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SUBDIVISION DISCLOSURE REPORT
(PUBLIC REPORT)

FOR
COTTAGES AT ARCADIA SITE CONDOMINIUMS
aka **COTTAGES AT ARCADIA**

Registration No. DM14-057172

SUBDIVIDER
Bellago Development, LLC
1806 North Lindsay Road
Mesa, Arizona 85213

Effective Date
May 27, 2014

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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Contents

GENERAL	5
SUBDIVISION LOCATION	5
UTILITIES	5
STREETS, ROADS AND DRAINAGE	7
LOCAL SERVICES AND FACILITIES	7
COMMON, COMMUNITY AND RECREATIONAL FACILITIES	9
ASSURANCES FOR COMPLETION OF IMPROVMENTS	9
PROPERTY OWNERS ASSOCIATIONS	9
SUBDIVISION CHARACTERISTICS	11
SUBDIVISION USE AND RESTRICTIONS	15
AIRPORTS.....	15
TITLE.....	16
METHOD OF SALE OR LEASE	16
TAXES AND ASSESSMENTS	17

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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: Units 1 through 12, inclusive.

The map of this subdivision is recorded in Book 1163 page 27, records of Maricopa County, Arizona.

Declaration of Condominium/Horizontal Property Regime: Amended and Restated Declaration of Condominium is recorded in Document No. 2013-0947708 and shown on the plat of said condominium recorded in Book 1163 of Maps, page 27, records of Maricopa County, Arizona.

The subdivision is approximately 1.2213 acres in size. It has been divided into 12 Units and Tract A. Lot boundaries will be permanently staked at lot 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: Southwest corner 34th street and Pinchot, City of Phoenix, Maricopa County, Arizona

UTILITIES

Electricity: **Electricity:** Salt River Project (602) 236-8888 (website: www.srpnet.com). Purchaser's cost to receive service is a \$28.00 establishment fee, plus tax, and a security deposit of \$275.00, which can be waived with a good credit rating. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change, please contact the utility provider for further details.

Telephone: Qwest Communications, 20 East Thomas Road, Phoenix, AZ, 85012, (800) 244-1111, website: www.qwest.com. Facilities to the lot lines have been completed. Costs to purchasers to receive this service include a deposit of \$45.00-\$130.00, if required, and a service charge of approximately \$27.50, possibly waived depending on choice of service plan. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change, please contact the utility provider for further information.

Cable: Cox Communications, 20401 North 29th Avenue, Phoenix, AZ, 85027, (623) 594-1000, www.cox.com. Facilities to the lot lines have been completed. Costs to purchaser to receive this service for a new customer installation charge is \$34.95 plus applicable fees and taxes. Basic cable charges start at \$19.95 plus fees and taxes per month with additional charges applicable for equipment and services. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact Cox Communications for further details.

Internet or Fiber Optic: CenturyLink, (800) 244-1111, website: www.centurylink.com. Facilities are complete to the lot line. Purchaser's cost to receive service is a one-time service activation fee of \$27.00. A security deposit may be required. Purchasers should check with CenturyLink for additional information regarding types of services available as well as monthly costs associated with that service. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

Cox Communications, (623)748-8957 or 800-957-7250, 1550 West Deer Valley Road, Phoenix, Arizona 85027, website:www.cox.com; Purchaser's cost to receive service may include a one-time installation fee (\$49.99 Professional Installation or \$19.99 Self-Installation) and a credit check and/or deposit may be required. Purchasers should check with Cox Communications for additional information regarding types of services available as well as installation fees and monthly costs associated with that service. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

Natural Gas: Southwest Gas Corporation (602) 861-1999 (website: www.swgas.com). Purchaser's cost to receive service is a \$35.00 establishment fee, plus tax, and a refundable deposit that shall not exceed two times the customer's estimated average monthly bill. Fees and/or deposits are subject to change, please contact utility company for further details.

Water: City of Phoenix, (602) 262-6251, website: <http://phoenix.gov>. Costs to purchasers to receive this service are included in the Association Common Expense Assessment and will be billed to each Unit Owner on an average usage for the Association. This is an additional component of the Common Expense Assessment. Purchasers should refer to Section 6.8(A) for complete information.

Sewage Disposal: City of Phoenix, (602) 262-6251, Costs to purchasers to receive this service are included in the Association Common Expense Assessment and will be billed to each Unit Owner on an average usage for the Association. This is an additional component of the Common Expense Assessment. Purchasers should refer to Section 6.8(A) for complete information.

Garbage Services: City of Phoenix, (602) 262-6251, website: <http://phoenix.gov>. Costs to purchasers to receive this service are included in the Association's assessments.

Subdivider advises that the extensions of the utilities to the lot lines are complete.

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 public exterior streets are complete. Maintenance provided by the City of Phoenix. Purchasers cost is included in their property taxes.

Access within the Subdivision: The asphalt paved driveways are complete. Maintenance provided by the Cottages at Arcadia Homeowners Association. Purchasers cost is included in their association assessments.

Street Lights: Street lights are maintained by the City of Phoenix within the adjoining public street. Site lighting is provided within the common area of the development. Cost for maintenance is included in Cottages at Arcadia Homeowners Association fees

Flood and Drainage: The drainage facilities are complete. Maintenance provided by the Cottages at Arcadia Homeowners Association. Purchasers cost is included in their association assessments.

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

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

MANY ROADS ON RURAL TRUST LANDS ARE NOT LEGAL TRAVEL ROUTES, EXCEPT FOR STATE LESSEES AND HUNTERS, AND DO NOT PROVIDE LEGAL ACCESS TO PRIVATE LAND. STATE TRUST LAND MAY BE SOLD OR LEASED FOR USES WHICH MAY EXCLUDE RECREATION. RECREATION IS A TEMPORARY USE THAT MAY BE TERMINATED AT ANY TIME.

For additional information, visit the State Land Department web page at www.land.state.az.us, or call (602) 542-4631.

LOCAL SERVICES AND FACILITIES

Schools: Monte Vista Elementary School (K-8), is located at 3501 East Osborn Road, Phoenix,

Arizona, ½ mile northwest of subdivision; Squaw Peak: Elementary School (K-8) is located at 4601 North 34Th Street, Phoenix, Arizona, approximately 2 miles northwest of subdivision; Camelback High School (9-12), is located at 4612 North 28th Street, Phoenix, Arizona, approximately 3 miles northwest of subdivision. Charter School: Ombudsman Learning Center - East, Grades (6-12), is located at 3943 East Thomas Road, Phoenix, Arizona, approximately 1 mile east of subdivision

NOTE: MONTE VISTA ELEMENTARY SCHOOL IS TO BE TORN DOWN AND REBUILT AND COMPLETED IN AUGUST OF 2015. DUE TO ITS CONSTRUCTION ON ITS PRESENT SITE, THE CURRENT STUDENT POPULATION WILL BE DIVIDED BETWEEN THREE OTHER SITES. PURCHASERS SHOULD CONTACT THE CREIGHTON SCHOOL DISTRICT AT (602) 381-6000 FOR FURTHER INFORMATION

SCHOOL BUS TRANSPORTATION WILL ONLY BE PROVIDED TO STUDENTS RESIDING OUTSIDE THE SCHOOLS DESIGNATED WALKING DISTANCE. PURCHASERS SHOULD CONTACT THE SCHOOLS TO DETERMINE THE AVAILABILITY OF SCHOOL BUS TRANSPORTATION.

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. YOU SHOULD CONTACT THE CREIGHTON SCHOOL DISTRICT AT (602) 381-6000 AND PHOENIX UNION HIGH SCHOOL DISTRICT) AT (602) 764-1100 REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE.

Shopping Facilities: Fry's Grocery Store is located on the northwest corner of 32nd Street and Thomas approximately 1/4 miles west of the subdivision.

Public Transportation: Valley Metro Transit bus stops located along Thomas Road within ¼ mile.

Medical Facilities: Banner Good Samaritan Hospital at 12th street and McDowell Road, 1 mile south and 3 miles west.

Fire Protection: City of Phoenix Fire Department.

Ambulance Service: Dial 911

Police Services: City of Phoenix Police Department.

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: Amenities include a swimming pool, outside BBQ, and landscaped tracts to be completed by August 31, 2014. Purchasers cost for maintenance is included in the Homeowners Association assessments.

ASSURANCES FOR COMPLETION OF IMPROVEMENTS

Assurances for Completion of Subdivision Facilities: Per the Occupancy Clearance Agreement between Subdivider and the City of Phoenix, Certificates of Occupancy will not be issued until improvements are completed.

Assurances for Maintenance of Subdivision Facilities: The recorded Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Cottages At Arcadia Site Condominiums, and Filed Articles/Bylaws for the Homeowners Association provides for the Homeowners Association to maintain all common areas. Utility companies will maintain their respective utilities and City of Phoenix will maintain the public streets.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Cottages At Arcadia Homeowners Association with current assessments in the amount of \$291 per month paid monthly.

Initial Capital Contribution: Per Section 7.10 of the recorded Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Cottages At Arcadia Site Condominiums to insure that the Association shall have adequate funds to meet its expenses to maintain, repair and replace Improvements within the Common Elements and elsewhere in the Condominium that are the responsibility of the Association, each Purchaser of a Unit from the Declarant shall pay to the Association immediately upon becoming the Owner of the Unit a sum equal to one-sixth (1/6th) of the current Common Expense Assessment for the Unit (the "Initial Capital Contribution"). Payments made pursuant to this Section 7.10 shall be nonrefundable, shall be deemed a contribution to the capital of the Association to the extent permitted by Applicable Laws, and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration. To the extent of any limitations imposed pursuant to Applicable Laws, Initial Capital Contributions shall be expended by the Association, as the party designated to manage the Condominium, for the maintenance, repair and replacement of any recreational and other Improvements on or within the Common Elements and the Condominium as a whole and thereby touch and concern the land. Notwithstanding the foregoing, to the extent Declarant has previously paid the Initial Capital Contribution attributable to a Unit prior to its conveyance to a Purchaser, Declarant may reimburse itself from closing proceeds for such unsold Unit's Initial Capital Contribution so paid

in advance by Declarant. Amounts paid to the Association as part of the Initial Capital Contribution pursuant to this Section 7.10 shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

Administrative Records Fee: Per Section 7.13 of the recorded Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Cottages At Arcadia Site Condominiums each Purchaser, immediately upon becoming the Owner of a Unit, shall pay to the Association a recordkeeping transfer fee (the "Administrative Records Fee") in such amount as is established from time to time by the Board to compensate the Association for the administrative costs incurred resulting from the transfer of the Unit. The Administrative Records Fee is not intended to compensate the Association for the costs incurred in the preparation of the statement which the Association is required to or entitled to mail or deliver pursuant to Section 7.8 of this Declaration and/or A.R.S. §33-1256(I) and 33.1260(A) of the Condominium Act and, therefore, the Administrative Records Fee shall be in addition to the fee which the Association or the Managing Agent is entitled to charge for a resale disclosure statement and/or lien estoppel statement, but the combined fees under this Section 7.13 and/or for such disclosure statements or Assessment Lien estoppels upon transfer shall not exceed the total amount allowed by Applicable Laws to be charged for such services pursuant to §33-1260(C).

Reserve Contribution: Per Section 7.14 of the recorded Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Cottages At Arcadia Site Condominiums each Purchaser (regardless of whether the seller of the Unit is Declarant or an related third party) shall pay to the Association, immediately upon becoming the Owner of a Unit, a contribution to the reserves to be established pursuant to Section 7.14(C) below (the "Reserve Contribution"). The amount of the initial Reserve Contribution shall be set by the Board of Directors. Notwithstanding the foregoing, to the extent Declarant has previously paid the Reserve Contribution attributable to a Unit prior to its conveyance to the first Purchaser thereof, Declarant may reimburse itself from closing proceeds for such unsold Unit's Reserve Contribution so paid in advance by Declarant. The amount of the Reserve Contribution established for transfers occurring after the Period of Declarant Control has expired or terminated shall be based upon the recommendations contained in any professionally prepared reserve study obtained by the Board from time to time as to the amount of reserves required for the Condominium after taking into consideration the amount of reserves then held by the Board in the segregated Reserve Account and the remaining useful life of the major components of the Common Elements. The Board of Directors may, from time to time, increase or decrease the amount of the Reserve Contribution in accordance with such study, but the amount of the Reserve Contribution may not be increased by the Board by more than twenty percent (20%) during any fiscal year of the Association without the approval of the Members holding more than fifty percent (50%) of the votes in the Association. Reserve Contributions are non-refundable and shall not be considered as an advance payment of the Common Expense Assessment.

Control of Association: Per Section 1.52 of the recorded Amended and Restated Declaration of Condominium and Covenants, Conditions and Restrictions for Cottages At Arcadia Site Condominiums states in part:

“The Period of Declarant Control” means the time period commencing on the date this Declaration is recorded in the Official Records of the Maricopa County, Arizona Recorder, and ending on the earlier of:

- (i) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units in the Condominium to Unit Owners other than the Declarant;
- (ii) Four (4) years after the Declarant has ceased to offer Units for sale in the ordinary course of business.

Title to Common Areas: Title to the common areas has been transferred to the association.

Membership: All Unit owners will be members of the Association.

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

SUBDIVISION CHARACTERISTICS

Topography: Land is generally level.

Flooding and Drainage: Subdivision is not subject to any known flooding or drainage problems. Clinton J. Garner, P.E. of GarnerCox engineering in his letter dated November 18, 2013 states in part:

“Cottages at Arcadia, a single family site condominium residential development located in the City of Phoenix, Maricopa County, Arizona, in a portion of the southwest quarter of Section 25, Township 2 North, Range 3 East of the Gila and Salt River Base and Meridian. The referenced site is located in a designated Zone “X” per the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map Number 04013C2210L dated October 16, 2013. Zone “X” as defined by FEMA is:

Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 feet or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

(Note: The 0.2% annual chance flood is the 500-year storm event and the 1 % annual chance flood is the 100-year storm event).

According to the National Flood Insurance Policy, flood insurance is not required for lots owners in Cottages at Arcadia, but it may be required by public or private lending institutions or other parties.”

Soils: Subdivider advises that the property is not subject to subsidence or expansive soil conditions. In a letter dated November 19, 2013 Hank Belliston, M.S., P.E. Geotechnical Department Manager with Geotechnical Testing & Inspections states in part:

“On October 30, 2013, GTI submitted a Post-Tensioned Slab Recommendations Report for 12 lots within the Cottages at Arcadia Development, under GTI Project No. 133295G. We understand that plans call for the construction of single family residential homes. GTI reviewed other geotechnical reports for this project during the preparation of our report.

From the Post-Tensioned Slab Recommendations Report, GTI determined that the on-site soils exhibit low shrink- swell potentials. The on-site soils do not meet the requirements for expansive soils as defined by section 1802.3.2 Expansive Soils of the 2009 International Building Code (IBC). Post-tensioned slab foundations may be utilized to support the proposed residential homes. Detailed recommendations are provided in the Post-Tensioned Slab Recommendations Report.

Based on the findings presented in the reports, the site is considered suitable for construction of single-family residential housing, provided that the recommendations contained in the post-tensioned slab recommendations report are followed. It should be noted that positive drainage away from the buildings is critical for the long term performance of the foundations. GTI recommends that a minimum of a 5% slope, away from the perimeter of the building, be maintained during and after construction. In addition, landscaping and irrigation systems should be such that the foundation bearing soils are not subject to moisture infiltration.

Published data indicate that groundwater withdrawal in the general area ranges from 0 to 100 feet. There are no known fissures located within the general site vicinity. Therefore, GTI does not believe any fissures exist within the site area in the current site conditions.

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (map number: 04013C2210L, dated 10/16/2013), the subject property is not located within the 100 year flood zone. It has been identified to be in Flood Zone “X” which is defined by FEMA as: “Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.” Flood insurance is not required within this flood zone.”

Adjacent Lands and Vicinity:

North: R-3 Multifamily Residence District, R1-6 Single Family Residence District;

West: R-3 Multifamily Residence District, R-4 Multifamily Residence District

South: R-3 Multifamily Residence District, R-4 Multifamily Residence District, C-2 Intermediate Commercial

East: R1-6 Single Family Residence District, R-3 Multifamily Residence District

Note: Owners of the adjacent lands described above may seek to rezone their property, may seek zoning variances for their property, or may modify their site plan within the existing zoning. All zoning information is subject to change. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that

described above. Neither Subdivider nor its agents make any representation regarding how the property not owned by Subdivider within and/or surrounding (the project) will be used or developed. Existing and/or proposed use of adjacent property is subject to change and is not within the control of the Subdivider. For more information please call the City of Phoenix Planning Building and Zoning for up to date information.

PURCHASER IS ADVISED TO INDEPENDENTLY INVESTIGATE THESE MATTERS:

PURCHASER SHOULD BE AWARE THAT HOMES SITUATED ADJACENT TO OR IN THE VICINITY OF COMMERCIAL PROPERTY, MULTI-FAMILY SITES, WORSHIP SITES, SCHOOL SITES, STREETS AND ROADWAYS, CANALS, PARKS, TRAILS, FLOOD PLAINS, OPEN SPACE AREAS, CONSTRUCTION RELATED OPERATIONS, OTHER NON-RESIDENTIAL USES AND/OR OTHER RECREATION AMENITIES MAY EXPERIENCE AN ADDITIONAL AMOUNT OF NOISE, DUST, ODORS, LIGHTING, AND SIGNAGE, AS WELL AS PEDESTRIAN AND VEHICULAR TRAFFIC TYPICALLY ASSOCIATED WITH SUCH FACILITIES. INDIVIDUALS MAY HAVE VARYING SENSITIVITY TO NOISE, ODORS, DUST, LIGHTING, TRAFFIC, AND OTHER EFFECTS ASSOCIATED WITH THE ABOVE-DESCRIBED USES. PRIOR TO ENTERING INTO THE PURCHASE AGREEMENT FOR THE HOME, PURCHASER SHOULD VISIT THE SUBDIVISION, THE PARTICULAR HOME SITE, AND ITS ENVIRONS AT VARIOUS TIMES OF DAY AND NIGHT TO ASSESS HIS/HER OWN SENSITIVITY TO NOISE LEVELS, ODORS, DUST, TRAFFIC AND OTHER EFFECTS THERE.

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.

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

FedEx Ship Center: Adjacent to the south of the subdivision the FedEx ship center provides access to the FedEx transportation network. Activities associated with the operations of the ship center may run at all times including the nighttime hours. Purchasers should contact FedEx at (800) 463-3339 for hours of operation and further information.

Scorpions and Other Pests: Cucarachas, snakes, black widow spiders, centipedes, scorpions and other pests and animals are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. Purchasers with concerns should seek the advice of a pest control company. If these or any other creatures are a concern, purchaser may contact the Maricopa County Cooperative Extension Office at (602) 470-8086, or visit their website at www.ed/arizona.com or visit www.desertusa.com.

North:

- Monte Vista Elementary School approximately .4 mile
- Squaw Peak Elementary School approximately 2 miles
- Phoenix Mountains Preserve, approximately 3.5 miles

Northwest:

- Larry S. Kennedy Elementary School, approximately 2 miles
- Camelback High School, approximately 3 miles
- Los Olivos Park, approximately 1 mile
- Arizona Biltmore Golf Course/Resort, approximately 2 miles
- Fire Station #12, approximately 1 mile Northeast
- Kachina Park, approximately 2 miles
- Arcadia High School, approximately 2 miles
- Arizona Canal, approximately 2 miles
- Camelback Mountain Recreation, approximately 3 miles
- Phoenician Golf Course/Resort, approximately 3 miles
- Paradise Valley Country Club, approximately 4 miles

East:

- Arcadia Post Office, approximately .5 mile
- Arizona County Club, approximately 2 miles
- Fire Station #13, approximately 1.5 miles

South:

- Papago Elementary School, approximately 1 mile
- Red Mountain Freeway (Loop 202), 1.2 miles
- David Crockett Elementary School, approximately 2 miles
- Sky Harbor International Airport, approximately 3 miles

Southeast:

- Pierce Park approximately 2 miles
- Papago Park, approximately 2.5 miles
- Papago Golf Course, approximately 3 miles
- Papago Army Airfield, approximately 2.5 miles
- State Route 143/Red Mountain Freeway (Loop 202) Interchange, approximately 2 miles
- Saint Francis Cemetery and Mausoleum, approximately 1.5 miles

Southwest:

- Perry Park, approximately .2 mile
- Banner Good Samaritan Regional Hospital, approximately 3 miles
- Maricopa Medical Center, approximately 3 miles
- Verde Park, approximately 3.5 miles

West:

- State Route 51, approximately 2 miles
- Grand Canal, approximately 2 miles
- Fire Station #5, approximately 2 miles

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for improved lots.

Zoning: City of Phoenix zoning code R-3A.

Conditions, Reservations and Restrictions: As cited in the recorded Amended and Restated Declaration of Condominium and of Covenants Conditions and Restrictions for Cottages at Arcadia Site Condominiums, the Filed Articles of Incorporation and the Bylaws of the Association(s) and existing zoning ordinances.

Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Maricopa County Recorder. Information about zoning may be obtained at the Office of the City of Phoenix Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

AIRPORTS

Public Airport: Phoenix Sky Harbor International Airport is located at 3400 East Sky Harbor Boulevard, approximately 3 miles south. The notice contained herein to prospective Owners follows State guidelines regarding the properties in the Municipality underlying the flight patterns of the Airport. The Public Airport Disclosure area is defined and prepared in accordance with Arizona Revised Statutes Section 28- 8486, and generally depicts areas of numerous aircraft over flights or aircraft operations. Attached as Exhibit B is the current Public Airport Disclosure Map which provides noise and overflight information. Updated copies of pertinent Airport Disclosure Maps are available from the Arizona Department of Real Estate's main office in Phoenix — 2910 N. 44th St., Suite 100, Phoenix, AZ 85018, or from the Department's web site

at <http://www.re.state.az.iis/Bulletin/airports/airportintro.html>. SEE EXHIBIT "B"
ATTACHED

SUBDIVISION IS LOCATED WITHIN THE TERRITORY IN THE VICINITY OF PHOENIX SKY HARBOR INTERNATIONAL AIRPORT. FLIGHTS TO AND FROM THIS AIRPORT MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS

TITLE

Title to this subdivision is vested in Funk Family Enterprises, LLC., an Arizona Limited Liability Company.

Subdivider's interest in this subdivision is evidenced by a Memorandum of Option Agreement recorded in Instrument No. 2013-10744525.

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 April 10, 2014 issued by Fidelity National 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: Purchasers vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to purchasers and by purchasers signing a promissory note and mortgage or deed of trust for the unpaid balance, if any. **PURCHASERS SHOULD READ THESE DOCUMENTS BEFORE SIGNING THEM.**

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

Release of Liens and Encumbrances: Subdivider reports that there are no underlying deeds of trust or blanket encumbrance requiring partial lot release provisions

LICENSE NO.

COTTAGES AT ARCADIA SITE CONDOMINIUMS aka COTTAGES AT ARCADIA

Use and Occupancy: Lot purchasers will be permitted to use and occupy their unit 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 2013 is 14.1938 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 \$300,000.00, is \$3,619.42.

Special District Tax or Assessments: None

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

1. Taxes and assessments (plus penalties and interest, if any) collectible by the County Treasurer for the following year: 2012

Certificate No.: 12003729 through 12003749

2. Taxes and assessments (plus penalties and interest, if any) collectible by the County Treasurer for the following year: 2013

3. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2014.

4. The liabilities and obligations imposed upon said Land by reason of: (a) inclusion thereof within the boundaries of the Salt River Project Agricultural Improvement and Power District; (b) membership of the owner thereof in the Salt River Valley Water Users' Association, an Arizona corporation and (c) the terms of any Water Right Application made under the reclamation laws of the United States for the purposes of obtaining water rights for said Land.

5. Liabilities and obligations imposed upon said Land by its inclusion within any district formed pursuant to Title 48, Arizona Revised Statutes.

6. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 17 of Maps, page 30.

7. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: March 24, 1928

Recording No: Book 218 of Deeds, page 593

8. Abandonment of rights of the public in and to that portion of the herein described Land as shown on the

Map/Plat: Map

Recording Date: October 30, 1941

Recording No: Book 5 of Road Maps, page 10

Street/Road: 34th Street

Affects: West half

9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Electric lines

Recording Date: March 4, 1948

Recording No: Docket 161, page 343

10. A resolution in favor of Maricopa County

For: Road abandonment

Recording Date: May 28, 1949

Recording No: Docket 394, page 165 11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Gas main

Recording Date: August 9, 1957

Recording No: Docket 2249, page 179

12. A resolution in favor of Maricopa County

For: Road abandonment

Recording Date: November 23, 1971

Recording No: Docket 9083, page 611

13. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Communication facilities

Recording Date: December 2, 1986

Recording No: 1986-663341

14. Matters contained in that certain document

Entitled: Waiver of Rights to Make a Claim Under Proposition 207 (A.R.S. 12-1131 et seq.)

Dated: June 25, 2007

Executed by: 34th Street Development L.L.C.

Recording Date: June 28, 2007

Recording No: 2007-0747108

Reference is hereby made to said document for full particulars.

15. Matters contained in that certain document

Entitled: Waiver of Rights to Make a Claim Under Proposition 207 (A.R.S. 12-1131 et seq.)

Dated: November 30, 2007

Executed by: Tanya Friese

Recording Date: December 4, 2007

Recording No: 2007-1278735

Reference is hereby made to said document for full particulars.

16. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 966 of Maps, page 36.

17. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 977 of Maps, page 28.

18. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: February 22, 2008

Recording No: 2008-0157189 and
Re-Recording Date: March 26, 2008
Re-Recording No: 2008-0265550 Notice and Assignment of Declarants rights in
Recording No: 2011-0261303
Assignment and Assumption of Declarants Rights in
Recording No: 2012-1166403
Modification(s) of said covenants, conditions and restrictions
Recording No: 2013-0947708
Modification(s) of said covenants, conditions and restrictions
Recording No: 2014-0007241
Liens and charges as set forth in the above mentioned declaration,
Payable to: Cottages at Arcadia Homeowners Association

19. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities
Recording Date: May 14, 2008
Recording No: 2008-0425642

20. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Power distribution
Recording Date: June 17, 2009
Recording No: 2009-0553107

21. Easements, covenants, conditions and restrictions as set forth on the plat recorded in Book 1163 of Maps, page 27.

22. An option to purchase said Land with certain terms, covenants, conditions and provisions as set forth therein.

Optionor: Funk Family Enterprises, LLC, an Arizona limited liability company
Optionee: Bellago Development, LLC, an Arizona limited liability company
Disclosed by: Memorandum of Option Agreement
Recording Date: December 20, 2013
Recording No: 2013-1074525

23. A Special Warranty Deed:

From: Funk Family Enterprises, LLC, an Arizona limited liability company
To: Bellago Development, LLC, an Arizona limited liability company
Dated: February 24, 2014
Recording Date: February 27, 2014
Recording No: 2014-0128079

(Affects Unit 7) 24. A construction deed of trust to secure an indebtedness in the amount shown below,

Amount: \$110,000.00
Dated: February 24, 2014
Trustor/Grantor Bellago Development, LLC, an Arizona limited liability company
Trustee: Fidelity National Title Agency

Beneficiary: M & T Bank
Recording Date: February 27, 2014
Recording No: 2014-0128080
(Affects Unit 7)

25. A deed of trust to secure an indebtedness in the amount shown below,
Amount: \$88,000.00
Dated: February 24, 2014
Trustor/Grantor Bellago Development, LLC, an Arizona limited liability company
Trustee: Fidelity National Title Agency
Beneficiary: Funk Family Enterprises, LLC, an Arizona limited liability company
Recording Date: February 27, 2014
Recording No: 2014-0128082
(Affects Unit 7)

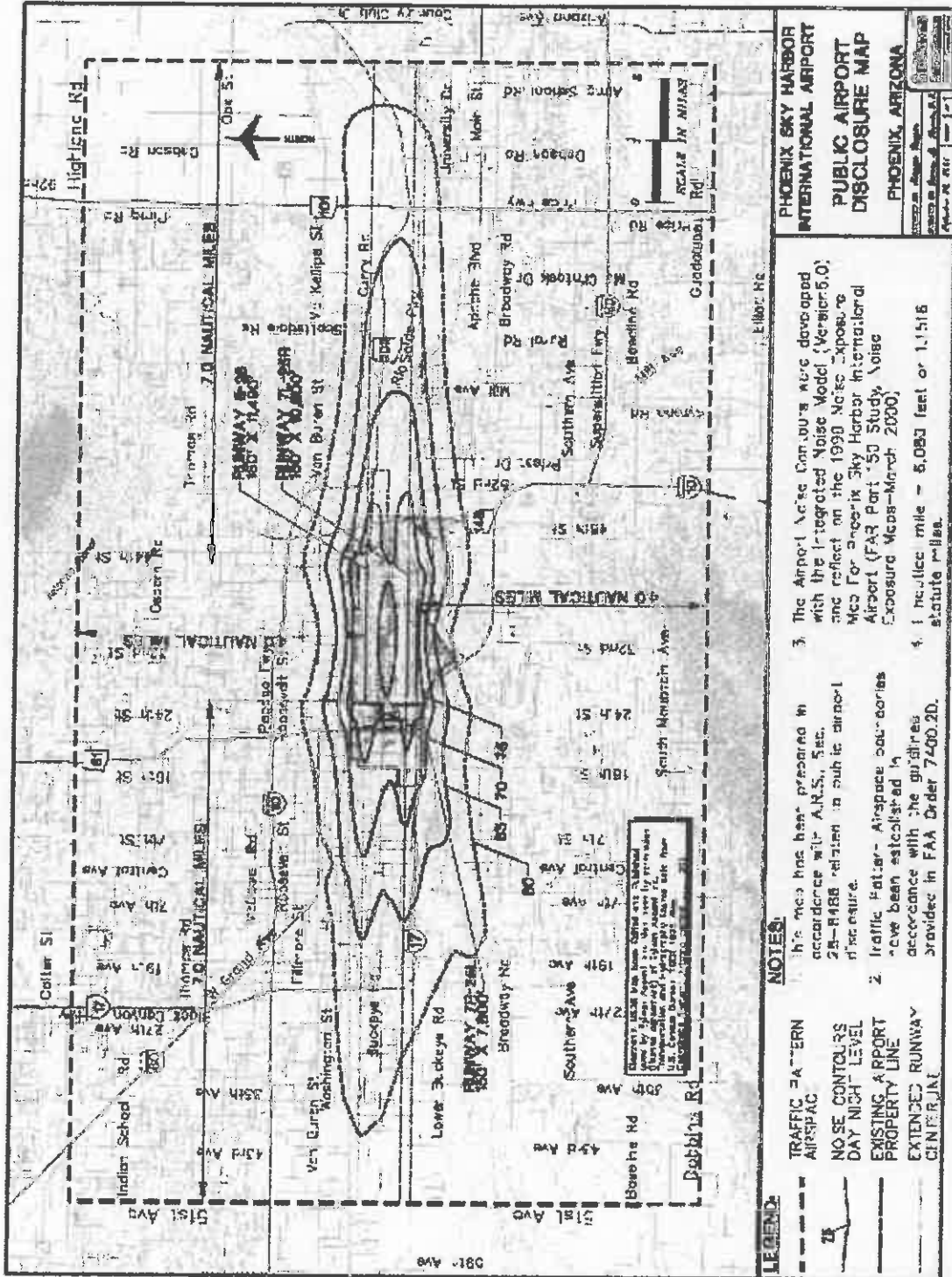
An agreement recorded February 27, 2014 in Recording No. 2014-0128081 which states that this instrument was subordinated to the document or interest described in the instrument

Recording Date: February 27, 2014
Recording No: 2014-0128080

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

END OF SCHEDULE B

EXHIBIT B



- LEGEND:**
- TRAFFIC PATTERN AIRSPACE
 - NOISE CONTOURS
 - DAY NIGHT LEVEL
 - EXISTING AIRPORT PROPERTY LINE
 - EXTENDED RUNWAY CENTERLINE
- NOTES:**
- This map has been prepared in accordance with A.R.S., Sec. 23-848B related to public airport disclosure.
 - Traffic Pattern Airspace boundaries have been calculated in accordance with the guidelines provided in FAA Order 7460.2D.
 - The Airport Noise Contours were developed with the Integrated Noise Model (Version 5.0) and reflect on the 1990 Noise Exposure Maps for Phoenix Sky Harbor International Airport (FAA Part 150 Study, Noise Exposure Maps-March 2000).
 - 1 inch equals 1.516 statute miles.