

Buyer's Name:

Condominium Unit No.

**CONDOMINIUM PURCHASE CONTRACT AND
ESCROW INSTRUCTIONS**

FOR

**TIMBERLINE PLACE EAST CONDOMINIUM
4343 East Soliere Avenue, Flagstaff, Arizona**

(A Condominium Conversion)

PARAGRAPH 7.3 OF THIS CONTRACT AND THE RELATED CONDOMINIUM DECLARATION FOR THE PROJECT INCLUDE DISPUTE RESOLUTION PROCEDURES WHICH REQUIRE BINDING ARBITRATION OF CERTAIN DISPUTES ARISING UNDER THOSE DOCUMENTS, INCLUDING, WITHOUT LIMITATION, DISPUTES REGARDING ALLEGED CONSTRUCTION DEFECTS. YOU SHOULD READ THIS CONTRACT AND THE LIMITED WARRANTY CAREFULLY AND UNDERSTAND THEM BEFORE YOU SIGN THIS CONTRACT.

(Buyer Initials: _____/_____)

THIS CONDOMINIUM PURCHASE CONTRACT AND ESCROW INSTRUCTIONS (together with all related schedules, exhibits, amendments and addendums, this "*Contract*"), is effective as of the date of its execution by Seller (the "*Effective Date*"), and comprise the entire contract and agreement between Aspen Timberline II, L.L.C., an Arizona limited liability company ("*Seller*"), and Buyer (as defined below).

1. **BASIC TERMS.** This Section 1 defines the Basic Terms of this Contract.

1.1 *Buyer:* _____

1.2 *Marital Status:* (circle one) Single Married Divorced

1.3 *Project:* Timberline Place East Condominium according to the Plat recorded as instrument no. 3404546, records of Coconino County, Arizona, as amended (the "*Plat*"), and subject to the Condominium Declaration recorded in the Office of the Coconino County Recorder as instrument no. 3404547 (the "*Declaration*").

1.4 *Unit:* Condominium Unit No. _____, in Building No. _____.

1.5 *Parking Space:* Buyer will be assigned the use of covered Parking Space _____.

1.6 *Purchase Price:* The Purchase Price for the Property (defined in Section 2) is:

Silver Unit Price:	\$ _____
Plus additional upgrades (if any) per Exhibit "A"	+ \$ _____
Less discounts and incentives (if any) per Exhibit "A"	- \$ _____
Total Purchase Price:	= \$ _____

1.7 *Deposits:*

Earnest Money Deposit: Buyer's Earnest Money Deposit made payable to Escrow Agent upon Buyer's execution of this Contract is: \$ _____.

Upgrades Deposit: Buyer's Upgrade Deposit, (if applicable) is set forth on **Exhibit "A,"** and shall be made payable to Escrow Agent upon Buyer's execution of this Contract.

1.8 *Balance of Purchase Price:* The Balance of Purchase Price to be paid by Buyer at the Close of Escrow is determined as follows:

Purchase Price	\$ _____
Less Earnest Money Deposit	- \$ _____
Less Upgrades Deposit (if applicable)	- \$ _____
Balance of Purchase Price at Closing:	= \$ _____

1.9 *Source of Funds:* (initial one) Cash Financing

Buyer's source of funds representation set forth in this Section 1.9 is a material inducement for Seller's acceptance of this Contract. If Buyer indicates the intent to pay the Purchase Price in cash and subsequently decides to finance a portion of the Purchase Price, Seller shall have the right to cancel this Contract by delivering written notice to Buyer and Escrow Agent, in which event Escrow Agent shall pay the Deposits to Seller as liquidated damages. If Buyer indicates the intent to finance the Purchase Price, Buyer authorizes Seller to provide Buyer's name and contact information to Seller's Preferred Lenders (defined in Section 4.3.1).

1.10 *Close of Escrow/Closing Date:* Subject to the terms of Sections 6.1, 6.6 and 13.12 below (if applicable), Close of Escrow shall occur forty-five (45) days from the Effective Date or such other date as agreed upon in writing by Buyer and Seller.

1.11 *Escrow Agent:* Lawyers Title Insurance Agency

Escrow Officer: Bobbi Acklin
123 West Birch Avenue, Suite 104
Flagstaff, Arizona 86001
Telephone: (928) 779-5503
Fax Number: (928) 779-5331
Email: backlin@ltic.com

1.12 *Deadline for Final Loan Approval:* Twenty-six (26) days from the Effective Date.

1.13 *Residency Representation* (initial or check the appropriate boxes):

A. Buyer currently resides in the Unit and shall execute the Residential Lease Addendum attached to this Contract as **Exhibit "B-1."**

B. Buyer does not currently reside in the Unit and is acquiring the Unit as a primary residence, a second home, or as an investment.

C. Buyer is purchasing the Unit subject to the occupancy rights of an existing tenant and shall execute the Lease Assumption Addendum attached to this Contract as **Exhibit "B-2."**

Buyer's Residency Representation set forth in this Section 1.13 is a material inducement for Seller's acceptance of this Contract. If Buyer's Residency Representation subsequently becomes or is determined by Seller to be untrue, Seller shall have the right to cancel this Contract by delivering written notice to Buyer and Escrow Agent, in which event Escrow Agent shall pay the Deposits to Seller as liquidated damages.

2. **PURCHASE AND SALE OF PROPERTY.** For the Purchase Price and in accordance with the terms and conditions set forth in this Contract, Seller shall sell and Buyer shall buy, the Unit identified in Section 1.4, located in the Project and subject to the Declaration, together with: (i) an undivided interest in the common elements of the Project (the “*Common Elements*”); (ii) the exclusive right and license to use the assigned Parking Space identified in Section 1.5; and (iii) one (1) membership unit in the Timberline Place Owners Association (the “*Association*”) (collectively the “*Property*”).

3. **BUYER’S CANCELLATION RIGHT.** Buyer represents and warrants to Seller that Buyer (initial or check the appropriate box):

3.1 **has** inspected the Unit prior to the execution of this Contract and agrees to accept the Unit in “**AS-IS**” condition as provided in Section 5.

3.2 **has not** inspected the Unit but shall have until 5:00 p.m. MST on the fourteenth (14) calendar day following the Effective Date to inspect the Unit and cancel this Contract, without penalty, by giving written notice of such cancellation to Seller within such fourteen (14) day period. Buyer shall provide Seller with written notice not less than seventy two (72) hours prior to Buyer’s inspection of the Unit. Inspection shall be permitted by appointment only, from 9:00 a.m. through 4:00 p.m., Monday through Saturday, excluding normal holidays. If Buyer cancels this Contract as provided in this Section 3.2, the Deposits shall be refunded to Buyer, without deduction or setoff. If Buyer does not cancel this Contract as provided in this Section 3.2, Buyer shall be deemed to have accepted the Unit in “**AS-IS**” condition as provided in Section 5. If Buyer does not inspect the Unit within fourteen (14) days of the Effective Date, Buyer shall indemnify, defend and hold harmless Seller and Seller’s agents and employees from and against any and all loss, cost and expense arising with respect to any matter that may have been revealed during an inspection.

4. **PURCHASE PRICE; METHOD OF PAYMENT.** The Purchase Price shall be paid by Buyer as follows:

4.1 *Deposits.* Contemporaneously with the execution of this Contract, Buyer shall deliver the Deposits identified in Section 1.7 to Escrow Agent. The Deposits shall be placed into a non-interest bearing escrow account (the “*Escrow*”) held by Escrow Agent. **EXCEPT AS OTHERWISE SET FORTH IN THIS CONTRACT, THE DEPOSITS SHALL BE DEEMED TO BE FULLY EARNED BY SELLER AND NON-REFUNDABLE TO BUYER UPON THE LATER TO OCCUR OF THE FOLLOWING: (I) THE EXPIRATION OF THE FOURTEEN DAY INSPECTION PERIOD UNDER SECTION 3.2, (II) UPON RECEIPT BY BUYER OF CONDITIONAL LOAN APPROVAL IF SECTION 4.3 APPLIES; OR (III) UPON SELLER’S EXECUTION OF THIS CONTRACT IF (I) AND (II) DO NOT APPLY.**

4.2 *Balance of Purchase Price.* Buyer shall pay Seller the Balance of the Purchase Price through Escrow at the Close of Escrow, with Buyer’s funds or financing as indicated by Buyer in Section 1.9.

4.3 *Buyer Financing.* The provisions of this Section 4.3 shall apply if Buyer has indicated in Section 1.9 the intent to finance a portion of the Purchase Price.

4.3.1 *Indemnification of Lender.* Within three (3) business days after the Effective Date, Buyer shall provide written notice to Seller identifying the name and pertinent contact information of the lender that Buyer intends to use to fund the purchase of the Unit (the “*Lender*”). Buyer acknowledges receipt of Seller’s list of preferred lenders (the “*Preferred Lenders*”).

4.3.2 *Loan Application.* Within six (6) business days after the Effective Date, Buyer shall submit a true and complete loan application (the “*Loan Application*”) to the Lender.

4.3.3 *Conditional Loan Approval.* Within eleven (11) business days after the Effective Date (the “*Conditional Loan Approval Period*”), Buyer shall notify Seller and provide Seller with a copy of a conditional loan approval issued by Lender (“*Conditional Loan Approval*”). If Buyer fails or is unable to deliver Conditional Loan Approval to Seller within the Conditional Loan Approval Period, Seller shall have the right to cancel this Contract by delivering written notice to Buyer and Escrow Agent, in which event Escrow Agent shall refund the Deposits to Buyer.

