

PURCHASE CONTRACT AND ESCROW INSTRUCTIONS

THIS CONTRACT IS A LEGALLY BINDING CONTRACT. PARAGRAPH 6 (D) OF THIS CONTRACT AND ARTICLE 11 OF THE CONDOMINIUM DECLARATION FOR SUNLAND VILLAS CONDOMINIUM 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 FOR SUNLAND VILLAS CONDOMINIUM CAREFULLY AND UNDERSTAND THEM BEFORE YOU SIGN THIS CONTRACT.

Buyer Initials:
_____/_____

1. IDENTITY OF PARTIES AND ESCROW AGENT

Buyer: _____

Buyer's Address: _____

Telephone: _____ Home: _____

Business: _____ Fax: _____

Cellular: _____ E-mail: _____

Seller: Sunland Condominiums, LLC, an Arizona limited liability company

Address: 1050 S. Stapley Drive

Mesa, AZ 85204

Unit: Unit _____, Sunland Villas Condominium, according to the plat recorded in Book 821 of Maps, Page 49, records of the County Recorder of Maricopa County, Arizona, and the Condominium Declaration for Sunland Villas Condominium recorded at Recording No. 2006-0363377, in the records of the County Recorder of Maricopa County, Arizona.

Mailing Address of Unit:
1050 S. Stapley Unit _____
Mesa, AZ 85204

Escrow Agent: Capital Title Agency
Attn: Adrienne Friend

Address: 4677 South Lakeshore Drive, C-9
Tempe, AZ 85282

Telephone: 480-345-2600

Fax: 480-345-5700

2. SALE AND ESCROW.

(a) Seller hereby agrees to sell the Unit to Buyer and Buyer agrees to purchase the Unit for the Purchase Price and upon the terms and conditions set forth in this Contract.

(b) Execution of this Contract by Buyer constitutes an offer to purchase. Buyer acknowledges and agrees that the deposit of the Earnest Money shall not be deemed an acceptance of Buyer's offer to purchase the Unit. Seller shall be bound only when this Contract is accepted by the authorized member or manager of Seller. The acceptance by any salesman, broker, agent or employee of Seller, other than a member or manager of Seller is not binding upon Seller. Buyer's Earnest Money is accepted subject to prior sale, and Seller is under no obligation to accept Buyer's offer and execute this Contract. If Seller decides not to accept Buyer's offer and execute this Contract for any reason, including, but not limited to, the prior sale of the Unit, then the Earnest Money shall be returned to Buyer.

(c) To facilitate the sale and purchase of the Unit, 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

Buyer Initials
_____/_____

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.

(d) Buyer represents and covenants to Seller that (check one):

(i) Buyer is purchasing the Unit for use either as Buyer's principal or secondary residence and Buyer will occupy the Unit as Buyer's principal or secondary residence upon the Closing under the Contract ("Close of Escrow"); or

(ii) Buyer is purchasing the Unit for investment purposes. Buyer acknowledges that Seller has materially relied upon the foregoing representations in entering into the Contract and would not have agreed to sell the Unit to Buyer without such representations. Any assignment or other transfer of Buyer's rights under the Contract prior to the Closing shall constitute: (i) a material breach of the Contract, entitling Seller, at Seller's sole option, to terminate the Contract and retain all amounts paid by Buyer under the Contract pursuant to the terms of the Contract, and (ii) a failure of a condition precedent to Seller's obligation to sell the Unit to Buyer. The provisions of this Paragraph shall survive the Closing. In no event shall the provisions of this Paragraph limit the remedies available to Seller under the Contract should Buyer otherwise be in default under the Contract.

3. **TERMS OF SALE.**

(a) The purchase price to be paid by Buyer for the Unit (the "Purchase Price") and the method of payment shall be as follows:

Purchase Price		\$ _____
Initial Earnest Money paid to Escrow Agent upon execution of this Contract by Buyer		
_____ Check _____ Other		\$ _____
(subject to collection if by check):		
Additional Earnest Money to be paid to Escrow Agent on or before _____:		\$ _____
		\$ _____
Total Earnest Money		
Balance due at Closing (exclusive of Closing costs)		\$ _____

(b) As used in this Contract, "Earnest Money" means the Initial Earnest Money and all Additional Earnest Money paid by Buyer pursuant to this Paragraph, together with all interest earned thereon while held by Escrow Agent, if any.

4. **FINANCING.**

(a) **Loan Approval Period.** Buyer shall have thirty (30) days from the Effective Date (the "Loan Contingency Period") to make all necessary arrangements and to obtain all necessary financing in order for Buyer to be able to complete the purchase of the Unit in accordance with the terms of this Contract. Within fifteen (15) days after the Effective Date, Buyer shall submit a complete, truthful and proper application to a bank or other lending institution selected by Buyer ("Lender"). Upon request by Seller, Buyer shall furnish to Seller copies of or information concerning the applications for financing made by Buyer and the status thereof. Buyer also authorizes the Lender to disclose such information to Seller and Seller's representatives. The failure of Buyer to timely submit the loan application to Lender shall constitute a default by Buyer, and Seller may terminate this Contract by written notice to Buyer and Escrow Agent and retain the Earnest Money as liquidated damages as provided in Paragraph 6(a). If the Earnest Money is held by Escrow Agent at the time of termination, Escrow Agent shall immediately release the Earnest Money to Seller. Buyer shall promptly provide Lender and Seller with all documents reasonably requested by Lender or Seller. Buyer shall provide Seller with a pre-approval of Buyer's loan application from the Lender within twenty-five (25) days after the Effective Date. If Buyer does not timely provide Seller with a pre-approval from Lender, Seller may terminate this Contract by giving written notice of termination to Buyer and Escrow Agent. 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 4(a) or if this Contract is terminated by Seller pursuant to this Paragraph 4(a) because Buyer does not timely provide Seller with a pre-approval of Buyer's loan application by Lender, then Seller shall refund to Buyer the Earnest Money, except for the following amounts which shall be retained by Seller: (i) a cancellation fee of \$500; (ii) the cost of all upgrades and extras requested by Buyer and which have been purchased or ordered by Seller; and (iii) all costs incurred by Seller in connection with Buyer's proposed loan, if any. If Buyer does not give such termination notice to Seller and Escrow Agent within the Loan Contingency Period, then: (i) this financing contingency shall be deemed waived by Buyer; (ii) Buyer shall thereafter be fully responsible to timely provide all funds for Closing and be obligated to otherwise fully and timely complete the purchase of the Unit in accordance with all terms and provisions of this Contract; (iii) the Earnest Money shall be non-refundable except as otherwise provided in this

