



Arizona Department of Real Estate (ADRE)  
Development Services Division

[www.azre.gov](http://www.azre.gov)

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## **THE SUBDIVISION DISCLOSURE REPORT**

(PUBLIC REPORT)

FOR

### **THE ENCLAVE AT SEVEN CANYONS THE CLUB AT SEVEN CANYONS – UNIT 1 - PARCEL “B”**

**Aka; THE ENCLAVE AT SEVEN CANYONS**

Registration No. DM17-058703

#### **SUBDIVIDER**

SPECIALTY / SEDONA LOAN HOLDINGS, LLC, a Delaware limited liability  
company

64 Wall Street, Suite 212  
Norwalk, CT 06850

Effective Date

November 9, 2017

#### **PROPERTY REPORT DISCLAIMER**

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land. The application and public report have not been subjected to a detailed examination by the Department. The report was prepared by the subdivider and none of the information in this report has been verified by the Department; all information has been accepted by the Department as true and accurate based on attestation of the subdivider/or the subdivider's agents. The purchaser should verify all facts before signing any documents. The Department assumes no responsibility for the quality or quantity of any improvement in this development.

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**THE ARIZONA DEPARTMENT OF REAL ESTATE**

**REQUIRES THAT:**

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

**RECOMMENDS:**

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

**ARIZONA LAW STATES:**

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)\* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

## **GENERAL**

**This report includes:** 1 through 24, inclusive, of THE ENCLAVE AT SEVEN CANYONS, THE CLUB AT SEVEN CANYONS – UNIT 1 – PARCEL “B”, Yavapai County, Arizona.

**The map of this Subdivision** is recorded in Instrument No. 2017-0030150, Pages 1 – 4, inclusive, records of Yavapai County, Arizona.

The Subdivision is approximately 3.35 acres in size. It has been divided into 24 Lots and Tracts “AA” and “T”. Property boundaries will be monumented with 5/8” rebar and cap stamped “SEC INC RLS 40829”.

**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:** Golf Club Way and Peaceful Spirit Trail, Sedona, Arizona.

**Directions:** From I-17 (via Cottonwood): Take Exit 287, heading northwest on State Route 260 (“Hwy 260”), proceeding to Cottonwood. Take State Route 89A (“Hwy 89A”) northeast (right) toward Sedona proceeding approximately 17 miles to Dry Creek Road. Turn left (north) onto Dry Creek Rd. and follow for approximately 2.84 miles to the end and turn right onto Long Canyon Road (note; Long Canyon becomes Golf Club Way) and continue north for approximately 1.35 miles to Peaceful Spirit Trail, turning left and following to the Subdivision entrance.

From I-17 (via Sedona): Take Exit 298 onto State Route 179 (“Hwy 179”) heading north. Follow Hwy 179 to Sedona (approximately 15 miles) then exit onto State Route 89A (“Hwy 89A”) heading south (toward Cottonwood) and proceed for approximately 3 miles to Dry Creek Road (on the right). Turn right onto Dry Creek Rd. and follow for approximately 2.84 miles to the end and turn right onto Long Canyon Road (note; Long Canyon becomes Golf Club Way) and continue north for approximately 1.35 miles to Peaceful Spirit Trail, turning left and following to the Subdivision entrance.

## **UTILITIES**

**Electricity:** **Arizona Public Service (APS), (602) 371-7171.** Subdivider will complete facilities to the lot lines by December 1, 2017. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. Cost to purchasers to receive service includes an \$8.25 (plus tax) service establishment charge and a

maximum deposit of \$250.00 may be required depending on past service and payment or credit history.

Monthly direct user fees will apply. **Fees and/or deposits are subject to change; please contact the utility company for further details and current costs.**

**Website:** [www.aps.com](http://www.aps.com)

**Telephone: CenturyLink, (800) 244-1111**, will provide service to the Subdivision. Subdivider will complete facilities to the lot lines by December 1, 2017. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. Costs to purchasers to receive telephone service include a one-time \$27.50 activation fee and a deposit ranging from \$25.00 to \$100.00 may be charged depending on credit or payment history. Monthly service fees range from \$40.00 to \$60.00 depending on type of bundles and services selected. Purchasers should check the CenturyLink website or call for additional information on services, offers and bundles. **Fees and/or deposits are subject to change; please contact the utility company for further details and current costs.**

**Website:** [www.centurylink.com](http://www.centurylink.com)

**Cable:** Cable is not available to the Subdivision at this time however, Satellite Television is available from DIRECT TV through CenturyLink (800) 244-1111 (*if bundled with its telephone and/or internet service*). Subdivider will complete CenturyLink facilities to the lot lines by December 1, 2017. Builder will extend facilities from the lot line to the dwelling, with the cost to purchasers being included in the construction cost of the new home. Costs to obtain service vary greatly and depend on the bundle and services selected. Promotions are currently available to new residential customers with a 2 year contract. An equipment lease and a credit card is required for a pro-rated ECF (early termination) fee of up to \$480.00, along with equipment non-return fees. Advanced fees may also be required depending on equipment needed for chosen service. Bundled plans including phone, internet and television currently range from \$155.00 to \$215.00 per month depending on internet speed and television channel package selected. If service is ordered directly from **Direct TV (855)641-5895**, fees range from \$65.00 to \$120.00 per month depending on channels/service selected. **Fees, offers, deposits and bundles are subject to change. Purchasers should check the CenturyLink or DIRECT TV websites or call for current and additional information.**

