

WHEN RECORDED RETURN TO:

(_____)
ONE STOP SHOP
CITY OF SCOTTSDALE
7447 East Indian School Road, Suite 100
Scottsdale, AZ 85251

PERMISSION FOR PRIVATE IMPROVEMENTS IN RIGHT-OF-WAY

Date: _____, 20__ PIR Permit No. _____

Project No. _____ Q.S. _____

Owner information:

Name of the person or entity who will own the improvement: GRAY BLUE SKY SCOTTSDALE RESIDENTIAL PHASE I LLC

Name of person authorized to sign for owner: BRIAN KEARNEY (Title COO)

Mailing address: 4040 E. CAMELBACK ROAD, STE. 275
PHOENIX, AZ. 85018

Phone number: (602) 508 - 7141

After hours phone: (602) 954 - 0109

1. No Construction. This document merely allows private improvements to remain in City of Scottsdale right-of-way. This document:

1.1 DOES NOT grant any permission to perform any construction work within City right-of-way. In order to do any construction work within the right-of-way now or in the future, you will need a PERMISSION TO WORK IN RIGHT-OF-WAY covering the specific work you want to do.

1.2 DOES NOT constitute a building permit or any type of waiver or permit for any building code, zoning or other requirement that may affect your project, and is not a substitute for any of these.

1.3 DOES NOT constitute City approval of your project except that the described improvements are allowed to be located within the right-of-way subject to other requirements of all laws and subject to the requirements of this document.

2. When This Document Is Required. Unless an exception in this paragraph applies, this document is required for any privately owned improvement in the right-of-way. An improvement is any sign, pipe, fence, wall, overhang, landscaping, valve, building or any other structure or thing placed in the City's right-of-way, except for normal sized residential mailboxes, grass, gravel and similar landscaping materials, and irrigation system components that have an outside diameter of two inches or less and are not located under any pavement or traveling portion of the right-of-way. This document is not required if:

2.1 You are installing an improvement on private land next to the right-of-way but no improvement of any type will be left in the right-of-way.

2.2 You are installing an improvement that is owned by City as part of an official City project.

2.3 You are installing an improvement for a public utility company that has a franchise agreement with the City which specifically allows the improvement in question to be located in the right-of-way.

2.4 The owner of the improvement has a recorded easement which specifically allows the improvement in question and was recorded in the Maricopa County Recorder's office before the right-of-way was dedicated.

3. Improvement Authorized. The specific improvement which is authorized by this document to exist in the right-of-way is Benches, Vents, Landscape, Hardscape.

Plans for the improvement **ARE** **ARE NOT** attached as Exhibit "A". (Check one.)

4. Improvement Location. The location of the improvements within the right-of-way is on the EAST side of N. Scottsdale Road approximately 13 feet FROM EAST R.O.W. LINE TO THE WEST AND FROM COOLIDGE STREET TO FASHION SQUARE DRIVE.

5. Fees. The City's Permission is not effective until you have paid the fees required by Chapter 47 of the Scottsdale Revised Code. For example, you must pay a fee for the City to issue this document. In addition, you must pay an additional fee upon each annual anniversary of this document. The amounts of the fees are subject to change.

6. Timing. This permission is revocable by the City with or without cause upon thirty days notice mailed to the owner's mailing address given above, or upon shorter notice if safety or the public interest requires. ~~Unless previously revoked, this permission expires on _____ 20__.~~ (Strike previous sentence if not applicable.) This document does not grant, create or convey to you any real property interest in City right-of-way. You must remove all private improvements from the right-of-way within ten days after any termination of this permission.

7. Encroachment Permit. This document together with any PERMISSION TO WORK IN RIGHT-OF-WAY issued in connection with this improvement are an "encroachment permit" under Chapter 47 of Scottsdale Revised Code. Your obligations under this document do not replace or diminish any other obligations you may have to the City.

8. Construction Work. This document does not grant any permission to perform any construction work within the right-of-way. You must obtain a PERMISSION TO WORK IN RIGHT-OF-WAY each time you do any construction work in the right-of-way. In order to do any construction work in the right-of-way now or in the future, you will need a PERMISSION TO WORK IN RIGHT-OF-WAY covering the work you want to do. For example, this applies to all work to install, repair, remove and otherwise work on your improvements in the right-of-way at any time and for any reason, both before and after the permission given by this document terminates.

