

PUBLIC REPORT RECEIPT

The owner, agent or developer of this development shall furnish you, as a prospective customer, with a copy of the Public Report. It is recommended that you read the report before you make any written offer to purchase or lease an interest in the development, and before you pay any money or other consideration toward the purchase or lease of an interest in the development.

FOR YOUR PROTECTION, PLEASE DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE REPORT AND HAVE HAD THE OPPORTUNITY TO READ IT. BY SIGNING THIS RECEIPT THE BUYER HAS ACCEPTED THE PUBLIC REPORT AND ACKNOWLEDGES THE INFORMATION IT CONTAINS.

DM05-050601
(Public Report Registration No.)

PEGASUS AIRPARK UNITS THREE & FOUR
(Development Name and Lot No.)

I understand that the report is not a recommendation or endorsement of the development by the Arizona Department of Real Estate, but is for information only.

(Buyer's Name)

(Current Address)

(Date)

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

SUBDIVISION PUBLIC REPORT

FOR

Pegasus Airpark Units Three & Four

aka Pegasus Airpark

Registration No. DM05-050601

SUBDIVIDER

Circle G Pegasus, LLC
2152 South Vineyard Suite 105
Mesa, AZ. 85210

Effective Date

December 5, 2005

PROPERTY REPORT DISCLAIMER

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

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

TUCSON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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

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

GENERAL

This report includes: Lots 105 through 142 and lots 143 through 180.

The map of this subdivision is recorded in Book 760 of Maps page 5, records of Maricopa County, Arizona.

The subdivision is approximately 104.44 acres in size. It has been divided into 76 Lots and Tract "A". Lot boundaries will be staked at corners and radii.

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: North of Empire Boulevard and East of Ellsworth Road at Aries Way and Pegasus Parkway, Queen Creek, Maricopa County, Arizona

SUBDIVISION CHARACTERISTICS

Topography: Generally level land.

Flooding and Drainage: In a letter dated December 20, 2004 Gregory D. Potter, P.E. of Sunrise Engineering, Inc. has in part stated the following: The subject property is located in the Town of Queen Creek and is bounded by Achilles Way to the West, Zeus Way Alignment to the East, Empire Boulevard to the South and the Pegasus Airpark Runway to the North.

The Maricopa County, Arizona and Incorporated Areas, Flood Insurance Rate Map, Map Number 04013C3080G, effective date May 29, 1998 indicated the subject property is located in areas designated as Zone "X" (shaded).

Zone "X" (shaded) as defined by FEMA is:

Areas of the 500-year flood; areas of 100-year flood with average depths of less than (1) foot or with drainage areas less than one square mile; or areas protected by levees from 100-year flood.

According to the National Flood Insurance policy and to the best of my knowledge, flood insurance is not required for lot owners in Pegasus Airpark Units Three and Four, but it may be required by public or private lending institutions or other parties.

NOTE: DRAINAGE IN ACCORDANCE WITH THE APPROVED GRADING AND DRAINAGE PLANS. DEVELOPER HAS ESTABLISHED APPROPRIATE STREET GRADES, AS REQUIRED BY THE PROPER GOVERNMENTAL AUTHORITIES,

WITHIN PEGASUS AIRPARK, AND SAID FINAL GRADES SHALL NOT BE DISTURBED IN ANY MANNER WHICH MAY ADVERSELY AFFECT ANY OTHER RESIDENTIAL UNIT OR REAL PROPERTY WHETHER WITHIN THE SUBDIVISION OR ELSEWHERE. LOT OWNERS SHALL BE RESPONSIBLE TO INSURE THAT THE RETENTION REQUIREMENTS ARE MET AT ALL TIMES.