4.3.4 *Final Loan Approval.* Upon receipt of Conditional Loan Approval, Buyer shall do all things necessary to obtain final loan approval from the Lender (“*Final Loan Approval*”) prior to the Deadline for Final Loan Approval set forth in Section 1.12. Upon receipt of Final Loan Approval, Buyer shall notify Seller and provide Seller with a copy of Lender’s Final Loan Approval. If Buyer fails or is unable to deliver Final Loan Approval to Seller prior to the Deadline for Final Loan Approval, Seller shall have the right to cancel this Contract by delivering written notice to Buyer and Escrow Agent, in which event Escrow Agent shall refund the Deposits to Buyer. If Buyer does deliver Final Loan Approval prior to the Deadline for Final Loan Approval, but with conditions that are unacceptable to Seller, and if such unacceptable conditions are not removed by Lender within seven (7) days of written notice by Seller, Seller shall have the right to cancel this Contract by delivering written notice to Buyer and Escrow Agent, in which event Escrow Agent shall refund the Deposits to Buyer.

4.3.5 *Buyer Responsible for Loan Application.* Buyer shall be solely responsible for and shall pay all points, appraisal, credit reports or other fees, interest and costs associated with Conditional Loan Approval and Final Loan Approval, whether or not the transaction contemplated by this Contract is consummated. The interest rate, fees and other terms or conditions of any financing used by Buyer are matters solely between Buyer and Lender. Seller shall not provide financing to Buyer nor has Seller guaranteed the availability or any particular terms of financing. Seller is not responsible for any representations, warranties, actions, or omissions made by Lender. Buyer understands that interest rates and other fees and costs charged by Lender may fluctuate and loan programs offered by Lender may change. If Buyer elects to lock in an interest rate with Lender, Seller shall not be liable or have any responsibility to Buyer if the Close of Escrow does not occur as estimated or scheduled by Seller. WITHOUT SELLER’S CONSENT, WHICH CONSENT MAY BE WITHHELD IN SELLER’S SOLE AND ABSOLUTE DISCRETION, BUYER SHALL NOT CHANGE LENDERS AFTER BUYER IDENTIFIES THE LENDER UNDER SECTION 4.3.1.

4.3.6 *Preferred Lender Incentive.* If Buyer elects to obtain financing from a Preferred Lender, at Close of Escrow Seller agrees to provide Buyer with an incentive equal to .75% times the principal amount of Buyer's loan, which incentive amount may be applied, at Buyer's election to the payment of Buyer's share of closing costs, to a buy-down of the interest rate of Buyer's loan, to future Association assessments, or any combination thereof. If Buyer does not obtain financing from a Preferred Lender, the incentive under this Section 4.3.6 shall not apply.

4.4 *Proof of Funds.* Whether or not Buyer intends to obtain financing, Seller may reasonably request written confirmation of Buyer's ability to Close the Escrow, including, without limitation, a letter from a third party financial institution confirming the availability of funds necessary to close the Escrow and consummate the transactions contemplated by this Contract.

5. AS-IS; WHERE IS, WITH ALL FAULTS.

5.1 *Buyer Acknowledgement.* Buyer acknowledges:

5.1.1 The Project was constructed in 2000 and 2001 by a third-party, unrelated to Seller;

5.1.2 The Project was originally constructed and operated as a rental apartment complex and not as condominium homes;

5.1.3 Seller had no part in the construction of the Project, and Seller has made only certain nonstructural and cosmetic repairs and renovations to the buildings and improvements;

5.1.4 The buildings and other improvements within the Condominium were designed and constructed in accordance with design requirements and building codes applicable to rental apartments at the time the buildings and other improvements were originally constructed, and the design criteria and building codes applicable to rental apartments may vary significantly from the design criteria and building codes applicable to condominium projects (see **Exhibit "C"** for additional building code disclosure);

5.1.5 Seller makes no representation or warranty that the buildings or other improvements within the Condominium comply with the design criteria or building codes applicable to condominium projects either when the improvements were constructed or currently;

5.1.6 Buyer has inspected or will be given the opportunity to inspect the Unit and the Project;

5.1.7 The sale of the Unit does not include Seller warranties typical of new construction; and

5.1.8 BUYER IS PURCHASING THE PROPERTY (AND SHALL ACCEPT TITLE TO AND POSSESSION OF THE PROPERTY) "AS IS, WHERE IS,

WITH ALL FAULTS” WITH NO RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE.

5.2 *Final Inspection/Punch List.* The provisions in this Section 5.2 shall apply only if Buyer has selected an upgrade package for the Unit (“*Upgrades*”) and such Upgrades are not completed as of the Effective Date or the date of Buyer’s inspection of the Unit pursuant to Section 3.2, if applicable. Buyer and/or its representative shall have the right to inspect the Unit with representatives of Seller and Seller’s contractor not less than three (3) days prior to the Closing Date (the “*Walk Through*”). Upon completion of the Walk Through, Seller and Buyer shall complete and execute a punch list (the “*Punch List*”) which shall specify any defects in workmanship or materials to the Upgrades noted upon such inspection. If not completed before the Closing Date, Seller shall within sixty (60) days after the date of Closing cause to be completed to industry standards all work required under the Punch List except work relating to materials which are not readily available to Seller, which items shall be completed with due diligence as soon as reasonably possible. Closing shall occur in accordance with the terms of this Contract, notwithstanding Seller’s obligation to complete Punch List items, and the Closing shall not be delayed; provided that Seller’s obligation to complete any incomplete work shall survive the Closing. If during the inspection, Seller and Buyer disagree on whether any defects in workmanship or materials exist to the Upgrades in the Unit, either party shall have the right to initiate the dispute resolution procedures set forth on **Exhibit “E,”** which shall be strictly construed and enforced.

6. ESCROW; CLOSE OF ESCROW; CLOSING COSTS AND PRORATIONS.

6.1 *Close of Escrow.* Seller and Buyer engage Escrow Agent to act as the escrow agent for the closing of the transactions contemplated by this Contract. The Close of Escrow shall occur, on or before the Closing Date; *provided*, Seller may elect, in Seller’s sole discretion, to postpone the Closing Date for up to thirty (30) days by delivering written notice to Buyer at least three (3) days prior to the Close of Escrow. Seller shall not be liable to Buyer for any costs, expenses, liabilities, losses or damages incurred by Buyer as a result of any postponement in the Close of Escrow, including, but not limited to, any loss or damage as a result of any increase in commitment fees, points, interest rates or other amounts assessed or charged by any lender, or travel, lodging, storage or meal costs incurred by Buyer. Buyer shall be solely responsible for arranging for all utilities to be turned on with respect to the Unit and Buyer acknowledges that telephone service (not including cell phone service) to the Unit may not be available until after Close of Escrow. Buyer shall be entitled to possession of the Property (subject to the occupancy rights of any existing tenants) at the Close of Escrow. Unless Buyer currently resides in the Unit, Buyer shall have no right to possession of the Unit prior to the Close of Escrow. The Close of Escrow shall be deemed to occur on the date the Deed (defined in Section 6.4.1) is recorded in the Office of the Coconino County Recorder.

6.2 *Buyer’s Delay in Closing.* Should Buyer not fully perform all of its payment and performance obligations (including but not limited to execution and delivery of all loan and other closing documents) on or before the date set for the Closing, in addition to all other amounts payable hereunder, Buyer shall pay to Seller to compensate Seller for the delay, liquidated damages in the amount of \$125 per calendar day from the date originally scheduled for the Closing to the date that this transaction is actually completed; provided that liquidated damages

shall not apply if Seller elects to cancel this transaction by reason of a default by Buyer, or if non-performance by Buyer is caused by Seller's failure to comply with any material term of this Contract. Buyer agrees that the amount of liquidated damages stipulated in this Section 6.2 is not a penalty, but represents a good-faith estimate of the costs and expenses that Seller will incur for each day that Closing is delayed due to Buyer's nonperformance.

6.3 *Buyer's Closing Deliveries.* The Balance of the Purchase Price shall be paid to Seller by Buyer through Escrow at the Close of Escrow, together with an amount equal to the total of the following:

6.3.1 All payments required to be paid to the Association, as determined by the Association immediately prior to the Close of Escrow, which were estimated by Buyer and Seller on the Effective Date as provided on **Exhibit "D"**;

6.3.2 All impounds, interest, assessments and other fees and costs required to be paid by Lender;

6.3.3 One-half (1/2) of the Escrow fee;

6.3.4 Buyer's pro-rata portion, as of the Close of Escrow, of all ad valorem real estate taxes, general and special assessments, and Association assessments, in respect of the Property as determined by Escrow Agent based on the most recent information available to Escrow Agent without adjustment following the Close of Escrow;

6.3.5 The cost of any title insurance premiums in excess of the cost of the Title Policy, including the cost of any lender's policy of title insurance;

6.3.6 An Affidavit of Property Value as required by Arizona law;

6.3.7 All unpaid financing costs (including, without limitation, credit reports, appraisal fees, inspection fees, recording fees, document preparation charges, insurance premiums, loan origination fees and points);

6.3.8 Any liquidated damages payable by Buyer under Section 6.2; and

6.3.9 All other charges normally assessed against a buyer (as determined by Escrow Agent).

6.4 *Seller's Closing Deliveries.*

6.4.1 *Title.* Seller shall convey and Buyer shall accept title to the Property by Special Warranty Deed (the "*Deed*") at the Close of Escrow, free and clear of all liens and other monetary encumbrances except: (i) matters shown on the Plat, or which would be disclosed by an accurate survey of the Property; (ii) Buyer's purchase money encumbrance, if any; (iii) all exceptions to title contained in any preliminary title commitment provided to Buyer; (iv) persons in lawful possession of the Unit, if applicable; (v) any other matters of record not adversely affecting insurability of title to the Property; (vi) any other matters agreed to in writing by Buyer; and (vii) subject to Seller's rights as the Declarant under the Declaration.

6.4.2 *Title Insurance.* Buyer and Seller agree that any policy of title insurance required to be provided to Buyer by Escrow Agent (the “*Title Policy*”) pursuant to this Contract shall be underwritten by a title insurance underwriter selected by Escrow Agent and shall be delivered to Buyer (and Lender, if applicable) after the Close of Escrow. Seller shall pay for an ALTA Residential Owner’s Policy of Title Insurance insuring title to the Property in the name of Buyer for the amount of the Purchase Price. Buyer shall pay for any lender’s policy of title insurance required by the Lender.