9. Improvement Standards. All improvements must meet City standards and the standards of the Maricopa Association of Governments. You are responsible to register your improvements with Blue Stake (phone (602) 263-1100). You must keep the improvements in good, safe, attractive, first rate condition at all times.

10. Hazardous Materials. You must not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the right-of-way or any substance

subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., or the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq., or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). You must not use the right-of-way in a manner inconsistent with regulations issued by the Arizona Department of Health Service, or in a manner that would require a permit or approval from the Arizona Department of Health Services or any other governmental agency. You must pay, indemnify, defend and hold the City and its employees, officials and other agents harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the right-of-way attributable in any way to any activity pursuant to this document, and must immediately notify City of any Toxic Substance at any time discovered or existing upon the right-of-way.

11. Taxes. You are responsible for any and all taxes imposed on you or the City relating in any way to this document or your use of the right-of-way.

12. Liability. You are responsible for safety and lawfulness of all work done by anyone involving the improvements placed in the right-of-way pursuant to this document. This includes but is not limited to all work done under a PERMISSION TO WORK IN RIGHT-OF-WAY relating to this document. The risk of any and all injury or other harm to people or property in any way arising out of the improvements, any work involving the improvements or any legal claims relating to this document rests entirely on you. You must pay, indemnify, defend and hold the City harmless from any such harm the City may suffer, and from any claim of liability against the City for such harm to yourself, the City or others and any harm to any property. Your responsibilities under the preceding sentence also apply to City employees, officials and other agents.

13. Warranties. Your submitting this application to the City constitutes your representation and warranty to the City that:

13.1 You have proper authority to sign this document for the owner.

13.2 You are the owner or bona-fide authorized agent for the owner of the real property described on Exhibit "B" attached to this document which is the real property served by the improvement permitted by this document. The property must include the entire development project served by the improvement permitted by this document. (For example, if the improvement is an irrigation line for a golf course, the property must include the entire golf course; if the improvement is a sign for a shopping center, the property must include the entire shopping center.) Only the actual owner of the land or his bona-fide authorized agent may apply for this permission. Prior to the City signing this document, and prior to using right-of-way under this document, you must provide to the City a standard form of title insurance commitment meeting current City standards for evidence of title applicable to persons dedicating land to City.

13.3 All of the people who have or claim any interest in the land (including the owners of all interests required to be mentioned in the title commitment) have signed and notarized a copy of the CONSENT form on the back of this document and all of those CONSENT forms are stapled to this document before it is presented to the City for the City to sign. You are responsible to see that all of these people are correctly identified and have signed a consent form, whether or not they are listed on the title report. Without limitation, these people include:

13.3.1 Mortgage, deed of trust and other lien holders.

13.3.2 Option or purchase contract holders.

13.3.3 Tenants and subtenants.

13.3.4 All other people who have a right now or in the future, conditional or absolute, to occupy or possess the property.

13.4. You will maintain all insurance required by applicable provisions of the Scottsdale Revised Code. The insurance policies must be issued by a reputable and financially healthy company authorized to conduct insurance business in the State of Arizona. You are required to maintain the insurance as long as this documents is in effect whether or not the City asks you to renew or obtain insurance. The City must be a named insured under the policies.

13.5 You are familiar with the requirements of this document, Scottsdale Revised Code Chapter 47, and other ordinances, laws and regulations that may affect your project.

13.6 All statements made in this document or in applying for it are true.

13.7 You agree on behalf of your contractors and subcontractors to comply with the requirements of this document.


14. Enforceability. All requirements and other provisions of this document (including but not limited to the indemnity provisions) are personal obligations of the applicant and are also restrictive covenants running with the land enforceable by the City against the applicant, applicant's real property, and all persons who have consented to this document and against all of their heirs, successors and assigns. Termination of the obligations shall be prospective only and shall not release any liability then existing. If you fail to live up to any promise or other part of this document, the City has the right to pay or do whatever the City deems reasonably necessary to solve the problem. The City will then bill you for all of the City's costs of doing so. Any assignment by you of this document or your rights under this document is void unless the assignment is part of the sale or lien of your real property which is benefited by the improvements permitted by this document.