**Website:** [www.centurylink.com](http://www.centurylink.com) OR **Website:** [www.directv.com](http://www.directv.com)

**Internet or Fiber Optic: CenturyLink, (800) 244-1111.** Subdivider will complete facilities to the lot lines by December 1, 2017. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. Cost to purchasers to receive service depends on the services and bundles chosen. A deposit of \$25.00 - \$100.00 may apply depending on credit or payment history. Installation fees vary as follows: The current promotion for internet service only (High-Speed 40 Mbps), requires a one-time installation fee of \$60.00 and is called their "Price For Life" with no contract; Self Install – No Charge; Lite Tech Install (help with the installation of modem) - \$29.99; or Standard Tech Install - \$59.99. If a modem is needed, there is a one-time fee of \$99.99 to purchase or \$9.99 per month lease fee. Internet only monthly prices range from \$45.00 to \$85.00 depending on level of speed selected. **Fees, offers, deposits and bundles are subject to change. Purchasers should check the CenturyLink website or call for current and additional information.**

**Website:** [www.centurylink.com](http://www.centurylink.com)

**Natural Gas: Unisource Energy Services, (877) 837-4968.** Subdivider will complete facilities to the lot lines by December 1, 2017. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. Costs to purchasers to receive service include an establishment fee of \$35.00 plus tax, and a deposit (currently \$160.00), which may be waived if customer has had previous service with an acceptable payment history or can provide a letter of good credit. Once service is established, a \$10.00 to \$11.50 monthly fee and direct user charges will apply. **Fees and/or deposits are subject to change; please contact the utility company for further details and current costs.**

**Website:** [www.uesaz.com](http://www.uesaz.com)

**Water:** The Subdivision is served water by the **Seven Canyons Water Company; (928) 203-2006**, 625 Golf Club Way, Sedona, AZ 86336. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. There is a one-time non-refundable establishment fee of \$25.00. Deposits vary depending on the size of the Meter. For a 1" Meter there is a deposit of \$450.00 (refundable over 10 years) in order to receive service. Once service is established, there is a monthly fee of \$50.00 (for a 1" Meter) and a \$4.50 Commodity Charge (per 1,000 gallons). **Fees and/or deposits are subject to change; please contact the provider for further details and current costs.**

**Email:** [heather.pugsley@sevencanyons.com](mailto:heather.pugsley@sevencanyons.com).

**Sewage Disposal:** Provided by the **Seven Canyons Water Treatment Company; (928)203-2006**, 625 Golf Club Way, Sedona, AZ 86336. Builder will extend facilities from the lot line to the dwelling with costs to purchasers being included in the construction cost of a new home. There is a one-time establishment fee of \$35.00. If purchasers wish to connect to effluent for irrigation, there is an additional non-refundable fee of \$1,500.00 (or the direct cost, whichever is less). Once service is established, there is a monthly flat rate of \$45.00 and a \$3.00 charge for every 1000 gallons of effluent. **Fees and/or deposits are subject to change; please contact the provider for further details and current costs.**

**Email:** [heather.pugsley@sevencanyons.com](mailto:heather.pugsley@sevencanyons.com)

**Garbage Services: Waste Management, (928) 779-6050**, will provide garbage collection service to homes in the Subdivision. Costs to purchasers to receive collection service include a one-time \$30.00 delivery fee and a \$35.00 set-up fee. The quarterly fee for one 96 gallon container is currently \$50.00. If a Recycle container is added, the quarterly fee is \$90.00.

**Website:** [www.wm.com](http://www.wm.com)

**Subdivider will complete the extension of the utilities to the lot lines by December 1, 2017.**

**PURCHASERS ARE ADVISED TO CONTACT THE ABOVE LISTED PROVIDERS REGARDING EXTENSION RULES, REGULATIONS, SERVICE CONNECTIONS, INSTALLATION CHARGES, ACCOUNT SET-UP FEES AND THE COSTS INVOLVED. COSTS ARE SUBJECT TO CHANGE BY THE SERVICE PROVIDERS.**

## **STREETS, ROADS AND DRAINAGE**

**Access to the Subdivision:** The asphalt paved exterior streets are public roadways and are complete. Maintenance is provided by Yavapai County. Purchasers' cost for continued maintenance is included in their property taxes.

**Access within the Subdivision:** Subdivider will complete the private, asphalt paved interior roadways by December 1, 2017. The interior roadways are dedicated to The Seven Canyons Road Association, an Arizona non-profit corporation (the "Road Association") for maintenance. Costs to purchasers are included in their Regular Assessments assessed by the Homeowners Association.