6.4.3 *Home Warranty.* At Seller’s expense, at Closing Seller shall provide Buyer with a one (1) year home warranty policy issued by an insurance company selected by Seller insuring Buyer against certain repairs and maintenance relative to the Unit.

6.5 *Tax Proration.* Seller shall pay all real estate taxes encumbering the Unit for the years prior to the year of Closing. Taxes for the year of Closing, based on the County Assessor’s most recent tax bill, shall be prorated and paid as follows:

6.5.1 If a tax bill has been issued for the Unit for the year of Closing, taxes will be prorated through the date of Closing based upon the amount of the taxes shown on such tax bill. Seller shall pay, or credit Buyer for, the taxes attributable to the period up to the Closing and Buyer shall pay, or otherwise be responsible for, the taxes attributable to the period following the Closing.

6.5.2 If a tax bill has not been issued for the Unit for the year of Closing, taxes will be prorated through the date of Closing based upon the amount of the taxes shown on the prior year tax bill for the Unit. Seller shall pay, or credit Buyer for, the taxes (based upon the prior year tax bill) attributable to the period up to the Closing and Buyer shall pay, or otherwise be responsible for, the taxes attributable to the period following the Closing.

6.6 *Loan Release Contingency.* To the extent applicable, Close of Escrow under this Contract shall not occur until Seller’s lender is prepared to release the Unit from the lien of the deed of trust that encumbers the real property in the Project.

7. DEFAULT; REMEDIES; DISPUTE RESOLUTION.

7.1 *Buyer’s Default.* If Buyer fails to deliver funds when due or fails to timely perform any of Buyer’s other obligations arising under this Contract and such failure continues for a period of three (3) calendar days after delivery of written notice from Seller detailing such failure, then Seller, as Seller’s sole remedy, shall be entitled to cancel this Contract, in which event Escrow Agent shall pay the Deposits to Seller as liquidated damages. **BUYER AND SELLER AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH SELLER’S DAMAGE BY REASON OF BUYER’S DEFAULT. ACCORDINGLY, BUYER AND SELLER AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD SELLER “LIQUIDATED DAMAGES” EQUAL TO THE AMOUNT OF THE DEPOSITS PREVIOUSLY PLACED INTO ESCROW BY BUYER. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THE FOREGOING AMOUNT IS REASONABLE AS LIQUIDATED DAMAGES AND**

SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH SELLER MIGHT OTHERWISE BE ENTITLED BY REASON OF BUYER'S DEFAULT.

7.2 *Seller's Default.* If Seller fails to perform any of Seller's obligations under this Contract and such failure continues for thirty (30) calendar days (or, if Seller cannot reasonably cure such default within such thirty (30) day period, within a reasonable time not to exceed an additional ninety (90) days) after delivery of written notice from Buyer detailing such failure, then Buyer may, as Buyer's sole remedies for such failure, pursue one of the following: (i) waive the effect of such matter and proceed to Close of Escrow; or (ii) cancel this Contract whereupon the Deposits shall be returned to Buyer immediately and neither Buyer nor Seller shall have any further liability or obligation under this Contract. Buyer waives any and all right to bring an action for specific performance of this Contract or for damages against Seller. **BUYER FURTHER WAIVES ANY CLAIM TO INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES AGAINST SELLER.**

7.3 *Alternative Dispute Resolution.* **ANY AND ALL DISPUTES BETWEEN OR AMONG BUYER AND SELLER OR THEIR RESPECTIVE PARENT COMPANIES, SUBSIDIARIES OR AFFILIATES ARISING UNDER OR IN CONNECTION WITH THIS CONTRACT, OR THE CONSTRUCTION OR CONDITION OF THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO DISPUTES CONCERNING BREACH OF ANY EXPRESS OR IMPLIED WARRANTIES, PERSONAL INJURIES AND/OR ILLNESS, BREACH OF FIDUCIARY DUTY, AND ALL OTHER TORTS AND STATUTORY CAUSES OF ACTION (COLLECTIVELY, "CLAIMS") SHALL BE RESOLVED IN COMPLIANCE WITH THE DISPUTE RESOLUTION PROCEDURES SET FORTH ON EXHIBIT "E," WHICH SHALL BE STRICTLY CONSTRUED AND ENFORCED. IF THE PROVISIONS OF THIS SECTION 7.3 ARE IN CONFLICT WITH ANY EXISTING MEDIATION, ARBITRATION OR OTHER DISPUTE RESOLUTION PROVISIONS OF THE ASSOCIATION DOCUMENTS (OR ANY AMENDMENTS THERETO APPROVED IN WRITING BY BUYER AND SELLER), THE TERMS OF THE ASSOCIATION DOCUMENTS SHALL CONTROL.**

7.4 *Waiver Of Jury Trial.* **BUYER AND SELLER, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FOREGO ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING, WHETHER SUCH ACTION OR PROCEEDING IS ARISING IN CONTRACT, TORT OR OTHERWISE, BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS CONTRACT ANY ACT OR OMISSION OF EITHER BUYER OR SELLER OR ANY CLAIM.**

7.5 *Attorneys' Fees.* If there is any litigation, arbitration, administrative or other proceeding (including an appeal) between Seller and Buyer to enforce or interpret any provisions of this Contract or any rights arising hereunder, the prevailing party in such action shall be entitled to an award of the fees and costs (including attorneys' and paralegal's fees) incurred by such party in an amount set by the court or arbitrator.

7.6 *No Rights upon Cancellation.* If any party cancels this Contract pursuant to its terms or if this Contract is otherwise terminated prior to the Close of Escrow, Buyer shall have no further right, title, or interest in or to the Property.

8. **NO ORAL CHANGES OR REPRESENTATIONS.** In order to avoid any misunderstanding concerning the purchase of the Property, it is the policy of Seller not to enter into any oral agreement or to ask Buyer to rely on any oral representations concerning the Property or the Project. The entire agreement between Buyer and Seller must be expressed in writing. Therefore, Buyer shall write in below any representations or promises which are not set out in this Contract, but which have been made by Seller or its purported agents or employees, and upon which Buyer is relying in making this purchase, and if there are none, Buyer shall so indicate.

BUYER ACKNOWLEDGES THAT THIS CONTRACT SETS FORTH IN FULL THE ENTIRE CONTRACT BETWEEN THE PARTIES AND THAT BUYER HAS NOT RELIED ON ANY ORAL CONTRACT, STATEMENT, REPRESENTATION OR OTHER PROMISE THAT IS NOT EXPRESSED IN WRITING IN THIS CONTRACT. No salesperson, broker, contractor, or third-party construction personnel, has any authority to modify the terms hereof nor any authority to make any representation or agreement not contained in this Contract and no person on behalf of Seller is authorized to make any future oral agreement upon which Buyer may rely to cancel, change or modify any portion of this Contract. This Contract supersedes any and all prior understandings and agreements. This Contract may be amended or modified only by an agreement in writing signed by Buyer and Seller.

9. **REPRESENTATIONS AND WARRANTIES.**

9.1 *Due Diligence Disclosure.* Seller has made available for Buyer's inspection at www.timberlineplace.com the reports, studies and other information set forth on **Exhibit "F"** attached hereto (collectively, the "*Inspection Items*"). If Buyer does not have access to a computer, at Buyer's request Seller shall make the Inspection Items available for Buyer's inspection and copying at the Project. Buyer understands that the Inspection Items were prepared by engineers, architects, consultants and other third-party professionals and Seller does not make and hereby specifically disclaims any representation or warranty of any kind with respect to such information. **BUYER IS ENCOURAGED TO REVIEW THE INSPECTION ITEMS PRIOR TO CLOSE OF ESCROW. BUYER AGREES TO HOLD HARMLESS SELLER AND SELLER'S AGENTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL LOSS, COST AND EXPENSE ARISING WITH RESPECT TO ANY MATTER THAT MAY HAVE BEEN REVEALED UPON A REVIEW OF THE INSPECTION ITEMS.**

9.2 *No Seller Warranties.*

9.2.1 *Express Warranties.* Buyer acknowledges that Seller did not design, construct or supervise the construction of any improvements in the Project. Seller disclaims any and all warranties with respect to the Property and the Project, except title warranties set forth in Section 6.4.1 above. **BUYER HEREBY WAIVES ALL RIGHT TO BRING ANY CLAIM OR CAUSE OF ACTION AGAINST SELLER FOR ANY CONSTRUCTION DEFECT, BREACH OF WARRANTY OR ANY OTHER THEORY RELATING TO THE QUALITY OF CONSTRUCTION. BUYER ACCEPTS THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ALL COMMON ELEMENTS, IN THEIR PRESENT CONDITION, “AS IS, WHERE IS, AND WITH ALL FAULTS.”**

9.2.2 *Implied Warranties.* TO THE FULLEST EXTENT PERMITTED BY LAW SELLER HEREBY DISCLAIMS (AND BUYER HEREBY WAIVES AND RELEASES SELLER FROM) ANY AND ALL LIABILITY IN CONNECTION WITH: (i) ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANSHIP; AND (ii) ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, ON ANY TANGIBLE PERSONAL PROPERTY INCLUDING, WITHOUT LIMITATION, CENTRAL HEATING SYSTEM, WATER HEATERS, REFRIGERATORS, APPLIANCES, PLUMBING FIXTURES, AND ANY OTHER PRODUCTS, FIXTURES OR EQUIPMENT THAT ARE CONSIDERED CONSUMER PRODUCTS FOR THE PURPOSES OF THE MAGNUSON-MOSS WARRANTY ACT, 15 U.S.C. §§ 2301–2312 AND THE REGULATIONS PROMULGATED THEREUNDER. UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING ANY CLAIMS FOR PERSONAL INJURY, PROPERTY DAMAGE, OR EMOTIONAL DISTRESS.