15. Ongoing Obligations. Expiration or other termination of permission does not terminate your obligations to the City under this document. Provided no event has occurred which would entitle City to indemnification or other protection under this document, your obligations to the City expire five years after you provide to the City a CERTIFICATE OF REMOVAL in a form acceptable to the City. Removal of your improvements requires a PERMISSION FOR WORK IN RIGHT-OF-WAY.

16. Miscellaneous. This document includes its exhibits. This document does not give you any exclusive rights. This document shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. This document constitutes the entire agreement between the parties and supersedes all prior negotiations, understandings, or agreements related thereto. This document does not waive or suspend any law, regulation or rule relating to your activities. This document does not create any partnership, joint venture or other relationship. This document is not specifically enforceable against City. All City reviews, inspections and approvals are solely for City's benefit.

17. PERMISSION GRANTED. Subject to the requirements of this document, Scottsdale Revised Code (including Chapter 47), and other requirements of law, the City of Scottsdale grants permission to the owner for the improvements described above to exist in the right-of-way. No deletions, additions or other changes to City's standard form of this document or other related

documents (including but not limited to required attachments) are effective against the City unless the changed document bears signatures by the Planning Customer Service Manager and the City Attorney approving the change.

Signed by: 
for Owner


for City of Scottsdale

by: Gray Blue Sky Scottsdale Residential
Phase 2, LLC
by: it's Manager

Scottsdale Planning Customer Service Manager

Attachments:

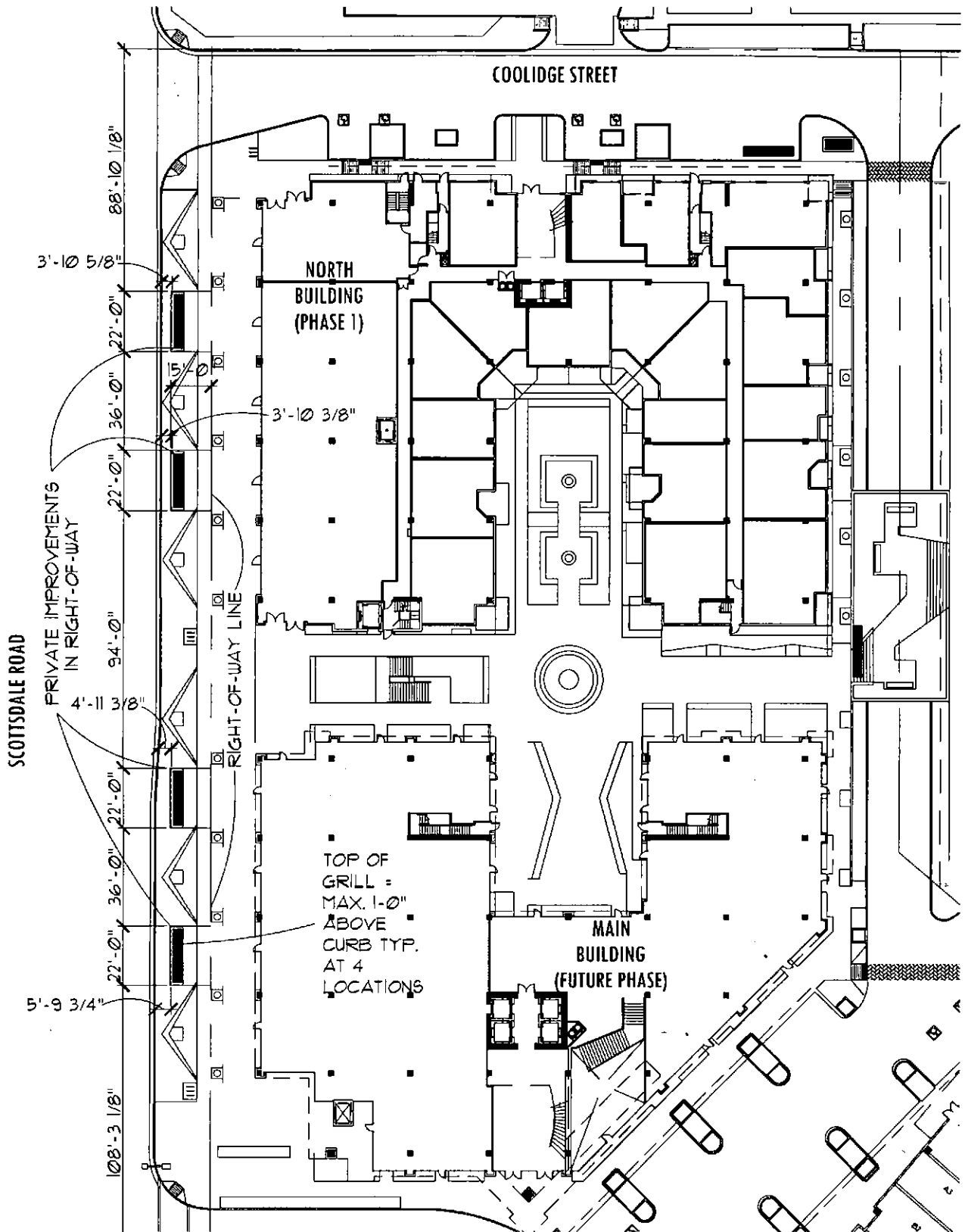
Exhibit "A" showing plans for private improvements