Contract; and (iv) Buyer, within ten (10) days after the expiration of the Loan Contingency Period, shall provide Seller with evidence satisfactory to Seller, in Seller's sole discretion, that Buyer has sufficient funds to complete the purchase of the Unit in accordance with this Contract.

(b) **Seller Not Responsible for Loan.** 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.

5. **CONDOMINIUM ASSOCIATION.** Buyer acknowledges that Condominium Association (as defined in Paragraph 16) will be established for the purpose of, among other things, operating, managing and maintaining the Common Elements (as defined in Paragraph 16) and enforcing the Condominium Declaration (as defined in Paragraph 16). Buyer acknowledges that following the Closing, Buyer shall be a member of the Condominium Association. Buyer acknowledges that the Unit will be subject to assessment by the Association in accordance with the Condominium Declaration and that such assessments are subject to increase and probably will increase in the future. Buyer acknowledges that any budget of the Association provided to Buyer is preliminary and may be changed prior to the Closing. Buyer further acknowledges that Buyer has been given copies of and an opportunity to ask questions and receive answers regarding the Condominium Declaration and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association (which are referred to in this Contract as the "Condominium Association Governance Documents").

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 either (i) terminate this Contract by giving written notice of such termination to Buyer and Escrow Agent, in which event Escrow Agent shall immediately pay Seller the Earnest Money Deposit and Seller shall be entitled to retain the Earnest Money Deposit as liquidated damages and not as a penalty or (ii) sue for specific performance of this Contract. 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 the 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, prior to Closing, Seller fails to fully and timely comply with the terms and conditions of this Contract and if Buyer shall have complied with all of Buyer's obligations hereunder, 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) days, then Seller shall have a reasonable time within which to remedy the default. If Seller has not remedied the default within the time provided for in the preceding sentence, Buyer, as its sole and exclusive remedy, may either (i) terminate this Contract and receive a refund of the Earnest Money and all other amounts paid to Seller under this Contract or (ii) provided Buyer has tendered complete performance under this Contract, Buyer may enforce specific performance of this Contract. Buyer waives, disclaims and agrees not to assert against Seller any claim, cause of action, right or remedy at law or in equity for any breach of this Contract by Seller (including any claim or cause of action for damages arising out of a breach of this Contract by Seller, but not limited to, consequential, incidental or punitive damages), except for the remedies expressly provided to Buyer by this Paragraph 6(b).

(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 Unit.

(d) **DISPUTE RESOLUTION.** ANY AND ALL DISPUTES BETWEEN OR AMONG BUYER OR SELLER OR THEIR RESPECTIVE PARENT COMPANIES, SUBSIDIARIES OR AFFILIATES ARISING FOLLOWING THE CLOSING UNDER OR IN CONNECTION WITH THE CONSTRUCTION OR CONDITION OF THE UNIT OR THE COMMON ELEMENTS, INCLUDING BUT NOT LIMITED TO DISPUTES CONCERNING BREACH OF EXPRESS OR IMPLIED WARRANTIES, PERSONAL INJURIES AND/OR ILLNESS, MOLD RELATED CLAIMS AND ALL OTHER TORTS AND STATUTORY CAUSES OF ACTION (COLLECTIVELY, "CLAIMS") SHALL BE RESOLVED BY BINDING ARBITRATION 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 ARBITRATION PROCEEDING FOR ANY CLAIM(S) UNLESS AND UNTIL BUYER HAS FIRST GIVEN SELLER SPECIFIC WRITTEN NOTICE OF EACH CLAIM AND HAS GIVEN SELLER A REASONABLE OPPORTUNITY AFTER SUCH NOTICE TO CURE ANY ALLEGED DEFAULT OR DEFECT, INCLUDING REPAIR OF THE UNIT. 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.

(Buyer Initials: ____/____)

7. COMPLETION.

(a) Buyer acknowledges that (i) Sunland Villas was not originally constructed to be sold as condominiums, but was originally constructed as and has been operated since 1976 as a rental apartment project; (ii) the buildings and other improvements within the Condominium were designed and constructed in accordance with design requirements and building codes applicable to rental apartments at the time the buildings and other improvements were originally constructed, and the design criteria and building codes applicable to rental apartments may vary significantly from the design criteria and building codes applicable to condominiums; (iii) the Seller makes no representation or warranty that the buildings or other improvements within the Condominium comply with the design criteria or building codes applicable to condominiums either when the improvements were constructed or currently; and (iv) the sale of the Unit does not include Seller warranties typical of new construction.