10. **NOTICE OF ENVIRONMENTAL DISCLAIMER.** SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, ABOUT ANY EXISTING OR FUTURE SOIL OR ENVIRONMENTAL CONDITIONS WITHIN OR ADJACENT TO THE PROJECT, INCLUDING POSSIBLE PRESENT OR FUTURE POLLUTION OF THE AIR, WATER OR SOIL FROM ANY SOURCE, INCLUDING BUT NOT LIMITED TO MOLD, MILDEW, FUNGI, TOXINS, RADON GAS OR UNDERGROUND MIGRATION OR SEEPAGE OF HAZARDOUS SUBSTANCES OR OTHER POLLUTANTS. SELLER EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY TYPE OF DAMAGE, WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL, WHICH THE PROPERTY OR ITS INHABITANTS MAY SUFFER BECAUSE OF ANY EXISTING OR FUTURE ENVIRONMENTAL OR OTHER CONDITIONS, INCLUDING, BUT NOT LIMITED, TO THE EXISTENCE OF POWER LINES OR RADON GAS, AFFECTING SUCH INHABITANTS, THE UNIT, THE PROPERTY, THE PROJECT, OR ANY REAL PROPERTIES ADJACENT TO THE PROJECT.

11. **BROKERAGE DISCLOSURE.** Buyer acknowledges that Russ Lyon-Sotheby’s International (“*Broker*”), the real estate brokerage company marketing the Project for Seller, is acting solely as the agent of Seller, and Seller shall pay the Broker a commission pursuant to a separate agreement with Broker. Seller does not use sub-agents; therefore, if Buyer has been shown the Property by a real estate agent other than one of Broker’s agents, such real estate

agent is the agent of Buyer and solely represents Buyer, and Buyer shall indemnify Seller for, from and against any claims by such agent or its broker relating to this Contract. This indemnity shall survive the Close of Escrow or earlier termination of this Contract. Seller shall not pay any real estate broker or agent a real estate commission or any other compensation unless there is a written agreement signed by Seller and the real estate broker or agent detailing the amount of compensation to be paid, the conditions of payment and confirming that the real estate agent or broker is acting solely on behalf of Buyer and not as a sub-agent of Seller. The provisions of this Section 11 shall not prohibit Buyer from separately retaining the services of Broker to market the Unit for lease on behalf of Buyer.

12. **NOTICES.** All notices to be given by either party to the other shall be given in the following manner: (i) if Buyer provides an email address on the execution page of this Contract, notice shall be sent by email transmission; or (ii) if Buyer provides a facsimile number on the execution page of this Contract and either does not provide an email address, or subsequently rescinds its email address in the manner provided below, notice shall be sent by facsimile transmission. In the event of email or facsimile transmission under subsection (i) or (ii) above, confirmation of transmission generated by the sender's equipment shall be prima facie evidence of receipt, in which event notice shall be deemed to occur on the same day if transmitted before 5:00 p.m. MST on a business day, and if not so transmitted, then on the next business day. If Buyer does not provide an email address and a facsimile number, or subsequently rescinds its email address and facsimile number in the manner provide below, and in all other circumstances where subsection (i) and (ii) do not apply, notice shall be sent by United States mail, certified, return receipt requested. Notice by mail shall be deemed effective upon the earlier of receipted delivery or the third business day following the day on which such notice is deposited for delivery in any United States Postal Service mail box or branch office established by the United States Postal Service, as evidenced by the postmark. Either party may change or rescind its email address, facsimile number or post office address by delivering written notice to the other party by mail as provided above. If either party refuses delivery or fails to receive any notice because such party failed to advise the other party of any change of address, such party shall not be relieved of any obligation under this Contract.

13. **MISCELLANEOUS.**

13.1 *Entire Contract.* This Contract sets forth the entire understanding of the parties with respect to the matters set forth herein as of the Effective Date; it supersedes all prior oral or written agreements of the parties as to the matters set forth herein; and it cannot be altered or amended except pursuant to an instrument in writing, signed by Buyer and Seller.

13.2 *No Modification of Contract except by Seller.* No salesperson, broker, contractor, or third-party construction personnel, has any authority to modify the terms hereof nor any authority to make any representation or agreement not contained in this Contract and no person on behalf of Seller is authorized to make any future oral agreement upon which Buyer may rely to cancel, change or modify any portion of this Contract.

13.3 *No Assignment.* Buyer may not assign this Contract or any of Buyer's rights hereunder to any person, partnership, corporation or other entity without the prior written consent of Seller, which consent may be unreasonably withheld. **ANY ASSIGNMENT OF**

THIS CONTRACT WITHOUT THE PRIOR WRITTEN CONSENT OF SELLER SHALL BE VOID.

13.4 *Successors and Assigns.* Subject to the provisions of Section 13.3, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

13.5 *Amendments Must be in Writing.* This Contract may be amended or modified only by an agreement in writing signed by Buyer and Seller.

13.6 *Payment of Funds.* All payments made pursuant to this Contract shall be made in United States Dollars, by certified or cashier's check, wire transfer or other readily available funds.

13.7 *Interpretation.* If there is any specific and direct conflict between, or any ambiguity resulting from, the terms and provisions of this Contract and the terms and provisions of any document, instrument or other agreement executed in connection herewith or in furtherance hereof, including any schedules, exhibits, amendments or addendums hereto, the same shall be consistently interpreted in such manner as to give effect to the general purposes and intention as expressed in this Contract, which shall be deemed to prevail and control.

13.8 *Headings.* The headings in this Contract are for reference only and shall not limit or define the meaning of any provision of this Contract.

13.9 *Waiver.* The waiver by any party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted hereunder, nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

13.10 *No Third Party Beneficiary.* No term or provision of this Contract or the Exhibits hereto is intended to be, nor shall any such term or provision be construed to be, for the benefit of any person, firm, corporation or other entity not a party hereto (including, without limitation, any broker), and no such other person, firm, corporation or entity shall have any right or cause of action hereunder.

13.11 *Severability.* If any provision of this Contract or any portion of any provision of this Contract shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter the remaining portion of such provision, or any other provision hereof, as each provision of this Contract shall be deemed severable from all other provisions hereof.

13.12 *Time is of the Essence.* **Time is of the essence with respect to the performance of all terms, conditions and provisions of this Contract.** All time periods set forth in terms of "days" refer to calendar days, unless otherwise specified as business days. Whenever notice must be given, documents delivered or an act done under this Contract on a day that is not a business day, the notice may be given, document delivered or act done on the next following business day. As used in this Contract, the term "*business day*" shall mean a date other than a Saturday, Sunday or legal holiday observed by Escrow Agent.

13.13 *Risk of Loss.* If prior to the Close of Escrow all or a substantial portion of the Property shall be destroyed or materially damaged by fire or other casualty, either Buyer or Seller may cancel this Contract, in which event Buyer shall be entitled to a full refund of the Deposits, unless Seller agrees to repair and complete construction of the Unit no later than one (1) year after the date of fire or other casualty, in which event this Contract shall remain in full force and effect.

13.14 *Choice of Law.* This Contract shall be governed and enforced under the laws of the State of Arizona without regard to any conflict of law provisions. The sole venue for any action hereunder shall be in Maricopa County, Arizona.

13.15 *Additional Acts.* Buyer understands and acknowledges that as a result of Seller's execution of this Contract, Seller will incur carrying and other costs, including, without limitation, costs attributable to Seller's holding the Property off the market, which costs will increase if Buyer fails to timely perform all actions necessary to complete the Close of Escrow. Accordingly, Buyer shall in all respects cooperate with Seller and shall use best efforts and diligently take any action necessary or appropriate to timely complete the Close of Escrow, including, without limitation, promptly and fully cooperating in good faith with Seller, any Lender, and Escrow Agent. Within five (5) days after request therefore, Buyer shall execute and deliver any additional documents and provide any additional information required or reasonably requested by Seller, any Lender, or Escrow Agent in order to evidence or give effect to the provisions of this Contract, both prior to and following the Close of Escrow. If the parties cannot agree upon the terms and conditions of any documents to be executed which are not specifically agreed upon in this Contract, then Escrow Agent's standard form of that particular document shall be used.

13.16 *No Recording.* Neither this Contract nor any notice or memorandum thereof shall be recorded by or at the direction or on behalf of Buyer in any public records. Such recording shall be a material default hereunder by Buyer.

13.17 *Counterparts; Facsimile.* This Contract may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Facsimile copies of executed original counterparts shall be accepted as originals.

13.18 *Incorporation By Reference.* All Schedules, Exhibits and Addendums to this Contract are fully incorporated herein as though set forth herein in full.

13.19 *Acceptance By Seller.* **THIS CONTRACT SHALL NOT BE BINDING UPON SELLER UNTIL ACCEPTED BY SELLER AND EXECUTED BY SELLER'S AUTHORIZED REPRESENTATIVE. BUYER'S DEPOSITS ARE ACCEPTED SUBJECT TO PRIOR SALE, AND THIS CONTRACT MAY BE CANCELED BY SELLER IN THE EVENT OF PRIOR SALE.**

14. BUYER'S ADDITIONAL ACKNOWLEDGEMENTS.

14.1 *Joint Liability of Buyers.* **If this Contract is signed by more than one Buyer, each Buyer shall be jointly and severally liable hereunder and any person signing as Buyer may sign an amendment or Addendum to this Contract on his or her own behalf and on**

behalf of the other person or persons signing as Buyer, and the signature of one shall be binding on all persons signing as Buyer.

14.2 *Name Change.* Buyer understands that all closing documents pertaining to this transaction will be prepared in advance of the Closing Date. Therefore, Buyer shall pay to Escrow Agent a document preparation fee in the amount of \$500 if Buyer changes its name, address, or designated ownership for title purposes within two (2) weeks of the Closing Date.

