

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
Pegasus Airpark Unit Two
aka Pegasus Air Park

Registration No. DM03-043034

SUBDIVIDER

Circle G Pegasus, L.L.C.
2152 South Vineyard, Suite 105
Mesa, Arizona 85210

September 26, 2003

Effective Date

PROPERTY REPORT DISCLAIMER

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

PHOENIX OFFICE:
2910 N. 44th Street
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THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes Lots 50 through 104, inclusive.

The map of this subdivision is recorded in Book 643 of Maps, page 24 records of Maricopa County, State of Arizona.

The subdivision is approximately 67.44 acres in size. It has been divided into 55 lots and Tracts A & B as recorded in Book 643, page 24, records of Maricopa County,

Lot boundaries will be staked at corners and radii with ½” rebar.

YOU ARE ADVISED TO OBTAIN A COPY OF THE RECORDED MAP AND CORRECTION DOCUMENTS, IF ANY, AND NOTE ALL EASEMENTS, RESTRICTIONS AND STATEMENTS CONTAINED THEREIN.

SUBDIVISION LOCATION

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

SUBDIVISION CHARACTERISTICS

Topography: Relatively flat, undeveloped former agricultural land.

Flooding and Drainage: Subdivider advises this subdivision is not subject to any known flooding or drainage problems.

Gregory D. Potter, P.E. of Sunrise Engineering, Inc. in his letter, dated April 4, 2003, states, in part, the following:

Re: Pegasus Air Park II

“This is to certify that the street and lot improvements for the subdivision known as “Pegasus Airpark Unit 2” were designed by Sunrise Engineering, Inc. during which the drainage affecting the subject property was investigated, and minimum finished floor elevations were established on the grading plans. These finished floor elevations are above the 100-year frequency storm flooding. The site lies within a designated flood Zone X as shown on the current Flood Insurance Rate Maps (FIRM).”

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

Soils: Subdivider advises this subdivision is subject to soil conditions as follows:

Scott R. Smith, P.E., Construction Inspection & Testing Co., states, in the Executive Summary (ADRE R4-28-A1203Requirement) Soils investigation Executive Summary of September 12, 2000 the following:

Project: Pegasus Air Park Unit II
Ellsworth and Empire Boulevard
Maricopa County, Arizona
CIT 97-6968

“THE PURPOSE OF THE SOILS INVESTIGATION REPORT IS TO PRESENT GENERAL INFORMATION CONCERNING THE ENGINEERING CHARACTERISTICS OF THE SOILS AND TO SUBMIT RECOMMENDATIONS FOR THE DESIGN OF FOUNDATIONS AND SITE PREPARATION IN ACCORDANCE WITH FHA/VA/TOWN OF QUEEN CREEK REQUIREMENTS FOR THE PROPOSED DEVELOPMENT LOCATED AT ELLSWORTH ROAD AND EMPIRE BOULEVARD.

IT IS UNDERSTOOD THAT THE PROPOSED DEVELOPMENT WILL CONSIST OF ONE AND/OR TWO LEVEL SINGLE FAMILY RESIDENCE OF MASONRY AND/OR WOOD AND/OR STEEL FRAME CONSTRUCTION IMPOSING RELATIVELY LIGHT FOUNDATION LOADS. BASEMENTS MAY BE PROPOSED. MAXIMUM STRUCTURE LOADS ON THE ORDER OF 2.5 KIPS PER LINEAL FOOT ARE ANTICIPATED AND THE GRADING WILL CONSIST OF CONSIDERABLE CUTS AND FILLS TO OBTAIN FINISH GRADE ELEVATIONS.

THE SITE ENCOMPASSES APPROXIMATELY 320 ACRES OF RELATIVELY FLAT UNDERDEVELOPED AGRICULTURAL LAND THAT HAS A SLIGHT DOWNWARD SLOPE TOWARD THE NORTH. THE DEVELOPMENT IS CENTERED AROUND A PRIVATE AIR STRIP 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 FOOTINGS. ALL STRUCTURAL FILL MATERIAL WILL REQUIRE COMPACTION TO SPECIFIED DENSITY.

TOTAL AND DIFFERENTIAL SETTLEMENTS FROM ASSUMED LOADS WILL BE WITHIN GENERALLY ACCEPTED TOLERANCE 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 BUILDING, STRUCTURAL FOUNDATION/FLOOR SLAB BEARING 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 PLACEMENT OF YARD VEGETATION AND IRRIGATION SYSTEMS SHOULD BE USED SO THAT STRUCTURAL FOUNDATION/FLOOR SLAB BEARING SOILS ARE NOT EXPOSED TO MOISTURE INFILTRATION OR MOISTURE CONTENT FLUCTUATIONS.

BASED ON THE FINDINGS PRESENTED IN THIS REPORT, THE SITE IS CONSIDERED SUITABLE FOR SINGLE FAMILY RESIDENCES IMPOSING RELATIVELY LIGHT FOUNDATION LOADS PROVIDED FLOOR/FOUNDATION SYSTEMS ARE PROPERLY DESIGNED, SPECIFIED COMPACTION FOR FILL MATERIAL IS USED AND FOUNDATION BEARING SOILS ARE NOT EXPOSED TO MOISTURE INFILTRATION OR MOISTURE CONTENT FLUCTUATION.

FURTHER PURCHASERS ARE ADVISED THE RECORDED PLAT FOR THIS SUBDIVISION LISTS 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. 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 of this subdivision are existing single-family residential homes zoned R-1-43 Rural Estate District (one acre per dwelling unit); east, west and south are agricultural land zoned A-1 Agriculture One District (10 acres per dwell unit).

This subdivision may be subject to the effects of dust and possible occasional spraying due to agricultural activity in the area. Equestrian Trails are located within subdivision lots 55 through 92 inclusive.

AIRPORTS

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

Pegasus Airpark is adjacent to the South, a 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 measures satisfactorily to the Town of Queen Creek and which are consistent with requirements for properties located in areas designated as Airpark Overflight Area III.

THESE PROPERTIES, DUE TO THEIR PROXIMITY TO WILLIAMS GATEWAY AIRPORT, ARE LIKELY TO EXPERIENCE AIRCRAFT OVERFLIGHTS, WHICH COULD GENERATE NOISE LEVELS THAT 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. Estimated completion date of facilities to lot line is 4/28/04. Cost to purchasers to complete facilities from lot line to dwelling is approximately \$100.00 for extension of transmission line. Purchasers will be required to pay \$28.00 plus tax service establishment fee for Monday through Friday service with 1-day notice; \$48.00 plus tax for same day service and Saturday service. Maximum refundable deposit of \$240.00 may be required.

Street Lights: Street lights are complete, however, limited to the intersection of Ellsworth and Pegasus Parkway and one on Pegasus at the entrance of subdivision only.

Telephone: Qwest Communications 1-800-244-1111. Estimated completion date of facilities to lot line is 4/28/04. Cost to purchaser to complete facilities from lot line to dwelling is approximately \$100.00. Purchasers will be required to pay \$46.50 minimum installation fee. Additional optional features available. May be required to pay an activation fee. Possible zone connect fee of \$53.50 for extended areas.

IT IS POSSIBLE THAT YOU MAY NOT HAVE TELEPHONE SERVICE AT THE TIME OF CLOSING. YOU ARE ADVISED TO CONTACT YOUR SERVICE PROVIDER TO DETERMINE THE STATUS OF TELEPHONE SERVICE. YOU MAY ALSO WANT TO CONSIDER TEMPORARY ALTERNATIVES, I.E. CELLULAR TELEPHONE.

Natural Gas: Southwest Gas (602) 862-1999. Estimated completion date of facilities to lot line is 4/28/04. Costs to purchasers to complete facilities from lot line to dwelling are approximately \$100.00 and \$30.00 service establishment fee. Refundable deposit, a minimum of \$65.00, may be required.

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.

In addition propane gas is also available from Arizona Propane Co. (480) 990-2245. The estimated cost to receive service includes \$2,490.00 plus tax for underground tank installed including 25 ft. of gas line. The current cost of propane delivered is \$1.50 per gallon plus tax.

Water: Queen Creek Water Company (480) 987-3240. Estimated completion date of facilities to lot line is 4/28/04. Cost to purchaser to complete facilities from lot line to dwelling is \$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.

Queen Creek Water: Irrigation - \$.40 per 1000 gallons plus 6.75% tax turn-on that dollar amount, plus \$.0065 per 1000 gallons for water use 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.