(b) Buyer acknowledges and agrees that the Unit will be conveyed and transferred to Buyer, and Buyer will accept the Unit, in its condition and state of repair as of the Closing, "AS IS" and "WHERE IS" and with all faults and without any warranty express or implied. Buyer acknowledges and agrees that Buyer has not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Seller or any of Seller's agents, employees or representatives with respect to the status of title to or the construction, design, condition, marketability or any other matter pertaining to the Unit or the common elements of the Condominium, and Buyer hereby acknowledges that no such representations or warranties have been made to Buyer.

(c) Buyer is aware that any model Unit or promotional materials of Seller which Buyer may have viewed prior to execution of this Contract may have extra design features, decorations, floor coverings, decorator light fixtures, wall coverings, window treatments (such as drapes, etc.), mirrors, furniture, furnishings or appliances which will not be included in the Unit unless shown on the Plans, specifically provided for in this Contract or evidenced by a written change order approved by Seller.

8. CLOSING.

(a) Closing shall occur on or before _____, 200____. If Buyer fails to fully perform all of its payment and performance obligations (including but not limited to execution and delivery of all loan and other closing documents) on or before the date set for the Closing, in addition to all other amounts payable hereunder, Buyer shall pay to Seller to compensate Seller for the delay, interest at fifteen percent (15%) per annum on the entire unpaid portion of the Purchase Price from the date originally scheduled for the Closing to the date that this transaction is actually completed, unless Seller elects to cancel this transaction by reason of a default by Buyer. 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 as a result of any increase in commitment fees, points, interest rates or other amounts assessed or charged by any lender, or travel, lodging, moving, storage or meal costs incurred by Buyer. Buyer has the sole responsibility to arrange for utilities to be turned on at the Unit and Buyer acknowledges that telephone service (not including cell phone service) to the Unit may not be available until after Closing.

(b) On or before the Closing, Buyer shall deposit with Escrow Agent:

- (i) The balance of the Purchase Price;
- (ii) All closing and additional costs or expenses payable by Buyer;
- (iii) All assessments, fees and other charges payable to the Condominium Association at the Closing as set forth on Exhibit A attached hereto;
- (iv) A written notification to Seller and Escrow Agent as to how Buyer elects to take title to the Unit, failing which, title shall be conveyed to Buyer as community Unit with right of survivorship if Buyer is a married couple, or otherwise as may be directed by Escrow Agent; and
- (v) All documents and instruments necessary to effectuate the purchase of the Unit by Buyer.

(c) On or before the Closing, Seller shall deposit with Escrow Agent:

- (i) The Special Warranty Deed referred to in Paragraph 9;
- (ii) All documents and instruments necessary to effectuate the purchase of the Unit by Buyer.

(d) Seller and Buyer shall execute the Affidavit of Unit 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, the premium for the title insurance to be issued to Buyer following the Closing pursuant to Paragraph 9, 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 Maricopa 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.

(e) Seller shall pay all real estate taxes encumbering the Unit for the years prior to the year of Closing. Taxes 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 Unit for the year of Closing, taxes will be prorated through the date of Closing. Seller shall pay any such taxes that are due and payable as of the Closing and Buyer shall pay all such taxes payable following the Closing.

(ii) If a separate tax bill for the Unit is not available for the year of Closing, taxes attributable to the Unit shall be computed by multiplying the County Assessor's tax bill for the tax parcel which includes the Unit by the Unit's percentage of undivided interest in the Common Elements. 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.

9. **CONVEYANCE AND TITLE INSURANCE.** Title to the Unit shall be conveyed to the Buyer at Closing by special warranty deed, subject to all matters of record. Following the Closing, Escrow Agent or Escrow Agent's underwriter shall issue to Buyer a standard owner's policy of title insurance insuring title to the Unit in the amount of the Purchase Price, subject to: (a) taxes not due and payable at the Closing; (b) the Condominium Declaration and all amendments thereto; (c) matters shown on the Plat; (d) restrictive covenants, easements and encumbrances recorded against the Condominium; and (e) any other matters of record affecting the Unit and any matters which would be apparent by a physical inspection of the Unit. If Buyer elects or is required by its Lender to obtain any title endorsements or an extended coverage title insurance policy or a lenders policy of title insurance, any additional premiums, requirements and/or costs shall be paid by Buyer. The issuance of any title endorsements or 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.

10. **NO WARRANTY. BUYER ACKNOWLEDGES AND UNDERSTANDS THAT THE BUILDINGS AND OTHER IMPROVEMENTS THE CONDOMINIUM WERE NOT CONSTRUCTED BY SELLER. IN PURCHASING THE UNIT, BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND BUYER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE. SELLER SPECIFICALLY DISCLAIMS, AND NEITHER SELLER NOR ANY OF SELLER'S MEMBERS, EMPLOYEES, AGENTS OR AFFILIATES IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO BUYER, AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY BUYER WITH RESPECT TO THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE UNIT, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (A) ANY IMPLIED OR EXPRESS WARRANTY OF HABITABILITY, WORKMANSHIP OR MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (D) ANY RIGHTS OF BUYER TO CLAIM DIMINUTION OF CONSIDERATION, (E) ANY CLAIM BY BUYER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE UNIT OR THE COMMON ELEMENTS OF THE CONDOMINIUM, (F) THE INVESTMENT VALUE OR POTENTIAL OF THE UNIT AND (G) THE COMPLIANCE OR LACK THEREOF OF THE UNIT WITH GOVERNMENTAL REGULATIONS, INCLUDING WITHOUT LIMITATION ENVIRONMENTAL LAWS, NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, IT BEING THE EXPRESS INTENTION OF SELLER AND BUYER THAT, THE UNIT WILL BE CONVEYED AND TRANSFERRED TO BUYER AND BUYER WILL ACCEPT THE UNIT IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS.**

SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, ABOUT THE EXISTING OR FUTURE SOIL OR ENVIRONMENTAL CONDITIONS ON OR ADJACENT TO THE CONDOMINIUM, INCLUDING POSSIBLE PRESENT OR FUTURE POLLUTION OF THE AIR, WATER OR SOIL FROM ANY SOURCES, INCLUDING, BUT NOT LIMITED TO RADON GAS OR UNDERGROUND MIGRATION OR SEEPAGE OF HAZARDOUS SUBSTANCES OR OTHER POLLUTANTS. SELLER EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGE, WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL, WHICH THE UNIT OR ITS INHABITANTS MAY SUFFER BECAUSE OF ANY EXISTING OR FUTURE ENVIRONMENTAL OR OTHER CONDITIONS (SUCH AS, BUT NOT LIMITED TO, POWER LINES, SOIL OR WATER CONDITIONS OR RADON) WHICH MAY AFFECT SUCH INHABITANTS OR THE UNIT.

Buyer's Initials: _____/_____

11. **POSSESSION AND RISK OF LOSS.** Buyer acknowledges that unless Buyer is currently leasing the Unit from Seller, possession of the Unit shall remain exclusively in Seller until: (a) all amounts due from Buyer under this Contract have been paid; (b) all instruments or papers required in connection with the completion of this transaction have been executed and delivered to Buyer; (c) the deed from Seller is recorded; and (d) Closing occurs. Buyer shall not install any improvement, perform any work or store any Unit in the Unit prior to Closing. Buyer shall not enter the Unit or any

other part of the Condominium without Seller's prior approval, and if Buyer (with or without said approval) enters the Unit or any other part of the Condominium at any time before Closing, Buyer, and Buyer's family, guests and invitees assume the risk of bodily injury while in or on the Unit or any other part of the Condominium. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all loss, including, without limitation, personal injuries incurred by Buyer, or Buyer's family, guests, contractors or invitees, at any time and all times before or after the Closing. Except as may be caused by Buyer's acts, omissions, or negligence (which shall be the sole and complete responsibility of Buyer), Seller shall assume the risk of loss or damage to the Unit by fire or other casualty until the Closing, at which time the risk of loss shall pass to Buyer and the Condominium Association as more fully set forth in the Condominium Declaration.

12. **BROKER.** Buyer acknowledges that Seller is using The Dean Selvey Group, ReMax Excalibur ("Seller's Broker") as Seller's agent for marketing units in the Condominium. Buyer further acknowledges that 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 Contract 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. Prior to or concurrently with the execution of this Contract by Buyer, Buyer shall disclose to Seller in writing any real estate broker or salesperson who is representing Buyer in connection with the purchase of the Unit. Buyer represents and warrants to Seller that except for any real estate broker or salesperson disclosed to Seller in writing by Buyer, Buyer has not dealt with any real estate broker or salesperson other than Seller's Broker concerning the purchase of the Unit 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 arising out of the acts, contracts or omissions of Buyer.

13. **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. 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) and in either case backed up with a receipt evidencing delivery or faxing, as applicable; (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.

14. **ADDITIONAL ACKNOWLEDGMENTS AND DISCLOSURES.**

(a) **Market Conditions.** Buyer understands and acknowledges that: (i) depending on market and other conditions and circumstances, Seller may, prior to or after the Closing, raise or lower the price of units in the Condominium, some of which may be similar to the Unit, and offer other terms that vary in amount or type to other buyers; (ii) Seller may, in its sole discretion, change its pricing, product, development plan and marketing methods for other units in the Condominium including, without limitation, selling other units under terms and conditions which are more or less favorable than those offered to Buyer; and (iii) Seller may choose to market the other units in the Condominium through an auction format, a lottery format, or in a variety of other ways; and (iv) Buyer's obligation under this Contract shall not be affected by, and Buyer shall have no right to object to, any of the foregoing, regardless of whether any such occurrence directly or indirectly affects the value of the Unit.

(b) **Future Profits.** Buyer acknowledges, warrants and represents that neither Seller nor any of its officers, employees, agents or representatives has made any representation concerning potential for future value, profit, rental income potential, tax advantages, or investment potential of the Unit. Buyer hereby further acknowledges and warrants that it is entering into this Contract based upon its independent assessment of the economic potential of the Unit and without reliance upon any representations by or on behalf of Seller or its agents with respect to such matters.

(d) **Marketing Materials.** Buyer understands and acknowledges that: (i) any statement or depiction of or reference to the square footage of the Unit on any floor plans, brochures or other marketing material provided to Buyer by Seller or Seller's agents may refer to the square footage of the Unit calculated from the exterior surface of the perimeter wall of the Building to the center of any demising wall separating the Unit from another Unit in the Condominium and to the center of any wall separating the Unit from any common corridors or hallways; and (ii) any statement or depiction of or reference to the square footage of the Unit on any floor plans or other marketing material provided to Buyer by Seller or Seller's agents is approximate and the actual square footage of the Unit as constructed may be different than the gross or net square footage shown on the floor plans or marketing material or as shown on the Plat. Buyer is aware that Seller's use of model units, sales brochures, renderings and other marketing materials is intended only to demonstrate the quality of standard interior finishes, the basic floor plans and styles of the Units available for purchase and the nature of the Common Elements. The Unit that is the subject to this Contract and the Common Elements may not conform precisely to any model unit, Unit or Common Element shown in any brochure, rendering or other marketing materials in any respect, and may not contain some or all of the amenities featured, such as furnishings. Any model unit or promotional materials of Seller which Buyer may have viewed prior to execution of this Contract may have extra design features, decorations, floor coverings, decorator light fixtures, wall coverings, window treatments (such as drapes, etc.), mirrors, furniture, furnishings or appliances which will not be included in the Unit unless specifically shown on the Plans or included in the Specifications, or specifically provided for in this Contract or evidenced by a written Change Order approved by Seller. Buyer further acknowledges that the location of switches, outlets, receptacles and lights, as well as window location and interior wall colors may vary from what is shown in any model unit or promotional materials at the sole discretion of Seller.