14.3 *Subdivision Public Report Disclosure.* **BUYER MUST BE GIVEN A COPY OF THE PUBLIC REPORT OF THE ARIZONA DEPARTMENT OF REAL ESTATE AND AN OPPORTUNITY TO READ AND REVIEW IT PRIOR TO THE SIGNING OF THIS DOCUMENT.**

[SIGNATURE PAGE TO FOLLOW]

THE EXECUTION OF THIS CONTRACT BY BUYER INDICATES THAT BUYER HAS READ THE CONTRACT IN ITS ENTIRETY AND FULLY UNDERSTANDS THE RIGHTS AND OBLIGATIONS OF BUYER UNDER THIS CONTRACT. BUYER FURTHER ACKNOWLEDGES THAT BUYER HAS BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF BUYER'S OWN CHOOSING PRIOR TO THE EXECUTION OF THIS CONTRACT AND HAS BEEN ADVISED THAT IT IS IN BUYER'S BEST INTEREST TO DO SO.

IN WITNESS WHEREOF, Buyer and Seller have executed this Contract as of the dates written below.

<p>APPROVED AND ACCEPTED FOR SELLER on the ___ day of _____, 200__:</p> <p>ASPEN TIMBERLINE II, L.L.C., an Arizona limited liability company</p> <p>By: Aspen Enterprises, L.L.C., an Arizona limited liability company Its: Managing Member</p> <p>By: _____ Its Authorized Representative</p> <p>Email: legalnotices@timberlineplace.com Fax: (602) 957-7517 Seller Address: c/o The Aspen Group 7114 East Stetson Drive, Suite 400 Scottsdale, Arizona 85251 Telephone: (602) 553-4100</p>	<p>APPROVED AND ACCEPTED BY BUYER on the ___ day of _____, 200__:</p> <p>_____</p> <p>Buyer Signature</p> <p>_____</p> <p>Buyer Signature</p> <p>Required Information: Email: _____ Fax: _____ Buyer Address: _____ _____ _____ Telephone: _____ Cell Phone: _____</p>
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Exhibits:

- | | |
|--------------------|---|
| Exhibit A | Upgrades Addendum |
| Exhibit B-1 | Residential Lease Addendum |
| Exhibit B-2 | Lease Assumption Addendum |
| Exhibit C | Building Code Disclosure Addendum |
| Exhibit D | Association Addendum |
| Exhibit E | Alternative Dispute Resolution Agreement |
| Exhibit F | Inspection Items Addendum |
| Exhibit G | Buyer Acknowledgments |
| Exhibit H | Consumer Awareness Disclosures |
| Exhibit I | Temporary Restriction on Transfer Addendum |

EXHIBIT "A"

UPGRADES/DISCOUNTS AND INCENTIVES ADDENDUM

If executed below, this Upgrades/Discounts and Incentives Addendum (this "Addendum"), dated as of the Effective Date, is added to and supplements the Condominium Purchase Contract (the "Contract") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract. In the event of any conflict or inconsistency between the terms of the Contract and this Addendum, the terms and conditions of this Addendum shall control.

A. **UPGRADES.** In addition to the Silver Unit Price set forth in Section 1.6, Seller agrees to complete the following upgrades and Buyer agrees to pay the price indicated (Initial One):

- | | |
|---|--------------------|
| <input type="checkbox"/> Gold Upgrade (see Upgrade Detail Sheet for description): | No Additional Cost |
| <input type="checkbox"/> Platinum Upgrade (see Upgrade Detail sheet for description): | \$15,000.00 |
| <input type="checkbox"/> Diamond Upgrade (see Upgrade Detail sheet for description): | \$15,000.00 |
| <input type="checkbox"/> The following ala carte Upgrades: _____ | \$ _____ |
| _____ | |
| _____ | |

Upon Buyer's execution of this Contract, Buyer shall pay, in addition to the Earnest Money Deposit set forth in Section 1.7, an Upgrades Deposit in an amount equal to the Upgrades Price set forth above. **EXCEPT AS OTHERWISE PROVIDED IN THE CONTRACT, THE UPGRADES DEPOSIT SHALL BE NONREFUNDABLE.**

B. **DISCOUNTS AND INCENTIVES.** As a deduction from the Silver Unit Price set forth in Section 1.6, Seller and Buyer agree to the following discounts and incentives:

Description	Deduction Amount

_____	\$ _____

The Deduction Amount stated above shall be deduction against the Silver Unit Price for the purpose of determining the Purchase Price for the Property payable by Buyer as set forth in Section 1.6.

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT "B-1"
RESIDENTIAL LEASE ADDENDUM

(Buyer currently resides in Unit)

If executed below, this Residential Lease Addendum (this "*Addendum*"), dated as of the Effective Date, is added to and supplements the Condominium Purchase Contract (the "*Contract*") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract. In the event of any conflict or inconsistency between the terms of the Contract and this Addendum, the terms and conditions of this Addendum shall control.

1. Buyer and Seller acknowledge that Buyer is currently occupying the Unit pursuant to a certain written rental agreement between Buyer, as tenant, and the landlord as provided therein (the "*Lease*").

2. Provided Buyer complies in all respects with the terms and conditions of the Lease, Buyer shall have the right to continue occupancy of the Unit until the Close of Escrow. If the term of the Lease would otherwise expire prior to the Close of Escrow, the Lease shall automatically be extended until the date of the Close of Escrow. If the term of the Lease extends beyond the date of the Close of Escrow, the Lease will automatically terminate as of the Close of Escrow. Rent under the Lease will be prorated as of the Close of Escrow and all refundable deposits paid by Buyer under the Lease shall be credited to Buyer. A default by Buyer under the Lease shall be a default by Buyer under the Contract and a default by Buyer under the Contract shall be a default by Buyer under the Lease, entitling Seller to all available rights and remedies under both the Lease and the Contract.

3. **ANY AND ALL DISPUTES ARISING WITH RESPECT TO THIS ADDENDUM SHALL BE GOVERNED BY THE DISPUTE RESOLUTION PROVISIONS CONTAINED IN THE ALTERNATIVE DISPUTE RESOLUTION AGREEMENT ATTACHED TO THE CONTRACT AS EXHIBIT "E."**

IN WITNESS WHEREOF, the Parties have executed this Addendum as of the Effective Date.

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT "B-2"

LEASE ASSUMPTION ADDENDUM

(Buyer purchasing Unit subject to occupancy)

If executed below, this Lease Assumption Addendum (this "Addendum"), dated as of the Effective Date, is added to and supplements that certain Condominium Purchase Contract (the "Contract") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract. In the event of any conflict or inconsistency between the terms of the Contract and this Addendum, the terms and conditions of this Addendum shall control.

1. Buyer and Seller acknowledge that the Unit is currently occupied by a tenant pursuant to the terms of a written rental agreement (the "Lease"). Buyer acknowledges that Seller has provided Buyer with a copy of the Lease and that Buyer has reviewed the Lease and approved the terms thereof.

2. Buyer shall acquire the Unit subject to the occupancy rights of the tenant under the Lease and shall be responsible for all obligations of the landlord under the Lease from and after the Close of Escrow, and will indemnify, defend and hold Seller harmless in connection with all matters relating thereto. Seller makes no representations or warranties to Buyer as to the creditworthiness of the tenant under the Lease and Seller is in no way guaranteeing to Buyer the payment or performance of the obligations of the tenant under the Lease and Buyer is assuming all risks in connection therewith.

3. In addition to other adjustments that shall take place at the Close of Escrow, Buyer and Seller shall prorate all rent and other amounts due from the resident under Lease as of the Close of Escrow. Seller shall assign to Buyer at the Close of Escrow all refundable deposits payable by the resident under the Lease. Buyer shall be responsible for properly applying all such refundable deposits upon expiration or termination of the Lease.

4. ANY AND ALL DISPUTES ARISING WITH RESPECT TO THIS ADDENDUM SHALL BE GOVERNED BY THE DISPUTE RESOLUTION PROVISIONS CONTAINED IN THE ALTERNATIVE DISPUTE RESOLUTION AGREEMENT ATTACHED TO THE CONTRACT AS EXHIBIT "E."

IN WITNESS WHEREOF, the Parties have executed this Addendum as of the Effective Date.

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT "C"

BUILDING CODE DISCLOSURE ADDENDUM

This Building Code Disclosure Addendum (this "Addendum") is added to and supplements the Condominium Purchase Contract (the "Contract") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract.

Buyer acknowledges:

1. Construction of the Project as a rental apartment complex was completed between May 2000 and February 2001 by a third-party, unrelated to Seller.

2. At the time of construction, the following Building/Fire Codes were in force in the City of Flagstaff:

- Uniform Building Code, 1994 Edition
- Uniform Plumbing Code, 1994 Edition
- Uniform Mechanical Code, 1993 Edition
- Uniform Fire Code, 1994 Edition
- National Electrical Code, 1993 Edition

3. The City of Flagstaff issued a Certificate of Occupancy for the Project between May 2000 and February 2001.

4. SOME OR ALL OF THE BUILDING CODES APPLICABLE TO THE PROJECT MAY HAVE CHANGED SINCE CONSTRUCTION WAS COMPLETED AND THE CERTIFICATE OF OCCUPANCY WAS ISSUED.

5. THE MINIMUM FIRE RESISTIVE BARRIER BETWEEN UNITS IN THE PROJECT IS GREATER THAN ONE (1) HOUR, WHICH IS LESS THAN THE CURRENT CITY CODE REQUIREMENT OF A TWO (2) HOUR FIRE RESISTIVE BARRIER.

6. Buyer has considered the information set forth in this Addendum and agrees to accept the Property, including, but not limited to, all Common Elements, in their present condition, "as is, where is, and with all faults."

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT "D"

ASSOCIATION ADDENDUM

This Association Addendum (this "Addendum") is added to and supplements the Condominium Purchase Contract (the "Contract") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract.

Buyer understands that the annual budget for the Association (and the resulting assessment attributable to the Unit based upon such budget as more fully set forth in the Declaration) has been estimated by a third party professional. Seller does not represent, warrant or guaranty that the estimated budget will be sufficient to meet all common expenses of the Project and Buyer understands that until actual amounts necessary for Project maintenance, insurance, common expenses and replacement reserves are more precisely determined, the periodic unit owner assessment for the Project may be amended by the Association to reflect any such changes or additional expense items. Buyer understands that the Project assessments do not cover, among other things, the following items, which shall be an expense of the owner of each condominium unit within the Project: property taxes, insurance on furniture and other personal property located within a unit, telephone and electricity to the unit. The cost of cable television is not included in common expenses, but may be contracted for at the expense of each unit owner requesting such services.