EACH LOT OWNER SHALL HAVE THE RESPONSIBILITY OF ENGINEERING, GRADING AND OTHERWISE PREPARING HIS LOT FOR THE CONSTRUCTION OF ANY IMPROVEMENTS THEREON, INCLUDING WITHOUT LIMITATION THE OBLIGATION TO PAY ALL ENGINEERING FEES AND COSTS ASSOCIATED WITH SITE PREPARATION, SUCH AS THE REMOVAL AND DISPOSAL OF EXCESS DIRT OR THE PURCHASE AND PLACEMENT OF ADDITIONAL FILL DIRT.

EACH LOT SHALL PROVIDE FOR ITS STORM WATER RETENTION AND THE STORM WATER RETENTION OF THE HALF STREET ADJACENT TO EACH LOT IN ACCORDANCE WITH APPROVED GRADING PLANS AND DRAINAGE REPORT. THE LOT OWNER SHALL BE RESPONSIBLE TO ENSURE THAT THE RETENTION REQUIREMENTS ARE PROVIDED FOR AT ALL TIMES. INDIVIDUAL LOTS ARE REQUIRED TO RETAIN A MINIMUM OF 12,000 CUBIC FEET OF STORM WATER ON-SITE.

EACH OWNER OF AN IRRIGATED LOT SHALL BE RESPONSIBLE TO "LASER" OR OTHERWISE PROPERLY LEVEL AND GRADE HIS LOT SO AS TO PROVIDE FOR PROPER IRRIGATION AND SO AS TO ASSURE THAT ALL IRRIGATION WATER WILL BE RETAINED ON THE LOT. DRAINAGE PLANS ARE TO BE APPROVED BY THE TOWN OF QUEEN CREEK AND SHALL BE SUBORDINATE TO THE TOWN OF QUEEN CREEK SUBDIVISION REGULATIONS.

EACH LOT OWNER IS RESPONSIBLE FOR THEIR LOT AS SPECIFIED ON THE RECORDED PLAT AND AS STATED IN THE RECORDED COVENANTS CONDITIONS AND RESTRICTIONS.

THE TOWN OF QUEEN CREEK CODE REQUIRES THAT EACH LOT RETAIN THE 100 YEAR 2 HOUR RAIN EVENT FOR THE LOT AND ROADWAY FRONTAGE HALF STREET RUNOFF. THE PROPERTY OWNER MUST MAINTAIN THE PROPER RETENTION AREA FOR THIS STORM EVENT OR BE FOUND IN VIOLATION OF TOWN CODE.

THE REQUIRED RUNOFF VOLUME IS GIVEN FOR EACH LOT ON THE DEVELOPMENTS GRADING PLAN. THE LOT OWNER SHALL BE RESPONSIBLE TO ENSURE THAT THE RETENTION REQUIREMENTS ARE PROVIDED AT ALL TIMES. INDIVIDUAL LOTS ARE REQUIRED TO RETAIN A MAINTAINED TO DRAIN 12,000 CUBIC FEET OF STORM WATER ON-SITE. ALL RETENTION BASINS MUST BE MAINTAINED TO DRAIN WITHN (36) HOURS AFTER A STORM. THE OWNERS OF ANY SUCH BASINS FAILING TO MEET THE REQUIREMENT MUST TAKE CORRECTIVE ACTION TO BRING THE BASIN INTO COMPLIANCE.

Soils: Subdivider reports that the subdivision is subject to subsidence and/or expansive type soils. Scott R. Smith, P.E. of Construction Inspection & Testing Co. in a letter dated January 5, 2005 has stated in part the following: The site encompasses a portion of the approximately 320 acres of relatively flat former agricultural land that has a slight downward slope toward the north. The development is centered around a private airstrip that is part of the project.

Specialized treatment of existing soils within foundation areas is required. All lots are subject to compressible soil conditions requiring over-excavation and recompaction below footing. All structural fill material will require compaction to specified density.

Total and differential settlements from assumed loads will be within generally accepted tolerances provided that grading operations are performed as specified and no major changes in moisture content of foundation bearing soils occur and that positive drainage away from structures is maintained

During and after construction of buildings, structural foundation/floor slab bearings soils should not be exposed to moisture infiltration or moisture content fluctuations. Proper drainage of surface water and roof runoff water away from the structures should be provided during construction as well as throughout their life. In no case should long-term ponding be allowed near structures. Proper designing and foundation/floor slab bearing soils are not exposed to moisture infiltration or moisture content fluctuations.