(e) **Binding Effect of Contract.** Buyer acknowledges and agrees that this Contract 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 Condominium Association Governance Documents.

(f) **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 from any particular title insurance company.

(g) **Declarant Rights.** Buyer acknowledges and understands that: (i) Seller reserves the right to exercise, as Declarant under the Condominium Declaration, all Development Rights and Special Declarant Rights reserved by Seller as Declarant under the Condominium Declaration and as may be available to Seller under applicable law; (ii) the character and use of the Unit surrounding and in the vicinity of the Condominium may change and, in any event, is not warranted by Seller; (iii) there may be minor deviations in the design of the Building and location of the walls of the Unit from what is shown in the Plans or in model or spec units located within the Condominium and from illustrations and designs shown in marketing materials; (iv) Seller reserves the right to make changes in the design of the Condominium and in the plans, specifications, materials, size and location of all Condominium improvements; and (v) Seller has the right to designate one or more Units within the Condominium as model/show homes and to make use of unsold Units and the Common Elements for Seller's sales program.

(h) **Alterations.** Buyer shall not make, or cause to be made, any improvements, alterations or variations to the Unit prior to the Closing without Seller's express prior written consent. Buyer acknowledges that no one is authorized by Seller to make commitments or Contracts for any such alterations or variations, unless same is in writing and signed by a duly authorized officer of Seller. Seller's field construction personnel, contractors and subcontractors have no authority to make promises or waivers which are binding upon Seller. Buyer understands, acknowledges and agrees that if Buyer desires to make any additions, alterations or improvements within the Unit following the Closing, Buyer shall first obtain all necessary approvals, permits and licenses required for such work from the Association and all applicable municipal, governmental or quasi-governmental agencies having jurisdiction over the Unit. Buyer shall be responsible for any damage to other Units and the Common Elements which results from any such additions, alterations or improvements.

(j) **Reports.** Buyer acknowledges that Seller has made available to Buyer for its inspection those reports, studies and other information more fully set forth on Exhibit B attached hereto (collectively, the "Inspection Items"). Buyer understands that the Inspection Items were prepared by engineers, architects, consultants and others and that Seller does not make any representation or warranty of any kind with respect to such information. Buyer understands that notwithstanding any design, engineering, construction or architectural plans for the original apartment complex, no further improvements (including but not limited to landscaping or recreational facilities) or modifications to the Condominium are intended to be constructed or installed by Seller.

(k) **Additional Disclosures.** Buyer acknowledges having read the information and disclosures more fully set forth on Exhibit C attached hereto.

Buyer Initials: ____/____

15. **MISCELLANEOUS.**

(a) **Disclosure of Additional Representations.** Seller wishes to avoid any misunderstanding concerning the purchase of the Unit. It is the policy of the Seller not to enter into any oral Contract or to ask any Buyer to rely on any oral representations concerning 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" and placing its initials thereafter.

Buyer Initials ____/____

To induce Seller to accept this Contract, Buyer acknowledges that: (i) 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; and (ii) this Contract sets forth in full the entire Contract between the parties; and (iii) Buyer has not relied on any oral Contract, 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 Contracts 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 Contracts between Seller and Buyer.

Buyer Initials

(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) **Assignment.** 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 Buyer shall not sell, assign, or otherwise transfer its rights under this Contract prior to Closing. Any attempted assignment by Buyer of its rights under this Contract shall be null and void.

(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 of the Essence.** Time is of the essence of this Contract and every term and provision hereof.

(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) **Recordation.** Seller and Buyer acknowledge and agree that neither this Contract nor any Memorandum of this Contract shall be recorded with the Maricopa County Recorder.

(p) **Advertising or Listing of Unit Prohibited.** Buyer shall not advertise, list or otherwise market the Unit for resale prior to the Closing.

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

- (a) "Building" means the building in which the Unit is located.
- (b) "Common Elements" means all portions of the Condominium designated as Common Elements in the Condominium Declaration.
- (c) "Condominium" means Sunland Villas Condominium, created by the recording of the Plat and the Condominium Declaration.
- (d) "Condominium Association" means Sunland Villas Condominium Association, an Arizona nonprofit corporation, established pursuant to the provisions of the Condominium Declaration.
- (e) "Condominium Declaration" means the Condominium Declaration for Sunland Villas Condominium recorded at Recording No. 2006-0363377 in the records of the County Recorder of Maricopa County, Arizona, as amended from time to time.
- (f) "Contract" means this Purchase Contract and Escrow Instructions.
- (g) "Effective Date" means the date on which Seller executes this Contract.
- (h) "Plat" means the Final Plat of Sunland Villas Condominium recorded in Book 821, Page 49, in the records of the County Recorder of Maricopa County, Arizona, and all further amendments, supplements and corrections thereto.

SELLER SHALL GIVE BUYER A COPY OF THE PUBLIC REPORT AND AN OPPORTUNITY TO READ AND REVIEW IT BEFORE BUYER SIGNS THIS DOCUMENT.

Buyer: _____

Buyer: _____

Dated: _____

ACCEPTED BY SELLER:

**Sunland Condominiums, LLC, an Arizona
limited liability company**

By: _____

Its: _____

Dated: _____

EXHIBIT A

CONDOMINIUM ASSOCIATION ASSESSMENTS AND FEES

Buyer shall pay to the Condominium Association the following amounts at the Closing:

- a) An Initial Working Capital Fund payment in the amount of \$310.00 (which does not apply to Buyer's regular condominium assessments); and
- b) A Reserve Contribution of \$310.00 (which does not apply to Buyer's regular condominium assessments); and
- c) The Regular Assessment of \$155.00 applicable to the Unit prorated for the month of Closing, plus an advance monthly payment for the month following Closing.

EXHIBIT B
INSPECTION ITEMS

1. Condominium Plat
2. Condominium Declaration
3. Condominium Association Articles of Incorporation, Bylaws and Rules
4. Association Reserve Report
5. Association Budget
6. Manufacturer's Warranties (if any)

Buyer hereby acknowledges having been given the opportunity to review the above materials.

EXHIBIT C

DISCLOSURES AND BUYER ACKNOWLEDGMENTS

This Exhibit C is attached to and forms a part of the Purchase Contract and Escrow Instructions executed between Buyer and Seller (“Purchase Contract”) for the Unit described in the Purchase Contract (the “Unit”). Any capitalized term not otherwise defined herein shall have the meaning set forth in the Purchase Contract. If there is a conflict between the Purchase Contract and the terms and provisions of this Exhibit C, the terms and provisions of this Exhibit C shall control.

The disclosures set forth below include general information about which Buyer should be aware in connection with Buyer's purchase of the Unit. 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 is encouraged and advised to conduct its own independent investigations regarding the Condominium, the Unit, 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 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 Purchase Contract and agreeing to the Purchase Price for the Unit set forth in the Purchase Contract.

A. THE CONDOMINIUM

1. Condominium Association. Maintenance and operation of the Condominium is governed by the Condominium Association. Other than individual condominium units and those portions of the Condominium designated in the Condominium Declaration as Limited Common Elements (including, but not limited to, attached patios and balconies) are available for use in common by all owners and their guests, subject to rules and regulations adopted by the Association and other restrictions as set forth in the Condominium Declaration. Upon closing, Buyer automatically becomes a member of the Condominium Association.

2. Community Living. As a resident of a condominium community, Buyer will be living in close proximity to other residents. The proximity of other condominium units may result in decreased privacy within Buyer's Unit and any appurtenant patio or balcony since such areas might be visible to the other residents of the Condominium and/or the general public. Daily living experiences inside the Unit will be different than suburban living experiences. For example, while enjoying your Unit, Buyer may hear neighbors watching television or talking and Buyer may smell what neighbors are cooking.

3. Residential Facilities. The use by others of the Common Elements within the Condominium (such as the swimming pool) may cause noise, lights and other disturbances to Buyer. Buyer acknowledges that the condition of the Common Elements may change over time. The Association may change the hours of operation of, and access to the Common Elements from time to time.

4. Assessments and Budget. In order to pay the costs of operating and maintaining the Condominium, the Condominium Association must levy assessments against condominium owners. To determine the amount of assessments to levy, the Condominium Association must adopt a budget. Buyer will receive a budget for the Common Expenses anticipated to be incurred by the Condominium Association for the operation and maintenance of the Condominium and the discharge of any obligations imposed on the Condominium Association by the Condominium Declaration. Some of the items set forth in the budget at the time a Unit is purchased may increase or decrease in the future. Assessments will be levied in accordance with the Condominium Declaration.

5. No On-Site Security. Buyer acknowledges and agrees that neither Seller nor the Condominium 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 Unit, and all responsibility to provide such security shall lie solely with Buyer. While the Condominium is gated, there is no assurance that the gates will protect against thieves or other uninvited or unwanted persons. Neither Seller nor

the Condominium 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 or the Condominium Association.

6. **Views.** Neighboring buildings may block sunlight from the Unit or, conversely, bright sunlight may reflect from neighboring buildings creating a glare into the Unit. Buyer acknowledges and agrees that any photographs or renderings that may have been shown to Buyer depicting the view from a particular unit within the Condominium were shown to Buyer solely for the purpose of providing Buyer with a general sense of what the view might be from a particular unit; however, Buyer acknowledges that such photographs or renderings may not be accurate and that Seller has not made any representation or warranty that there is any view from the Unit or that any existing view from the Unit will not be obstructed in the future. Buyer further 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.

7. **Use Restrictions.** The Condominium Declaration contains restrictions on the use of the Unit. Buyer has been advised by Seller to read the use restrictions set forth in 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.

8. **Swimming Pool/Spa Facilities.** The Condominium includes a swimming pool and spa facility. These types of bodies of water can be dangerous to children, especially those who do not know how to swim. Lifeguards will not be on duty and given the configuration of the swimming pool/spa areas, access may be made to these bodies of water if gates or doors are left open or if children are left unattended in the swimming pool/spa areas. Use of the swimming pool and spa shall be at Buyer's risk and subject to rules adopted by the Condominium Association.

B. ABOUT YOUR CONDOMINIUM

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

10. **Window Coverings.** Any window covering installed by Buyer must be approved by the Board of Directors of the Condominium Association in accordance with the requirements of the Condominium Declaration.

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. The specific location of mechanical equipment within the Condominium may result in sound transmission that may be heard in condominium units.

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 may have been routed above ground through the walls and ceiling in the building which includes the Unit. Buyer may experience some noise due to the location of these pipes.

13. **Utilities.** Seller has no control over utility rates or services furnished at the Condominium or the water pressure available at the Unit. 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 patios and balconies must be maintained and all drainage systems must be kept free of debris and free flowing. Changing the drainage pattern may cause damage to the buildings and structures.