HOME OWNERS ASSOCIATION FEES AND ASSESSMENTS

1. The 2008 budget adopted by the Association provides for a monthly Regular Assessment (defined in the Declaration) for each unit within the Project in the following amounts:

- Class A - \$175
- Class B - \$185
- Class C - \$190
- Class D - \$199

2. Buyer shall pay to the Association the following amounts at the Close of Escrow:

(a) An initial working capital fund payment equal to two (2) times the monthly Regular Assessment attributable to the Unit set forth in Section 1 above, which amount shall not apply to Buyer's Regular Assessments; plus

(b) A Reserve Contribution (defined in the Declaration) in the amount of \$500 which amount shall not apply to Buyer's Regular Assessments; plus

(c) An amount equal to the Regular Assessment charged to the Unit in the amount set forth in Section 1 above (subject to adjustment for budgets adopted after 2008) prorated for the month of the Close of Escrow, plus advance payment for one (1) full month following the Close of Escrow. Such payment shall be deemed a prepayment of Buyer's Regular Assessments.

3. Other types of fees and assessments may be imposed under the Declaration or under certain circumstances and nothing contained herein shall limit or otherwise affect in any manner the provisions in the Contract pertaining to the Unit or the terms of the Declaration.

4. The Declaration provides that upon resale of the Unit, Buyer shall pay to the Association a document preparation fee and a disclosure statement fee.

SELLER:

Seller acknowledges that upon acceptance and execution of the Contract Seller shall be deemed to have executed this Addendum.

BUYER:

Buyer Signature

Buyer Signature

EXHIBIT "E"

ALTERNATIVE DISPUTE RESOLUTION AGREEMENT

This Alternative Dispute Resolution Agreement (this "*ADR Agreement*") is executed contemporaneously with, added to and supplements that certain Condominium Purchase Contract (the "*Contract*") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract. In the event of any conflict or inconsistency between the terms of the Contract and this ADR Agreement, the terms and conditions of this ADR Agreement shall control.

1. *Definition of Claim.* As used in the Contract and this ADR Agreement, the term "*Claim*" shall mean **ANY AND ALL DISPUTES ARISING WITH RESPECT TO THE CONTRACT, INCLUDING ANY DEFAULT, BREACH, TERMINATION OR THE VALIDITY THEREOF, OR ANY MATTER RELATED THERETO**, including, without limitation: (a) any claim or cause of action arising out of or related in any way to the planning, design, engineering, grading, construction or development of the Unit, the Common Elements or any other part of the Project, including, without limitation, any claim or cause of action that the Unit, the Common Elements or any other part of the Project are defective or that Seller, its agents, contractors, employees, subcontractors, architects, engineers, consultants or similar parties were negligent in the planning, design, engineering, grading, construction or development thereof; and/or (b) any claim or cause of action against Seller or any employee, agent, director, member or officer of Seller arising out of or in any way related to the development of the Project or the management or operation of the Association, including, without limitation, any claim for negligence, fraud, intentional misconduct or breach of fiduciary duty.

2. *Notice of Claim.* Any person or entity who contends or alleges to have a Claim (a "*Claimant*") against any other person or entity (a "*Respondent*") shall notify such Respondent in writing of the Claim (the "*Claim Notice*"), stating plainly and concisely: (a) the nature of Claim including, date, time, location, persons involved, and Respondent's role in the Claim; (b) the factual and legal basis of the Claim; and (c) what Claimant wants Respondent to do or not do to resolve the Claim. The Claim Notice shall be binding upon the Claimant and may be subsequently amended only to add a new Claim that did not exist or was not discoverable upon reasonable investigation at the time that the Claim Notice was served on Respondent by Claimant.

3. *Right to Cure.*

3.1 *Cure Period.* If Seller is the Respondent, it shall have the right to cure the default, breach, or other circumstances giving rise to the Claim for a period of forty-five (45) days following the receipt of a Claim Notice (the "*Cure Period*"). During the Cure Period, Respondent and its agents, contractors, employees, subcontractors, architects, engineers, consultants or similar parties, shall have the right, but not the obligation, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, the Unit(s), the Common Elements or the Project, for the purposes of inspecting and/or conducting testing to determine the validity of the Claim described in the Claim Notice and, if deemed necessary by

the Respondent, in Respondent's sole discretion, to correct, repair and/or replace the alleged deficiency in the planning, design, engineering, grading, construction or development of the Unit(s) or the Common Elements which is the basis for the Claim (the "*Alleged Defect*"). In conducting such inspection, testing, repairs and/or replacement, the Respondent shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances. The right of Respondent and its employees, agents, contractors and consultants to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated. Nothing set forth in this ADR Agreement shall be construed to impose any obligation on the Respondent to inspect, test, repair, or replace any item or Alleged Defect. If Claimant prohibits or hinders in any way Respondent or any of its agents, contractors, employees, subcontractors, architects, engineers, consultants or similar parties, the rights or access granted by this in this Section 3, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim. In no event shall any statutes of limitations be deemed tolled at any time or for any reason in connection with this Section 3.

3.2 *Claim Response.* Within fifteen (15) days of the expiration of the Cure Period, Respondent shall deliver a written response to the Claim Notice (the "*Claim Response*") stating: (i) whether Respondent has determined that the Alleged Defect exists; (ii) how, if at all, Respondent has remedied the Alleged Defect; and (iii) if Respondent is unable to cure an Alleged Defect within the Cure Period how and when, if at all, Respondent intends to cure the Alleged Defect. Upon receipt of the Claim Response, Claimant shall have fifteen (15) days ("*Claimant's Response Period*") to notify Respondent, in writing, of Claimant's acceptance or rejection of the Claim Response. If Claimant fails to deliver such written notice to Respondent within Claimant's Response Period, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim. If Claimant accepts the Claim Response, Respondent shall proceed to cure the default, breach, or other circumstances giving rise to the Claim as provided in the Claim Response.

4. *Negotiation and Mediation.* If Respondent fails to deliver the Claim Response or if Claimant rejects the Claim Response, the Claimant and the Respondent shall negotiate in good faith in an attempt to resolve the Claim. If the Claimant and the Respondent do not resolve the Claim through negotiation within seventy-five (75) days of Respondent's receipt of the Claim Notice, or within such longer period as may be agreed upon by Claimant and the Respondent ("*Termination of Negotiations*"), Claimant shall have an additional thirty (30) days within which to submit the Claim to mediation under the auspices of the American Arbitration Association or such other mediator or mediation service as may be mutually agreed upon by the parties. If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim. If the Claimant and the Respondent do not settle the Claim within thirty (30) days after submission of the matter to the mediation process or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("*Termination of Mediation Notice*"). The Termination of Mediation Notice shall set forth when and where the Claimant and the Respondent met, that the Claimant and the Respondent are at an impasse, and the date that mediation was terminated.

5. *Binding Arbitration.* In the event a Claim is not resolved by mediation, the Claimant shall have fifteen (15) days after the date of the Termination of Mediation Notice to submit the Claim to binding arbitration in accordance with this Section 5. If the Claimant fails to timely submit the Claim to arbitration, then the Claim shall be deemed waived and abandoned and the Respondent shall be relieved of any and all liability to Claimant arising out of the Claim. The Claimant and the Respondent shall cooperate in good faith to assure that all necessary and appropriate persons and entities are included in the arbitration proceedings. If the Claimant submits the Claim to binding arbitration in accordance with this Section 5, the arbitration shall be conducted in accordance with the following rules:

5.1 *Initiation of Arbitration.* The arbitration shall be initiated by the Claimant delivering to the Respondent a Notice of Intention to Arbitrate as provided for in the American Arbitration Association (“AAA”) Commercial Arbitration Rules, as amended from time to time (the “AAA Rules”).

5.2 *Governing Procedures.* The arbitration shall be conducted in accordance with the AAA Rules and A.R.S. §12-1501, *et seq.* In the event of a conflict between the AAA Rules and this Section 5, the provisions of this Section 5 shall govern.

5.3 *Appointment of Arbitrator.* The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed within ten (10) days of the date of the Notice of Intention to Arbitrate on the selection of an arbitrator willing to serve, the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this Section 5.3 is referred to as the “Arbitrator.”

5.4 *Qualifications of Arbitrator.* The Arbitrator shall be neutral and impartial. The Arbitrator shall be a practicing attorney or retired judge located in Maricopa County, Arizona, knowledgeable as to the subject matter involved in the dispute, and experienced in arbitration proceedings.

5.5 *Disclosure.* Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual or perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute or the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure set forth in Section 5.3.

5.6 *Compensation.* The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's usual hourly rate unless otherwise agreed to by the parties, for all time spent by the Arbitrator in connection with the arbitration proceeding. Pending the final award under the terms of Section 5.11 below, the Arbitrator's compensation and expenses shall be paid equally by the parties.

5.7 *Preliminary Hearing.* Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be

memorialized in an appropriate order. The matters which may be addressed include, in addition to those set forth in the AAA Rules, the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

5.8 *Management of the Arbitration.* The Arbitrator shall actively manage the proceedings as the Arbitrator deems best so as to make the proceedings expeditious, economical and less burdensome than litigation.

5.9 *Confidentiality.* Except upon the prior written consent of the parties, all papers, documents, briefs, written communication, testimony and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties or the parties' attorneys and expert witnesses (where applicable to their testimony); provided that any arbitration award may be filed in a court of proper jurisdiction for enforcement. All third parties shall agree in writing to keep such information confidential.

5.10 *Hearings.* Hearings shall be held any place within Maricopa County, Arizona designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

5.11 *Final Award.* The Arbitrator shall promptly (but, in no event later than sixty (60) days following the conclusion of the proceedings or such longer period as the parties mutually agree) determine the claims of the parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, the conduct of the parties and their counsel in the course of the arbitration, and other relevant factors. The Arbitrator shall not award any punitive damages. The Arbitrator shall not award indirect, consequential or special damages regardless of whether the possibility of such damage or loss was disclosed to, or reasonably foreseen by the party against whom the claim is made. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party.