Mark Harambasic of Basic Drilling Co., in his proposal of April 16, 2003 states:

JOB LOCATION: Pegasus Airpark Phase II
Ellsworth and Ocotillo Road

JOB DESCRIPTION: Drill (1) seepage pit performance test hole 18”X30’-40’, furnish water for pre-soak and testing, return and backfill; includes Engineer’s testing and report

JOB PRICE: Approximately \$900.00

JOB DESCRIPTION: For 3 bedroom home, up to 21 fixture units, 1’/3 minutes percolation rate: 1-1000 Gallon Septic Tank (3”inlet) 1-Seepage Pit 4’X33’ eff. Or equal

JOB PRICE: \$2469.55 plus \$225.00 permit fee totaling \$2,694.54

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.

If you have any questions please feel free to call 480-983-6787

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.

IMPACT FEES:

Purchaser will be required to pay the 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	<u>\$ 185.00</u>
Total Impact Fees Town of Queen Creek	\$4,630.00

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: Asphalt paved streets are complete and 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 1-15-04. When completed, will be maintained by the Pegasus Airpark Homeowners Association.

Flood and Drainage: The Subdivider will establish appropriate street grade in accordance with the approved grading and drainage plans.

Each lot owner shall have the responsibility of engineering, grading and otherwise preparing his lot for any improvements thereon including without limitation the obligation to pay all engineering fees and costs associated with the site preparation, such as the removal and disposal of excess dirt of 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 cf. of storm water on-site.

Each owner of an irrigated lot shall be responsible to “laser” or otherwise properly level and grade the 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’s subdivision regulations.

Lots 93 through 104 are subject to offsite drainage from the adjacent taxiway to the south, and shall retain their proportionate share of the 100-year, 2-hour runoff.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Common areas which specifically include the private roads, equestrian trails or easements, the irrigation easements, tracts or areas dedicated for landscaping along the entry road, and landscape areas within open spaces, arterial streets and collector rights-of-way created or dedicated specifically for the benefit of Pegasus Airpark, and are to be maintained by the Pegasus Airpark Homeowners Association. Estimated completion date 1/15/04.

The taxiways and runways are to be owned and maintained by the Pegasus Airpark Flight Association.

Owners of lots numbered 63, 72, 77, 78, 87, 88, 92 and 104 shall be responsible for payment of all costs of construction and maintenance of the landscaping (including fences) adjacent to the street side yards of such lots, respectively. Each wall (including the pillars thereof) shall be constructed in accordance with and pursuant to the design prepared therefore by PD/Sourey Associates. Equestrian trails are to be completed by the homeowner with the exception of fencing along the north line of Lots 50 through 62, which will be completed by the Subdivider. However, the maintenance of the fencing and the equestrian trails will be the responsibility of the homeowners.

Within the Master Planned Community: Subdivider advises that this subdivision is not part of a master planned community.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: Subdivider has provided a letter of assurance from National Bank for completion of all infrastructure and common area amenities. The taxiways and runways are complete.

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 and Empire Boulevard. 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, at Ellsworth and Queen Creek Road approximately 3.5 miles; Queen Creek High School (9-12) 20435 S. Ellsworth, approximately 3.5 miles at Queen Creek Road and Ellsworth Road.

School bus transportation is available.

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

Shopping Facilities: Circle K at Ellsworth and Ocotillo Road approximately 3 miles from subdivision.

Public Transportation: Subdivider advises public transportation is not available.

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

Fire Protection: Provided by Rural Metro - enrollment fee of \$30.00 and an annual fee based on square footage of home.

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

PURCHASERS ARE ADVISED THAT THE PURCHASERS OF LOTS 78 THROUGH 104 ARE REQUIRED BY THE TOWN OF QUEEN CREEK TO HAVE SPRINKLER SYSTEM INSTALLED AT PURCHASERS COST.

Ambulance Service: Subdivider advises that this subdivision is within a 911 area.

Police Services: Provided by Maricopa County Sheriff's Office.

Garbage Services: Provided by A.J. Waste to homeowners. Cost is \$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 that are recorded may be inspected at the Office of the Maricopa County Recorder. Information about zoning may be obtained at the Office of the Town of Queen Creek 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 L.L.C., 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 19, 2003 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

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.

NOTE: PURCHASERS SHOULD ALWAYS READ THESE DOCUMENTS BEFORE SIGNING THEM.

Cash sales will be accepted; lot purchasers may take title upon close of escrow and recordation.

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.

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 2002 is \$ 9.5561 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 \$120,000.00 is \$947.72.

Special District Tax or Assessments: None.

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

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Pegasus Airpark Homeowners Association (residential property). Property owners will be required to pay an assessment in the amount of \$480.00 annually 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. Membership in the Pegasus Aircraft Storage Condominium Association is optional. Therefore, non-members will incur no assessment fee. The assessment fee for members will be determined based on their type of purchase.

Membership: Membership in the association is reserved to members as follows:

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 that 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.

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.

SUBDIVIDER 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: Pegasus Airpark Homeowners Association. Title will be conveyed to the Association upon completion of the common areas or as required by VA and FHA if applicable.

Membership in the association is reserved to members as follows:

THE OWNERS OF 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 Aircraft Storage Condominium

Every person owning or renting an Aircraft Storage Space shall be a member of both the Flight Association and the Storage Condominium Association.

Pegasus Airpark Non-Residential Membership

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

Non- Residential Memberships, however, will not be liable for memberships fees to the Pegasus Airpark Homeowners 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 DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, AND BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF

THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND TO USE OF THEIR LOT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOTS WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATIONS AND BYLAWS

Exhibit "A"

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by the Commitment.
2. RESERVATIONS contained in the Patent from the United States of America, reading as follows: Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America.
3. WATER RIGHTS, claims or title to water, whether or not shown by the public record.
4. TAXES AND ASSESSMENTS collectible by the County Treasurer not yet due and payable for the following year:

Year: 2003

NOTE: Taxes all payable October 1 of the year assessed; first half due October 1, and delinquent after November 1; second half due March 1, and delinquent May 1 of following year.

5. TAXES AND ASSESSMENTS collectible by the County Treasurer for the following year:

Year: 2002 first half plus interest and penalties

6. TAXES AND ASSESSMENTS collectible by the County Treasurer for the following year:

Year: 2002 second half

7. ANY ACTION that may be taken by Flood Control District named below to acquire property or rights of way for flood control as disclosed by instrument:

Recorded in Document No.: 00-211209 and in

Document No.: 2001-0264395

Name: Queen Creek, Sanoqui Wash and Rittenhouse Channel Drainage Improvements

8. Pegasus Airpark is subject to noise levels from aircraft based therein and may experience aircraft overflights 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 measures satisfactory to the Town of Queen Creek and which are consistent with requirements for properties located in areas designated as Airport Overflight Area III as disclosed on the recorded plat in Book 643 of Maps, page 24.
9. Right to annex into Covenants, conditions, restrictions, and other matters contained in instrument recorded in

Document No.: 01-183803

and Supplemental Declaration recorded in Document No. 2003-931227

NOTE: This exception omits any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status or national origin as provided in 42 U.S.C. § 3604, unless and only to the extent that the covenant (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C § 3607, or relates to a handicap, but does not discriminate against handicapped people.

10. EASEMENTS as shown on the plat recorded as PEGASUS AIRPARK UNIT TWO in Book 643 of Maps, Page 24.

11. Covenants, conditions and restrictions as shown on the plat recorded as PEGASUS AIRPARK UNIT TWO shown below:

Recorded in Book 643 of Maps,
Page 24

NOTE: This exception omits any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status or national origin as provided in 42 U.S.C. §3604, unless and only to the extent that the covenant (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C. §3607, or relates to a handicap, but does not discriminate against handicapped people.

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

Amount: \$2,600,000.00

Dated: December 13, 2001

Recorded: December 19, 2001

Document No.: 20011195038

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

and thereafter re-recorded in Document No. 2003-762325

and thereafter Modification Agreement recorded in Document No. 2002-286772 and re-recorded in Document No. 2003-762326

and thereafter Modification Agreement recorded in Document No. 2002-1217753 and re-recorded in Document No. 2003-762327

(Covers additional property)

13. Terms of Declaration of Covenants, Conditions and Restrictions for Pegasus Airpark Unit II Regarding Membership in the Central Arizona Groundwater Replenishment District by Circle G Pegasus, L.L.C., an Arizona limited liability company as recorded in Document No. 2003-778771.

Terms of Agreement and Notice of Municipal Provider Reporting Requirements for Pegasus Airpark Unit II Regarding Membership in the Central Arizona Groundwater Replenishment District by and between Central Arizona Water Conservation District, a political subdivision of the State of Arizona, Circle G Pegasus, L.L.C., an Arizona limited liability company and Queen Creek Water Company, an Arizona corporation as recorded in Document No. 2003-778772.