Exhibit "B" Legal description for project

Exhibit "C" Title report

CONSENTS individually signed by banks, tenants and others

PIR EXHIBIT



01-30-2013

Gray Architects, PLLC Gray Development

4040 East Camelback Road, Suite 275, Phoenix, Arizona 85018

EXHIBIT A

(602) 954-0109



**LEGAL DESCRIPTION
FOR VENT ENCROACHMENT EASEMENT
BLUE SKY SCOTTSDALE
CITY OF SCOTTSDALE, ARIZONA**

A portion of Scottsdale Road as recorded in Document No. 89-159660, records of Maricopa County, Arizona, also being a portion of the northwest quarter of Section 23, Township 2 North, Range 4 East of the Gila and Salt River Meridian, Maricopa County, Arizona being described as follows:

COMMENCING at a Maricopa County Engineering Department brass cap in a hand hole found at the west quarter corner of said Section 23, from which a Maricopa County Engineering Department brass cap in a hand hole found at the northwest corner of said Section 23 bears North 00°00'00" East, 2,657.07 feet; thence along the west line of the northwest quarter of said Section 23, North 00°00'00" East, 688.12 feet; thence North 90°00'00" East, 47.00 feet to a point on a line 18.00 feet west of and parallel with the easterly right of way line of said Scottsdale Road and the POINT OF BEGINNING;

Thence along said parallel line, North 00°00'00" East, 451.18 feet;

Thence North 90°00'00" East, 18.00 feet to a point on the easterly right of way line of said Scottsdale Road;

Thence along said easterly right of way line, South 00°00'00" East, 451.18 feet;

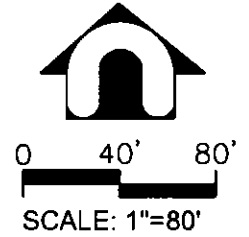
Thence North 90°00'00" West, 18.00 feet to the POINT OF BEGINNING.

Said parcel containing 8,121 square feet or 0.186 acres, more or less.



Expires 06/30/2015

NW COR. SEC. 23, T.2N., R.4E.
FD 4" MCED BC IN HH



SCOTTSDALE RD.

N00°00'00"E 2657.07'

1968.95'

65'
R/W

18'

N00°00'00"E 451.18'

S00°00'00"E 451.18'

L2

LINE TABLE		
LINE	BEARING	LENGTH
L1	N90°00'00"E	47.00'
L2	N90°00'00"E	18.00'
L3	N90°00'00"W	18.00'

A.P.N.
173-38-072E
M.C.R.

PARCEL 1
8121 SQ. FT.
0.186 AC±

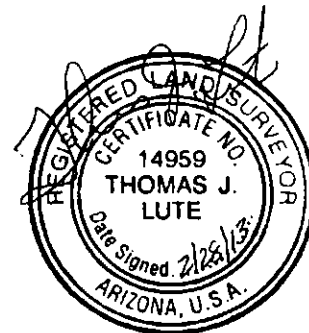
688.12'

L1

L3

P.O.C.
W 1/4 COR. SEC. 23, T.2N.,
R.4E.
FD 4" MCED BC IN HH

DATE: 2/2013



Expires 06/30/2015

EXHIBIT B
PAGE 2 OF 2

SCALE:
1"=80'

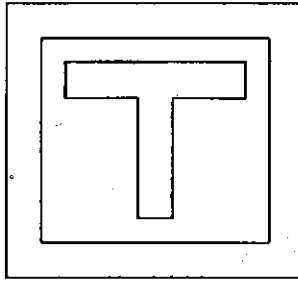
SHEET

1 OF 1

**VENT ENCROACHMENT EASEMENT
BLUE SKY SCOTTSDALE
SCOTTSDALE, ARIZONA**



**DAVID EVANS
AND ASSOCIATES INC.**
4600 East Washington Street, Suite 430
Phoenix Arizona 85034
Phone: 602.678.5151



THOMAS
Title & Escrow

COMMITMENT FOR TITLE INSURANCE

Issued by

Thomas Title & Escrow

as Issuing Agent for Fidelity National Title Insurance Company

Fidelity National Title Insurance Company, a California corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Fidelity National Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

FIDELITY NATIONAL TITLE INSURANCE COMPANY



By: *[Signature]*

ATTEST: *[Signature]*

President

Secretary

Countersigned: _____
Authorized Signatory

DISCLOSURE NOTICES

Good Funds Law

Arizona Revised Statutes Section 6-843 regulates the disbursement of escrow funds by an escrow agent. The law requires that funds be deposited in the escrow agent's escrow account and available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company in the form of cashier's checks, certified checks or teller's checks, or checks which are made by an affiliate of a state or federally regulated depository institution when the check is drawn on that institution, may be disbursed the same day as deposited. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

PURCHASER DWELLING ACTIONS NOTICE

Pursuant to Arizona Revised Statutes Section 12-1363.N, notice is hereby provided to the purchaser of a dwelling of the provisions of Arizona Revised Statutes Sections 12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a purchaser prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing or selling dwellings. The complete statutory sections can be viewed on the Arizona State Legislature's web site: www.azleg.state.az.us/ars/ars.htm.

NOTICE:

Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

- a Print must be ten-point type (pica) or larger.
- b Margins of at least one-half inch along the left and right sides one-half inch across the bottom and at least two inches on top for recording and return address information.
- c Each instrument shall be no larger than 8 ½ inches in width and 14 inches in length.

Fidelity National Financial, Inc.
Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures.

Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Effective Date: 5/1/2008

Disclosure to Affiliated Companies – We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties – We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith, (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, and Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the Proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at < <http://www.alta.org>>.*

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation effecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
(a) created, suffered, assumed or agreed to by the insured claimant;
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy; (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material) or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim which arises out of the transaction creating the interest of the mortgagee insured by this Policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
(a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer, or
(b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
(c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
(i) to timely record the instrument of transfer, or
(ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

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. Any facts, rights, interests or claim which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
(i) the occupancy, use, or enjoyment of the Land;
(ii) the character, dimensions, or location of any improvement erected on the Land;
(iii) the subdivision of land; or
(iv) environmental protection;
or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
(a) created, suffered, assumed, or agreed to by the Insured Claimant;
(b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
(c) resulting in no loss or damage to the Insured Claimant;
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that 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; (b) proceedings by a public agency that 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. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) And AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by the policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by the policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

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. Any facts, rights, interests or claim which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

- (a) Taxes or assessments that 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; (b) proceedings by a public agency that 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.
- Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
- (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters:
 - created, suffered, assumed or agreed to by the Insured Claimant;
 - not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - resulting in no loss or damage to the Insured Claimant;
 - attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
 - resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
- Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
- Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
- Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
- Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are known to the Insured at:
 - The time of the advance; or
 - The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
- The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

AMERICAN LAND TITLE ASSOCIATION HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - building
 - zoning
 - land use
 - improvements on the Land
 - land division
 - environmental protectionThis Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date. This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
- The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
- The right to take the Land by condemning it, unless:
 - a notice of exercising the right appears in the Public Records at the Policy Date; or
 - the taking happened before the Policy date and is binding on You if You bought the Land without knowing of the taking.
- Risks:
 - that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - that are known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - that result in no loss to You; or
 - that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8d, 22, 23, 24 or 25.
- Failure to pay value for Your Title.
- Lack of a right:
 - to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - in streets, alleys, or waterways that touch the land.This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$ 5,000.00

**AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - Land use
 - Improvements on the land
 - Land division
 - Environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

- The right to take the land by condemning it, unless:
 - A notice of exercising the right appears in the public records on the Policy Date
 - The taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
- Title Risks:
 - That are created, allowed, or agreed to by you
 - That are known to you, but not to us, on the Policy Date - unless they appeared in the Public Records
 - That result in no loss to you
 - That first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
- Failure to pay value for your title.
- Lack of a right:
 - To any land outside the area specifically described and referred to in Item 3 of Schedule A
OR
 - In streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

Fidelity National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

Effective Date: **March 01, 2013 at 5:00 pm**

1. Policy (or Policies) to be issued: Policy Amount: **\$10.00**

ALTA 2006 EXTENDED OWNER'S POLICY

Proposed Insured: **City of Scottsdale**

2. The estate or interest in the land described or referred to in this commitment and covered herein is **Fee Simple** and title thereto is at the effective date vested in:

Pals Land Inc., an Arizona corporation

3. Title to the estate or interest in the land upon issuance of the policy shall be vested in:

City of Scottsdale

4. The land referred to in the Commitment is described as follows:

SEE ATTACHED EXHIBIT "A"

5. The address of the land referred to in the Commitment is described as follows:

N/A

Countersigned
Thomas Title & Escrow, LLC

BY: 
Authorized Signature

EXHIBIT "A"

A PORTION OF SCOTTSDALE ROAD AS RECORDED IN DOCUMENT NO. 89-159660, RECORDS OF MARICOPA COUNTY, ARIZONA, ALSO BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA BEING DESCRIBED AS FOLLOWS:

COMMENCING AT A MARICOPA COUNTY ENGINEERING DEPARTMENT BRASS CAP IN A HAND HOLE FOUND AT THE WEST QUARTER CORNER OF SAID SECTION 23, FROM WHICH A MARICOPA COUNTY ENGINEERING DEPARTMENT BRASS CAP IN A HAND HOLE FOUND AT THE NORTHWEST CORNER OF SAID SECTION 23 BEARS NORTH 00° 00' 00" EAST, 2,657.07 FEET;

THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 23, NORTH 00° 00' 00" EAST, 688.12 FEET;

THENCE NORTH 90° 00' 00" EAST, 47.00 FEET TO A POINT ON A LINE 18.00 FEET WEST OF AND PARALLEL WITH THE EASTERLY RIGHT OF WAY LINE OF SAID SCOTTSDALE ROAD AND THE POINT OF BEGINNING;

THENCE ALONG SAID PARALLEL LINE, NORTH 00° 00' 00" EAST, 451.18 FEET;

THENCE NORTH 90° 00' 00" EAST, 18.00 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF SAID SCOTTSDALE ROAD;

THENCE ALONG SAID EASTERLY RIGHT OF WAY LINE, SOUTH 00° 00' 00" EAST, 451.18 FEET;

THENCE NORTH 90°00'00" WEST, 18.00 FEET TO THE POINT OF BEGINNING.

Fidelity National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION I REQUIREMENTS

Effective Date: **March 01, 2013, 5:00pm**

The following are the requirements to be complied with prior to the issuance of the policy or policies. Unless otherwise noted, all documents must be recorded in the office of the Recorder of the County in which the property is located.

1. **NOTE: The records of the County Treasurer indicate that the land was exempt from taxes for the year 2012.**
2. **Furnish Plat of Survey of the subject property by a Registered Land Surveyor in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" which became effective February 23, 2011. Said Plat of survey shall include the required certification and, at a minimum, also have shown thereon Items 1, 8, 11(b), 16, 17, 20(b) from Table A thereof. If zoning assurances are requested, items 7(a), 7(b), 7(c) and 9 from Table A and information regarding the usage of the property must be included.**
3. **Provide proper notification prior to the closing of this transaction to Thomas Title & Escrow for an inspection to be completed and to disclose any additional exceptions and/or requirements.**
4. **Furnish full and complete copy of any unrecorded lease, agreement, contract and/or license with all supplements, assignments and amendments and fully executed owner's affidavit prior to close of transaction. The owner's affidavit shall also state that none of the leases referred to in the affidavit contain a first right of refusal or option to purchase. Thomas Title & Escrow reserves the right to except additional items and/or make requirements after review of the foregoing documents.**
5. **Furnish and record an affidavit sufficient to the Company naming all the stockholders of Pals Land Inc., an Arizona corporation, a defunct corporation, as of the date said corporation became defunct.**
6. **Record _____ Deed from Stockholders and their spouses of Pals Land, Inc., an Arizona corporation, to Buyer(s).**

END OF SCHEDULE B - REQUIREMENTS

DISCLOSURE NOTE: In the event any Affidavit required pursuant to A.R.S. 33-422 has been, or will be, recorded pertaining to the land, such Affidavit is not reflected in this Commitment nor will it be shown in any policy to be issued in connection with this Commitment. The statute applies only to unincorporated land in an unincorporated area of a county.

Fidelity National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION II EXCEPTIONS

Effective Date: **March 01, 2013, 5:00pm**

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date shown on this title commitment, but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage covered by this commitment.

1. **Taxes for the full year of 2013. (The first half is due October 1, 2013 and is delinquent November 1, 2013. The second half is due March 1, 2014 and is delinquent May 1, 2014).**
2. **Reservations or exceptions in Patents, or in Acts authorizing the issuance thereof.**
3. **Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records. This exception is not limited by reason of disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.**
4. **Covenants, conditions, restrictions, liabilities and obligations in the document recorded as Docket 2678, Page 522, of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes.**
5. **Covenants, conditions, restrictions, liabilities and obligations in the document recorded as Docket 15525, Page 1172, of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes.**
6. **A plat recorded in Book 2, Page 15 of Road Maps, purporting to show a county roadway.**
7. **Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 43 of Maps, Page 36, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).**

8. Easements, restrictions, reservations, conditions and set-back lines as set forth on the plat recorded as Book 46 of Maps, , Page 26, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. An easement for electrical transmission line and incidental purposes recorded as Docket 3036, Page 582, of Official Records.
10. An easement for overhead and underground electric lines and incidental purposes recorded as Docket 7237, Page 515, of Official Records.
11. An easement for overhead and underground electrical transmission lines and incidental purposes recorded as Docket 7451, Page 786, of Official Records.
12. An easement for public utilities and incidental purposes recorded as Docket 10088, Page 1332 and Docket 10088, Page 1334, of Official Records.
13. An easement for highway and public utilities and incidental purposes recorded as Docket 10645, Page 1135, of Official Records.
14. An easement for public utilities and incidental purposes recorded as Docket 12418, Page 1406, of Official Records.
15. An easement for ingress and egress and incidental purposes recorded as 86-497778, of Official Records.
16. An easement for underground electrical conduit and incidental purposes recorded as Docket 16225, Page 1422, of Official Records.
17. An easement for public utilities and roadway and incidental purposes recorded as 89-159660, of Official Records.
18. An easement for underground electrical conduits and incidental purposes recorded as 89-195889, of Official Records.
19. Any facts, rights, interests or claims that would be disclosed by a correct ALTA/ACSM survey.
20. Any facts about the land that an inspection or inquiry of parties in possession would disclose and that are not shown by the Public Records.
21. Any rights, interest or claims of parties in possession of the land not shown by the public records.
NOTE: This matter will be more fully set forth or deleted upon compliance with the applicable requirement.

END OF SCHEDULE B - EXCEPTIONS