6. *Use of Funds.* Any judgment, award or settlement received by a Claimant in connection with a Claim involving an Alleged Defect shall first be used to correct and or repair such Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Claimant in correcting and/or repairing the Alleged Defect.

7. *Statute of Limitations.* All statutes of limitations applicable to Claims shall apply to the commencement of arbitration proceedings under Section 5. If the arbitration proceedings are not initiated within the time period provided by Arizona law for the filing of a legal action with respect to the Claim, the Claim shall forever be barred.

BY EXECUTING THIS ADR AGREEMENT, BUYER, AND ALL OF BUYER'S HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, TRANSFEREES AND ASSIGNS, AGREES TO HAVE ANY CLAIM RESOLVED ACCORDING TO THE PROVISIONS OF THIS ADR AGREEMENT AND WAIVES THE RIGHT TO PURSUE SELLER IN ANY MANNER OTHER THAN AS PROVIDED IN THIS ADR AGREEMENT. BUYER ACKNOWLEDGES THAT BY AGREEING TO RESOLVE ALL CLAIMS AS PROVIDED IN THIS ADR AGREEMENT, BUYER IS GIVING UP BUYER'S RIGHTS TO HAVE SUCH CLAIM TRIED BEFORE A JURY. ADDITIONALLY, BUYER WAIVES ALL RIGHTS TO AN AWARD OF PUNITIVE OR CONSEQUENTIAL DAMAGES RELATING TO A CLAIM.

IF BUYER FILES A CIVIL ACTION ASSERTING ANY CLAIM AGAINST SELLER INSTEAD OF COMPLYING WITH THE DISPUTE RESOLUTION PROVISIONS OF THIS ADR AGREEMENT, SELLER MAY APPLY TO THE MARICOPA COUNTY SUPERIOR COURT FOR AN ORDER DISMISSING THE CIVIL ACTION AND COMPELLING BUYER TO SUBMIT THE CLAIM TO THE DISPUTE RESOLUTION PROVISIONS CONTAINED IN THIS ADR AGREEMENT. SELLER SHALL BE ENTITLED TO IMMEDIATE ENTRY OF AN ORDER OF DISMISSAL AND A MANDATORY AWARD OF ATTORNEY'S FEES AND TAXABLE COSTS INCURRED IN COMPELLING COMPLIANCE WITH THE DISPUTE RESOLUTION PROVISION CONTAINED IN THIS ADR AGREEMENT.

IN THE EVENT THE ARBITRATION PROVISIONS OF THIS ADR AGREEMENT ARE HELD NOT TO APPLY OR ARE HELD INVALID OR UNENFORCEABLE FOR ANY REASON, ALL DISPUTES SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY.

IN WITNESS WHEREOF, the Parties have executed this ADR Agreement as of the Effective Date.

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT “F”

INSPECTION ITEMS ADDENDUM

The following items are available for inspection at www.timberlineplace.com. At Buyer’s request, the items listed below will be made available for inspection and copying by Buyer at the Project:

1. Subdivision Public Report
2. Completed subdivision questionnaire
3. Condominium Declaration
4. Articles of Incorporation of Association
5. Bylaws of the Association
6. Association Reserve Report
7. Association Budget
8. Flood Zone Map
9. ALTA Survey

BY INITIALING BELOW BUYER STATES THAT THIS INSPECTION ITEMS ADDENDUM HAS BEEN READ IN ITS ENTIRETY AND IS CLEARLY UNDERSTOOD BY BUYER

EXHIBIT "G"

BUYER ACKNOWLEDGMENT ADDENDUM

This Buyer Acknowledgment Addendum (this "*Addendum*") is added to and supplements the Condominium Purchase Contract (the "*Contract*") to which it is attached between Seller and Buyer (as defined in the Contract). Capitalized terms contained herein but not otherwise defined shall have the same meaning as that ascribed to such terms in the Contract.

Buyer acknowledges the following:

1. *Flood Hazard Zone.* The Project is located in flood zones "B" and "C," as designated by the Federal Emergency Management Agency ("*FEMA*") on its flood insurance rate maps. FEMA is the federal agency responsible for identifying and designating flood hazard areas for the purpose of administering the federal flood insurance program. According to FEMA publications, property within a "B" or "C" flood zone consist of areas with less than a one percent chance of flooding each year; areas that have less than a one percent chance of sheet flow flooding with an average depth of less than one foot; areas that have less than a one percent chance of stream flooding where the contributing drainage area is less than one square mile; or areas protected from floods by levees. No base flood elevations or depths are shown within these zones. However, during periods of heavy rain fall or snow melt, water may accumulate or pond in certain low lying areas in the Project.

2. *Railroad and Interstate Highway.* The Project is located approximately one-half mile south of the Burlington Santa Fe railroad tracks, and less than one-quarter mile south of the Interstate 40 highway. The proximity of the Project to be railroad tracks and the highway has been published in the Subdivision Public Report for the Project. Trains may pass on the railroad tracks at various times of the day and night, and noises from the railroad and the highway may be heard in the Project and from inside the Unit. Sounds from the railroad and the highway could be affected by atmospheric conditions that vary from time to time, such as wind direction, temperature and humidity. Prior to executing this Contract, Buyer has carefully evaluated for himself/herself whether the noises from the railroad and the highway might interfere with Buyer's use and enjoyment of the Unit and the Project, and Buyer hereby knowingly waives any claims against Seller or its agents on account thereof.

3. *Noxious Odors.* The Project is located approximately one mile southwest of a Purina pet food manufacturing plant. The proximity of the Project to the Purina plant has been published in the Subdivision Public Report for the Project. The Purina plant is currently engaged in the business of producing dog food, but there is no guarantee that this business will continue (or will continue at its current capacity) in the future. Depending upon atmospheric conditions that vary from time to time, such as wind direction, temperature and humidity, noxious odors from the Purina plant may be detected in the Project and inside the Unit. Prior to executing this Contract, Buyer has carefully evaluated from himself/herself whether the noxious odors from the Purina plant might interfere with Buyer's use and enjoyment of the Unit and the Project and Buyer hereby knowingly waives any claims against Seller or its agents on account thereof.

4. *Acoustic Conditions.* The Unit shares common walls, floors or ceiling with other units in the Project. The Project is near a busy street which will likely result in noise, sound transmission and vibration from cars, trucks, and other sources unique to the location of the Project. Accordingly, noise, sound transmission, and vibrations will likely be heard and felt (“*Acoustic Conditions*”). Additionally, certain Units, because of their location, may be subject to greater levels of Acoustic Conditions than other units. Buyer acknowledges that Buyer has taken the location of the Unit and all Acoustic Conditions related to the Unit into consideration in making Buyer’s selection of the Unit.

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

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

7. *Marketing Materials.* Buyer understands and acknowledges that: (i) any statement or depiction of or reference to the square footage of the Unit on any floor plans, brochures or other marketing material provided to Buyer by Seller or Seller’s agents may refer to the square footage of the Unit calculated in a manner different from the calculations set forth on the Plat or in the Declaration; and (ii) any statement or depiction of or reference to the square footage of the Unit on any floor plans or other marketing material provided to Buyer by Seller or Seller’s agents is approximate and the actual square footage of the Unit may be different than the gross or net square footage shown on the floor plans or marketing material or as shown on the Plat. Buyer is aware that Seller’s use of model units, sales brochures, renderings and other marketing materials is intended only to demonstrate the quality of standard interior finishes, the basic floor plans and styles of the Units available for purchase and the nature of the Common Elements. The Unit that is the subject to this Contract and the Common Elements may not conform precisely to any model unit, Unit or Common Element shown in any brochure, rendering or other marketing materials in any respect, and may not contain some or all of the amenities featured, such as furnishings. Any model unit or promotional materials of Seller which Buyer may have viewed prior to execution of this Contract may have extra design features, decorations, floor coverings, decorator light fixtures, wall coverings, window treatments (such as drapes, etc.), mirrors, furniture, furnishings or appliances which may not be included in the Unit. Buyer further acknowledges that the location of switches, outlets,

receptacles and lights, as well as window location and interior wall colors may vary from what is shown in any model unit or promotional materials at the sole discretion of Seller.

8. *Water Heater.* Buyer acknowledges that it is aware that the water heater in the Unit contains a “flame guard” device. This device is designed to stop any combustible materials (such as gas vapors, paint vapors and the like) from causing a violent explosion that could damage the Unit. The flame guard device is a “one-time” safety feature, which means that if combustible materials or vapors are exposed in the area of the water heater, the flame guard device will engage and it will be necessary to replace the water heater, which is an expense of Buyer. Seller does not warrant that the flame guard device will protect the water heater from explosions under all circumstances. **For the safety of Buyer and all occupants in the Project, it is essential that Buyer not use or store flammable materials and products producing combustible vapors in the area of the water heater.**

SELLER:

BUYER:

SELLER ACKNOWLEDGES THAT UPON ACCEPTANCE AND EXECUTION OF THE CONTRACT SELLER SHALL BE DEEMED TO HAVE EXECUTED THIS ADDENDUM.

Buyer Signature

Buyer Signature

EXHIBIT "H"

CONSUMER AWARENESS DISCLOSURES

1. *Carpet.*

(i) *Seams.* Seams and footprints show in almost all carpets. Seams are most likely to be visible in new carpet installed in homes without window coverings or furnishings, especially in areas with the greatest amount of light. Seam visibility usually decreases with time and with the reduction of light exposure once window coverings are installed and furniture is placed. Seams are especially visible in Berber and loop type carpets due to the nature and texture of the carpeting itself. Crushing and melting are prevalent to some extent in all carpeting and is usually caused by heavy, concentrated foot traffic. This is not considered a manufacturing defect and can be generally eliminated by keeping carpet free from dirt and grit and by vacuuming with proper equipment at least 4 to 5 times weekly in most heavy traffic areas. Berber or loop type carpets have a continuous yarn type construction. If something hooks on a loop and pulls it loose, the carpet will unravel easily if the loose loop is not clipped or secured immediately.

(ii) *Stains.* No carpeting is totally stain proof. Stain products are warranted by the fiber producers, not Seller, installer, or the carpet manufacturer, but in no case is any guarantee given that any carpet will be stain proof. The maintenance instructions supplied by the fiber producers should be read thoroughly to understand cleaning procedures and limitations.

(iii) *Display Samples.* All types of floor covering are subject to variations in color, texture shading, and marking. The samples provided for inspection by Buyer are intended only to suggest the product to be delivered. An exact match is neither implied nor guaranteed. Carpet colors may vary slightly from dye lot to dye lot and the actual flooring when installed may, therefore, vary from the sample.

(iv) *Pad.* Carpet cushion is necessary to form a good foundation that absorbs the impact of foot traffic and provides a comfortable feeling under foot. Color of carpet pad will vary from shipment to shipment and does not determine quality.

2. *Grout.* Grout sealing has not been performed in the Unit. Grout may not be sealed for at least 21 days after original installation per the manufacturer's instructions. Grout sealed prior to drying completely may discolor or "powder." Hiring a professional sealing company is recommended.

Grout colors will vary from the samples due to variations in temperature and humidity at the time of grouting. Grout is subject to some shading or variation in color throughout the installation because it is a cement-based product and must go through a curing process. Small hairline cracks may develop in grout due to seasonal changes and normal settling of a residence. There is no way to completely eliminate hairline cracks and, since it is not structurally significant, such cracks are not considered an installation defect. Grout cracking is a maintenance issue and can be repaired with extra grout or sanded caulking that matches the grout. Due to shifting and settling of residences, the grout between the backsplash and the countertops is susceptible to cracking. Installers will caulk the joint at the initial installation.

Exact layouts and joint widths are determined by the installer at the time of installation and are governed by the actual size and shape of the tile, the exact dimensions of the areas to be covered, and guidelines established by the installer. Grout joints may vary from job to job based on individual layouts and the size and shape of the flooring or counter top materials. The installer may try to minimize cuts by adjusting the joint size, if possible.

3. *Control Joints.* There are control joints in concrete floors which may cause ceramic tile or grout to crack. You may experience cracking over such central joints which is not warranted by Seller.

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

BUYER, BY INITIALING BELOW, STATES THAT SELLER'S CONSUMER AWARENESS DISCLOSURES HAVE BEEN READ IN THEIR ENTIRETY AND ARE CLEARLY UNDERSTOOD BY BUYER

EXHIBIT "I"

TEMPORARY RESTRICTION ON TRANSFER ADDENDUM

SELLER: **Aspen Timberline II, L.L.C.**

BUYER: _____

UNIT: Unit _____, Timberline Place East Condominium

This Addendum is attached to and forms a part of the Condominium Purchase Contract (the "*Contract*") between Buyer and Seller for the purchase by Buyer from Seller of the Property described in the Contract. Capitalized terms not expressly defined herein shall have the same meaning set forth in the Contract.

Buyer acknowledges that it is the policy of Seller to provide as many people as possible with the opportunity for home ownership, to promote stability in home ownership within the Project and to discourage speculation. Therefore, in order to induce Seller to agree to sell the Property to Buyer, Buyer declares and agrees as follows:

1. *Restrictions on Resale.* Buyer agrees that it/he/she will not (a) transfer or assign Buyer's rights under the Contract, or (b) enter into any agreement for the sale, exchange or other transfer of the Property (other than a lease or encumbrance instrument such as a mortgage or deed of trust) for a period of twelve (12) months from and after the Close of Escrow (the "*Resale Restriction Period*"). Buyer acknowledges that Seller has materially relied upon the foregoing representations in entering into the Contract and would not have agreed to sell the Property to Buyer without such representations.

2. *Unauthorized Transfer.*

2.1 Any voluntary sale, exchange or other transfer of the Property by Buyer (a "*Sales Event*") during the Resale Restriction Period, shall constitute a material breach of the Contract entitling Seller, at Seller's sole election, to receive payment from Buyer in an amount equal to ten percent (10%) of the Purchase Price set forth in Section 1.6 of the Contract. Seller and Buyer agree that a Sales Event under this Section 2 shall not include (i) hardship situations described in Section 3 of this Addendum, (ii) a gift or transfer for no consideration to an affiliate described in Section 4 of this Addendum, (iii) an involuntary transfer by foreclosure or trustees sale, or (iv) a deed given by Buyer in lieu of foreclosure.

2.2 Upon the occurrence of a Sales Event, Buyer shall deliver written notice to Seller (at Seller's address as set forth in the Contract) that such Sales Event has occurred. Payment under Section 2.1 shall be due to Seller upon close of escrow of the Sales Event.

2.3 If Buyer has directly or indirectly effected one or more sales, exchanges, or other transfers, or a series of transactions in order to attempt to reduce the amount payable to Seller under this Section, then such sales or series of transactions shall be viewed as one transaction for purposes hereof.

3. *Hardship Situations.* The following events shall be deemed to constitute “*hardship situations*” under which Buyer may sell, exchange or otherwise transfer (collectively, a “*Transfer*”) its right, title and interest in the Property during the Resale Restriction Period:

3.1 A Transfer resulting from the permanent disability or death of either person comprising Buyer (if more than one person);

3.2 A Transfer resulting from a decree of dissolution of marriage or legal separation or from a property settlement agreement incident to such decree involving any person comprising Buyer (if more than one);

3.3 A Transfer by Buyer (where Buyer is not self-employed) necessary to accommodate a mandatory job transfer (or if Buyer accepts a new job) outside the county in which the Property is located; or

3.4 A Transfer which, in the sole independent judgment of Seller, constitutes a hardship situation consistent with the intentions of this Addendum.

4. *Affiliate Defined.* For purposes of this Addendum the term “*affiliate*” means any person or entity (including a trust, corporation or limited liability company): (a) who is a member of Buyer’s family; (b) which owns more than fifty-one percent (51%) of the voting or economic interests in Buyer; (c) in which Buyer owns more than fifty-one percent (51%) of the voting or economic interests; or (d) in which more than fifty-one percent (51%) of the voting or economic interests are owned by a person who has a relationship with Buyer described in clause (a), (b), or (c) above. As used herein, “*family*” means a person’s spouse, lineal ancestors or descendants by birth or legal adoption, siblings, descendants of a spouse, and any trusts for the benefit of such person, or any of the foregoing individuals

5. *No Unreasonable Restraint.* Buyer acknowledges and agrees that the purpose of this Addendum is to promote the policies stated above, and that the provisions and restrictions set forth in this Addendum do not constitute an unreasonable restraint upon alienation of the Property.

6. *Survival Severability.* All of the representations and covenants contained in this Addendum shall survive the delivery and recordation of the deed conveying the Property from Seller to Buyer. The provisions of this Addendum shall be independent and severable, and determination of the invalidity, partial invalidity or enforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision of this Addendum or the Contract.

7. *Subordination.* Seller and Buyer hereby acknowledge and agree that a violation of this Addendum by Buyer shall not defeat or render invalid (and the covenants and provisions of this Addendum shall be inferior and subordinate to) the lien of any first mortgage or deed of trust made in good faith and for value which is recorded concurrently with the deed conveying the Property to Buyer or any refinancing thereof.

8. *Recordation.* As a condition of Closing, Buyer and Seller shall execute and deliver to Escrow Agent for recordation the Memorandum of the terms and conditions of this Addendum in the form attached to this Addendum.

9. *Integration.* The terms of this Addendum are incorporated into and made a part of the Contract. All terms and conditions contained in the Contract, unless expressly modified or supplemented hereby, shall remain in full force and effect.

SELLER:

Seller acknowledges that upon acceptance and execution of the Contract Seller shall be deemed to have executed this Addendum.

BUYER:

Buyer Signature

Buyer Signature

When Recorded Mail to:

Aspen Timberline II, L.L.C.
7114 East Stetson Drive, Suite 400
Scottsdale, Arizona 85251

(FORM)

MEMORANDUM
(Temporary Restriction on Transfer)

The undersigned Seller and Buyer hereby acknowledge that transfer of the following described real property located in the City of Flagstaff, Coconino County, Arizona, is restricted for a period of twelve (12) months according to the terms of that certain **Exhibit "T"** to Condominium Purchase Contract by and between the undersigned Seller and Buyer, dated _____, 200__ (the "*Contract*"):

Unit ____, Timberline Place East Condominium, according to the Plat recorded in the Official Records of the Coconino County Recorder as instrument no. 3404546, as amended.

This temporary restriction on transfer shall commence upon the recordation of this Memorandum in the official records of the Coconino County Recorder and shall automatically expire and be released (without the necessity of further recording) on the date twelve (12) months after the recordation of this Memorandum. A copy of the Contract is available for inspection and copying at the following address:

Aspen Timberline II, L.L.C.
7114 East Stetson Drive, Suite 400
Scottsdale, Arizona 85251

Dated this ____ day of _____, 20__.

[SIGNATURE PAGE TO FOLLOW]

BUYER:

(Form)

SELLER:

ASPEN TIMBERLINE II, L.L.C.,
an Arizona limited liability company

By: Aspen Enterprises, L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: _____
Printed Name: _____
Its: _____

STATE OF ARIZONA)
) ss
County of _____)

On this ____ day of _____, 20__, before me personally appeared _____, to me known to be the person who executed the foregoing instrument, and acknowledged that he/she executed the same as his/her free act and deed.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this ____ day of _____, 20__, before me personally appeared _____, who acknowledged himself/herself to be the _____ of Aspen Enterprises, L.L.C., an Arizona limited liability company, the managing member of Aspen Timberline II, L.L.C., an Arizona limited liability company, and that he, in such capacity being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself/herself as _____.

Notary Public

My Commission Expires: