

SWITZER CANYON VILLAGE CONDOMINIUMS
PURCHASE CONTRACT AND ESCROW INSTRUCTIONS
(FRACTIONAL INTEREST)

1. **IDENTITY OF PARTIES AND ESCROW AGENT**

Buyer: _____

Address: _____

Telephone: _____ (Home) _____ (Business) _____ (Cellular)
_____ (Fax) _____ (Email)

Seller: AZNORTH Development, LLC, an Arizona limited liability company

Address: 2410 East Route 66
Flagstaff, AZ 86004

Telephone: (____) _____ Fax: (____) _____

Escrow Agent:

Attn: _____

Address:

Telephone: _____ Fax: _____ E-mail: _____

THIS CONTRACT IS A LEGALLY BINDING CONTRACT. PARAGRAPH 6(D) OF THIS CONTRACT, THE SEPARATE LIMITED WARRANTY ATTACHED HERETO AS EXHIBIT B AND ARTICLE 12 OF THE CONDOMINIUM DECLARATION FOR SWITZER CANYON VILLAGE CONDOMINIUMS INCLUDE DISPUTE RESOLUTION PROCEDURES WHICH REQUIRE BINDING ARBITRATION OF CERTAIN DISPUTES, INCLUDING, WITHOUT LIMITATION, DISPUTES REGARDING ALLEGED CONSTRUCTION DEFECTS. YOU SHOULD READ THIS CONTRACT, THE CONDOMINIUM DECLARATION AND THE LIMITED WARRANTY CAREFULLY AND UNDERSTAND THEM BEFORE YOU SIGN THIS CONTRACT.

Buyer Initials: _____ / _____

2. **SALE AND ESCROW.**

(a) Seller hereby agrees to sell to Buyer and Buyer agrees to purchase from Seller an undivided ____ interest in Unit ____ (the "Unit") of Switzer Canyon Village Condominiums, as shown on the Plat (defined in Paragraph 18) and as more fully described in the Condominium Declaration (defined

in Paragraph 18) together with an undivided interest in the Common Elements (defined in Paragraph 18). The undivided fractional interest in the Unit which Buyer agrees to purchase from Seller shall be referred to in this Contract as the "Fractional Interest". Buyer acknowledges and understands that the ownership of the Fractional Interest will entitle the Buyer to occupy of the Unit in accordance with the Declaration of Fractional Interest Ownership Plan for the Unit which has been recorded in the records of the County Recorder of Coconino County, Arizona or which, if not previously recorded, will be recorded by Seller prior to the Closing. The Declaration of Fractional Ownership Plan will provide that the minimum length of stay by an owner of a fractional interest in the Unit shall be thirty (30) days as required by the zoning ordinances of the City of Flagstaff. The Declaration of Fractional Interest Ownership Plan also will prescribe the rights of each owner of a fractional interest in the Unit to use the Unit and provide for the sharing of the costs and expenses with respect to the maintenance, repair and operation of the Unit among all the owners of a fractional interest in the Unit.

(b) Execution of this Contract (defined in Paragraph 18) by Buyer constitutes an offer to purchase. Buyer acknowledges and agrees that the deposit by Seller of the Initial Earnest Money (as provided for in Paragraph 3(a)) shall not be deemed an acceptance of Buyer's offer to purchase the Fractional Interest. Seller shall be bound only when this Contract is accepted by an authorized member, manager or agent of Seller. The acceptance of this Contract by any sales agent or broker is not binding upon Seller. Buyer's Earnest Money (defined in Paragraph 3(b)) is accepted subject to prior sale, and Seller is under no obligation to accept Buyer's offer and execute this Contract.

(c) To facilitate the sale and purchase of the Fractional Interest, Seller and Buyer agree to establish an escrow ("Escrow") with the Escrow Agent. This Contract constitutes Escrow Instructions to the Escrow Agent, but if Escrow Agent should require the execution of its standard form printed Escrow Instructions, Buyer and Seller shall execute such Escrow Instructions within five (5) days after being requested to do so by Escrow Agent; however, any such Escrow Instructions executed by Seller and Buyer shall be construed as applying only to Escrow Agent's engagement, and if there are any conflicts or inconsistencies between the terms of this Contract and the Escrow Instructions, this Contract shall control.

3. TERMS OF SALE.

(a) Subject to any adjustments as may be set forth by Change Order (defined in Paragraph 7(c)), the purchase price to be paid by Buyer for the Fractional Interest (the "Purchase Price") and the method of payment shall be as follows:

Purchase Price: \$ _____

Earnest Money to be paid to Escrow Agent upon execution of

this Contract by Buyer by Check _____, Cash _____

Other _____ (subject to collection if by check): \$ _____

Balance due at Closing (exclusive of closing costs) \$ _____

(b) As used in this Contract, "Earnest Money" means the Earnest Money paid by Buyer upon execution of this Contract. If Buyer's Earnest Money is paid by check and the check is dishonored by Buyer's bank, Buyer shall be in default under this Contract and Seller may exercise its right under Paragraph 6(a). Buyer understands and agrees that the Earnest Money and all other amounts deposited by Buyer with Escrow Agent will not be deposited in an interest bearing account unless Buyer requests

Escrow Agent to do so in which event Buyer shall pay any fee charged by Escrow Agent in connection with establishing the interest bearing account.

Buyer Initials ____/____

4. FINANCING.

(a) If this box is marked , Buyer intends to pay cash for the Unit and Buyer's obligations under this Contract are not subject to Buyer obtaining financing to pay all or any part of the Purchase Price.

(b) If this box is marked , Buyer's obligations under this Contract are subject to the Buyer obtaining financing to pay all or part of the Purchase Price. Buyer shall have thirty (30) days from the Effective Date (the "Loan Contingency Period") to obtain financing in order for Buyer to be able to complete the purchase of the Unit in accordance with the terms of this Contract. If Buyer is unable, after good faith and diligent efforts to do so, to obtain such financing within the Loan Contingency Period, Buyer may terminate this Contract by giving Seller and Escrow Agent written notice of termination within the Loan Contingency Period. If this Contract is terminated by Buyer pursuant to this Paragraph, then Seller shall refund to Buyer the Earnest Money. If Buyer does not give such termination notice to Seller and Escrow Agent within the Loan Contingency Period, then this financing contingency shall be deemed waived by Buyer and Buyer shall be obligated to fully and timely complete the purchase of the Unit in accordance with all terms and provisions of this Contract. Buyer acknowledges and agrees that the financing arrangement and relationship shall be between Buyer and its lender and in no event shall Seller have any responsibility, obligation or liability for any matters or disputes which arise in connection with such financing arrangement. Further, in no event shall the Closing be delayed because of financing considerations or because of disputes between Buyer and its lender. Buyer agrees to pay origination fees, discount points, appraisal fees, other mortgage costs and expenses, appropriate fees, credit report fees, lender's policy of the title insurance premiums, prepaid items and impounds required by the lender and all other costs of financing. The interest rate and fees for any loan applied for by Buyer are matters solely between Buyer and lender and shall not in any way affect the rights and obligations of Seller and Buyer under this Contract. Buyer acknowledges that Seller has not agreed to provide any loan to Buyer nor has Seller guaranteed the availability of a loan or any particular loan terms. Seller shall not be responsible for any representations, actions or omissions made by any lender or for the failure of the lender to fund the loan. Seller shall not be liable for damages or interest rate changes caused by delays in completion of the Unit or delays in the Closing.

5. OWNERS ASSOCIATION. Buyer acknowledges that the Association (defined in Paragraph 18) has been or will be established for the purpose of, among other things, operating, managing and maintaining the Common Elements and enforcing the Condominium Declaration. Buyer acknowledges that (i) following the Closing, Buyer shall be a member of the Association and that the Fractional Interest will be subject to assessment by the Association in accordance with the Condominium Declaration and that such assessments may increase in the future; (ii) any budget of the Condominium Association provided to Buyer is preliminary and may be changed prior to the Closing; and (iii) Buyer has been given copies of and an opportunity to review the Condominium Declaration and the Association Governance Documents (defined in Paragraph 18), and Buyer agrees to abide by the terms of same. Exhibit A attached hereto sets forth the initial assessments and other initial amounts payable to the Association by Buyer at and after the

Closing. However, Buyer acknowledges that any budget of the Association used in preparing such assessment amounts is preliminary and may change prior to the Closing and that all of the amounts set forth in Exhibit A are subject to change prior to or after the Closing in accordance with the terms of the Condominium Declaration.

6. **DEFAULT; REMEDIES; DISPUTE RESOLUTION.**

(a) **Default by Buyer.** If, prior to Closing, Buyer fails to fully and timely comply with any term or provision of this Contract, Seller shall have the right to terminate this Contract by giving written notice of such termination to Buyer and Escrow Agent. If Seller terminates this Contract in accordance with this Paragraph, Seller shall be entitled to retain the Earnest Money as liquidated damages, and not as a penalty, and Escrow Agent shall immediately pay to Seller any Earnest Money held by Escrow Agent. Termination of this Contract and payment to Seller of the liquidated damages provided for in this Paragraph shall be Seller's sole and exclusive remedy. Buyer and Seller agree that the damages that would be suffered by Seller in the event of a default by Buyer are difficult to ascertain as of the Effective Date, and that the amount Earnest Money is a reasonable estimate as of the Effective Date of the damages that would be suffered by Seller in the event of a default by Buyer.

(b) **Default by Seller.** If Seller fails to substantially complete the construction of the Unit as required Paragraph 7(d), Buyer shall have all rights and remedies available at law or in equity against Seller including the right to terminate and receive a refund of all amounts paid under this Contract and the right to enforce specific performance. If, prior to Closing, Seller fails to substantially comply with any of Seller's obligations under this Contract other than Seller's obligations under Paragraph 7(d), Buyer shall deliver to Escrow Agent and Seller a written notice detailing the default of Seller. Seller shall have thirty (30) days from the receipt of such notice from Buyer within which to remedy the default, except that if the required performance cannot be reasonably completed by Seller within such thirty (30) day period, then Seller shall have a reasonable amount of time within which to remedy the default, not to exceed sixty (60) days. If, at the expiration of such period, Seller shall not have cured such failure of performance, Buyer, as its sole and exclusive remedy, may either: (a) terminate this Contract by giving written notice of termination to Seller and Escrow Agent, in which event the Earnest Money shall be returned to Buyer; or (b) enforce specific performance of this Contract by Seller. Except for the rights and remedies that are expressly granted to Buyer by this Paragraph, Buyer waives all rights and remedies Buyer may have at law or in equity in the event of a default by Seller other than a failure by Seller to substantially complete the construction of the Unit as provided in Paragraph 7(d).

(c) **Cancellation.** If either party cancels this Contract pursuant to its terms, Buyer shall have no further right, title, or interest in or to the Fractional Interest or the Unit.

(d) **DISPUTE RESOLUTION. ANY AND ALL DISPUTE(S) FOLLOWING THE CLOSING BETWEEN OR AMONG BUYER., SELLER, BUILDER (HEREAFTER DEFINED), OR THEIR RESPECTIVE PARENT COMPANIES, SUBSIDIARIES OR AFFILIATES PURSUANT TO OR IN CONNECTION WITH THE LIMITED WARRANTY REFERENCED IN PARAGRAPH 10, OR THE CONSTRUCTION OR CONDITION OF THE UNIT OR THE CONDOMINIUM, INCLUDING BUT NOT LIMITED TO DISPUTES CONCERNING BREACH OF EXPRESS OR IMPLIED WARRANTIES, PERSONAL INJURIES AND/OR ILLNESS, AND ALL OTHER TORTS AND STATUTORY CAUSES OF ACTION (COLLECTIVELY, "CLAIMS") SHALL BE RESOLVED BY BINDING ARBITRATION BEFORE A SINGLE ARBITRATOR IN ACCORDANCE WITH THE CONSTRUCTION RULES OF ARBITRATION (OR SUCH ALTERNATIVE RULES AS THE ARBITRATOR MAY REQUIRE) OF THE AMERICAN ARBITRATION ASSOCIATION OR ITS SUCCESSOR. BUYER AGREES THAT BUYER MAY NOT INITIATE ANY PROCEEDING FOR ANY CLAIM(S) UNLESS AND UNTIL**

BUYER HAS FIRST GIVEN SELLER AND BUILDER SPECIFIC WRITTEN NOTICE OF EACH CLAIM AND HAS GIVEN SELLER AND BUILDER A REASONABLE OPPORTUNITY AFTER SUCH NOTICE TO CURE ANY ALLEGED DEFAULT IN ACCORDANCE WITH THE TERMS OF THE LIMITED WARRANTY REFERENCED IN PARAGRAPH 10. THE PROVISIONS OF THIS PARAGRAPH SHALL BE GOVERNED BY THE PROVISIONS OF THE FEDERAL ARBITRATION ACT, 9 U.S.C. §1, ET. SEQ., AND SHALL SURVIVE CLOSING. IF THE PROVISIONS OF THIS PARAGRAPH 6(D) ARE IN CONFLICT WITH ANY EXISTING MEDIATION, ARBITRATION OR OTHER DISPUTE RESOLUTION PROVISIONS OF THE CONDOMINIUM DECLARATION (AS INITIALLY RECORDED AND AS AMENDED BY ANY AMENDMENTS APPROVED IN WRITING BY SELLER), THE TERMS OF THE CONDOMINIUM DECLARATION (AS INITIALLY RECORDED AND AS AMENDED BY ANY AMENDMENT APPROVED IN WRITING BY SELLER) SHALL CONTROL. BY INITIALING BELOW BUYER ACKNOWLEDGES THAT BUYER'S AGREEMENT TO THE PROVISIONS OF THIS PARAGRAPH IS VOLUNTARY. BUYER UNDERSTANDS AND VOLUNTARILY AGREES THAT BUYER IS GIVING UP ITS RIGHTS TO HAVE ANY SUCH CLAIM(S) LITIGATED BEFORE A COURT OR JURY. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE CLOSING.

(Buyer Initials: ____/____)

(e) WAIVER OF JURY TRIAL. IF THE FOREGOING ARBITRATION PROVISION IS HELD NOT TO APPLY OR IS HELD INVALID, VOID OR UNENFORCEABLE IN ITS ENTIRETY FOR ANY REASON, BUYER AND SELLER AGREE THAT ALL DISPUTES FOLLOWING CLOSING SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. THE JUDGE IN SUCH COURT OF COMPETENT JURISDICTION SHALL HAVE THE POWER TO GRANT ALL LEGAL AND EQUITABLE REMEDIES, EXCLUDING CONSEQUENTIAL DAMAGES. SELLER AND BUYER EACH HEREBY WAIVE AND COVENANT NOT TO ASSERT THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY OF ANY DISPUTES FOLLOWING CLOSING, INCLUDING, BUT NOT LIMITED TO, DISPUTES RELATING TO CONSTRUCTION DEFECTS, MISREPRESENTATION OR SELLER'S FAILURE TO DISCLOSE MATERIAL FACTS. SELLER AND BUYER HEREBY COVENANT AND AGREE THAT THEIR MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING UPON THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND UPON ALL PERSONS AND ENTITIES ASSERTING RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF SELLER OR BUYER OR THEIR SUCCESSORS AND ASSIGNS.

(Buyer Initials: ____/____)

7. **CONSTRUCTION AND COMPLETION.**

(a) **Construction.**

(i) The Unit shall be completed in substantial compliance with Seller's building plans and specifications for the Unit as of the date of this Contract (the "Plans"), subject to normal and acceptable tolerances and pursuant to standard building practices found in residential construction in Coconino County, Arizona. Seller expressly reserves the unilateral right to make the following changes or modifications to the Plans: (1) modifications resulting from construction changes requested by Buyer and approved in writing by Seller; (2) substitution by Seller of materials, fixtures and appliances of equal or better quality; (3) changes required by any state, federal, county or local government authority; (4) modifications to relocate, add, eliminate or change the size of windows, soffits or other building

components or elements and modify or change the configuration of or installation method of components and materials incorporated into the Building; and (5) field changes made by the Builder (defined below) or by a subcontractor and approved by the Builder. Buyer acknowledges and agrees that not all of such changes will be reflected on the Plans and that Seller is not obligated to provide Buyer with “as-built” plans for the Unit or the Common Elements.

(ii) Seller reserves the unlimited and unrestricted right to select and modify the type, location, size, material, color, finish, and installation method of the Common Elements, and Seller further reserves the right to change unsold Unit sizes, and make any further amendments or changes in the recorded Plat necessitated thereby, to which Buyer hereby consents.

(iii) The general contractor for the construction of the Condominium is AZNORTH Development, Inc., ROC License No. ROC-111859. Seller reserves the right to change the general contractor from time to time. If Seller changes the general contractor, Seller shall notify Buyer of the name and ROC license number of the new general contractor. The general contractor for the construction of the Condominium shall be referred to in this Contract as the “Builder”.

(b) **Finish Selections.** If, as of the Effective Date, the Unit has not been completed and the paint colors, floor coverings, kitchen countertops, appliances, cabinetry and any other variable decorative components or materials (“Finish Items”) have not been selected, then within thirty (30) days after the receipt of a notice from Seller requesting that Buyer make selections of Finish Items, Buyer shall notify Seller in writing of Buyer’s selections of Finish Items from among those offered by Seller. If Buyer fails to notify Seller of Buyer’s selection of the Finish Items within such period, then Seller shall have the right, but not the obligation, to select the standard Finish Items offered by Seller in which event Buyer shall be bound by Seller’s selections. Upon completion of the selection process set forth in this Paragraph 7(b), all of the Finish Items shall be final and binding and Seller shall have no obligation to allow Buyer to make any additions, deletions or modifications thereto (but Seller may do so in its sole discretion). Buyer acknowledges that this Contract does not contemplate the construction of an individually designed unit.

(c) **Change Orders.** Any requests for changes from the Finish Items selected pursuant to Paragraph 7(b) which Buyer desires to have made shall be submitted in writing to Seller for approval and pricing by Seller. Seller shall have no obligation to accept any requested change. If Seller agrees to any changes, Seller shall prepare and deliver to Buyer a change order which shall include the price, if any, of the changes described in the change order. Buyer shall have five (5) business days within which to sign and return to Seller the change order, together with a check for the price of the changes set forth in the change order. No request for a change shall be binding on Seller unless in writing on Seller's change order form, signed by buyer and Seller, and paid for in accordance with the terms of the change order. Some changes may delay completion of construction, and Seller shall have no liability in connection with any such delays.

Buyer's Initials _____ / _____

(d) **Completion.** If the Unit is not substantially complete on the Effective Date, Seller shall substantially complete construction of the Unit and the Building (excluding the interiors of other units within the Building) within twenty four (24) months from the date this Contract is signed by Buyer (the "Completion Date"), subject to such delays which would constitute impossibility of performance by Seller, including those which may be caused by or contributed to as a result of change orders requested by Buyer, failure of Buyer to make select the Finish Items as provided in Paragraph 7(b), casualties, acts of God, labor difficulties, material or fuel shortages, delays in obtaining building permits, any actions or moratoriums by federal, state or local authorities having jurisdiction over the Unit affecting Seller's ability

to perform, interruptions in the supply of utilities, war, civil disorder, fire, inclement weather, terrorism, accident, unusual delays in deliveries or other conditions beyond the control of Seller (collectively the "Uncontrollable Events"). For purposes of this Contract, "substantially complete" shall mean when a conditional or final Certificate of Occupancy (or electrical clearance or other equivalent) for the Unit has been issued by the City of Flagstaff. Seller shall also provide and substantially complete sewer, water, electric and telephone lines to the Building and the Unit and paved access to the Building by such date; provided, however, Buyer acknowledges and agrees that Buyer shall be solely responsible for arranging for utility service and telephone service to be activated at the Unit and delays by utility providers in activating such services to the Unit shall not be a reason to delay the Closing. Except as specifically set forth above, no representation is made by Seller or its Builder as to a specific completion date or schedule of construction.

(e) **Inspection of Unit.** If Seller has not previously conveyed a fractional interest in the Unit to any person or entity, then prior to the Closing at a date and time selected by Seller, Seller and Buyer (or Buyer's representative) shall conduct an inspection of the Unit and mutually agree upon "Punch List" items which Seller shall remedy within a reasonable period of time following the Closing. If Seller has previously conveyed a fractional interest in the Unit to any person or entity, then Buyer shall not have a right to inspect the Unit prior to the Closing for the purpose of creating a "Punch List", and Buyer shall be bound by the inspection and "Punch List" created in connection with the sale of the prior fractional interest. If Buyer is entitled to inspect the Unit for the purpose of creating a "Punch List", Seller shall give Buyer notice of the date and time for the inspection of the Unit, which date must be at least five (5) days after the date of the notice. Such inspection shall be the only inspection of the Unit that Buyer shall be permitted to conduct prior to the Closing. If Buyer cannot attend the inspection of the Unit, then Buyer shall appoint a person to represent Buyer at the inspection. The failure of Buyer (or Buyer's representative) to attend the inspection as scheduled by Seller shall not delay the Closing or require Seller to reschedule the inspection. Seller shall only be required to correct those items of workmanship and materials that should be corrected in order to substantially conform construction of the Unit to the Plans and standards required by the Arizona Registrar of Contractors. The existence of such Punch List items or other nonstructural construction imperfections shall not entitle Buyer to cancel this Contract, withhold or escrow funds at Closing, or delay the Closing. After Closing Seller shall have no further or continuing responsibility for periodic inspection, replacement, maintenance or repair of the Unit, except for repair of the Punch List items identified before the Closing in writing or as may be covered by Seller's Limited Warranty (defined in Paragraph 10). Seller may, but shall not be obligated to, complete some or all of the Punch List items prior to the Closing. Following the Closing Buyer shall provide Seller and Seller's contractors, suppliers and subcontractors access to the Unit upon reasonable notice and at reasonable times to complete any Punch List items not completed by Seller prior to the Closing and any warranty service.

(f) **Insulation.** Insulation will be installed in the Unit as follows: (i) exterior walls (excluding windows): Type: _____; thickness: ____"; R-value: __, except at glazed openings and pop outs; (ii) roof system above the top floor space of the Building: Type: _____; thickness: ____"; R-value: __. R-values measure resistance to heat flow. All thicknesses and R-values are approximate and R-values do not include the R-value of other wall or ceiling materials. Notwithstanding the foregoing, insulation may be of lesser thickness and R-value than indicated in certain areas where the design of the Unit does not permit greater thickness. The R-values are based on the representation of the manufacturer and/or installer of the insulation and/or Building architect and Seller does not warrant or represent that these R-values are correct. Seller has the right to make substitutions as to the type, thickness and R-value of insulation installed in the Building without obtaining the consent of Buyer, as long as there are no substantial reductions in the R-value of the insulation affecting a substantial portion of the Unit.

8. **CLOSING.**

(a) The completion of the purchase and sale of the Fractional Interest and the closing of the Escrow (the "Closing") shall occur at the office of the Escrow Agent on or before the date set by Seller in a written notice to Buyer and Escrow Agent, but such date must be at least ten (10) days after the later of the date of such notice or the date on which the Unit is substantially complete. At least two (2) business days prior to the Closing, Buyer shall deposit or cause the following to be deposited with the Escrow Agent to complete the Closing:

- (i) The balance of the Purchase Price (including the unpaid balance for any Extras);
- (ii) All closing and additional costs or expenses payable by Buyer;
- (iii) All fees payable by Buyer pursuant to the Condominium Declaration, including the fees set forth on Exhibit A;
- (iv) A written notification to Seller and Escrow Agent as to how Buyer elects to take title to the Fractional Interest, failing which, title shall be conveyed to Buyer as community property with right of survivorship if Buyer is a married couple, or otherwise as may be directed by Escrow Agent; and
- (v) All other documents and instruments necessary to effectuate the purchase of the Fractional Interest by Buyer.

(b) On or before the Closing Seller shall deposit the following with Escrow Agent to complete the Closing:

- (i) A Special Warranty Deed as provided in Paragraph 9(a);
- (ii) All other documents and instruments necessary to effectuate the sale of the Fractional Interest to Buyer; and
- (iii) The Declaration of Fractional Interest Ownership Plan for the Unit unless such Declaration of Fractional Interest Ownership Plan has previously been recorded with the Coconino County Recorder.

(c) Seller and Buyer shall execute the Affidavit of Property Value required by Arizona law. If Buyer completes the Closing through Escrow Agent, the escrow fees of Escrow Agent shall be shared equally by Buyer and Seller, title insurance shall be paid for as set forth in Paragraph 9(a), and all recording fees and other fees payable in connection with the Closing shall be paid by Seller or Buyer in accordance with the custom and practice for residential real estate sales in Coconino County, Arizona, as determined by Escrow Agent, unless otherwise specified in this Contract; however, if Buyer elects to utilize a different escrow agent or title insurer, all escrow fees, title insurance premiums and other closing costs shall be payable fully by Buyer.

(d) Seller shall pay all real estate taxes and special assessments assessed against the Fractional Interest for the years prior to the year of Closing. Taxes and assessments for the year of Closing, based on the County Assessor's most recent tax bill, shall be prorated and paid as follows:

- (i) If a separate tax bill has been issued for the Fractional Interest for the year of Closing, such taxes will be prorated through the date of Closing. If there is no separate tax bill for the Fractional Interest for the year of the Closing but there is a separate tax bill

for the Unit, the taxes for the Fractional Interest shall be the total amount of the taxes for the Unit multiplied by the Fractional Interest. Seller shall pay any such taxes that are due and payable on or before the Closing, and Buyer shall pay all such taxes that become due and payable following the Closing.

- (ii) If a separate tax bill for the Fractional Interest or the Unit is not available for the year of Closing, taxes attributable to the Fractional Interest shall be computed by multiplying the tax bill for the tax parcel which includes the Unit by the undivided interest in the Common Elements allocated to the Fractional Interest by the Condominium Declaration. Buyer shall be charged at Closing for its prorated share of such taxes and Seller shall pay the tax bill prior to delinquency. If a separate tax bill for the Unit has not been issued for the year following the year of Closing, then within ten (10) days of written demand, Buyer shall pay to Seller, Buyer's share of taxes for the tax parcel which includes the Unit (computed as set forth above), and Seller shall pay the tax bill prior to delinquency.

(e) Notwithstanding anything in this Paragraph 8 to the contrary, if the Closing is delayed because of a default by Buyer, and Seller does not terminate this Contract because of such default, all real property taxes and special assessments affecting the Unit shall be prorated as of the date initially scheduled for the Closing pursuant to Paragraph 8(a) regardless of the actual date of Closing; and in addition, Buyer shall pay Seller at the Closing interest on the unpaid balance of the Purchase Price at the rate of eighteen percent (18%) per annum from and including the day initially scheduled for the Closing pursuant to Paragraph 8(a) to and including the day the Closing actually occurs. All prorations of real property taxes and special assessments shall be final and no adjustments to such proration shall be made after the Closing. Provided Seller completes construction of the Unit within two (2) years from the date this Contract is signed by Buyer (as such date may be extended by reason of Uncontrollable Events), Seller shall not be liable to Buyer for any costs, expenses, liabilities, losses or damages incurred by Buyer as a result of any delay in the Closing, including but not limited to any loss or damage suffered by Buyer as a result of any increase in commitment fees, points, interest rates or other amounts assessed or charged by any lender or any travel, lodging, delivery, storage or meal costs incurred by Buyer.

9. CONVEYANCE AND TITLE INSURANCE.

(a) Title to the Fractional Interest shall be conveyed to Buyer at Closing by a Special Warranty Deed, subject to all matters of record, including those matters set forth in the Public Report issued for the Condominium by the Arizona Department of Real Estate. At the Closing, if Buyer uses Escrow Agent to issue title insurance for this transaction, Seller shall pay for an ALTA residential owner's or plain language homeowner's policy of title insurance to be issued to Buyer insuring title to the Fractional Interest in the amount of the Purchase Price. If Buyer elects to obtain title insurance from a title insurer other than Escrow Agent the cost of any such title insurance shall be paid by Buyer; however, if Buyer fails to notify Seller in writing of Buyer's selected title insurer within thirty (30) days following Buyer's execution of this Contract, or if Buyer's selected title insurance company is unwilling to insure title as good and marketable then, in order to facilitate the Closing, Buyer hereby authorizes Seller to have Escrow Agent issue such title insurance to Buyer. Any such title insurance policy shall be subject to: (i) taxes and assessments not due and payable at the Closing; (ii) the Condominium Declaration and all amendments thereto; (iii) matters shown on the Plat; (iv) matters shown in the Public Report for the Unit

(but Seller shall satisfy or cause removal of any monetary liens or encumbrances created by Seller); (v) any other matters of record not adversely affecting marketability of title (including easements and Buyer's financing encumbrance, if any); (vi) any matters which would be apparent by a physical inspection of the Unit and the Common Elements; and (vii) any other matters agreed to in writing or caused by Buyer (collectively the "Permitted Exceptions"). If Buyer elects, or is required by its lender, to obtain any title endorsements, an extended coverage title insurance policy or a lenders policy of title insurance, any premiums, requirements and/or costs thereof shall be paid by Buyer. The issuance of any title endorsements, extended coverage or a lenders policy of title insurance requested by Buyer shall not be a condition precedent to or reason to delay the Closing.

(b) The title insurance policy issued at the Closing shall be conclusive evidence of good title as therein shown as to all matters insured, subject only to the exceptions as therein stated. If there are title exceptions other than the Permitted Exceptions, Seller shall have thirty (30) days from the date scheduled for the Closing to remove or obtain title insurance over such exceptions and the Closing shall be delayed until said exceptions are so removed or insured over. If Seller fails to have such exceptions removed or to obtain an endorsement to the title insurance policy whereby the title company insures Buyer against any loss or damage on account of such exceptions, Buyer may either elect to take title as it then is without any reduction in the Purchase Price or to terminate this Agreement and receive a refund of the Earnest Money, but in any event Buyer must give written notice to Seller of its elected remedy within ten (10) days after the expiration of said thirty (30) day period. In the absence of such notice, Buyer shall be deemed to have accepted the status of title and shall be obligated to close within five (5) days after the expiration of said ten (10) day period.

10. **LIMITED WARRANTY.** In lieu of and as a substitute for all implied warranties of any kind, concurrent with the execution of this Contract, Seller has delivered, and Buyer acknowledges accepting the terms of and receiving the Limited Warranty (the "Limited Warranty") offered by Seller for the Unit attached hereto as Exhibit B, the terms and conditions of which are hereby incorporated by reference. Buyer shall perform or have performed whatever inspections of the Unit Buyer so desires in order to assure Buyer as to the quality and condition of Unit. If Seller is found to be responsible for remedying a Defect (defined in the Limited Warranty) and Seller fails to remedy such Defect, Seller's responsibility and liability shall be limited as set forth in the Limited Warranty. **THE WARRANTIES CONTAINED IN THE LIMITED WARRANTY ARE THE ONLY WARRANTIES OF ANY KIND WHATSOEVER WITH RESPECT TO THE FRACTIONAL INTEREST, THE UNIT AND THE COMMON ELEMENTS, EXPRESS OR IMPLIED. BUYER UNDERSTANDS AND AGREES THAT SELLER'S LIABILITY, WHETHER IN CONTRACT, TORT, WARRANTY OR OTHERWISE, IS LIMITED TO THE REMEDY OF REPAIR, REPLACEMENT OR PAYMENT AS SET FORTH IN THE LIMITED WARRANTY. NO WARRANTY SERVICE OR ANY STEPS TAKEN BY SELLER TO CORRECT DEFECTS OR ALLEGED DEFECTS SHALL EXTEND THE WARRANTY PERIOD BEYOND THE ONE-YEAR LIMITED WARRANTY PERIOD. UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING ANY CLAIMS FOR PERSONAL INJURY, PROPERTY DAMAGE, OR EMOTIONAL DISTRESS. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS CONTRACT, MAY BE BROUGHT BY BUYER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.**

Buyer Initials: _____/_____

11. **BUYER REPRESENTATIONS AND ACKNOWLEDGEMENTS.**

(a) Attached hereto as Exhibit C is a list of Seller disclosures and Buyer acknowledgements. Exhibit C is an integral part of this Contract and Buyer acknowledges having carefully read Exhibit C and

that its purchase of the Fractional Interest and the Purchase Price payable by Buyer take into account and are based upon the provisions, disclosures, waivers, disclaimers and acknowledgements set forth in Exhibit C.

Buyer Initials: _____/_____

(b) If Buyer is a partnership, corporation, association, or trust, Buyer has full right, power and authority to purchase the Fractional Interest as provided herein and to execute, deliver and carry out the provisions of this Contract. The execution and delivery of this Contract and the other documents required of Buyer hereunder and the performance and observance of all of the terms, conditions and obligations contained in this Contract and such other documents have been duly authorized by Buyer and all documents required by Buyer hereunder are and will be, when executed and delivered by Buyer, enforceable in accordance with their respective terms.

(c) Buyer understands and acknowledges that Seller has not made any written or oral representation or warranty concerning the sound insulation capabilities of the Unit and that in any multi-family dwelling, sound may be audible between units, particularly where the sound level of the source is sufficiently high and the background noise in an adjacent unit is very low. Buyer hereby agrees to accept the Fractional Interest subject to sound impacts from adjacent units and nearby Common Elements and to accept responsibility for minimizing noise transmission from the Unit and adhering to any Rules of the Association which are designed to minimize noise transmission.

12. POSSESSION AND RISK OF LOSS.

(a) Subject to Paragraph 7(c), Buyer acknowledges that Buyer has not been promised an exact time for occupancy or completion of the Unit and the Common Elements and that possession of the Unit shall remain exclusively with Seller until: (i) all amounts due from Buyer under this Contract have been paid; (ii) all instruments or documents required in connection with the completion of this transaction have been executed and delivered by Buyer; (iii) the deed from Seller is recorded; and (iv) Closing occurs. Buyer shall not install any improvement, perform any work or store any property in the Unit or any other areas of the Condominium prior to Closing. Buyer understands that during the course of construction the Condominium may contain dangerous conditions. Neither Buyer nor any member of Buyer's family or Buyer's agents, representatives, contractors, guests, or invitees (collectively "Buyer Parties" or "Buyer Party") shall enter the Unit or the Building without Seller's prior approval, and if Buyer or any Buyer Party (with or without said approval) enters the Building, the Unit or any other part of the Condominium during the course of construction, or at any time before Closing, Buyer and any Buyer Party assumes the risk of bodily injury while in the Unit or the Building or at the Condominium. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, or causes of action arising in favor of Buyer, Buyer's Parties, or any such third party who enters the Condominium or the Building or the Unit relating to bodily injury, death or as a result of damage to the Unit, the Building or the Condominium prior to the Closing, while Buyer or any Buyer Parties are on the Condominium or in the Unit or the Building regardless of whether Seller or its agents, employees or contractors are actively or passively negligent, in whole or in part.

(b) Buyer shall not interfere, give instruction to or request work to be done by Seller's employees, contractors or subcontractors at the Condominium. Contractors, employees and subcontractors at the Condominium do not have authority to agree to construction changes or to make agreements on behalf of Seller. Buyer understands that Condominium employees, contractors and subcontractors have no authority to change the Plans or any of the terms of this Contract or bind Seller to the performance of any work on the Unit.

(c) Except as may be caused by Buyer's acts, omissions, or negligence, or Buyer's third parties (which shall be the sole and complete responsibility of Buyer), Seller shall assume the risk of loss or damage to the Unit and Building by fire or other casualty until the Closing, at which time the risk of loss shall pass to Buyer and the Association as more fully set forth in the Condominium Declaration; provided, however, in the event of substantial destruction of the Building by fire, windstorm, hail, earthquake, explosion or other casualty prior to Closing, either Buyer or Seller may terminate this Contract if the Building and Unit cannot reasonably be restored within twelve (12) months following the date of casualty, and if this Contract is so terminated, the Earnest Money shall be returned to Buyer.

13. **BROKER.** Buyer acknowledges that any real estate broker or salesperson acting for Seller in marketing units or fractional interests in the Condominium ("Seller's Broker") is acting solely as the agent of Seller. Seller does not utilize sub-agents; therefore, if Buyer has been shown the Unit by a real estate agent other than Seller's Broker, such real estate agent is the agent of Buyer and solely represents Buyer. Seller shall not pay any real estate broker or agent a real estate commission or any other compensation unless there is a written agreement signed by Seller and the real estate broker or agent detailing the amount of compensation to be paid, the conditions of payment and confirming that the real estate agent or broker is acting solely on behalf of Buyer and not as a sub-agent of Seller. Buyer represents and warrants to Seller that Buyer has not dealt with any real estate broker or salesperson other than Seller's Broker and _____ ("Buyer's Broker") concerning the purchase of the Fractional Interest in such a manner as would give rise to a claim for the payment of a fee or commission. Buyer agrees to indemnify, defend and hold harmless Seller for, from and against any claim or demand by any real estate broker or salesperson other than Buyer's Broker arising out of the acts, contracts or omissions of Buyer. The provisions of this Paragraph shall survive the Closing.

14. **NOTICES.** All notices to be given by either party to the other shall be in writing addressed to the party to receive the notice at the address as set forth in Paragraph 1 or at such other address as may be indicated by a party by written notice to the other. All notices from Buyer to Seller shall also be delivered to Seller's Broker. Any notice given as provided in this Paragraph shall be effective (a) upon receipt if hand delivered or given by facsimile transmission prior to 5:00 p.m. on a business day (if after 5:00 p.m. or on a non-business day, such notice shall be deemed received on the next business day); (b) the next business day following the deposit of the notice with delivery charges prepaid, with Federal Express, United Parcel Service or other overnight delivery service; or (c) two (2) days following the day of deposit in the United States mail, first class, registered or certified, postage prepaid.

15. **NO ORAL CHANGES OR REPRESENTATIONS.** Seller strives to avoid any misunderstanding concerning the purchase and sale of the Fractional Interest. It is the policy of Seller not to enter into any oral agreement or to ask any Buyer to rely on any oral representations concerning the Fractional Interest, the Unit, the Condominium or the surrounding areas. The entire contract between Buyer and Seller must be in writing. Therefore, Buyer shall write in below any representations or promises which are not set out in this Contract, but which have been made by Seller or its purported brokers, agents, or employees, and upon which Buyer is relying in making this purchase, and if there are none, Buyer shall so indicate by writing the word "none." _____

Buyer Initials _____/_____

To induce Seller to accept this Contract, Buyer acknowledges that: (a) there are no understandings, representations or promises of any kind that have been made to induce Buyer to execute this Contract, except as set forth in this Contract; (b) this Contract sets forth in full the entire agreement between the parties; and (c) Buyer has not relied on any oral agreement, statement, representation or other promise that is not set forth in this Contract. No salesman, broker, or agent or employee of Seller has the

authority to make any oral representation or agreements not contained in this Contract, and no person on behalf of Seller is authorized to make any future oral contract upon which Buyer may rely to cancel, change or modify any portion of this Contract. This Contract supersedes any and all prior understandings and agreements between Seller and Buyer.

16. **PRE-SALE CONTINGENCY.** Buyer understands, acknowledges and agrees that Seller's obligations under this Contract are conditioned upon Seller obtaining signed purchase contracts for the sale of at least four (4) units in the Condominium. If Seller does not obtain signed purchase contracts for the sale of at least four (4) units in the Condominium on or before the date which is six (6) months after the date that Buyer signs this Contract (the "Pre-Sale Date"), then Seller may terminate this Contract by giving written notice of termination to Buyer and Escrow Agent at any time after the Pre-Sale Date. If Seller has not given Buyer written notice that the pre-sale contingency has been waived or satisfied by the Pre-Sale Date, then at any time after the Pre-Sale Date and prior to the date Buyer receives written notice from Seller that Seller has waived or satisfied such pre-sale contingency, Buyer may notify Seller of Buyer's intent to terminate this Contract and if Seller does not waive the pre-sale contingency within thirty (30) days following receipt of such notice, Buyer may terminate this Contract by giving written notice of termination to Seller and Escrow Agent. In addition, Seller may terminate this Contract prior to the Pre-Sale Date if Seller determines, in its sole discretion, that Seller will not be able to satisfy the pre-sale contingency on or before the Pre-Sale Date. If this Contract is terminated by Seller or Buyer pursuant to this Paragraph 16, all Earnest Money shall be returned to Buyer. No waiver of the pre-sale contingency by Seller shall be valid unless in writing and signed by Seller.

17. **MISCELLANEOUS.**

(a) **Binding Effect of Contract.** Buyer acknowledges and agrees that this Contract (together with all Exhibits and Addenda attached hereto) is an important legal document, and that the execution of this Contract by Buyer indicates that Buyer understands Buyer's rights and obligations under this Contract and that Buyer has sought (or has been given the opportunity to seek) legal advice regarding this Contract and the Association Governance Documents.

(b) **Amendment.** This Contract may be amended or modified only by a written instrument signed by Buyer and Seller.

(c) **Attorney Fees.** In the event either Seller or Buyer commences any litigation, arbitration or regulatory proceeding arising out of this Contract, the non-prevailing party shall pay the prevailing party all court costs, arbitration fees, expert witness fees and reasonable attorney fees incurred by the prevailing party in connection with such litigation or proceedings (including any appeal) with such attorney fees being determined by the court (without a jury), arbitrator or regulatory agency, as applicable.

(d) **No Assignment or Marketing Prior to Closing.** This Contract shall inure to the benefit of and bind Seller and Buyer and their heirs, executors, representatives, administrators, successors and assigns; provided, however, that prior to the Closing, Buyer shall not list the Fractional Interest for sale or attempt to sell or advertise the Fractional Interest, assign, or otherwise transfer its rights under this Contract without the prior written consent of Seller, which may be withheld in Seller's sole and absolute discretion. Seller shall have no obligation to cooperate with Buyer in accomplishing any double escrow. If Buyer is a corporation, partnership or limited liability company, a transfer of the controlling shareholder, partnership or membership interest in such entity prior to Closing shall be deemed an assignment prohibited by the terms of this Paragraph. Any assignment by Buyer without the consent of

Seller shall be voidable at the option of Seller. A breach by Buyer under this Paragraph shall constitute a material default by Buyer under this Contract.

(e) **Waiver**. Any failure or delay of Seller to enforce any provision hereof shall not be construed as modifying in any way the terms hereof or as waiving Seller's rights to enforce the provisions hereof. No waiver of Seller's rights hereunder shall preclude Seller's subsequent exercise of its rights hereunder.

(f) **Governing Law**. This Contract and the rights of the parties hereunder shall be governed by the laws of the State of Arizona.

(g) **Construction**. Whenever the context of this Contract so requires, personal pronouns shall include all genders and singular number shall include the plural.

(h) **Headings**. The headings of the paragraphs of this Contract are for convenience and reference only and in no way define, describe, extend or limit the scope or the intent of this Contract or any provisions hereof. Unless otherwise specified, all references in this Contract to Paragraphs or Subparagraphs refer to the Paragraphs and Subparagraphs of this Contract.

(i) **Time**. Time is of the essence of this Contract and every term and provision hereof. As used in this Contract, a "business day" shall be a day other than a Saturday, Sunday or legal holiday on which Escrow Agent is closed for business. Whenever notice must be given, documents delivered or an act done under this Contract on a day that is not a business day, the notice may be given, document delivered or act done on the next following business day.

(j) **Severability**. In the event any term, condition or provision of this Contract is declared illegal, invalid, or unenforceable for any reason, the remaining terms, conditions and provisions shall remain in full force and effect and shall in no way be invalidated, impaired or affected thereby.

(k) **Joint and Several Liability**. If this Contract is signed by more than one Buyer, each Buyer shall be jointly and severally liable for all obligations of Buyer under this Contract.

(l) **Counterparts**. This Contract and any addendum hereto may be executed in any number of counterparts, all of which shall together constitute one and the same instrument.

(m) **Survival**. The provisions of Paragraph 6 and Paragraph 10 and all provisions of this Contract not to be performed prior to the Closing shall survive the Closing and shall not be merged into the special warranty deed by which Seller conveys the Unit to Buyer.

(n) **Further Documents**. Buyer and Seller shall execute and deliver any additional documents required or reasonably requested by the other party or Escrow Agent in order to evidence or give effect to this Contract, both prior to and following the Closing.

(o) **No Recordation**. Seller and Buyer acknowledge and agree that neither this Contract nor any Memorandum of this Contract shall be recorded with the Coconino County Recorder.

18. **DEFINITIONS**. As used in this Contract, the following terms shall have the meaning set forth below:

- (a) "Association" means Switzer Canyon Village Condominium Association, an Arizona nonprofit corporation, established pursuant to the provisions of the Condominium Declaration.
- (b) "Association Governance Documents" means the Condominium Declaration and the Articles of Incorporation, Bylaws and rules of the Association.
- (c) "Building" means the Building in which the Condominium is located as shown on the Plat.
- (d) "Common Elements" means all portions of the Condominium designated as Common Elements in the Condominium Declaration or the Plat.
- (e) "Contract" means this Purchase Contract and Escrow Instructions.
- (f) "Condominium" means the condominium known as Switzer Canyon Village Condominiums , created by the recording of the Plat and the Condominium Declaration.
- (g) "Condominium Declaration" means the Condominium Declaration for Switzer Canyon Village Condominiums recorded in Docket Number 3425283, as amended by the First Amendment to Condominium Declaration for Switzer Canyon Village Condominiums recorded in Docket Number 3425762, in the records of the County Recorder of Coconino County, Arizona, as amended from time to time.
- (h) "Effective Date" means the date on which Seller executes this Contract.
- (i) "Plat" means the Switzer Canyon Village Condominiums recorded in Case ____, Map _____in the records of the County Recorder of Coconino County, Arizona and all amendments, supplements and corrections thereto.

EXHIBITS

THE FOLLOWING EXHIBITS ATTACHED TO THIS CONTRACT SHALL BE CONSIDERED A INTEGRAL PART OF THIS CONTRACT:

- ____ **EXHIBIT A – INITIAL ESTIMATED ASSOCIATION ASSESSMENTS**
- ____ **EXHIBIT B – LIMITED WARRANTY**
- ____ **EXHIBIT C – DISCLOSURES AND ACKNOWLEDGEMENTS**

UNDER ARIZONA REVISED STATUTES, SECTION 32-1155, A BUYER OF A DWELLING HAS THE RIGHT TO FILE A WRITTEN COMPLAINT AGAINST THE BUILDER WITH THE ARIZONA REGISTRAR OF CONTRACTORS WITHIN TWO YEARS OF THE COMMISSION OF AN ACT IN VIOLATION OF ARIZONA REVISED STATUTES SECTION 32-1154, SUBSECTION A.

Buyer Initials: _____/_____

“THE DEVELOPER SHALL GIVE A PROSPECTIVE PURCHASER A COPY OF THE PUBLIC REPORT AND AN OPPORTUNITY TO READ AND REVIEW IT BEFORE THE PROSPECTIVE PURCHASER SIGNS THIS DOCUMENT.”

Buyer: _____

Buyer: _____

Dated: _____

ACCEPTED BY SELLER:

AZNORTH DEVELOPMENT, LLC, an Arizona limited liability company

By: _____

Its: Manager

Date Executed: _____

Submitted this ____ day of _____, 200__

By: _____
 Sales Agent

Reviewed this _____ day of _____, 200__

By: _____
 Broker

EXHIBIT A

**BUYER ACKNOWLEDGEMENT
Initial Estimated Assessments and Fees**

In connection with the purchase of the Fractional Interest from Seller, Buyer acknowledges the following:

1. The 2008 budget adopted by the Association provides for the following monthly Regular Assessments for the Fractional Interest:

Regular Assessment: \$_____ per month

2. Buyer shall pay to the Association the following amounts at the Closing:

a) An Initial Working Capital Fee equal to two monthly installments of the Regular Assessment, which does not apply to Buyer's Regular Assessments; and

b) A Reserve Contribution of \$_____ (which does not apply to Buyer's regular assessments); and

c) An assessment of the applicable amounts set forth in Section 1 above (subject to adjustment for budgets adopted after 2008), prorated for the month of the Closing, plus an advance monthly payment for the month following the Closing; and

d) A transfer fee in the amount of \$_____.

Other types of fees and assessments may be imposed under the Condominium Declaration under certain circumstances including assessments to secure enforcement of the provisions of the Association Governance Documents. The foregoing Assessments are subject to change in accordance with the Association Governance Documents and applicable law. Nothing contained herein shall limit or otherwise affect in any manner the provisions in the Contract pertaining to the Fractional Interest or the Unit or the terms of the Condominium Declaration which should be reviewed in detail before the purchase of the Fractional Interest.

(Buyer Initials: ___/___)

EXHIBIT B
LIMITED WARRANTY

This Limited Warranty (the "Limited Warranty") is attached to and made a part of that certain Purchase Contract and Escrow Instructions (the "Sales Contract") by and between AZNORTH Development, LLC, an Arizona limited liability company, ("Seller") and the undersigned Buyer(s) ("Buyer") for the sale and purchase of the Fractional Interest in the Unit(s) identified on the signature page of this Limited Warranty (the "Unit") in Switzer Canyon Village Condominiums (the "Condominium").

PART I
WAIVER AND DISCLAIMER OF
OTHER EXPRESS AND IMPLIED WARRANTIES

THIS LIMITED WARRANTY IS THE ONLY WARRANTY THAT IS BEING PROVIDED TO BUYER WITH RESPECT TO THE FRACTIONAL INTEREST, THE UNIT AND THE CONDOMINIUM. BUYER AGREES THAT, IN CONSIDERATION FOR SELLER AGREEING TO PROVIDE BUYER WITH THIS LIMITED WARRANTY, AND BASED UPON THE PURCHASE PRICE PAYABLE BY BUYER FOR THE FRACTIONAL INTEREST, BUYER WILL ACCEPT THIS LIMITED WARRANTY AS THE SOLE WARRANTY WITH RESPECT TO THE FRACTIONAL INTEREST, THE UNIT AND THE CONDOMINIUM, IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES OF ANY TYPE OR KIND. EXCEPT FOR THIS LIMITED WARRANTY, SELLER FOREVER DISCLAIMS, AND BUYER HEREBY KNOWINGLY, VOLUNTARILY, FULLY AND FOREVER WAIVES ANY AND ALL EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, HABITABILITY, GOOD AND WORKMANLIKE CONSTRUCTION, OR FITNESS FOR A PARTICULAR PURPOSE. SUCH WAIVERS AND DISCLAIMERS INCLUDE (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES AS TO ANY "CONSUMER PRODUCT" (AS SUCH TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL, STATE OR LOCAL LAW OR RELATED REGULATIONS) WHICH MAY BE A PART OF OR LOCATED IN THE UNIT OR THE CONDOMINIUM. BUYER ALSO UNDERSTANDS AND AGREES THAT BUYER IS RECEIVING NO WARRANTIES WHATSOEVER, EITHER EXPRESS OR IMPLIED, FROM ANY ARCHITECTS, CONTRACTORS, OR SUPPLIERS HIRED OR UTILIZED BY SELLER TO CONSTRUCT THE UNIT OR THE CONDOMINIUM, AND THAT BUYER'S WAIVERS INCLUDE ANY SUCH WARRANTIES THAT BUYER MIGHT OTHERWISE SEEK TO ASSERT, EXCEPTING ONLY ANY "MANUFACTURERS' WARRANTIES" OF THE TYPE DESCRIBED BELOW IN PART III, SUBSECTION 5. BUYER HEREBY ACKNOWLEDGES, UNDERSTANDS AND AGREES THAT AS A RESULT OF SUCH DISCLAIMERS AND WAIVERS, NEITHER ANY IMPLIED WARRANTY OF HABITABILITY NOR ANY OTHER EXPRESS OR IMPLIED WARRANTIES ARE A PART OF THE SALES CONTRACT OR OTHERWISE APPLY TO THE FRACTIONAL INTEREST, THE UNIT OR THE CONDOMINIUM AND THAT IF A DISPUTE ARISES REGARDING THE FRACTIONAL INTEREST, THE UNIT OR CONDOMINIUM, BUYER WILL NOT BE ABLE TO RELY ON ANY OTHER EXPRESS OR IMPLIED WARRANTIES AS A BASIS FOR ANY CLAIM OR AS THE BASIS OF A DEFENSE IF ANY CLAIM IS ASSERTED AGAINST BUYER. BUYER'S WAIVERS AND AGREEMENTS IN THIS PARAGRAPH ARE MADE ON BEHALF OF AND BIND BOTH BUYER AND ALL OF BUYER'S HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS, AND ASSIGNS, INCLUDING FUTURE OWNERS OF THE UNIT, BOTH DURING AND AFTER THE WARRANTY PERIODS SET FORTH BELOW. BUYER HAS READ AND UNDERSTANDS THIS PARAGRAPH AND THE TERMS AND PROVISIONS OF THIS LIMITED WARRANTY SET FORTH BELOW; BUYER UNDERSTANDS THAT THIS LIMITED WARRANTY IS THE SOLE WARRANTY WITH RESPECT TO THE FRACTIONAL

INTEREST, THE UNIT AND THE CONDOMINIUM; BUYER UNDERSTANDS THAT THE PURCHASE PRICE FOR THE FRACTIONAL INTEREST TAKES INTO CONSIDERATION AND IS BASED UPON THIS WAIVER AND DISCLAIMER; AND BUYER HAS HAD THE OPPORTUNITY TO SEEK PROFESSIONAL ADVICE CONCERNING THE CONTENTS OF THE SALES CONTRACT AND THIS DOCUMENT AND ITS LEGAL IMPLICATIONS; AND, AFTER DOING SO, BUYER KNOWINGLY AGREES TO ITS TERMS AND THE WAIVER AND DISCLAIMER OF ALL EXPRESS AND IMPLIED WARRANTIES AS SET FORTH ABOVE.

Buyer Initials: _____ / _____

PART II TERMS OF THE LIMITED WARRANTY

Seller hereby extends to Buyer the following express Limited Warranty:

1. **Warranty Coverage.** For a period of one year following the Closing (the "Unit Limited Warranty Period"), Seller warrants that the Unit and the Common Elements will be free from any "Defect" (as defined below), subject to the exclusions, limitations and provisions of this Limited Warranty.

2. **To Whom Given.** The Limited Warranty is extended to Buyer and to Buyer's heirs, executors, administrators, successors, and assigns, including future owners of the Fractional Interest, within the Unit Limited Warranty Period or the Common Elements Limited Warranty Period (as applicable).

3. **Definition of "Defect".** For purposes of the Sales Contract and this Limited Warranty, a "Defect" is a feature, item, or component of the Unit or the Common Elements which fails to function or perform as intended in accordance with customary industry standards for such feature, item, or component as a result of "Faulty Materials or Workmanship." "Faulty Materials or Workmanship" means that the materials or workmanship either (a) fail to conform with the final as-built plans and specifications for the Unit or the Condominium, or (b) fail to comply with the applicable building codes regulating construction of the Unit or the Condominium as of the date of issuance of the applicable building permits. Buyer and Seller agree that the mere existence of "Faulty Materials or Workmanship" is not, in and of itself, a "Defect" and that a "Defect" only exists if such condition causes a feature, item or component of the Unit or the Common Elements to fail to function or perform as intended in accordance with customary industry standards for such feature, item, or component (such a feature, item, or component is sometimes referred to herein as a "Defective Item"). The parties agree that inspection approvals received from the applicable governmental authority(ies) with jurisdiction will constitute evidence of compliance with building codes.

4. **Seller's Obligations Regarding Defects.** If a Defect exists that is covered by this Limited Warranty, Seller's obligation shall be limited, at Seller's option, to either (a) repairing or replacing the Defective Item to the extent necessary to eliminate or otherwise remedy the Defect, or (b) paying Buyer, or, if the Defect relates to a Common Element, the Association, the reasonable cost of repairing or replacing the Defective Item to the extent necessary to eliminate or otherwise remedy the Defect. Steps taken by Seller to investigate or correct Defects shall not act to extend the terms or duration of this Limited Warranty.

5. **Timely Notice Required.** Seller shall not be obligated to remedy any Defects under this Limited Warranty unless Buyer (or the Association, as applicable) provides written notice to Seller before

the expiration of the applicable Limited Warranty Period specifically identifying and describing the Defect, as required by this Limited Warranty.

PART III WARRANTY LIMITATIONS AND EXCLUSIONS

This Limited Warranty is subject to the following terms, conditions, limitations and exclusions, all of which are an integral part hereof.

1. **Warranty Term.** No corrections or other remedy shall be made of Defects first claimed or discovered after the expiration of the applicable Limited Warranty Period. Written notice to Seller specifically identifying and describing the Defect must be provided before the expiration of the applicable Limited Warranty Period.
2. **Damage/Wear and Tear.** Cracks, chips, dents, scratches, mars, spots, stains, tarnishing, frays, snags or tears in, on or of the following are excluded from this Limited Warranty unless specifically noted on the punch list for the Unit completed prior to the Closing: flooring material (including but not limited to hardwood, natural stone, ceramic or vinyl resilient tile and carpet), doors, walls, ceilings and woodwork, cabinets and vanities, countertops and vanity tops (natural stone, ceramic, laminate or solid surface), appliances, audio speakers, plumbing fixtures and equipment (including sinks, toilets, bidets, tubs, shower enclosures and faucets), mirrors, medicine cabinets, hardware, light fixtures, light switches and electrical outlets. Any damage occurring upon move-in or as a result of Buyer's occupancy is excluded from this Limited Warranty.
3. **Normal Conditions.** Certain amounts of settlement, shrinkage, drying, variation of materials, and other conditions are normal and customary with all construction and are not considered Defects and are not the result of Faulty Materials or Workmanship. Therefore, such matters are not covered by this Limited Warranty. An explanation of certain of these conditions is attached as Schedule A to this Limited Warranty for Buyer's further information.
4. **Maintenance Items.** The maintenance responsibilities of Buyer relating to the Unit and of the Condominium Association relating to the Common Elements will be set forth in the applicable maintenance manuals and/or other maintenance materials and guidelines provided by Seller. Any problems or failures to function or perform as intended that are caused, in whole or in part, by the failure of Buyer or the Condominium Association (as applicable) to perform such maintenance responsibilities are not Defects and are excluded from this Limited Warranty.
5. **Manufacturer's Warranties.** Appliances, equipment, personal property, fixtures (including but not limited to such items as refrigerator, oven, range, dishwasher, warming drawer, instant hot water unit, washer, dryer, garbage disposal and shower steam units) and "Consumer Products" (as that term may be defined under applicable federal, state and local laws, or their implementing regulations) installed or contained in the Unit or the Common Elements are excluded from this Limited Warranty. Personal property and equipment constituting part of or located in or comprising a portion of the Unit or the Common Elements may be supplied with manufacturers' instructions and warranties. It is recommended that the manufacturers' instruction pamphlets be read and followed. Any such warranties as to the Unit are assigned and delivered to Buyer at Closing and as to the Common Elements are assigned to the Condominium Association as of the date of closing of the first unit in the phase in which the Building is located. Seller is not a "Seller" under and does not adopt such manufacturer's warranties. In the event of any defects in or other problems with such items, Buyer should contact the manufacturer

directly. Seller is not responsible for the performance of any manufacturer under any such manufacturer's warranty.

6. **Additional Exclusions.** This Limited Warranty also excludes any Defect to the extent it is caused or made worse by:

- a) Negligence, improper maintenance or improper operation by anyone other than Seller or its employees, agents or contractors;
- b) Failure to give notice to Seller of any Defect within a reasonable time;
- c) Changes or modifications made by anyone other than Seller or its employees, agents or contractors, including without limitation changes to the Unit or Common Element design, work or materials, including but not limited to change of grade of the ground or drainage patterns on terraces and/or balconies;
- d) Normal wear and tear or normal deterioration;
- e) Fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood, earthquake, strikes, war, riot or other cause or circumstance beyond the reasonable control of Seller;
- f) Use of a Unit or any part of the Condominium for non-residential purposes;
- g) Buyer or the Condominium Association performing repairs, or causing repairs to be performed, upon the Defect or related Defective Item without first notifying Seller in writing and giving Seller the opportunity to correct such Defect;
- h) Any insect, bird or animal;
- i) Any construction work performed by persons other than Seller or its employees, agents, contractors or subcontractors; or
- j) Any other acts or omissions of any persons other than Seller or its employees, agents or contractors.

7. **Consequential Damages.** This Limited Warranty excludes any incidental or consequential damages caused or contributed to by any Defect. Seller is not responsible or liable for, and has no obligation to repair or provide compensation of any type for, any damages the Defect may cause to other property of Buyer or of the Condominium Association, or to provide any compensation for any expense, inconvenience, loss of use, or other damages caused by any entry into the Unit or the Condominium to investigate or remedy any Defect. Seller is not responsible or liable for any relocation costs or other expenses related to any loss of or interruption in Buyer's ability to occupy or otherwise use or enjoy the Unit or any Common Elements caused by a Defect or any actions reasonably deemed necessary by Seller to investigate or remedy a Defect.

8. **Injury to Persons or Property.** Any bodily injury, any damage to personal property, and any damage to real property which is not part of the Unit or the Common Elements is excluded from this Limited Warranty. The owners of units in the Condominium or fractional interest in units in the Condominium and the Condominium Association are required to carry insurance as required by the

Condominium Declaration.

9. **Fungus.** “Fungus” or “fungi” shall mean any type or form of fungus, including mold, mildew, mycotoxins, spores, scents or byproducts produced or released by fungi. Fungi are common, abundant, and an essential part of the world's ecological system. Fungi are found nearly everywhere. Fungi spores are airborne and travel into and out of buildings as air is exchanged and with the movement of people and their belongings. The removal or remediation of any type of fungi, the repair, rebuilding and replacement of any building components or property in any way affected by any type of fungi, the associated cost or expense due to loss of use or interference caused by the removal, remediation, repair or replacement of building components or property due to any type of fungi and the effects, if any, of fungi on people or property, regardless of the cause of the fungi, are specifically excluded from this Limited Warranty.

10. **Limitation on Recovery.** If Seller is found to be responsible for remedying a Defect and Seller fails to remedy such Defect within a reasonable period of time after the later of (i) receiving timely notice of the Defect from Buyer, or (ii) receiving notice of the arbitration award if the Defect is subject to a dispute determined by arbitration pursuant to the terms of this Limited Warranty, or (iii) Seller is otherwise determined to be legally responsible for correcting the Defect, Seller’s sole obligation and liability in connection therewith, whether under this warranty or at law or in equity, shall be to reimburse Buyer for the reasonable cost of correcting the Defect, and Buyer waives any right to recover any other damages from Seller arising out of the Defect, including all special, direct, indirect, consequential or other damages (whether designated as “stigma” or “diminution” of value or “emotional distress” or otherwise) arising in connection with any Defect in the design, construction or other implementation or improvement to or affecting the Unit or any Common Elements of the Condominium, and regardless of whether any such claim is based on contract, tort, statute or other theory of recovery.

**PART IV
HOW TO MAKE A LIMITED WARRANTY CLAIM**

1. **Submission of Claims to Seller.** If Buyer or the Condominium Association has a claim under this Limited Warranty, a written claim notice must be sent to Seller in the manner set forth below prior to the expiration of the applicable Limited Warranty Period clearly and specifically identifying and describing the asserted Defect.

2. **Access for Repairs.** Seller's obligation to provide work under this Limited Warranty is subject to Seller being granted reasonable access to the Unit and the Common Elements Monday through Friday, 8:00 a.m. to 5:00 p.m., to inspect the Defect reported and, if necessary to take corrective action. Buyer and the Condominium Association understand and agree that Limited Warranty service may require multiple service calls in order to investigate, complete and effect corrective action. When Seller has completed repairing, replacing or paying for the cost of repairing or replacing a Defect, Buyer or the Condominium Association, as applicable, shall upon request sign a full release accepting such repairs, replacement or payment and releasing Seller from further obligation with respect to such Defect.

**PART V
MISCELLANEOUS**

1. This Limited Warranty cannot be changed or altered in any way, except by express written agreement of the parties.

2. All notices or claims to Seller under this Limited Warranty must be sent by certified mail,

postage prepaid, return receipt requested to the address of Seller as designated in the Sales Contract. Any notice delivered as aforesaid shall be deemed received when delivered but not more than three (3) business days after deposit in the United States mail. Notwithstanding the foregoing, if Seller provides Buyer with a formal customer service procedure or program, delivering the written claim notice in the manner required thereby shall be deemed to satisfy this requirement. Seller may change the address for receipt of notices under this Section by delivering written notice of such change to Buyer at the Unit address.

3. If any one or more of the covenants, conditions, provisions, or terms of this Limited Warranty is, in any respect or to any extent, held to be invalid, illegal or unenforceable for any reason, the remaining portion thereof and all other covenants, conditions, provisions, and terms of this Limited Warranty will not be affected by such holding, but will remain valid and in force and be enforced to the fullest extent permitted by law.

4. This Limited Warranty is for the benefit of, and is binding upon Buyer, Seller, and the Condominium Association and their respective heirs, executors, administrators, successors, and assigns (including but not limited to successor Trustees, successor beneficiaries and successor assignees of beneficial interests), tenants or successors in interest, including future owners.

5. Any terms used but not defined herein, which are defined in the Sales Contract shall have the same meaning herein as in the Sales Contract.

6. Use of one gender in this Limited Warranty includes all other genders; and use of the plural includes the singular, all as may be appropriate. This Limited Warranty is to be governed by and construed in accordance with the laws of the State of Arizona.

7. No actions taken by Seller to correct defects shall extend this Limited Warranty beyond the applicable Limited Warranty Period. No representative or employee of Seller has the authority to expand the scope of or extend the duration of this Limited Warranty or to make any agreements with respect hereto.

8. Buyer shall provide a copy of this Limited Warranty, including the Disclaimers contained in Part I above, to any successor owner to whom Buyer transfers the Unit within the Limited Warranty Period.

9. Seller's obligations under this Limited Warranty as to Common Elements may only be enforced by the Condominium Association and not by Buyer individually. Seller's obligations under this Limited Warranty as to the Unit may only be enforced by Buyer and not by the Condominium Association.

10. Any dispute between Buyer, Seller or the Condominium Association arising hereunder as to the existence of any Defect or Seller's obligation to repair or otherwise correct such Defect or whether such Defect has been properly repaired, shall be resolved in accordance with the dispute resolution provisions of Paragraph 6(d) of the Sales Contract.

IN WITNESS WHEREOF, Buyer and Seller have executed this document with the intent of being bound by the terms hereof.

UNIT(S) #: _____ DATE: _____

BUYER(S): _____
(Print Name)

Signature

(Print Name)

Signature

SELLER:

AZNORTH Development, LLC, an Arizona limited liability company

By: _____

Its: Manager

EXHIBIT C
DISCLOSURES AND BUYER ACKNOWLEDGMENTS

This Exhibit C is attached to and forms a part of the Contract between Buyer and Seller for the Fractional Interest. Any capitalized term not otherwise defined herein shall have the meaning set forth in the Contract.

The disclosures set forth below include general information about which Buyer should be aware in connection with Buyer's purchase of the Fractional Interest. While Seller has endeavored to provide a comprehensive list of what may be important to Buyer, the disclosures provided by Seller are not an exhaustive and complete list. Buyer represents to Seller that Buyer will conduct its own independent investigations regarding the Condominium, the surrounding land uses and any other matters that may be of significance to Buyer. The information included in this Exhibit C is current as of the date of issuance and was obtained from public records and various third party sources. Seller has no control over much of the information contained in this Exhibit C, which information is subject to change without notice. Further, Seller cannot guarantee the accuracy or completeness of all information contained in this Exhibit C, since much of it is subject to change and not within Seller's control. Buyer is advised to independently verify all information contained in this Exhibit C following a careful review of all disclosures.

Seller hereby makes the following disclosures regarding the Unit, the Building and the Condominium, and Buyer acknowledges having carefully reviewed such disclosures by signing on the last page of this Exhibit C and having fully taken such disclosures into account in entering into the Contract and agreeing to the Purchase Price for the Fractional Interest set forth in the Contract.

A. THE CONDOMINIUM

1. Owners Association. Buyer is hereby advised to thoroughly review the Association Governance Documents to become familiar with Buyer's rights and obligations thereunder. Maintenance and operation of the Condominium is governed by the Association. All portions of the Condominium, other than individual condominium units, are Common Elements, available for use in common by all owners and their guests, subject to the Condominium Declaration and the rules of the Association.

2. Community Living. As a resident of a Condominium, Buyer will be living in close proximity to other residents. The proximity of other condominium units may result in decreased privacy. Buyer is advised to consider the location of the Unit in relation to other condominium units and public access areas when determining which unit to purchase. Buyer may hear honking horns or conversations from the street below or construction on a nearby building.

3. Assessments and Budget. To pay the costs of operating and maintaining the Condominium, the Association must levy assessments against the owners of units and fractional interests in units. To determine the amount of assessments, the Association will adopt a budget. Buyer will receive a budget for the Common Expenses anticipated to be incurred by the Association. Some of the items set forth in the budget at the time the Fractional Interest is purchased may increase or decrease prior to completion of the Condominium. Buyer acknowledges having taken into account monetary obligations required from the Association in determining to buy the Fractional Interest. Assessments are based upon a formula set forth in the Condominium Declaration.

4. **No On-Site Security.** Buyer acknowledges and agrees that neither Seller, its affiliates, nor the Association, is a provider of security and that neither shall have a duty to provide security for the Condominium. It shall be the responsibility of Buyer to protect his or her person and property, and all responsibility to provide such security shall lie solely with Buyer. Neither Seller, its affiliates, nor the Association shall be held liable for any loss or damage by reason of the ineffectiveness of safety measures, if any, undertaken at the Condominium by Seller, its affiliates, or the Association.

5. **Views.** Buyer acknowledges that there are no protected views and that the Unit is not assured of the existence or unobstructed continuation of any particular view from the Unit that currently exists. No representation or warranty is made by Seller or any of Seller's representatives with respect to the presence or continued existence of any view or scene from any portion of the Condominium, and any view from the Condominium is not intended as part of the value of the Unit and is not guaranteed. Buyer acknowledges that the particular view, if any, which the Unit currently enjoys may be impaired and may be obstructed by the construction of future improvements or facilities.

B. CONDOMINIUM LIVING AND USE RESTRICTIONS

6. **Use Restrictions.** Buyer has been advised to read the use restrictions set forth in Article 4 of the Condominium Declaration carefully before determining whether to purchase the Unit, and seek the advice of counsel of Buyer's choice if Buyer has any questions.

7. **Music Systems.** The use of stereo equipment, televisions and musical instruments shall be subject to and must be used in accordance with the Association Governance Documents. All residents shall take all reasonable precautions to lower noise transference between Units and to abide by the rules of the Association and any noise reduction ordinance of the City of Flagstaff.

8. **Buyer's Improvements/Architectural Control.** Alterations by Buyer to the Unit may be subject to review by the Association. Work done without such prior approval is subject to removal at Buyer's cost. All improvements must comply with all requirements imposed by the City of Flagstaff and any other public agency. The Association Governance Documents and the City of Flagstaff ordinances and regulations may change from time to time and Buyer will be subject to the Association Governance Documents and the City of Flagstaff ordinances and regulations in effect at the time the plans are submitted to the Association or the City of Flagstaff.

C. ABOUT YOUR CONDOMINIUM

9. **Postal Delivery/Mailboxes.** The U.S. Postal Service will not provide mail delivery to individual condominium units in the Condominium. Group mail boxes will be provided in the Condominium.

10. **Color Variations.**

a. **Paint.** Buyer should confirm with Seller's design center what interior colors will be used in the Unit. There are many shades of white and Buyer should not assume that the Unit will be painted any shade of white shown in the model condominiums. Model interior paint colors are chosen by Seller's interior designer and are not necessarily what will be used in your Unit.

b. **Tile.** Certain tiles have a color variance from tile to tile.

c. **Grout.** Colored tile grout may be used as a decorator feature on certain tiled areas. Buyer is advised that the color/shade may vary in any area of a particular installation due to the wide variety of tiles available, job site conditions and finishing techniques. The elements of nature including, but not limited to, sun, temperature, food, or chemical reactions may, combined with the aging process, change the color of the grout in varying degrees from time to time. In the event of repairs or replacement of tile or grout in the future, the replacement grout and/or tile probably will not match the color of the original tile or tile grout. The use of colored grout may result in a discoloration, flecking, and/or cracked appearance in the ceramic tile.

d. **Natural Stone.** The color and pattern of any natural stone installed in the Unit may vary from the models. Buyer is aware that there may be variations in color and pattern of the natural stone installed in the Unit.

e. **Cabinets and Woodwork.** There will be a variance in the color and grain of cabinets and woodwork throughout the Unit due to the natural contrast of the wood, and stained cabinets will have additional variance due to different woods and grains. Similarly, the color of any natural wood cabinets installed may vary from the samples displayed in the models. Buyer is aware that the consistency in color and grain of the wood cabinets in the Unit is not warranted nor guaranteed.

f. **Wood Stain Color.** The wood stain finish used on the cabinets or any wood surface in the Unit may differ from the stain color in the models and, in fact, the stain color in the Unit may even differ from cabinet to cabinet. This is due to the natural variation of color and texture of the grain in the wood itself.

g. **Variations in Natural Materials.** Natural materials such as granite and natural stone products are composed of various mineral contents and are formed over millions of years. They are products of exceptional beauty and durability. Marble is less dense and more porous than granite. Great care must be taken to prevent damage to marble and other natural stone products. Please see the manufacturer's recommendations for cleaning and maintenance. Because these are natural products, they are subject to variation in color veining, spotting, holes, cloudiness, texture and cracking. Some may vary significantly in filler and sheen. The samples are actual pieces of natural stone which indicate general color and character; however, no two pieces can be expected to match even when taken from the same box. Buyer should view the stone prior to installation and any questions regarding these materials must be resolved prior to installation. Oven fired and glazed tile products can have significant variations in color, especially between field and trim tile.

h. **Drywall.** Some shadowing in drywall may occur at different times of the day or night depending upon the lighting in the Unit. There will be a variance in the color and texture of the drywall used in the Unit. Drywall is not intended to be uniform in appearance. Buyer is advised that the color and texture of the installed drywall may vary from the drywall installed in models.

i. **Door Hardware.** Hardware will wear and tarnish with normal use. The wear and tarnishing is not a defect, but part of the beauty and natural aging process. Seller will not replace hardware for normal wear or tarnishing.

11. Air Conditioning and Heating. The air conditioning system in the Unit contains a heat pump which provides both cooling and heating. The heat pump may be located in a different area than shown in the models or on other plans or exhibits.

12. Plumbing. If drain lines become clogged, the clogging may result in possible damage and inconvenience, and therefore Buyer has the responsibility of ensuring that the drain lines be kept open

and free-flowing at all times. Buyer acknowledges that Seller is not responsible for such clogged drain lines. In addition, the plumbing drain lines have been routed above ground through the walls and ceiling in the Building, including the Unit. Buyer may experience some noise due to the location of these pipes.

13. Utilities. Seller is not affiliated with the cable company or with any other utility companies (i.e., water, electricity, telephone service, etc.), and has no control over the rates or the services furnished, or the water pressure available at the Unit. Seller has no control over timing of commencement of utility service once final inspection has been performed. Buyer will be responsible for contacting the utility companies to arrange for service upon Closing. Seller also has no control over the location and placement of public utility structures and facilities. All locations of the utility structures and facilities are final, and Buyer shall not tamper, move or damage these structures and facilities.

14. Drainage. Existing drainage patterns on balconies must be maintained and all drainage systems must be kept free of debris and free flowing. Changing the drainage pattern and other similar activities may cause damage to the Buildings and structures. Any installation of any tiles or flooring material on the balconies, other than that installed by Seller or approved by the Board, is strictly forbidden.

15. Noise. It is the nature of condominium properties that noise is frequently audible from one unit to the next no matter how much sound proofing is attempted. It is therefore mandatory, for the mutual interest and protection of all occupants within the Condominium, to recognize that acoustical privacy is achieved only through understanding and compliance with certain limitations and restrictions. The design and construction of the Condominium attempts to meet the recognized standards and criteria related to sound attenuation in construction practice today. Buyer agrees, by acceptance of a deed to the Unit to accept the Unit subject to sound impacts from adjacent Units and to accept responsibility for minimizing noise transmission from the Unit and adhering to any rules of the Association which are designed to minimize noise transmission. It is recognized, however, that sound attenuation from an adjacent occupancy in a manner comparable to a single-family residence is impossible to attain and Buyer hereby acknowledges and accepts that limitation. Buyer acknowledges that there will usually be some audio awareness of one's neighbors, depending upon the situation. Buyer should review the Condominium Declaration for further information with respect to sound attenuation. Additionally, Buyer is advised and hereby acknowledges that the condominium units are subject to sound and noise transmission from the facilities associated with the Condominium, as well as surrounding and adjacent properties resulting from, among other things, walls, floor-ceiling construction, plumbing lines and systems, ventilation ducts, mechanical equipment and HVAC systems, and other equipment and that such systems can generate noise which probably will be audible in the Unit.

16. Fire Prevention. Buyer is aware that all condominium units within the Condominium have fire sprinklers installed. Damage to or abuse of the fire sprinkler system can cause the system to activate, which will cause serious damage to personal possessions, the Unit and the Building. If the fire sprinkler system activates, damage may also occur to adjacent units that could be determined to be Buyer's responsibility. Buyer should obtain sufficient insurance to cover any such damage. Never hang any item from or paint the fire sprinklers. Fire sprinkler systems require routine maintenance by the Association to ensure the system is functioning properly.

17. Fire Alarm System. The Building is equipped with a fire alarm system. There are various devices in the Building that are connected to the fire alarm system: smoke detectors, heat detectors, flow switches, and tamper switches, etc. All of these items are vital to the operation of the fire alarm system. Any tampering with any of the fire alarm system devices in the Building is prohibited. If the fire alarm system sounds an alarm, you should evacuate the Building. If you notice anything irregular

about the fire alarm system in the Building, you should notify the Association. Smoke detectors must be maintained by Buyer and backup batteries replaced in accordance with manufacturer's recommendations provided to you at the orientation. Emergency contact is not automatically made when a smoke alarm is sounded; therefore, Buyer shall be obligated to call the proper emergency number upon the occurrence of any emergency.

D. SURROUNDING AREAS

18. Adjacent Land Use. Buyer understands and acknowledges that the Condominium is located in close proximity to public and private streets and several commercial/retail projects, which may cause noise, lights, traffic, odors, and other inconveniences detectable from the Condominium. Buyer understands that the land uses surrounding the Condominium may be subject to change in the future, and that Seller does not control such changes. Buyer is urged to become familiar with the current adjacent land uses through visits to the surrounding community. Additionally, if Buyer is concerned about the type of development that may occur on the adjoining properties, Buyer should discuss nearby land uses with the City of Flagstaff Planning Department and otherwise conduct his or her own investigation of those matters.

E. ENVIRONMENTAL/HAZARDS/GOVERNMENTAL REQUIREMENTS

19. Mold and Mildew. Mold is a type of fungus which occurs naturally in the environment and is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind, and is found everywhere life can be supported. Residential construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in your Unit. Whether or not Buyer experiences mold growth depends largely on how Buyer manages and maintains the Unit. Buyer will need to take actions to prevent conditions which cause the mold or mildew. It is the responsibility of Buyer to ensure that it has taken the necessary precautions to prevent mold from becoming a problem in Buyer's Unit. Buyer agrees to assume responsibility for taking the actions necessary to prevent, detect or treat mold or to reduce the adverse effects of mold. Buyer further acknowledges that if there is any water damage or water intrusion to Buyer's Unit, Buyer will take immediate action to prevent conditions which cause mold or mildew to develop. Buyer will also immediately notify the Seller of such water intrusion if Buyer believes that the problem may have been caused by Seller.

20. Soils Conditions, Foundations and Building Movement. Seller hereby discloses and represents to Buyer that the foundation plans for the Building will have been signed and sealed by an engineer licensed by the State of Arizona and approved for construction as designed by applicable governmental authority; however, as with any new construction, certain inherent Building movements will occur. Every Building is constantly on the move as the result of naturally occurring conditions, which are both unavoidable and unpredictable. The following should be expected at the Building: (i) due to the weight of the Building on the sub-soils (which may include expansive or subsiding soil conditions which are common in Coconino County, Arizona), some minor long-term settlement is to be expected and the Building itself may relax or "creep" an imperceptible amount; (ii) the Building may experience some differential movements due to differences in temperature and humidity both inside and outside the Building and many of the finishes within the Building themselves will shrink and/or swell with temperature and humidity fluctuations; and (iii) all of the movements noted above manifest themselves typically in the form of concrete shrinkage cracks and/or ceiling cracks; cracks in the drywall; wrinkled or

opened seams; “popped” nail and screw heads; opening of joints or swelling in wood floors; cracks in the grout joints of tile or stone; and tightening or loosening of the fit of doors.

21. Air Quality. Buyer is advised and acknowledges that the Unit is constructed using hundreds of components made of natural and/or man-made materials and that any material or combination of materials could cause an allergic reaction. Seller has no control over individual allergic reactions and Buyer hereby takes responsibility for testing the air quality within the Condominium to ascertain whether or not the materials/components affect Buyer, Buyer's family members, or other occupants.

22. Radon. The U.S. Environmental Protection Agency, the U.S. Department of Health and Human Services and the U.S. Public Health Service have expressed concern over the presence of radon gas in homes. Prolonged exposure to high levels of indoor radon or its progeny may affect the health of persons. Although such conditions may exist at Condominium, Seller has made no investigation to determine whether radon gas is or will be present in the Unit or will affect Buyer or other occupants of the Unit. Buyer acknowledges that Seller makes no representation or warranty as to (a) the presence or lack of radon or hazardous environmental conditions within the Unit nor (b) the effect of radon or any such condition on Buyer, Buyer's family or other occupants of the Unit.

23. Gases. The aging process of certain building materials many times create unwanted and undesired gases and other contaminants in condominiums, both new and used. Also, since the increased awareness and need for energy conservation, the International Building Code has enabled condominiums to be created which allow less outside air infiltration and therefore trap these unwanted gases in different degrees depending on how each person lives within his/her Unit. Measurements of such unwanted gases are reported to be in the air we breathe and can affect our health, and as such Seller recommends frequent airing of Buyer's Unit by simply opening the windows to introduce outside air that is uncontaminated by such trapped gases. By making such a recommendation, Seller does not undertake any obligations to Buyer in regard to the effects that any such contaminants may have on Buyer, Buyer's family, or other occupants of the Unit.

F. Maintenance and Warranties

24. Maintenance of Unit. Buyer is responsible under the Condominium Declaration for the maintenance, repair and replacement of the Unit and certain Limited Common Elements allocated to the Unit. Seller may, but is not obligated to, provide Buyer with a Maintenance Manual which contains specific requirements, consistent with industry standards, that Buyer must follow in order to properly maintain the Unit. Buyer must maintain the Unit and any exclusive appurtenant use areas, in a neat, clean, safe and attractive condition at all times in accordance with the Maintenance Manual. If any maintenance requirements set forth herein are inconsistent or conflict with any of the maintenance requirements contained in the Maintenance Manual, the Maintenance Manual shall control to the extent of such inconsistency or conflict. Buyer is urged to review the Condominium Declaration to understand Buyer's maintenance obligations. Failure to maintain the Unit in accordance with the Maintenance Manual, the Condominium Declaration and industry standards may prevent Buyer from pursuing any construction defect claims which may arise.

25. Limited Warranty. Attached to the Contract is a one-year Limited Warranty which is given to Buyer in place of and in lieu of all other warranties or guarantees, written or oral, whether express or implied. **BUYER SHOULD READ THE LIMITED WARRANTY CAREFULLY AND SEEK LEGAL ADVICE ON ANY QUESTIONS REGARDING ITS IMPACT ON THE UNIT AND THE COMMON ELEMENTS.** Certain construction conditions are outside the coverage of the

Limited Warranty, including those items set forth on Schedule A attached to the Limited Warranty, with respect to which Seller shall have no responsibility.

G. Buying Your Condominium

26. Benefit of Condominium Ownership. Buyer acknowledges, warrants and represents that neither Seller nor any of its officers, employees, affiliates, agents or representatives has made any representation concerning potential for future value, profit, rental income potential, tax advantages, or investment potential or appreciation or depreciation of the Unit. Buyer hereby further acknowledges and warrants that it is entering into the Contract based upon its independent assessment of the economic potential of the Fractional Interest and without reliance upon any representations by or on behalf of Seller or its agents with respect to such matters.

27. Completion Dates. Any estimated completion date for construction is only an estimate. As construction progresses, the completion date may change. The actual move-in date will be set as the Unit nears completion. Seller does not have any responsibility if Buyer elects to move out of its existing residence prior to the actual Closing date. Many home lenders require final approvals from the governing building department, Federal Housing Administration, Federal National Mortgage Association and/or Federal Housing Loan Corporation. Seller does not guarantee the timing of these inspections and approvals. Closing may occur under a temporary Certificate of Occupancy.

28. Moving Large Items. Certain items may not fit through door jambs, hallways or stair cases leading to Buyer's Unit. Buyer should examine the dimensions of Buyer's furniture and other personal belongings in relation to the access routes leading to Buyer's Unit. Buyer agrees that if Buyer, Buyer's family, agents, contractors, employees or guests cause any damage to improvements in the Building while moving in, Buyer will be solely responsible for the cost of repairing such damage.

29. Vesting. Prior to Closing, Buyer may wish to consult an attorney or tax consultant regarding the manner in which title to the Fractional Interest should be taken. Seller's sales associates are prohibited from giving any advice on this matter.

30. Insurance Coverage. Pursuant to the Condominium Declaration, it is the responsibility of Buyer to maintain insurance on his/her personal property and to any upgrades or improvements located within the Unit, and to maintain liability insurance against any liability resulting from any injury or damage arising out of the use or occupancy of the Unit. The Association's insurance policies will not provide coverage for any of the foregoing. Buyer shall provide a certificate of insurance evidencing that the insurance required of Buyer under the Condominium Declaration has been obtained as a condition to Closing. The Association also has the right to require Buyer to provide a certificate of insurance to the Association as evidence of such insurance coverage. The Board may also require evidence of insurance for any construction to be undertaken by Buyer following the Closing.

31. Rental Disclosure. As further described and limited in the Condominium Declaration, owners of Condominiums, including Seller, may rent their units for any purpose not inconsistent with the provisions of the Declaration. Lease terms shall not be less than thirty (30) days unless otherwise provided in the Condominium Declaration.

32. Sales Price. Seller reserves the right, at any time and without notice, to increase or decrease the sales price and/or to modify the terms and conditions of sale of other units or fractional interests in units in the Condominium. For example, Seller may offer price reductions, decorator allowances, additional features, and other similar incentives (collectively the "incentives") to other

purchasers of units of fractional interests in units in the Condominium without any obligation to offer such incentives to Buyer and Seller shall not have any obligation or liability whatsoever to notify Buyer of any price changes that directly or indirectly affect the value of the Fractional Interest. Buyer agrees that Buyer shall have no claims against Seller for any possible change (decrease or increase) in the purchase price of units or fractional interests in units in the Condominium or any other terms of purchase, including upgrades or other concessions or incentives offered by Seller to other purchasers of units or fractional interests in units in the Condominium and/or the construction of any additional floor plans in the Condominium.

33. Marketing Activity. Subject to the limitations of the Condominium Declaration, Seller has the right to: (i) maintain model condominiums, sales offices, storage areas and related facilities within the Condominium as are necessary or reasonable, in the opinion of Seller, for the sale or disposition of units or fractional interests in units in the Condominium; (ii) make reasonable use of the Common Elements and facilities of the Condominium for the sale of units or fractional interests in units in the Condominium; (iii) post flags, banners, balloons and signs and conduct on-site events and other promotional activities in connection with the marketing of the units or fractional interests in units in the Condominium; and (iv) conduct business of disposing of units or fractional interests in units in the Condominium by sale, lease or otherwise. Seller may, in their sole discretion, change marketing methods for other units or fractional interests in units in the Condominium, including, without limitation, selling other units through an auction format, a lottery format, or in a variety of other ways. The ongoing marketing of units or fractional interests in units in the Condominium may cause Buyer some inconvenience and may disrupt Buyer's enjoyment of the Unit. Seller may maintain access for visitors to sales offices and the Building.

34. Construction Activities. There may be ongoing construction within the Building and the areas surrounding the Building which may result in noise and traffic, excessive dust and dirt, restrictions of egress and ingress into and around the Condominium or the Unit, erected scaffolding, building materials and debris located within and adjacent to the construction area (such as nails and screws that could affect your vehicle and bicycle tires), and parking restrictions during construction hours due to construction employee vehicles and deliveries. Further, due to the ongoing construction and sales activity, public infrastructure, public and private utilities (e.g., water, electricity, telephones, cable television, sewers, storm drains, etc.) in the Building or the areas surrounding the Building and/or servicing the Unit may be temporarily interrupted and/or adversely affected. Buyer agrees to exercise extreme caution and to observe all signs which may be posted when driving through a construction zone.

35. Model Units. Seller may have constructed model units to reflect typical floor plans, workmanship and methods of construction. Model units also illustrate possibilities for future interior decoration. The Unit will not be constructed to the precise specifications or design of any model unit. Architectural treatments, floor plans and colors shown on the condominium plans on display at the office of Seller may be different than those displayed in the models. Room dimensions and electrical outlet placement may also vary from models and the Plans. All such options and upgrades displayed in the models (including, decorator items) are not included in the Purchase Price for the Fractional Interest unless expressly agreed to in writing by Seller.

36. Renderings, Floor Plans and Site Plans. The renderings, floor plans, and site plans shown in the sales office, brochures, and other advertising, are provided for information only and are approximate illustrations only. There may be discrepancies between this information which is provided and the actual as-built conditions. If there are such discrepancies, the as-built conditions will control. Seller shall not be liable for any errors or discrepancies in such items. The plans and specifications for the Condominium are available for review by you during normal business hours and upon request, and

control in case of conflict with renderings. The interior dimensions and square footage designations of the Unit and the rooms therein are approximate only. Buyer may not rely upon any written brochures and other sales documents or oral statements by Seller or Seller's sales representatives regarding the exact square footage and dimensions of the Unit or any other area in the Condominium. The computation of square footage varies based upon the criteria used, which may differ from the description of the Unit in the Condominium Declaration and may vary in differing marketing materials. Seller reserves the right to change maps, floor plans, exteriors, specifications and prices without notice.

37. No Guarantee About Development. Seller does not make any representation that the Condominium will be developed as proposed. Seller reserves the right, at any time and without notice, to modify its development plan for the Condominium, including, but not limited to, changing the style, size, square footage, density, color schemes, construction schedule and/or phasing of the Condominium. Seller reserves the right to change materials and specifications and may, from time to time substitute similar materials.

38. Building Code Changes. Periodically, governing agencies change building codes and other requirements; therefore, as construction proceeds, future condominium units may be constructed differently in order to meet these updated or revised regulations. Seller reserves the right to change elevations, designs, or other elements of the construction process at its sole discretion.

39. Title Insurance Company. Buyer acknowledges that Seller has not directly or indirectly required Buyer, as a condition of sale, to purchase either an owner's or lender's title insurance policy or escrow services from any particular title insurance company or escrow company.

H. GENERAL

40. Mandatory Alternative Dispute Resolution. The Condominium Declaration includes certain provisions which require certain disputes between the owners and/or any homeowners association with Seller and related parties (including construction defect claims) to be resolved through mandatory alternative dispute resolution procedures. By using such procedures to resolve disputes, there will be no jury trials in connection with the disputes resolved under these procedures.

41. Changes in Governing Documents or Other Purchase Documents. Modifications may be made to the Association Governance Documents you received and in the rights of certain parties including the homeowners in the Condominium to accommodate the requirements of certain governmental and quasi-governmental agencies, including without limitation FNMA, FHLMC, and GNMA, federally sponsored mortgage guarantee entities, the Arizona Department of Real Estate and Seller. In addition, because the condominium units or fractional interests in units may be sold many months in advance of their completion, changes may be required to certain documents to accommodate changes in construction caused by field conditions or changes required because of new interpretation of existing laws including but not limited to the Federal Housing Act and/or the Americans with Disabilities Act, changes required because of new legislation, applicable building codes or for other reasons.

42. Buyer Obligation To Investigate. Nothing contained herein is intended to be a complete disclosure of all facts which Buyer may wish to consider in buying the Fractional Interest. Buyer represents to Seller that Buyer has completed his/her own independent investigation of all facts which is in any way important or incidental to Buyer in making a buying decision. Buyer has not relied on any disclosed items as his/her single source of information regarding same. Nothing contained herein is meant to imply that the items discussed herein are more important than any items not listed herein.

Buyer has been advised by Seller and Seller's agents and is hereby advised to seek the advice of independent tax, legal, and financial consultants. Buyer is deemed to know all matters of public record, including but not limited to all laws, rules and regulations.

43. Interpretation of Legal Documents. Sales representatives and other personnel of Seller or its affiliates are not authorized to explain, interpret, or modify the Contract or any other documents covering or pertaining to the purchase of the Fractional Interest including, without limitation, this Exhibit C. Buyer represents to Seller that Buyer, in making a decision to purchase the Unit, has not received or relied upon explanations, interpretations, or modifications made by sales representatives of Seller or its affiliates.

SELLER DISCLAIMS ANY AND ALL LIABILITY OR RESPONSIBILITY IN CONNECTION WITH THE FOREGOING DISCLOSURES AND BUYER HEREBY AGREES TO MAKE NO CLAIM AGAINST SELLER, ITS AFFILIATES, OR THE BUILDER (AND BUYER HEREBY RELEASES AND DISCHARGES SELLER, ITS AFFILIATES, AND BUILDER FROM ANY AND ALL LIABILITY, RESPONSIBILITY OR OBLIGATION WHATSOEVER) RELATING TO THE FOREGOING AND BUYER SHALL NOT HAVE THE RIGHT TO OBJECT TO ANY OF THE SITUATIONS OR CONDITIONS RESULTING OR RELATING TO THE FOREGOING, REGARDLESS OF WHETHER THE EXISTENCE, OCCURRENCES OR CONSEQUENCES OF ANY OF THE FOREGOING DIRECTLY OR INDIRECTLY AFFECTS BUYER'S USE OR ENJOYMENT OF THE UNIT, THE COMMON ELEMENTS OR THE CONDOMINIUM OR THE EXISTING OR FUTURE VALUE OF THE UNIT.

BUYER:
