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SUBDIVISION DISCLOSURE REPORT
(PUBLIC REPORT)

FOR
Veritas at McCormick Ranch, a Condominium

Registration No. DM11-055803

SUBDIVIDER

Lexin Veritas, LLC
654 Madison Avenue, Suite 2205
New York, NY 10065

Effective Date: AUGUST 30, 2011(corrected 9/6/2011)

PROPERTY REPORT DISCLAIMER

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

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THE ARIZONA DEPARTMENT OF REAL ESTATE**REQUIRES THAT:**

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

RECOMMENDS:

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

ARIZONA LAW STATES:

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 CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.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

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

GENERAL

This report includes: Units 1001 through 1004, inclusive, Building 1; Units 1005 through 1008, inclusive, Building 2; Units 1009 through 1012, inclusive, Building 3; Units 1013 through 1016, inclusive, Building 4; Units 1017 through 1020, inclusive, Building 5; Units 1021 through 1024, inclusive, Building 6; Units 1025 through 1028, inclusive, Building 7; Units 1029 through 1032, inclusive, Building 8; Units 1033 through 1036, inclusive, Building 9.

The map of this subdivision is recorded in Book 948 of Maps, page 39, and Affidavit of Correction recorded in Document No. 2007-1203364, records of Maricopa County, Arizona.

Declaration of Condominium/Horizontal Property Regime: Declaration of Condominium is recorded in Instrument No. 2007-1152200, Assignment and Assumption of Declarant Rights recorded in Instrument No. 2011-0269688, First Amendment to the Declaration of Condominium recorded in Instrument No. 2011-0637653 and Second Amendment to the Declaration of Condominium recorded in Instrument No. 2011-0638017 records of Maricopa County, Arizona.

The subdivision is approximately 2.375 acres in size. It has been divided into 36 Units and Tract A. Lot boundaries were permanently staked at lot corners and radii.

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

SUBDIVISION LOCATION

Location: 8333 East Via Paseo Del Norte, City of Scottsdale, Maricopa County, Arizona 85258.

UTILITIES

Electricity: Arizona Public Service (APS) (602) 371-7171 (website: www.aps.com). Purchaser's cost to receive service includes a \$25.00 (plus tax) activation fee. A security deposit may be required. The security deposit may be able to be waived if you have had service with APS within the last 2 years or if you can provide an acceptable letter of credit from your most recent electric service provider from within the last 6 months.

Telephone: Cox Communications (623) 748-8957 (website: www.cox.com) or Qwest Communications, (800) 244-1111 (website: www.qwest.com). Purchaser's cost to receive service through Qwest is a onetime service activation fee of \$27.50; a deposit or advance payment may be required. Purchasers should check Qwest Communications website for additional information regarding types of services available as well as monthly costs associated with that service. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details. Purchaser's cost to receive service through Cox Communications is an installation fee of \$14.95, if applicable. A deposit may be required based on the results of a credit check.

Purchasers should check Cox Communications website for additional information regarding types of services available as well as monthly costs associated with that service. Once service is established, direct user charges will apply. Fees and/or deposits are subject to change; please contact the utility company for further details.

Cable: Cox Communications (623) 594-1000 (website: www.cox.net) or Qwest Communications 1-800-244-1111 (website: www.qwest.com). Purchaser's cost to receive service through Cox Communications is a onetime installation fee of up to \$29.95, if applicable. A deposit may be required based on the results of a credit check. Basic monthly service starts at \$47.95 per month. Purchasers should check Cox Communications website for additional information regarding types of services available as well as monthly costs associated with that service. Purchaser's cost to receive Qwest DirectTV service is a one time delivery charge of \$19.95, plus the hardware lease of \$5.00 per month for second and each additional receiver. New DirectTV customers only are required to have a 24 month agreement. Purchasers should check Qwest Communications website for additional information regarding types of services available as well as monthly costs associated with that service.