**Street Lights:** Not available to this Subdivision.

**Flood and Drainage:** Subdivider advises that the natural Drainage Easements and man-made Drainage Facilities within the Subdivision will be completed by Subdivider by December 1, 2017. Per the "NOTES" on the recorded Plat:

- 1) "THE MAINTENANCE OF ALL SURFACE AND DRAINAGE IMPROVEMENTS OUTSIDE OF LOTS 1 THROUGH 24 SHALL BE THE RESPONSIBILITY OF THE TRACT(S) RESPECTIVE OWNERS. MAINTENANCE OF THE LARGE DRAINAGE PIPE BISECTING THE PARCEL SHALL BE THE RESPONSIBILITY OF THE CLUB AT SEVEN CANYONS."

**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](http://www.land.state.az.us), or call (602) 542-4631.

## **LOCAL SERVICES AND FACILITIES**

**Schools:** The Subdivision lies within the **Sedona-Oak Creek Unified School District #9** boundaries, (928) 204-6800. Website: [www.sedona.k12.az.us](http://www.sedona.k12.az.us). School information is as follows:

**Elementary Schools (grades K–6<sup>th</sup>):** “Big Park Community School”, (928) 204-6500, is located at 25 W. Saddle Horn, Sedona, Arizona, which is approximately 15 miles south of the Subdivision. “West Sedona School” (928) 282-0528, located at 570 Posse Ground Rd., in Sedona, is approximately 6 miles southeast of the Subdivision.

**Elementary / Middle School (grades K – 8<sup>th</sup>):** “Sedona Charter School” (a Montessori school), (928) 204-6464, is located at 165 Kachina Dr., in Sedona, approximately 4 miles south of the Subdivision.

**Junior High School (grades 7<sup>th</sup> – 8<sup>th</sup>):** “Red Rock Junior High School” (928) 204-6700, located at 995 Upper Red Rock Loop, Sedona, which is approximately 5.7 miles to the south of the Subdivision.

**High School (9-12):** “Red Rock High School”, (928) 204-6700, located at 995 Upper Red Rock Loop, Sedona, which is approximately 5.7 miles to the south of the Subdivision.

**School Bus transportation is not currently available to the Subdivision.**

**PURCHASERS SHOULD CONTACT THE SCHOOL DISTRICT TRANSPORTATION DIRECTOR AT 928-204-6639 TO VERIFY THE CURRENT AVAILABILITY OF SCHOOL BUS TRANSPORTATION, SCHEDULES AND BUS STOP LOCATIONS.**

**PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE, THEREFORE, YOU SHOULD CONTACT THE “SEDONA-OAK CREEK UNIFIED SCHOOL DISTRICT 9” AT (928) 204-6800 OR VISIT THEIR WEBSITE AT [www.sedona.k12.az.us](http://www.sedona.k12.az.us). ADDITIONAL INFORMATION REGARDING SCHOOLS AND DISTRICTS CAN BE FOUND AT [www.greatschools.org](http://www.greatschools.org).**

**Shopping Facilities:** For gasoline and miscellaneous sundries, there is a Giant Gas Station approximately 5 miles south at 2960 W. Hwy 89A and a Circle K approximately 5.4 miles south at 2570 W. Hwy 89A, Sedona. Walgreen’s is approximately 6 miles to the south at 1995 W. Hwy 89A in Sedona. For groceries, medical and other supplies, Safeway Food Store & Pharmacy is located at 2300 W. Hwy 89A (approximately 5.5 miles), and Bashas’ Grocery Store & Pharmacy is located at 160 Coffee Pot Dr. (approximately 6 miles) southeast of the Subdivision, both in Sedona. New Frontiers Natural Market is approximately 6.5 miles to the southeast of the Subdivision at 1420 W. Hwy 89A in Sedona. Various other types of stores, shops, restaurants and miscellaneous businesses are located throughout Sedona.



**Public Transportation:** Subdivider advises there is no public transportation available to the Subdivision at this time.

**Medical Facilities:** Verde Valley Medical Center – Sedona Campus, (928) 204-4100 (open seven days a week / 24 hours a day for emergencies), is located approximately 5.2 miles south of the Subdivision at 3700 W. Hwy 89A in Sedona. “NextCare Urgent Care: Sedona”, (928) 303-4813 (daytime / early evening hours only), is located at 2530 W. Hwy 89A, approximately 5.5 miles south in Sedona. Other medical and dental practices are located in Sedona (5+/- miles) and in Cottonwood (22+/- miles southwest).

**Fire Protection:** Provided by Sedona Fire District, (928) 282-6800 (Administration). For emergencies dial 911. Cost to purchasers is included in property taxes. **Website:** [www.sedonafire.org](http://www.sedonafire.org)

**Ambulance Service:** Service is available by dialing 911.

**Police Services:** Provided by the Yavapai County Sheriff’s Office, (928) 771-3260 (Administration). For emergencies dial 911. **Website:** [web.sheriff@yavapai.us](mailto:web.sheriff@yavapai.us).

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

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

**Within the Subdivision:** The Subdivision’s common facilities and common areas, as identified on the recorded Plat and referred to in the recorded Declaration of Covenants, Conditions and Restrictions, (the “Declaration”) include, but are not limited to; the interior roads, natural and landscaped areas and easements. All common facilities and common areas will be completed by Subdivider by December 1, 2017. Maintenance of the roadways is provided by the Seven Canyons Road Association and maintenance of the common areas is provided by the Homeowners Association. Purchasers cost for maintenance of the interior roadways and common areas is included in their Homeowners Association assessments.

**Within the Master Planned Community:** The Subdivision is part of the Seven Canyons Master Planned Community, which consists of completed homes, custom lots, an 18-hole world-class golf course, a 4 acre Practice Facility (including 20,000 sq. ft. of tee space and a 5,000 sq. ft. putting green with sand bunker), and a Clubhouse which includes a restaurant and pub, a golf retail shop, locker rooms, fitness center, outdoor swimming pool and private function space available to members (collectively referred to herein as the “Common Recreational Facilities”). The Common Recreational Facilities are complete.

**Sedona Ranch House Facility (off-site Facility):** Subdivider advises that per a License Agreement, recorded in Instrument No. 2017-0042206 and thereafter amended and recorded in Instrument No. 2017-0049962 in the official records of Yavapai County,

Arizona, Members will have the revocable right to use the off-site recreational facility commonly referred to as the “Sedona Ranch House” or “Ranch House”, located within the Sedona Ranch On Oak Creek subdivision (approximately 9 miles south of the development). “Members” are defined as, “Those persons who are Members in good standing of the Golf Club [Seven Canyons Golf Club] owned by Licensee [Specialty/Sedona Loan Holdings, LLC]”. The Ranch House is described as a 2,212 sq. ft. +/- facility (with 4,183 sq. ft. under roof) overlooking a community lake and open areas. The facility includes a large great room, an expansive lounge with a wet bar, a gourmet kitchen and seating, a large patio, indoor and outdoor fireplaces, and surrounding activity areas for recreation.

Note: License Fees for use of the Sedona Ranch House Facility are paid by the Seven Canyons Golf Club (“the Golf Club”), with costs to Members being included in their Homeowners Association’s Regular Assessments, as described under the “PROPERTY OWNERS ASSOCIATIONS” section within this disclosure report.

**Subdivider hereby discloses, per the recorded License Agreement:**

“2. Permitted Use; Continuous Operation. Licensee and its Members shall use the Facility solely as a recreational facility, tour facility and clubhouse and for no other purpose (the “Permitted Use”) under the name Sedona Ranch – Ranch House (the “Trade Name”). Licensee and its Members shall be required to contact La Merra [“Licensor”] to arrange for use of the Facility, in advance, in accordance with the Rules of Operation and the terms of this License. Neither Licensee nor its Members shall use the License Area for any purpose or purposes other than the Permitted Use or operate/advertise the License Area under a trade name different from the Trade Name.

3. Term; Cancellation. The Term (“Term”) of this License shall commence on September 1, 2017 (the “Commencement Date”) and shall expire on August 31, 2022, (the “Expiration Date”); provided, however, that Licensor shall have the sole option, exercisable at any time during the Term and for any reason upon sixty (60) days’ advance written notice, to cancel this License. The Term shall automatically renew for successive one year periods, subject to termination as described above.”

**ASSURANCES FOR COMPLETION OF IMPROVEMENTS**

**Assurances for Completion of Subdivision Facilities:** The Common Recreational Facilities in the Master Planned Community referred to above are complete. The Sedona Ranch House Facility is also complete. The Subdivision’s improvements will be completed by Subdivider at no cost to purchasers. Subdivider has entered into an Escrow Agreement with Yavapai County in which funds have been deposited sufficient to cover the costs of all Subdivision improvements and the installation of utilities to the lot lines (by December 1, 2017 as previously stated).

**Assurances for Maintenance of Subdivision Facilities:** As cited on the recorded Plat and in the recorded Declaration of Covenants, Conditions and Restrictions (as amended), the Articles of Incorporation and Bylaws of the Homeowners Association and Road Association documents, as well as the public and private utility company tariffs.

## **PROPERTY OWNERS ASSOCIATIONS**

**Homeowners Association and Assessments:** The ENCLAVE AT SEVEN CANYONS ASSOCIATION, an Arizona nonprofit corporation (the "Homeowners Association"). The Association's current "Regular Assessments" (per Lot) are \$14,000.00 *annually*, billed monthly in the amount of \$1,166.66. A current one-time Reserve Fee of \$3,500.00 (1/4 of the annual Regular Assessment amount) is due immediately upon becoming the owner of a Lot.

Note: Per Section 7.10 of the Declaration: "Each Person who purchases a Lot from a Person *other than the Declarant* shall pay to the Association immediately upon becoming the Owner of the Lot, a transfer fee in such amount as is established from time to time by the Board to compensate the Association for the administrative cost resulting from the transfer of a Lot. The transfer fee is not intended to compensate the Association of the costs incurred in the preparation of the statement which the Association is required to mail to deliver to a purchaser under A.R.S. §33-1806A and, therefore, the transfer fee shall be in addition to that which the Association is entitled to charge pursuant to A.R.S. §33-1806C." The current amount of the Transfer Fee is \$100.00

**Membership:** All purchasers, as Lot Owners, will be Members of the Homeowners Association.

**Control of the Homeowners Association:** Control of the Homeowners Association will be turned over to its Members (Lot Owners) as set forth in the recorded Declaration. Under the Definitions set forth in the Declaration, the Declarant Control Period is defined as, "The period commencing upon the Recording of this Declaration and ending on the earlier of (a) the date that the Declarant no longer owns or has an option to purchase any Lot subject to this Declaration, as may be amended from time to time, including but not limited to a Declaration of Annexation, or (b) the date specified in a written notice from the Declarant to the Board as the date that the Declarant Control Period will terminate."

**Title to Common Areas:** Fee Simple title to the Common Areas has been transferred to the Association. The Common Areas are not subject to any lien or encumbrance.

**Road Association:** Subdivider advises the SEVEN CANYONS ROAD ASSOCIATION, an Arizona nonprofit corporation (the "Road Association"), is responsible for maintenance to the roadways and parking areas within the Seven Canyons Master Community. The Homeowners Association is a "Member" of the Road Association and is responsible for paying Road Association fees in the amount of \$3,500.00 (\$42,000.00 annually), the costs to purchasers of which are *included* their Homeowners Association Regular Assessments.

**Subdivider advises per the recorded Plat:**

**“DEDICATION:** 3. To the Seven Canyons Road Association: An easement over Tract T (Roads and Parking Areas) and all other access areas whether of not they are designated herein, for ingress and egress as may be required from time to time to serve the Lots, Units, Parking Areas and other property within the Enclave at Seven Canyons.”

**“NOTES:** 2. The paved Roadways and Parking Areas within the Enclave at Seven Canyons are private and shall be maintained by the Seven Canyons Road Association as defined in the CC&Rs recorded in Book 4019, Page 209 of Yavapai County records.”

**Social Membership in Golf Club:** All Lot Owners will automatically become a “social member” of the Seven Canyons Golf Club (the “Golf Club”). The current social membership fee is \$300.00 per month (\$3,600.00 per year), the costs to purchasers of which are included in their Homeowners Association Regular Assessments (stated above).

**Subdivider advises per Section 2.4 of the Declaration:** “An Owner of a Lot shall automatically, upon becoming the Owner of Lot, become a social member of that certain golf club located at 755 Golf Course Way, Sedona, Arizona, and commonly known as the Seven Canyons Golf Club (the “Golf Club”) and shall remain a member of the Golf Club until the Owner’s ownership of the Lot ceases for any reason, at which time the Owner’s social membership in the Golf Club shall automatically cease. By accepting title to a Lot, each Owner agrees to abide by the rules and regulations of the Golf Club and to execute any membership agreement required by the Golf Club. The dues for the social membership of the Owners of the Lots shall be billed to the Association and shall be a Common Expense. By becoming a social member of the Golf Club, an Owner does not acquire any ownership or other interest in the Golf Club other than the right to use the facilities of the Golf Club that are available for use by social members in accordance with the rules and regulations of the Golf Club. Any Owner may acquire a golf membership in the Golf Club, in which event (i) the dues for such golf membership shall be charged directly to such Owner, (ii) the Association thereafter shall not be charged the dues for a social membership for such Owner, and (iii) and the Assessment charged to the Lot owned by such Owner shall not include any portion of the common Expenses related to dues for social memberships for so long as such Owner is a golf member in the Golf Club.”

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

### **SUBDIVISION CHARACTERISTICS**

**Topography:** The topography of the Subdivision is generally described as level with a graded slope.

**Flooding and Drainage:** Subdivider advises that the Subdivision is not subject to any known flooding or drainage problems. In his letter dated October 5, 2017, Krishan Ginige, P.E., of Southwestern Environmental Consultants, Inc. (“SEC”) states:

“This firm is the engineer of record for the above referenced subdivision and produced the construction plans for grading, paving, water and other utilities improvements and the Final Plats. They have been designed to comply with the standards and criteria of the controlling governmental agencies. A final Drainage Study was completed and the following data is provided:

- The subject property is not within a designated FEMA zone that would mandate flood insurance.
- Drainage within the public streets/ROW are designed to carry a maximum of the 25-year frequency storm.
- All drainage structures outside the ROW are identified in the grading and drainage plans dated 10/17/2016.

We certify that the lots have been designed to be free from 100-yr flood hazards, as that term is commonly and currently defined by the Yavapai County Flood Control District.”

**Soils:** The lots are subject to subsidence and expansive soils. In his letter dated August 9, 2017, Craig P. Wiedeman, P.E. of Western Technologies, Inc., states:

“In accordance with your request, we are providing the following general discussion regarding geotechnical conditions on the above referenced site. As part of our previous geotechnical evaluation of the site, twelve borings were drilled to depths ranging from about 3.5 to 19 feet below the existing site grades. Native surface and subsoils extending to the full depth of exploration were variable across the Site, and primarily included loose to very dense Silty and Clayey SANDS with a trace of gravel and low plasticity fines, and hard, low plasticity Sandy SILTS. Groundwater was not encountered in any boring at the time of exploration.

Selected soil samples obtained during the field exploration were tested for water content, density, gradation, plasticity, compression, expansion, and water soluble salts and sulfates. Laboratory test results indicate that native subsoils located near and below anticipated shallow foundation levels exhibit generally low compressibility at existing water contents. Low to relatively high additional compression occurs when the water content is increased. When water is added to compacted near-surface soils, low expansion occurs.

Laboratory test results indicated that native subsoils located near and below anticipated shallow foundation levels exhibited low compressibility at existing water contents. Low to moderate additional compression occurred when the water content was increased. When water was added to compacted near-surface soils, no expansion occurred.

The primary geotechnical concern on this site is the tendency of the site soils to compress when wet under typical foundation loading conditions. Typical moisture sources that initiate this type of movement are rainfall, snow melt and landscape watering. This movement results in drywall cracking, warped windows and doors, and eventually

structural distress. Water leaks from utilities can cause extreme damage in these types of soils.

Conventional shallow spread footings and slabs-on-grade are suitable for use on this project provided the recommendations contained in our previous geotechnical evaluation are followed. Basically, these consist of supporting foundations and slabs on recompacted site soils and/or imported, low expansive engineered fill. Details are presented in the geotechnical evaluation report.

One of the major factors in reducing possible movements due to compressible soils is the proper control of surface water through positive drainage away from all structures. The quicker the water runs away from a structure, the less time it has to infiltrate into the soils. Proper backfill compaction around structures and in utility line trenches is also a key in minimizing subsurface moisture infiltration.

This summary should not be used for design. Our geotechnical evaluation report for this project should be used. If you have any questions concerning this information, or require additional consultation, design, observation, or testing services, please contact us.”

**Subdivider advises: When expansive soil conditions are present, they may cause movement, cracking and other distress in slabs, patios, sidewalks and other flatwork improvements. Owners are encouraged to consult with a soils expert to determine if expansive soils are present on the owner’s lot, and to determine any recommendations for construction so that any work completed by the owner, contactors, engineers, architects, landscapers, etc., mitigates possible impacts that expansive soils may have. Subdivider further advises that positive drainage is a key to the successful performance of any foundation or slab. Desert-type landscaping is advisable near building and pavement areas, and plants requiring more water should be located away from those areas. Positive drainage away from residential structures is always advisable.**

**Adjacent Lands and Vicinity: Zoning for the lands adjacent to the Subdivision is as follows:**

**North:** Zoned “PAD” – Planned Area Development (Single Family)

**South:** Zoned “PAD” – Planned Area Development (Single Family)

**East:** Zoned “PAD” – Planned Area Development (Single Family)

**West:** Zoned “PAD” – Planned Area Development (Single Family)

**NOTE: Owners of the adjacent lands described above may seek to rezone their property, seek zoning variances, 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 Yavapai County Planning and Zoning for current zoning information.**

**The Subdivision is part of the Seven Canyons Master Community and is surrounded by and adjacent to the Seven Canyons Sedona Golf Course (an 18 hole golf course), which is located throughout portions of the Seven Canyons Master Community. The Seven Canyons Master Community is surrounded by Coconino National Forest.**

**LANDS WITHIN 2 MILES OF THE SUBDIVISION INCLUDE:**

North: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this community lies the Coconino National Forest which extends for over 2 miles.

Northeast: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this Community lies Dry Creek and the Coconino National Forest which extends for over 2 miles.

East: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this Community lies the Coconino National Forest which extends for several miles. Oak Creek and Oak Creek Canyon is approximately 5 miles to the east.

Southeast: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this Community lies the Coconino National Forest which extends for over 2 miles. Sedona is located approximately 3 miles to the southeast.

South: The Seven Canyons Master Planned Community Clubhouse and related facilities and amenities are located just to the south. Beyond the Clubhouse area is a residential area that is part of the Master Community. Beyond this Community lies Coconino National Forest and Dry Creek, extending for over 2 miles. Sedona is located approximately 3 miles to the south.

Southwest: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this Community lies the Coconino National Forest which extends for several miles.

West: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course followed by Coconino National Forest. The Enchantment Resort is situated approximately 1.8 miles due east.

Northwest: Adjacent property is part of the Seven Canyons Master Planned Community and Golf Course. Beyond this Community lies the Coconino National Forest which extends for over 2 miles.

**Safety Factors and Nuisances:**

**High Voltage Lines:** Subdivider states there are no existing or proposed high voltage power lines (115kv or greater) or any existing or proposed substations (115kV or greater) within the boundary of the Subdivision or within ½ miles of the Subdivision boundary.

Subdivider states there are no major natural gas pipelines within 500 feet of the Subdivision boundaries

**The Subdivision abuts portions of the Seven Canyons Sedona Golf Course. Each Owner, by its purchase of a lot in the vicinity of the Golf Course acknowledges the inherent dangers associated with living in proximity of a Golf Course, and hereby expressly assumes the risk of personal injury, property damage, or other loss caused by maintenance, operations and general use of the Golf Course, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around or before sunrise or after sunset); (b) noise caused by golfers; (c) use of pesticides, herbicides and fertilizers; (d) view restrictions caused by maturation of trees and shrubbery; (e) use of effluent in the irrigation of the Golf Course; (f) reduction in privacy caused by golf traffic on the Golf Course or the removal or pruning of the shrubbery or trees on the Golf Course; (g) errant golf balls and golf clubs and parts thereof; and (h) design of the Golf Course. The Association and the Subdivider will not be liable for personal injury or property damage caused by the above matters and each homeowner, by accepting a deed to his Lot, acknowledges and agrees to same and releases the Subdivider and the Association and their affiliates from any and all liability.**

**The Subdivision is located within a Master Planned Community surrounded by National Forest land where native wildlife exists and may roam at large. Wildlife includes, but not limited to; deer, elk, cottontails, jackrabbits, javelinas, coyotes, hawks, bobcats, skunks, raccoons, birds, bees, various rodents, lizards scorpions and snakes.**

**SUBDIVIDER ADVISES THAT THIS SUBDIVISION IS LOCATED IN A NEARBY OPEN RANGE AREA IN WHICH LIVESTOCK MAY ROAM AT LARGE UNDER THE LAWS OF THIS STATE AND THAT NO PROVISIONS HAVE BEEN MADE FOR THE FENCING OF THE TO PRECLUDE LIVESTOCK FROM ROAMING WITHIN THE SUBDIVISION .**

**Purchasers are advised that homes situated adjacent to or on the vicinity of, including but not limited to: golf courses, trails, open space areas, canals, creeks, washes, well site/storage tanks, commercial property, multi-family sites, parks, construction-related operations, industrial property, or other non-residential uses and/or other recreation amenities are likely to experience an additional amount of, including but not limited to; noise, odors, fumes, cultivation & related dust, application of pesticides, irrigation, and drainage, vibrations, pests such as flies and mosquitoes, lighting, vehicular and pedestrian traffic associated with the described uses and/or operations for an indefinite period of time.**

**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. The 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 the Purchaser's own inspections are of concern to Purchaser's own inspections are of concern to Purchaser.**



**PURCHASERS ARE ADVISED TO DETERMINE FOR THEMSELVES WHAT AFFECT, IF ANY, THE USES ADJACENT TO OR IN THE VICINITY OF THE SUBDIVISION WILL HAVE ON THE USE AND ENJOYMENT OF THEIR LOT.**

### **SUBDIVISION USE AND RESTRICTIONS**

**Use:** This offering is for Improved Lots (Lots with a dwelling).

**Zoning:** The Subdivision is zoned “PAD” – Planned Area Development.

**Conditions, Reservations and Restrictions:** In accordance with the recorded Declaration Covenants, Conditions and Restrictions (the “Declaration”), the recorded Subdivision Plat, the Homeowners Association’s Articles of Incorporation and Bylaws, the Road Association’s documents and existing County and City zoning ordinances. Other restrictions are recorded as cited in the title exceptions shown on Exhibit “A” attached hereto.

**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 Yavapai County Recorder. Information about zoning may be obtained by contacting Yavapai County Development Services (928- 771-3214, **Website:** [www.yavapai.us/devserv/land-use-division](http://www.yavapai.us/devserv/land-use-division)). Restrictions are recorded as cited in the following title exceptions and per the recorded Subdivision Plat.

### **AIRPORTS**

**Military Airport:** Subdivider advises Subdivision is not within the territory or vicinity of a Military Airport as defined in A.R.S. 28-8461.

**Public Airport:** Sedona Public Airport (aka; SEDONA-OAK CREEK AIRPORT AUTHORITY), (928) 282-4487, is located approximately 8 miles to the southeast at; 235 Air Terminal Drive, Sedona. COTTONWOOD AIRPORT, (928) 634-8033, is located at 1001 W. Mingus Avenue in Cottonwood, which is approximately 22 miles southwest of the Subdivision.

**Airport:** The nearest airport to the Subdivision is the Sedona Public Airport as described above.

### **TITLE**

**Title to this Subdivision** is vested in Specialty/Sedona Loan Holdings, LLC, a Delaware limited liability company.

**Subdivider’s interest in** Subdivision is Fee Simple as evidenced by recorded Special Warranty Deed.

**Title is subject**, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated October 19, 2017, issued by EMPIRE WEST TITLE AGENCY. **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:** Sales will be made through a professional real state brokerage firm and through an escrow account with a title company. Purchaser's vested ownership interest in the property will be evidenced by the Subdivider delivering a recorded Special Warranty Deed to purchaser and by purchaser signing a Promissory Note and Deed of Trust for the unpaid balance, if any. **You should read these documents before signing them.**

**PROSPECTIVE PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS, (WITH THE EXCEPTION OF VA LOANS), 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 SELLER IS UNABLE OR UNWILLING TO PERFORM UNDER THE TERMS OF THE PURCHASE CONTRACT. VA LOAN DEPOSITS WILL BE PLACED INTO A NEUTRAL ESCROW ACCOUNT OR SELLER'S SEPARATE TRUST ACCOUNT.**

**Release of Liens and Encumbrances:** There is recorded Deed of Trust on the property, however there are provisions contained in the Loan Agreement that provide for partial releases, allowing for clear title to be conveyed to purchasers at close of escrow.

**Use and Occupancy:** Lot purchasers will be permitted to use and occupy their lot upon close of Escrow and recordation of Deed.

**Leasehold Offering:** Will any of the property be leased?  Yes  No

**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 2017 is 10.6449 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 \$1,000,000.00 is \$10,644.90.

**Special District Tax or Assessments:** All Special District Taxes are included in the above combined tax rate for the property.

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

**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"****SCHEDULE B - EXCEPTIONS**

1. Water rights, claims or title to water, whether or not shown by the public records.
2. Reservations or exceptions in Patents, or in Acts authorizing the issuance thereof.
3. Liabilities and Obligations imposed upon said land by reason of its inclusion within water, improvement, fire or other districts or associations, if any.
4. Taxes for the full year of 2017. (The first half is due October 1, 2017 and is delinquent November 1, 2017. The second half is due March 1, 2018 and is delinquent May 1, 2018).
5. Any action by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
6. Any charge upon said land by reason of its inclusion in Seven Canyons Road Association.
7. Any charge upon said land by reason of its inclusion in Golf Club at Seven Canyons.
8. Any charge upon said land by reason of its inclusion in Enclave at Seven Canyons Association.
9. Easement(s) for public utilities and incidental purposes, recorded in Book 354, page 512 of Official Records.
10. Rules and regulations of the U.S. Department of Interior and/or U. S. Forest Service as such rules and regulations relate to access to and from the land over property controlled by the United States of America, including, but not limited to, easements recorded in Book 1373, page 165; Book 1397, page 103; Book 3009, page 799, Book 3050, page 885; Book 3576, page 693; Book 4019, page 210; Book 4024, page 36 of Official Records.
11. Covenants, conditions, restrictions, liabilities and obligations in the document recorded in Book 1375, page 859 and re-recorded in Book 1387, page 880 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. The terms, conditions and provisions contained in the document entitled Agreement recorded as Book 3738, page 643; Book 3835, page 969; Book 3835, page 973 of Official Records.
13. Easements, restrictions, reservations, conditions and set -back lines as set forth on the plat recorded in Book 47 of Maps, Page 10 through 15, inclusive, 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).
14. Covenants, conditions, restrictions, liabilities and obligations in the document recorded in Book 4019, page 209; Book 4040, page 976; Book 4554, page 318; Book 4960, page 578; Book 4960, page 584 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.
15. Easement(s) for access and incidental purposes, recorded in Book 4019, page 211; Book 4272, page 825 of Official Records.
16. Rights of the spouses of Elaine Louise Barnhart; Harold C. Wright; John C. Fitzgerald; Melissa Wright; Naomi Schwartz; Robin L. Keith; if married on May 23, 2013, being the date of Deed re-recorded February 25, 2014 as 2014-0008215 of Official Records by reason of the spouses' failure to disclaim interest in land.
17. A Deed of Trust to secure an original indebtedness of \$13,500,000.00 and any other amounts or obligations secured thereby, recorded May 31, 2013 as Book 4960, page 580, and re-recorded August 26, 2013 in Book 4977, page 623; and re-recorded February 25, 2014 in Document No. 2014-0008217 of Official Records.

Dated: May 31, 2013

Trustor: Specialty/Sedona Loan Holdings, LLC, a Delaware limited liability company and those certain Tenants in Common, all as set forth on attached Exhibit B

Trustee: Stewart Title & Trust of Phoenix, Inc., a Delaware corporation

Beneficiary: Northlight Trust 1, a Delaware statutory trust

A document recorded January 25, 2016 as Document No. 2016-0003503 of Official Records provides that the deed of trust or the obligation secured thereby has been modified.

18. A financing statement recorded May 31, 2013 as Book 4960, page 581 of Official Records.

Debtor: Specialty/Sedona Loan Holdings, LLC, a Delaware limited liability company, et al  
Secured party: Northlight Trust 1

19. The terms, conditions and provisions contained in the document entitled Management Agreement recorded June 3, 2013 as Book 4960, page 689 and re-recorded in Book 4977, page 624 of Official Records.
20. The terms, conditions and provisions contained in the document entitled Easement for ingress

and egress recorded May 31, 2013 as Book 4960, page 571, amendment in Document No. 2015-0041020 of Official Records.

21. Judgment, a certified copy of which was recorded November 21, 2016 as Document No. 2016-0058976 of Official Records.

Entered: August 4, 2006  
Cause No.: CV 2006-052493  
Debtor: Robert R. Herrera  
Creditor: Steven Ketring and Sandra Ketring  
Amount: \$738,714.65

22. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded in 2017-0030150, and Affidavit of Correction recorded in 2017-0033759, 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).
23. Covenants, conditions, restrictions, liabilities and obligations in the document recorded in Document No. 2017-0030151; 2017-0052145 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.

THERE ARE NO OTHER ITEMS OF RECORD TO REPORT AS OF THE DATE OF THIS REPORT.

END OF SCHEDULE B