Based on the findings presented in the letter, the site is considered suitable for single family residences imposing relatively light foundation loads provided floor/foundation systems are properly designed, specified to moisture infiltration or moisture content fluctuation.

NOTE: PURCHASERS ARE FURTHER ADVISED THE RECORDED PLAT FOR THIS SUBDIVISION IDENTIFIES IN PART, THE FOLLOWING NOTATIONS:

“EACH LOT IS SUBJECT TO COMPRESSIBLE SOIL CONDITIONS. SPECIALIZED TREATMENT OF EXISTING SOILS WITHIN FOUNDATION AREAS AND OVER EXCAVATION AND RECOMPACTION OF FOUNDATION SOILS WILL BE REQUIRED. GRADING AND COMPACTION OPERATIONS MUST BE PERFORMED AS SPECIFIED BY THE BUYERS; ENGINEER AND NO MAJOR CHANGES IN MOISTURE CONTENT OF FOUNDATION BEARING SOILS SHALL BE PERMITTED – SO AS TO ASSURE THAT POSITIVE DRAINAGE AWAY FROM STRUCTURES IS MAINTAINED. DURING AND AFTER CONSTRUCTION OF ANY BUILDING, STRUCTURAL FOUNDATION OR FLOOR SLAB, THE BEARING SOILS SHOULD NOT BE EXPOSED TO MOISTURE INFILTRATION OR MOISTURE CONTENT FLUCTUATIONS. DRAINAGE OF PROPERTY SURFACE WATER AND ROOF RUNOFF WATER AWAY FROM THE STRUCTURES MUST BE PROVIDED DURING CONSTRUCTION AS WELL AS THROUGHOUT THEIR LIFE. IN NO CASE SHOULD LONG TERM PONDING BE ALLOWED NEAR STRUCTURES. PROPER DESIGN AND PLACEMENT OF YARD VEGETATION AND IRRIGATION

SYSTEMS SHOULD BE MAINTAINED SO THAT STRUCTURAL FOUNDATION AND FLOOR SLAB BEARING SOILS ARE NOT EXPOSED TO MOISTURE INFILTRATION OR MOISTURE CONTENT FLUCTUATIONS.”

“EACH LOT IS CONSIDERED SUITABLE FOR A SINGLE-FAMILY HOME IMPOSING RELATIVELY LIGHT FOUNDATION LOADS ONLY IF (I) FOUNDATIONS BEAR ON CONTROLLED COMPACTED FILL AND (II) FOUNDATION BEARING SOILS ARE NOT EXPOSED TO MOISTURE INFILTRATION OR MOISTURE CONTENT FLUCTUATION.”

“EACH LOT OWNER SHALL BE RESPONSIBLE TO “LASER” OR OTHERWISE PROPERLY LEVEL AND GRADE HIS LOT SO AS TO PROVIDE IRRIGATION AND SO AS TO ASSURE THAT ALL IRRIGATION WATER WILL BE RETAINED ON THE LOT AFTER CONSTRUCTION OF THE PRIMARY RESIDENCE AND ANY ACCESSORY STRUCTURES AND BUILDINGS.

PURCHASERS ARE FURTHER ADVISED THAT NO STRUCTURE OF ANY KIND SHALL BE CONSTRUCTED NOR ANY VEGETATION BE PLANTED BY THE BUYER ON ANY DRAINAGE EASEMENT WHICH WOULD OBSTRUCT OR DIVERT THE FLOW OR RETENTION STORM WATER.”

Adjacent Lands and Vicinity:

North: Existing Runway
South: CR-1 Commercial
East: R-43 Residential
West AG: Agricultural

Purchasers are advised that Pegasus airpark is subject to noise levels from aircraft based therein and may experience aircraft over-flights and noise from a variety of aircraft due to its close proximity to Williams Gateway Airport. Each lot shall be subject to noise or sound attenuation consistent with requirements for properties located in areas designated as airport over flight area iii; railroad tracts approximately 1 ½ miles northeast. Further, dust and possible occasional spraying due to agricultural activity in the surrounding area may be a nuisance to some buyers.

AIRPORTS

Public Airport: Chandler Municipal Airport is approximately 10 miles northeast; Williams Gateway Airport is approximately 8 miles northwest.

Airport: Pegasus Airpark is adjacent to the North. and part of this offering and subject to any and all effects caused by the operation of aircraft landing at, or taking off, or the operation of Pegasus Airpark Airport. Each lot shall be subject to noise or sound attenuation consistent with requirements for properties located in areas designated as Airpark over flight area III

NOTE: IN ADDITION TO THE AREAS MENTIONED ABOVE THIS SUBDIVISION DUE TO ITS PROXIMITY TO WILLIAMS GATEWAY AIRPORT, IS LIKELY TO

EXPERIENCE AIRCRAFT OVERFLIGHTS WHICH COULD GENERATE NOISE LEVELS WHICH MAY BE OF CONCERN TO SOME INDIVIDUALS. THE MIX OF AIR TRAFFIC CONSISTS OF CARGO, COMMERCIAL, CHARTER, CORPORATE, GENERAL AVIATION AND MILITARY AIRCRAFT.

UTILITIES

Electricity: Salt River Project (602) 236-8888. Subdivider to complete facilities to the lot line by March 27, 2005. Costs to purchasers for the completion of facilities from lot line to dwelling include a transmission line extension fee of approximately \$100.00. Further costs to receive service include a \$28.00 plus tax service establishment fee, a \$48.00 plus tax for same day service turn on fee and a \$240.00 maximum refundable deposit may be required.

Street Lights: None.

Telephone: Quest Communications (800) 244-1111. Subdivider to complete facilities to the lot line by March 27, 2005. Costs to purchasers for the completion of facilities from lot line to dwelling include a transmission line extension fee of approximately \$100.00. Further costs to receive service include a Minimum installation fee of \$46.50. Additional optional features available. Refundable deposit of \$110.00 for long distance service may be required. Possible zone connect fee of \$53.50 for extended areas.

Natural Gas: Southwest Gas Corporation (602) 861-1999. Subdivider to complete facilities to the lot line by March 27, 2005. Costs to purchasers for the completion of facilities from lot line to dwelling include a \$100.00 extension fee. Further costs to receive service include a \$30.00 service establishment fee. Refundable deposit, a minimum of \$65.00, may be required.

Further owners shall be subject to a one-time possible special assessment, required minimum usage charge, the amount, which shall not exceed \$1,500.00. Possible minimum usage charge is as stated in 3.35 of Declaration of Covenants, Conditions and restrictions for Pegasus Airpark.

Water: Queen Creek Water Company (480) 987-3240. Subdivider to complete facilities to the lot line by March 27, 2005. Costs to purchasers for the completion of facilities from lot line to dwelling include a transmission line extension fee of approximately \$100.00. Further costs to receive service include a \$315.00 meter charge, main line extension hookup fee \$740.00, extension transmission line from property to dwelling \$100.00 and Fire Flow Fee \$215.00. In addition purchasers will be required to pay a \$15.00 service establishment fee.

Sewage Disposal: Subdivider advises that individual sewage disposal systems are to be used for sewage disposal. There is no assurance that an individual system can be installed. Prior to purchase you should contact the State and local health departments for specifications and requirements. You should satisfy yourself as to the cost of installing the system.

If an individual sewage disposal system cannot be installed, no refund of the purchase price of the lot will be made.

Roger Bushnell of Basic Drilling Co., in his proposal of December 17, 2004 states:

JOB LOCATION: Pegasus Airpark Unit 3 & 4

JOB DESCRIPTION: Septic systems used in this area are typically Seepage pit system consisting of a septic tank and a vertical leach field. These systems can range in size from a 1000-gallon tank with 450 gpd design flow to a 2500 gallon tank with a 1200 gpd design flow.

Estimated Cost: Approximately \$2,700.00 to \$5,500.00 depending on system size and percolation rate. Other costs may include a \$975.00 test fee and \$300.00 permit fee.

JOB EXCLUSIONS: Piping to house, backfilling, removal of excess spoil, and sales tax.

NOTE: Under current regulations, each lot must be perk tested prior to submittal of septic tank permit applications; prices will vary based on each individual percolation test result.

Maricopa County Environmental Services Dept. Phone No is: (602) 506-6666

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: Asphalt paved streets will be completed by Subdivider. Estimated completion date of facilities is March 27, 2006. When complete facility will be maintained by the Town of Queen Creek.

Access within the Subdivision: Asphalt paved private streets will be completed by Subdivider. Estimated completion date of facilities is March 27, 2006. When complete facility will be maintained by the Pegasus Airpark Homeowners Association.

Arizona State Trust Land: The Arizona State Land Department administers over 9.3 million acres of State Trust Land. This is not public land. Trust land may be subject to future development and may not be preserved or saved for openspace without compensation.

A person must have prior approval to use State Trust Land. Temporary recreational use is allowed with certain restrictions and conditions through purchase of a recreational permit. Use of State Trust Land without proper approval is a trespass.

NOTE: 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 will establish appropriate street grades, as required by the proper governmental authorities, within Pegasus Airpark, and said final grades shall not be disturbed in any manner which may adversely affect any other residential unit or real property whether within the subdivision or elsewhere. Estimated completion date March 27, 2006. Lot owners shall be responsible to insure that the retention requirements are met at all times.

NOTE: EACH LOT OWNER IS RESPONSIBLE FOR THEIR LOT AS SPECIFIED ON THE RECORDED PLAT AND AS STATED IN THE RECORDED COVENANTS CONDITIONS AND RESTRICTIONS. THEREFORE EACH LOT OWNER SHALL HAVE THE RESPONSIBILITY OF ENGINEERING, GRADING AND OTHERWISE PREPARING HIS LOT FOR THE CONSTRUCTION OF ANY IMPROVEMENTS THEREON, INCLUDING WITHOUT LIMITATION THE OBLIGATION TO PAY ALL ENGINEERING FEES AND COSTS ASSOCIATED WITH SITE PREPARATION, SUCH AS THE REMOVAL AND DISPOSAL OF EXCESS DIRT OR THE PURCHASE AND PLACEMENT OF ADDITIONAL FILL DIRT.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Subdivider to complete Landscaping, Equestrian Trails, Irrigation Easements and Private Roadways. Estimated completion date March 27, 2006. When complete facility will be maintained by the Pegasus Airpark Homeowners Association.

NOTE: PURCHASERS OF LOTS 105, 117, 125, 126, 130, 138 AND 139 SHALL BE RESPONSIBLE FOR THE COSTS FOR THE INSTALLATION AND MAINTENANCE OF THE LANDSCAPING IN THE AREA LOCATED BETWEEN THEIR RESPECTIVE STREET WALL AND THE RIBBON CURB ON THAT STREET.

Within the Master Planned Community: Subdivider reports that the subdivision is not part of a Master Planned Community.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: The applicant has secured an Irrevocable Letter of Credit from the National Bank of Arizona to secure completion of the listed improvements.

Assurances for Maintenance of Subdivision Facilities: As cited in the CC & R's the Homeowners Association will be responsible for maintenance of the private common area amenities. Lot owners to maintain lot retention and drainage as stated per the recorded plat. Town of Queen Creek to maintain public right of ways, public drainage easements. Utility companies to maintain their respective utilities.

LOCAL SERVICES AND FACILITIES

Schools: Queen Creek Elementary (K-5) 23636 S. 204th Street, approximately 2 miles, Queen Creek Middle School (6-8) 20435 S. Ellsworth, Queen Creek High School (9-12) 22149 E. Ocotillo approximately 3 ½ miles east miles.

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: Circle K at Ellsworth and Ocotillo Road approximately 3 mile from subdivision.

Public Transportation: Public transportation is not available.

Medical Facilities: Valley Lutheran Hospital - 6644 E. Baywood Avenue - Mesa, Arizona - approximately 12 miles from this subdivision.

Fire Protection: Rural Metro Fire Department by subscription. Subscription costs annual fees for new home buyers is as follows:

1-1300 sq. ft.	\$126.00
1400-1699 sq. ft.	\$165.00
1700-2999 sq. ft.	\$209.00
2100-2599 sq. ft.	\$268.00
2600-3199 sq. ft.	\$333.00
3200-3699 sq. ft.	\$417.00
3700 and over sq. ft.	footage X .125

NOTE: THE ABOVE MENTIONED COSTS ARE APPROXIMIATE AND SUBJECT TO CHANGE.

Ambulance Service: Is available via 911.

Police Services: Maricopa County Sheriffs Department.

Garbage Services: A. J. Waste @ \$57.00 per quarter.

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

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for unimproved (vacant) lots only.
Zoning: Single family residential

Conditions, Reservations and Restrictions: You are advised that the 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 Maricopa County Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in Circle G Pegasus, LLC an Arizona limited liability company.

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 August 31, 2005 issued by Lawyers Title Insurance Company. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a promissory note and mortgage or Deed of Trust for the unpaid balance, if any.

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

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

Leasehold Offering: None.

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

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2004 is \$12.35 per \$100.00 assessed valuation. The estimated property tax for an unimproved lot (vacant), based on the above tax rate and average sales price of \$275,000 is \$2,886.81 and for \$450,000 is \$4,723.88.

Special District Tax or Assessments:

Hospital District No. 1
Electrical No. 6
East Valley Institute of Technology

Assessments included in property taxes.

NOTE: IMPACT FEES:

PURCHASER WILL BE REQUIRED TO PAY TOWN OF QUEEN CREEK IMPACT FEES IN THE AMOUNT OF:

TOWN BUILDING AND VEHICLE	\$ 600.00
TOWN LIBRARY	\$ 616.00
PARKS, OPEN SPACE, RECREATION	\$3,229.00
PUBLIC SAFETY	\$ 185.00
TOTAL IMPACT FEES TOWN OF QUEEN CREEK IS	\$4,630.00

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Pegasus Airpark Homeowners Association (residential property) and Pegasus Airpark Flight Association (Airpark Flight Association): Declarant shall determine the membership fee upon the sale of all lots as stated in 4.11 of declaration. Property Owners will be required to pay an assessment in the amount of \$504.00 annually to Pegasus Airpark Homeowners Association.

Control of Association: Pegasus Airpark Homeowners Association - The Class C Membership (Declarant) shall cease and be converted to a Class A Membership (Lot Owners), Class B Member (Owners of Lots within Additional Properties) or both, on the happening of any of the following events, whichever first occurs, (i) when all lots have been conveyed to purchasers, (ii) when the Declarant notifies the association in writing that it relinquishes its class B membership or (iii) on April 1, 2020. (See Article 6 of the Declaration of Covenants, Conditions and Restrictions for Pegasus Airpark)

Pegasus Airpark Flight Association: The class B Membership (Declarant) shall cease and be converted to class a Membership (Lot Owners) upon the happening of any of the following events, whichever first occurs; (i) when all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium have been conveyed to Owners by Declarant, (ii) when the Declarant notifies the Association in writing that it relinquishes its Class B memberships, or (iii) on April 1, 2020

Pegasus Aircraft Storage Condominium: Each Class B membership (Declarant) shall cease and be converted to Class A membership (Owners) , without further act or deed, upon the happening of any of the following events: (a) Upon conveyance by Declarant of any particular Unit to an Owner, other than in connection with an assignment by Declarant of all or substantially all of its rights under this Declaration (including a pledge or assignment by Declarant to any lender as security) with respect to the particular Unit or Units sold or otherwise disposed of; or (b) With respect to all remaining Class B memberships, upon the first to occur of the following: (i) Upon the expiration of ninety (90) days following the conveyance of seventy-five (75%) of the Units to Unit Owners other than to a Declarant (i.e., any assignee or successor to Declarant), or (ii) Four (4) years after Declarant and all successors to Declarant cease to offer Units for sale in the ordinary course of business.

Developer suggests that Buyers become familiar with the Covenants, Conditions and Restrictions pertaining to each Association for complete explanation of turnover to homeowners.

Title to Common Areas: Title will be conveyed to the Association upon completion of the common areas or as required by VA and FHA if applicable.

Membership: Pegasus Airpark Flight Association (Airpark Flight Association): Declarant shall determine the membership fee upon the sale of all lots as stated in 4.11 of declaration..

The owners of all lots having runway access and all persons renting or leasing a tie-down from the Pegasus Airpark Flight Association, an Arizona nonprofit corporation (or owning a tie-down, if such are available for private ownership), shall be mandatory members of the Pegasus Airpark Flight Association, (regardless of whether such owner or person is an active pilot or aircraft owner, and shall be subject to all rules, regulations, and assessments established or imposed by the flight association).

Pegasus Airpark Non-Residential Membership

Non- Residential Memberships, however, will not be liable for memberships fees to the Pegasus Airpark Homeowners Association.

Pegasus Aircraft Storage Condominium Association:

Every person or entity who is a record Owner of any Unit which is subject to the Declaration shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any unit which is subject to the Declaration.

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

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

Exhibit "A"

(All recording data refer to records in the office of the County Recorder of the County in which the land is situated.)

At the date hereof exceptions to title are:

A. The exceptions and/or exclusions contained in any form policy that might be requested.

1. TAXES AND ASSESSMENTS collectible by the County Treasurer, a lien not yet due and payable for the following year:

2005

2. LIABILITIES AND OBLIGATIONS imposed by reason of the inclusion of said land within the following named district(s):

- a) Hospital District No. 1
- b) Electrical District No. 6 Pinal
- c) East Valley Institute of Technology

3. Matters contained in Map entitled "PEGASUS AIRPARK MAP OF DEDICATION":

Recorded in Book	611 of Maps
Page	43; and thereafter amendment
Recorded in Book	629 of Maps
Page	6

4. TERMS, CONDITIONS AND OBLIGATIONS contained in Agreement and Notice of Municipal Provider Reporting Requirements For Pegasus Airpark Units 3 and 4 Regarding Membership In The Central Arizona Groundwater Replenishment District:

Recorded in Document No. 2004-1506645

5. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, LIABILITIES AND OBLIGATIONS, including but not limited to any recitals creating easements or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument:

Recorded in Document No. 2004-1506646

6. EASEMENTS, restrictions, reservations and conditions as set forth on the recorded plat of said subdivision.

7. DEED OF TRUST given to secure the original amount shown below, and any other amount payable under the terms thereof:

Amount	\$5,735,000.00
Dated	May 13, 2005
Recorded	May 17, 2005
Document No.	2005-0649465
Trustor	Circle G Pegasus, L.L.C., an Arizona limited liability company
Trustee	National Bank of Arizona, a national banking association
Beneficiary	National Bank of Arizona, a national banking association

8. FINANCING STATEMENT between:

Debtor	Circle G Pegasus, L.L.C.
Secured Party	National Bank of Arizona
Recorded	May 17, 2005
Document No.	2005-0649466

Permanent Access to this Development as required by A.R.S. 32-2101 (Paragraph 19) and A.R.S. 32-3285.02 is by way of Hunt Highway, as shown on instrument recorded in Document No. 86-698612.

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