15. **Noise.** It is the nature of multi unit condominium properties that noise is frequently audible from one unit to the next (and from outside the units) no matter how much sound proofing is attempted. The design and construction of the Condominium attempts to meet the recognized standards and criteria related to sound attenuation in apartment construction practice at the time the Condominium was built. Buyer agrees, by acceptance of a deed to the Unit to accept the Unit subject to noise, sound impacts and vibrations from adjacent units (and from outside the units) (the "Acoustic Conditions"), and to accept responsibility for minimizing noise transmission from the Unit and adhering to any rules and regulations of the Condominium Association which are designed to minimize noise transmission, including those which prohibit or restrict Buyer from mounting speakers, televisions, or other audio-visual devices on the demising walls or ceiling of the Unit. 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 acknowledges having taken into account all known and unknown Acoustic Conditions in selecting and determining to buy 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 your 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 your responsibility. Buyer should obtain sufficient insurance to cover any such damage. Never hang any item from the fire sprinklers. Fire sprinkler systems require routine maintenance by each homeowner to ensure the system is functioning properly. In addition, buildings within the Condominium are equipped with a fire alarm system. There are various devices that compose the fire alarm system including smoke detectors. All of these items are vital to the operation of the fire alarm system. Any tampering with any of the fire alarm system devices is prohibited. Smoke detectors in the Unit must be maintained by Buyer and backup batteries replaced in accordance with manufacturer's recommendations.

17. Floors and Stairs. Because of the age of the Condominium, and the construction being wood frame, no units will be totally free of "squeaks". Over time, screws and glue securing sheets of wood may have become loose which will result in certain areas "squeaking" when walked over. Also, further settling of the buildings may occur producing similar sounds.

C. ENVIRONMENTAL/HAZARDS/GOVERNMENTAL REQUIREMENTS

18. 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. This is part of the responsibility of condominium ownership. 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 Seller of such water intrusion if Buyer believes that the problem may have been caused by Seller.

19. Soils Conditions, Foundations and Building Movement. AS WITH ANY 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: (i) due to the weight of the buildings on the sub-soils (which may include expansive or subsiding soil conditions which are common in Maricopa County, Arizona), some minor long-term settlement is to be expected and the individual Condominium building may relax or "creep" an imperceptible amount; (ii) finishes inside and outside the buildings may 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, none of which are Seller's obligations to repair.

20. 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. The aging process of certain building materials many times create unwanted and undesired gases and other contaminants in condominiums, both new and used, these unwanted gases, in different degrees, can become trapped in a unit 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.

21. 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 the 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.

D. Maintenance

22. Consumer Awareness Items.

a) **Carpet.** Seams and footprints show in almost all carpets. Seams are most likely to be visible in new carpet installed in homes without window coverings or furnishings, especially in areas with the greatest amount of light. Seam visibility usually decreases with time and with the reduction of light exposure once window coverings are installed and furniture is placed. Seams are especially visible in Berber and loop type carpets due to the nature and texture of the carpeting itself. Crushing and melting are prevalent to some extent in all carpeting and is usually caused by heavy, concentrated foot traffic. This is not considered a manufacturing defect and can be generally eliminated by keeping carpet free from dirt and grit and by vacuuming with proper equipment at least 4 to 5 times weekly in most heavy traffic areas. Berber or loop type carpets have a continuous yarn type construction. If something hooks on a loop and pulls it loose, the carpet will unravel easily if the loose loop is not clipped or secured immediately. No carpeting is totally stain proof. Stain products are warranted by the fiber producers, not the Seller, installer, or the carpet manufacturer, but in no case is any guarantee given that any carpet will be stain proof. The maintenance instructions supplied by the fiber producers should be read thoroughly to understand cleaning procedures and limitations. All types of floor covering are subject to variations in color, texture shading, and marking. The samples provided for inspection by Buyer are intended only to suggest the product to be delivered. An exact match is neither implied nor guaranteed. Carpet colors may vary slightly from dye lot to dye lot and the actual flooring when installed may, therefore, vary from the sample. Carpet cushion is necessary to form a good foundation that absorbs the impact of foot traffic and provides a comfortable feeling under foot. Color of carpet pad will vary from shipment to shipment and does not determine quality.

b) **Grout.** Grout sealing has not been performed in the Unit. Grout may not be sealed for at least 21 days after original installation per the manufacturer's instructions. Grout sealed prior to drying completely may discolor or "powder". Services of a professional sealing company is recommended. Grout colors will vary from the samples due to variations in temperature and humidity at the time of grouting. Grout is subject to some shading or variation in color throughout the installation because it is a cement based product and must go through a curing process. Small hairline cracks may develop in grout due to seasonal changes and normal settling of a residence. There is no way to completely eliminate hairline cracks and, since it is not structurally significant, such cracks are not considered an installation defect. Grout cracking is a maintenance issue and can be repaired with extra grout or sanded caulking that matches the grout. Due to shifting and settling of residences, the grout between the backsplash and the countertops is susceptible to cracking. Installers will caulk the joint at the initial installation. Exact layouts and joint widths are determined by the installer at the time of installation and are governed by the actual size and shape of the tile, the exact dimensions of the areas to be covered, and guidelines established by the installer. Grout joints may vary from job to job based on individual layouts and the size and shape of the flooring or counter top materials. The installer may try to minimize cuts by adjusting the joint size, if possible.

c) **Control Joint.** There are control joints in concrete floors which may cause ceramic tile or grout to crack. You may experience cracking over such central joints. Seller is not responsible for any such cracking.

d) **Samples.** Samples are a representation of color, texture, shading, graining, and finish of the items to be delivered, but do not imply or guarantee an exact match. Samples you have ordered (when selecting fabrics, paint, etc.) should not be used as an exact representation of the material that will later be installed. Hand sorting and selecting of material is not allowed.

e) **Natural Stone.** Natural stone is a product of the earth and is subject to variations in color, shade, veining, marking characteristics, and texture. Glass seams or face fissures may be present in the stone and do not degrade the strength of the marble or granite. Polished Marble scratches very easily. Marble and granite slab counter tops will have seams to allow natural expansion and contraction of the material. The seam locations are dictated by (i) the size of the slab; (ii) grain or movement direction of the slab; and (iii) stress cracks that must be avoided within the stone. Marble and granite seams will be filled with colored caulk to match as close as possible the dominant color of the stone. Maintenance and upkeep of slab granite or marble will greatly depend on individual household usage. Refer to your sealer and natural stone care

literature. Staining and abrasive contacts are not warranted and will be the homeowner's responsibility for maintenance.

E. Buying Your Condominium

23. Benefit of Condominium Ownership. Buyer acknowledges, warrants and represents that neither Seller nor any of its officers, employees, 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 Purchase Contract based upon its independent assessment of the economic potential of the Unit and without reliance upon any representations by or on behalf of Seller or its agents with respect to such matters.

24. Rights of Possession and Occupancy. Buyer shall not be entitled to possess, occupy, or enter upon the Unit prior to the date on which the deed conveying the Unit to Buyer is recorded, unless Buyer is currently a tenant at the Condominium. Buyer may not begin construction activity, place personal Unit in the Unit or cause any improvements, such as flooring or **window** covering, to be installed in the Unit, prior to the Closing. For liability, insurance and other reasons, Seller cannot allow any third party or personal work to be done prior to the Close of Escrow. If unauthorized changes to the Unit are made by or at the direction of Buyer, those items will be removed at Buyer's expense.

25. Moving Large Items. Certain items may not fit through door jambs or stair cases leading to a 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 Condominium while moving in, Buyer will be solely responsible for the cost of repairing such damage.

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

27. Insurance Coverage. It is the responsibility of the Buyer to maintain insurance on his/her personal Unit and to any upgrades or improvements located within the Buyer's 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.

28. Rental Disclosure. Owners of condominiums, including Seller, may rent their units for any purpose subject to the provisions of the Condominium Declaration. The Condominium Declaration currently provides that no Unit may be leased for a period of less than one (1) month. This and other provisions of the Declaration relating to leasing may be amended in the future.

29. 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 condominium units in the Condominium. For example, Seller may offer price reductions, financing incentives, reduced interest rates, decorator allowances, additional features, and other similar incentives (collectively the "incentives") to other purchasers 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 Unit. Buyer shall not hold Seller responsible for any fluctuations in the purchase price of condominium units within the Condominium. Buyer agrees that Buyer shall have no claims against Seller for any possible change (decrease or increase) in the purchase price of condominiums within the Condominium or any other terms of purchase, including upgrades or other concessions or incentives offered by Seller to other purchasers of condominiums within the Condominium and/or the construction of any additional floor plans in the Condominium.

30. Marketing Activity. 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 the condominium units in the Condominium or for the sale or disposition of the residences in any other communities or condominiums developed by Seller; (ii) make reasonable use of the Common Elements and facilities of the Condominium for the sale of units; (iii) post flags, banners, balloons and signs and conduct on-site events and other promotional activities in connection with the marketing of the units; and (iv) conduct business of disposing of units by sale, lease or otherwise. Seller may, in its sole discretion, change its marketing methods for other 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 may cause Buyer some inconvenience and may disrupt Buyer's enjoyment of the Unit. Seller may maintain access for visitors to its sales office and the Building and may maintain signs or other marketing materials within the Condominium.

31. **Construction Activities.** There may be ongoing construction within and surrounding the Condominium which may result in noise and traffic, excessive dust and dirt, restrictions of egress and ingress into and around the Condominium or the Unit, 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.) within the Condominium 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.

32. **Model Units.** Seller may have shown Buyer 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 Unit unless expressly agreed to in writing by Seller.

33. **Renderings, Floor Plans and Site Plans.** The renderings, floor plans, and site plans shown in the sales office, brochures, and other advertising, are approximate illustrations only. Such items are provided for information only. Seller shall not be liable for any errors in such items. The plans and specifications are available for review upon request, and control in case of conflict with renderings. The plans may be inspected by you during normal business hours. 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 assigned parking spaces. The computation of square footage varies based upon the criteria used, which may differ from the description of the Unit in the Declaration. Seller reserves the right to change maps, floor plans, exteriors, specifications and prices without notice. There may be discrepancies between marketing information which is provided and the actual as-built conditions. If there are such discrepancies, the as-built conditions will control.

F. GENERAL

34. **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.

35. **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 Unit. Buyer is still obligated to conduct his/her own full investigation of all facts relevant to him/her in deciding where and when to buy. Buyer represents to Seller that Buyer has completed his/her own independent investigation of the area, and all facts which are 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.

36. **Interpretation of Legal Documents.** Sales representatives and other personnel of Seller are not authorized to explain, interpret, or modify the Purchase Contract or any other documents covering or pertaining to the purchase of the Unit including, without limitations, 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.

SELLER DISCLAIMS ANY AND ALL LIABILITY OR RESPONSIBILITY IN CONNECTION WITH THE FOREGOING DISCLOSURES AND BUYER HEREBY AGREES TO MAKE NO CLAIM AGAINST SELLER (AND BUYER HEREBY RELEASES AND DISCHARGES SELLER 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

Date: _____