



0000059683

RECEIVED

2002 NOV -1 P 12: 56

Docket No. T-01051B-02-0535

AZ CORP COMMISSION
DOCUMENT CONTROL

Sherry Thompson hereby submits its second request to respond to Qwest Corporation to supply the information requested in the response to the Qwest answer to the complaint. They have chose to give me 10 calendar days to respond to their 30 questions. And have not responded at all with any of the information requested in a timely manner. I'm now requesting that they furnish all the information requested in our response and the additional information requested in the data request within 10 calendar days.

1. Qwest Service Quality Tariff and Cellular Subsidies.
2. A.R.S. 40-246 & A.R.S. 40-246(A)
3. Title 40 of the Arizona Revised Statutes and Qwest Tariffs.
4. Bruce Walker V. US West Communications, Inc.,
Docket No. E-1051B-96-543 Decision No. 60175
5. Don B. Miller and Moira L. Miller V. US West Communications, Inc.,
Docket No. E-1051B-97-130
6. Bryan & Pam Dellinger v. Qwest Corporation,
Docket No. T-01051B-01-0354, Decisions No. 64828
7. A.R.S 40-492
8. A.A.C. R14-2-509(B)
9. Updated Maps of Exchange Boundaries with the homes in question added.
10. Signature card signed by the Denton family.
11. Any witness to this matter or exhibits you intend to use at the hearing whether or not they will actually be used at the hearing.
12. Service orders and any information pertaining to the service for The Skipper Family, Dunn Family, Lehman Family Chavez Family and the Hernandez Family

Arizona Corporation Commission

DOCKETED

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DOCKETED BY	CAF
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- 1.1 The statement was made on two different occasions
A. By John Dugan (Engineer for Qwest in Prescott) Phone #928-776-2509.
B. By Debra (Qwest Executive office in Denver) Phone #1-877-440-8959
- 1.2 As to the subject of Ernest Thompson being employed by Qwest this was brought to attention in our original complaint items 9,10 & 15 to help explain the time table of events, and really has no significance in this case. Which is that Qwest has crossed the boundary lines and should be made to service everyone in this section.
- 1.3 Again this was brought to attention in my complaint.
A. 29 ½ years.
B. August 16 1971 through February 16 2001.
C. Network technician.
D. Your client (Qwest) has Ernie's employee record and should be able to provide this information to you with more accuracy.
E. Not familiar with Qwests many boundary areas.
F. NO - This should be in Ernie's employee record.
G. YES - Many occasions in my career I've had to lay temporary lines to homes to get them service.
H. NO
- 1.4 Open territory, In this matter means the area in which I live and that Qwest says it has no obligation to provide service.
- 1.5 DENY – This to was stated in my response.
A. My Realtor - Arthur J. Richardson III Last known # 602-992-7555 - 1997
B. Information Packet (page already sent) for Poquito Valley Area also in 1997
C. Qwest service office #1-800-244-1111 Person unknown. Date of call was in Nov. or Dec. of 1997
- 1.6 The Moxley home and again this has no significance to the issue before the Arizona Corporation Commission.
- 1.7 Qwest has already received this. We received the packet of information at the time of viewing/purchase, which was in November/December of 1997. Person or Persons that gave verbal affirmation are the same as in my answer for 1.5. Sent again with this response.
- 1.8 Realtor – Arthur J. Richardson III, No address on card, Last known #602-992-7555
Home builder-Busbee's Mobil Home Sales, 6202 NW Grand Ave., Glendale AZ – 602-934-5254.
Garage builder – Toro Builders – No Number available.
- 1.9 Service was not denied at time order was placed. I have sent you a copy of the letters that were still in my possession pertaining to the hook up of my service. I apologize for the difference in dates from my complaint to the letters but I didn't find the letters until after and thought we started this in October when in fact it was started in December, as I'm sure you were well aware. I'm not sure but I think in this instance from my notes that the contact person at Qwest business office was Sandra 1-800-244-1111. Sent again with this response.
- 1.10 The first letter I no longer have in my possession but was received by us in Dec/Jan of 1999/2000.
- 1.11 The second letter was already sent with my response and was received by us in January of 2000. Sent again with this response.
- 1.12 The third letter was already sent with my response and was received by us in January of 2000. Sent again with this response.

- 1.13 John Dugan called in response to our message to him about being denied service and trying to get permission to run a line from our home to the service area. After talking to neighbors we found out that Qwest had allowed others on our street to do exactly that. Mr. Dugan then told us that after he made some inquiries that if Qwest let service into the area they would have to open up the whole area and that at the time they were not interested in extending. We then contacted the Qwest executive offices and spoke to Debra 1-800-440-8959 and filed an executive complaint and were told they were not interested in extending. We then contacted the Arizona Corporation commission at 1-800-222-7000 name of person we spoke to is unknown.
- 1.14 Mr. Moxley had contacted Qwest and asked if he could give his extra lines to the Denton Family and ourselves because he no longer had a need for them and he knew Tracy Denton was going to lose her job if she could not get access to phone service. All we know is that the person we talked to was Jason we have no last name for him and he was contacted at the business office for Qwest. Tracy and I talked to Jason at the same time. This was not the same circumstance as the request that was made to Mr. Dugan in March of 2000. The particulars were conveyed to Jason and he gave us the go ahead. We saw no need to go any further. March of 2000 when we had spoken to the John Dugan and John Smith we were trying to run service 1 ½ -2 miles down the road easements and were told we would need an engineer's approval.
- 1.15 There was no request #1.15.
- 1.16 All I know is what he wrote in his statement of Fact, which is that he had service in his home and Qwest, not any other phone company gave it to him. The Dunn family did receive service on or around that time and as for the rest of the information you are asking me to provide about the Dunn family I would think that Qwest should be able to provide more accurate information on this matter. This goes for the Skipper Family, the Lehman Family and the Chavez family who now owns the Dunn family home and received service from Qwest in April of 2002.
- 1.17 Again the Hernandez family information about how they obtained service who they spoke to and when to receive service out of the exchange boundaries are not at my disposal and should be obtained from Qwest. All I have is their statement as to the fact that they do have Qwest phone service and that they are out of the exchange boundaries. And my own testament of what I personally saw take place and the people I talked to.
- 1.18 This also should be in Qwest's possession. His name is Harry Grissom who works out of the Prescott Valley office and he did not hook up service in May of 2002 he hooked it up on February 14 2002 to the post provided by the Hernandez Family. This was only referred to in number 32 of my complaint, which occurred in May of 2002. The address is 7070 E Moonlit Drive and in our complaint we stated that the Hernandez family bought the property because the engineer (Ted Drake) told them if they bought the property (lot 103-01-176N) they would be able to hook service up to there home on lot 103-01-172G. And the alleged building you are referring to is a mystery to me also. When talking to John Dugan (Engineer), Dan McFarland (Supervisor) and Roberto Domingo's (Qwest executive office) all of these people told me that Qwest DID NOT hook service up to a post but had in fact hooked the service up to a structure on lot 103-01-176N. Pictures sent to you show that there is not now or was there ever a structure on lot 103-01-176N, 7070 E. Moonlit Drive. The statement from the Hernandez family also proves that the service was hooked up at the property line and brought out of territory to there home with the instructions and permission from Qwest.
- 1.19 Enclosed,
- 1.20 Dec. 10 1997 – Yavapia Coconino Title Agency Co.
- 1.21 Enclosed.

- 1.22 The Thompson Family (mfg. Home & site built garage 5/99- 9/99, The Denton Family (Site built home & garage), The Fatheree Family (mfg. Home and site built garage), The Limburg Family (mfg. Home), The White Family (Site built home & garage). There was also a woman named Pat who contacted me after finding out about the formal complaint. She has just finished building her home on Ranch Hand road, which is about 1 ½ north of our home. Pat was told service was available when she bought her property but that she would have to pay to bring in the service. Pat then finished building her home? /2002 and Qwest took her order for service then denied service at a later date.
- 1.23 Enclosed.
- 1.24 There was no request #1.24
- 1.25 Enclosed.
- 1.26 Qwest on many different occasions because they are the only telecommunication company in this area. On or about Feb./March of 2002 Ann Fry of Qwest informed me that there was a company by the name of Midvale Communications out of Idaho who might be interested in bringing service to our area. Midvale has brought in service to a few summer trailer parks in the vicinity of Prescott Valley area. I then got all my neighbors to call Dennis Farrington of Midvale Communications to express interest and they were all told that Midvale was not interested in the area. Also I received information from the Economic Development Foundation that a Qwest representative gave them information on a company called Valositele. They were told Qwest was going to sign a contract with this company and give satellite service in the out of exchange boundaries areas. But nothing ever came of this because no one I spoke to at Qwest had heard of them and I could not find any information on this company. I have just recently been told about a gentleman who can hook up satellite equipment to our home at the cost of 2,500 dollars and have someone inside Qwest territory with the receiver but he could not get permission in writing from Qwest to do this so I declined to spend that kind of money without written permission from Qwest.
- 1.27 YES I believe that the Corporation Commission has the authority to require Qwest to provide service outside of their certificated service area. The reason being that Qwest has already opened up the area by servicing 5 families. One time can be considered a mistake, Two times can even be forgiven' but five I consider deliberate.
- 1.28 NO, because Qwest has the Monopoly in the area and no other Telecommunication Company is servicing the area. And for that matter there is no other telecommunication company that has crossed the boundaries into the area in which I live like Qwest has done.
- 1.29 At this time I do not have a list of witnesses or exhibits to be used in the hearing. But I will be a witness in my own defense

1.30 **KNOWLEDABLE PARTIES:** Ernie Thompson, Sherry Thompson, Troy Denton, Tracy Denton, April Peters, Bryant Peters, John Martin, Patricia Martin, Arnold Fatheree, Tammy Fatheree, Tom White, Shelia White, Sandra Rodr, Kirk Limburg, Bobbi Limburg, Ted Moxley, Sandra Berstein, Troy Skipper, Frank Lehman, Barbara Lehman, Cassandra Hernandez, Ray Hernandez, Lou Chevez, Paul Dunn, Steve Pomaroy, Dennis Farrigton, Midvale Communications, Lane Williams Gary Spartes, June Spates, Arthur Richardson III. , Yavapia Coconino Title Agency and Fennemore Craig Law Offices.

QWEST EMPLOYEES: John Dugan, John Smith, Ted Drake, Ann Fry, Roberto Domingus, Lee Glen, Dan McFarland, Harry Grissom, Sandra, Stacy, Jason, Debra, Connie, Valarie Finn, Teresa Bristol, Steve Nichols, Bruce Ledbetter and George Favela.

ARIZONA CORPORATION COMMISSION: William A. Mundell, Jim Irvin, Marc Spitzer, Connie Walczak, John LaPorta, Matt Rowell , Christopher Kempley, Philip J. Dion III, David M. Ronald, Ernest Johnson, David M. Ronald, Engineering Dept. and Docket Control.

Anyone left out was not done to suppress information but could not be brought to mind at this time.

**LIST OF ENCLOSED DOCUMENTS REQUESTED IN YOUR DATA
RESPONSE.**

1. Second copy of information packet received from Realtor in 1997.
2. Realtor's name & phone number.
3. Copy of grant for easement for pipeline purpose, book 74 page 314-318 recorded for the title search.
4. Copy of the CC&R's that incidentally was written or recorded by Fennemore Craig.
5. Second copy of second letter received from Qwest.
6. Second copy of third letter received from Qwest.
7. Second copies of statements from families with service outside of the exchange boundaries.
8. Copy of all paper work I have pertaining to the purchase of my property.
9. Title report for the purchase of my property.
10. Documents for the purchase of my home.

1.

Prescott Valley, AZ

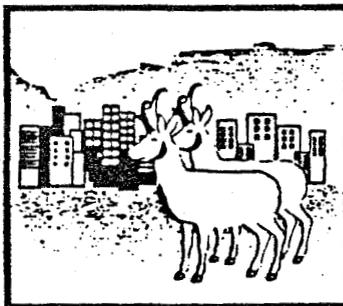
Prescott Valley is one of Arizona's fastest growing communities. Since 1990, Prescott Valley has increased from a population of 8,858 to its present population of over 14,000. Small developments just outside the town boost the area population to over 37,000 people within a seven mile radius. Despite this tremendous growth, Prescott Valley has retained its small town friendliness and rural charm. Pronghorn antelope still roam through the town limits.

Located 85 miles northwest of Phoenix, this progressive community is nestled between the Bradshaw and Mingus Mountains at 5,100 feet. Due to its high elevation, Prescott Valley enjoys four seasons which include 300 days of sunshine, mild winters and cool summers.

Prescott, the county seat, is located within 10 miles of Prescott Valley. Commercial businesses are opening at a rapid pace with heavy concentration along

Hwy 69. A planned new downtown area, regional shopping center, and cross-town highway will offer a variety of new opportunities in the upcoming years.

Founded in 1966, and incorporated in 1978, Prescott Valley has just completed its third general plan with projections of be-



coming a major city in the near future. A recent completed state-of-the-art waste water treatment plant, sewer sys-

tem, road projects, natural gas lines, and telephone fiber optics will service the community well into the 21st century. The town is served by many dentists and doctors, including a full service hospital within 10 minutes of Prescott Valley.

Major employers within the Prescott Valley town limits include:

Caradon Better-Bilt Inc., over 650 employees;

ACE Home Distribution

Center, 663,000 sq. ft. facility,

PrintPak, a modern fast-food packaging company.

Retailers within the town limits include Safeway and the largest K-Mart in the state. A variety of restaurants, motels, major supermarkets, department stores, five banks, and one credit union stand ready to meet the growing needs of this community.

Prescott Valley's recreation facilities include:

- ten public parks
- Olympic style soccer field,
- softball fields
- a new public swimming pool with a 100' slide and
- a 3,000 seat outdoor amphitheatre in Mountain Valley Park.

Castle Golf Family Fun Park offers state-of-the-art games, miniature golf, batting cages, a lighted driving range, a mini go-cart raceway and a planned bowling alley. Hiking, fishing, backpacking, horse-back riding, boating, gold panning, camping, outdoor trails & three golf courses are available within minutes of the community.

Prescott Valley Information

The Town of Prescott Valley is ideally situated within 30 minutes of National Forest, lakes, wildlife, hiking trails and camping. Historical sites, museums, galleries, entertainment, parks, fine restaurants, three colleges, hospital and community airport are only 10 minutes away. There are four public elementary schools, one public junior high school and one public high school.

Prescott Valley offers a broad range of community facilities. In addition to the previously-mentioned facilities, there is a library, a community center, basketball and tennis courts, and baseball fields. A bowling alley and an amusement park are also available.

The town is governed by a mayor, six council members, and a town manager. There is a local police department and a fire department with both full-time and volunteer personnel.

There are 300 acres of industrial parks with all utilities available and highway access.

<u>GROWTH INDICATORS</u>	<u>1990</u>	<u>1991</u>	<u>1993</u>
Taxable Sales (\$)	56,025,509	62,412,750	89,954,850
New Building Permits Issued	526	1,007	1,475
Net Assessed Value (\$)	29,190,831	32,384,022	46,684,626
Civilian Labor Force	1,461	N/A	3,715

<u>WEATHER</u>	<u>Avg Temp (F)</u>		<u>Avg Total Precipitation (Inches)</u>
	<u>Daily Max.</u>	<u>Daily Min.</u>	
January	50.5	23.5	0.97
February	54.5	25.9	0.75
March	59.1	29.5	0.81
April	67.9	36.8	0.57
May	76.3	44.2	0.32
June	85.9	53.1	0.44
July	89.5	61.4	2.76
August	86.8	59.1	2.65
September	83.5	52.8	1.05
October	73.9	41.6	0.68
November	61.2	30.9	0.69
December	52.6	24.6	1.11
Year	70.1	40.3	12.80

Average Total Snow, Sleet and Hail Annually: 16.0 inches (Based on a thirty year average)

The above information extracted from publications distributed by the Arizona Department of Commerce and the Prescott Valley Economic Development Office.

Poquito Valley (Lonesome Valley)

DESCRIPTION OF PROPERTY

The subject property consists of a total of 960 acres located in Yavapai County, North of the most recent annexation into the Town of Prescott Valley. Poquito Valley residents will be able to revel in the glorious sunrises peaking over the Mingus Mountains and relish the equally impressive sunsets as the sun drops down behind Granite Mountain. The panoramic view stretches as far North as Bill Williams Mountain and Rimrock.

Poquito Valley was originally a 1700+ acre tract of land stretching from Highway 89A in Section 35, Township 15 North, Range 1 West of the Gila & Salt River Base & Meridian in Arizona, seven miles North through the West half of Sections 26, 23, 14, 11, 2 of 15 North 1 West and Section 35 of 16 North 1 West.

At present, predominantly comprised of 40-acre parcels, except parcels 4A - 6, this tract is covered by good protective covenants plus zoning that limits the size of parcels to a minimum of 2 acres (87,120 square feet). Lots 4A through 20 have been annexed into Prescott Valley. Subdivision of Lots 4A and 5 through 8 is currently in process, and is the first phase of "Viewpoint". This new subdivision will consist of approximately 1/5 to 1/3 acre homesites, listed at about \$25,000 - \$36,000. Highway 89A frontage lots, i.e. 4B-D, should eventually be zoned as commercial.

It is anticipated that the subdivision process will continue North eventually encompassing parcels through Lot 20, with the parcel sizes possibly increasing in size in the later phases.

This information has been received from sources deemed reliable, but no liability is assumed for error or omissions, and no warranties or representations are made or implied.

Poquito Valley Information

BUILDING SITES

The subject property has limited flood plain, so excellent building sites abound. Please note, a parcel may be split five times without exceeding limitations and being classified as a subdivision, provided the minimum 2 acre zoning is not violated.

ACCESS

The dirt road providing access is a private road. A lender may require a road maintenance agreement be signed by those serviced by the road. According to the Poquito Valley developers, their responsibility for road maintenance expired 3 years after initial development, i.e. approximately 4-5 years ago. Efforts are being made to initiate a road maintenance agreement between the owners of lots 21-44.

ELECTRICITY

The closest electricity is on the South half of Lot 22. Arizona Public Service have confirmed that Poquito Valley is within their service area. The first 1,000 feet of installation is free to an individual consumer. This complimentary service installation is accumulative, i.e. If four consumers require service installed concurrently, then collectively they warrant 4,000 feet free of charge. (Check with APS regarding closest access point and availability of utility easements.) Underground utilities are required by the protective covenants, ensuring a more enduring desirable location for those wishing to live in the area.

TELEPHONE

U.S. West Communications has confirmed that Poquito Valley is within their exchange boundary for telephone service. Installation to the first consumer is charged at full rate, then a \$3,000 rebate toward costs is applied. This rebate program is believed to be accumulative to consumers requiring concurrent service installation.

WATER

Test wells in the area have been successful at 400'-450', and an abundant supply of water has been accessed by the production well for Viewpoint subdivision. It is possible to collaborate with neighbors (max. 4 per well) to drill a shared well and, thereby, split the cost of the well digging and maintenance.

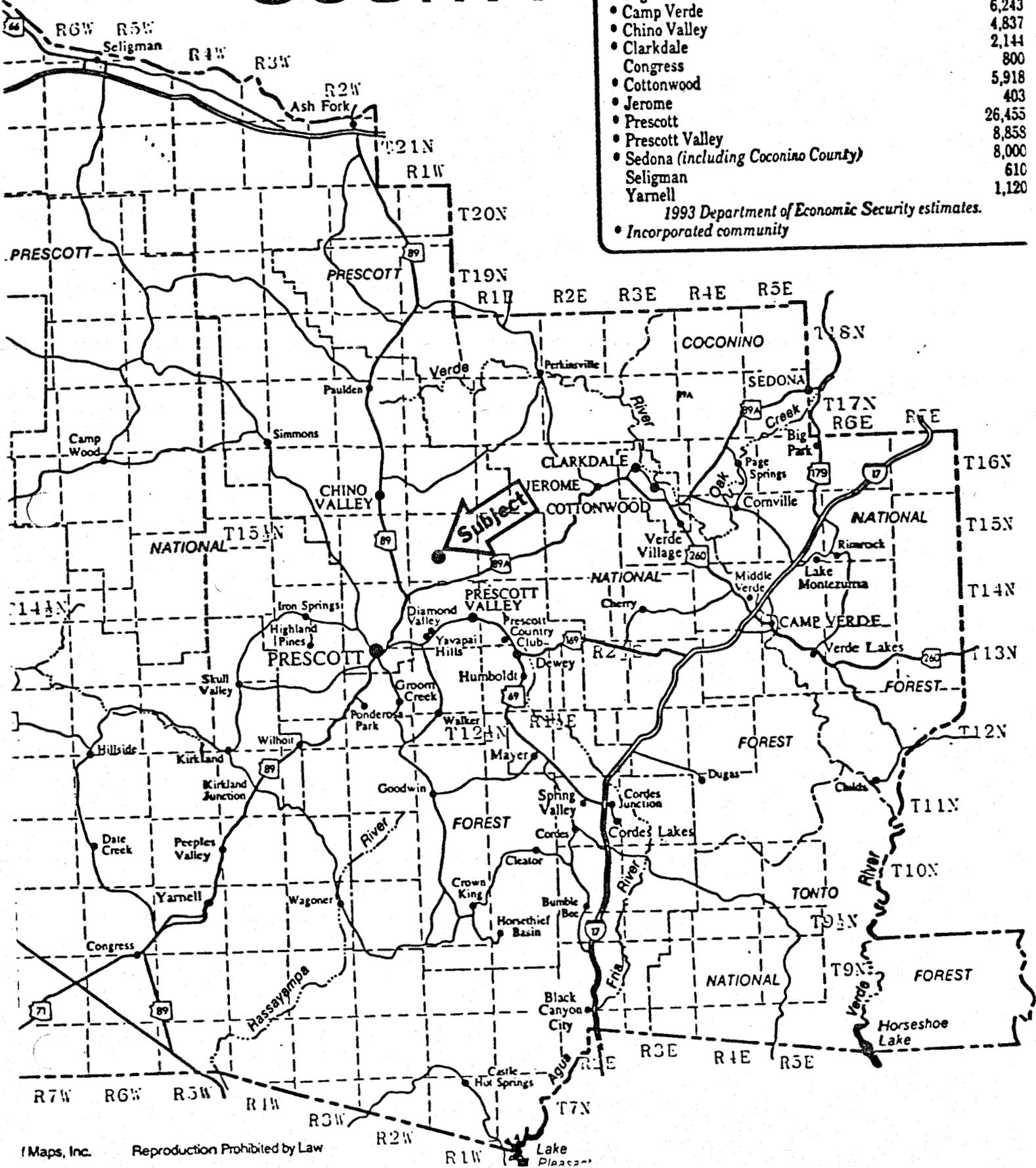
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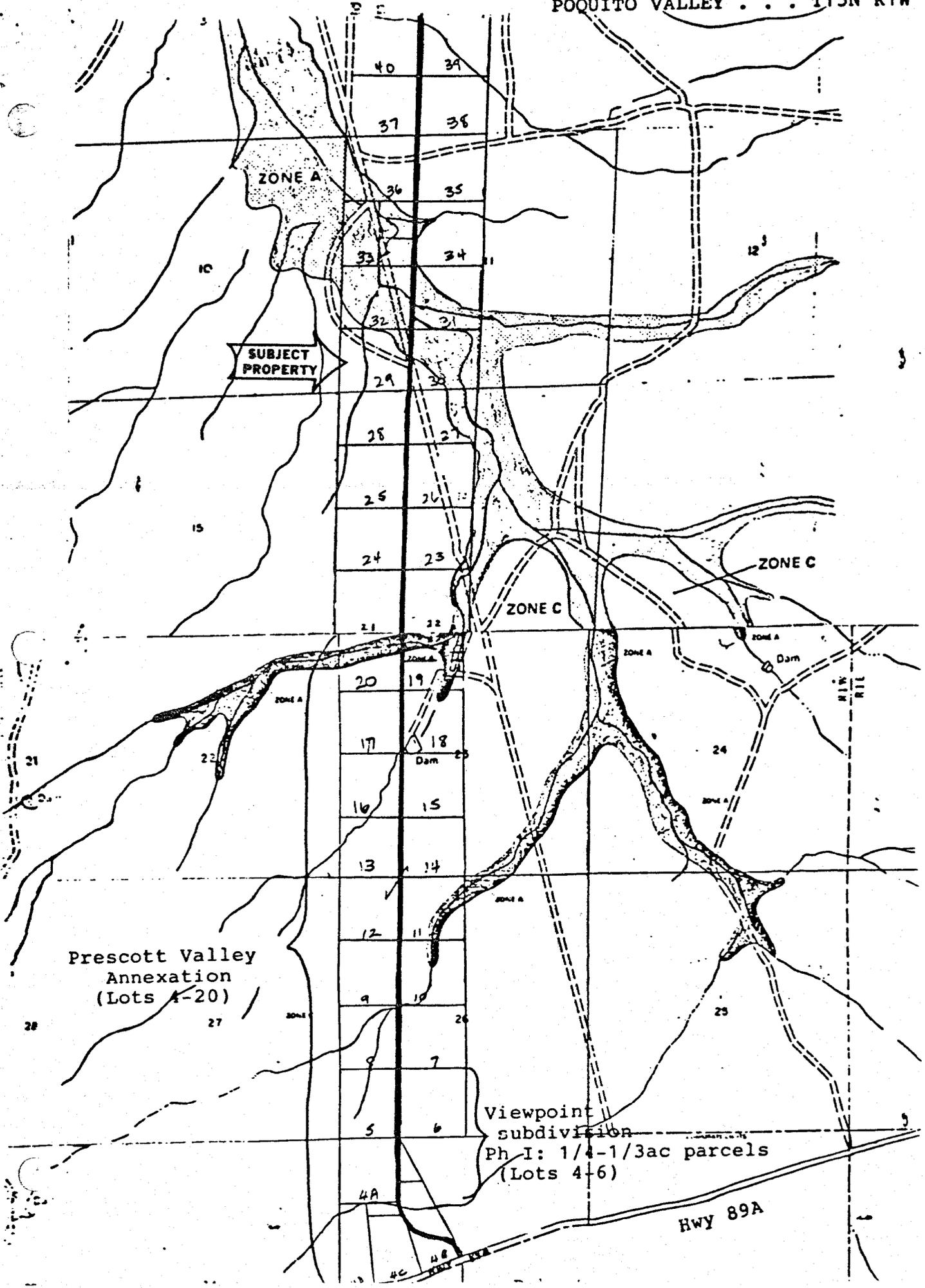
YAVAPAI COUNTY

YAVAPAI COUNTY COMMUNITY POPULATIONS

Yavapai County	123,000
Ash Fork	420
Bagdad	1,858
• Camp Verde	6,243
• Chino Valley	4,837
• Clarkdale	2,144
• Congress	800
• Cottonwood	5,918
• Jerome	403
• Prescott	26,455
• Prescott Valley	8,858
• Sedona (including Coconino County)	8,000
Seligman	610
Yarnell	1,120

1993 Department of Economic Security estimates.
• Incorporated community





SUBJECT PROPERTY

ZONE A

ZONE C

ZONE C

Prescott Valley Annexation (Lots 4-20)

Viewpoint subdivision Ph I: 1/4-1/3ac parcels (Lots 4-6)

