 1028 of Building L7; Units 1029, 1030, 1031, 1032 of Building L8; Units 1033, 1034, 1035, 1036 of Building L9; Units 1037 through 1041, inclusive, of Building L10; and Units 1050, 1051, 1052 of Building L13.

The map of this subdivision: A condominium as created by that certain Amended and Restated Declaration recorded as 2009-0084789 of Official Records and a First Amendment recorded as 2009-0085363 of Official Records, and as shown on the plat of said condominium as recorded in Book 952 of Maps, Page 3; Affidavit of Correction recorded as 2007-1193501 of Official Records; and Affidavit(s) of Change recorded as 2007-1290799 of Official Records; as 2007-1290800 of Official Records; as 2007-1331393 of Official Records; and as 2008-1075796 of Official Records, in the Office of the County Recorder of Maricopa County, Arizona.

The project is phased as provided in the Amended and Restated Declaration of Condominium and First Amendment thereto.

The subdivision is approximately 44.365 acres in size. It has been divided into 480 Units and an undivided interest in common area. Lot boundaries will be staked at the corners and radii.

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

DEDICATION (in part):

PARCEL 2 CONTAINS ALL UNITS AND COMMON ELEMENTS OF ARTESIA CONDOMINIUMS PLATTED HEREON. ALL GENERAL COMMON ELEMENTS OF ARTESIA CONDOMINIUMS WILL BE MAINTAINED BY ARTESIA CONDOMINIUMS HOMEOWNERS ASSOCIATION. ALL UNITS AND LIMITED COMMON ELEMENTS WILL BE MAINTAINED BY UNIT OWNERS AND/OR THE ARTESIA CONDOMINIUMS HOMEOWNERS ASSOCIATION AS SET FORTH AND DEFINED IN THE DECLARATION OF CONDOMINIUM AND OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARTESIA CONDOMINIUMS TO BE RECORDED SIMULTANEOUSLY WITH THIS CONDOMINIUM PLAT.

OWNER WARRANTS TO THE CITY OF SCOTTSDALE THAT IT IS THE SOLE OWNER OF THE PROPERTY ON THIS PLAT, AND THAT EVERY LENDER, EASEMENT HOLDER OR OTHER PERSON HAVING ANY INTEREST IN THE PROPERTY ADVERSE TO OR INCONSISTENT WITH THE DEDICATIONS, CONVEYANCES OR OTHER PROPERTY INTERESTS CREATED OR TRANSFERRED BY THIS PLAT HAS CONSENTED TO OR JOINED IN THIS PLAT, AS EVIDENCED BY THE INSTRUMENTS WHICH ARE RECORDED IN THE MARICOPA COUNTY RECORDER'S OFFICE OR WHICH THE OWNER WILL RECORD NOT LATER THAN THE DATE ON WHICH THIS PLAT IS RECORDED.

NOTES:

1. THE BOUNDARIES OF EACH UNIT ARE THE INSIDE FACE OF STUD TO INSIDE FACE OF STUD OF THE PERIMETER WALLS, FLOORS, CEILINGS, DOORS AND WINDOWS OF THE UNIT WITH: (I) THE UNDERSIDE OF THE FINISHED BUT UNDECORATED CEILING AS THE TOP HORIZONTAL BOUNDARY; (II) THE TOP OF THE FINISHED BUT UNDECORATED FLOORING SHALL BE THE BOTTOM HORIZONTAL BOUNDARY; AND (III) THE INSIDE FACE OF STUD TO INSIDE FACE OF STUD WALLS SHALL BE THE VERTICAL BOUNDARIES.

2. IF ANY CHUTE, FLUE, DUCT, WIRE, CONDUIT, BEARING WALL, BEARING COLUMN, HEATING OR AIR CONDITIONING UNIT OR APPARATUS OR OTHER FIXTURE LIES PARTIALLY WITHIN AND PARTIALLY OUTSIDE OF THE BOUNDARIES OF A UNIT, ANY PORTION SERVING ONLY THAT UNIT IS A LIMITED COMMON ELEMENT ALLOCATED SOLELY TO THAT UNIT AND ANY PORTION SERVING MORE THAN THAT ONE UNIT IS A PART OF THE COMMON ELEMENTS.
3. SUBJECT TO THE PROVISIONS OF NOTES 1 AND 2 ABOVE, ALL SPACES, INTERIOR PARTITIONS AND OTHER FIXTURES AND IMPROVEMENTS WITHIN THE BOUNDARIES OF A UNIT ARE PART OF THE UNIT.
4. THERE ARE NO ENCROACHMENTS BY OR UPON THE CONDOMINIUM.
5. THE BEARINGS AND DISTANCES SHOWN HEREON REFLECT THE MEASURED VALUES OF THE RECORD OF SURVEY MAP AND THE ARTESIA LAND DIVISION MAP PREPARED BY MERESTONE LAND SURVEY IN 2007.
6. ALL EASEMENTS DEPICTED HEREON WERE RECORDED IN THE ARTESIA LAND DIVISION MAP RECORDED IN BOOK 950 OF MAPS, PAGE 4, RECORDS OF MARICOPA COUNTY, ARIZONA.

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: Subdivision is located on the east side of Scottsdale Road just north of Indian Bend Road, within the City of Scottsdale, Maricopa County, Arizona.

SUBDIVISION CHARACTERISTICS

Topography: Land is generally level.

Flooding and Drainage: Subdivider advises that development is subject to any known flooding or drainage problems. The site is adjacent to Mummy Mountain Wash and Indian Bend Wash, which are both subject to flooding. However, the site is at least 1' above the FEMA 100 year flood plain elevation. Joshua Sanders, P.E., of Kimley-Horn and Associates, Inc., in his letter dated July 3, 2007, states:

“The proposed Starpointe-Artesia redevelopment project is located east of Scottsdale Road and north of Indian Bend Road in the City of Scottsdale, Arizona. The site is positioned in the southwest quarter of Section 2, Township 2 North, Range 4 East of the Gila and Salt River Base and Meridian in Maricopa County, Arizona. The site is currently occupied by the Radisson Resort Hotel. This parcel is bordered to the north by Mummy Mountain Wash and to the south by existing condominiums. The site is further bound on the east by McCormick Ranch Golf Club and Indian Bend Wash. It is bound on the west by Scottsdale Road.

Portions of the site are located within both shaded and un-shaded areas of zone “X” on FEMA FIRM map number 04013C1695 H, dated September 30, 2005. Un-shaded zone “X” areas are defined as “areas determined to be outside the 0.2% annual chance floodplain;” and shaded zone “X” areas are defined as “areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% chance annual flood”. Portions of the north and east boundaries of the site are located in flood zone “AE”, defined as the channel of a stream plus any adjacent flood plain areas that must be kept free of encroachment so that the 1% chance annual flood can be carried without substantial increases in flood heights.

A portion of Mummy Mountain Wash channel will be filled as part of this project. In order to reclaim this property from the floodplain, acceptance from FEMA and the City of Scottsdale will be required. A Conditional letter of Map Revision based on Fill (CLOMR-F) has been submitted to FEMA and has been approved. A Letter of Map Revision based on Fill (LOMR-F) will follow the CLOMR-F to FEMA with back-up documentation that includes response to CLOMR-F comments and certification of fill material compaction.

Small portions of the Indian Bend Wash Backwater Area will also be filled along the eastern border of the site. This fill will be minimal and will not affect the 100-year high water elevation as the fill will be limited to the edge of the backwater area.

In addition to FEMA acceptance, a certification of no-rise, which verifies that no change in water surface elevation will occur due to site modifications, will be provided to the City of Scottsdale. This certification will occur in the final as-built stage of the project.

Zones B, C, and X are the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Zones AE and A1-A30 are the flood insurance rate zones that correspond to the 1-percent annual chance floodplains that are determined in the Flood Insurance Study by detailed methods of analysis. In most instances, Base Flood elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply. No future development is currently anticipated for areas remaining in the "AE" flood zone.

After construction is complete and the LOMR-F is approved, all structures will be located within a zone "X" as defined by FEMA and will not require flood insurance.

The finished floor elevations have been designed to be above the 100-year flood elevation."

Soils: This Subdivision is subject to subsidence or expansive soils. Gregg A. Creaser, P.E., of Speedie and Associates, in his letter dated June 29, 2007, has cited, in part:

"Speedie & Associates issued a Report on Geotechnical Investigation, Project No. 061678SA dated October 31, 2006 for the subject site. This report presents the results of a subsurface soil investigation for the purpose of determining the engineering properties of the soils and to provide recommendations for the design of heavy residential foundations, site grading and paving.

The project consists of the construction of both multiple story above grade condominiums constructed above a below grade parking garage and slab on grade structures. It is assumed that the multi-story buildings will consist of a cast-in-place/pre-cast concrete structure below grade and a wood frame structure above. The slab on grade structures will also be wood frame. Maximum column loads for the larger structures are not to exceed 550 kips with wall loads of 9.5 kips per lineal foot. Prior to the new development, the area of the proposed construction consisted of a resort hotel, which has been demolished with remains removed from the site.

Based on the findings in our investigation, the subject site is suitable for the support of the proposed lightweight slab on grade structures, and the heavy structures imposing relatively heavy foundation loads. The foundation loads will be carried by a combination of Post Tensioned® slabs on grade, spread foundations and/or drilled shaft caissons as recommended in the Geotechnical Report subject to normal settlement tolerances. All structures settle when foundation loads are applied to the bearing soils. Recommendations are made to reduce these settlements to those values normally acceptable for the types of structures being constructed, $\frac{3}{4}$ to 1 inches. The bulk of this settlement will occur as soon as the structure is completed. Post-construction differential settlements will be negligible, under existing and compacted moisture contents.

The subject site is located in a basin (valley) area with typical fine-grained alluvial soils. It is not located in an area that is known for excessive ground subsidence or earth fissures due to groundwater withdrawal. Based on office research, laboratory and field-testing, subsidence is an insignificant issue for the subject site.

Subsoil conditions at the site consist primarily of sandy clay to depths of 13 to 23 feet underlined by interbedded clayey sand, sandy clay, silty sand, and sand with various amounts of gravel to the termination depths of the borings at 76.5 feet below grade. The soil contained varying degrees of calcareous cementation throughout the profile. The relative density of the upper soils is quite variable where the soil profile is relatively soft to depths ranging from 20 to 33± feet below grade. No groundwater was encountered during this investigation. Expansive soils are a concern for slabs on grade but will not be a factor for the large residential towers with basement level parking garage slabs.

To reduce the effects of swell potential, several recommendations are made. This includes using Post Tensioned® slab on grade foundation systems. It is also recommended to provide and maintain proper drainage to limit the potential for water infiltrating under slabs. A minimum slope of at least 5 percent for a distance of 10 feet is recommended for unpaved landscaped areas. Planters adjacent to structures should use low water use plants and be designed to prevent water ponding against the foundations. Roof drains should be directed to discharge onto the pavement, not planters adjacent to the buildings. ”

Adjacent Lands and Vicinity:

NORTH: R-4R and O-S
NORTHEAST: O-S
SOUTH: R-5
EAST: O-S
WEST: SUP-R, R-43 and C-2

NOTE: Owners of the adjacent land 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 Scottsdale Planning & Zoning Department at (480) 312-6500 or Maricopa County Planning & Development Department at (602) 506-3201 for up-to-date information.

North:

- McCormick Ranch Golf Club, adjacent
- Gainey Ranch Golf Club, approximately 1 ½ miles
- Scottsdale Airpark Municipal Airport, approximately 4 ¾ miles
- Cactus Park, approximately 3 ½ miles
- Starfire at Scottsdale Country Club, approximately 2 ½ miles
- Fire Station, approximately 2 ½ miles
- Kierland Commons, approximately 5 ¾ miles

Northeast:

- McCormick Ranch Golf Club, adjacent
- Pima Freeway (101), approximately 2 ½ miles
- Mountain View Park, approximately 1 ¾ miles
- Scottsdale Fiesta, approximately 3 miles
- Scottsdale Healthcare – Shea, approximately 3 ¼ miles
- Paradise Memorial Gardens, approximately 3 ½ miles
- Northsite Park, approximately 4 ¾ miles
- Thunderbird Park, approximately 5 miles
- Rotary Park, approximately 1 ¼ miles
- Aztec Park, approximately 5 ½ miles
- Hayden Rhodes Aqueduct Central Arizona Project, approximately 5 ¾ miles
- Fire Station, approximately 2 ¾ miles
- Law Enforcement Offices, approximately 2 ¾ miles
- Scottsdale Ranch Park, approximately 4 miles
- Salt River Pima – Maricopa Indian Community, approximately 2 miles
- Cholla Park, approximately 5 ¾ miles
- Fire Station, approximately 5 ¼ miles

East:

- Pavilion Lakes Golf Club, approximately 2 ¾ miles
- Talking Stick Golf Club, approximately 3 miles
- Scottsdale Silverado Golf Club, approximately ½ mile
- Scottsdale Pavilion, approximately 1 ¾ miles
- Casino Arizona at Talking Stick, approximately 3 miles
- Salt River Pima – Maricopa Indian Community, approximately 1 ¾ miles
- Pima Freeway (101), approximately 1 ¼ miles
- Shoshone Park, approximately 1 mile
- Zuni Park, approximately 1 ¼ miles

Southeast:

- McCormick Ranch Golf Club, adjacent
- Salt River Pima – Maricopa Indian Community, approximately 2 miles
- Indian Bend Greenbelt, less than ¼ mile
- Pima Freeway (101), approximately 2 ¼ miles
- Scottsdale Community College, approximately 2 ½ miles
- Arizona canal, approximately ½ mile
- Continental Golf Club, approximately 3 ¾ mile
- Scottsdale Silverado Golf Club, approximately ½ mile
- Agua Linda Park, approximately 2 miles
- Community Admin. Complex, approximately 4 ¾ miles
- Fire Station, approximately 5 miles
- Law Enforcement Offices, approximately 5 miles
- Salt River Indian Agency, approximately 5 ¾ miles
- Library, approximately 6 miles
- Chestnut Park, approximately 2 ¾ miles
- Chaparral Park, approximately 1 ½ mile
- Pima Park, approximately 4 ¼ miles
- Apache Park, approximately 5 ½ miles
- Green Acres Memorial Cemetery, approximately 5 ¾ miles
- Indian School Park, approximately 2 ¾ miles

South:

- Fire Station, approximately ¼ and 4 miles
- Coronado Golf Course, approximately 4 ¼ miles
- Eldorado Park, approximately 4 ½ miles
- Scottsdale Civic Center, approximately 3 ¼ miles
- Library, approximately 3 ¼ miles
- Municipal Buildings, approximately 3 ¼ miles
- Law Enforcement Offices, approximately 3 ½ miles
- Scottsdale Mall, approximately 3 ¼ miles
- Scottsdale Stadium, approximately 3 ½ miles
- Scottsdale Center for the Arts, approximately 3 ¼ miles
- Scottsdale Healthcare – Osborn, approximately 3 ½ miles
- Post Office, approximately 3 ½ miles
- Arizona Canal, approximately 2 ½ miles
- McCormick-Stillman Rail Road Park, less than ¼ mile
- Scottsdale Fashion Square, approximately 2 ½ miles
- Loloma Transit Station, approximately 3 ¼ miles

Southwest:

- Arizona Crosscut Canal, approximately 4 miles
- Desert Botanical Garden, approximately 5 ½ miles
- Phoenix Zoo, approximately 6 ¼ miles
- Rolling Hills Golf Course, approximately 6 ½ miles
- Papago Softball Complex, approximately 4 ¾ miles
- Papago Park, approximately 5 miles
- Papago Butts, approximately 5 ¼ miles
- Papago Municipal Golf Course, approximately 5 ¾ miles
- Barnes Butte, approximately 5 ¼ miles
- Papago Army Airfield, approximately 5 miles
- Papago Military Reservation, approximately 5 miles
- Maricopa County Department of Emergency Management, approximately 5 ½ miles
- Arizona Country Club, approximately 3 ¾ miles
- Arizona Canal, approximately 3 ½ miles
- G. R. Herberger Park, approximately 3 ¾ miles
- Arcadia Park, approximately 4 miles
- Palute Park, approximately 3 ¾ miles
- St. Francis Cemetery, approximately 5 ¼ miles
- Phoenician Golf Club, approximately 2 ¼ miles
- Fire Station, approximately 5 ¼ miles
- Old Crosscut Canal Linear Park, approximately 4 ¼ miles
- Arcadia Crossings Shopping Center, approximately 5 ¼ miles
- Library, approximately 5 ¼ miles
- Camelback Mountain, approximately 2 ½ miles
- Echo Canyon Recreation Area, approximately 2 ½ miles
- Kachina Park, approximately 4 ½ miles
- Municipal Buildings, approximately 1 ¼ miles
- Law Enforcement Offices, approximately 1 ¼ miles
- Mountain Shadows Golf Course, approximately 2 ¼ miles
- Arizona Biltmore Country Club, approximately 5 ¼ miles

West:

- Paradise Valley Country Club, approximately 2 ½ miles
- Mummy Mountain, approximately 1 miles
- Phoenix Mountains Park and Recreation Area, approximately 4 miles

Northwest:

- Phoenix Mountain Preserve, approximately 3 ½ miles
- Fire Station, approximately 3 ¼ miles
- Paradise Village Gateway, approximately 3 ¾ miles
- Camelback Golf Club, approximately ½ miles
- Orange Tree Golf Resort, approximately 3 ¼ miles
- Paradise Valley Mall, approximately 5 miles
- Stonecreek Golf Club, approximately 4 miles
- Sonrisa Park, approximately 4 ¾ miles
- Sereno Park, approximately 4 ½ miles
- Crossed Arrows Park, approximately 5 ½ miles
- Kierland Golf Club, approximately 5 ¼ miles
- Kierland Park, approximately 6 ½ miles

The Salt River Pima-Maricopa Indian Community is located approximately 2 miles northeast, 1 ¾ miles east and 2 miles southeast. Subdivider makes no representation or warranty with respect to future land uses on the Salt River Pima-Maricopa Indian Community nor as to any rights an adjacent property owner may have to protest or influence future land uses. Land use changes within the Salt River Pima-Maricopa Indian Community are not subject to mandatory public notice and hearing requirements and procedures that are common in many municipalities. Please contact the Salt River Pima-Maricopa Indian Community at 10005 East Osborn Road, Scottsdale, Arizona 85256, (480) 850-8000 or visit the website at www.saltriver.pima-maricopa.nsn.us

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION. ACTIVITIES ON THE RESERVATION INCLUDE OR MAY INCLUDE OPEN RANGE, AGRICULTURAL OPERATIONS, AIRCRAFT OPERATIONS, INDUSTRIAL OPERATIONS AND DAIRY FARMS. A RESERVATION HAS ITS OWN LAWS GOVERNING THE LAND WITHIN ITS BOUNDARIES. THESE MAY INCLUDE TRESPASSING, DUMPING, ARCHAEOLOGY, HUNTING, FISHING, ETC. IN ADDITION, CERTAIN AREAS OF THE RESERVATION MAY BE NONPUBLIC-CLOSED AREAS WHICH REQUIRE SPECIAL PERMISSION TO ENTER. THOROUGHFARES AND ROADS ON THE RESERVATION MAY NOT BE AVAILABLE FOR PUBLIC USE.

Scottsdale Municipal Airport located at 15000 North Airport Drive, approximately 4 ¾ miles north, may produce noise, vibrations, fumes, dust, fuel and lubricant particles or other effects of air traffic that may be undesirable to prospective buyers. Please be advised that aircraft types, flight patterns, and volume could change. For information regarding current and future plans for the airport, air traffic volume and flight patterns, please contact the Scottsdale Municipal Airport at (480) 312-2321.

A golf course surrounds the development. Property owners adjacent or in the vicinity of the golf course property assume all risks with respect to injury or damage caused by errant golf balls. Maintenance activities of the golf course, which may include, but is not limited to, application of fertilizers, irrigation and drainage, odors, etc., may adversely affect unit owners. Additionally, the golf course is a public facility, and Developer has no control over the golfers. Maintenance activities (including irrigation systems, turf cutting, plant trimming, weed control, etc.) and other golf related activities may result in noise during non-working hours.

Purchasers are advised that dams, dykes, canals, creeks, rivers, floodways, and washes may be hazardous to unsupervised children and adults. Due to the proximity of the Indian Bend Wash, the subdivision may notice an increase in insects, wildlife, water, dust or other effects associated with this area. 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 web site at www.fcd.maricopa.gov.

Furthermore, due to the proximity of freeways, highways, etc., unit owners may possibly experience traffic, noise, dust, odors, and other nuisances associated with these areas. These areas may also pose as safety hazards to unsupervised children and adults. Purchasers are encouraged to drive within the vicinity of the subdivision to determine whether there may exist additional items of concern.

McCormick-Stillman Railroad Park located at 7301 E. Indian Bend Road, approximately less than ¼ mile south, may produce noise, vibrations, fumes, dust, increased traffic, odors, and other nuisances associated, but not limited to, the activities, concerts, train operation, parties, etc. at the park. For further information please, contact the McCormick-Stillman Railroad Park at (480) 312-2312 or visit the web site at www.therailroadpark.com.

Purchasers are advised that the City of Scottsdale has approved the Indian Bend Road Improvements, which is a Capital Improvement Project. The improvement plan will be to construct a four-lane minor arterial standards with landscaped median, turn lanes, bike lanes, curb and gutter, new all-weather crossing of Indian Bend Wash and sidewalk on south side. A new multi-use path will be installed on north side to connect the Indian Bend path system to McCormick Railroad Park. Additional turn lanes will be constructed at the Scottsdale Road and Hayden Road intersections. Also, a future connection from Paradise Street to Indian Bend Road may be made as part of these improvements. Due to the proximity of the project, this subdivision may experience an increase amount of noise, traffic, dust, construction, and other effects associated with this type of project. For further information, please the City of Scottsdale at (480) 312-7250 or visit the web site at www.scottsdaleaz.gov.

Purchasers are advised that radon is a naturally occurring element present throughout Arizona and with higher concentrations in some locations. The natural breakdown of radon produces radon gas, which may have adverse health effects. Developer has not done any testing for the presence of radon at or near the development and is not installing any equipment or improvements to deal with radon.

The area surrounding the development is home to many woodpeckers. Woodpeckers will likely be present at the development when completed, resulting in noise, damage and other consequences. Woodpeckers are a protected species under applicable laws such that it may be difficult or impossible for the Association or any purchaser to utilize any measures to remove or control woodpeckers.

As discussed more fully in Section 2.7 of the Condominium Declaration, the development includes the Live/Work Units, which will be used for commercial purposes. Further, the development is adjacent to retail uses along Scottsdale Road which may include restaurants, bars and clubs. Access to the development is on a driveway through that commercial development. As a result of these commercial uses, there will be greater traffic, noise, dust, light, smells, wear-and-tear, and other consequences for the development than would exist for other residential developments removed from commercial development.

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>.

Fire Station: Due to the proximity of a fire station, this subdivision may experience an increase amount of noise, and other effects associated with this type of facility that may be of concern to some individuals.

Views: Views and/or scenes that may be visible from particular portions of the community or any of its lots will change over time and may be wholly or partially obstructed as development activity continues and landscape matures.

Termites: Prior to pouring finished floors, each home will be treated for termites with certain chemicals, as permitted by law. The termite protection warranty that is provided with the home does not guarantee that termite infestation will not occur during the warranty period. The chemicals dissipate over time and other events may occur that will require the home to be retreated. Certain actions to the home, such as excessive watering and landscaping around the foundation of the home, may void the warranty.

Subdivider has used its best efforts in an attempt to disclose all noteworthy activities and conditions surrounding this subdivision using the resources reasonably available to developer at the time this Public Report was prepared. This information may change from time to time. Prospective purchasers are encouraged to (i) drive the areas surrounding the subdivision (at different times of the day) to determine whether there exists any activities or conditions that may be of concern to Purchaser and (ii) determine to Purchaser's own satisfaction whether or not the items mentioned in the Public Report or discovered by Purchaser's own inspections are of concern to Purchaser.

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

AIRPORTS

Airport: Scottsdale Airpark Municipal Airport, 15290 N. 78th Way, Scottsdale, Arizona, approximately 4 ³/₄ miles north.

SUBDIVISION IS LOCATED WITHIN TERRITORY IN THE VICINITY OF SCOTTSDALE AIRPARK MUNICIPAL AIRPORT. FLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

UTILITIES

Electricity: Arizona Public Service, 400 N. 5th Street, Phoenix, Arizona, (602) 371-7171, website: www.aps.com Subdivider has completed the facilities to the lot lines. Costs to purchasers include a deposit of two times the average bill for a new customer, and, and, if required, a \$25.00 (plus tax) activation fee. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change, please contact the utility provider for further details.

Street Lights: Street lights will not be available within the Development.

Telephone: Cox Communications, (623) 748-8957 or 800-957-7250, 1550 West Deer Valley Road, Phoenix, Arizona 85027, website: www.cox.com. Subdivider has completed the facilities to the lot lines. Costs to purchasers include a minimum deposit of \$90.00, if required, and an activation fee of \$24.95. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

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.

Cable: Cox Communications, (623) 748-8957 or 800-957-7250, 1550 West Deer Valley Road, Phoenix, Arizona 85027, website: www.cox.com. Subdivider has completed the facilities to the lot lines. Costs to purchasers to receive this service include a minimum deposit of \$60.00 may be required and an installation charge of \$9.95 (fast connect) or \$49.95 (professional connect). Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

NOTE: IT IS POSSIBLE THAT YOU MAY NOT HAVE CABLE, INTERNET OR TELEVISION SERVICE AT THE TIME OF CLOSING. PURCHASER IS ADVISED TO CONTACT THEIR SERVICE PROVIDER TO DETERMINE THE STATUS OF SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES.

Natural Gas: Southwest Gas Corporation, 10851 North Black Canyon Highway, Phoenix, Arizona, (602) 861-1999, website: www.swgas.com. Subdivider has completed the facilities to the lot lines. Costs to purchasers to receive this service include a minimum deposit of \$80.00, if required and service charge of \$35.00, plus tax. Deposit may be waived if customer has a letter of good credit from prior utility company. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

Water: City of Scottsdale, 7447 E. Indian School Rd., Suite 100, Scottsdale, Arizona, (480) 312-2461; website: www.scottsdaleaz.gov. Subdivider has completed the facilities to the lot lines. Cost to purchasers to receive this service is included in the Homeowners' Association fees.

Sewage Disposal: City of Scottsdale, 7447 E. Indian School Rd., Suite 100, Scottsdale, Arizona, (480) 312-2461; website: www.scottsdaleaz.gov. Subdivider has completed the facilities to the lot lines. Cost to purchasers to receive this service is included in the Homeowners' Association fees.

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: The asphalt and concrete paved public streets have been completed and which will be maintained by the City of Scottsdale. Costs to purchasers for maintenance are included in the property taxes.

Access within the Subdivision: The asphalt and concrete paved private streets have been completed and will be maintained by the Homeowners Association. Costs to purchasers for maintenance are included in the Homeowners Association fees.

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: The typical street drainage and drainage easements have been completed and will be maintained by the Homeowners Association. Costs to purchasers for maintenance are included in the Homeowners Association assessments for drainage, tanks, and drywells.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider will complete the Social Clubhouse, Fitness Center, pools (3), spas (3), and BBQ's (6) by July 31, 2010, which will then be maintained by the Homeowners' Association. Costs to purchasers for maintenance are included in the Homeowners' Association fees.

Within the Master Planned Community (McCormick Ranch): Master Developer has completed the Parks (184 acres of common area), lakes (120 acres), sidewalks and trails (1 very large master trail system known as the greenbelt), which are being maintained by the McCormick Ranch Property Owners Association. Costs to purchasers for maintenance are included in the annual assessment from Master Association.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has provided financial assurance in the form of a loan commitment for the completion of the subdivision improvements.

Assurances for Maintenance of Subdivision Facilities: CC&Rs provide for the Homeowners' Association to maintain all common areas. Utility companies to maintain their respective utilities. City of Scottsdale will maintain the public streets.

LOCAL SERVICES AND FACILITIES

Schools: Kiva Elementary (K-6), 6911 E. McDonald Drive, Paradise Valley, Arizona 85253, (480) 484-2200, approximately 1 ¼ miles southwest of subdivision; Mohave Middle School (7 – 8), 5520 N. 86th Street, Scottsdale, Arizona 85250, (480) 484-5200, approximately 2 ¼ miles southeast of subdivision; Saguaro High School (9 – 12), 6250 N. 82nd Street, Scottsdale, Arizona 85250, (480) 484-7200, approximately 1 ¼ mile southeast of subdivision.

NOTE: School assignments are subject to change. Prospective Purchasers should contact the Scottsdale Unified School District #48 at (480) 484-6100 for verification of schools. Additional information regarding schools and districts can be found at the following websites: www.greatschools.net and www.sfb.state.az.us.

Bus service is available to designated 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, 6965 N. Hayden Road, Scottsdale, Arizona, (480) 991-9707, approximately 1 mile southeast of subdivision.

Public Transportation: Valley Metro Transit System bus stop is located at Scottsdale Road and Hummingbird Lane, adjacent to the subdivision.

NOTE: Bus routes and schedules are subject to change. For additional information, please contact the Valley Metro Transit System at (602) 253-5000, or visit the website at www.ValleyMetro.org.

Medical Facilities: Scottsdale Healthcare - Shea, 9003 E. Shea Blvd., Scottsdale, Arizona, (480) 860-3000, approximately 3 ¼ miles northeast of subdivision.

Fire Protection: Provided by the City of Scottsdale Fire Department, with costs to purchasers included in the property taxes.

Ambulance Service: Ambulance service is available by dialing 911. Providers include, but are not limited to: PMT Ambulance, located at 2495 Industrial Park Avenue, Tempe, (480) 966-9156, www.pmtambulance.com, and Southwest Ambulance, located at 708 W. Baseline Road, Mesa, Arizona 85210, (480) 655-9686, www.swambulance.com.

Police Services: Provided by the City of Scottsdale Police Department.

Garbage Services: City of Scottsdale, 7447 E. Indian School Rd., Suite 100, Scottsdale, Arizona, (480) 312-2461; website: www.scottsdaleaz.gov. Costs included in monthly Homeowners Association dues.

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 improved lot.

“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.

Use: This offering is for improved lot (Condominium Units).

Conditions, Reservations and Restrictions: In accordance with the recorded Declaration of Condominium documents, the Condominium Owners' Association's Articles of Incorporation and Bylaws and existing zoning ordinances.

An Amended and Restated Declaration of Easements and Covenants for Artesia (Project REA) governs the use and maintenance of shared driveways, utilities and other facilities by the Unit Owners, occupants and guests and the owners, occupants, customers and other invitees and licensees of the adjacent "Retail Parcel" along Scottsdale Road and through which Unit Owners and occupants have access to the subdivision. Further, the permitted uses of the Retail Parcel are set forth in an Amended and Restated Declaration of Covenants, Conditions and Restrictions for Artesia (Retail Parcel), for the benefit of the Unit Owners.

As provided in Section 2.8 of the Amended and Restated Declaration of Condominium, a portion of the general Common Elements identified as the "Retail Parking Easement Area" and the "Secondary Access Easement" will be maintained by the owner of the Retail Parcel. Further, under the Project REA the Retail Parcel owner has an easement for it and its invitees to use the Retail Parking Easement Area within the Condominium for parking. The Retail Parcel Owner will not pay rent for use of that parking but will bear all normal maintenance costs. Unit Owners and occupants have no right to park in the Retail Parking Easement Area (even though it is part of the Condominium) or any of the parking areas within the Retail Parcel (which includes the parking in front of the Live/Work Units). However, under the Project REA customers and other licensees of the Live/Work Units can park in those areas.

PURCHASERS ARE ADVISED THAT THE RECORDED 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 Scottsdale 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 Starpointe Artesia Condominiums, L.L.L.P., an Arizona limited liability limited partnership.

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 Preliminary Title Report dated January 29, 2009, 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 in the property will be evidenced by the Subdivider delivering a Standard Real Estate Purchase Agreement and Escrow Instructions, Deed to Buyer and Note and Deed of Trust for any applicable balance.

Cash sales are permitted.

PROSPECTIVE PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, DOWN PAYMENTS AND OTHER ADVANCED MONEY WILL NOT BE PLACED IN A NEUTRAL ESCROW. THIS MONEY WILL BE PAID DIRECTLY TO THE SELLER AND MAY BE USED BY THE SELLER. THIS MEANS THE PURCHASER ASSUMES A RISK OF LOSING THE MONEY IF THE SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT.

Release of Liens and Encumbrances: Subdivider has advised that arrangements have been made with the Lender that is the beneficiary of Deed of Trust recorded against the property for the release of individual lots, upon Subdivider's purchase thereof.

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

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, 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 2008 is \$7.0627 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 \$650,000.00, is approximately \$3,902.14.

Special District Tax or Assessments: As disclosed in the Homeowners Association documents (i.e., CC&Rs, Articles of Incorporation and Bylaws), there may be other special assessments, taxes or fees to be paid by purchaser. Please refer to Homeowners Association documents for additional information.

Central Arizona Groundwater Replenishment District (“CAGR D”)

The subdivision is part of the Member Service Area of the Central Arizona Groundwater Replenishment District (“CAGR D”) pursuant to A.R.S. §48-3774. The CAGR D is obligated by statute to replenish the groundwater served to its members. The CAGR D is managed and operated by the Central Arizona Water Conservation District (“CAWCD”), which manages and operates the Central Arizona Project. The CAGR D collects assessments, set each year by the CAWCD Board, based on the estimated cost of performing the CAGR D’s groundwater replenishment obligations. In the event that City of Scottsdale would not be able to supply the water necessary for this subdivision, there may a future assessment by CAGR D to pay the replenishment obligations. In this event, each resident may be required to pay an assessment, which would then be set forth and included in the home’s annual property tax statement and collected by the Maricopa County Treasurer’s Office. This potential, future assessment amount is not included in the tax estimates given above. The assessment is based upon the assessment rate established by the CAWCD Board in the event the City of Scottsdale ceases to provide water, and actual water consumption reported by the water provider, so the actual assessment amount will vary. Furthermore, HOA common area tracts may be subject to CAGR D assessments and such assessments could affect the HOA dues. For further information, you may contact the CAGR D at 623-869-2243 or visit their website at www.cagr d.com.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Artesia Condominiums Homeowner Association. Property Owners will be required to pay assessments in the amount of \$300 per unit per month.

McCormick Ranch Property Owner's Association. Property Owners will be required to pay master association assessments in the amount of \$180 per unit per year. Note: There may be an additional assessment for the "Live/Work" units as determined by the Master Association. This assessment will be billed directly from McCormick Ranch Property Owner's Association to the individual Unit Owner.

Control of Association: Upon the earlier of: (i) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created in the Condominium to Unit Owners other than the Declarant; or (ii) Four (4) years after the Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) December 15, 2015.

Title to Common Areas: Each owner of a unit will be conveyed an undivided fractional interest in the common elements. Condominium Association does not hold title to the common elements

Membership: All Purchasers 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, ARTICLES OF INCORPORATION, DECLARATION OF CONDOMINIUM, 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 UNITS. 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.

EXHIBIT "A"

1. Taxes for the full year of 2009. (The first half is due October 1, 2009 and is delinquent November 1, 2009. The second half is due March 1, 2010 and is delinquent May 1, 2010.)

2. Any charge upon said land by reason of its inclusion in Artesia Condominiums Homeowners Association.

3. Any charge upon said land by reason of its inclusion in McCormick Ranch Property Owner's Association, Inc.

4. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 952 of Maps, Page 3; and Affidavit of Correction recorded as 2007-1193501 of Official Records; Affidavit(s) of Change recorded as 2007-1290799 of Official Records; as 2007-1290800 of Official Records; as 2007-1331393 of Official Records; and as 2008-1075796 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 42 USC 3604(c).

5. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 950 of Maps, Page 4, 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).

(Affects Common Areas)

6. All matters set forth in Amended and Restated Declaration of Condominium and of Covenants, Conditions and Restrictions - Artesia Condominiums recorded as 2009-0084789 of Official Records and a First Amendment recorded as 2009-0085363 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.

7. All matters set forth in Amended and Restated Declaration of Covenants, Conditions and Restrictions for Artesia (Retail Parcel) recorded as 2009-0083975 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.

8. All matters set forth in Amended and Restated Declaration of Covenants, Conditions and Restrictions for Artesia (Project REA) recorded as 2009-0083974 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.

9. Covenants, conditions and restrictions in the document recorded as Docket 9148, Page 706, 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. Covenants, conditions and restrictions in the document recorded as Docket 10454, Page 1211 and Amendment recorded as 83-133377 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.

11. Covenants, conditions and restrictions in the document recorded as Docket 12632, Page 1427 and Amendment recorded as 83-133378 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.

12. Covenants, conditions and restrictions in the document recorded as Docket 10454, Page 1224 and Amendment recorded as Docket 12003, Page 240 and re-recorded as 85-181000 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.

13. Covenants, conditions and restrictions in the document recorded as Docket 12015, Page 544, 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.

14. Covenants, conditions and restrictions in the document recorded as Docket 12632, Page 1438, 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.

15. Covenants, conditions and restrictions in the document recorded as Docket 14037, Page 26, 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.

16. Covenants, conditions and restrictions in the document recorded as Docket 14037, Page 30 and Amendment recorded as 83-211674 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.

17. An easement for underground public utilities and incidental purposes, recorded as Docket 9461, Page 335.

18. An easement for levees, dikes, ditches, canals and other works of drainage control and incidental purposes, recorded as Docket 10415, Page 774.

19. The terms, conditions and provisions contained in the document entitled "Mutual Release" recorded December 4, 1973 as Docket 10422, Page 612.

20. An easement for water lines and service road and incidental purposes, recorded as Docket 10422, Page 620.

21. An easement for drainway and maintenance and incidental purposes, recorded as Docket 10422, Page 627.

22. An easement for underground utilities and incidental purposes, recorded as Docket 12420, Page 1275.

23. An easement for underground utilities and incidental purposes, recorded as Docket 12420, Page 1277.

24. An easement for drainage of surface water and incidental purposes, recorded as Docket 12420, Page 1279.

25. An easement for electric lines and incidental purposes, recorded as Docket 12422, Page 656.

26. An easement for set-back lines and incidental purposes, recorded as Book 226 of Maps, Page 38.

27. An easement for water line and incidental purposes, recorded as 86-508003 of Official Records.

28. The terms, conditions and provisions contained in the document entitled "Covenant and Agreement to Hold Property as One Parcel" recorded March 11, 1998 as 98-188195 and re-recorded as 99-281390 and re-recorded as 99-290276 of Official Records.

29. The terms, conditions and provisions contained in the document entitled "Development Agreement" recorded October 19, 1998 as 98-973940 and Amendment recorded as 2005-1716871 of Official Records.

(This item will be removed from policies issued to consumer purchasers and their lenders).

30. The terms, conditions and provisions contained in the document entitled "Declaration of Easements and Covenants for Artesia" recorded October 25, 2007 as 2007-1157997 of Official Records.

31. An easement for gas lines and incidental purposes, recorded as 2004-1124931 of Official Records.

32. An easement for utility lines and incidental purposes, recorded as 2008-496568 of Official Records.

33. An easement for gas lines and incidental purposes, recorded as 2008-762579 of Official Records.

34. The terms, conditions and provisions contained in the document entitled "Subordination of Lien Rights" recorded May 10, 2007 as 2007-548326 of Official Records.

35. A Deed of Trust to secure an indebtedness of \$120,000,000.00, and any other amounts or obligations secured thereby, recorded May 10, 2007 as 2007-548330 of Official Records.

Dated: May 8, 2007
Trustor: Starpointe Artesia Condominiums, LLLP, an Arizona limited liability limited partnership
Trustee: First American Title Insurance Company
Beneficiary: Fremont Investment & Loan

The beneficial interest in the Deed of Trust was assigned to iStar Financial Inc., a Maryland corporation by Assignment recorded July 25, 2007 as 2007-0841063 of Official Records.

36. An Assignment of Rents (and Leases) recorded May 10, 2007 as 2007-548330A of Official Records, as additional security for the payment of the indebtedness secured by the Deed of Trust recorded May 10, 2007 as 2007-548330 of Official Records.

The interest of the Assignee of the Assignment of Rents and Leases was assigned to iStar Financial Inc., a Maryland corporation by assignment recorded as 2007-0841063 of Official Records.

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