Internet or Fiber Optic: Cox Communications (623) 594-1000 (website: www.cox.net) or Qwest Communications 1-800-244-1111 (website: www.qwest.com). Purchaser's cost to receive service through Cox Communications is a onetime installation fee of up to \$29.95, if applicable, plus tax. A deposit may be required based on the results of a credit check. High speed internet service starts at \$32.95 per month. Purchasers should check Cox Communications website for additional information regarding types of services available as well as monthly costs associated with that service. Purchaser's cost to receive service through Qwest is a \$39.99 activation fee for DSL service. Purchasers should check Qwest Communications website for additional information regarding types of services available as well as monthly costs associated with that service.

Natural Gas: Southwest Gas Corporation (602) 861-1999 (website: www.swgas.com). Purchaser's cost to receive service is a \$35.00 establishment fee, plus tax, and a refundable deposit that shall not exceed two times the customer's estimated average monthly bill.

Water: City of Scottsdale (480) 312-2461 (website: www.scottsdaleaz.gov). Purchaser's cost to receive service is included in their Homeowners Association fees.

Sewage Disposal: City of Scottsdale (480) 312-2461 (website: www.scottsdaleaz.gov). Purchaser's cost to receive service is included in their Homeowners Association fees.

Garbage Services: City of Scottsdale (480) 312-2461 (website: www.scottsdaleaz.gov). Purchaser's cost to receive service is included in their Homeowners Association fees.

Subdivider advises that the extension of the utilities to the lot lines has been previously completed.

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

STREETS, ROADS AND DRAINAGE

Access to the Subdivision: The asphalt paved public exterior roads are complete. Maintenance provided by the City of Scottsdale. Purchasers cost is included in their property taxes.

Access within the Subdivision: The concrete paving stone interior drives are complete. Maintenance provided by the Homeowners Association. Purchasers cost is included in their Homeowners Association fees.

Street Lights: The decorative interior street lights and drive lane lighting is complete. Electricity paid for by the Homeowners Association. Purchasers cost is included in their Homeowners Association fees.

Flood and Drainage: Typical street drainage and retention is complete. Maintenance will be provided by the Homeowners Association. Purchasers cost is included in their Homeowners Association fees.

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

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

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

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

LOCAL SERVICES AND FACILITIES

Schools: Elementary: Kiva Elementary (K-6), 6911 E. McDonald Drive, Paradise Valley, Arizona 85253, (480) 484-2200, approximately 2 ¼ miles southwest of subdivision; **Junior High:** Mohave Middle School (7 – 8), 5520 N. 86th Street, Scottsdale, Arizona 85250, (480) 484-5200, approximately 2 miles south of subdivision; **High School:** Saguaro High School (9 – 12), 6250 N. 82nd Street, Scottsdale, Arizona 85250, (480) 484-7200, approximately 1 ½ mile south of subdivision.

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

PURCHASERS ARE ADVISED THAT SCHOOL BOUNDARIES AND SCHOOL BUS TRANSPORTATION MAY CHANGE. YOU SHOULD CONTACT THE SCOTTSDALE UNIFIED SCHOOL DISTRICT AT 480-484-6100 REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS SERVICE. ADDITIONAL INFORMATION REGARDING SCHOOLS AND DISTRICTS CAN BE FOUND AT THE FOLLOWING WEBSITES: WWW.GREATSCHOOLS.NET AND WWW.SFB.STATE.AZ.US.

Shopping Facilities: Paseo Village located at McCormick Parkway and Via Paseo within ¼ mile of subdivision.

Public Transportation: Valley Metro Transit System bus stop is located on Pima Road just south of Via Linda, approximately 2 ¾ miles northeast of subdivision.

NOTE: Bus routes and schedules are subject to change. For additional information, please contact the Valley Metro Transit System at (602) 253-5000, or visit the website at www.valleymetro.org.

Medical Facilities: Scottsdale Healthcare Shea, 9003 E. Shea Blvd., Scottsdale, Arizona, (480) 860-3000, approximately 2 ¾ miles northeast of subdivision.

Fire Protection: Provided by the City of Scottsdale Fire Department. Purchasers' cost to receive service is included in their property taxes.

Ambulance Service: Ambulance service is available by dialing 911. Providers include, but are not limited to: PMT Ambulance, located at 2495 Industrial Park Avenue, Tempe, (480) 966-9156, www.pmtambulance.com, and Southwest Ambulance, located at 708 W. Baseline Road, Mesa, Arizona 85210, (480) 655-9686, www.swambulance.com.

Police Services: Provided by the City of Scottsdale Police Department.

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

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: The landscaping, pool with fireplace and spa are complete. Maintenance is provided by the Homeowners Association. Purchasers cost for maintenance is included in their Homeowners Association fees.

Within the Master Planned Community: McCormick Ranch is a master planned community. The common area landscaping is complete and has been accepted by the Homeowners Association for maintenance. Purchasers cost for maintenance is included in the McCormick Ranch Property Owners' Association assessments.

ASSURANCES FOR COMPLETION OF IMPROVEMENTS

Assurances for Completion of Subdivision Facilities: All subdivision improvements are complete.

Assurances for Maintenance of Subdivision Facilities: As stated in the Declaration of Covenants, Conditions and Restrictions, Filed Articles/Bylaws for the Homeowners Association. Utility companies will maintain their respective utilities and the City of Scottsdale will maintain the public streets.

PROPERTY OWNERS ASSOCIATIONS

Name and Assessments: Veritas at McCormick Ranch Condominium Association with current assessments in the amount of \$235.00 per unit per month. **McCormick Ranch Property Owners Association** with assessments in the amount of \$185.00 per year.

Control of Association: **Veritas at McCormick Ranch Condominium Association** period of Declarant control ends on the earlier of: (a) Ninety (90) days after the conveyance of seventy-five percent (75%) of the Units which may be created in the Condominium to Unit Owners other than the Declarant; or (b) Four (4) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or (c) June 30, 2016. **McCormick Ranch Property Owners Association** is currently controlled by owners.

Title to Common Areas: The undivided interests in the Common Elements of the Association shall be allocated equally among the Units and shall be owned by the Unit Owners as tenants in common.

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

PURCHASER'S PLEASE NOTE: **CC&R's Section 10.16 Reserve Contributions/Reserves states in part:** (A) Except as provided in Section 10.16(B) below, each Purchaser (regardless of whether the seller of the Unit is Declarant or an unrelated third party Unit Owner) shall pay to the Association, immediately upon becoming the Owner of a Unit, a contribution (the "Reserve Contribution") to the reserves to be established pursuant to Section 10.16(C) below. The amount of the initial Reserve Contribution shall be an amount equal to one-sixth (1/6) of the Common Expense Assessments for the Unit for each such qualifying transfer. Notwithstanding the foregoing, to the extent Declarant has previously paid the Reserve Contribution attributable to a Unit prior to its conveyance to the first Purchaser thereof, Declarant may reimburse itself from closing proceeds for such unsold Unit's Reserve Contribution so paid in advance by Declarant. The Board of Directors may, from time to time, increase or decrease the amount of the Reserve Contribution, but, during any fiscal year of the Association, the amount of the Reserve Contribution may not be increased by an amount greater than ten percent (10%) in excess of the amount of the Reserve Contribution established during the prior fiscal year without the approval of the Members holding more than fifty percent (50%) of the votes in the Association. Reserve Contributions are non-refundable and shall not be considered as an advance payment of the Common Expense Assessment.

PURCHASER'S PLEASE NOTE: CC&R's Section 10.17 Working Capital Fund Contribution states: Upon the closing of the sale of each Unit by Declarant, the Purchaser from Declarant shall pay to the Association an amount equal to one-sixth (1/6) of the Common Expense Assessment for the Unit (the "Working Capital Fund Contribution") to establish a Working Capital Fund to meet unforeseen expenditures and to purchase any additional equipment or services by or for the Association. Notwithstanding the foregoing, to the extent Declarant has previously paid the Working Capital Fund Contribution attributable to a Unit prior to its conveyance to a Purchaser, Declarant may reimburse itself from closing proceeds for such unsold Unit's Working Capital Fund Contribution so paid in advance by Declarant. Amounts paid to the Association as part of the Working Capital Fund pursuant to this Section 10.17 shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration. During the Period of Declarant Control, such Working Capital Fund shall not be used to defray Association expenses, Reserve Contributions, or construction costs or to make up budget deficits. All amounts in the Working Capital Fund shall be transferred to a segregated fund maintained by the Board no later than the expiration or earlier termination of the Period of Declarant Control.

PURCHASER'S PLEASE NOTE: CC&R's Section 10.18 Transfer fee states in part: (A) Except as expressly provided in Section 10.18(B) below, each Purchaser of a Unit shall pay to the Association immediately upon becoming a Unit Owner a transfer fee (the "Transfer Fee") in such amount as is established from time to time by the Board of Directors, as compensation for maintaining the books and records of the Association. Any Transfer Fee established pursuant to this Section 10.18 is in addition to and not part of or in lieu of the fee which the Association is entitled to charge for any certificate or statement provided pursuant to Section 10.13 of this Declaration and/or A.R.S. §§33-1256(I) and 33-1260(A) of the Condominium Act. This Transfer Fee liability of a Unit touches and concerns and runs with the land and may not exceed an amount equivalent to one-twelfth (1/12) of the Common Expense Liability of a Unit, and, in any event may not exceed the amount allowed by Applicable Laws when combined with any fees and charges of the Association in accordance with Section 10.13 of the Declaration or A.R.S. §§33-1256(I) and 33-1260(A). In addition to the foregoing primary purpose, the Association may apply the Transfer Fee amount to expenses incurred by the Association in compensating any Management Agent (as defined in Section 11.1 of the Declaration) and/or the costs incurred by the Association in maintaining the recreational Common Elements and amenities.

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

SUBDIVISION CHARACTERISTICS

Topography: Subdivider advises that the terrain is level with proper drainage.

Flooding and Drainage: Subdivider advises that the subdivision is not subject to any known flooding or drainage problems. Hank Belliston, M.S., P.E. with Geotechnical Testing & Inspections in his letter dated May 16, 2011 states in part:

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

Soils: Subdivider advises that the subdivision lots are subject to subsidence or expansive soils. Hank Belliston, M.S., P.E. with Geotechnical Testing & Inspections in his letter dated May 16, 2011 states in part:

“The subject site consists of nine (9) residential condominium buildings which were constructed from 2008 to 2009. GTI also understands that no previous geotechnical reports are available for review.

Maps of soil shrink/swell potentials for the Phoenix Metropolitan Area have been published by the USDA Natural Resources Conservation Services. From our research of these maps, GTI determined that the on-site soils are classified as having moderate shrink-swallow potentials.

It should be noted that positive drainage away from the buildings is critical for the long term performance of the foundations. GTI recommends that a minimum of a 5% slope, away from the perimeter of the buildings, be maintained throughout the life of the buildings. In addition, landscaping and irrigation systems should be such that the foundation bearing soils are not subject to moisture infiltration.

The Arizona Geological Survey (AZGS) publication, “Land Subsidence, Earth Fissures, and Water-Level Change in Southern Arizona” by H.H. Schumann and R.B. Genualdi, 1986, was reviewed. The subject site is located in an area of groundwater withdrawal of between 300 and 500 feet, but of no known or documented earth fissures.”

Adjacent Lands and Vicinity: North is zoned: R1-7, Single Family Residential; East is zoned: R1-10 Single Family Residential and R-4, Townhouse Residential; South is zoned: R1-10, Single Family Residential and O-S, Open Space; and West is zoned: R-5, Multi Family Residential.

NOTE: Owners of the adjacent lands described above may seek to rezone their property, may seek zoning variances for their property or may modify their site plan within existing zoning. Consequently, no assurance can be given that the zoning or uses for the adjacent lands will not change from that described above. Purchasers should contact the City of Scottsdale Planning & Zoning Department at 480-312-7800 or Maricopa County Planning & Development Department at 602-506-7310 for up-to-date information.

North:

- McCormick Ranch Golf Club, approximately 1 mile
- Scottsdale Airpark Municipal Airport, approximately 5 miles
- Starfire at Scottsdale Country Club, approximately 3 miles
- Mountain View Park, approximately 1 ¾ miles
- Scottsdale Healthcare Shea, approximately 3 miles

- Scottsdale Fiesta Mountain, approximately 2 ½ miles

Northeast:

- McCormick Ranch Golf Club, less than ¼ mile
- Pima Freeway (101), approximately 1 ¾ miles
- Mountain View Park, approximately 2 ¼ miles
- Scottsdale Fiesta, approximately 2 ½ miles
- Scottsdale Healthcare – Shea, approximately 3 miles
- Paradise Memorial Gardens, approximately 3 miles
- Aztec Park, approximately 5 ¼ miles
- Hayden Rhodes Aqueduct Central Arizona Project, approximately 5 miles
- Fire Station, approximately 2 miles
- Scottsdale Ranch Park, approximately 3 ½ miles
- McDowell Mountains, approximately 6 miles
- Pima Center, approximately 1 ½ miles
- Salt River Pima-Maricopa Indian Community, approximately ¾ miles

East:

- Scottsdale Pavilion, approximately 1 mile
- Casino Arizona at Talking Stick, approximately 1 ¾ miles
- Talking Stick Golf Club, approximately 2 miles
- Salt River Pima – Maricopa Indian Community, approximately ½ mile
- Pima Freeway (101), approximately 1 ½ miles
- Pavilion Lakes Golf Club, approximately ¾ miles

Southeast:

- Salt River Pima – Maricopa Indian Community, approximately ¾ miles
- Pima Freeway (101), approximately 1 ¼ miles
- Scottsdale Community College, approximately 2 miles
- Community Admin. Complex, approximately 4 ¾ miles
- Fire Station, approximately 4 ¾ miles
- Arizona Canal, approximately 1 mile
- Scottsdale Pavilion, approximately ¾ mile

South:

- Fire Station, approximately 4 ½ miles
- Coronado Golf Course, approximately 4 ½ miles
- Scottsdale Civic Center, approximately 3 ¾ miles
- Library, approximately 3 ¾ miles
- Municipal Buildings, approximately 3 ¾ miles
- Scottsdale Mall, approximately 3 miles
- Scottsdale Stadium, approximately 4 miles
- Scottsdale Center for the Arts, approximately 4 miles
- Scottsdale Healthcare – Osborn, approximately 4 miles
- Post Office, approximately 4 miles
- Shoshone Park, less than ¼ mile

- Chestnut Park, approximately 3 miles
- Continental Golf Club, approximately 3 ½ miles
- Indian School Park, approximately 3 miles
- Chaparral Park, approximately 1 ½ miles
- Greenbelt, approximately 1 mile
- Silverado Golf Club, approximately ¾ miles
- Paseo Village, adjacent

Southwest:

- Scottsdale Fashion Square, approximately 3 ¼ miles
- Loloma Transit Station, approximately 4 miles
- Arizona Crosscut Canal, approximately 4 ¼ miles
- Desert Botanical Garden, approximately 6 ¼ miles
- Phoenix Zoo, approximately 7 miles
- Rolling Hills Golf Course, approximately 7 ¼ miles
- Papago Softball Complex, approximately 5 ½ miles
- Papago Park, approximately 5 ½ miles
- Papago Municipal Golf Course, approximately 6 ¾ miles
- Barnes Butte, approximately 6 miles
- Papago Army Airfield, approximately 6 miles
- Papago Military Reservation, approximately 6 miles
- Maricopa County Department of Emergency Management, approximately 6 ½ miles
- Arizona Country Club, approximately 4 ¾ miles
- Arizona Canal, approximately 1 ¼ miles
- G. R. Herberger Park, approximately 4 ¾ miles
- Palute Park, approximately 4 ½ miles
- St. Francis Cemetery, approximately 6 ½ miles
- Phoenician Golf Club, approximately 3 ½ miles
- Fire Station, approximately 2 miles
- Arcadia Crossings Shopping Center, approximately 6 ½ miles
- Library, approximately 3 ¾ miles
- Camelback Mountain, approximately 3 ½ miles
- Scottsdale Center for the Arts, approximately 3 ½ miles
- Scottsdale Civic Center, approximately 3 ¾ miles
- Greenbelt, approximately 1 mile
- McCormick- Stillman Railroad Park, approximately 1 ¼ miles
- Post Office, approximately 4 miles
- APS Substation, approximately 3 ¼ miles

West:

- McCormick – Stillman Railroad Park, approximately 1 ¼ mile
- Paradise Valley Country Club, approximately 4 miles
- Mountain Shadows Golf Course, approximately 3 ½ miles
- Camelback Mountain, approximately 3 ¾ miles
- McCormick Ranch Golf Club, approximately ½ mile
- APS 69kV power line, approximately 1 mile

Northwest:

- Fire Station, approximately 2 miles
- Fire Station, approximately 4 ½ mile
- Paradise Valley Gateway, approximately 5 miles
- Camelback Golf Club, approximately 1 ½ miles
- Orange Tree Golf Resort, approximately 4 ½ miles
- Paradise Valley Mall, approximately 6 miles
- Stonecreek Golf Club, approximately 5 miles
- Sereno Park, approximately 5 ¾ miles
- Mescal Park, approximately 3 ½ miles
- Kierland Golf Club, approximately 6 miles
- Kierland Commons, approximately 5 1/2 miles
- Kierland Park, approximately 6 ½ miles
- McCormick Ranch Golf Club, approximately ½ mile
- Mummy Mountain, approximately 3 ½ miles
- Phoenix Mountain Preserves, approximately 5 miles
- Camelback Golf Club, approximately 3 ¼ miles
- Gainey Ranch Golf Club, approximately 2 miles
- Crossed Arrows Park, approximately 6 miles

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

Scorpions and Other Pests: Cockroaches, snakes, black widow spiders, scorpions and other pests and animals are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. Purchasers with concerns should seek the advice of a pest control company. If these or any other creatures are a concern, purchaser may contact the Maricopa County Extension Service at (602) 942-3000, or visit their website at www.desertusa.com.

Fire Station: Due to the proximity of a fire station, this subdivision may experience an increase amount of noise, and other effects associated with this type of facility that may be of concern to some individuals.

Freeways: Due to the proximity of the freeways, this subdivision may experience, noise, traffic, lighting or other effects that may be of concern to some individuals. Purchasers are advised to independently investigate this matter.

Canals: Due to the proximity of these canals, rivers and washes, they may present a safety hazard, especially during times of heavy rainfall, for unsupervised children and adults. Purchasers are advised to independently investigate this matter. For further information, please contact the Flood Control District of Maricopa County at (602) 506-1501 or visit the website at www.fcd.maricopa.gov.

As a result of natural gas facilities available to other lots within this subdivision, major natural gas lines in the vicinity of this community are necessary in order to service the surrounding areas. For further information regarding natural gas lines, purchasers should contact Southwest Gas Corporation at (602) 861-1999 or log onto their website at www.swgas.com. Additional information may be obtained by contacting the Pipeline and Railroad Safety Department of the Arizona Corporation Commission at (602) 262-5601 or visit the Corporation Commission web site at www.azcc.state.az.us.

Commercial (Paseo Village): Paseo Village is a commercial site located adjacent to the south of McCormick Place South Condominiums. The center consists of retail commercial development. This development includes a gas station, fitness facility, a Walgreens along with multiple retail facilities.

Subdivider has used its best efforts in an attempt to disclose all noteworthy activities and conditions surrounding this subdivision using the resources reasonably available to developer at the time this Public Report was prepared. This information may change from time to time. Prospective purchasers are encouraged to (i) drive the areas surrounding the subdivision (at different times of the day) to determine whether there exists any activities or conditions that may be of concern to Purchaser and (ii) determine to Purchaser's own satisfaction whether or not the items mentioned in the Public Report or discovered by Purchaser's own inspections are of concern to Purchaser.

PURCHASER IS ADVISED THAT HOMES SITUATED ADJACENT TO OR IN THE VICINITY OF COMMERCIAL PROPERTY, MULTI-FAMILY SITES, WORSHIP SITES, SCHOOL SITES, STREETS, FREEWAYS, PARKWAYS, ROADWAYS, TRAILS, OPEN SPACE AREAS, CONSTRUCTION-RELATED OPERATIONS, INDUSTRIAL PROPERTIES, PROVING GROUND, MINING OPERATIONS, ENTERTAINMENT VENUES, PARKS, CORRECTIONAL FACILITIES, AGRICULTURAL AREAS, OTHER NON-RESIDENTIAL USES, AND/OR OTHER RECREATION AMENITIES MAY EXPERIENCE AN ADDITIONAL AMOUNT OF NOISE, DUST, LIGHTING, AND SIGNAGE, AS WELL AS PEDESTRIAN AND VEHICULAR TRAFFIC TYPICALLY ASSOCIATED WITH SUCH FACILITIES.

THIS SUBDIVISION IS LOCATED WITHIN FIVE MILES OF AN AMERICAN INDIAN RESERVATION. ACTIVITIES ON THE RESERVATION INCLUDE OR MAY INCLUDE OPEN RANGE, AGRICULTURAL OPERATIONS, AIRCRAFT OPERATIONS, INDUSTRIAL OPERATIONS AND DAIRY FARMS. A RESERVATION HAS ITS OWN LAWS GOVERNING THE LAND WITHIN ITS BOUNDARIES. THESE MAY INCLUDE TRESPASSING, DUMPING, ARCHAEOLOGY, HUNTING, FISHING, ETC. IN ADDITION, CERTAIN AREAS OF THE RESERVATION MAY BE NONPUBLIC-CLOSED AREAS WHICH REQUIRE SPECIAL PERMISSION TO ENTER. THOROUGHFARES AND ROADS ON THE RESERVATION MAY NOT BE AVAILABLE FOR PUBLIC USE. FOR MORE INFORMATION ABOUT TRIBAL ACTIVITIES OR LAND USE, CONTACT THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY AT (480) 850-8000 PHONE, (480) 850-8014 FAX, 10005 EAST OSBORN ROAD, SCOTTSDALE, AZ 85256.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for Improved Lot, Lot with Dwelling
Zoning: Multi Family Residential

Conditions, Reservations and Restrictions: In accordance with the recorded Declaration of Covenants, Conditions and Restrictions; the Homeowners Association Articles of Incorporation and Bylaws and existing zoning ordinances.

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

AIRPORTS

Airport: Scottsdale Airpark Municipal Airport, (480) 312-2321, 15000 North Airport Drive, Scottsdale, Arizona 85260, approximately 5 miles north of subdivision.

SUBDIVISION IS LOCATED WITHIN TERRITORY IN THE VICINITY OF SCOTTSDALE AIRPARK MUNICIPAL AIRPORT. FLIGHTS MAY PRODUCE AIRCRAFT NOISE AS A RESULT OF FLIGHT OPERATIONS.

TITLE

Title to this subdivision is vested in Lexin Veritas, LLC, a Delaware limited liability company.

Subdivider's interest in this subdivision is evidenced by fee title

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated August 1, 2011 issued by Fidelity National Title Insurance Company. **You should obtain a title report and determine the effect of the listed exceptions.**

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE OR LEASE

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

Cash sales are allowed.

PURCHASERS ARE ADVISED THAT EARNEST MONEY DEPOSITS SHALL BE HELD BY BROKER UNTIL OFFER IS ACCEPTED. UPON ACCEPTANCE, BROKER IS AUTHORIZED TO DEPOSIT THE EARNEST MONEY DEPOSIT WITH ESCROW AGENT. BUYER AGREES THAT, IF BUYER BREACHES THIS CONTRACT, ALL EARNEST MONEY MAY BE FORFEITED IN ACCORDANCE WITH THIS CONTRACT.

Release of Liens and Encumbrances: Subdivider has ensured that the deeds of trust provide for the release by the applicable lender of individual improved lots upon Purchaser's payment to Subdivider of the purchase price required under Purchaser's purchase contract with Subdivider for such improved lot.

Use and Occupancy: Lot purchasers will be permitted to use and occupy their lot upon completion of construction, close of escrow and recordation of deed.

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

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

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 2011 is \$7.43 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$400,000.00, is \$2,377.60.

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

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

EXHIBIT "A"

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2011.
3. Liabilities and obligations imposed upon said Land by its inclusion within any district formed pursuant to Title 48, Arizona Revised Statutes.
4. Easements, setback lines, terms, conditions and matters as shown on the plat Paseo Village, recorded in Book 154 of Maps, page 13 and Affidavit of Correction recorded in Recording No. 2007-0214503.
5. Easements, covenants, conditions and restrictions as set forth on the recorded plat of said subdivision. Book 948 of Maps, page 39 and Affidavit of Correction recorded in Recording No. 2007-1203364.
6. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document: Recording No.: Docket 9148, page 706. Modification(s) of said covenants, conditions and restrictions: Recording No.: Docket 12749, page 676; Recording No.: Docket 14056, page 1401.
7. Liens and charges as set forth in the above mentioned declaration, Payable to: McCormick Ranch Property Owners' Association.
8. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document: Recording No.: Docket 9148, page 757; Recording No.: Docket 12530, page 222.
9. Liens and charges as set forth in the above mentioned declaration, Payable to: McCormick Ranch Property Owners' Association.
10. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document: Recording No.: Docket 9336, page 1. Declaration Establishing Assessment period, recorded in Docket 10501, page 945.
11. Liens and charges as set forth in the above mentioned declaration, Payable to: Paseo Village Property Owners' Association, Inc.
12. Reservation of a right of way for the transportation or other movement by pipeline of any of the groundwater, together with the right to construct, re-construct, service and maintain any such pipeline, as reserved and recorded as Docket 12530, page 232.

13. Matters contained in that certain document, Entitled: No-Build Easement; Recording Date: February 9, 2007; Recording No.: 2007-0166640. Reference is hereby made to said document for full particulars.
14. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document: Purpose: Gas pipeline or pipelines and appurtenances; Recording Date: June 25, 2007; Recording No.: 2007-0723946. (Affects Common Area)
15. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document: Purpose: Utility; Recording Date: June 26, 2007; Recording No.: 2007-0730876. (Affects Common Area)
16. Easements, setback lines, terms, conditions and matters as shown on the Record of Survey, recorded in Book 933 of Maps, page 19.
17. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document: Recording No.: 2007-1152200; Assignment and Assumption of Declarant Rights, recorded in Recording No. 2011-0269688; Collateral Assignment of Declarant's Rights, recorded in Recording No. 2011-0269690; Second Amendment to Declaration of Condominium and of Covenants, Conditions and Restrictions for Veritas at McCormick Ranch; Recording No.: 2011-0638017.
18. Liens and charges as set forth in the above mentioned declaration, Payable to: Veritas at McCormick Ranch Condominium Association.
19. A construction deed of trust to secure an indebtedness in the amount shown below, Amount: \$5,300,000.00; Dated: June 30, 2011; Trustor/Grantor: Lexin Veritas, LLC, a Delaware limited liability company; Trustee: Stearns Bank National Association, a national banking association; Beneficiary: Stearns Bank National Association, a national banking association; Recording Date: June 30, 2011; Recording No.: 2011-0548374.
20. Assignment of Rents and Leases: Assigned to: Stearns Bank National Association, a national banking association; Assigned by: Lexin Veritas, LLC, a Delaware limited liability company; Recording Date: June 30, 2011; Recording No.: 2011-0548375.

THERE ARE NO FURTHER MATTERS OF RECORD CONCERNING THIS SUBDIVISION THROUGH THE DATE OF THIS REPORT.