Hwy 89A

RIV RIL

Dam

Dam

Dam

4A

4C

4B

28

27

ZONE B

26

25

10

15

31

22

13

14

16

15

17

18

20

19

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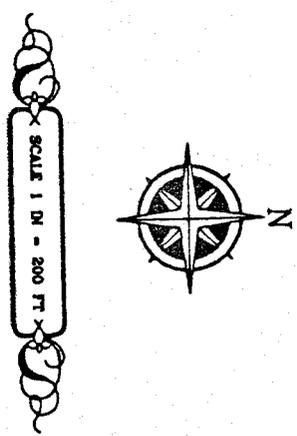
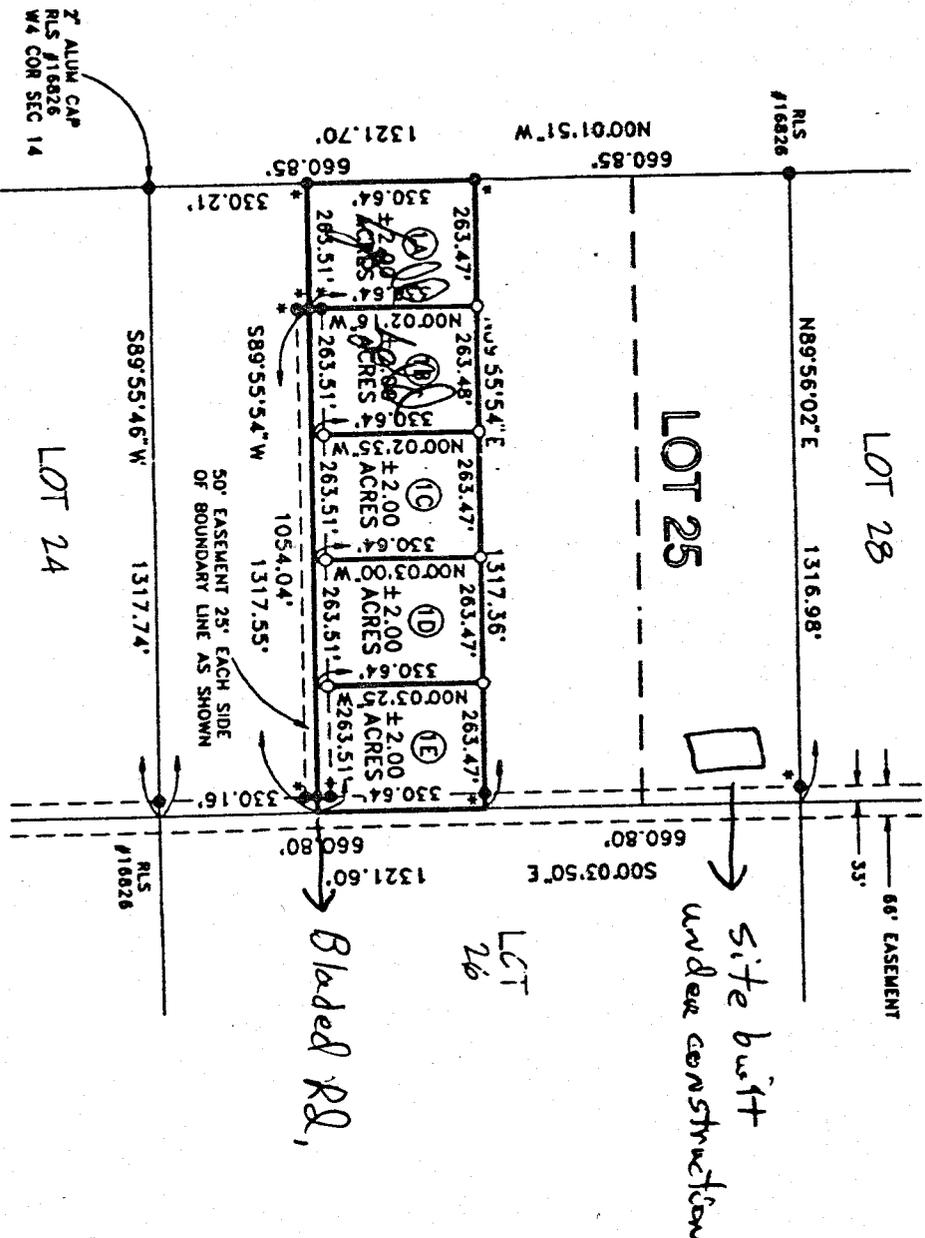
24

25

3

RECORD OF SURVEY

SURVEY AND SPLIT THE N1/2 OF THE S1/2 OF LOT 25 POQUITO VALLEY SUBDIVISION SEC. 14, T15N, R1W, G. & S.R.B. & M., YAVAPAI COUNTY, ARIZONA



LEGEND

- = FOUND 5/8" REBAR OR AS NOTED
- = SET 1/2" REBAR WITH PLASTIC CAP
- STAMPED "FAMAS"
- ⊕ = AFFIXED BRASS TAD "FAMAS"
- () = RECORD INFORMATION PER SUBDIVISION PLAN
- BOOK 8 OF MAPS, PAGE 9, Y.C.R.O.

NOTE THAT ALL EASEMENTS OF RECORD MAY NOT BE SHOWN ON THIS PLAT



FAMAS LAND SURVEYORS, INC.
P.O. BOX 4897 PHOENIX, AZ 85008
PHONE (602)-957-2644 FAX (602)-957-2644

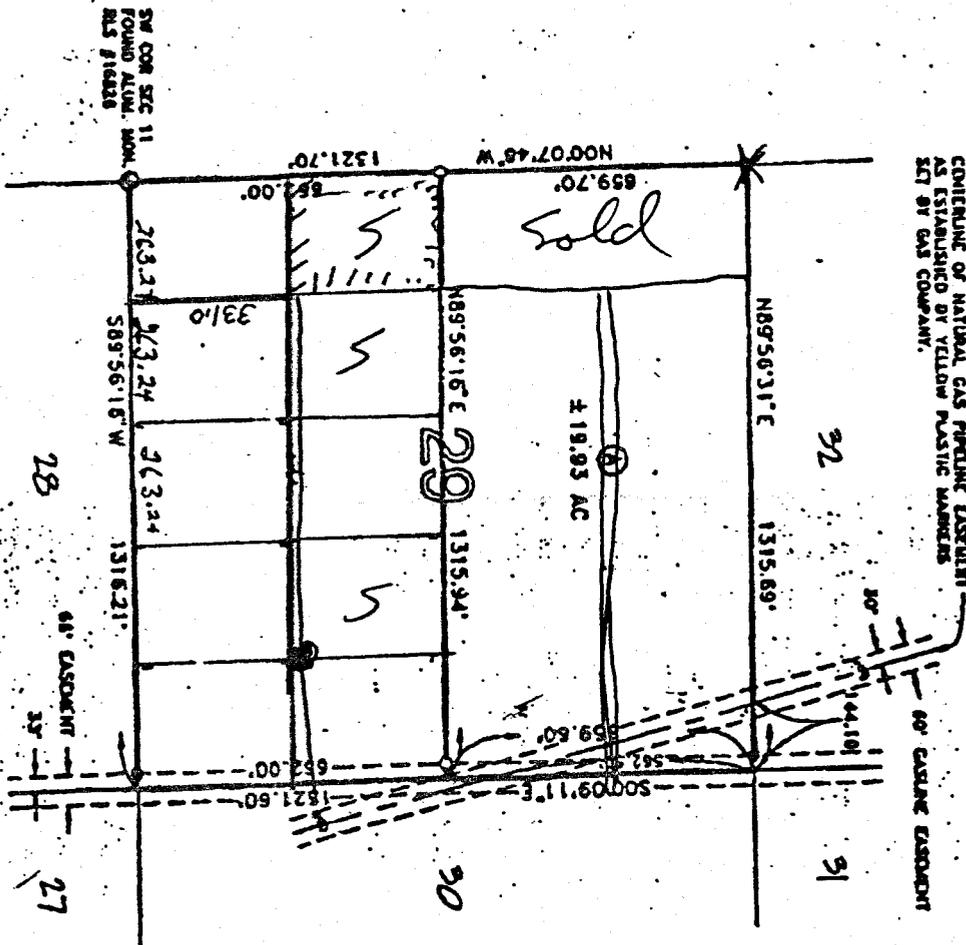
DATE OF SURVEY: SEPTEMBER 15, 1995
DATE DRAWN: 9-13-95 FILE NO.: 870798

RECORD OF SURVEY

SURVEY AND SPLIT LOT 29 POQUITO VALLEY

SEC. 11, T15N, R1W, G. & S.R.B. & M., YAVAPAI COUNTY, ARIZONA

CONTINUANCE OF NATURAL GAS PERMITS ESSENTIAL AS ESTABLISHED BY YELLOW PLASTIC MARKERS SET BY GAS COMPANY.

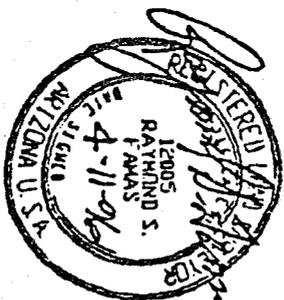


APPROXIMATE SCALE
1 IN = 400 FT

LEGEND

- FOUND 5/8" IRON N.S. #14228 OR AS NOTED
- SET 1/2" IRON WITH PLASTIC CAP STAMPED "FAMAS"
- ANTILOD BRASS INC. "FAMAS"
- () RECORD INFORMATION FOR SUBSEQUENT PLAT BOOK 8 OF LAND SURVEYS, PAGE 6, V.C.S.C.

NOTE THAT ALL EASEMENTS OF RECORD MAY NOT BE SHOWN ON THIS PLAN.



FAMAS LAND SURVEYORS, INC.
701 W. Camelback Road, Suite 100
Phoenix, Arizona 85014-2700
Phone: (602) 998-1100 Fax: (602) 998-1101

DATE OF SURVEY: APRIL 2, 1996
DATE DRAWN: 4-5-96 PLS. FOR SPLITTING
SURVEY FOR CALSON
DRAWN BY: [Signature]

2.

602-289-9062



PRISM INTERNATIONAL L.L.C.
THE RICHARDSON GROUP

Arthur J. Richardson III

Am-971-5558

602-992-7555

602-992-7555

17 hours
FAX-Fox

12840 N. 38TH PLACE
PHOENIX, ARIZONA 85032

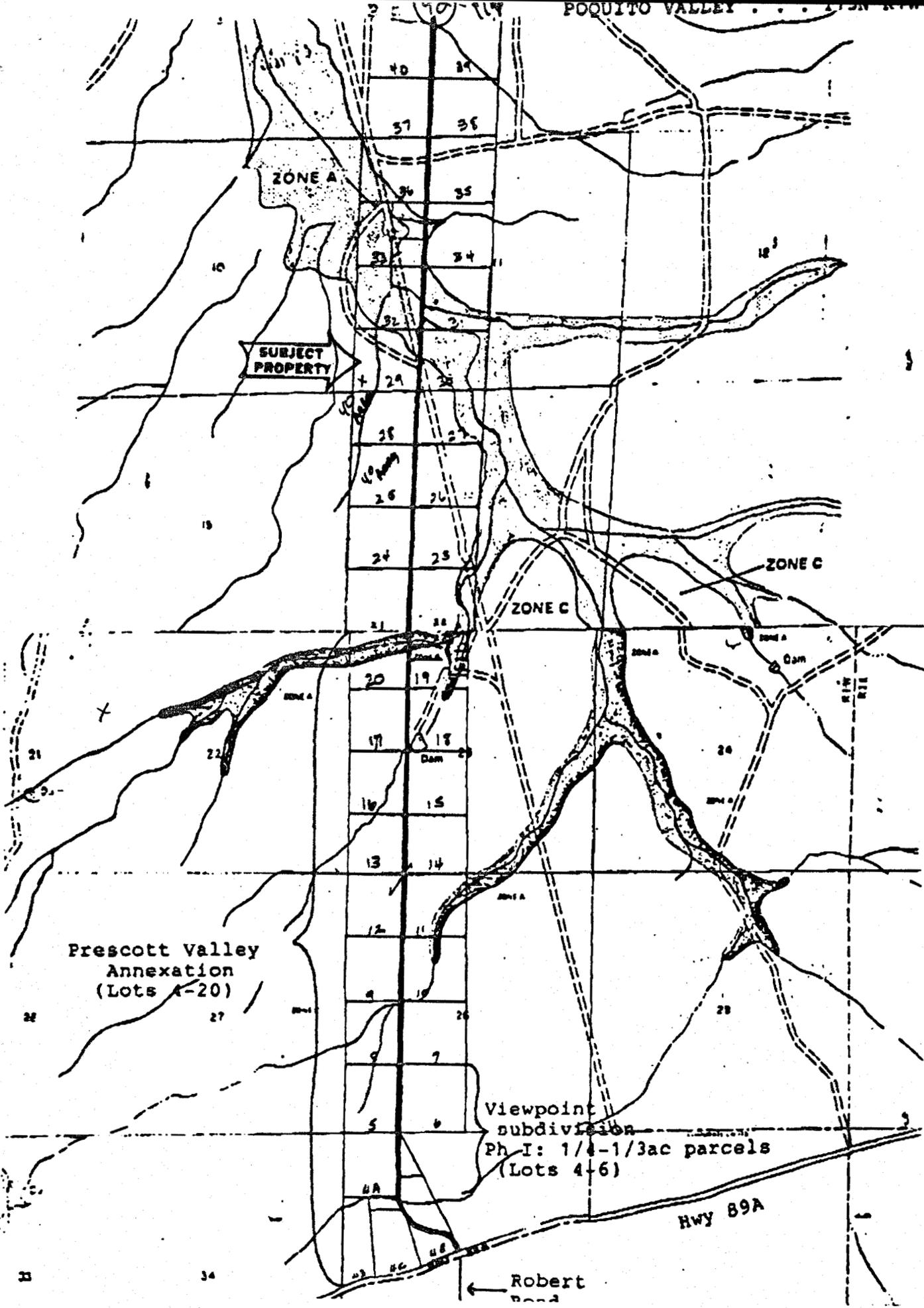
Section 42

5 - 2 acre parcels
on South side

\$17,950

Roads Bladed

89A - 8:00
Tereco Roberts market.



SUBJECT PROPERTY

ZONE A

ZONE C

ZONE C

**Prescott Valley
Annexation
(Lots 1-20)**

**Viewpoint
subdivision
Ph I: 1/4-1/3ac parcels
(Lots 4-6)**

Hwy 89A

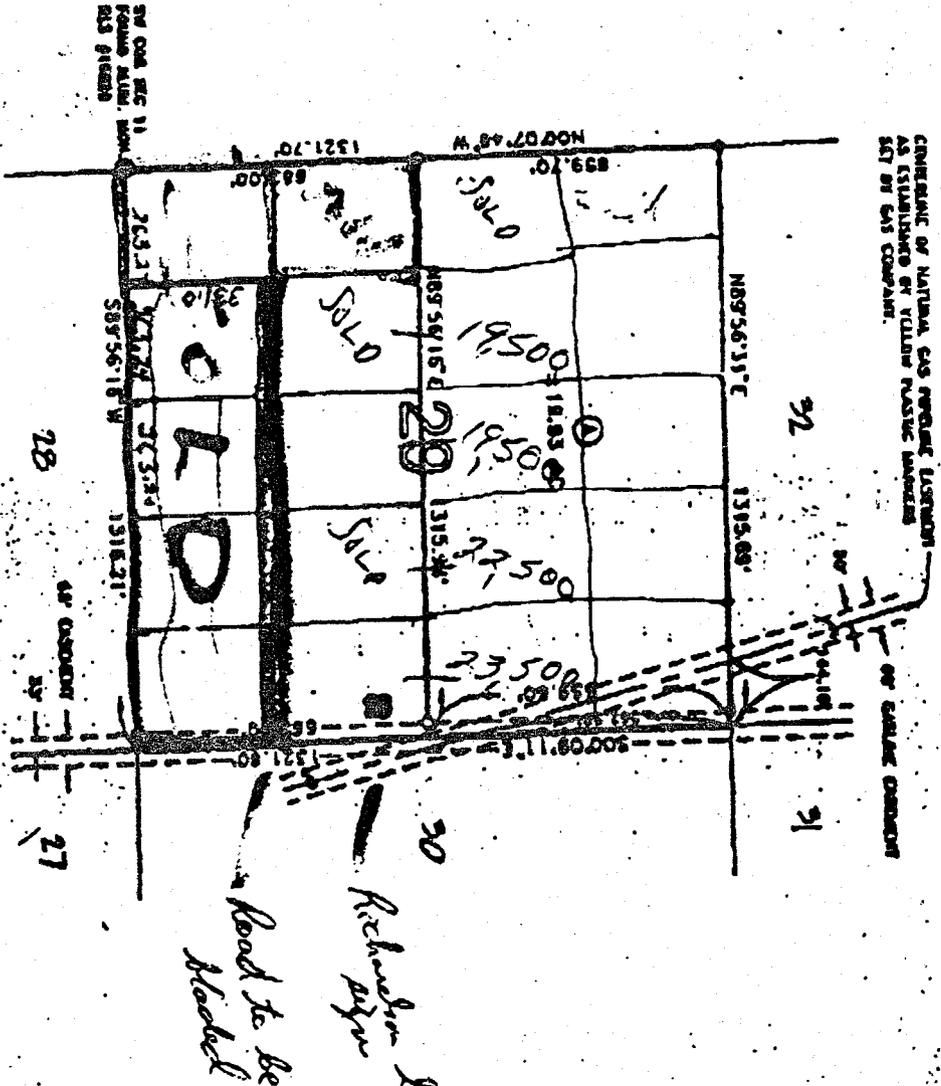
**Robert
Road**

RECORD OF SURVEY

SURVEY AND SPLIT LOT 29 POQUITO VALLEY

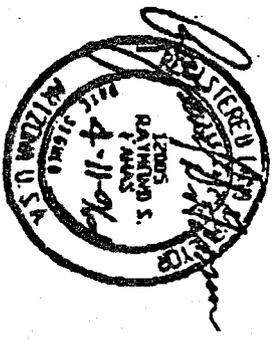
SEC. 11, T15N, R10W, G. & S.R.B. & M., YAVAPAI COUNTY, ARIZONA

CONTINUED OF NATIONAL GAS PRODUCE EXCHANGES
AS ESTABLISHED BY YULIUS RUSSELL HANSEN
SET BY GAS COMPANY.



LEGEND

- = POLES 3/4\"/>
 - = SET 1/2\"/>
 - = PLATS
 - = APPROXIMATE LOC. OF WELLS
 - () = RECORD INFORMATION FOR SUBSEQUENT PLATS
 - = LINE OF LAND REPORT, PAGE 4, T.15. N.
- NOTE THAT ALL ELEMENTS OF SURVEY
MAY NOT BE SHOWN ON THIS PLAN.



YAVAPAI LAND SURVEYING, INC.	
500 W. WASHINGTON ST. PHOENIX, ARIZONA	
DATE OF SURVEY: JAN. 2, 1964	DATE OF PLOTTING: JAN. 2, 1964
DATE DRAWN: 4-11-64	DATE OF SURVEY: 4-11-64
LARRY S. RAYBURN, SURVEYOR	

(40) - 119

ZONE A

SUBJECT PROPERTY

ZONE C

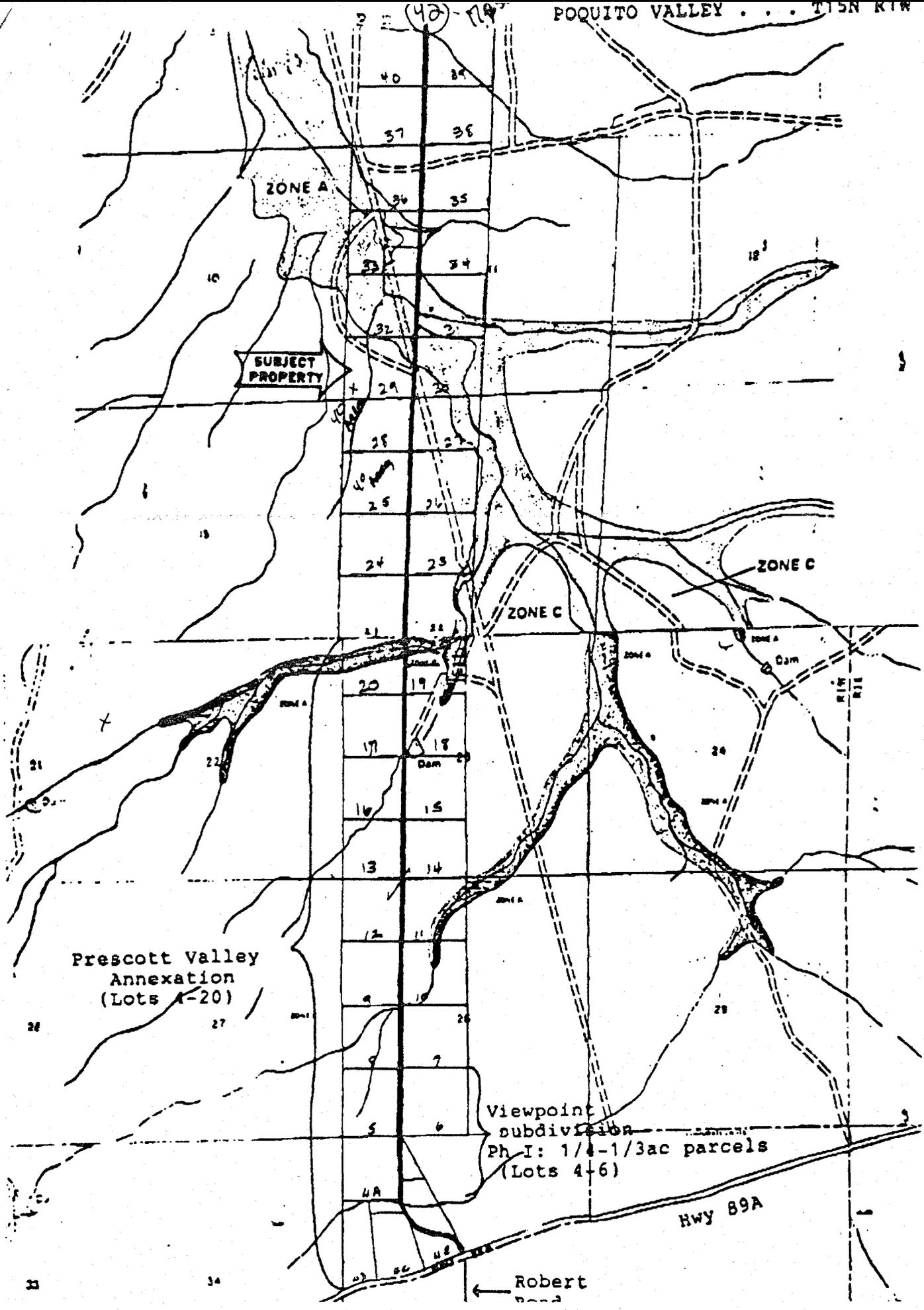
ZONE C

Prescott Valley Annexation (Lots 1-20)

Viewpoint subdivision Ph I: 1/4-1/3ac parcels (Lots 4-6)

Hwy B9A

Robert Road



3.

I do hereby certify that the within instrument was filed and recorded at request of
on *May 2* AD 1956 at *2:30* o'clock M. Book *74* Official Record
Page *313-5317 (Sub)* Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK C. BAUER, County Recorder.

By *Gene L. Hill*

Deputy

INDEXED

GRANT OF EASEMENT FOR PIPE LINE PURPOSES

STATE OF ARIZONA

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF YAVAPAI

That ROLAND TRACY, TRUSTEE, of Harris County, Texas, hereinafter called "Grantor", for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations, in hand paid by EL PASO NATURAL GAS COMPANY, a corporation, hereinafter called "Grantee", the receipt of which is hereby acknowledged, does hereby GRANT, SELL and CONVEY unto the said Grantee, its successors and assigns, subject to the restrictions and covenants hereinafter stated, a right-of-way and easement to construct, maintain and operate one (1) pipe line with appurtenances thereto, and, in connection therewith, a telephone line, a power transmission line and road (said pipe line, appurtenances, telephone and transmission lines and road being hereinafter sometimes collectively called the "facilities"), over and through the following described lands situated in Yavapai County, Arizona, to wit:

A strip of land sixty (60) feet in width running through and across Coyote Spring Ranch and running through Sections 11, 14, 23, 25 and 26, all in Township 15 North, Range 1 West, G. & S. R., lying thirty (30) feet on each side of the following described center line:

Beginning at a point on the North boundary of said Section 11, distant 142.2 feet East of the Northwest corner of said Section 11; thence South 14° 54' East a distance of 49.0 feet; thence South 14° 22' East a distance of 3,800.0 feet; thence South 14° 14' East a distance of 1,603.6 feet to a point on the South boundary of said Section 11, distant 1,546.9 feet East of the Southwest corner of said Section 11.

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Beginning at a point on the North boundary of said Section 14, distant 1,546.9 feet East of the northwest corner of said Section 14; thence South $14^{\circ} 14'$ East a distance of 5,447.2 feet to a point on the South boundary of said Section 14, distant 2,886.2 feet East of the Southwest corner of said Section 14.

Beginning at a point on the North boundary of said Section 23, distant 2,886.2 feet East of the Northwest corner of said Section 23; thence South $14^{\circ} 14'$ East a distance of 5,447.2 feet to a point on the South boundary of said Section 23, distant 4,225.5 feet East of the Southwest corner of said Section 23.

Beginning at a point on the North boundary of said Section 26, distant 4,225.5 feet east of the Northwest corner of said Section 26; thence South $14^{\circ} 14'$ East a distance of 1,002.0 feet; thence South $14^{\circ} 22'$ East a distance of 3,220.5 feet to a point on the East boundary of said Section 26, distant 1,246.5 feet north of the Southeast corner of said Section 26.

Beginning at a point on the West boundary of said Section 25, distant 1,246.5 feet North of the Southwest corner of said Section 25; thence south $14^{\circ} 22'$ East a distance of 1,286.7 feet to a point on the South boundary of said Section 25, distant 319.3 feet east of the Southwest corner of said Section 25.

This grant shall carry with it the right of ingress and egress to and from said right-of-way, with the right to use existing roads, for the purpose of constructing, inspecting, repairing and maintaining the facilities and the removal or replacement of same at will, either in whole or in part, and the replacement of said pipe line with either like or different size pipe.

TO HAVE AND TO HOLD the above described rights and easements herein conveyed, subject to the restrictions and covenants hereinafter contained, unto the said Grantee, its successors and assigns.

In connection with this grant, it is especially agreed by and between Grantor and Grantee that:

1. Grantor, his heirs, successors and assigns, shall have the right to fully use and enjoy the said premises, except for the purposes hereinbefore granted to the Grantee, provided, however, that no building, reservoir or other improvement shall be constructed or maintained on or within ten feet of said right-of-way without Grantee's prior written consent.
2. The consideration paid to Grantor constitutes payment in full for such damages as Grantor might suffer by temporary loss of use of the easement herein granted for grazing purposes and the temporary blocking of any roads during the period of construction or repairs to, or removal of said pipe line and facilities over and through the premises. In its operations hereunder, Grantee agrees, prior to cutting any fence adjoining lands owned by Grantor or lands which may be subject to a grazing or other surface lease held by Grantor, to notify Grantor or Grantor's resident ranch foreman, so that Grantor or Grantor's ranch foreman may inspect the fence cutting operations, and when said fences are cut, Grantee agrees to place such bracing posts as may be necessary, to restore said fences to at least the same condition as they were in prior to the time they were cut immediately after the operations necessitating the cutting of such fences are completed, and while any such fences are cut, Grantee agrees to maintain a 24-hour a day watch at each opening or locked temporary gates to prevent the escape of cattle. In any such fence, should Grantee desire to make a permanent opening, then Grantee agrees to install substantial gates which shall be of welded steel construction and with steel H frame corner posts. All such operations shall be at the sole cost and expense of Grantee.
3. Grantee shall not, without Grantor's prior written consent, construct a road over any land which is in cultivation, and when required for purposes of cultivation, Grantee, at Grantor's written request, agrees to relocate any road constructed by it on another site supplied by Grantor. Should Grantee in constructing, repairing, operating, maintaining, or removing said pipe line or facilities disturb any presently existing roads, Grantee shall, as soon as such operation is

completed, restore said roads to their former condition. Grantee, after construction of, after any repair to, or any replacement of, and after removal of said pipe line, shall completely level the ground and remove from the premises any excess earth, unless requested by Grantor or Grantor's resident ranch foreman in writing to leave same on the premises, and shall restore the land as nearly as practicable to its former condition. Said pipe line shall be buried a sufficient depth so as not to interfere with the cultivation of the soil.

4. During the maintenance and operation of said pipe line, Grantee shall use no bulldozers in keeping the easement cleared, and if necessary to clear said easement, shall use choppers for such purpose.
5. In connection with the operations of Grantee hereunder, Grantee agrees not to interfere with any improvements situated on the premises, including any sheds, tanks, dams, water wells, or structures.
6. Grantee agrees that no employee, agent, contractor, subcontractor or other person under Grantee's supervision or operating under a contract of any kind with Grantee, shall have in his possession firearms when on the premises, and no hunting or fishing shall be allowed.
7. Except for the temporary loss of the property mentioned in numbered paragraph 2 above, Grantee shall be liable for and pay Grantor all damages to crops, timber or to any of Grantor's property which may be injured or destroyed due to any operations conducted by or for Grantee, including, without limitation, injury to the land caused by explosions, fires or other event. Such liability shall exist whether or not Grantee, its agents, employees, contractors or sub-contractors were negligent in conducting any operation. Grantee itself shall be liable for any such destruction or damage, whether caused by its operations or the operations of any agent, employee, contractor or sub-contractor, regardless of whether any such party was acting as an independent contractor or not. Grantee agrees to indemnify and hold Grantor harmless against all claims for liability or damage to persons or property arising out of or in connection with any of Grantee's operations on or about the premises, regardless of

whether such claims result from the action of Grantee or from its agents, employees, contractors or sub-contractors, and without regard to whether any such parties were acting as independent contractors.

8. Should Grantee construct a road or roads in connection with this grant, then Grantor shall have the full right of use of said road for himself, his agents, employees or invitees, so long as they do not interfere with Grantee's operations, and should the easement herein granted be abandoned, such road shall become the property of Grantor.
9. Should any easements of any kind previously obtained by other parties cross the easement herein granted, then Grantee, prior to any interference with any such easement, agrees to obtain permission from the owner of such easement to cross same.
10. When and only when Grantee shall have paid to Grantor for each additional pipe line Grantee desires to construct on such easement the sum of One Dollar (\$1.00) per rod for the length thereof, plus the sum per rod for the length thereof stipulated in concurrent agreement between Grantor and Grantee, Grantee shall then have the right and is hereby granted the right to construct, maintain and operate on said right-of-way such additional pipe line for which such consideration has previously been paid, and Grantee shall, in such case, have the same rights with respect to any such line and appurtenances as are hereby granted it with the first line and appurtenances to be constructed, and the same obligations shall be assumed by Grantee with respect thereto.
11. The rights of Grantee hereunder shall be freely assignable, provided, however, that any Grantee acquiring any interest hereunder shall be required, before said assignment shall become effective in any way, to assume all of the burdens and obligations of Grantee contained in this agreement and conveyance.
12. Grantee may at any time, and upon permanent abandonment of said right-of-way and removal of all improvements constructed thereon, shall execute and record a reconveyance and release of all rights granted hereunder, whereupon this right-of-way and easement and all rights and privileges herein mutually granted shall be fully cancelled and terminated; provided, however, that in no event shall grantee be

released from liability for or on account of any claims for damages, nor from its indemnity agreement as herein contained, nor shall it be relieved of the obligation to restore the premises in accordance with the terms hereof. Should the easement and right-of-way herein granted not be used for any purpose herein conveyed for a period of as much as four (4) consecutive years, then it shall be conclusively presumed that said easement and right-of-way has been abandoned, and all rights, titles and interest herein conveyed shall in such case ipso facto terminate and revert to Grantor; provided, however, that any period of non-use because of war, national emergency or regulation or order of any governmental body shall not be counted in computing such period.

13. Grantor, for himself, his heirs, successors and legal representatives, agrees to warrant and forever defend the title to said easement herein conveyed unto the said Grantee, its successors and assigns against the lawful claims of all persons whosoever claiming or to claim the same or any part thereof by, through or under Grantor but not otherwise. In such connection it is understood and agreed that Grantor does not own the mineral rights in a portion of the lands covered by the easement herein conveyed, and any such outstanding mineral rights are excepted from such special warranty. It is agreed that in the event of default by Grantor, Grantee shall have the right to discharge or redeem for Grantor, in whole or in part, any mortgage, tax or other lien on said land and thereupon be subrogated to such lien only in the event Grantor was in fact in default in the payment or redemption of any such mortgage, tax or lien.

This agreement shall become effective only after it has been executed both by Grantor and Grantee.

WITNESS the execution hereof this 13th day of

March, 1956.

Roland Tracy, Trustee
Roland Tracy, Trustee

GRANTOR

EL PASO NATURAL GAS COMPANY

ATTEST:

A. C. Martin
Assistant Secretary

BY J. H. Williams
Vice President

STATE OF TEXAS
COUNTY OF HARRIS

This instrument was acknowledged before me this
13th day of March, 1956, by Roland Tracy, Trustee.

Minna K. Kerk
Notary Public in and for
Harris County, Texas

My Commission Expires:

June 1, 1957

STATE OF TEXAS
COUNTY OF W. Paso

This instrument was acknowledged before me this
25th day of April, 1956, by J. F. EICHELWAND
as Vice President of EL PASO NATURAL GAS COMPANY.

Martha D. Ivey
Notary Public in and for
W. Paso County, Texas

My Commission Expires:

MARTHA D. IVEY,
Notary Public in and for El Paso County, Texas
My Commission Expires June 1, 1957

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4.

When recorded return to:

Fatmanore Craig
6991 E. Camelback Road, #A-201
Scottsdale, Arizona 85251-2466
Attn: GTC



INSTRUMENT
OFFICIAL RECORDS DEPT
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
YAVAPAI TITLE CO.
DATE: 05/12/88 TIME: 16:05
FEE: 19.00
BOOK 2042 PAGE 614 PAGES: 019

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Bk		Mon				Pcl

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
POQUITO VALLEY

BOOK 2042 PAGE 614

DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS

FOR
PASQUITO VALLEY

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

This declaration of covenants, conditions and restrictions (the "Declaration") is made and entered into as of the 11th day of May, 1988, by Yavapai Title Company (the "Trustee"), as trustee under Trust No. 300 (the "Trust") in the records of the Trustee, and Poquito Valley Partnership, an Arizona general partnership ("Developer"), as beneficiary under the Trust.

RECITALS

A. Trustee holds fee title in trust to certain real property in Yavapai County, Arizona, described on Exhibit "A" hereto (the "Property"). Developer owns the beneficial interest in the Property as second beneficiary under the Trust.

B. Developer desires to develop the Property for sale and desires to establish covenants, conditions and restrictions applicable to the Property concerning the proper use, occupancy and enjoyment of the Property for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and enhancing the quality of life within the Property.

C. Developer plans, but is not required, to annex additional real property to the plan of covenants, conditions and restrictions originally imposed upon the Property.

NOW, THEREFORE, Declarant and Developer, for the purposes above set forth, declare that the Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, servitudes, reservations, easements, privileges and rights hereinafter set forth, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall inure to the benefit of each Owner thereof.

1. DEFINITIONS

Defined terms appear throughout this Declaration with the initial letter of such term capitalized. Unless the context clearly requires otherwise, the following terms used in this Declaration are defined as follows:

1.1 "Annexation Property" means the real property described on Exhibit "B" hereto.

1.2 "Condominium Unit" means a unit, together with any appurtenant interest in all common elements, which is created by a condominium declaration under the laws of the State of Arizona. This term shall not include a Rental Apartment.

1.3 "Declarant" means the above recited Declarant, its successors and assigns, while acting as trustee of the Trust or of a successor Trust.

1.4 "Developer" means the above recited Developer, its successors and assigns, or any Person to whom Developer's rights hereunder are hereafter assigned by recorded instrument, or any Mortgagee of Developer which acquires title to or succeeds to the interest of Developer in any portion of the Property by reason of the foreclosure (or conveyance in lieu of foreclosure) or trustee's sale under the Mortgage of said Mortgagee.

1.5 "Dwelling Unit" means any building or portion of a building or any mobile structure situated upon a Lot or Parcel, or a residential Condominium Unit, designed and intended for use and occupancy as a residence by a Single Family.

1.6 "Lot" means any area of the Property designated as a Lot on any subdivision plat recorded by or with the consent of Developer and any Condominium Unit within the Property. This term does not include a Rental Apartment.

1.7 "Mortgage" means any recorded, filed or otherwise perfected instrument, which is not a fraudulent conveyance under Arizona law, given in good faith and for valuable consideration as security for the performance of an obligation, including, but not limited to, a deed of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. "Mortgagee" means the holder of a note secured by a Mortgage, including the trustee and beneficiary under any deed of trust. "Mortgagor" means the party executing a Mortgage as obligor. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property. "First Mortgagee" means the holder of a First Mortgage.

1.8 "Occupant" means any Person, other than an Owner, in rightful possession of any portion of the Property, whether as a guest, tenant or otherwise.

1.9 "Owner" means the record owner, whether one or more Persons, of fee simple title, whether or not subject to any Mortgage, of any property which is a part of the Property, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation. In the event that fee simple title to any portion of the Property is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et. seq., legal title shall be deemed to be in the trustor. In the event that fee simple title to any portion of the Property is vested in a trustee of a dual beneficiary trust of the type customarily utilized in Arizona in place of a deed of trust or other security instrument, legal title shall be deemed to be in the second beneficiary.

1.10 "Parcel" means an area of real property within the Property consisting of 36 acres or more and identified by numerical designation on the Plat. A Parcel shall not include a Lot but, in the case of staged developments, shall include areas not yet included in a subdivision plat, condominium declaration or other recorded instrument creating Lots and related amenities.

1.11 "Person" means an individual, corporation, partnership, trustee or other entity capable of holding title to real property, and their respective heirs, personal representatives, successors and assigns.

1.12 "Plat" means the plat of survey recorded in Book 7 of Land Surveys at page 64 in the official records of Yavapai County, Arizona, and any supplements or amendments thereto including, but not limited to, the amended survey recorded in Book 8 of Land Surveys at page 1.

1.13 "Private Roads" and "Private Streets" are synonymous and mean any street, roadway, drive, sidewalk, walkway, path or other right-of-way within, or partly within, the Property made available to Owners generally but which has not expressly been dedicated to the public use.

1.14 "Property" means the real property described on Exhibit "A" hereto and any additional real property made subject to this Declaration by annexation pursuant to Section 7, but only after completion of such annexation, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto.

1.15 "Record" or "Recording" means an instrument of record in, or the act of recording an instrument with, the office of the County Recorder for Yavapai County, Arizona.

1.16 "Rental Apartments" means Dwelling Units within a permanent improvement consisting of commercially integrated Dwelling Units under single ownership upon one or more contiguous Lots or Parcels, each of which is designed and utilized, otherwise than as a hotel or on some other transient basis, for rental or leased residential purposes to nonowners on a non-cooperative basis. This term is intended to include rented or leased apartments in the typically regarded sense as of the date hereof, and it is not intended to include unusual or atypical arrangements or any arrangements whereby the Dwelling Unit Occupant is, directly or indirectly, an owner or beneficiary of ownership in his apartment or whereby he occupies his Dwelling Unit pursuant to some form of reciprocal use agreement, irrespective of whether any such arrangements may otherwise fall within the aforesaid definition.

1.17 "Single Family" means one or a group of more than one persons, each related to the other by blood, marriage or legal adoption.

1.18 "Supplemental Declaration" means a declaration of covenants, conditions, restrictions, servitudes, reservations and easements, or similar instrument, annexing additional real property to the Property and subjecting such real property to this Declaration as provided in Section 7.

2. PROPERTY SUBJECT TO DECLARATION

Developer intends to develop the Property by subdivision and otherwise into various Lots and Parcels and to develop and/or sell and convey such Lots and Parcels as portions of the Property are developed. Property which is not part of a Lot or Parcel and which is dedicated to the public or a governmental entity for public purposes shall not be subject to this Declara-

tion while owned by the public or the governmental entity, although restrictions imposed in this Declaration upon the Owners and Occupants concerning the use and maintenance of such public areas shall at all times apply to the Owners and Occupants. This Declaration is declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of the Property and is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property and every part thereof. All of this Declaration shall run with all Lots and Parcels for all purposes and shall be binding upon and inure to the benefit of Declarant, Developer, all Owners and Occupants and their successors in interest. Nothing in this Declaration shall be construed to prevent Developer from modifying development plans for the Property or any portions thereof not yet conveyed to another Person or from dedicating portions of the Property, including streets or roadways.

3. RIGHTS OF ENJOYMENT

No Owner may exempt himself, and no Owner shall be exempt, from personal responsibility hereunder or release any Lot or Parcel owned by him from the provisions of this Declaration by voluntary waiver of, or suspension or restriction of, the Owner's right to the use and enjoyment of or by abandonment of the Owner's Lot or Parcel.

4. PERMITTED USES AND RESTRICTIONS

The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Parcels, the Owners thereof, and all Occupants:

4.1 Violation of Law or Insurance. No Owner shall permit anything to be done or kept in or upon his Lot or Parcel which will result in the cancellation, or increase in premium, or reduction in coverage of insurance maintained by any other Owner or which would be in violation of any law.

4.2 Animals. No animals other than domestic farm animals and commonly accepted household pets may be kept, bred or maintained in any Lot or Parcel. In no event shall any animal be allowed to run free away from its owner's Lot or Parcel without a leash or other appropriate restraint, or conduct itself so as to create an unreasonable annoyance.

4.3 Nuisances; Construction Activities. No Owner shall permit or suffer anything to be done or kept about or within his Lot or Parcel, or on or about the Property, which will obstruct or interfere with the rights of other Owners, Occupants or Persons authorized, to the use and enjoyment of their Lots or Parcels, or annoy them by unreasonable noises or otherwise, nor shall an Owner commit or permit any nuisance or commit or suffer any illegal act to be committed therein or thereabout. Each Owner shall comply with the requirements of all health authorities and other governmental authorities having jurisdiction over the Property. Normal construction activities and parking in connection with the building of improvements on a Lot or Parcel shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots and Parcels shall be kept in a neat and tidy condition during construction periods.

and trash and debris shall not be permitted to accumulate. Construction of any Dwelling Unit on the Property must be completed within 12 months from its commencement.

4.4 Motor Vehicles. No motor vehicle shall be repaired, serviced or rebuilt in any Lot or Parcel except within an enclosed garage or other structure.

4.5 Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot or Parcel which in any manner will allow light to be directed or reflected unreasonably on any other Lot or Parcel.

4.6 Garbage. No garbage or trash shall be kept, maintained or contained in any Lot or Parcel so as to be visible from another Lot or Parcel except temporarily (and in no event more than one week), in appropriate containers for pickup. No incinerators shall be kept or maintained in any Lot or Parcel. No refuse pile, garbage or unsightly objects shall be allowed to be placed, accumulated or suffered to remain anywhere on a Lot or Parcel.

4.7 Mining. No portion of the Property shall be used in any manner to explore for or remove any oil or other hydrocarbons or minerals of any kind or earth substance of any kind.

4.8 Safe Condition. Without limiting any other provision in this Section 4, each Owner shall maintain and keep his Lot or Parcel at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Lots or Parcels.

4.9 Rental of Lots or Parcels. An Owner who leases or otherwise grants occupancy rights to his Lot or Parcel to any Person shall be responsible for assuring compliance by the Occupant with all of the provisions of this Declaration, as amended and supplemented from time to time, and shall be jointly and severally responsible for any violations by the Occupant thereof.

4.10 Temporary Occupancy and Temporary Buildings. Subject to the last sentence of Section 4.20 hereof, no basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

4.11 Maintenance of Lawns and Plantings. Each Owner of a Lot or Parcel shall keep all shrubs, trees, hedges, grass and plantings of every kind located on his Lot or Parcel, appropriately trimmed, shall keep all such areas properly cultivated and free of trash, uncontrolled weeds and other unsightly material and shall maintain all paved and concrete areas, including driveways, roadways and parking areas, in good condition and repair.

4.12 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or Parcel which shall induce, breed or harbor infectious plant disease or noxious insects.

4.13 Repair of Building. No building or structure on any Lot or Parcel shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then such building or structure shall be immediately repaired or rebuilt or shall be demolished and the Lot or Parcel upon which such improvements were located shall be cleared and restored to a presentable and safe condition.

4.14 Restriction on Further Subdivision, Compounds, Property Restrictions and Rezoning. No Lot or Parcel (other than Parcels 4A, 4B, 4C and 4D as shown on the Plat) shall be subdivided or separated into lots smaller than five acres by any Owner. In computing the area included within any such piece of property, the area of any easements or rights of way shall be included and the area of any abutting dedicated roadway shall be included to the extent that it was part of the Property or the Annexation Property on the date of this Declaration. No further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot or Parcel without the provisions thereof having been first approved in writing by Developer as long as Developer or Declarant owns any of the Property and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot or Parcel, and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the Lot or Parcel has been approved by Developer as long as Developer or Declarant owns any of the Property and the proposed use otherwise complies with this Declaration. An Owner may own more than one Lot which, if contiguous, may be combined into a single Lot with the consent of governmental authorities having jurisdiction.

4.15 Party Walls. The rights and duties of Owners with respect to party walls or fences between Lots, between Parcels and between Lots and Parcels shall be as follows:

(a) The Owners of contiguous Lots and/or Parcels who have a party wall or party fence shall both equally have the right to use such wall or fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(b) In the event that any party wall or party fence is damaged or destroyed through the act of an Owner or any Occupants, agents or guests of the Owner, or members of the Owner's family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the party wall or party fence without cost to the Owner of the adjoining Lot or Parcel.

(c) In the event any party wall or party fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, or any Occupants, agents or guests of the Owner or members of the Owner's family, it shall be the obligation of all Owners whose Lots or Parcels adjoin such party wall or party fence to rebuild and repair such wall or fence at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots or Parcels on the party wall or party fence.

(d) Notwithstanding anything to the contrary herein, there shall be no impairment of the structural integrity of any party wall or party fence without the prior consent of all Owners of any interest therein, whether by way of easement, fee or otherwise.

4.16 Utility Services. No lines, wires, or other services for the communication or transmission of electric current or power or electromagnetic impulses, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot or Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures.

4.17 Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot or Parcel shall be allowed to overhang or otherwise to encroach upon any Private Street from ground level to a height of eight feet.

4.18 Developer's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Developer, or its duly authorized agents, of structures, improvements or signs necessary or convenient to the development and sale or leasing of all or any portion(s) of the Property.

4.19 Mobile Structures. Any recreational vehicles, trailers or other mobile structures placed upon a Lot or Parcel for the purposes of residential occupancy shall have skirting or other appropriate materials placed around the bottom perimeter of the structure if the bottom surface of the structure does not rest on the ground so that wheels, suspensions, under carriages and similar portions of the structure are not visible.

4.20 Height and Size Limits. No structure on any Lot or Parcel shall have an elevation greater than 35 feet from the ground upon which it sits (or the natural elevation of the ground where the structure is located if the level of the ground has been raised by fill or other means from its natural state). No Dwelling Unit on any Lot or Parcel shall contain fewer than 720 square feet of livable space, except as provided in the following sentence. Mobile structures including, but not limited, to travel trailers, campers and similar vehicles containing less than 720 square feet of livable space may be used for occupancy purposes on the Property for no more than 30 days out of any 356 consecutive days.

4.21 Placement of Improvements. Except on Parcels 4A, 4B, 4C and 4D, no structures other than perimeter walls or fences (including corrals) may be erected or maintained upon any Lot or Parcel nearer than 60 feet to the property line of the Lot or Parcel. No more than two Dwelling Units may be placed upon any portion of the Property except Parcels 4A, 4B, 4C and 4D for each five contiguous acres (computed in accordance with Section 4.14 hereof) owned by an Owner.

4.22 Sanitary Facilities. No Dwelling Unit, except temporary mobile structures permitted under the last sentence of Section 4.20, shall be occupied prior to installation therein of operational water flush toilets and

sanitary facilities. All sanitary enclosures and facilities on lots or parcels shall be maintained in a safe and sanitary condition and in conformity with all applicable requirements of governmental authorities.

4.23 Swine. No swine may be raised, bred or kept on any portion of the Property for commercial purposes. Subject to the other provisions of this Declaration including, but not limited to, the second sentence of Section 4.2, and Sections 4.3 and 4.12, swine may be raised, bred and kept on the Property for other than commercial purposes so long as they are restricted to portions of the Property not less than 40 contiguous acres in size.

5. RIGHTS OF MORTGAGEES

5.1 No Personal Liability. Except as specifically provided in this Section 5, a First Mortgagee shall not in any case or manner be personally liable for the observance or performance of any covenant, restriction, or any provision of this Declaration except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money.

5.2 Enforcement After Foreclosure Sale. An action to abate the breach of any of the covenants, conditions, restrictions, servitudes and reservations in this Declaration may be brought against purchasers who have acquired title through foreclosure of a Mortgage and the subsequent foreclosure or trustee's sale (or through any equivalent proceedings), and the successors in interest to said purchasers, even though the breach existed prior to the time the purchaser acquired an interest in the Lot or Parcel.

5.3 Subject to Declaration. At the time a Mortgagee comes into possession of or becomes record Owner of a Lot or Parcel, the Mortgagee shall be subject to all of the terms and conditions of this Declaration in the same manner as any other Owner.

6. EASEMENTS

6.1 Blanket Easements and Utility Construction Easements. There is hereby created a blanket easement upon, across, over and under the Property for ingress and egress for installing, constructing, replacing, repairing, maintaining and operating all utilities (whether public or private), including, but not limited to, water, sewer, gas, telephone, electricity, cable, security systems, and communication lines and systems, and in addition thereto for the use of emergency vehicles of all types. By virtue of the easement, it shall be expressly permissible for Developer and its contractors and/or the providing utility company to construct and maintain the necessary facilities, wires, circuits, conduits, cables and related appurtenances, facilities and equipment on, above or below the surface of the Property and to enter upon said Property, including, but not limited to, the Lots and Parcels, to accomplish the foregoing.

6.2 Developer Easement. There is hereby created an affirmative, nonexclusive easement appurtenant to the Property and to those portions of the Annexation Property and any other property which, by amendment hereto, Developer specifies as benefited by this easement, for ingress, egress and the

Installation and maintenance of utilities and drainage facilities over all Private Streets, and for the right to go over, under and across, and to enter and remain upon all Private Streets for all purposes reasonably related to Developer's rights and obligations hereunder, and to the development, operation, maintenance, advertisement, sale, rental and use of the Property and any property which Developer specifies by amendment hereto as benefited hereby.

7. ANNEXATION OF ADDITIONAL PROPERTY

It is contemplated that additional real property will be annexed to and become subject to this Declaration as hereinafter set forth in this Section. Developer intends, but is not obligated, to annex some or all of the Annexation Property described on Exhibit "B." Developer may amend Exhibit "B" at any time to delete property described thereon from said Exhibit.

7.1 Annexations. Developer may elect to annex additional real property to this Declaration in increments of any size whatsoever, or to annex more than one such increment at any given time and in any given order. Although Developer shall have the ability to annex additional property as provided in this Section 7, Developer shall not be obligated to annex any property, and any such property shall not become subject to this Declaration unless and until a Supplemental Declaration shall have been recorded as herein provided, or at such later time as may be provided in the Supplemental Declaration.

7.2 Supplemental Declarations. A Supplemental Declaration shall be a writing in recordable form which annexes additional real property to the plan of this Declaration and which incorporates by reference all of the provisions of this Declaration and shall contain such other provisions as are set forth in this Declaration relating to Supplemental Declarations. Supplemental Declarations may contain such complementary additions and modifications of the provisions of this Declaration as may be necessary to reflect the different character, if any, of the property being annexed and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplemental Declaration revoke, modify or add to the covenants established by this Declaration with respect to the Property already subject to this Declaration.

7.3 Annexation Without Approval of other Owners. Additional property may be annexed to and become subject to this Declaration without the approval, assent or vote of any other Owner, provided that a Supplemental Declaration covering said property shall be recorded by Declarant (as trustee for Developer) or Developer. The recordation of such a Supplemental Declaration shall constitute and effectuate the annexation of the property described therein, unless a later effective date is specified in the Supplemental Declaration, making the real property subject to this Declaration and thereafter said real property shall be part of the Property for all intents and purposes of this Declaration and all of the Owners of Lots or Parcels in the annexed property shall automatically be Owners hereunder.

BDD-2042 PAGE 625

**8. EXEMPTION OF DECLARANT AND DEVELOPER FROM RESTRICTIONS;
DEVELOPER-VOTING RIGHTS**

Notwithstanding anything to the contrary in this Declaration, none of the covenants, conditions, restrictions, easements or other provisions in this Declaration shall be construed or deemed to limit or prohibit any act of Declarant (as trustee for Developer) or Developer, their employees, agents and contractors, or parties designated by them in connection with the construction, completion, sale or leasing of Lots or Parcels or the property described on Exhibit "B" hereto. Whenever a vote by Owners is required or permitted under this Declaration, Developer shall be entitled to five votes for each acre (or portion thereof) of the Property owned by Developer or by Declarant (as trustee for Developer) and all other Owners shall be entitled to one vote for each acre (or portion thereof) of the Property owned.

9. LIMITATION ON DEVELOPER'S LIABILITY

Notwithstanding anything to the contrary in this Declaration, each Owner, by accepting title to any portion of the Property and becoming an Owner, acknowledges and agrees that neither Developer (including, but not limited to, any assignee of the interest of Developer hereunder) nor any partner in Developer (or any partner or shareholder in any such assignee) shall have any personal liability to any Owner or other Person arising under, in connection with, or resulting from (including without limitation resulting from action or failure to act with respect to) this Declaration except, in the case of Developer (or its assignee), to the extent of its interest in the Property; and, in the event of a judgment, no execution or other action shall be sought or brought thereon against any other assets, nor be a lien upon such other assets, of the judgment debtor.

10. TERM; TERMINATION

This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect until January 1, 2088, and thereafter shall continue for consecutive periods of 25 years each, unless there is an affirmative vote, not more than 360 days prior to the date otherwise scheduled for commencement of the next extension of the term of this Declaration, to terminate this Declaration by Owners holding title to a majority of the Property acreage at a duly held meeting of the Owners, or without any meeting if all Owners have been duly notified and if a similar majority consent in writing to such termination within said 360-day period. This Declaration may be terminated at any time upon a vote in favor of termination by Owners holding 90% of the Property acreage at a duly held meeting of the Owners for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period of 180 days prior to such vote to 180 days after such vote, from the holders of recorded First Mortgages on 75% of the Lots and Parcels upon which there are such recorded First Mortgages. If the necessary votes and consents are obtained, there shall be recorded with the County Recorder of Yavapai County, Arizona, and/or other appropriate governmental offices, a Certificate of Termination, duly signed by the requisite

Owners and Mortgagees, with their signatures notarized. Thereupon, this Declaration, as of the date the next extension of the term hereof would otherwise have commenced, shall have no further force and effect.

11. AMENDMENT

11.1 Amendment to Declaration. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided in this Declaration, any proposed amendment must be approved by Owners holding title to a majority of the Property acreage. Amendments may be adopted at a duly held meeting of the Owners upon the affirmative vote of the required majority, or without any meeting if all Owners have been duly notified and the necessary majority consent to such amendment in writing. Once properly adopted, an amendment shall be effective upon recording, or at such later date as may be specified in the amendment.

11.2 Effect of Amendment. It is specifically covenanted and agreed that any amendment to this Declaration properly adopted will be completely effective to amend any and all provisions of this Declaration which may be affected and any or all clauses of this Declaration, unless otherwise specifically provided in the Section being amended or the amendment itself.

11.3 Required Approvals. Notwithstanding the foregoing provisions of this Section 11, so long as Developer or Declarant owns any portion of the Property, this Declaration may not be amended by the Owners without the written consent of Developer, which may be withheld for any reason in the sole and absolute discretion of Developer.

12. GENERAL PROVISIONS

12.1 Captions and Exhibits; Construction. Captions given to various Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. Any exhibits referred to herein are incorporated as though fully set forth where such reference is made. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property as hereinabove set forth.

12.2 Severability. If any provision of this Declaration or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances, shall not be affected thereby, and the remainder of this Declaration shall be construed as if such invalid part were never included therein.

12.3 Rule Against Perpetuities. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until 21 years after the death of the survivor of the now living descendants of United States Senators Dennis DeConcini and John McCain.

12.4 Mortgage of Lots and Parcels. Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages for his respective Lot or Parcel. No Owner shall have the right or authority to make or create or cause to be made or created any Mortgage, or other lien or security interest or affecting the Property or any part thereof, except only to the extent of his Lot or Parcel.

12.5 Gender. Masculine, feminine and neuter references herein each shall include the others as the context requires.

12.6 Governmental Requirements. The provisions of this Declaration are in addition to and supplement any applicable requirements of governmental authorities. In the event of a conflict between the terms of this Declaration and the requirements of governmental authorities, the requirements of governmental authorities shall control.

13. DEVELOPER'S DISCLAIMER OF REPRESENTATIONS;
NO COVENANTS OR RESTRICTIONS

13.1 Developer's Disclaimer of Representations. Notwithstanding anything to the contrary in this Declaration, Developer makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Project can or will be carried out, or that any land now owned or hereafter acquired by Developer is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

13.2 No Express or Implied Covenants or Restrictions. Nothing in this Declaration shall create, or be deemed to create, any express or implied covenants or restrictions with respect to any real property, including without limitation the property described on Exhibit "B" hereto, not annexed hereto in the manner provided herein.

IN WITNESS WHEREOF, Declarant and Developer have caused this Declaration to be duly executed.

YAVAPAI TITLE COMPANY,
AS TRUSTEE UNDER TRUST NO. 300

By

Its

Frank A. Kelly
President

300-2042 PAGE 628

EXHIBIT A

Description of the Property.

Parcels 4A, 4B, & C in Section 35, Parcels 5-12 in Section 26, Parcels 13-20 in Section 23, parcels 21-28 in Section 14, Parcels 29-36 in Section 11, and Parcels 37-44 in Section 2, all situated within Township 15 North, Range 1 West, Gila and Salt River Base and Meridian, Yavapai County, Arizona as depicted on that certain plat of survey recorded in Book 7 of Land Surveys at page 64 in the official records of Yavapai County, Arizona, and as there better described by that certain amended plat of survey recorded in Book 8 of Land Surveys at page 1.

EXHIBIT B

Description of the Annexation Property

All real property in Township 16 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

All real property in Sections 2, 11, 14, 23 and 35 of Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, except those portions described in the foregoing Exhibit "A."

When recorded, return to:

Fennemore Craig
6991 E. Camelback Road, Suite A-201
Scottsdale, Arizona 85251
Attn: George T. Cole



INSTRUMENT # 8929209
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
FENNEMORE CRAIG
DATE: 08/10/89 TIME: 10:35
FEE: 12.00
BOOK 2172 PAGE 863 PAGES: 012

AMENDMENT
TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
POQUITO VALLEY

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	Bk		Map				Pcl

This amendment to declaration of covenants, conditions and restrictions (the "Amendment") is made and entered into as of the 12th day of July, 1989, by the undersigned.

RECITALS

A. On May 12, 1988, a declaration of covenants, conditions and restrictions for Poquito Valley (the "Declaration") was recorded as Instrument No. 88-16805 in Book 2042, at Page 614, of the official records of Yavapai County, Arizona. The Declaration established rights and restrictions applicable to the real property (the "Property") in Yavapai County, Arizona, described in the Declaration and initially subjected to it.

B. Section 11 of the Declaration authorizes amendment of the Declaration by Owners holding title to a majority of the acreage of the Property.

C. The undersigned constitute Owners of more than a majority of the Property acreage and they desire to amend the Declaration to provide for larger minimum lot size, larger minimum residence size and to allow for certain commercial uses of the Property.

DECLARATIONS

NOW, THEREFORE, the undersigned hereby declare, covenant and agree as follows:

1. Except as expressly modified by this Amendment, the Declaration shall remain in full force and effect.

2. Defined terms appear in this Amendment with the first letter of each word in the term capitalized. Unless otherwise provided in this Amendment, defined terms shall have the meanings given to them in the Declaration.

3. The first sentence of Section 4.2 of the Declaration is hereby amended to provide as follows:

"No animals other than domestic farm animals and commonly accepted household pets may be kept, bred or maintained in any Lot or Parcel except that reasonable numbers of cows, horses and sheep may be kept, bred or maintained for commercial purposes in any Lot or Parcel in Section 23 or Section 26 of Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, subject to the provisions hereof including, but not limited to, the second sentence of this Section 4.2, and Sections 4.3 and 4.12."

4. The first sentence of Section 4.14 of the Declaration is hereby amended to provide as follows:

"No Lot or Parcel (other than Parcels 4A, 4B, 4C and 4D as shown on the Plat) shall be subdivided or separated into lots smaller than five acres by any Owner and no Lot or Parcel in Section 23 or Section 26 of Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian shall be subdivided or separated into lots smaller than ten acres by any Owner prior to May 10, 2003."

5. Section 4.20 of the Declaration is hereby amended to provide as follows:

"4.20 Height and Size Limits. No structure on any Lot or Parcel shall have an elevation greater than 35 feet from the ground upon which it sits (or the natural elevation of the ground where the structure is located if the level of the ground has been raised by fill or other means from its natural state). No Dwelling Unit on any Lot or Parcel in Section 23 or Section 26 of Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian shall contain fewer than 1,100 square feet of livable space and no Dwelling Unit on any Lot or Parcel elsewhere in the Property shall contain fewer than 720 square feet of livable space, both except as provided below in this Section. Mobile structures including, but not limited, to travel trailers, campers and similar vehicles containing less than 720 square feet of livable space may be used for occupancy purposes on the Property for no more than 30 days out of any 365 consecutive days. In Section 23 and Section 26, a second Dwelling Unit of less than 1,100 square feet may be placed on any Lot or Parcel provided

that any such Dwelling Unit has not less than 720 square feet. Each Dwelling Unit in Section 23 and Section 26 shall have an attached garage or carport which is not included in the minimum size measurement."

6. This Amendment shall become effective upon recording in the official records of Yavapai County, Arizona.

YAVAPAI TITLE COMPANY,
As Trustee Under Trust No. 300

By Frank B. Kelly
Its President

POQUITO VALLEY PARTNERSHIP,
an Arizona general partnership, as
beneficiary of Trust No. 300

By Marston K. Holben
Marston K. Holben
Its General Partner

By Marion M. Holben
Marion M. Holben
Its General Partner

By Mary Catherine Ball
Mary Catherine Ball
Its General Partner

By William L. Ball
William L. Ball
Its General Partner

STATE OF ARIZONA)
) ss.
County of Yavapai)

SEAL

The foregoing instrument was acknowledged before me this 20th day of July, 1989, by Frank B. Kelly, the President of Yavapai Title Company, Trustee under Trust No. 300, on behalf of the Trust.

Shirley A. Spence
Notary Public

My Commission Expires:

2-18-93

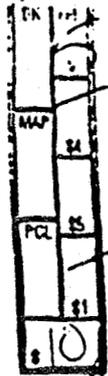
REC-2172 INE 865

When recorded, return to:

M. C. Ball
P.O. Box 2466
Prescott, AZ 86302



INSTRUMENT : 9519105
OFFICIAL RECORDS OF
YAVAPAI COUNTY
MARGO W. CARSON
REQUEST OF
YAVAPAI-COCONINO TITLE COMPANY
DATE: 04/17/95 TIME: 15:20
FEE: 5.00 SC 4.00 PT 1.00
BOOK 3000 PAGE 896 PAGES 004



**SECOND AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
POQUITO VALLEY**

This Second Amendment to Declaration of Covenants, Conditions and Restrictions (the "Amendment") is made and entered into as of the 17th day of April, 1995, by the undersigned.

RECITALS

A. On May 12, 1988, a Declaration of Covenants, Conditions and Restrictions for Poquito Valley (the "Declaration") was recorded as Instrument No. 88-16805 in Book 2042, at Page 614, of the official records of Yavapai County, Arizona, which Declaration was amended by that Amendment dated July 12, 1989, recorded as Instrument No. 89-29209 in Book 2172, at Page 863, of the official records of Yavapai County, Arizona (the "Amendment"). The Declaration established rights and restrictions applicable to the real property (the "Property") in Yavapai County, Arizona, described in the Declaration and initially subjected to it.

B. The Declaration authorizes amendment of the Declaration by Owners holding a majority of the votes with voting conducted in accordance with Section 8 and 11 thereof.

C. The undersigned constitute Owners of more than a majority of the votes as set forth in Section 8 of the Declaration and they desire to amend the Declaration as set forth below to allow subdivision and lots sales as allowed by zoning of the Town of Prescott Valley.

DECLARATIONS

NOW, THEREFORE, the undersigned hereby declare, covenant and agreed as follows:

1. Except as expressly modified by this Second Amendment, the Declaration and the Amendment shall remain in full force and effect.

BOOK 3000 PAGE 896

2. Defined terms appear in this Second Amendment with the first letter of each word in the term capitalized. Unless otherwise provided in this Second Amendment, defined terms shall have the meanings given to them in the Declaration.

3. Section 4.14, as set forth in the original Declaration and the Amendment, is hereby deleted in its entirety and replaced with the following:

No further subdivision or rezoning of the Property shall be done on the Property except in compliance with the zoning and subdivision ordinance of the Town of Prescott Valley or Yavapai County, whichever is applicable. This Amendment specifically confirms and acknowledges the rezoning and subdivision densities as allowed in the rezoning of portions of the Property as set forth in Zoning Ordinance No. 354 of the Town of Prescott Valley and specifically authorizes the uses and densities as set forth in such Zoning Ordinance.

4. Section 4.20 of the Declaration is hereby amended and restated as follows:

Any existing structure on any Parcel or Lot in compliance with the Declaration or the Amendment thereto at the time it was installed is hereby grandfathered. No structure on any Lot or Parcel shall have an elevation greater than 35 feet from the ground upon which it sits (or the natural elevation of the ground where the structure is located if the level of the ground has been raised by fill or other means from its natural state). No Dwelling Unit on any Lot or Parcel in Section 23 or Section 26 of Township 15 North, Range 1 West of the Gila and Sal River Base and Meridian shall contain fewer than 1,100 square feet of livable space and no Dwelling Unit on any Lot or Parcel elsewhere (outside Sections 23 and 26) in the Property shall contain fewer than 1,000 square feet of livable space, both except as provided below in this Section. Mobile structures including, but not limited to, travel trailers, campers and similar vehicles containing less than 1,000 square feet of livable space may be used for occupancy purposes on the Property for no more than 30 days out of any 365 consecutive days. In Section 23 and Section 26, a second Dwelling Unit of less than 1,100 feet may be placed on any Lot or Parcel provided that any such Dwelling Unit has not less than 1,000 square feet. Each Dwelling Unit in Section 23 and Section 26 shall have an attached garage or carport which is not included in the minimum size measurement. No mobile home or manufactured home may be installed on any Lot or Parcel which, at the time of installation, is more than seven (7) years old.

5. Section 4.21 shall be amended and restated as follows:

Except on parcels 4(A), 4(B), 4(C) and 4(D), no structures other than perimeter walls or fences (including corrals) may be erected or maintained upon any Lot or Parcel nearer than sixty (60) feet to the property line of the Lot or Parcel. Except as set forth in an approved subdivision plat or approved site development for multi-family housing approved by the Town of Prescott Valley in accordance with approved zoning, no parcel may have on it more than two (2) Dwelling Units for each contiguous five (5) acres owned by any single owner.

This Second Amendment shall be effective upon recording in the official records of Yavapai County, Arizona.

DATED this 17th day of April, 1995.

Yavapai-Coconino Title Agency, Inc.
As Trustee under Trust No. 300

By: Mark Cheney
Its: President

Poquito Valley Partnership
an Arizona general partnership,
as Beneficiary of Trust No. 300

By: Mary Catherine Ball
Mary Catherine Ball
Its: General Partner

By: William L. Ball
William L. Ball
Its: General Partner

5.

January 10, 2000
CENTER FOR CUSTOMER EXPERIENCE
TELEPHONE NUMBER: 1-888-849-9369

U S WEST
COMMUNICATIONS ©

ERNIE THOMPSON
P O BOX 27016
PRESCOTT, AZ 86314

Order: N12472424

Anticipated TN: 520 772-3059

We regret that U S WEST Communications, Inc. (U S WEST)*, is temporarily unable to supply you with telephone service. There are currently no facilities available to service your location. However, U S WEST has a program for qualified ** customers, which offers options while primary service is delayed.

• **The Basic Service Installation Charge Bill Credit**

A bill credit of \$46.50 for residence and \$56.00 for business customers will be applied to the account after primary service is connected.

• **Remote Call Forwarding, also known as Market Expansion Line**

Transfers incoming calls to the number of your choice. It immediately establishes the telephone number, provides a directory listing and the ability to place calls using a U S WEST Calling Card.

If your service is delayed for more than 30 days, you will receive one of the following options. (Your eligibility for these programs begins on the 31st day. (It is NOT retroactive):

BASIC SERVICE BILL CREDIT

If you do not choose the Wireless Subsidy Program, you will receive a credit for the monthly basic service rate (\$13.18 for residence and \$32.78 for business) for each month or partial month that your primary service is delayed beyond 30 days. This credit will be applied to your account after your primary service is connected.

• **WIRELESS SUBSIDY PAYMENT PROGRAM**

U S WEST will provide Wireless subsidy payment of \$150.00 if your primary service is held for over 30 days (it is not retroactive). On the 61st day, if your order is still delayed, you will receive an additional \$150.00 subsidy payment and every 30 days thereafter until your service is installed. To qualify for these payments you must subscribe to a wireless service. Please see more information under "Qualified customer definition" on the following page.

NOTE: Those subscribers previously furnished with special equipment, which provided wireless telephone service (also referred to as Interim Service Solution/Qualcom) may continue to use that special equipment in lieu of converting or switching to the wireless voucher program.

** **Qualified customer - Definition**

- Must be delayed more than 30 days after application date.
- **Your eligibility begins on the 31st day and is not retroactive.**
- Residential Wireless Subsidy does not apply if there is other residential service at that address.
- Only the 1st residence line at a residence location or the 1st business lines at a business location that is held for company reasons are eligible.
- Must be living at or conducting business at the service address.
- Must have permanent power at the service address.
- Order must be held for U S WEST reasons
- Order is not qualified for subsidy if delayed for construction charges and or agreements not met from either the customer or their developer.

Following the guidelines for qualified customers electing to participate in the U S WEST Wireless Subsidy Payment Program:

- A. Contact the wireless provider of choice and negotiate the type of service desired, including wireless telephone equipment, billing plan, long distance service, etc. It may be beneficial to advise the wireless company that you are requesting service in connection with the U S WEST Wireless Subsidy Payment Program.
- B. Once wireless service has been obtained, a subsidy payment of \$150.00 will be provided for every 30-day increment after the qualification date. Any additional costs are your responsibility. The Wireless Subsidy Payment Program is intended to offset the cost of limited communication for essential needs.
- C. Please note that IRS regulations require US WEST to send you a form 1099 if you are a non- incorporated business customer AND the payments amount to MORE THAN \$600.00 in a calendar year.
- D. The wireless service *MUST* be billed in the same name as the U S WEST service.
- E. You are not required to purchase wireless service from any particular wireless provider in order to receive the U S WEST wireless subsidy payment. You are, however, responsible for dealing directly with the wireless service provider and will be subject to the terms and conditions of the wireless provider.
- F. Once you have signed up with a wireless provider, complete the attached Wireless Subsidy Payment Program Signature Form and follow the instructions on how to send in the information. Payments will start once we have received the completed form and verify qualifications. The payments will continue, as long as you remain qualified, or until service is provided.
- G. If your wireless provider has any questions, the provider may call us at 1 888-849-9369 (toll free).
- H. U S WEST will notify you when your primary service becomes available. You are responsible for terminating your wireless service. Once your primary service is connected you will no longer receive a wireless subsidy payment. If you choose to maintain wireless service, you will be responsible for ALL costs for the wireless service
- I. Customers must maintain their land line service for at least the number of months that the subsidy payments were provided. Customers who disconnect the land line service for which the subsidy payments were made, may be required to repay the total amount of wireless payments received.

*** WHAT U S WEST COMMUNICATIONS WILL NOT REIMBURSE YOU FOR:**

- A. Any wireless payments prior to your 31st day.
- B. Any previous wireless payments you may have made.
- C. Any charges billed to you by a long distance carrier.
- D. Any charges you incur exceeding the monthly reimbursement.
- E. Any wireless service you may choose to keep after your primary service line telephone service is ready.
- F. Penalties for early termination of a wireless lease agreement.
- G. If you have a wireless lease agreement in place at the time your primary service becomes available, U S WEST Communications will NOT reimburse you for charges you incur during the remainder of the lease.
- H. Non-Refundable deposits requested by wireless companies.
- I. The cost of a wireless telephone or other equipment.

REMINDER

If you choose the Wireless Subsidy Payment Program, the enclosed form must be completed and faxed or mailed to U S WEST before payments begin. To insure prompt payments and maximum benefits, please respond within 30 days of receiving this letter.

All credits will be applied to your account after primary service is connected. If you would like to arrange for Remote Call Forwarding and/or Voice Messaging Service, or have any other questions, please call us at 1-888-849-9369. (Toll free).

Cordially,

CENTER FOR CUSTOMER EXPERIENCE
TELEPHONE NUMBER: 1-888-849-9369

6.



January 26, 2000

Ernie Thompson
P.O Box 27016
Prescott Valley, AZ 86314

Dear Ernie Thompson:

On December 2, 1999 US WEST Communications received an application for telephone service from you. It has been determined that you are located in open territory which means you are outside US WESTS franchised service area. US WEST chooses not to provide facilities outside of its serving area and as a result your order for telephone service will be cancelled as of January 26, 2000.

If you have any questions, please call 602-665-2497.

Sincerely,

A handwritten signature in cursive script that reads "Valerie Finn".

Service Order Consultant
Center for Delayed Orders

7.

Statement of Fact

To: The Arizona Corporation Commission
CC: Qwest, Complainants & All interested parties
From: The Skipper Family
Date: 09/08/02
Re: Out of exchange boundary telephone service.

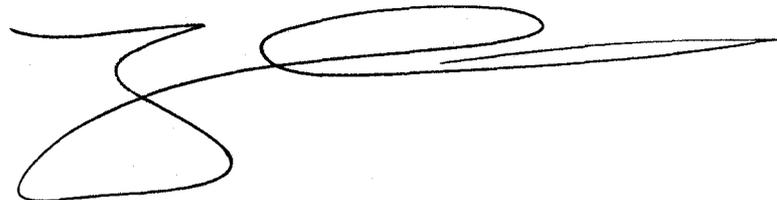
Telephone Service for Lot 103-01-195H

On or around July of 1999 we requested telephone service for our home. Service was denied do to the fact we were out of the exchange boundaries.

We contacted Qwest and talked to a gentleman by the name of John Smith. John Smith was the Supervisor of installation and repair for the Prescott area.

John Smith gave us the go ahead to trench and lay cable to the service area. After installing the cable, a technician by the name of Steve Pomaroy hooked up our service.

We have had continuous service with Qwest since that time.

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a long horizontal line that ends in a small loop.

Cassandra Hernandez

P. O. Box 25165
Prescott Valley, AZ 86312

928-775-7464

September 11, 2002

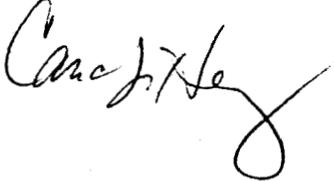
To whom it may concern,

This letter is to explain how we came about having a phone line at 7095 E. Esteem Way in Poquito Valley.

July of 2001 when we moved here we were informed that we lived out of Qwest territory. No house north of us would ever have a land line provided by Qwest. I was then told by the engineering department in Prescott Valley that if we purchased the piece of property directly south of us that was the only way we would be able to have a phone line. We tried many times to understand why we were being denied the service with which our neighbors down the way have. So in January of this year we purchased the property just south of us. We trenched and laid the line from the property line to our home.

It has been a frustrating process to have a basic service which can be very important for many reasons such as safety and business. So many people rely on a phone to make a living which is the reason we were so determined to have a landline.

Cassandra Hernandez



Statement of Fact

To: The Arizona Corporation Commission
CC: Qwest, Complainants & All interested parties
From: The Chavez Family
Date: 09/08/02
Re: Out of exchange boundary telephone service.

Telephone Service for Lot 103-01-195G

On or around April of 2002 we purchased our home from the Dunn Family. Service was already established at our new home. All we had to do was call in for a change of Number and billing.

We have had continuous service with Qwest since that time.

Jon Clef
9-8-02

Statement of Fact

To: The Arizona Corporation Commission
CC: Qwest, Complainants & All interested parties
From: The Dunn Family
Date: 09/08/02
Re: Out of exchange boundary telephone service.

Telephone Service for Lot 103-01-195G

On or around March of 1999 we requested telephone service for our home. Service was denied do to the fact we were out of the exchange boundaries.

We contacted Qwest and talked to a gentleman by the name of John Smith. John Smith was the Supervisor of installation and repair for the Prescott area.

John Smith gave us the go ahead to trench and lay cable to the service area. After installing the cable, a technician by the name of Steve Pomaroy hooked up our service.

We had continuous service with Qwest since that time, until recently when we sold our home.

Joseph Paul Dunn

To whom it may concern!

I'm writing this letter for Troy and Tracey Denton, who live next door to me -

My name is Frank Lehman. I moved to Poquitos Valley approx. four years ago, at that time, there was nothing out here, I contracted with a local "real estate co. to install underground power and telephone, I was told by US West that they would not service this section at that time, there was not enough homes to warrant these services.

At the time I was installing the underground I went ahead and installed my own underground telephone cable to the closest telephone box and to my house.

I called ~~US~~ West and ordered service, at that time I was the only house at the end of the line and there was an extra line in the box, fortunately I was connected up.

Since then this area has grown a lot, and now people need phone service.

Sincerely Frank Lehman

8.



Keep

**BUYERS CLOSING STATEMENT
Pre-Audit**

Buyer: **ERNEST W. THOMPSON JR.
SHERRY J. THOMPSON**

Escrow No: **05970557-550 KKM**
Close Date: **12/10/1997**
Proration Date:
Date Prepared: **12/10/1997**

Property: **Prescott Valley, AZ 86314**

Description	Debit	Credit
Total Consideration	\$23,250.00	
Deposit/Earnest Money		5,000.00
NEW AND EXISTING ENCUMBRANCES:		
Seller Carryback from PHONECHEK		17,450.00
RECORDING FEES:		
Recording Fees to Yavapai-Coconino Title Agency	30.00	
ADDITIONAL CHARGES:		
Collection Set-up Fee to Yavapai-Coconino Title Agency	25.00	
Tax Service Fee to Fidelity Tax Service	57.00	
PRORATIONS AND ADJUSTMENTS:		
County Taxes From 12/10/97 To 01/01/98 Based on the Annual amount of \$66.54		4.01
ESCROW AND TITLE CHARGES:		
Escrow Fee to Yavapai-Coconino Title Agency	106.00	
Lenders Policy to Yavapai-Coconino Title Agency	50.00	
Sub Totals	23,522.01	22,450.00
Balance Due From Buyer		1,072.01
Totals	\$23,522.01	\$23,522.01

ERNEST W. THOMPSON JR.

SHERRY J. THOMPSON

8088 E. Highway 69 - Prescott Valley, AZ 86314 - Phone (520) 772-8546

Documents deposited with Yavapai-Coconino Title Agency, hereinafter called "YCT", will be held in safekeeping by YCT for the mutual benefit of the account Payee and Payor.

Payments cannot be credited to your account until they are received by our payment processing office and will not be credited as postmarked.

Payments processed by YCT will be deemed to have been paid to Payee as of the date processed by YCT so long as Payor's checks are honored by Payor's bank.

Payments processed by YCT in excess of the payments then due will be applied first to the payments due and the balance as additional principal, unless otherwise instructed. YCT will accept all prepayments unless the account documents specifically prohibit such prepayments.

Monthly payments will be applied in monthly order, regardless of date processed, unless otherwise instructed by Payee and Payor. Interest calculations will be on the basis of a 30 day month interest calculations will be on the basis of a 360 day year.

Late charges and penalties, (set forth in documents) if deductible from payment received, will be handled without charge. All other late charges or penalties will be assessed, only if the Payee, upon receipt of specific payments, advises YCT in writing of the amount to be demanded with Payor's next payment by reason of said payment. Any additional service fees, chargeable because of failure of Payor to perform according to the document terms or these terms and conditions, will be paid or reimbursed to Payee upon demand, by Payor. YCT will forward said demands to the Payor and request amount demanded by Payee, together with YCT's fee, to be paid with Payor's next payment.

If applicable, it is the responsibility of the Payee to advise Account Servicing Agent when the payment is at least 30 days past due and interest at the default rate is to be charged. The parties understand that YCT has a special handling work charge each time this default rate is charged. The fee shall be paid by the parties on the same basis as the regular account servicing fee.

YCT, at its sole option, may require cash, cashier's check or certified check from Payor, or present Payor's checks for proper bank clearance prior to any disbursements. Failure of YCT to present any Payor check for bank clearance is not a waiver of Payee's or Payor's obligation to reimburse YCT. The Payee agrees to refund any YCT disbursements made to Payee or for the benefit of Payee's obligations in the event any Payor check is subsequently dishonored. A fee will be assessed Payor for any check returned for insufficient funds.

Payments to YCT will include Payor's share of regular account service fees and any additional fees or amounts due, including a separate fee charge for each check issued. In the case of payments received without such fees, YCT, at its sole option, may either return the payments to Payor or deduct said fees from such payments and apply the balance on the account.

YCT is authorized to deliver the account documents to the Payor and/or record the documents to finalize the transaction upon payment in full of the account obligation. YCT is hereby granted an irrevocable power of attorney by the Payee and Payor for the sole purpose of executing and recording any necessary documents to complete the transaction.

Documents may be withdrawn and account terminated with payment of fees and mutual instructions from the Payee and Payor, provided however the Payee may withdraw any Note(s), Mortgage(s), of Deed(s) of Trust any time without prior notice to Payor or other parties.

YCT, at its sole election, may resign as Servicing Agent upon 30 days written notice through regular mail to Payee, Payor and any other party shown by notices deposited in YCT account file, send to the last address for each party in YCT's records.

Payee and Payor, and each of them, promise to pay promptly, and to indemnify and hold harmless YCT as Servicing Agent, against all costs, damages, attorney's fees, expenses and liabilities which, in good faith and without fault on its part, it may incur or sustain in connection with servicing the account and in connection with any court action arising therefrom, including any interpleader action brought by YCT, except as caused by the gross negligence of YCT. YCT will have a lien on funds and/or property and authority to reimburse itself for any expenses or damages incurred, which YCT may enforce by offset against said account or otherwise.

YCT, at its sole election, may refuse to conduct forfeiture by notice or to cancel an account, even though the documents provide for cancellation through forfeiture by notice or otherwise.

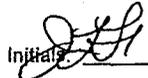
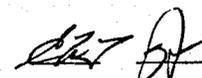
Transfers of a Payor's or Payee's interest in an account will be noted on YCT's records, provided YCT has received adequate documentation regarding the transfer, any replacement documents needed by YCT to service the account, together with YCT's fees. YCT's acceptance of documents shall not be construed as assurance by YCT as to the effect or validity thereof.

A reserve account may be established with YCT under special Reserve Account instructions; otherwise, any insurance or tax obligations will be the sole responsibility of the account Payee and Payor.

YCT will provide annually to the Payor a statement reflecting the total principal and interest applied. All disbursements will have the application of payment on the check voucher.

The addresses of the parties, as set forth in the Servicing Instructions, or the last notice of change thereof delivered in writing to YCT by the respective parties will be used by YCT in mailing any Notice, Demand, or Declaration.

Modifications, amendments and/or instructions must be in writing, in a form acceptable to YCT.

Initials  _____  _____

(Page 2 of 4)

Payee and Payor agree to be bound by the following terms and conditions in connection with Notes, Mortgages, Agreements for Sale and Deeds of Trust:

NOTES AND MORTGAGES:

If a deferred balance is represented by a Note secured by a Realty Mortgage, the original documents shall be deposited with the Collection or Account Servicing Agent, together with a Satisfaction of said Mortgage, executed and acknowledged by the Mortgagee, to be held for delivery to the Mortgagor upon full payment of the Note. The Mortgagee further agrees that if, for any reason, it has not delivered a Satisfaction of Mortgage to the Account Servicing Agent, that such Agent, upon full payment of the Note, is hereby authorized, as Mortgagees Agent, to mark the Note paid in full and canceled and to execute and record a Satisfaction of said Mortgage.

If a Note and Mortgage have, as aforesaid, been deposited with the Collection or Account Servicing Agent, the Mortgagee shall have the right to withdraw the Note and Mortgage, or any modification thereof, at any time, without prior Notice, upon demand and upon the payment of the fees and charges due to the Account Servicing Agent, and thereupon the Collection Account and the Servicing Agreement shall be terminated.

AGREEMENTS FOR SALE (CONTRACTS):

Should any part of the amount to be paid by the Purchaser be evidenced by an Agreement For Sale (Contract), an executed and acknowledged copy thereof, the deed herein provided to be furnished by Seller, and such other instruments and documents as Escrow Agent may, in its sole judgment, require will be delivered by Seller and Purchaser to Escrow Agent who shall record said Agreement for Sale (Contract) and, in its capacity as Account Servicing Agent, hold said deed until such time as all sums due for the account of Seller under said Agreement For Sale (Contract) have been paid and the instructions herein and under the Account Servicing Agreement, if any, have been complied with, at which time the Account Servicing Agent shall deliver said deed to the Purchaser.

If the purchaser is in default under such Agreement For Sale (Contract), Seller may elect to pursue any remedy granted either by the said Agreement (Contract) or by law or to enforce a forfeiture of the Purchaser's interest (or, where applicable, institute Judicial Foreclosure), in the manner and under the terms and provisions set forth in Sections 33-741 to 33-749 inclusive, Arizona Revised Statutes.

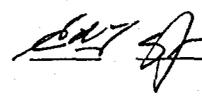
If Seller elects to forfeit the Purchaser's interest in the Agreement For Sale (Contract), in the manner provided by said Arizona Revised Statutes, Seller shall do so through the Account Servicing Agent by the delivery of written instructions to so act, together with such Agent's established fees for services rendered in connection with forfeitures (such fees shall be the Purchaser's obligation and shall be included in the amounts required to be paid in order to reinstate the Agreement), and by the execution and delivery of all instruments and documents required by said Agent. Should the Purchaser, or any other person, fail to timely comply with the terms of the Notice of Election to Forfeit, Seller may elect to complete the forfeiture either by Judicial Process (Section 33-744, A.R.S.) or by Notice (Section 33-745, A.R.S.).

DEEDS OF TRUST:

If a deferred balance is represented by a Note secured by a Deed of Trust, the original documents shall be deposited with the Collection or Account Servicing Agent, together with written instructions to the Trustee, under said Deed of Trust, to execute and deliver a full Deed of Release and Reconveyance to the Trustor upon full payment of the Note. The Beneficiary further agrees that if, for any reason, it has not delivered such written instructions to the Account Servicing Agent, said Agent, upon full payment of the Note, is hereby authorized as Beneficiary's Agent, to instruct the Trustee to mark the Note paid and the Deed of Trust canceled and to execute and record a full Deed of Release and Reconveyance.

If a Note and Deed of Trust have, as aforesaid, been deposited with the Collection or Account Servicing Agent, the Beneficiary shall have the right to withdraw the Note and Deed of Trust, or any modification thereof, at any time (unless Trustee's Sale Proceedings have been instituted), without prior Notice, upon demand and upon the payment of the fees and charges due to the Account Servicing Agent, and thereupon the Collection Account and the Servicing Agreement shall be terminated.

In the event of default by the Trustor under the said Deed of Trust, and if Yavapai Title Company is the designated Trustee thereunder, Beneficiary may instruct the Account Servicing Agent to deliver the necessary instruments to the Trustee and to institute Trustee's Sale Proceedings. The Trustee shall conduct such proceedings in the manner provided by the laws of the State of Arizona and under the terms and provisions of the said Note and Deed of Trust. The parties agree to pay the Trustee's fee and charges as set forth in the Account Servicing Agreement and in the latest published Trustee's Sale Fee Schedule.

Initials:  _____  _____
(Page 3 of 4)

YAVAPAI-COCONINO TITLE AGENCY, INC.

"Where Excellence is a Tradition"

122 N. Cortez Street, Suite #317

P.O. Box 2019

Prescott, AZ 86302

Phone: 520-771-6556 FAX: 520-771-6555

SCHEDULE OF ACCOUNT SERVICE FEES

Effective January 15, 1997

Collection Set-Up Fee (In-House Escrow)	\$ 50.00
Collection Set-Up Fee (Collection Only)	\$ 150.00
Impound Account Set-Up Fee - Additional on New or Existing Account	\$ 75.00
Annual Service Charge	\$ 72.00
PAYABLE: Monthly (\$6.00) Quarterly (\$16.00) Semi-Annual (\$36.00)	
Special Handling of account (monthly \$6.00) (Interest adjustments, payment changes, etc.)	\$ 72.00
Additional Payees - Annually (\$3.00 Monthly)	\$ 36.00
Impound Account - Annually \$6.00 Monthly	\$ 72.00
Payor Concurrent obligation (payments accepted along with Our Payment)	\$ 36.00
Closing or Termination of Account	\$ 50.00
Reconveyance Fee (With or Without Collection)	\$ 50.00
Partial Release of Property from an Agreement, Mortgage, or Deed of Trust	\$ 75.00
Status/Payoff Statement Fee	\$ 50.00
Assumption/Assignment Fee	\$ 50.00
Assignment of Funds (Acceptance)	\$ 50.00
Direct Assignment of Grantor's, Grantee's, Mortgagee's, Mortgagor's, Trustor's, Beneficiary's Interest in Account	\$ 60.00
Modification in Terms of Account	\$ 75.00
Change Payor/Payee (Name Change Only)	\$ 25.00
Add and Demand (Taxes, Insurance, or Assessments)	\$ 50.00
Strict Performance Fee (Agreement or Deed of Trust)	\$ 50.00
Copy of cancelled checks (charge for each check)	\$ 5.00
Charge for Returned Checks (per account affected)	\$ 25.00
Payment Advices (\$5.00 monthly)	\$ 60.00
Automatic Late Notices (twice monthly)	\$ 24.00
Amortization Schedules (Collection Account)	\$ 5.00
Amortization Schedules (Non-Collection Account)	\$ 10.00
Notice of Automatic Deposit (\$1.00 monthly)	\$ 12.00
Replacement of Payment Coupon Book	\$ 5.00

Note: Trustee Sale fee schedule available upon request

UNUSUAL CIRCUMSTANCES NOT LISTED ABOVE WILL BE CHARGED AT THE RATE OF \$50.00 PER EMPLOYEE HOUR.

ALL FEES SUBJECT TO CHANGE WITHOUT NOTICE

The Account Servicing Fees herein are abstracted from the Rate Schedule filed with the Director of Insurance of the State of Arizona as required by Article 4, Chapter 2, Title 20, Arizona Revised Statutes.

Initialed:  _____

Recorded at the Request of
YAVAPAI-COCONINO TITLE AGENCY, INC.

When Recorded Mail To:
YCTA Account Servicing Dept.
P.O. Box 2019
Prescott, Arizona 86302

05970557-KKM

DEED OF TRUST AND ASSIGNMENT OF RENTS

December 10, 1997

TRUSTOR:

ERNEST W. THOMPSON JR. and SHERRY J. THOMPSON, Husband and Wife, as Joint Tenants With Right Of Survivorship

Whose mailing address is 7618 W. Turney Ave., Phoenix, AZ 85033-2426

TRUSTEE:

YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona corporation

whose mailing address is P.O. Box 2019, Prescott, Arizona 86302

BENEFICIARY:

PHONECHEK LLC, an Arizona Limited Liability Company

whose mailing address is 4816 N. 34th Place, Phoenix, AZ 85018

Property situate in the County of YAVAPAI, State of Arizona, as described as follows:

See Exhibit A attached hereto and made a part hereof.

Together with all buildings, improvements and fixtures thereon or hereinafter erected thereon.
Street address if any, or identifiable location of this property:
Prescott Valley, AZ 86314

THIS DEED OF TRUST, made on the above date by, between and among the TRUSTOR, TRUSTEE and BENEFICIARY above named.

WITNESSETH: That Trustor hereby irrevocably grants, conveys, transfers and assigns to the Trustee in Trust, with Power of Sale, the above described real property (the Trust Property), together with leases, issues, profits, or income therefrom (all of which are hereinafter called "property income"): SUBJECT, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such property income; AND SUBJECT TO: SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF:

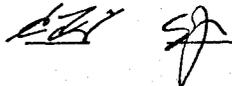
FOR THE PURPOSE OF SECURING:

- A. Payment of the indebtedness in the principal sum of \$17,450.00 evidenced by a Promissory Note or Notes of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of Beneficiary or order.
- B. Payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a Promissory Note or Notes reciting that they are secured by a Deed of Trust.
- C.
- D. Performance of each agreement of Trustor herein contained.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. To keep said property in good condition and repair; not to remove or demolish any building, thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violation of law; and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

Initials:

 _____

2. To provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary and Trustee, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

4. To pay: before delinquent, all taxes and assessments affecting said property; when due, all encumbrances, charges, and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Partial Release and Partial Reconveyance or Deed of Release and full Reconveyance, and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay his reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Deed of Trust or at the legal rate if it secures a contract or contracts other than a promissory note or notes. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or immediately due and payable at option of Beneficiary or Trustee.

IT IS MUTUALLY AGREED:

6. That any award of damages in connection with any condemnation or any such taking, or for injury to the property by reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and the ownership thereof subject to this Deed of Trust), and upon receipt of such moneys Beneficiary may hold the same as such further security, or apply or release the same in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

7. That time is of the essence of this Deed of Trust, and that by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

8. That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note(s) for endorsement, and without liability therefor, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making and recording, or either, of any map or plat of the property or any part thereof; (c) join in granting any easement thereon; (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance, or charge hereof.

9. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note(s) to Trustee for cancellation, and upon payment of its fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

Initials:

AS

JF

11. That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of election to cause to be sold said property under this Deed of Trust. Beneficiary also shall deposit with Trustee this deed of Trust, said note(s), and all documents evidencing expenditures secured hereby.

Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law, subject to the statutory rights of reinstatement, the Trustee shall sell, in the manner required by law, said property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale and reasonable attorney's fees, Trustee shall apply the proceeds of sale to payment of: All sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. 33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any balance due hereunder.

In lieu of sale pursuant to the power of sale conferred hereby, this Deed of Trust may be foreclosed in the same manner provided by law for the foreclosure of mortgages on real property. Beneficiary shall also have all other rights and remedies available him hereunder and at law or in equity. All rights and remedies shall be cumulative.

12. That Beneficiary may appoint a successor Trustee in the manner prescribed by law. A successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers, and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Trustor, by registered or certified mail, and by recordation of a Notice of Resignation of Trustee in the office of the County Recorder in each County in which trust property or some part thereof is situated.

13. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder of the note(s) secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural.

14. That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

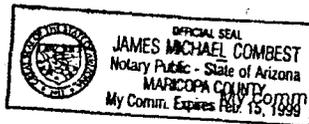
The undersigned Trustor requests that a copy of any notice of Trustee's sale hereunder be mailed to him at his address hereinbefore set forth.

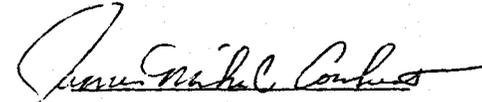

ERNEST W. THOMPSON JR.


SHERRY J. THOMPSON

STATE OF ARIZONA }
County of Maricopa }
ss

Trustor
Trustor
This instrument was acknowledged before me this 10th day
of Dec, 19 97 by ERNEST W. THOMPSON
JR. and SHERRY J. THOMPSON




Notary Public

STATE OF ARIZONA }
County of _____ }
ss

Trustor
Trustor
This instrument was acknowledged before me this _____ day
of _____, 19 _____ by

My commission will expire _____

Notary Public

Exhibit A

All that portion of Lot 29, POQUITO VALLEY, as recorded in Book 8 of Land Surveys, page 6, Yavapai County Recorder's Office, all in Section 11, Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Southwest corner of Lot 29, marked with a two-inch aluminum cap stamped G.E.T.L.;

thence North 00°07'48" West, 330.98 feet, along the West line of Lot 29 to a one-half inch rebar;

thence North 89°56'18" East (record North 89°56'16" East), 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 00°08'55" West, 331.02 feet;

thence North 89°56'16" East, 263.23 feet;

thence South 00°08'42" East, 331.03 feet;

thence South 89°56'18" West, 263.21 feet to the TRUE POINT OF BEGINNING.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found upon or under said lands as reserved in Book 192 of Deeds, page 415.

RESERVING AND EXCEPT 1/2 of all oil, gas and minerals upon or under the above described lands (except lands on and under which the oil, gas, coal and other minerals have been heretofore reserved by Santa Fe Pacific Railroad Company) as reserved in Deed recorded in Book 115 of Official Records, pages 577-580.

RESERVING AND EXCEPTING all remaining oil, gas and minerals upon or under the above described land (except land on and under which the oil, gas, coal and other minerals have been heretofore reserved) as reserved in Book 1772 of Official Records, page 713.

TOGETHER WITH AND RESERVING unto the Grantor, their heirs and assigns a 50 foot roadway and public utilities easement running parallel with, 25.00 feet on each side of the following described line:

BEGINNING at the Southwest corner of Lot 29, North 00°09'48" West, 330.98 feet;

thence North 89°56'16" East, 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 89°56'16" East, 789.64 feet to the end of this easement.

ADDENDUM TO DEED OF TRUST
(WRAP)

Escrow No.: 05970557

TRUSTOR guarantees and affirms that the real property which is the subject of the Deed of Trust and Assignment of Rents is now free from equities, trusts or encumbrances made or suffered by or known to TRUSTOR:

EXCEPTING HOWEVER, the lien of that certain DEED OF TRUST executed by

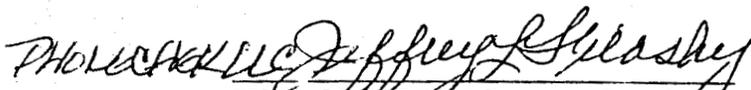
RULON LARSEN, an unmarried man, as TRUSTOR,

YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona corporation, as TRUSTEE and

JAMES R. CALLISON, an unmarried man, as BENEFICIARY,

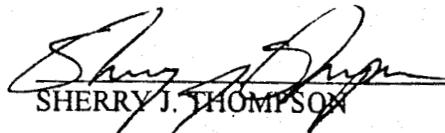
dated April 9, 1996 and appearing of record in the office of the County Recorder of Yavapai County, Arizona in Book 3206 of Official Records, page 517, which Deed of Trust is prior to the lien of the within DEED OF TRUST AND ASSIGNMENT OF RENTS. Notwithstanding anything herein contained to the contrary, as between TRUSTOR AND BENEFICIARY the foregoing prior encumbrance(s) shall be and remain the obligation of BENEFICIARY herein. BENEFICIARY shall pay, or cause to be paid all payments due hereunder the prior encumbrance(s) when due and cause the same to be discharged in full on or before the date upon which the TRUSTOR shall have discharged the deferred balance hereunder, including any advances made by beneficiary. Sections 3 and 4 of this DEED OF TRUST AND ASSIGNMENT OF RENTS shall not be applicable to the foregoing prior encumbrance.

DATED: December 10, 1997


PHONECHECK LLC Beneficiary
BY: JEFFREY L. FILASKY, Manager


ERNEST W. THOMPSON, JR. Trustor

Beneficiary


SHERRY J. THOMPSON Trustor



YAVAPAI-COCONINO TITLE AGENCY

"Where Excellence is a Tradition" - Since 1963

CLOSING LETTER

December 16, 1997

Escrow No. :05970557KKM

ERNEST W. THOMPSON JR.
SHERRY J. THOMPSON
7618 W. Turney Ave.
Phoenix, AZ 85033-2426

We have now closed the above referenced escrow. The following items indicated with a are yours to keep. Please examine everything carefully. If a check is enclosed, please negotiate that check immediately. These papers should be kept in a safe place for future reference since some of them cannot be replaced.

- Escrow Settlement Statement Closing Amended
- Escrow Instructions
- Note Copy Original Cancelled
- Deed of Trust/Mortgage Copy Original Cancelled
- Deed Copy Original to follow from County Recorder's Office
- Account Servicing Agreement
- Payment Coupons Coupon Booklet to follow from Account Servicing Department
- Manner of Payment Letter
- Title Policy to follow from our Title Department
- Social Security form
- Tax proration information
- Amortization schedule

We would like to thank you for the opportunity of serving you and hope that you will contact us again for your escrow and title needs.

Very truly yours,

Ella Weckerle for
Kathy Mountain
Escrow Officer



BUYERS CLOSING STATEMENT
Final

Buyer: **ERNEST W. THOMPSON JR.
SHERRY J. THOMPSON**

Escrow No: **05970557-550 KKM**
Close Date: **12/16/1997**
Proration Date:
Date Prepared: **12/16/1997**

Property: **Prescott Valley, AZ 86314**

Description	Debit	Credit
Total Consideration	\$23,250.00	
Deposit/Earnest Money		5,000.00
NEW AND EXISTING ENCUMBRANCES:		
Seller Carryback from PHONECHEK		17,450.00
RECORDING FEES:		
Recording Fees to Yavapai-Coconino Title Agency	30.00	
ADDITIONAL CHARGES:		
Collection Set-up Fee to Yavapai-Coconino Title Agency	25.00	
Tax Service Fee to Fidelity Tax Service	57.00	
PRORATIONS AND ADJUSTMENTS:		
County Taxes From 12/10/97 To 01/01/98	4.01	
Based on the Annual amount of \$66.54		
Buyers closing funds		1,072.01
ESCROW AND TITLE CHARGES:		
Escrow Fee to Yavapai-Coconino Title Agency	106.00	
Lenders Policy to Yavapai-Coconino Title Agency	50.00	
Sub Totals	23,522.01	23,522.01
Totals	\$23,522.01	\$23,522.01

ESCROW INSTRUCTIONS TO:



Yavapai-Coconino
Title Agency
"WHERE EXCELLENCE IS A TRADITION"

8088 E. Highway 69
Prescott Valley, AZ 86314
(520) 772-8546
Fax: (520) 772-0409

Escrow Officer: Kathy Mountain

Escrow No. 05970557-550-KKM

Date: December 4, 1997

PHONECHEK LLC, an Arizona Limited Liability Company

(herein called Seller) whose address is 4816 N. 34th Place, Phoenix, AZ 85018

ERNEST W. THOMPSON JR. and SHERRY J. THOMPSON, Husband and Wife, as Joint Tenants With Right Of Survivorship

(herein called Buyer) whose address is 7618 W. Turney Ave., Phoenix, AZ 85033-2426

hereby employ Yavapai - Coconino Title Agency to Act as Escrow Agent in connection with a sale of the following described property situated in YAVAPAI County, Arizona, by Seller to Buyer upon the following terms and conditions which shall be complied with by said parties on or before 12/10/1997 or as soon thereafter as possible unless a demand for cancellation has been made on Escrow Agent as herein provided:

SEE LEGAL ATTACHED HERETO:

Which Seller represents to be: Prescott Valley, AZ 86314

Tax Parcel No

		Items checked thus <input checked="" type="checkbox"/> are the obligation which each party will pay.	SELLER	BUYER
PURCHASE PRICE to be paid by Buyer	\$ 23,250.00	TAXES 1997 & prior	X	
Which is represented by:		1998 & future		X
EARNEST MONEY TO BE DEPOSITED	\$ 5,000.00	IMPROVEMENT LIEN ASSESSMENTS		
IN ESCROW Check herewith acknowledged		Seller to pay in full, if any	X	
CASH PAYMENT TO BE DEPOSITED	\$ 800.00	Proposed and Future		X
IN ESCROW		HOMEOWNER ASSESSMENTS, if any		
ENCUMBRANCE OF RECORD with approximate balance of	\$	HOA Transfer Fee, if any		
loan # Buyer to begin		HAZARD INSURANCE		
with next installment due after close of escrow.		TAX SERVICE CONTRACT ON CARRYBACK		
ENCUMBRANCE OF RECORD with approximate balance of	\$	Prorate Date: close of escrow if item is checked		
loan # Buyer to begin		<input checked="" type="checkbox"/> Taxes: on the basis of the 1997 Tax Figure	X	X
with		<input type="checkbox"/> Improvement Lien Assessments:		
Any variation in the amount of Encumbrance(s) shall be reflected in the: cash payment <input type="checkbox"/> deferred balance <input type="checkbox"/> purchase price <input type="checkbox"/> .		<input type="checkbox"/> Irrigation Assessments.		
Any reserve funds (impound account) held under said encumbrance shall be:		<input type="checkbox"/> Hazard Insurance Premiums		
<input type="checkbox"/> Refunded to Seller by Buyer at close		<input type="checkbox"/> Mortgage Insurance Premiums		
<input type="checkbox"/> Transferred to Buyer gratis <input type="checkbox"/> None		<input type="checkbox"/> Interest (Existing Encumbrances)		
		<input type="checkbox"/> Rents		
		<input type="checkbox"/> Homeowner's Association Fees		
		RECORDING FEES:		
		Deed		X
		Encumbrance		X
		Agreement		
BALANCE OF	\$ 17,450.00	Release of Encumbrance, if any		
Evidenced by Note and Deed of Trust payable as follows:		Affidavit of Value	X	
		BROKER'S COMMISSION \$	X	
		or % of Sales Price		
		to The Richardson Group		
		(BY SEPARATE AGREEMENT)		
		ESCROW CHARGES	X	X
		TITLE INSURANCE CHARGES:		
		Owner's Policy	X	
		Lender's Policy		X
		COLLECTION SETUP FEE	X	X
		COLLECTION SERVICE CHARGE	X	X
		TERMITE INSPECTION and treatment		
		if necessary, shall be in accordance with purchase contract, or		

If this box is checked, the 13 day cancellation provisions contained in paragraph 12, section (a), are hereby deleted based on the purchase contract between the parties.

Proration of taxes, paving, other special assessments and irrigation assessments are to be made on a calendar year basis. Taxes to be calculated upon the amount shown on the last available County Treasurer's bill unless otherwise specified. If a Bill of Sale is required as a part of this transaction, it must be provided to Escrow Agent by Seller. If provided, it will be delivered to Buyer at the close of escrow. Escrow Agent assumes no liability as to the sufficiency of said Bill of Sale or Seller's failure to delivered one to Escrow Agent prior to the close of escrow.

YAVAPAI - COCONINO TITLE AGENCY WILL HAVE NO LIABILITY IN CONNECTION HEREWITH UNTIL SUCH TIME AS THESE INSTRUCTIONS HAVE BEEN EXECUTED BY BOTH SELLER AND BUYER AND THEY ARE DEPOSITED WITH AND ACCEPTED BY ESCROW AGENT.

Initials: [Signature] (Page 1 of 4) Initials: [Signature]

SELLER AND BUYER:

1. AGREE that they will deposit with Escrow Agent all documents, all funds, and do or cause to be done all other things necessary to enable it to comply with the terms of these instructions; authorize Escrow Agent to deliver or record said documents at the appropriate time; direct that all monies payable hereunder shall be paid in United States Dollars to the Escrow Agent, unless otherwise specified, and that upon receipt the Escrow Agent shall deposit such funds in a general (non interest bearing) escrow account in a financial institution (Funds Depository) doing business in the State of Arizona. As required by Arizona Revised Statutes, notice is hereby given that there is no State or Federal insurance against loss from fraud or theft for monies deposited in an escrow account, and Seller and Buyer have closing protection in the form provided in ARS 6-841.02 if this is a residential transaction. It is understood that Escrow Agent may make beneficial use of the funds deposited in this escrow for services rendered by the Funds Depository. Escrow Agent shall not be liable for any loss or impairment of funds so deposited in any such bank, savings bank or savings institution resulting from the failure, insolvency or suspension of such institution, and authorize Escrow Agent to pay from funds held the amounts necessary to procure the documents and to pay charges and obligations necessary to consummate this transaction and to pay the balance of the funds to the Seller; authorize Escrow Agent to execute, on their behalf, form assignments or otherwise order changes in any insurance called for herein, except title insurance, and to forward policies to insurer's agent with the request that insurer consent to such transfer, attach loss payable clause or make such other additions or corrections as may be specifically required herein, and that such Agent thereafter return such policies to the Escrow Agent or to the parties entitled thereto; Agree that in every transaction in which underlying encumbrances of any kind are to remain the obligation of the Seller or are to be assumed by the Buyer, the Escrow Agent shall request relevant information from the holder or holders thereof, and the Escrow Agent is hereby authorized to act upon any statement furnished by a holder of said encumbrance, lien, charge or assessment in connection with the subject property, without liability or responsibility to the Escrow Agent for the accuracy thereof, relieve Escrow Agent of any liability as to any errors or omission by the Seller or the Buyer as to statements furnished hereunder, representations made and/or the condition of the property, grant to Escrow Agent the right to execute, on behalf of the Seller herein, the Affidavit of Value, using the total consideration for the established value, unless instructed by the Seller to the contrary, and agree that all proratations shall be made on a 365 day calendar year basis.

2. AGREE that no amendment to these Escrow Instructions shall be of any effect until made in writing, signed by all parties and delivered to and accepted by the Escrow Agent. No notice or demand shall be of any effect unless made in writing, signed by the party making the notice or demand and presented to Escrow Agent. These Escrow Instructions and any amendments hereto, as provided above shall constitute the entire agreement between the Escrow Agent and the parties hereto, notwithstanding the provisions of any purchase contract or other agreement between the parties, whether oral or written.

3. AGREE that disbursement of any funds may be made by check of Escrow Agent; that Escrow Agent shall be under no obligation to disburse any funds represented by check or draft, and no check or draft shall be payment to Escrow Agent in compliance with any of the requirements hereof, until it is advised by the Bank in which it is deposited that such check or draft has been honored; and agree to pay Escrow Agent upon demand, all charges payable by them respectively, as provided herein.

4. AGREE to pay to Escrow Agent, upon demand, all escrow fees and charges payable by them respectively, as set forth in these instructions and as contained in the Escrow Agent's latest published schedule of fees and charges, including any additional fees and charges for extraordinary services, which fees and charges, unless otherwise provided in writing, shall be paid one-half by the Seller and one-half by the Buyer.

5. DIRECT that when these instructions have been complied with and a title insurer approved to do business in the State of Arizona is willing to issue its Title Insurance Policy or Policies, as hereinafter provided, and when Escrow Agent's charges have been paid, it shall deliver, by filing for record, in the appropriate public office, all necessary documents required to be filed or recorded, the recording date of which will be the "Close of Escrow" date, and by the delivery, by regular United States Mail or otherwise of any other papers or documents, at which time Escrow Agent shall disburse all funds paid to it hereunder, as provided herein, unless otherwise instructed in writing, and shall issue the policy or policies of Title Insurance.

6. AGREE that the Escrow Agent may destroy its file or files, and the contents thereof, after three (3) years from Close of Escrow, that no action against Escrow Agent shall be commenced more than three (3) years from the date the cause of action accrues; and that the employment of Yavapai - Coconino Title Agency, as Escrow Agent, shall not affect any rights to which it or the Title Insurer may be subrogated under the terms of any Title Insurance Policy issued pursuant to these Escrow Instructions.

7. AUTHORIZE Escrow Agent, in the event of any conflicting demands made upon it concerning these instruments, this escrow or any resulting collection account, at its election, to hold any money and any documents deposited hereunder until it receives mutual instructions by all parties or until a final judgment is entered in a Court of competent jurisdiction which determines the rights of all parties. In the alternative, Escrow Agent may, at its discretion, at any time, commence a civil action to interplead any conflicting demands in a Court of competent jurisdiction. Deposit with the Court by the Escrow Agent of all documents and funds (after deducting therefrom its charge and its expenses and attorneys fees incurred in connection with any such Court action concerning this escrow) shall relieve Escrow Agent of all further liability and responsibility.

8. AGREE that they will, jointly and severally, indemnify and save harmless Escrow Agent against all costs, damages, attorney's fees, expenses and liabilities, which it may incur or sustain in connection with these instructions, including, but not limited to, any interpleader action filed by the Escrow Agent.

9. GRANT to Escrow Agent a lien upon and authority to reimburse itself for all its charges hereunder and for all damages or expense which it may incur or sustain in connection with this escrow on and from all of the rights, title and interest of either the Seller, the Buyer, or both, in the documents and money held hereunder or otherwise held by the Escrow Agent.

10. AGREE that the day established within which compliance with any requirements must be met shall end at the close of then regularly established public business hours of Escrow Agent for that day, provided, however, that should the Escrow Agent be closed for all or any portion of that day, any such requirement may be met at any time during normal business hours on the next succeeding business day.

11. AGREE AND DIRECT that if Escrow Agent is unable or unwilling to comply with these instructions for any reason, other than cancellation as hereinafter provided, or if the Title Insurer is unwilling to issue any Title Insurance Policy or Policies provided for herein, all documents and all funds, less Escrow Agent's charges payable by the respective parties, shall be returned to the party or parties who deposited them, and thereafter the Escrow Agent shall have no further duty, responsibility or liability in connection with this escrow or these instructions. Mutually executed instruments shall be retained by the Escrow Agent, pending normal file destruction.

DEMAND FOR PERFORMANCE OR CANCELLATION

12. AGREE that if either party elects to cancel these instructions because of the failure of the other party to comply with any of the terms hereof within the time limits provided herein, said party so electing to cancel shall deliver to Escrow Agent a written Notice directed to the other party and to Escrow Agent: (a) Demanding that said other party comply with the terms hereof within thirteen (13) days from and after the date of the receipt of said Notice by the Escrow Agent or that this escrow shall thereupon be immediately canceled, without further notice. Provided, that receipt by Escrow Agent of the requisite items by United States Mail, after the aforesaid date but in an envelope or package postmarked on or before the last day for compliance, shall be considered as having been timely received. If the other party fails to comply with (a) above, these escrow instructions shall be canceled; and (b) if any stated contingencies in the Purchase Contract or as stated herein are not fulfilled, or if a mutual cancellation agreement is executed, then Escrow Agent shall:

(1) Pay, the party electing to cancel, any earnest money deposited, less any charges incurred in connection with this escrow, and pay all other monies to the party or parties who made the deposit or caused the same to be made; and

(2) Return all documents which had been deposited to the party or parties who delivered them, except documents executed by both Seller and Buyer and/or which have been prepared by Escrow Agent, which shall be retained in the files of the Escrow Agent.

If, under these instructions, a commission is to be paid to a Real Estate Broker, then, notwithstanding any printed conflicting provisions herein contained:

(i) The party obligated to pay the commission shall not acquiesce in any mutual cancellation of these instructions without having first delivered said Real Estate Broker's written consent to Escrow Agent, and

(ii) Upon the cancellation of these instructions for any reason, should any funds, after deducting Escrow Agent's charges, become payable to a party obligated hereunder to pay said commission, then Escrow Agent shall pay to the Real Estate broker therefrom a sum equal to one-half of the earnest money, but not more than the full amount of the commission.

However, the provisions of this paragraph are subject to paragraph seven(7) above.

13. AGREE that any written Notice or Demand, deposited with Escrow Agent directed to the other party as provided above, shall, within three (3) days after the receipt thereof, be sent by Escrow Agent, to the other party by enclosing a copy of said Notice or Demand in an envelope addressed to the other party at the address shown on the face of these instructions, or to such other address that has been forwarded to the Escrow Agent in writing, or if no address is shown, to the other party, in care of General Delivery, at the City in which the office of the Escrow Agent for this escrow is located, and by depositing said envelope with the proper postage affixed in the United States Mail. The depositing of said Notice or Demand as set out above shall be sufficient notice and no further notice shall be required.

Initials

[Handwritten Initials]

(Page 3 of 4) Initials

[Handwritten Initials]

14. DIRECT that, notwithstanding any other provisions herein, Escrow Agent is hereby instructed that any payment or monies due to the Seller in connection with this transaction shall not be accepted unless said payment is tendered in cash, Certified or Cashier's Check, or money order. Personal checks are not to be accepted as payment unless approved by the party seeking cancellation.

15. Buyer and Seller hereby agree that in order to reissue a check on any checks remaining uncashed after six months from the date of issuance a charge of \$25.00 will be made by Yavapai-Coconino Title Agency and said reissued check will be made in like amount as the first less the \$25.00 service charge. Also, Buyer and Seller hereby agree that any check which has not been presented for encashment after a period of one year or any funds left on deposit due to a dispute, shall be subject to a monthly service charge of \$25.00 by Yavapai-Coconino Title Agency, until the entire sum of said check or funds has been exhausted by paying said monthly service charge. (Said charges are regularly imposed per ARS Sections 44-305 B and 44-306 C.)

COLLECTION SERVICES:

16. If there is a deferred balance created hereunder from Buyer to Seller then, unless otherwise provided, the Seller and Buyer hereby appoint Yavapai - Coconino Title Agency, as the Collection or Account Servicing Agent, and hereby agree to the terms and conditions of and to pay the fees provided in the Account Servicing Agreement to be executed by the parties hereto.

17. The Payee under such collection account hereby agrees to refund to the Account Servicing Agent any remittance made to the Payee in reliance on a check or draft which is subsequently dishonored by the financial institution upon which it is drawn.

TITLE INSURANCE - CONDITIONS AND LIMITATIONS:

18. The Title Insurance provided for herein shall be subject to the conditions of and evidenced by the Commitment For Title Insurance to be issued by a title insurer approved to do business in the State of Arizona, with a limit of liability not to exceed actual amounts to be paid by the Buyer or actual loan amounts. The policies, upon issuance, shall insure against loss by reason of defects in the title to the property, as set forth in said Commitment, on the date of the filing or recording for record of the documents as provided for therein. The Title insurance provided for herein, unless otherwise specified in writing, shall be the Standard Coverage form of Title Insurance Policy issued by a title insurer approved to do business in the State of Arizona. The parties hereto should make their own investigation of the following matters, as neither nor the Escrow Agent nor the title insurer attempts to investigate them and assumes no liability therefor, except as may be provided in specific types of title insurance coverage (examine carefully your Commitment For Title Insurance), to wit:

- (a) Personal Property Taxes;
- (b) Utility charges, such as electric, gas, water and sewer;
- (c) Boundary Lines, location of improvements and possession;
- (d) Unrecorded Mechanic's and Materialmen's liens;
- (e) Compliance with limitations on the use of the property, such as zoning and building ordinances and building and other restrictions;
- (f) Premiums and assignability or effectiveness of fire insurance policies provided for herein (it is your obligation to determine that such premiums are paid and that such policies are in effect);
- (g) Reservations and exceptions in Patents, such, for example, as oil or mineral reservations;
- (h) Proposed improvement district or assessments, not yet liens;
- (i) Assessments of Councils of Co-owners or Homeowners' Association;
- (j) Transfer of Personal Property;
- (k) Title Risks: *That are created, allowed or agreed to by you; or *That are known to you, but not to us on the policy date unless they appear in the public record; or *That result in no loss to you;
- (l) Water Rights or claims or title to water.

SELLER AND BUYER ALSO AGREE:

- A. That these instructions can be executed in any number of counterparts and that together such counterparts shall be considered as a complete, executed document.
- B. That escrow agent may accept these, or other instructions, with facsimile signatures from either party and such facsimile instructions shall be considered contractually binding between the parties whether or not the originals are received by escrow agent.
- C. To indemnify and hold harmless escrow agent from any action arising from the acceptance by escrow agent of the counterpart or facsimile instructions.

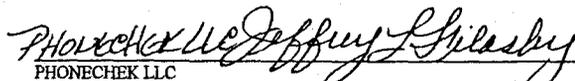
NOTICE OF RIGHT TO EARN INTEREST ON DEPOSITED FUNDS

INTEREST MAY BE EARNED ON ALL DEPOSITED FUNDS BY REQUESTING THE ESCROW OFFICER WHO IS HANDLING YOUR TRANSACTION TO PLACE THE ESCROWED FUNDS INTO AN INTEREST-BEARING ACCOUNT, THE ESCROW AGENT'S CHARGE TO SET UP SUCH AN ACCOUNT IS \$25.00. YOUR FUNDS WILL EARN INTEREST AT THE PREVAILING RATE OF INTEREST PAID BY THE FEDERALLY INSURED FINANCIAL INSTITUTION WHERE YOUR FUNDS WOULD BE DEPOSITED FOR EXAMPLE, IN A TYPICAL TRANSACTION, A \$1,000.00 DEPOSIT FOR A THIRTY (30) DAY PERIOD WITH PREVAILING INTEREST RATE OF 6% PER ANNUM WOULD EARN \$4.93. FOR MORE INFORMATION ON DEPOSITING FUNDS IN AN INTEREST-BEARING ACCOUNT CONTACT YOUR ESCROW OFFICER OR IF YOU ARE UNABLE TO REACH YOUR ESCROW OFFICER, YOU MAY CONTACT THE ESCROW DEPARTMENT OF YAVAPAI - COCONINO TITLE AGENCY AT THE APPROPRIATE OFFICE, AS FOLLOWS:

P.O. Box 2019
123 N. Montezuma
Prescott, AZ 86302
(520) 445-2528

Seller:

Buyer:


PHONECHECK LLC
BY: JEFFREY L. FILASKY, Manager


ERNEST W. THOMPSON JR.


SHERRY J. THOMPSON

PARCEL C
LEGAL DESCRIPTION

ALL THAT PORTION OF LOT 29, POQUITO VALLEY, AS RECORDED IN BOOK 8 OF LAND SURVEYS, PAGE 6, YAVAPAI COUNTY RECORDER'S OFFICE, ALL IN SECTION 11, TOWNSHIP 15 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 29, MARKED WITH A TWO INCH ALUMINUM CAP STAMPED G.E.T.L.; THENCE NORTH 00 DEGREES 07 MINUTES 48 SECONDS WEST, 330.98 FEET, ALONG THE WEST LINE OF LOT 29 TO A ONE-HALF INCH REBAR; THENCE NORTH 89 DEGREES 56 MINUTES 18 SECONDS EAST (RECORD NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST), 526.44 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00 DEGREES 08 MINUTES 55 SECONDS WEST, 331.02 FEET; THENCE NORTH 89 DEGREES 56 MINUTES 16 SECONDS EAST, 263.23 FEET; THENCE SOUTH 00 DEGREES 08 MINUTES 42 SECONDS EAST, 331.03 FEET; THENCE SOUTH 89 DEGREES 56 MINUTES 18 SECONDS WEST, 263.21 FEET TO THE TRUE POINT OF BEGINNING (CONTAINING 2.00 ACRES MORE OR LESS).

SUBJECT TO A ROADWAY AND PUBLIC UTILITY EASEMENT OVER, UNDER AND ACROSS THE SOUTHERLY 25 FEET OF SAID PARCEL.



ENCUMBRANCE COVERING MORE PROPERTY AND OR REQUIRING GREATER PAYMENTS
REMAINING THE OBLIGATION OF SELLER/BENEFICIARY/PAYEE

Date: December 4, 1997

Escrow No. 05970557

ADDENDUM TO ESCROW INSTRUCTIONS OR ADDENDUM TO DEED OF TRUST OR ADDENDUM
TO NOTE OR ADDENDUM TO AGREEMENT FOR SALE.

THE ACCOUNT SERVICING AGENT IS HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED,
FOR THE BENEFIT OF THE PARTIES HEREIN, TO DISBURSE \$ 100 % OF THE
INSTALLMENTS RECEIVED FROM THE BUYER/TRUSTOR/PAYOR, LESS ITS SERVICE FEE TO:

LIENHOLDER/SERVICING AGENT:

NAME: YAVAPAI-COCONINO TITLE AGENCY, INC.
ADDRESS: 980 N. Hwy 89, Chino Valley, AZ 86323
ACCOUNT NO. 508438

SAID DISBURSEMENT SHALL CONTINUE TO BE MADE PAYABLE TO THE PRIOR
ENCUMBRANCE HOLDER OR ACCOUNT SERVICING AGENT AS DESCRIBED ABOVE, IN CARE
OF THE SELLER/BENEFICIARY/PAYEE, UNTIL SUCH TIME AS THE BUYER/TRUSTOR/PAYOR
HEREIN HAS BEEN PROVIDED WITH A PARTIAL RELEASE FOR THE PROPERTY SET FORTH
HEREIN OR A FULL RELEASE OF SAID PRIOR ENCUMBRANCE HAS BEEN RECEIVED.

THE PARTIES HEREIN AGREE THAT THE LIABILITY AND RESPONSIBILITY OF THE ACCOUNT
SERVICING AGENT AS TO THE PRIOR ENCUMBRANCE SHALL BE LIMITED TO THE
DISBURSEMENT OF THE FUNDS AS SET FORTH ABOVE.

THE SELLER/BENEFICIARY/PAYEE SHALL CAUSE TO BE PAID TO THE ACCOUNT OF THE
PRIOR ENCUMBRANCE HOLDER, AS DESCRIBED ABOVE, THE ENTIRE ACCOUNT SERVICING
AGENT'S DISBURSEMENT CHECK PLUS ANY ADDITIONAL FUNDS NEEDED TO COMPLETE
ANY NECESSARY PAYMENT ON SAID ACCOUNT.

THE BUYER/TRUSTOR/PAYOR UNDERSTANDS THAT IN THE EVENT OF NON-PAYMENT OF
ANY PRIOR ENCUMBRANCE, BUYER/TRUSTOR/PAYOR MAY BE FORCED TO PAY MORE THAN
THE REQUIRED PAYMENTS SET FORTH HEREIN, TO PROTECT HIS INTEREST, IN ORDER TO
COMPLETE THE REQUIRED PAYMENTS OR RELEASE PRICE AS SET FORTH IN ANY PRIOR
ENCUMBRANCE, AND ANY PAYMENTS SO MADE BY BUYER/TRUSTOR/PAYOR AND
ACKNOWLEDGED BY ANY PRIOR ENCUMBRANCE HOLDER SHALL BE PRIMA FACIE
EVIDENCE OF THE NECESSITY THEREFORE, AND ANY AMOUNT SO ADVANCED SHALL BE
REPAID TO BUYER/TRUSTOR/PAYOR BY SELLER/BENEFICIARY/PAYEE ON DEMAND,
TOGETHER WITH INTEREST THEREON AT THE SAME RATE AS THE NEW OBLIGATION BEING
CREATED HEREIN, OR AT THE OPTION OF THE BUYER/TRUSTOR/PAYOR, SAID ADVANCED
AMOUNT, TOGETHER WITH INTEREST THEREON AT THE SAME RATE AS THE NEW
OBLIGATION BEING CREATED HEREIN, SHALL BE CREDITED TOWARDS ANY OBLIGATION
DUE TO THE SELLER/BENEFICIARY/PAYEE BY THE BUYER/TRUSTOR/PAYOR.

THE BUYER/TRUSTOR/PAYOR HAS BEEN ADVISED AND ACKNOWLEDGES THAT THE FOLLOWING ENCUMBRANCE(S) APPEAR ON RECORD AND SHALL BE AN EXCEPTION(S) IN BUYER/TRUSTOR/PAYOR'S POLICY OF TITLE INSURANCE:

Deed of Trust executed by RULOPN LARSEN, an unmarried man, Trustor, to YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona corporation, Trustee, and JAMES R. CALLISON, an unmarried man, Beneficiary, Dated April 9, 1996, recorded May 15, 1996 in Book 3206 of Official Records, page 547.

CURRENT UNPAID BALANCE \$ 36,486.49 PAYABLE ANNUALLY, INCLUDING INTEREST AT THE RATE OF 10.00% PER ANNUM AND THE CURRENT ~~MONTHLY~~ PAYMENT IS \$ 6,184.33 OR MORE. ANNUAL

THE PARTIES HEREIN AGREE THAT THE FOREGOING PRIOR ENCUMBRANCE(S) SHALL BE AND WILL REMAIN THE OBLIGATION OF THE SELLER/BENEFICIARY/PAYEE HEREIN. THE SELLER/BENEFICIARY/PAYEE SHALL PAY OR CAUSE TO BE PAID ALL PAYMENTS DUE UNDER ANY PRIOR ENCUMBRANCE WHEN DUE AND CAUSE THE SAME TO BE DISCHARGED IN FULL ON OR BEFORE THE DATE UPON WHICH THE BUYER/TRUSTOR/PAYOR SHALL HAVE DISCHARGED THE DEFERRED BALANCE DUE HEREUNDER.

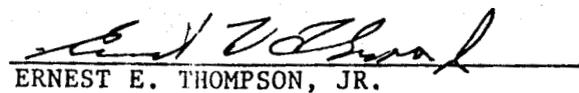
THE PARTIES HEREIN AGREE THAT THE ACCOUNT SERVICING AGENT, ESCROW AGENT AND TITLE INSURER, AS DESIGNATED SHALL HAVE NO LIABILITY OR RESPONSIBILITY IN CONNECTION WITH ANY PRIOR ENCUMBRANCE OR TO ANY ACTION OR DEMANDS MADE BY THE HOLDER(S) THEREOF BY REASON OF THIS TRANSACTION OR ANY FUTURE TRANSACTION CONCERNING THIS PROPERTY.

SELLER/BENEFICIARY/PAYEE SIGNATURES



PHONECHEK LLC
BY: JEFFREY L. FILASKY, Manager

BUYER/TRUSTOR/PAYOR SIGNATURES:


ERNEST E. THOMPSON, JR.


SHERRY J. THOMPSON

Legal description for Escrow No.: 05970557

All that portion of Lot 29, POQUITO VALLEY, as recorded in Book 8 of Land Surveys, page 6, Yavapai County Recorder's Office, all in Section 11, Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Southwest corner of Lot 29, marked with a two-inch aluminum cap stamped G.E.T.L.;

thence North 00°07'48" West, 330.98 feet, along the West line of Lot 29 to a one-half inch rebar;

thence North 89°56'18" East (record North 89°56'16" East), 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 00°08'55" West, 331.02 feet;

thence North 89°56'16" East, 263.23 feet;

thence South 00°08'42" East, 331.03 feet;

thence South 89°56'18" West, 263.21 feet to the TRUE POINT OF BEGINNING.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found upon or under said lands as reserved in Book 192 of Deeds, page 415.

RESERVING AND EXCEPT 1/2 of all oil, gas and minerals upon or under the above described lands (except lands on and under which the oil, gas, coal and other minerals have been heretofore reserved by Santa Fe Pacific Railroad Company) as reserved in Deed recorded in Book 115 of Official Records, pages 577-580.

RESERVING AND EXCEPTING all remaining oil, gas and minerals upon or under the above described land (except land on and under which the oil, gas, coal and other minerals have been heretofore reserved) as reserved in Book 1772 of Official Records, page 713.

TOGETHER WITH AND RESERVING unto the Grantor, their heirs and assigns a 50 foot roadway and public utilities easement running parallel with, 25.00 feet on each side of the following described line:

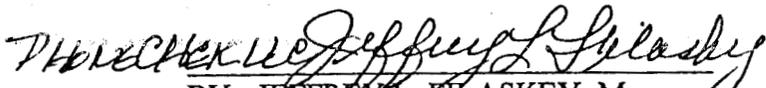
BEGINNING at the Southwest corner of Lot 29, North 00°09'48" West, 330.98 feet;

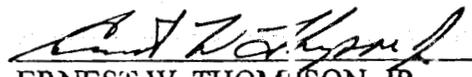
thence North 89°56'16" East, 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 89°56'16" East, 789.64 feet to the end of this easement.

ACCEPTED AND APPROVED:

PHONECHECK LLC


BY: JEFFREY L. ELASKY, Manager


ERNEST W. THOMPSON, JR.


SHERRY J. THOMPSON

NOTE SECURED BY DEED OF TRUST

(Installment - Interest Included)

\$17,450.00

Prescott Valley, AZ 86314

Date: December 10, 1997

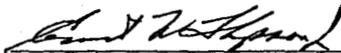
For Value Received, W We promise to pay to PHONECHEK LLC, an Arizona Limited Liability Company, or order, c/o Yavapai-Coconino Title Agency, Inc., Prescott, Arizona, the sum of SEVENTEEN THOUSAND FOUR HUNDRED FIFTY AND 00/100— DOLLARS, payable in regular monthly installments of \$230.69 or more, on or before the SAME day of each month, beginning January 16, 1998, with interest on all unpaid principal at the rate of 10.00 per cent per annum, from December 16, 1997, and continuing until said principal and interest have been paid in full. No prepayment penalty.

MAKER AGREES to pay a late charge of 5% of the monthly installment on any installment that is not received by Servicing Agent within 15 calendar days of due date. Said late charge is to be: Added to the late payment due.

IN ADDITION to any late fees provided herein, if any installment is at least 30 days past due, then the unpaid principal balance shall bear interest at a default rate of 5% over the stated interest rate of the Note. Said default rate shall begin on the 31st day following the due date of the installment and continue until all such installments are brought current.

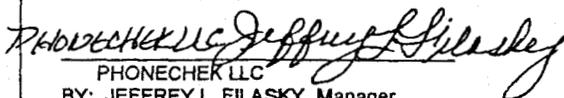
SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF:

Each payment shall be credited first on interest then due and the remainder on principal; and interest shall thereupon cease upon the principal so credited. Should default be made in payment of any installment of principal or interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. The makers and endorsers hereof waive grace, presentment, demand, notice of dishonor and protest. If suit be brought to recover on this note, the undersigned agree(s) to pay such sum as the Court may fix as attorney's fees. This note is secured by a Deed of Trust to Yavapai-Coconino Title Agency, Inc., an Arizona corporation as Trustee.


ERNEST W. THOMPSON JR.


SHERRY J. THOMPSON

The undersigned have read the foregoing Note following completion thereof and do hereby approve and confirm the same in all particulars. *If applicable, Payee does hereby acknowledge that it is their responsibility to notify the Servicing Agent that a default has occurred and to begin the default rate in accordance with the terms as set forth herein.*


PHONECHEK LLC
BY: JEFFREY L. FILASKY, Manager

DO NOT DESTROY THIS NOTE

Do Not Destroy this original Note: When paid, this original note, together with the Deed of Trust securing same, must be surrendered to Trustee for Cancellation and retention before Reconveyance will be made.

ENCUMBRANCE COVERING MORE PROPERTY AND OR REQUIRING GREATER PAYMENTS
REMAINING THE OBLIGATION OF SELLER/BENEFICIARY/PAYEE

Date: December 4, 1997

Escrow No. 05970557

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TO NOTE OR ADDENDUM TO AGREEMENT FOR SALE.

THE ACCOUNT SERVICING AGENT IS HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED,
FOR THE BENEFIT OF THE PARTIES HEREIN, TO DISBURSE \$ 100 % OF THE
INSTALLMENTS RECEIVED FROM THE BUYER/TRUSTOR/PAYOR, LESS ITS SERVICE FEE TO

LIENHOLDER/SERVICING AGENT:

NAME: YAVAPAI-COCONINO TITLE AGENCY, INC.
ADDRESS: 980 N. Hwy 89, Chino Valley, AZ 86323
ACCOUNT NO. 508438

SAID DISBURSEMENT SHALL CONTINUE TO BE MADE PAYABLE TO THE PRIOR
ENCUMBRANCE HOLDER OR ACCOUNT SERVICING AGENT AS DESCRIBED ABOVE, IN CARE
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HEREIN HAS BEEN PROVIDED WITH A PARTIAL RELEASE FOR THE PROPERTY SET FORTH
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THE REQUIRED PAYMENTS SET FORTH HEREIN, TO PROTECT HIS INTEREST, IN ORDER TO
COMPLETE THE REQUIRED PAYMENTS OR RELEASE PRICE AS SET FORTH IN ANY PRIOR
ENCUMBRANCE, AND ANY PAYMENTS SO MADE BY BUYER/TRUSTOR/PAYOR AND
ACKNOWLEDGED BY ANY PRIOR ENCUMBRANCE HOLDER SHALL BE PRIMA FACIA
EVIDENCE OF THE NECESSITY THEREFORE, AND ANY AMOUNT SO ADVANCED SHALL BE
REPAID TO BUYER/TRUSTOR/PAYOR BY SELLER/BENEFICIARY/PAYEE ON DEMAND,
TOGETHER WITH INTEREST THEREON AT THE SAME RATE AS THE NEW OBLIGATION BEING
CREATED HEREIN, OR AT THE OPTION OF THE BUYER/TRUSTOR/PAYOR, SAID ADVANCED
AMOUNT, TOGETHER WITH INTEREST THEREON AT THE SAME RATE AS THE NEW
OBLIGATION BEING CREATED HEREIN, SHALL BE CREDITED TOWARDS ANY OBLIGATION
DUE TO THE SELLER/BENEFICIARY/PAYEE BY THE BUYER/TRUSTOR/PAYOR.

THE BUYER/TRUSTOR/PAYOR HAS BEEN ADVISED AND ACKNOWLEDGES THAT THE FOLLOWING ENCUMBRANCE(S) APPEAR ON RECORD AND SHALL BE AN EXCEPTION(S) IN BUYER/TRUSTOR/PAYOR'S POLICY OF TITLE INSURANCE:

Deed of Trust executed by RUILOPN LARSEN, an unmarried man, Trustor, to YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona corporation, Trustee, and JAMES R. CALLISON, an unmarried man, Beneficiary, Dated April 9, 1996, recorded May 15, 1996 in Book 3206 of Official Records, page 547.

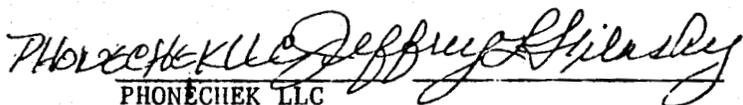
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THE PARTIES HEREIN AGREE THAT THE ACCOUNT SERVICING AGENT, ESCROW AGENT AND TITLE INSURER, AS DESIGNATED SHALL HAVE NO LIABILITY OR RESPONSIBILITY IN CONNECTION WITH ANY PRIOR ENCUMBRANCE OR TO ANY ACTION OR DEMANDS MADE BY THE HOLDER(S) THEREOF BY REASON OF THIS TRANSACTION OR ANY FUTURE TRANSACTION CONCERNING THIS PROPERTY.

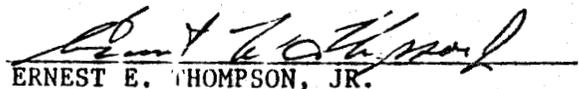
SELLER/BENEFICIARY/PAYEE SIGNATURES

BUYER/TRUSTOR/PAYOR SIGNATURES:



PHONECHEK LLC

BY: JEFFREY L. FILASKY, Manager


ERNEST E. THOMPSON, JR.


SHERRY J. THOMPSON



VACANT LAND PURCHASE CONTRACT AND RECEIPT FOR DEPOSIT



(THIS CONTRACT IS NOT INTENDED FOR USE FOR SALE OF SUBDIVIDED OR UNSUBDIVIDED LAND UNLESS ADDENDUM TO VACANT LAND PURCHASE CONTRACT REGARDING SUBDIVIDED OR UNSUBDIVIDED LAND IS ATTACHED)

THE PRINTED PORTION OF THIS CONTRACT HAS BEEN APPROVED BY THE ARIZONA ASSOCIATION OF REALTORS. THIS IS INTENDED TO BE A BINDING CONTRACT. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OR THE TAX CONSEQUENCES THEREOF. IF YOU DESIRE LEGAL, TAX OR OTHER PROFESSIONAL ADVICE, CONSULT YOUR ATTORNEY, TAX ADVISOR OR PROFESSIONAL CONSULTANT.

RECEIPT

1. Received From: Ernest W. Thompson Jr & Sherry J. Thompson (H&W) ("Buyer")

2. Agency Confirmation: Broker named on line 16 is the agent of (check one):

3. the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.

4. Title: The manner of taking title may have significant legal and tax consequences. Therefore, please consult your legal or tax adviser if you have any questions.

5. Buyer will take title as:

Determined before Close of Escrow Community Property Joint Tenants with Right of Survivorship

Sole and Separate Property Tenants in Common Other: _____

7. Earnest Money: Earnest money shall be held by Broker until offer is accepted. Upon acceptance, Broker is authorized to deposit the earnest money with the Escrow Company to which the check is payable. If the check is payable to Broker, Broker may deposit the check in Broker's trust account or endorse the check without recourse and deposit it with a duly licensed Escrow Company. Buyer agrees that, if Buyer breaches this Contract, any earnest money is subject to forfeiture. All earnest money is subject to collection. In the event any check for earnest money is dishonored for any reason, at Seller's option, Seller shall be immediately released from all obligations under this Contract notwithstanding any provision contained herein. Unless otherwise provided herein, all earnest money is considered to be part of the purchase price for the Property described below.

13. a. Amount of Deposit \$ 5,000.00

b. Form of Earnest Money: Personal Check Other: _____

c. Deposited With: Broker's Trust Account Escrow Company: Yavapai County

15. Received By: William J. Richardson III (PRINT SALES PERSON'S NAME) William J. Richardson III (PRINT SALES PERSON'S SIGNATURE) 11/28/97 Title

16. Richardson Group (PRINT NAME OF FIRM)

OFFER

17. Property Description and Offer: Buyer agrees to purchase the real property and all fixtures and improvements thereon and appurtenances incident thereto, plus personal property described below (collectively the "Property").

19. Property Address: Lot C - see addendum A Zoning: RCU2A

20. City: Prescott Valley County: Mohave AZ, Zip Code: _____

21. Assessors: to be supplied in escrow Legal description: to be supplied in escrow

25. Additional Existing Personal Property Included: N/A

27. Fixtures and Leased Equipment NOT included: _____

28. Addenda Incorporated: AAR Addendum Other _____

29. \$ 23,250.00 Full Purchase Price, payable as follows:

30. \$ 3,000 Earnest money as indicated above.

31. \$ 1,500 cash at C.O.E.

32. \$ 17,450. 1st note + deed of trust in favor of seller with payments of approx. \$230.69 per month including 15% on the unpaid balance. (NO prepayment penalty)

46. Closing Date: Seller and Buyer will comply with all terms and conditions of this Contract and close escrow on 12/10/97. Any earlier closing date requires mutual agreement of Seller and Buyer. Seller and Buyer hereby agree that the Close of Escrow shall be defined as recordation of the documents. If escrow does not close by such date, this Contract is subject to cancellation as provided in LINES 302-309.

49. Possession: Possession shall be delivered to Buyer at Close of Escrow, or _____

50. Seller shall provide keys and/or means to operate all locks and access to all common area facilities.

FINANCING OPTIONS

NEW CONVENTIONAL LOAN

52. This sale is is not contingent upon Buyer qualifying for and obtaining a new first loan.
53. Loan Amount: \$ _____
54. Loan Term: Amortizing over _____ years If balloon payment, principal balance due on or before _____
55. Interest only payments, with principal balance due on or before _____
56. Type Of Loan Conventional Fixed Rate Conventional Adjustable Rate Other _____
57. Interest Rate: Interest rate shall not exceed _____ % as an annual rate for a fixed rate loan or an initial rate for an adjustable rate loan.
58. Buyer agrees to establish the interest rate and "points" by separate written agreement with the lender at the time of the loan application.
59. Loan Application: Buyer agrees to file a substantially complete loan application within five (5) calendar days after the acceptance of this Contract and to
60. promptly supply all documentation required by the lender. Buyer agrees to pay such fees as required by the lender.
61. Conditional Loan Approval: Within fifteen (15) calendar days or _____ calendar days after acceptance of this Contract, Buyer must place in
62. escrow a written conditional (preliminary) loan approval from the lender based on a completed loan application and preliminary credit report. If such condi-
63. tional (preliminary) loan approval is not received within the time specified, then Seller may give Buyer a five (5) calendar day written notice to perform. If
64. Buyer does not deliver to escrow written conditional (preliminary) loan approval within said five (5) calendar days, then this Contract shall be declared null
65. and void and all earnest money shall be released to Buyer without further written consent of the parties and without regard to cancellation provisions provid-
66. ed for elsewhere in this Contract. Buyer instructs lender to send copies of such approval to Brokers and Seller. Buyer authorizes the lender to provide loan
67. status updates to Brokers.
68. Loan Costs: The following may be paid by either party:
69. Discount points paid by: Discount points shall not exceed: _____ total points. (Does not include origination fee)
70. Buyer Seller _____
- | | Buyer | Seller | | Buyer | Seller |
|-----|--------------------------|--------------------------|--|--------------------------|--------------------------|
| 71. | | | Loan Origination Fee (Not to exceed 1% of loan amount) | <input type="checkbox"/> | <input type="checkbox"/> |
| 72. | <input type="checkbox"/> | <input type="checkbox"/> | Appraisal Fee | <input type="checkbox"/> | <input type="checkbox"/> |
| 73. | | | Paid by Buyer and _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 74. | | | reimbursed by Seller | | |
| 75. | | | at closing | | |
| 76. | | | Paid by Seller and _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| | | | reimbursed by Buyer | | |
| | | | at closing | | |
76. Any additional costs not otherwise agreed upon by Seller shall be paid by Buyer.
77. Appraisal: This sale is is not contingent upon an appraisal of the Property by an appraiser acceptable to the lender for at least the sales price or
78. _____ . The party responsible for paying for the appraisal shall do so within five (5) calendar days of Contract
79. acceptance or _____ . Buyer and Seller acknowledge that the appraisal is an opinion of value for lending purposes only, and
80. may be different from the full purchase price.

ASSUMPTION OF EXISTING FIRST LOAN

81. Buyer agrees to assume the existing loan(s) and pay all payments subsequent to Close of Escrow.
82. Assumption: This sale is is not contingent upon the Buyer qualifying for assumption of the existing first loan.
83. Release of Seller's Liability: This sale is is not contingent upon Seller being released from liability. If Seller is not released from liability, Seller
84. acknowledges that there may be continuing liability in the event of a Buyer default.
85. Type Of Loan: Conventional Other _____
86. Current Interest Rate: _____ Current Payment Amount: _____
87. Fixed Adjustable _____ % \$ _____ PIT PI Other _____
88. Loan Balance: \$ _____ If balloon payment, principal balance due on or before _____
89. The balance of any encumbrance being assumed is approximate. Any difference shall be reflected in the:
90. Cash Down Payment Seller Carryback Other: _____
91. Impounds: Buyer shall reimburse Seller for any impounds transferred to Buyer or _____
92. Loan Transfer and Assumption Fees: To be paid by Buyer Seller _____ (All other lender charges shall be paid by Buyer.)
93. If more than one loan is being assumed, go to Additional Terms and Conditions (Lines 151-159).
94. Credit Evaluation: This sale is is not contingent upon Seller's approval of Buyer's credit. If applicable, Buyer shall provide to Seller a current
95. credit report from a credit reporting agency and a completed loan application on the current FNMA form within five (5) calendar days after acceptance of this
96. Contract. Disapproval of Buyer's credit requires written notice from Seller to escrow agent within five (5) calendar days after receipt by Seller of current
97. credit report and completed loan application. Approval will not be unreasonably withheld. Escrow Company is directed to record a Notice of Request for
98. Sale on behalf of the Seller and at Seller's expense.
99. Lender Requirements: Buyer and Seller agree to cooperate fully with lender and supply the necessary documentation to complete the assumption.

SELLER CARRYBACK FINANCING

100. A portion of the purchase price shall be financed by the Seller and paid by the Buyer as follows, with the first payment due
101. 30 calendar days after Close of Escrow or _____
102. Loan Amount: \$ 17,450.00 as adjusted, if necessary pursuant to this Contract.
103. Priority Of Loan: First Second _____
104. Type Of Financing Instrument. Buyer shall execute a promissory note and deed of trust in favor of Seller or _____
105. _____ and record the security instrument against the Property.
106. Interest Rate: The unpaid balance shall bear interest at the rate of 10 % per year, beginning at the Close of Escrow.
107. Payment Intervals: Monthly Quarterly Semi-annually Annually Other _____
108. Collection Fees: Collection setup fees and servicing costs shall be paid by Buyer Seller _____
109. Collection account to be handled by Yajapai Cecovina Title
110. Payment Amount: \$ 230.69, or more, including the above stated interest.
111. If an adjustment in the loan amount is necessary pursuant to this Contract, parties agree to adjust the: Payment amount Term
112. Loan Term: Amortizing over 10 years If balloon payment, principal balance due on or before _____
113. Interest-only payments, with principal balance due on or before _____
114. Late Payments: If late, Buyer shall pay late fees: Yes No If "Yes", payments which are at least 15 calendar days past due
115. shall be subject to a late fee of 5%. If any balloon payment is late then the late fee per day will be \$ _____
116. Default Rate: If payment(s) are at least 30 calendar days past due, then the principal balance shall bear interest at a default rate of five percent (5%) or _____ %
117. over the interest rate of the carryback as stated herein. Said default rate shall begin on the 31st day following the due date of the payment(s) until
118. payment(s) are brought current. Payments are first applied to accrued interest and penalties, then to principal.
119. Credit Evaluation: This sale is is not contingent upon Seller's approval of Buyer's credit. If applicable, Buyer shall provide to Seller a current
120. credit report from a credit reporting agency and a completed loan application on the current FNMA form within five (5) calendar days after acceptance of this
121. Contract. Disapproval of Buyer's credit requires written notice from Seller to escrow agent within five (5) calendar days after receipt by Seller of current
122. credit report and completed loan application. Approval will not be unreasonably withheld.
123. Due On Sale: Loan created is is not due on sale of the Property. If loan created herein is due on sale of the Property, and in the event that
124. the Property is sold, transferred or conveyed in any manner, the promissory note and deed of trust shall provide that the promissory note and deed of trust
125. become immediately due and payable.
126. Subordination: The Seller carryback financing is is not to be subordinated to a construction loan obtained from a recognized lending institution.
127. If Seller agrees to subordination, such subordination shall only be required if the seller carryback financing is not in default and if the Seller approves the
128. terms and conditions of the construction loan to be recorded as a senior loan. IF SELLER SUBORDINATES THE SELLER CARRYBACK FINANCING TO
129. A SENIOR LOAN, THE SELLER ACKNOWLEDGES THAT IN ORDER TO PROTECT THE SELLER CARRYBACK FINANCING, THE SELLER MAY HAVE
130. TO MAKE PAYMENTS ON THE SENIOR LOAN IF THE SENIOR LOAN IS IN DEFAULT.
131. Buyer's Liability: The Buyer acknowledges that, unless otherwise agreed, Buyer shall have personal liability in case of default on any Seller carryback
132. financing. Buyer shall furnish to Seller, at Buyer's expense, a Standard Loan Policy in the full amount of any loan carried back by Seller and secured by the
133. real property described in Lines 19-24 of this Contract. Such Standard Loan Policy shall show that Seller's lien has the priority agreed to by the parties.
134. Taxes: In the absence of a tax impound account, Buyer shall provide and pay for a tax service contract over the life of this loan which will provide a delin-
135. quency notice to Seller, or any successor in interest to the Seller of any unpaid taxes.
136. Payments Through Servicing Agent: Payments on this loan and all prior encumbrances shall be made concurrently through a single servicing account to be
137. maintained by a duly licensed account servicing agent. Payments on this loan shall be made at least ten (10) calendar days prior to the due date of any periodic
138. payment due on any prior encumbrance. The parties hereby instruct servicing agent not to accept any payment without all other concurrent payments.

GENERAL LOAN PROVISIONS

139. Release Of Broker: Any loan described in this Contract will be independently investigated and evaluated by Seller and/or Buyer, who hereby acknowledge
140. that any decision to enter into any loan arrangements with any person or entity will be based solely upon such independent investigation and evaluation.
141. Buyer and Seller further hold harmless and release Broker and acknowledge that no Broker is in any way responsible for Buyer's or Seller's decisions con-
142. cerning the desirability or acceptability of any loan or any terms thereof.
143. Changes: Buyer shall not make any changes in the loan program or financing terms described in this Contract without the prior written consent of Seller
144. unless such changes do not adversely affect Buyer's ability to qualify for the loan, increase Seller's closing costs or delay the closing date.
145. Return Of Earnest Money: Unless otherwise provided herein, Buyer is entitled to a return of the earnest money, if after a diligent and good faith effort,
146. Buyer does not qualify for a loan described in this Contract. Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
147. RESPA: Real Estate Settlement Procedures Act (RESPA) requires that no seller of property that will be purchased with the assistance of a federally-related
148. mortgage loan shall require, directly or indirectly, as a condition of selling the property, that title insurance covering the property be purchased by the buyer
149. from any particular title company.
150. Parcel Release: Buyer and Seller agree that any Parcel Releases will be addressed under Additional Terms and Conditions or attached Addendum.

ADDITIONAL TERMS AND CONDITIONS

151. _____

152. _____

153. _____

154. _____

155. _____

156. _____

157. _____

158. _____

159. _____

160. **Escrow:** The Escrow Company shall be: 9412 PA, LEONINO TITLE

161. This Contract will be used as escrow instructions. Separate escrow instructions will be executed.

162. (a) If the Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, the Buyer and Seller hereby request the Escrow Company to deliver to the Buyer and Seller upon opening of escrow a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (b) If Seller and Buyer elect to execute escrow instructions to fulfill the terms hereof, they shall deliver the same to Escrow Company within fifteen (15) calendar days of the acceptance of this Contract. (c) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company is hereby instructed to modify such documents to the extent necessary to be consistent with the Contract. (d) If any conflict exists between this Contract and any escrow instructions executed pursuant hereto, the provisions of this Contract shall be controlling. (e) All closing and escrow costs, unless otherwise stated herein, shall be allocated between Seller and Buyer in accordance with local custom and applicable laws and regulations. (f) Escrow Company is hereby instructed to send to Brokers copies of all notices and communications directed to Seller or Buyer. Escrow Company shall provide to such Brokers access to escrowed materials and information regarding the escrow. (g) Any documents necessary to close the escrow may be signed in counterparts, each of which shall be effective as an original upon execution, and all of which together shall constitute one and the same instrument.

173. **IRS Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA).

175. **Title and Vesting:** Escrow Company is hereby instructed to obtain and distribute to Buyer a Commitment for Title Insurance together with complete and legible copies of all documents which will remain as exceptions to Buyer's policy of Title Insurance. Buyer shall have five (5) calendar days after receipt of the Commitment for Title Insurance to provide written notice to Seller of any of the exceptions disapproved. REFER TO LINES 246-255 FOR IMPORTANT TERMS. If thereafter the title is otherwise defective at Close of Escrow, Buyer may elect, as Buyer's sole option, either to accept title subject to defects which are not cured or to cancel this Contract whereupon all money paid by Buyer pursuant to this Contract shall be returned to Buyer. Seller shall convey title by general warranty deed. Buyer shall be provided at Seller's expense a Standard Owner's Title Insurance Policy showing the title vested in Buyer as provided in Lines 5 and 6. Buyer may acquire extended coverage at his own additional expense.

182. **Land Divisions:** Buyer and Seller acknowledge that lands proposed to be divided for purposes of sale or lease into five or fewer lots must comply with minimum applicable county zoning requirements and have legal access, or in the alternative, any access or zoning deficiencies must be noticed in the deed.

184. **Prorations:** Taxes, homeowner association fees, rents and irrigation fees, and, if assumed, interest on assessments, and interest on encumbrances shall be prorated as of Close of Escrow Other: _____

186. **Assessments:** The amount of any assessment which is a lien as of the Close of Escrow and any interest on such assessments shall be Paid in Full by Seller Prorated and Assumed by Buyer. Any assessment that becomes a lien after Close of Escrow is the Buyer's responsibility.

188. **Seller Property Disclosure Statement (SPDS):**

189. (a) Buyer has received, read, and approved the SPDS.

190. (b) Buyer waives review and approval of the SPDS. (BUYERS' INITIALS ARE REQUIRED HERE TO WAIVE SPDS BUYER BUYER)

191. (c) Seller shall deliver the SPDS within five (5) calendar days after acceptance of the Contract, after which Buyer shall have five (5) calendar days after receipt by Buyer to immediately terminate this Contract notwithstanding any other provisions contained herein by delivering written notice of termination to either the Seller or to the Escrow Company, and in such event, Buyer is entitled to a return of the earnest money without further consent of the Seller. (AAR FORM 1417, OR EQUIVALENT, SHALL SATISFY THIS REQUIREMENT.)

195. **Seller's Notice of Violations:** Seller represents that Seller has no knowledge of any notice of violations of City, County, State, or Federal building, zoning, fire, or health laws, codes, covenants, conditions and restrictions, statutes, ordinances, regulations, or rules filed or issued against the Property. If Seller receives notice of violations prior to Close of Escrow, Seller shall immediately notify Buyer in writing. Buyer is allowed five (5) calendar days after receipt of notice to provide written notice to Seller of any items disapproved. REFER TO LINES 246-255.

199. **Incidental Improvements:** Buyer is purchasing the Property as vacant land. Any improvements on the Property are merely incidental and are being transferred in this transaction "AS IS".

201. **Inspection Period (Physical, Environmental and Other Inspections):** The Buyer has been advised of the benefits of obtaining independent inspections of the entire Property in order to determine the condition thereof. Buyer shall have the right at Buyer's expense to select an inspector(s) to make additional inspections (including tests, surveys, zoning verifications and other studies) of the Property. Buyer acknowledges that more than one inspection may be required to perform the selected inspections. The inspections may include physical, environmental and other types of inspections including, but not limited to soil, square footage/acreage, designated flood hazard (areas, possible environmental hazards (including, but not limited to, radon gas, fuel or chemical storage tanks, hazardous waste, petrochemicals, pesticides, industrial polymers, lead, sulfuric acid or high fertilizer concentrates, and other substances, materials or products; which are not natural to the Property or which are subject to regulation under environmental or public health and welfare laws and ordinances, location in a federal or state Superfund area), geologic conditions, location of property lines and water/utility use restrictions and fees for services, such as garbage or fire protection. Seller shall make the Property available for all inspections. Buyer shall keep the Property free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall immediately repair all damages arising from the inspections. Buyer shall provide written notice to Seller of any items reasonably disapproved, within **ten (10) calendar days**

212. or _____ calendar days after acceptance of the Contract. REFER TO LINES 246-255 FOR IMPORTANT TERMS.

213. **Flood Hazard Disclosure:** If the Property is situated in an area identified as having any special flood hazards by any governmental entity, including but not limited to, being designated as a special flood hazard area by the Federal Emergency Management Agency (FEMA), the Buyer's lender may require the purchase of flood hazard insurance at the Close of Escrow or some future date. Special flood hazards may affect the ability to encumber or improve the Property now or at some future date. Flood hazard designation of the Property or cost of flood hazard insurance must be verified by Buyer during the Inspection Period.

217. SQUARE FOOTAGE/ACREAGE: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE/ACREAGE OF THE PROPERTY IS APPROXIMATE. IF SQUARE FOOTAGE/ACREAGE IS A MATERIAL MATTER TO THE BUYER, IT MUST BE VERIFIED BY BUYER DURING THE INSPECTION PERIOD.

220. Percolation Test: Percolation Test is or is not required, and if required, to be completed within ten (10) calendar days or calendar days.

221. The cost of the percolation test to be paid by Buyer Seller or . This sale is is not contingent upon the subject property accepting a standard septic system as defined by the applicable government authority. Buyer is entitled to waive any such contingency by notifying the Escrow Company in writing within five (5) calendar days after receipt of the report of the percolation test. REFER TO LINES 246-255 FOR IMPORTANT TERMS.

224. Environmental Due Diligence: Seller has not caused or permitted the generation, storage, treatment, or release or disposal of any hazardous waste or regulated substances at the Property except as disclosed herein. Buyer will have undertaken all appropriate inquiry into the previous ownership and uses of the Property consistent with commercial or customary practice.

227. Boundaries and Access: Prior to the Close of Escrow, the Buyer shall, to his satisfaction, investigate boundaries, physical and legal access and by closing, accepts the Property based on his independent investigation. Seller to disclose to Buyer any road maintenance agreements currently in effect. Buyer shall have five (5) calendar days after receipt of road maintenance agreement to provide written notice to Seller of any disapproval. REFER TO LINES 246-255 FOR IMPORTANT TERMS.

231. Staking and Flagging: Staking and Flagging required not required to be paid by Seller Buyer .

232. Corners of the Property shall be staked and flagged by a licensed surveyor within ___ calendar days after acceptance of this Contract. Buyer shall have five (5) calendar days after receipt of written report of staking and flagging to provide written notice of disapproval to the Seller. REFER TO LINES 246-255 FOR IMPORTANT TERMS

OR

236. Surveys: Survey required not required to be paid by Seller Buyer within ___ calendar days after mutual acceptance of

237. this Contract. Such survey shall be: certified by a licensed surveyor acceptable to Buyer and the Title Company in sufficient detail for an American Land Title Association ("ALTA") Owner's Policy of Title Insurance with boundary, encroachment or survey exceptions and showing all improvements, utility lines and easements on the Property or within 5 feet thereof,

240. or (describe) _____

244. Buyer shall have five (5) calendar days after receipt of written report of survey to provide written notice of disapproval to the Seller. REFER TO LINES 246-255 FOR IMPORTANT TERMS.

246. Buyer Disapproval: If Buyer gives written notice of disapproval of items as provided herein, Seller shall respond in writing within five (5) calendar days

247. or calendar days after receipt of such notice. Seller acknowledges that items warranted by Seller must be maintained and repaired as

248. provided in Lines 269-274. If Seller is unwilling or unable to correct additional items reasonably disapproved by Buyer, including making any repairs in a workman-like manner, then Buyer may cancel this Contract by giving written notice of cancellation to Seller within five (5) calendar days after receipt of Seller's response, or after expiration of the time for Seller's response, whichever occurs first, in which case Buyer's deposit shall be returned to Buyer, without further written consent of Seller, and without regard for the cancellation provisions in Lines 302-309. Notwithstanding the foregoing, if the items reasonably disapproved by the Buyer exceed ten percent (10%) of the purchase price, the Buyer shall be entitled to cancel this Contract. BUYER'S FAILURE TO GIVE WRITTEN NOTICE OF DIS-

253. APPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE SPECIFIED TIME PERIODS SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS WHICH SELLER HAS NOT AGREED TO CORRECT.

256. Seller's Obligations Regarding Wells: If any well is located on the Property, Seller shall deliver to Escrow Company, before Close of Escrow, a copy of the Arizona Department of Water Resources (ADWR) "Registration of Existing Wells". Escrow Company is hereby instructed to send to the ADWR a "Change of Well Information". (ARS 45-593). Seller does not warrant the gallons per minute as reflected on the ADWR certification of registration. Buyer may verify gallons per minute prior to Close of Escrow through a certified flow test.

260. Transfer of Water: The following water rights and wells are associated with the Property: _____

262. At Close of Escrow Seller shall assign, transfer and convey to the Buyer all of the water rights associated with the Property. Seller warrants that none of the water rights held by the Seller have been lost by passage of time, failure to comply with any laws or regulations or by any sale or transfer thereof. Seller agrees to execute, acknowledge and deliver to Buyer such additional documents and instruments regarding the water rights including, but not limited to an assignment of or deed to any water rights acquired, grants or conveyances of water rights, use rights, well maintenance agreements or any other documents necessary for Buyer to acquire the rights to use any water and any wells on the Property. Buyer and Seller acknowledge that the Broker has made no representation or warranty, express or implied, concerning the rights to, adequacy or quality of any water supply or water rights with respect to the Property. IF WATER RIGHTS IS A MATERIAL MATTER TO THE BUYER, IT MUST BE VERIFIED BY BUYER DURING THE INSPECTION PERIOD.

269. Seller Warranties: Except as otherwise provided in this Contract, Seller warrants and shall maintain the Property so that, at the earlier of possession or the Close of Escrow, the Property shall be in substantially the same condition as on the effective date of this Contract. The Seller grants Buyer or Buyer's representative reasonable access to conduct a final walk-through of the Property for the purpose of satisfying Buyer that the Property warranted by Seller is in substantially the same condition as existed at the time of effective date of the Contract. At the earlier of possession or Close of Escrow, Buyer acknowledges that all warranties concerning the Property have been satisfied or extinguished. Any personal property included herein shall be transferred in AS IS CONDITION and SELLER MAKES NO WARRANTY of any kind, express or implied (including, without limitation, ANY WARRANTY OF MERCHANTABILITY).

275. Buyer Warranties: At the earlier of possession of the Property or Close of Escrow, (a) Buyer warrants to Seller that he has conducted all desired independent investigations and accepts the Property, and (b) Buyer acknowledges there will be no Seller Warranty of any kind, except as stated in Lines 277-283.

277. Warranties that Survive Closing: Prior to the Close of Escrow, Seller warrants that payment in full will have been made for all labor, professional services, materials, machinery, fixtures or tools furnished within the 120 calendar days immediately preceding the Close of Escrow in connection with the construction, alteration or repair of any structure on or improvement to the Property. Seller warrants that the information regarding connection to a public sewer system, septic tank or other sanitation system is correct to the best of his knowledge. Seller warrants that he has disclosed to Buyer and Brokers all material latent defects and any information concerning the Property known to Seller (excluding opinions of value) which materially and adversely affect the consideration to be paid by Buyer. Buyer warrants that he has disclosed to Seller any information which may materially and adversely affect the Buyer's ability to close escrow or complete the obligations of this Contract.

284. **Release of Brokers:** SELLER AND BUYER HEREBY EXPRESSLY RELEASE, HOLD HARMLESS AND INDEMNIFY ALL BROKERS IN THIS TRANS-
285. ACTION FROM ANY AND ALL LIABILITY AND RESPONSIBILITY REGARDING THE CONDITION, SQUARE FOOTAGE/ACREAGE, LOT LINES OR
286. BOUNDARIES, VALUE, ENVIRONMENTAL PROBLEMS, AND SANITATION SYSTEMS, COMPLIANCE WITH BUILDING CODES OR OTHER GOV-
287. ERNMENTAL REGULATIONS, OR ANY OTHER MATERIAL MATTERS RELATING TO THE PROPERTY. Neither Seller, Buyer nor any Broker shall be
288. bound by any understanding, agreement, promise or representation, express or implied, written or verbal, not specified herein.

289. **Default and Remedies:** If either party defaults in any respect on any material obligations under this Contract, the non-defaulting party may elect to be released
290. from all obligations under this Contract by cancelling this Contract as provided in Lines 302-309. The non-defaulting party may thereafter proceed against the
291. party in default upon any claim or remedy which the non-defaulting party may have in law or equity. In the case of the Seller, because it would be difficult to fix
292. actual damages in the event of Buyer's default, the amount of the earnest money may be deemed a reasonable estimate of the damages; and Seller may at
293. Seller's option retain the earnest money deposit, subject to any compensation to Brokers, as Seller's sole right to damages. In the event that the non-defaulting
294. party elects not to cancel this Contract, the non-defaulting party may proceed against the party in default for specific performance of this Contract or any of its
295. terms, in addition to any claim or remedy which the non-defaulting party may have in law or equity. In the event that either party pursues specific performance of
296. this Contract, that party does not waive the right to cancel this Contract pursuant to Lines 302-309 at any time, and proceed against the defaulting party as oth-
297. erwise provided herein, or in law or equity. If Buyer or Seller files suit against the other to enforce any provision of this Contract or for damages sustained by
298. reason of its breach, all parties prevailing in such action, on trial and appeal, shall receive their reasonable attorneys' fees and costs as awarded by the court. In
299. addition, both Seller and Buyer agree to indemnify and hold harmless all Brokers against all costs and expenses that any Broker may incur or sustain in connec-
300. tion with any lawsuit arising from this Contract and will pay the same on demand unless the court grants judgment in such action against the party to be indem-
301. nified. Costs shall include, without limitation: attorneys' fees, expert witness fees, fees paid to investigators, and court costs.

302. **Cancellation:** Except as otherwise provided herein, any party who wishes to cancel this Contract because of any breach by another party, or because escrow fails to
303. close by the agreed date, and who is not himself in breach of this Contract, except as occasioned by a breach by the other party, may cancel this Contract by delivering a
304. notice to either the breaching party or to the Escrow Company stating the nature of the breach and that this Contract shall be cancelled unless the breach is cured within
305. thirteen (13) calendar days following the delivery of the notice. If this notice is delivered to the Escrow Company, it shall contain the address of the party in breach. Any
306. notice delivered to any party must be delivered to the Brokers and the Escrow Company. Within three (3) calendar days after receipt of such notice, the Escrow Company
307. shall send the notice by mail to the party in breach at the address contained in the notice. No further notice shall be required. In the event that the breach is not cured within
308. thirteen (13) calendar days following the delivery of the notice to the party in breach or to the Escrow Company, this Contract shall be cancelled; and the non-breaching
309. party shall have all rights and remedies available in law or equity for the breach of this Contract by the breaching party, as provided in Lines 289-301.

310. **Risk Of Loss:** If there is any loss or damage to the Property between the date hereof and the Close of Escrow, by reason of fire, vandalism, flood, earthquake or act
311. of God, the risk of loss shall be on the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase
312. price, either Seller or Buyer may elect to cancel the Contract.

313. **Broker's Rights:** If any Broker hires an attorney to enforce the collection of the commission payable pursuant to this Contract, and is successful in collecting some or
314. all of such commission, the party(ies) responsible for paying such commission agree(s) to pay such Broker's costs including, but not limited to: attorneys' fees, expert
315. witness fees, fees paid to investigators, and court costs. The Seller and the Buyer acknowledge that the Brokers are third-party beneficiaries of this Contract.

316. **Permission:** Buyer and Seller grant Brokers permission to advise the public of the sale upon execution of this Contract, and Brokers may disclose price and terms
317. herein after Close of Escrow.

318. **Attorneys' Fees:** In any action, proceeding or arbitration arising out of this Contract, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

319. **Mediation:** Any dispute or claim arising out of or relating to this Contract, any alleged breach of this Contract or services provided in relation to this Contract shall be
320. submitted to mediation in accordance with the NATIONAL ASSOCIATION OF REALTORS® Rules and Procedures of the Dispute Resolution System or, if not avail-
321. able, another mediation provider. Disputes shall include representations made by the Buyer, Seller or any Broker or other person or entity in connection with the sale,
322. purchase, financing, condition or other aspect of the Property to which this Contract pertains, including without limitation allegations of concealment, misrepresenta-
323. tion, negligence and/or fraud. Any agreement signed by the parties pursuant to the mediation conference shall be binding. The following matters are excluded from
324. mediation hereunder: (a) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or agreement for sale; (b) an unlawful
325. detainer action; (c) the filing or enforcement of a mechanic's lien; or (d) any matter which is within the jurisdiction of a probate court. The filing of a judicial action to
326. enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedy, shall not constitute a waiver of the
327. obligation to mediate under this provision, nor shall it constitute a breach of the duty to mediate. All mediation costs will be paid equally by the parties to the media-
328. tion, unless otherwise agreed.

329. **Entire Agreement:** This Contract, any attached exhibits and any addenda or supplements signed by the parties, shall constitute the entire agreement between Seller
330. and Buyer, and shall supersede any other written or oral agreement between Seller and Buyer. This Contract can be modified only by a writing signed by Seller and
331. Buyer. A fully executed facsimile copy of the entire agreement shall be treated as an original Contract.

332. **Time of Essence:** Time is of the essence.

333. **Arizona Law:** This Contract shall be governed by Arizona law.

334. **Severability:** If a court of competent jurisdiction makes a final determination that any term or provision of this Contract is invalid or unenforceable, all other terms and
335. provisions shall remain in full force and effect, and the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and
336. enforceable and comes closest to expressing the intention of the invalid term or provision.

337. **Construction of Language:** The language of this Contract shall be construed according to its fair meaning and not strictly for or against either party. Words used in
338. the masculine, feminine or neuter shall apply to either gender or the neuter, as appropriate.

339. **Compensation:** Seller and Buyer acknowledge that Brokers shall be compensated for services rendered as previously agreed by separate written agree-
340. ment(s). Any separate written agreement(s) shall be delivered to Escrow Company for payment at Close of Escrow, if not previously paid and shall consti-
341. tute an irrevocable assignment of Seller's proceeds at Close of Escrow. **COMMISSIONS PAYABLE FOR THE SALE, LEASING OR MANAGEMENT OF**
342. **PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER**
343. **THAN BETWEEN THE BROKER AND CLIENT.**

344. **Additional Compensation:** The Real Estate Settlement Procedures Act ("RESPA") prohibits the paying or receiving of any fee, kickback, or thing of
345. value for the referral of any business related to settlement or closing of a federally regulated mortgage loan, including but not limited to, any services
346. related to the origination, processing, or funding of a federally regulated mortgage loan and includes such settlement related business as termite inspec-
347. tions and home warranties. RESPA does not prohibit fees, salaries, compensation or other payments for services actually performed. If any Broker per-
348. forms any such services for a fee, Seller and Buyer consent to the payment of this additional compensation as follows:

349. _____

350. _____

351. _____

352. _____

353. _____

354. _____

355. **Time For Acceptance:** This is an offer to purchase the Property. Unless acceptance is signed by Seller and a signed copy delivered in person, by mail, or facsimile, and received by Buyer or by Broker named on lines 15-16 by _____, 19____ at _____ AM/PM, Mountain Standard Time, or unless this offer to purchase has been previously withdrawn by Buyer, this offer to purchase shall be deemed withdrawn and the Buyer's earnest money shall be returned.

359. SEE ADDENDUM TO VACANT LAND PURCHASE CONTRACT REGARDING SUBDIVIDED OR UNSUBDIVIDED LAND.

360. The undersigned agree to purchase the Property on the terms and conditions herein stated and acknowledge receipt of a copy hereof.

361.	<u><i>Grant W. Johnson</i></u> 11-20-97	<u><i>Shirley Johnson</i></u> 11-20-97
	BUYER MO/DAYR	BUYER MO/DAYR
362.	<u>1618 W. TURKEY AVE</u>	<u>1618 W. TURKEY AVE</u>
	ADDRESS	ADDRESS
363.	<u>PHX AZ 85033-2426</u>	<u>PHX AZ 85033-2426</u>
	CITY, STATE, ZIP	CITY, STATE, ZIP

ACCEPTANCE

364. **Agency Confirmation:** The following agency relationship(s) is hereby confirmed for this transaction:

365. Listing Broker: *Richardson Group*
(PRINT FIRM NAME)

366. Is the agent of (check one): the Seller exclusively; or both the Buyer and Seller

367. **Subsequent Offers:** Upon acceptance of this Contract, Seller hereby waives his right to receive any subsequent offer to purchase the Property until after forfeiture by Buyer or other cancellation of this Contract.

369. **Seller Receipt of Copy:** The undersigned acknowledge receipt of a copy hereof and grant permission to Broker named on Lines 15 and 16 to deliver a copy to Buyer.

371. Counter Offer is attached, and is incorporated herein by reference. If there is a conflict between this Contract and the Counter Offer, the provisions of the Counter Offer shall be controlling. (NOTE: If this box is checked, Seller should sign both the Contract and the Counter Offer.)

373. The undersigned agree to sell the Property on the terms and conditions herein stated.

374.	_____ SELLER MO/DAYR	_____ SELLER MO/DAYR
375.	_____ ADDRESS	_____ ADDRESS
376.	_____ CITY, STATE, ZIP	_____ CITY, STATE, ZIP

For Broker Use Only: Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
MO/DAYR

This form is available for use by the entire real estate industry. The use of this form is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® and who subscribe to its Code of Ethics.
CARIZONA ASSOCIATION OF REALTORS® 1994 This Form Available Through Your Local Board of REALTORS® Form 1558-1555 VL 07/94

9.

POLICY OF TITLE INSURANCE ISSUED BY

STEWART TITLE GUARANTY COMPANY

SUBJECT TO SCHEDULE B AND THE CONDITIONS AND STIPULATIONS HEREOF, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures the insured, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by said insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Unmarketability of such title; or
4. Any lack of the ordinary right of an abutting owner for access to at least one physically open street or highway if the land, in fact, abuts upon one or more such streets or highways;

and in addition, as to an insured lender only:

5. Invalidity of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
 - a. usury, or
 - b. any consumer credit protection or truth in lending law;
6. Priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority; or
7. Invalidity of any assignment of the insured mortgage, provided such assignment is shown in Schedule B.

Signed under seal for the Company, but this Policy is to be valid only when it bears an authorized countersignature.

Sanctity of Contract
STEWART TITLE
GUARANTY COMPANY

Stewart Morris Jr.
Chairman of the Board

Malcolm S. Morris
President

Countersigned:

Kerian Deell



Authorized Countersignature

STEWART TITLE GUARANTY COMPANY
Standard Owners Policy

SCHEDULE A

Date of Policy: 12/16/1997 AT 10:57 A.M.
File No. 05970557 KKM

Policy No. AOJP1301105620
Amount of Insurance: \$ 23,250.00

Name of Insured:

**ERNEST W. THOMPSON, JR. and SHERRY J. THOMPSON, Husband and Wife, as Joint
Tenants With Right Of Survivorship**

1. The estate or interest referred to herein is at date of policy vested in:

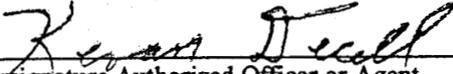
**ERNEST W. THOMPSON, JR. and SHERRY J. THOMPSON, Husband and Wife, as Joint
Tenants With Right Of Survivorship**

2. The estate or interest in the land described and which is covered by this policy is:
Fee Simple

3. The land referred to in this policy is described as follows:

See Exhibit A Attached hereto and made a part hereof

YAVAPAI-COCONINO TITLE AGENCY, INC.


Countersignature Authorized Officer or Agent
Kevan Decell:jkf

Issued at Prescott, Arizona

LTAA Standard Coverage Policy Form - 1974 (Rev. 01-01-88)

STEWART TITLE
GUARANTY COMPANY

STEWART TITLE GUARANTY COMPANY

Policy No. AOJP1301105620

File No. 05970557 KKM

SCHEDULE B

This policy does not insure against loss or damage nor against, costs, attorney's fees, or expenses, any or all of which arise by reason of those matters shown in parts I and II of this schedule.

PART I

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 claims 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.

6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.

7. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances and those relating to environmental protection) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting 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 apart, whether or not shown by the public records at Date of Policy, or the effect of any violation of any such law, ordinance or governmental regulation, whether or not shown by the public records at Date of Policy.

8. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records.

9. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not shown by the public records and not otherwise excluded from coverage but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (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 been a purchaser or encumbrancer for value without knowledge.

10. The right or claims of title, if any, by the state of Arizona to any portion of the property described in Schedule A by reason of its location in a watercourse which was navigable at Statehood.

Schedule B - Part I

STEWART TITLE GUARANTY COMPANY

Policy No. AOJP1301105620

File No. 05970557 KKM

SCHEDULE B - PART II

1. LIABILITIES AND OBLIGATIONS that may arise by reason of the inclusion of said land within the following named district(s):

Name CENTRAL YAVAPAI FIRE DISTRICT
 CENTRAL YAVAPAI HOSPITAL DISTRICT

2. RESERVATIONS, exceptions, conditions, easements and rights of way as set forth in Book 102 of Deeds, page 444, in Book 131 of Deeds, page 325 and in Book 192 of Deeds, page 415.
3. RIGHTS IN CONNECTION with the mineral estate as reserved in Book 192 of Deeds, page 415.
4. EASEMENTS and rights incident thereto, as set forth in instrument:

Recorded in Book 74 of Official Records
Page 313-319
Purpose pipelines, telephone line, power transmission line and road

5. RIGHTS IN CONNECTION with the mineral estates as reserved in Book 115 of Official Records, pages 577-580.

6. THE EFFECT OF SURVEY:

Recorded in Book of
Land Surveys No. 1
Page 200

7. RIGHTS IN CONNECTION with the mineral estate as reserved in Book 1772 of Official Records, page 713.

8. EASEMENTS and rights incident thereto, as set forth in instrument:

Recorded in Book 1827 of Official Records
Page 23
Purpose road or highway purposes

9. DECLARATION OF EASEMENT as set forth in Book 2042 of Official Records, page 604.

Correction to Declaration of Easement recorded December 20, 1995 in Book 3128 of Official Records, page 604.

10. RESTRICTIONS, CONDITIONS AND/OR COVENANTS contained in instrument recorded in:

Book 2042 of Official Records
Page 614
Book 2172 of Official Records
Page 863
Book 3000 of Official Records
Page 896

CONTINUED

Schedule B - Part 2 Page 1

SCHEDULE B PART II (CONTINUED)

11. EASEMENTS and rights incident thereto, as set forth in instrument:

Recorded in Book 3473 of Official Records
Page 837
Purpose roadway and public utilities

12. EASEMENTS and rights incident thereto, as set forth in instrument:

Recorded in Book 3536 of Official Records
Page 457-458
Purpose a 50 foot roadway and public utility

13. DEED OF TRUST securing the amount shown therein, and any other amount payable under the terms thereof:

Amount \$38,000.00
Dated April 9, 1996
Recorded May 15, 1996
Book 3206 of Official Records
Page 547
Trustor RULON LARSEN, an unmarried man
Trustee YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona Corporation
Beneficiary JAMES R. CALLISON, an unmarried man

14. DEED OF TRUST securing the amount shown therein, and any other amount payable under the terms thereof:

Original Principal \$17,450.00
Dated December 10, 1997
Recorded December 16, 1997
Book 3536 of Official Records
Page 459-463
Trustor ERNEST W. THOMPSON JR. and SHERRY J. THOMPSON, Husband and Wife, as Joint Tenants With
Right Of Survivorship
Trustee YAVAPAI-COCONINO TITLE AGENCY, INC., an Arizona Corporation
Beneficiary PHONECHEK LLC, an Arizona Limited Liability Company

Exhibit A

All that portion of Lot 29, POQUITO VALLEY, as recorded in Book 8 of Land Surveys, page 6, Yavapai County Recorder's Office, all in Section 11, Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Southwest corner of Lot 29, marked with a two-inch aluminum cap stamped G.E.T.L.;

thence North 00°07'48" West, 330.98 feet, along the West line of Lot 29 to a one-half inch rebar;

thence North 89°56'18" East (record North 89°56'16" East), 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 00°08'55" West, 331.02 feet;

thence North 89°56'16" East, 263.23 feet;

thence South 00°08'42" East, 331.03 feet;

thence South 89°56'18" West, 263.21 feet to the TRUE POINT OF BEGINNING.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found upon or under said lands as reserved in Book 192 of Deeds, page 415.

RESERVING AND EXCEPT 1/2 of all oil, gas and minerals upon or under the above described lands (except lands on and under which the oil, gas, coal and other minerals have been heretofore reserved by Santa Fe Pacific Railroad Company) as reserved in Deed recorded in Book 115 of Official Records, pages 577-580.

RESERVING AND EXCEPTING all remaining oil, gas and minerals upon or under the above described land (except land on and under which the oil, gas, coal and other minerals have been heretofore reserved) as reserved in Book 1772 of Official Records, page 713.

TOGETHER WITH AND RESERVING unto the Grantor, their heirs and assigns a 50 foot roadway and public utilities easement running parallel with, 25.00 feet on each side of the following described line:

BEGINNING at the Southwest corner of Lot 29, North 00°09'48" West, 330.98 feet;

thence North 89°56'16" East, 526.44 feet to the TRUE POINT OF BEGINNING;

thence North 89°56'16" East, 789.64 feet to the end of this easement.

10.

NOTES

RECEIPT

DATE 5-15-99 NO 0217

RECEIVED FROM ERNEST & SHERRY THOMPSON

ADDRESS _____

FOR DEPOSIT ON HOME-ONLY PURCHASE \$ 7,000.00

CK # 151

ACCOUNT		HOW PAID	
<input type="checkbox"/>	CASH	<input type="checkbox"/>	CASH
<input type="checkbox"/>	CHECK	<input checked="" type="checkbox"/>	CHECK
<input type="checkbox"/>	MONEY ORDER	<input type="checkbox"/>	MONEY ORDER

BY [Signature]

DMHS LICENSE #5782

401 - (520) 757-4343
326 - (602) 386-6100

15-99

8535

ESCRIBED PROPERTY:

CK NUMBERS

SERIAL NUMBER	NEW	MODEL	DELIVERY DATE	KEY NUMBER
CUSTOMER MAY CHOOSE PERSON FROM WHICH INSURANCE IS OBTAINED.				
INSURANCE COVERAGE		NUMBER OF MONTHS	OPTIONAL EQUIPMENT	PRICE OF UNIT
NO COVERAGES EXCEPT AS SHOWN BELOW		\$	COST OF SET-UP PARTS	\$ <u>67,045.00</u>
<input type="checkbox"/>	FIRE AND THEFT - CAP			
<input type="checkbox"/>	FIRE AND THEFT - COMPREHENSIVE			
<input type="checkbox"/>	PERSONAL EFFECTS			
<input type="checkbox"/>	MOBILE HOMEOWNERS			
<input type="checkbox"/>	Other insurance (Describe)			
TOTAL PREMIUM for insurance coverage on the commodity if obtained from or through the seller		48		
OPTIONAL EQUIPMENT, LABOR AND ACCESSORIES			SUB TOTAL	\$ <u>67,045.00</u>
<input type="checkbox"/>	25' Electrical	<input type="checkbox"/>	25' Water	<input type="checkbox"/>
<input type="checkbox"/>	25' Sewer	<input type="checkbox"/>	No Gas	
I/We are aware of the fact that the utility service facilities for Manufactured home spaces are not standardized. Therefore the compatibility between a chosen Manufactured home space and a Manufactured home to be purchased is my/our responsibility.				
<p>Home is to be DELIVERED & SET IN PRESIDENT VALLEY, AZ w/ 50% OF UTILITIES</p> <p>* 7120 W. ESTEEM WAY</p> <p>** BALANCE OF FUNDS TO BE PAID PRIOR TO SHIPPING</p>				
<p>INITIAL DEPOSIT \$7,000.00 CK # 151 5/15/99</p>				
<p>FEES IF NOT INCLUDED BELOW IN (4)</p> <p>1. CASH PRICE \$ <u>70,098.89</u></p> <p>TRADE-IN ALLOWANCE \$</p> <p>LESS: BAL. DUE ON ABOVE \$</p> <p>NET ALLOWANCE \$</p> <p>CASH DOWN PAYMENT \$ <u>7,000.00</u></p> <p>CASH AS AGREED SEE "REMARKS" \$</p> <p>2. LESS TOTAL CREDITS</p> <p>3. UNPAID BALANCE OF CASH SALE PRICE \$ <u>63,098.89</u></p> <p>THIS IS NOT A TRUTH-IN-LENDING-ACT DISCLOSURE FORM</p> <p>4. OTHER CHARGES</p> <p>a. Official Fees (Specify) \$</p> <p>VSI \$</p> <p>b. Insurance on Commodity \$</p> <p>c. Credit Life Insurance ... \$</p> <p>d. Credit Accident & Health \$</p> <p>e. Taxes (Not incl. above) ... \$</p> <p>f. License Fees \$</p> <p>Regist. Fees \$</p> <p>Certif of Title Fees \$ (Total)</p> <p>TOTAL OTHER CHARGES (a+b+c+d+e+f) \$</p> <p>5. UNPAID BAL. - AMOUNT FINANCED (3+4) \$</p> <p>6. FINANCE CHARGE \$</p> <p>7. ANNUAL PERCENTAGE RATE %</p> <p>8. TOTAL OF PAYMENTS (5+6) \$</p> <p>9. TOTAL DEFERRED PAYMENT PRICE (1+4+8) \$</p> <p>Payable in _____ monthly installment of \$ _____ each and one final installment of \$ _____, all payable the like date of each successive month commencing _____ 19 _____</p> <p>IT IS MUTUALLY UNDERSTOOD THAT THIS AGREEMENT IS SUBJECT TO NECESSARY CORRECTION, AND ADJUSTMENTS CONCERNING CHANGES IN NET PAY-OFF ON TRADE IN TO BE MADE AT THE TIME OF SETTLEMENT.</p> <p>SOCIAL SECURITY</p> <p>SOCIAL SECURITY</p> <p>TRADE-IN DEBT TO BE PAID BY <input type="checkbox"/> DEALER <input type="checkbox"/> CUSTOMER</p>				
<p>DESCRIPTION OF TRADE-IN</p> <p>YEAR SIZE</p> <p>MAKE MODEL BEDROOMS</p> <p>TITLE NO. SERIAL NO. COLOR</p> <p>AMOUNT OWING TO WHOM</p>				

The undersigned certify that the matter printed on the back hereof is agreed to as a part of this agreement, the same as if it were printed above the signatures; that undersigned is of statutory age or has been legally emancipated; that the purchase of the above described trailer, mobile home or vehicle; the optional equipment and accessories thereon, the insurance as described has been voluntary; that the property being traded in is free from all encumbrances whatsoever, except as noted herein. The undersigned agrees each paragraph and provision of this contract is severable, if one portion thereof is invalid the remaining portions shall nevertheless, remain in full force and effect. The undersigned acknowledges receipt of a copy of this agreement and that I, or we, have read and understood the back of this agreement.

SIGNED AND ACCEPTED BY AN OFFICER OF THE COMPANY

SIGNED X [Signature] 5-15-99
PURCHASER DATE

SIGNED X _____
PURCHASER DATE

PURCHASE AGREEMENT UCC § 2-201



DMHS LICENSE #5782

6202 NW Grand Ave., Glendale, Arizona 85301 - (602) 934-5254
6258 NW Grand Ave., Glendale, Arizona 85301 - (602) 247-7272

3815 Sunshine Dr., Kingman, Arizona 86401 - (520) 757-4343
201 E. Apache, Buckeye, AZ 85326 - (602) 386-8100

DMHS LICENSE #5782

(520) 757-4343
(602) 386-8100

SOLD TO ERNEST W. & SHERRY J. THOMPSON JR. PHONE 849-3416 DATE 8-19-99

ADDRESS 7618 W. TURKEY AVE. APT. A2 85053 SALESMAN [Signature] LIC. # 508535

SUBJECT TO THE TERMS AND CONDITIONS STATED ON BOTH SIDES OF THE AGREEMENT SELLER AGREES TO SELL AND THE PURCHASER AGREES TO PURCHASE THE FOLLOWING DESCRIBED PROPERTY:

MAKE SCHULT MODEL RESIDENTIAL JENV # OF ROOMS 42 APPROX. 56 STOCK NUMBERS

SERIAL NUMBER NEW DISPLAY/MODEL COLOR PROPOSED DELIVERY DATE KEY NUMBER

CUSTOMER MAY CHOOSE PERSON FROM WHICH INSURANCE IS OBTAINED. PRICE OF UNIT \$ 68,413.76

INSURANCE COVERAGE NO COVERAGES EXCEPT AS SHOWN BELOW	NUMBER OF MONTHS	OPTIONAL EQUIPMENT COST OF SET-UP PARTS	PRICE OF UNIT
<input type="checkbox"/> FIRE AND THEFT - CAP			\$ <u>68,413.76</u>
<input type="checkbox"/> FIRE AND THEFT - COMPREHENSIVE			
<input type="checkbox"/> PERSONAL EFFECTS			
<input type="checkbox"/> MOBILE HOMEOWNERS			
<input type="checkbox"/> Other insurance (Describe)			
TOTAL PREMIUM for insurance coverage on the commodity if obtained from or through the seller			SUB TOTAL
			\$ <u>68,413.76</u>
			SALES TAX IF NOT INCLUDED BELOW IN (4E)
			\$ <u>3,116.24</u>
			TITLE
			FEES IF NOT INCLUDED BELOW IN (4F)
			1. CASH PRICE
			\$ <u>71,530.00</u>
			TRADE-IN ALLOWANCE
			\$
			LESS: BAL. DUE ON ABOVE
			\$
			NET ALLOWANCE
			CASH DOWN PAYMENT
			CASH AS AGREED SEE "REMARKS"
			\$
			2. LESS TOTAL CREDITS
			3. UNPAID BALANCE OF CASH SALE PRICE
			\$

OPTIONAL EQUIPMENT, LABOR AND ACCESSORIES

25' Electrical 25' Water 25' Sewer No Gas

We are aware of the fact that the utility service facilities for Manufactured home spaces are not standardized. Therefore the compatibility between a chosen Manufactured home space and a Manufactured home to be purchased is my/our responsibility.

Home is to be delivered & set in Prescott Valley, AZ w/ 50% of utilities

DELIVERY ADDRESS:
7120 W. ESTEEM WAY

4. OTHER CHARGES	
a. Official Fees (Specify)	\$
VSI	\$
b. Insurance on Commodity	\$
c. Credit Life Insurance ...	\$
d. Credit Accident & Health	\$
e. Taxes (Not incl. above) ...	\$
f. License Fees	\$
Regist. Fees	\$
Certif of	(Total)
Title Fees	\$
TOTAL OTHER CHARGES (a+b+c+d+e+f)	\$

5. UNPAID BAL. - AMOUNT FINANCED (3+4) \$

6. FINANCE CHARGE \$

7. ANNUAL PERCENTAGE RATE %

8. TOTAL OF PAYMENTS (5+6) \$

9. TOTAL DEFERRED PAYMENT PRICE (1+4+6) \$

Payable in _____ monthly installment of \$ _____ each and one final installment of \$ _____ all payable the like date of each successive month commencing _____, 19 _____.

IT IS MUTUALLY UNDERSTOOD THAT THIS AGREEMENT IS SUBJECT TO NECESSARY CORRECTION, AND ADJUSTMENTS CONCERNING CHANGES IN NET PAY-OFF ON TRADE IN TO BE MADE AT THE TIME OF SETTLEMENT.

DESCRIPTION OF TRADE-IN	YEAR	SIZE	SOCIAL SECURITY
MAKE	MODEL	BEDROOMS	
TITLE NO.	SERIAL NO.	COLOR	
AMOUNT OWING TO WHOM			
TRADE-IN DEBT TO BE PAID BY <input type="checkbox"/> DEALER <input type="checkbox"/> CUSTOMER			

The undersigned certify that the matter printed on the back hereof is agreed to as a part of this agreement, the same as if it were printed above the signatures; that the undersigned is of statutory age or has been legally emancipated; that the purchase of the above described trailer, mobile home or vehicle; the optional equipment and accessories thereon, the insurance as described has been voluntary; that the property being traded in is free from all encumbrances whatsoever, except as noted herein. The undersigned agrees each paragraph and provision of this contract is severable; if one portion thereof is invalid the remaining portions shall, nevertheless, remain in full force and effect. The undersigned acknowledges receipt of a copy of this agreement and that I, or we, have read and understood the terms of this agreement.

DEALER SIGNED X _____ PURCHASER _____ DATE 8/19/99
LESS SIGNED AND ACCEPTED BY AN OFFICER OF THE COMPANY
PURCHASER SIGNED X _____ PURCHASER _____ DATE _____
TO ACCEPTANCE OF FINANCING BY BANK OR FINANCE COMPANY

WHITE - DEALER'S COPY YELLOW - CUSTOMER COPY PINK - FILE COPY

99
535
67,045
7,045
3,053.89
70,098.89
63,098.89

each and one of each successive 19 _____
SUBJECT TO NECESSARY CHANGES IN NET PAYMENT.

the signatures; that optional equipment and accessories thereon, except as noted herein, shall be understood the

5-15-99
DATE