

1 Robert C. Maysey, State Bar No. 024204

2 Matthew J. Pierce, State Bar No. 023977

3 **WARNER ANGLE HALLAM**

4 **JACKSON & FORMANEK PLC**

5 Email: rmaysey@warnerangle.com

6 mpierce@warnerangle.com

7 Telephone: (602) 264-7101

8 Facsimile: (602) 234-0419

9 Current Address Thru April 28, 2011

10 3550 North Central Avenue, Suite 1500

11 Phoenix, Arizona 85012-2188

12 As of April 29, 2011

13 2555 East Camelback Road, Suite, 800

14 Phoenix, Arizona 85016

15 Attorneys for Super 8 Motel of Clear Lake, Inc., and Kevin Daney

16 **IN THE UNITED STATES BANKRUPTCY COURT**

17 **THE DISTRICT OF ARIZONA**

18 In re:

19 MORTGAGES LTD.,

20 Debtor.

Chapter 11

Case No. 2:08-bk-07465-RJH

**OBJECTION TO MOTION TO SELL
REAL PROPERTY**

**Real Property consisting of
approximately 9.7 acres located west of
the northwest corner of Goldwater Drive
and Scottsdale Road in Scottsdale,
Arizona, known as the northwest
quadrant of Portales Place**

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24 Super 8 Motel of Clear Lake, Inc., an Iowa corporation (“Super 8”), and Kevin
25 Daney, an individual (“Daney” and together with Super 8, the “Movants”), through
26 counsel undersigned, hereby file their *Objection to Motion to Sell Real Property* in
27 response to the *Motion to Sell Real Property* filed by Debtor. The Movants object to the
28 sale of the real property on the terms proposed by Debtor as they have filed suit against

1 PPP Loan, LLC, an Arizona limited liability company (“PPP Loan”), and the Pass-
2 Through Investors, and assert valid vendee’s liens against the real property consisting of
3 approximately 9.7 acres located west of the northwest corner of Goldwater Drive and
4 Scottsdale Road in Scottsdale, Arizona, known as the northwest quadrant of Portales
5 Place, as more specifically described in the Sale Agreement (“Property”). The Movants
6 have recorded a lis pendens against the Property.

7 This objection is supported by the accompanying Memorandum of Points and
8 Authorities, which is attached hereto and incorporated herein by this reference.

9 Dated this 25th day of April, 2011.

10 **WARNER ANGLE HALLAM**
11 **JACKSON & FORMANEK PLC**

12 By /s/ Matthew J. Pierce

13 Robert C. Maysey
14 Matthew J. Pierce
15 Attorneys for Interested Parties

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MEMORANDUM OF POINTS AND AUTHORITIES

I. Factual Background:

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3 1. On or about September 14, 2005, Daney executed a purchase contract with
4 Portales Place Property, LLC, an Arizona limited liability company (“Seller”) to purchase
5 Unit 3-206 in the condominium project located at 5000 North Portales Place, Scottsdale,
6 Arizona 85251 (the “Development”). Daney deposited the amount of \$117,990.40 as a
7 down payment for Unit 3-206, with the balance of the purchase price secured by a note
8 issued in favor of Seller. A copy of the purchase agreement and related documents are
9 attached hereto as Exhibit A.

10 2. On or about September 23, 2005, Super 8 executed a purchase contract with
11 Seller to purchase Unit 3-215 in the Development. Super 8 deposited the amount of
12 \$859,087.14 as a down payment for Unit 3-215, with the balance of the purchase price
13 secured by a note issued in favor of Seller. A copy of the purchase agreement and related
14 documents are attached hereto as Exhibit B.

15 3. Construction on the Development never commenced, and Movants’
16 deposits were not refunded by Seller, PPP Loan, or the Pass-Through Investors.

17 4. Debtor has been on notice of Movants’ purchase contracts and deposits
18 since even before its construction loan was extended on the Development.

19 5. Daney initially filed suit (“Lawsuit 1”) against Portales Place Property,
20 LLC on July 20, 2010, CV2010-022282, in the Superior Court of the State of Arizona in
21 and for the County of Maricopa.

22 6. Super 8 initially filed suit (“Lawsuit 2”) against Portales Place Property,
23 LLC on July 20, 2010, CV2010-022281, in Superior Court of the State of Arizona in and
24 for the County of Maricopa.

25 7. In connection with the filing of Lawsuit 1 and Lawsuit 2 referenced above,
26 Movants each recorded a lis pendens against the Property. A copy of each of the lis
27 pendens recorded are collectively attached hereto as Exhibit C.

28

1 8. On August 26, 2010, Movants filed suit (“Lawsuit 3”) against PPP Loan,
2 and the Pass-Through Investors, who, upon information and belief, are successors-in-
3 interest to Portales Place Property, LLC, CV2010-026083, in Superior Court of the State
4 of Arizona in and for the County of Maricopa.

5 9. In connection with the filing of Lawsuit 3 referenced above, Movants
6 recorded a lis pendens against the Property. A copy of the lis pendens recorded is
7 attached hereto as Exhibit D.

8 10. Lawsuit 1, Lawsuit 2, and Lawsuit 3 were consolidated by order of the
9 court entered on January 11, 2011, and are now referenced with Case No. CV2010-
10 022281.

11 11. The Property was acquired by PPP Loan and the Pass-Through Investors
12 more than 2 years after Debtor's Chapter 11 Petition AND more than 1 year after the
13 Confirmation of Debtor's Chapter 11 Plan. Movants’ recorded interests in the Property
14 were recorded prior to PPP Loan’s and the Pass-Through Investors’ acquisition of the
15 Property by trustee's sale on July 27, 2010.

16 12. Lawsuit 1, Lawsuit 2, and Lawsuit 3 were filed and the Movants’ notices of
17 lis pendens recorded after plan confirmation. The first notice that ML Manager, PPP
18 Loan, or any Pass-Through Investor provided to Movants in this bankruptcy matter was
19 for ML Manager’s Motion to Sell Real Property to which this objection is filed.

20 **II. Discussion**

21 13. A buyer who has deposited money toward the purchase of real property is
22 given a purchaser’s lien against that property in the amount deposited. See Pima Farms
23 v. Elliot, 32 Ariz. 342, 344, 258 P. 304, 305 (1927); Tucson Fed. Sav. & Loan Ass’n v.
24 Sundell, 106 Ariz. 137, 141, 472 P.2d 6, 10 (1970).

25 14. In Tucson Fed. v. Sundell, the Arizona Supreme Court held that where
26 construction lenders are on notice of purchase contracts or deposits made against the real
27 estate that the lenders intend on using to secure their construction loans, the lenders
28 cannot be bona fide purchasers/creditors as to those deposits and the priority of their

1 construction loans are deemed subordinate to the extent of the deposits. Tucson Fed.
2 Sav. & Loan Ass'n v. Sundell, 106 Ariz. 137, 141-142, 472 P.2d 6, 10-11 (1970).

3 15. Seller, and Debtor have been on notice of Movants' purchase contracts and
4 deposits since even before its construction loan was extended on the Development, so
5 Debtor's, PPP Loan's and the Pass-Through Investors' interests, if any, in the
6 Development are subordinate to Movants' purchasers' lien rights in the amount of their
7 deposits, costs, fees, and statutory interest.

8 16. As alleged above, Movants each entered into purchase contracts and each
9 deposited money toward the purchase of units at the Development. Movants have
10 purchasers' lien rights in those units in the amount of their wrongfully-withheld deposits.
11 Movants have claims on these deposits due to the fraud committed in connection with
12 their purchase contracts and breach of those purchase contracts.

13 This matter is appropriately being addressed by the Superior Court of Arizona, and
14 it appears that ML Manager is simply trying to circumvent the adjudication of Movants
15 state law rights in an unrelated forum. The appropriate jurisdiction is the Superior Court
16 of Arizona, not the bankruptcy Court. Based on the foregoing, Movants respectfully
17 request that this Court deny Debtor's proposed disposition of the sale proceeds received
18 from the sale of the Property, and request that the claims secured by their recorded lis
19 pendens be satisfied in full out of any proceeds received in the pending sale prior to any
20 distribution to PPP Loan or the Pass-Through Investors.

21 DATED this 25th day of April, 2011.

22 **WARNER ANGLE HALLAM**
23 **JACKSON & FORMANEK PLC**

24 By /s/ Matthew J. Pierce
25 Robert C. Maysey
26 Matthew J. Pierce
27 Attorneys for Movants
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NOTICE OF ELECTRONIC FILING

I hereby certify that on April 25, 2011, I electronically filed the foregoing with the Clerk of the Court for filing and uploading to the CM/ECF system, which will send notification of such filing to all parties of record.

By: /s/ Sheridan Corbeil

EXHIBIT A

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT



The printed portion of this contract has been approved by the Arizona Association of REALTORS® (AAR). This is intended to be a binding contract. No representation is made as to the legal validity or adequacy of any provision or the tax consequences thereof. If you desire legal, tax or other professional advice, consult your attorney, tax advisor, insurance agent or professional consultant.

1. PROPERTY

- 1a. 1. BUYER: Kevin S. Dancy BUYER'S NAME(S)
2. SELLER: Portales Place Property, LLC SELLER'S NAME(S) or as identified in section 9c.
3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereof, or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b. 5. Premises Address: Goldwater & Scottsdale *See Legal Assessor's #: *Attached
6. City: Scottsdale County: Maricopa AZ, Zip Code: 85003
7. Legal Description: Unit # 3-206 (City may change #)
- 1c. 8. \$ 2,180,900.00 Full Purchase Price, paid as outlined below
9. \$ 177,899.40 Earnest money Released to Seller - Non-Refundable Immediately
10. \$ 1,062,909.60 Due at C.O.E. (NOTE)
11. \$ _____
12. _____
- 1d. 13. Close of Escrow: Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.
14. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing documents, and perform all other acts necessary in sufficient time to allow COE to occur on
16. September 30 2006 ("COE Date"). If Escrow Company or recorder's office is closed on
17. COE Date, COE shall occur on the next day that both are open for business.
18. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.
- 1e. 21. Possession: Seller shall deliver possession, occupancy, access to keys and/or means to operate all locks, mailbox, security system/alarms, and all common area facilities to Buyer at COE or _____
22. Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals regarding the risks of pre-possession or post-possession of the Premises.
- 1f. 25. Addenda Incorporated: Assumption and Carryback Buyer Contingency Domestic Water Well HUD forms
26. H.O.A. Lead Based Paint Disclosure Additional Clause On-site Wastewater Treatment Facility
27. Other: _____
- 1g. 28. Fixtures and Personal Property: Seller agrees that all existing fixtures on the Premises, and any existing personal property specified herein, shall be included in this sale, including the following:
- | | | |
|--|---|--|
| 30. • free-standing range/oven | • flush-mounted speakers | • outdoor landscaping, fountains, and lighting |
| 31. • built-in appliances | • attached fireplace equipment | • water-misting systems |
| 32. • light fixtures | • window and door screens, sun screens | • solar systems |
| 33. • ceiling fans | • storm windows and doors | • pellet, wood-burning or gas-log stoves |
| 34. • towel, curtain and drapery rods | • shutters and awnings | • timers |
| 35. • draperies and other window coverings | • garage door openers and controls | • mailbox |
| 36. • attached floor coverings | • attached TV/media antennas/satellite dishes | • storage sheds |

Initials: JDZ SELLER KSO, DJZ BUYER

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- 37. If owned by the Seller, the following items also are included in this sale.
- 38. • pool and spa equipment (including any • security and/or fire systems • water softeners
- 39. • mechanical or other cleaning systems) • and/or alarms • water purification systems
- 40. Additional existing personal property included in this sale (if checked): refrigerator washer dryer
- 41. As described: N/A
- 42. _____
- 43. Other: _____
- 44. _____
- 45. _____
- 46. Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no
- 47. monetary value, and free and clear of all liens or encumbrances.
- 48. Fixtures and leased items NOT included: _____
- 49. IF THIS IS AN ALL CASH SALE, GO TO SECTION 3.

2. FINANCING

- 2a. 50. Loan Contingency: Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan described
- 51. in the AAR Loan Status Report without conditions no later than COE Date. If Buyer is unable to obtain loan approval without
- 52. conditions by COE Date, Buyer shall deliver a notice of the inability to obtain loan approval without conditions to Seller or Escrow
- 53. Company no later than COE Date.
- 2b. 54. Unfulfilled Loan Contingency: This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if
- 55. after diligent and good faith effort, Buyer is unable to obtain loan approval without conditions by COE Date. Buyer is aware that
- 56. failure to have the down payment or other funds due from Buyer necessary to obtain the loan approval without conditions and
- 57. close this transaction is not an unfulfilled loan contingency. Buyer acknowledges that prepaid items paid separately from earnest
- 58. money are not refundable.
- 2c. 59. Appraisal Contingency: Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises by an appraiser
- 60. acceptable to lender for at least the sales price. If the Premises fails to appraise for the sales price, Buyer has five (5) days after notice
- 61. of the appraised value to cancel this Contract and receive a refund of the Earnest Money or the appraisal contingency shall be waived.
- 2d. 62. Loan Status Report: The AAR Loan Status Report ("LSR") with, at a minimum, the Buyer's Loan Information section
- 63. completed, describing the current status of the Buyer's proposed loan, is attached hereto and incorporated herein by reference.
- 2e. 64. Loan Application: Unless previously completed, within five (5) days after Contract acceptance, Buyer shall (i) complete, sign
- 65. and deliver to the lender a loan application with requested disclosures and documentation; (ii) grant lender
- 66. permission to access Buyer's Trimaged Residential Credit Report; and (iii) pay all required loan application fees.
- 2f. 67. Loan Processing During Escrow: Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with
- 68. all additional documentation required. Buyer instructs the lender to provide loan status updates to Broker(s) and Seller. Buyer
- 69. shall sign all loan documents no later than three (3) days prior to the COE Date.
- 2g. 70. Type of Financing: Conventional FHA VA Assumption Seller Carryback NOTE
- 71. (if financing is to be other than new financing, see attached addendum.)
- 2h. 72. Loan Costs: Private Mortgage Insurance is required for certain types of loans and shall be paid by Buyer at COE in a
- 73. manner acceptable to lender. The following may be paid by either party:
- 74. Discount points shall be paid by: Buyer Seller Other _____
- 75. Discount points shall not exceed: 0 total points (Does not include loan origination fee)
- 76. A.L.T.A. Lender Title Insurance Policy shall be paid by Buyer Seller
- 77. Loan Origination Fee (Not to exceed 2.000 % of loan amount) shall be paid by Buyer Seller
- 78. Appraisal Fee, when required by lender, shall be paid by Buyer Seller Other _____
- 2i. 79. Other Loan Costs: In the event of an FHA or VA loan, Seller agrees to pay up to \$ _____ of loan
- 80. costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein. In addition, for VA
- 81. loans, Seller agrees to pay the escrow fee. All other costs of obtaining the loan shall be paid by the Buyer.

Initials: DR SELLER CAROLINA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: KD J BUYER

- 2j. 82. Changes: Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in 83. the LSR and shall only make any such changes without the prior written consent of Seller if such changes do not adversely 84. affect Buyer's ability to obtain loan approval without conditions, increase Seller's closing costs, or delay COE.
- 2k. 85. FHA Notice (FHA Buyer Initials Required): HUD does not warrant the condition of the property. By initialing below, Buyer acknowi- 86. edges receipt of Form HUD-92564-CN, "For Your Protection: Get a Home Inspection." Buyer further acknowledges that such 87. form was signed at or before the Contract date. Signed HUD-92564-CN is attached and made a part of this Purchase Contract.
00. (FHA BUYER'S INITIALS REQUIRED) _____ BUYER _____ BUYER

3. TITLE AND ESCROW

- 3a. 89. Escrow: This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the 90. terms of this Contract shall be:
01. Omega Title - Carol (480) 585-8588 PHONE/FAX
ESCROW/TITLE COMPANY
- 3b. 92. Title and Vesting: Buyer will take title as determined before COE. Taking title may have significant legal, estate planning 93. and tax consequences. Buyer should obtain legal and tax advice.
- 3c. 94. Title Commitment and Title Insurance: Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller 95. directly, addressed pursuant to 81 and 90 or as otherwise provided, a Commitment for Title Insurance together with 96. complete and legible copies of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title 97. Commitment"), including but not limited to Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and 98. easements. Buyer shall have five (5) days after receipt of the Title Commitment and after receipt of notice of any 99. subsequent exceptions to provide notice to Seller of any item disapproved. Seller shall convey title by general warranty 100. deed. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's Title 101. Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not 102. available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage 103. at Buyer's own additional expense.
- 3d. 104. Additional Instructions: (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and 105. address of the Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also 106. acting as the title agency but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the 107. Buyer and Seller, upon deposit of funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for 108. any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (iii) All documents necessary to 109. close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow 110. Company shall modify such documents to the extent necessary to be consistent with this Contract. (iv) Escrow Company 111. fees, unless otherwise stated herein, shall be allocated equally between Seller and Buyer. (v) Escrow Company shall send 112. to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer and Broker(s). (vi) Escrow 113. Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii) If an Affidavit of 114. Disclosure is provided, Escrow Company shall record the Affidavit at COE.
- 3e. 115. Tax Prorations: Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.
- 3f. 116. Release of Earnest Money: In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with Escrow 117. Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this Contract 118. in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action 119. or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or relating in any way to 120. the release of Earnest Money.
- 3g. 121. Prorations of Assessments and Fees: All assessments and fees that are not a lien as of the COE, including homeowner's 122. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on 123. encumbrances, and service contracts, shall be prorated as of COE or Other: _____
- 3h. 124. Assessment Liens: The amount of any assessment, other than homeowner's association assessments, that is a lien as of 125. the COE, shall be paid in full by Seller prorated and assumed by Buyer. Any assessment that becomes a lien after 126. COE is the Buyer's responsibility.
- 3i. 127. IRS and FIRPTA Reporting: Seller agrees to comply with IRS reporting requirements, if applicable. Seller agrees to 128. complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident 129. alien pursuant to the Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller 130. is a foreign person, the Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

Initials: DJZ SELLER _____ BUYER KSD BUYER

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5c. 176. Buyer Warranties: Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect
 177. the Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or
 178. COE, Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts
 179. the Premises. Buyer warrants that Buyer is not relying on any verbal representations concerning the Premises
 180. except disclosed as follows: _____
 181. _____

6. DUE DILIGENCE

6a. 182. Inspection Period: Buyer's Inspection Period shall be ten (10) days or 0 days after Contract
 183. acceptance. During the Inspection Period, Buyer, at Buyer's expense, shall (i) conduct all desired physical, environmental,
 184. and other types of inspections and investigations to determine the value and condition of the Premises; (ii) make inquiries
 185. and consult government agencies, lenders, insurance agents, architects, and other appropriate persons and entities
 186. concerning the suitability of the Premises and the surrounding area; (iii) investigate applicable building, zoning, fire, health,
 187. and safety codes to determine any potential hazards, violations or defaults in the Premises; and (iv) verify any material multiple
 188. listing service ("MLS") information. If the presence of sex offenders in the vicinity or the occurrence of a disease, natural death,
 189. suicide, homicide or other crime on or in the vicinity is a material matter to the Buyer, it must be investigated by the Buyer
 190. during the Inspection Period. Buyer shall keep the Premises free and clear of liens, shall indemnify and hold Seller
 191. harmless from all liability, claims, demands, damages, and costs, and shall repair all damages arising from the inspections.
 192. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection reports concerning the Premises
 193. obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate Buyer Advisory provided by AAR to
 194. assist in Buyer's due diligence inspections and investigations.

6b. 195. Square Footage: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE PREMISES, BOTH
 196. THE REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE IF SQUARE FOOTAGE IS A
 197. MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.

6c. 198. Wood-Destroying Organism or Insect Inspection: IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR
 199. INSECTS (SUCH AS TERMITES) ARE A MATERIAL MATTER TO THE BUYER, THESE ISSUES MUST BE
 200. INVESTIGATED DURING THE INSPECTION PERIOD. The Buyer shall order and pay for all wood-destroying organism or
 201. insect inspections performed during the Inspection Period. If the lender requires an updated Wood-Destroying Organism or
 202. insect inspection report prior to COE, it will be performed at Buyer's expense.

6d. 203. Flood Hazard: Flood hazard designations or the cost of flood hazard insurance shall be determined by Buyer during the
 204. Inspection Period. If the Premises are situated in an area identified as having any special flood hazards by any
 205. governmental entity, the lender may require the purchase of flood hazard insurance. Special flood hazards may also affect
 206. the ability to encumber or improve the Premises.

6a. 207. Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO THE BUYER, BUYER SHALL APPLY FOR
 208. AND OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR
 209. THE PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD. Buyer understands that
 210. any homeowner's, fire, casualty, or other insurance desired by Buyer or required by lender should be in place at COE.

6f. 211. Sewer or On-site Wastewater Treatment System: The Premises are connected to a:
 212. sewer system; septic system; alternative system.
 213. IF A SEWER CONNECTION IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE
 214. INSPECTION PERIOD. If the Premises are served by a septic or alternative system, the AAR On-site Wastewater Treatment
 215. Facility Addendum is incorporated herein by reference.
 216. (BUYER'S INITIALS REQUIRED) KD BUYER

6g. 217. Swimming Pool Barrier Regulations: During the Inspection Period, Buyer agrees to investigate all applicable state,
 218. county, and municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance
 219. with said regulations prior to occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming
 220. Pool, Buyer acknowledges receipt of the Arizona Department of Health Services approved private pool safety notice.
 221. (BUYER'S INITIALS REQUIRED) KD BUYER

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6h. 222. BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT
 223. QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE
 224. SURROUNDING AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO
 225. ASSIST IN BUYER'S DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE
 226. PREMISES AND THE SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKER'S EXPERTISE AND
 227. LICENSING, BUYER EXPRESSLY RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY
 228. DEFECTS OR CONDITIONS THAT COULD HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.

(BUYER'S INITIALS REQUIRED)

KSD
 BUYER BUYER

229.

6i. 230. Inspection Period Notice: Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any
 231. items disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall
 232. conduct all desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items
 233. disapproved shall be provided in a single notice.

6j. 234. Buyer Disapproval: If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller
 235. notice of the items disapproved and state in the notice that Buyer elects to either:
 236. (1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or
 237. (2) provide the Seller an opportunity to correct the items disapproved, in which case,
 238. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of
 239. items disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall
 240. conclusively be deemed Seller's refusal to correct any of the items disapproved.
 241. (b) If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any
 242. repairs in a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs
 243. to Buyer three (3) days or _____ days prior to COE Date.
 244. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel
 245. this Contract within five (5) days after delivery of Seller's response or after expiration of the time for
 246. Seller's response, whichever occurs first, and all Earnest Money shall be released to Buyer. If Buyer does
 247. not cancel this Contract within the five (5) days as provided, Buyer shall close escrow without correction
 248. of those items that Seller has not agreed in writing to correct.

249. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will
 250. extend response times or cancellation rights.

251. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN
 252. THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE
 253. TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.

6k. 254. Notice of Non-Working Warranted Items: Buyer shall provide Seller with notice of any non-working warranted item(s) of
 255. which Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of
 256. such notice shall not affect Seller's obligation to maintain or repair the warranted item(s).

6l. 257. Home Warranty Plan: Buyer and Seller are advised to investigate the various home warranty plans available for purchase.
 258. The parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service
 259. fees and most plans exclude pre-existing conditions.

260. A Home Warranty Plan will be ordered by Buyer or Seller with the following optional coverage
 261. _____, to be issued by _____ at a cost not to exceed
 262. \$ _____, to be paid for by Buyer Seller
 263. Buyer declines the purchase of a Home Warranty Plan.

6m. 264. Walkthrough(s): Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the
 265. purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in
 266. working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does
 267. not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.

6n. 268. Seller's Responsibility Regarding Inspections and Walkthrough(s): Seller shall make the Premises available for all
 269. inspections and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on,
 270. including any propane, until COE to enable Buyer to conduct these inspections and walkthrough(s).

Initials: DWZ SELLER SELLER Initials: KSD BUYER BUYER
 CARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05

7. REMEDIES

- 7a. 271. Cure Period: A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a breach of Contract.
- 7b. 275. Breach: In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from Buyer's failure to deliver the notice required by Section 2a, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section 2c, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not a breach of Contract.
- 7c. 283. Alternative Dispute Resolution ("ADR"): Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the right to resort to court action.
- 7d. 293. Exclusions from ADR: The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or removed from the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust mortgage, or agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter that is within the jurisdiction of a probate court. Further, the filing of a judicial action to enable the recording of a notice of pending action ("lis pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.
- 7e. 301. Attorney Fees and Costs: The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 304. Seller has affiliated business arrangements with Camelback Title and Alpha
 305. Rome Loans, Omega Title
 306. _____
 307. Seller is aware that Buyer intends to effect an IRC 1031 Tax deferred
 308. exchange. Buyer requests Seller's cooperation in such an exchange and agrees
 309. to hold Seller harmless from any and all claims, liabilities, costs, or
 310. delays in time resulting from such an exchange. Seller agrees to an
 311. assignment of this contract to "1031 Exchange Company-Commercial Partners
 312. Exchange Company, LLC, by the Buyer.
 313. Manager of Seller's entity is Licensed Real Estate Agent in Arizona.
 314. Seller and Buyer agree that there will be No Seller Property Disclosure
 315. Statement, Termite inspection.

| | | |
|---|--|---|
| Initials: <u>DUZ</u> SELLER BUYER | ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 | Initials: <u>KD</u> BUYER BUYER |
|---|--|---|

8b. 316. Risk of Loss: If there is any loss or damage to the Premises between the date of Contract acceptance and COE or 317. possession, whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on 318. the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the 319. purchase price, either Seller or Buyer may elect to cancel the Contract.

8c. 320. Permission: Buyer and Seller grant Broker(s) permission to advise the public of this Contract.

8d. 321. Arizona Law: This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

8e. 322. Time is of the Essence: The parties acknowledge that time is of the essence in the performance of the obligations 323. described herein.

8f. 324. Compensation: Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by 325. separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. 326. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer 327. is obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE 328. SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR 329. MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.

8g. 330. Copies and Counterparts: A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This Contract 331. and any other documents required by this Contract may be executed by facsimile or other electronic means and in any number of counterparts, 332. which shall become effective upon delivery as provided for herein, except that the Lead-Based Paint Disclosure Statement may not be signed 333. in counterpart. All counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

8h. 334. Days: All references to days in this Contract shall be construed as calendar days and a day shall begin at 12:00 a.m. and end at 11:59 p.m.

8i. 335. Calculating Time Periods: In computing any time period prescribed or allowed by this Contract, the day of the act or event 336. from which the time period begins to run is not included and the last day of the time period is included. Contract acceptance 337. occurs on the date that the signed Contract (and any incorporated counter offer) is delivered to and received by the 338. appropriate Broker. Acts that must be performed three days prior to the COE Date must be performed three full days prior 339. (i.e., if COE Date is Friday the act must be performed by 11:59 p.m. on Monday).

8j. 340. Entire Agreement: This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and 341. Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing 342. signed by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.

8k. 343. Subsequent Offers: Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that 344. any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.

8l. 345. Cancellation: A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by 346. delivering notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become 347. effective immediately upon delivery of the cancellation notice.

8m. 348. Notice: Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in 349. writing and deemed delivered and received when (i) hand-delivered, (ii) sent via facsimile transmission, (iii) sent via 350. electronic mail, if email addresses are provided herein, or (iv) sent by recognized overnight courier service, and addressed 351. to Buyer as indicated in Section 8r, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.

8n. 352. Earnest Money: Earnest Money is in the form of: Personal Check Other: Wire 353. If applicable, Earnest Money has been received by Broker named in Section 8r and upon acceptance of this offer will be 354. deposited with: Escrow Company Broker's Trust Account

8o. 355. Release of Broker(s): Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this 356. transaction from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, 357. boundaries, value, rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, 358. governmental regulations, insurance or any other matter relating to the value or condition of the Premises.

359. (BUYER'S INITIALS REQUIRED) KSD BUYER BUYER

8p. 360. Terms of Acceptance: This offer will become a binding Contract when acceptance is signed by Seller and 361. a signed copy delivered in person, by mail, facsimile or electronically, and received by Broker named in Section 8r 362. by September 15, 2005, at 5:00 a.m. p.m., Mountain Standard Time. Buyer 363. may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this 364. date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

8q. 365. THIS CONTRACT CONTAINS NINE PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT 366. YOU HAVE RECEIVED AND READ ALL NINE PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS.

Initials: DJZ SELLER ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: KSD BUYER BUYER

**REAL ESTATE
AGENCY DISCLOSURE AND ELECTION**
(This is NOT an employment agreement.)



THE PRINTED PORTION OF THIS INSTRUMENT HAS BEEN APPROVED BY THE ARIZONA ASSOCIATION OF REALTORS. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION THEREOF. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY.

1. FIRM NAME ("BROKER") Keller Williams Southwest Realty
 2. acting through Evan Zelemak P/C (LICENSEE'S NAME) hereby makes the following disclosure.

DISCLOSURE

3. Before a Seller/Landlord ("Seller") or a Buyer/Tenant ("Buyer") enters into a discussion with a real estate broker or licensee affiliated
4. with a broker, the Seller and the Buyer should understand what type of agency relationship or representation they will have with the
5. broker in the transaction.
6. I. Buyer's Broker: A broker other than the Seller's broker can agree with the Buyer to act as the broker for the Buyer. In these
7. situations, the Buyer's broker is not representing the Seller, even if the Buyer's broker is receiving compensation for services
8. rendered, either in full or in part, from the Seller or through the Seller's broker:
9. a) A Buyer's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Buyer.
10. b) Other potential Buyers represented by broker may consider, make offers on, or acquire an interest in the same or similar properties
11. as Buyer is seeking.
12. II. Seller's Broker: A broker under a listing agreement with the Seller acts as the broker for the Seller only:
13. a) A Seller's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Seller.
14. b) Other potential Sellers represented by broker may list properties that are similar to the property that Seller is selling.
15. III. Broker Representing both Seller and Buyer (Limited Representation): A broker, either acting directly or through one or more
16. licensees within the same brokerage firm, can legally represent both the Seller and the Buyer in a transaction, but only with the
17. knowledge and informed consent of both the Seller and the Buyer. In these situations, the Broker, acting through its licensee(s),
18. represents both the Buyer and the Seller, with limitations of the duties owed to the Buyer and the Seller.
19. a) The broker will not, without written authorization, disclose to the other party that the Seller will accept a price or terms other
20. than stated in the listing or that the Buyer will accept a price or terms other than offered.
21. b) There will be conflicts in the duties of loyalty, obedience, disclosure and confidentiality. Disclosure of confidential information
22. may be made only with written authorization.
23. Regardless of who the Broker represents in the transaction, the Broker shall exercise reasonable skill and care in the performance of
24. the Broker's duties and shall be truthful and honest to both the Buyer and Seller and shall disclose all known facts which materially and
25. adversely affect the consideration to be paid by any party. Pursuant to A.R.S. §32-2156, Sellers, Lessors and Brokers are not obligated
26. to disclose that a property is or has been: (1) the site of a natural death, suicide, homicide, or any crime recorded as a felony; (2)
27. owned or occupied by a person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted
28. through common occupancy of real estate; or (3) located in the vicinity of a sex offender.
29. THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE THE SELLER OR THE BUYER FROM THE
30. RESPONSIBILITY TO PROTECT THEIR OWN INTERESTS. THE SELLER AND THE BUYER SHOULD CAREFULLY READ ALL
31. AGREEMENTS TO INSURE THAT THE DOCUMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION.

ELECTION

32. Buyer Election (Complete this section only if you are the Buyer.)
33. The undersigned elects to have the Broker (check any that apply):
34. represent the Buyer as Buyer's Broker.
35. represent the Seller as Seller's Broker.
36. show Buyer properties listed with Broker's firm and Buyer agrees that Broker shall act as agent for both Buyer and Seller
37. provided that the Seller consents to limited representation. In the event of a purchase, Buyer's and Seller's informed consent should be
38. acknowledged in a separate writing other than the purchase contract.
39. Seller Election (Complete this section only if you are the Seller.)
40. The undersigned elects to have the Broker (check any that apply):
41. represent the Buyer as Buyer's Broker.
42. represent the Seller as Seller's Broker.
43. show Seller's property to Buyers represented by Broker's firm and Seller agrees that Broker shall act as agent for both Seller and Buyer
44. provided that Buyer consents to the limited representation. In the event of a purchase, Buyer's and Seller's informed consent should be
45. acknowledged in a separate writing with Buyer the purchase contract.
46. The undersigned Buyer(s) or Seller(s) acknowledge that this document is a disclosure of duties. This document is not an
47. employment agreement. **Buyer understands that they are not being represented.*
48. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE.
48. KENNETH S. DUNN
49. FRONT NAME
51. 9/14/05
52. MOQUAYR SIGNED

This form is available for use by the entire real estate industry. This use of this form is not intended to identify the user as a REALTOR®. REALTOR® is a registered trademark membership mark that may be used only by real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® and who subscribe to its Code of Ethics.

ARIZONA ASSOCIATION OF REALTORS® Form 1587-1555 READER 1202



H.O.A. CONDOMINIUM/ PLANNED COMMUNITY ADDENDUM

The printed portion of this form has been approved by the Arizona Association of REALTORS®.

This is an addendum to the Contract dated September 12, 2005 between the following parties:
MONTH/DAY/YEAR

Seller: Portales Place Property, LLC

Buyer: Kevin S. Dancy

Premises Address: Coldwater & Scottsdale Rd. #3-206, Scottsdale, AZ 85003

If the Premises are located within a homeowner's association or a condominium/planned community:

- A. Dues and Fees: The current regular association dues are: \$ _____ monthly, or \$ _____ / per sq. ft. / sq. ft. ;
- B. Additional homeowner's association fees are: \$ _____ monthly, or \$ _____ / _____ ;
- C. Any current homeowner's association assessment which is a lien as of Close of Escrow to be:
 - paid in full by Seller prorated and assumed by Buyer

Any assessment that becomes a lien after the Close of Escrow is the Buyer's responsibility.

- D. Any additional fees related to the transfer of the Premises shall be paid by Seller Buyer Other: _____
- Any inspection or certification fee charged by a homeowner's association shall be paid by Seller.
- E. If the homeowner's association has less than 50 units, no later than ten (10) days after Contract acceptance, the Seller shall provide in writing to Buyer the information described below as required by Arizona law.

- F. If the homeowner's association has 50 or more units, Seller shall furnish notice of pending sale that contains the name and address of the Buyer to the homeowner's association within five (5) days after Contract acceptance and pursuant to Section 3d of the Contract has instructed Escrow Company to provide such notice on Seller's behalf. The association is obligated by Arizona law to provide the information described below to Buyer within ten (10) days after receipt of Seller's notice. Buyer is allowed five (5) days after receipt of the information from the Seller or homeowner's association to provide written notice to Seller of any items disapproved.

Kevin S. Dancy 9/14/05 BUYER'S SIGNATURE
Donald J. Zelenak 9/14/05 SELLER'S SIGNATURE
 Kevin S. Dancy
 Donald J. Zelenak
 Portales Place Property, LLC

Information required by law to be provided:

1. A copy of the bylaws and the rules of the association.
2. A copy of the declaration of Covenants, Conditions and Restrictions ("CC&Rs").
3. A dated statement containing:
 - (a) The telephone number and address of a principal contact for the association, which may be an association manager, an association management company, an officer of the association or any other person designated by the board of directors.
 - (b) The amount of the common regular assessment and the unpaid common regular assessment, special assessment or other assessment, fee or charge currently due and payable from the Seller.
 - (c) A statement as to whether a portion of the unit is covered by insurance maintained by the association.
 - (d) The total amount of money held by the association as reserves.
 - (e) If the statement is being furnished by the association, a statement as to whether the records of the association reflect any alterations or improvements to the unit that violate the declaration. The association is not obligated to provide information regarding alterations or improvements that occurred more than six years before the proposed sale. Seller remains obligated to disclose alterations or improvements to the Premises that violate the declaration. The association may take action against the Buyer for violations apparent at the time of purchase that are not reflected in the association's records.
 - (f) If the statement is being furnished by the Seller, a statement as to whether the Seller has any knowledge of any alterations or improvements to the unit that violate the declaration.
 - (g) A statement of case names and case numbers for pending litigation with respect to the Premises or the association.
4. A copy of the current operating budget of the association.
5. A copy of the most recent annual financial report of the association. If the report is more than ten pages, the association may provide a summary of the report in lieu of the entire report.
6. A copy of the most recent reserve study of the association, if any.
7. Any other information required by law.
8. A statement for Buyer acknowledgement and signature as required by Arizona Law.

PROMISSORY NOTE

\$117,990.40

Scottsdale, Arizona
September 12, 2005

For value received, the undersigned, , Kevin S. Daney "Maker", promises and agrees to pay to Portales Place Property, LLC. ("Payee"), or order, the principal sum of **One Hundred Seventeen Thousand Nine Hundred Ninty DOLLARS and 40/100**, U.S. (\$ 117,990.40) for unit # 3-206 (Note - City may change unit number) at Portales Place payable as follows:

If not sooner paid the entire unpaid principal balance together with accrued interest of 6% shall be all due and payable on or before September 12, 2007.

Principal and any other amounts payable hereunder shall be payable at 9500 East Ironwood Square Drive Suite 201, Scottsdale, Az. 85258, or at such other place as the holder hereof may designate.

Principal and interest payable in lawful money of the United States of America.

Prepayment of all or part of the principal hereunder is permitted at any time and without penalty.

If any balloon payment is late, then a late fee of \$25.00, per day will become due. If a late charge is due and is not paid, said late charge shall be accumulated as a separate balance that shall not accrue interest. In addition to any late fees called for, if payment(s) is at least 30 days past due, then the principal balance shall bear interest at a default rate of 5% over the interest rate as stated herein. Said default rate shall begin on the 31st day following the due date of the payment(s) until payment(s) is brought current. It is further agreed that the **Default Interest Penalty** is only applicable in the event of a declared default; i.e., foreclosure/forfeiture proceeding initiated by Seller/Beneficiary. Said default interest penalty to be paid at the time of reinstatement.

Should the note be signed by more than one person, all of the obligations herein contained shall be the joint and several obligations of each signer hereof.

This note may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement or any waiver, change, modification or discharge is sought.

In the event any holder hereof utilizes the services of an attorney in attempt to collect the amounts due hereunder or to enforce the terms hereof or of any agreements related to this indebtedness, or if any holder hereof becomes party plaintiff or defendant in any legal proceeding in relation to the property described in any instrument securing this Note or for the recovery or protection of the indebtedness evidenced hereby, Maker and any endorsers hereof agree to pay, in addition to the principal and interest due hereon, all costs and a reasonable amount as attorneys' fees, whether or not suit is brought, and shall further pay all costs, expenses and attorneys' fees incurred after the filing by or against the Maker of any proceeding under any chapter of the Bankruptcy Code, or any similar federal or state statute.

Maker and all sureties, endorsers and guarantors of this Note waive (i) demand, presentment, for payment, notice of nonpayment, protest, notice of protest and all other notices, (ii) filing of suit, (iii) diligence in collecting this Note. Maker and all sureties, endorsers and guarantors of this Note further agree that it will not be necessary for any holder hereof, in order to enforce payment of this Note by any of them, to first institute suit or exhaust its remedies against any Maker or other liable herefor, and consent to an extension or postponement of time of payment of this Note or any other indulgence with respect hereto, including, but not limited to any the release of any party primarily or secondarily liable hereon, without notice thereof to any of them.

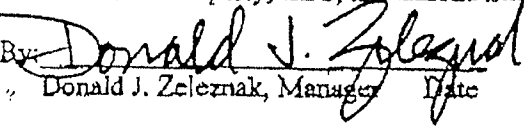
This Note shall be construed in accordance with and governed by the internal laws of the State of Arizona without regard to conflicts of law principles.


Kevin S. Dancy

9/14/05
Date

ACCEPTED AND APPROVED AS TO CONTENT:

Portales Place Property, LLC, an Arizona limited liability company

By:  9/14/05
Donald J. Zeleznak, Manager Date

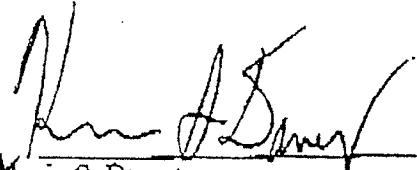
1031 Tax Deferred Exchange Understanding

Client agrees that the units assigned to the Client through a purchase agreement between the Client and the Developer are assigned for the purpose of the 1031 Tax Deferred Exchange and are used only as an accommodation for the Client as required by the Clients 1031 Tax Deferred Exchange. Client understands that the monies given to the developer are directly tied to the development as an investment and not only to the individual units mentioned in the 1031 Tax Deferred Exchange paperwork.

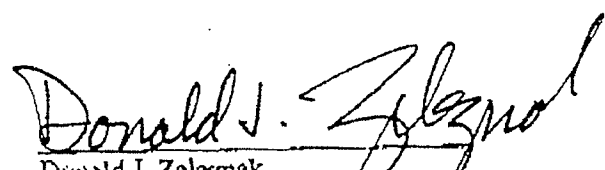
Client is aware that the individual property deeds will be executed through escrow and held in escrow unrecorded until such time that the units have been resold to a third party.

Client has been advised that they will not receive a copy of the public report until it is available. Client is releasing all 1031 funds and any other monies to participate in the development investment opportunity and has executed a separate subscription agreement to enter into Portales Place Property, LLC as a LLC member.

The Client understands that The Zeleznak Group, Donald J. Zeleznak, Donald J. Zeleznak PLC, Omega Title, Keller Williams Southwest Realty, their agents and broker, Title Company - Omega Title and/or Grace Communities is acting as such only to facilitate a tax deferred exchange at the Clients request, and make no representations as to the legal or tax ramifications of this accommodation.

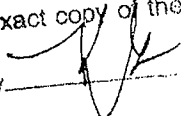

Kevin S. Dancy

9/14/05
Date


Donald J. Zeleznak
Portales Place Property, LLC

9/14/05
Date

RECORDING REQUESTED BY
Omega Title Agency, LLC.
AND WHEN RECORDED MAIL TO:
KEVIN S. DANAY
43 SUNSET DRIVE
SUMMIT, VT 07901

Omega Title Agency, LLC
This is to certify that this is a true and
exact copy of the original document
By 

ESCROW NO.: 00001636 - 040 - CD

SPACE ABOVE THIS LINE FOR RECORDER'S USE

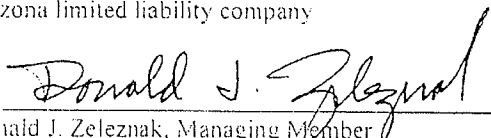
Warranty Deed

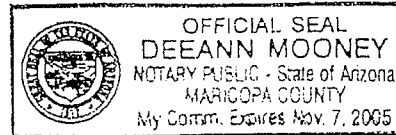
For the consideration of Ten Dollars, and other valuable considerations, I or we,
PORTALES PLACE PROPERTY LLC, an Arizona limited liability company
do/does hereby convey to
Kevin S. Daney
the following real property situated in Maricopa County, ARIZONA:
See Exhibit A attached hereto and made a part hereof.

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way,
encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.
And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.

SELLER:

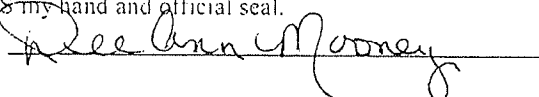
PORTALES PLACE PROPERTY, LLC, an
Arizona limited liability company

By: 
Donald J. Zeleznak, Managing Member



State of ARIZONA }ss:
County of Maricopa

On October 4, 2005, before me,
(Notary) DeeAnn Mooney
a Notary Public in and for said County and State, personally
appeared Donald J. Zeleznak, Managing Member of
PORTALES PLACE PROPERTY LLC, an Arizona limited
liability company, personally known to me (or proved to me on
the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature 

FOR NOTARY SEAL OR
STAMP

AFFIDAVIT OF PROPERTY VALUE

1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(S)
 Primary Parcel: 173-33-060
 BOOK MAP PARCEL SPLIT LETTER
 Does this sale include any parcels that are being split / divided?
 Check one: Yes No
 How many parcels, other than the Primary Parcel, are included in this sale? _____
 Please list the additional parcels below (no more than four):
 (1) _____ (3) _____
 (2) _____ (4) _____

9. FOR OFFICIAL USE ONLY: Buyer and Seller leave blank
 (a) County of Recordation: _____
 (b) Docket & Page Number: _____
 (c) Date of Recording: _____
 (d) Fee/Recording Number: _____
 Validation Codes:
 (e) ASSESSOR _____ (f) DOR _____

 ASSESSOR'S USE ONLY
 Verify Primary Parcel in Item 1: _____
 Use Code: _____ Full Cash Value: \$ _____

2. SELLER'S NAME AND ADDRESS
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr.
Scottsdale, Arizona
 3. (a) BUYER'S NAME AND ADDRESS:
Kevin S. Danev
43 Sunset Drive
Summit, NJ 07901
 (b) Are the Buyer and Seller related? Yes No
 If Yes, state relationship: _____
 4. ADDRESS OF PROPERTY
5000 North Portales Pl Unit #., AZ
 5. MAIL TAX BILL TO:
Kevin S. Danev
5000 North Portales Pl Unit #., AZ

10. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
 a. Warranty Deed d. Contract or Agreement
 b. Special Warranty Deed e. Quit Claim Deed
 c. Joint Tenancy Deed f. Other

11. SALE PRICE: \$ 1,180,900.00

12. DATE OF SALE (Numeric Digits): 09 / 2005
 Month Year
 (For example: 03 / 05 for March 2005)

13. DOWN PAYMENT: \$ 117,990.40

14. METHOD OF FINANCING:
 a. Cash (100% of Sale Price)
 b. Exchange or Trade
 c. Assumption of existing loan(s)
 d. Seller Loan (Carryback)
 e. New loan(s) from financial institution:
 (1) Conventional
 (2) VA
 (3) FHA
 f. Other financing. Specify: _____

6. PROPERTY TYPE (for Primary Parcel): NOTE: Check Only One Box
 a. Vacant Land f. Commercial or Industrial Use
 b. Single Family Residence g. Agricultural
 c. Condo or Townhouse h. Mobile or Manufactured Home
 d. 2-4 Plex i. Other Use; Specify: _____
 e. Apartment Building

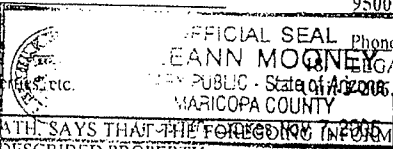
15. PERSONAL PROPERTY (see reverse side for definition):
 (a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes _____ No _____
 (b) If Yes, provide the dollar amount of the Personal Property:
 \$ 00 AND
 briefly describe the Personal Property: _____

7. RESIDENTIAL BUYER'S USE. If you checked b, c, d or h in Item 6 above, please check one of the following:
 To be occupied by owner or "family member."
 To be rented to someone Other than "family member."
 See reverse side for definition of a "family member."

16. PARTIAL INTEREST. If only a partial ownership interest is being sold, Briefly describe the partial interest: _____

17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone):
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr., Suite 201 Scottsdale, Arizona

8. NUMBER OF UNITS: _____
 For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage Properties, etc.



THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent: Donald J. Zelenka
 State of Arizona, County of Maricopa
 Subscribed and sworn to before me this 4th day of October, 2005
 Notary Public: Leann Mooney
 Notary Expiration Date: November 7, 2005

Signature: _____
 County of Maricopa
 Subscribed and sworn to before me this _____ day of _____, 20____
 Notary Public: _____
 Notary Expiration Date: _____



OMEGA TITLE
AGENCY, LLC

9500 E. Ironwood Square Dr., Suite 201
Scottsdale, AZ 85258
Phone: (480) 585-8588
Fax: (480) 585-3344

10/14/2005

Kevin S. Daney
43 Sunset Drive
Summit, NJ 07901

RE: Escrow No.: 00001636 - 040 - CD
Property Address: 5000 North Portales Pl Unit #, , AZ
PARCEL: 173-33-060

We are pleased to inform you that your escrow is complete and that you are now the owner of 5000 North Portales Pl Unit #.

In completion of the above referenced transaction, please find enclosed the following items :

- ✓ Closing Statement/RESPA Settlement Statement
- ✓ Preliminary Title Report
- ✓ Contract Document/Addendum (if applicable)
- ✓ 1031 Exchange Documents
- ✓ Copy of Warranty Deed

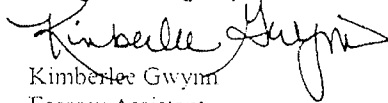
TAXES ARE YOUR RESPONSIBILITY. The law does not require that tax statements or notices be mailed, but it places the responsibility for payment entirely upon the owner after close of escrow. First installment taxes are due and payable October 1st and are delinquent November 1st; second installment taxes are due and payable March 1st and delinquent May 1st.

If you do not receive a tax bill one month prior to delinquency, a written request, including the legal description, must be made to the County Tax Assessor. However, if yours is a tax impounded loan, taxes and hazard insurance premiums will be paid by the Lender when due. The Lender will advise you of your total monthly payment amount, consisting of principal and interest, and impounds, if applicable.

Recorded documents to which you are entitled will be mailed to you by **Omega Title Agency, LLC**. Any other documents to which you are entitled will be forwarded to you as soon as they are available. Your original hazard insurance policy will be held by your Lender.

Please accept our thanks for this opportunity to serve you. We hope that we may again serve you in the near future.

Sincerely,
Omega Title Agency, LLC.


Kimberlee Gwynn
Escrow Assistant

OMEGA TITLE AGENCY, LLC.
2920 N 7th St. Suite 110 Phoenix, AZ 85012

(602) 279-5400

SCHEDULE A

Commitment Effective Date: September 9, 2005 at 7:50 A.M. Order No.: 00001636

Customer No.:

Proposed Coverage:

1. Policy (or Policies) to be issued:
 - a. ALTA Homeowner's Policy (10/17/98) In the amount of: \$1,180,900.00
Proposed Insured: Kevin S. Daney, a _____ man
 - b. ALTA Extended Coverage Loan Policy (10/17/92) In the amount of: \$to come
Proposed Insured: to come
 - c. None In the amount of: \$
Proposed Insured:

2. Title to the estate or interest in the land upon issuance of the Policy shall be:
Fee

3. The estate herein described is currently vested in:
Portales Place Property, LLC., an Arizona limited liability company

The estate herein described upon issuance of the Policy shall be vested in:
Kevin S. Daney, a _____ man

4. The proposed loan and assignments thereof, if any are described as follows
 - a. Deed of Trust given to secure an indebtedness in the original principal amount shown therein, together with any and all other obligations secured thereby
Dated:
Trustor: Kevin S. Daney, a _____ man
Trustee: Omega Title Agency, LLC
Beneficiary: to come
Amount: \$0.00
Recorded:
In:

5. The land referred to in the Commitment is described as follows:
See Exhibit A attached hereto and made a part thereof

Note: Please direct all inquiries and correspondence to
Carol Draudt at 480-585-8588

OMEGA TITLE AGENCY, LLC., issuing agent for
Title Resources Guaranty Company
By: Lucia G. Mase
Serviced by: Lucia G. Mase

Exhibit A

Unit 3-206, of 5000 PORTALES PLACE, according to Condominium Declaration recorded in 2001-0101732 and Amendment recorded in 2001-0101733, and per map of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 554 of Maps, Page 30, and Affidavit of Correction recorded in 2001-0383096 and 2001-0499781;

TOGETHER WITH a proportionate interest in and to the common areas as set forth in Condominium Declaration and as shown on said plat.

SCHEDULE B, Part Two

1. Reservations, rights, easements or other matters as may be set forth in the Patent to said land recorded in the office of the County Recorder, or in acts authorizing the issuance thereof.
2. Water rights, claims or title to water, whether or not the matters excepted are shown by the public records.
3. Taxes for the year of 2005, a Lien, but not yet due and payable.
First half due and payable October 1, 2005 and delinquent on November 1 of that year. Second half payable on or before March 1 of the following year, and delinquent May 1 of that same year.
4. Liabilities and Obligations imposed upon said land by reason of its inclusion within the following district(s) and/or association(s): 5000 Portales Place Condominium Owners Association.
5. All matters as disclosed by the public records, by reason of Quit Claim Deed from the Salt River Base Project Agricultural Improvement and Power District to owners of record having an interest therein, recorded June 6, 2000 in 00-0429466.
6. An easement for water line and rights incidental thereto, recorded January 2, 2001 in 2001-0002453.
7. Easements, restrictions, reservations, conditions, setback lines and all other matters as set forth on the plat recorded in Book 554 of Maps, Page 30, and Affidavit of Correction recorded in 2001-0383096 and 2001-0499781, deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
8. All matters as set forth in covenants, conditions, and restrictions recorded in 98-0558441; Amendment recorded in 2004-1174772; Second Amendment recorded in 2005-0619134; and Third Amendment recorded in 2005-0745530 and restated in 2005-0745601, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
9. All matters as set forth in Amended and Restated covenants, conditions, and restrictions for Scottsdale Portales Landscape Buffer, recorded in 2000-0687313, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
10. All matters as set forth in Condominium Declaration recorded in 2001-0101732 and Amendment recorded in 2001-0101733, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
11. All matters as set forth in covenants, conditions, and restrictions recorded in 2005-0271823, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).

SCHEDULE B, Part II (CONTINUED)

12. All matters as set forth in covenants, conditions, and restrictions recorded in 2005-0778287, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 U.S.C. 3604(c).
13. Any rights, interests or claims which may be disclosed by an inspection of said land.
14. Any rights, interests or claims which may be disclosed by a correct survey of the land.

END OF SCHEDULE B

REQUIREMENTS

For the current tax information please, prior to recording, contact: Maricopa County Treasurer
301 W. Jefferson
Phoenix, AZ 85003
Phone No.: (602) 506-8511
(treasurer.Maricopa.gov)

TAX INFORMATION:

Parcel No.: 173-33-062
Year: 2005
Full year amount: \$304.74
First half 2005 Taxes are not paid

(Parcel covers additional property)

1. PAYMENT in full of all assessments, late charges, transfer fees, and any other amounts due 5000 Portales Condominiums Owners Association.
2. PROPER SHOWING as to the marital status of Kevin S. Daney and, if married, RECORDATION of a proper instrument divesting the interest of the spouse.

NOTE: The right is reserved to make additional exceptions/requirements upon disclosure of the name(s) of the spouse of the proposed insured, if married.

3. COMPLETION of inspection now in progress by an employee of Camelback Title Agency, Inc. If said inspection discloses the necessity for additional exceptions and/or requirements, you will be notified.
4. NOTIFY the borrower herein that no work is to be done or materials delivered to the premises prior to notice by this company that the Mortgage or Deed of Trust to be insured has been recorded.
5. PROPER SHOWING that amended plat of 5000 Portales Place has been approved by the Department of Real Estate and is recorded with the County Recorder of Maricopa County.
6. FURNISH Plat of Survey of the subject property by a Registered Land Surveyor in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" as established in 1999. Said Plat of Survey shall include the recommended certification and, at the minimum, also have shown thereon Items 1, 6, 8, 10, 11, 14, 15 and 16 from Table A thereof.

NOTE: If an ALTA 3.1 Zoning Endorsement is requested, Items 7a, 7b and 7c of Table A will also be required. If "parking" is to be added to the endorsement, the number and type of parking spaces must be shown on the survey. Property use information must also be provided to First Financial Title Agency.

7. FURNISH a copy of the Articles of Organization or other pertinent formation documents of Portales Place Property, LLC, a(n) Arizona limited liability company, duly processed by the proper regulatory body of Portales Place Property, LLC.
8. FURNISH a fully executed copy of the Operating Agreement, and any amendments thereto, of Portales Place Property, LLC, a limited liability company.
9. PROPER SHOWING as to the current members of Portales Place Property, LLC, a limited liability company.

assessments by a taxing authority are paid through _____ and there have been no special tax assessments granted on the real property/land or tax exemptions that were not lawful.

4. All assessments by the homeowner's association or other governing body with authority for the subdivision/condominium/town or patio home are paid current, and there are no outstanding assessments payable that have not been disclosed to all parties.
5. There have been no improvements added to the real property / land, or construction on the land within the last 12 months except for as disclosed in writing to Escrow Agent as follows: _____.
6. There are no pending repairs or improvements to the street(s) adjacent to the real property/land.
7. The real property/land has a single family house/condominium/town or patio home, or other occupiable dwelling known as: 5000 North Portales Pl Unit # , AZ and does not have a separate building, garage or apartment used as a second residence.
8. A building permit authorized any improvements that exist or were added to the real property/land.
9. I / We have no knowledge of , and have not been told, that the improvements to the real property/land encroach over any building lines, easements, or property lines.
10. I / We have no knowledge of, and have not been told, that the improvements on the land violate any building permit, zoning, restrictions or covenants.
11. I / We have no knowledge of, and have not been told, that any improvements by the owners of any adjacent properties encroach on the property lines of the subject property as described above.
12. The real property/land has actual pedestrian and vehicular access based on a legal right of access to the land.
13. There are no lease agreements that affect the property and have not been disclosed to Escrow Agent.

I / We indemnify and hold harmless Omega Title Agency, LLC, and it's underwriter Title Resources Guaranty Company, as issuing agent from, from any loss, liability, costs, expenses and attorney's fees, including attorney's fees to enforce this agreement, because of errors or incorrectness of this affidavit and because of any defects, liens encumbrances or other matters affecting or that may affect the title to the real property/land before the recordation of our conveyance or mortgage.

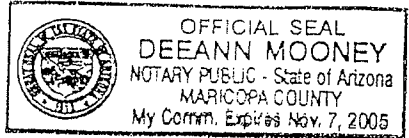
Dated: 09/23/2005

SELLER:

PORTALES PLACEPROPERTY, LLC, an Arizona limited liability company

By:

Donald J. Zelezna
Donald J. Zelezna, Managing Member



}ss:

State of ARIZONA
County of Maricopa

On October 7, 2005, before me,
(Notary) Dee Ann Mooney

FOR NOTARY SEAL OR STAMP

a Notary Public in and for said County and State, personally appeared Donald J. Zelezna, Managing Member of PORTALES PLACE PROPERTY LLC an Arizona limited liability company personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.
Signature Dee Ann Mooney

REQUIREMENTS (CONTINUED)

10. RECORD Partial Reconveyance under Deed of Trust given to secure an indebtedness in the original principal amount shown therein, together with any and all other obligations secured thereby
- Dated: June 1, 2005
Trustor: Portales Place Property, LLC, an Arizona limited liability company
Trustee: Guaranty Title Agency of Arizona
Beneficiary: Fremont Investment & Loan, a California industrial bank
Amount: \$9,650,000.00
Recorded: June 9, 2005
In: 2005-0778290

Together with Assignment of Leases and Rents, dated June 1, 2005, made by, Portales Place Property, LLC, an Arizona limited liability company and Fremont Investment & Loan, a California industrial bank, recorded June 9, 2005 in 2005-0778291.

(said Deed of Trust covers additional property)

11. RECORD termination of Memorandum of Amended and Restated Option Agreement, by and between Anchor National Life Insurance Company, an Arizona corporation, as Optionor, and The Condominiums at the Portales, L.L.C., an Arizona limited liability company as Optionee, recorded February 9, 2001 in 2001-0101719.
12. RECORD termination of Rolling Option Agreement, by and between The Condominiums at the Portales, L.L.C., an Arizona limited liability company, as Optionor, and 5000 Portales Place, LLC, an Arizona limited liability company, as Optionee, recorded February 9, 2001 in 2001-0101734.
13. RECORD termination of Memorandum of Option Agreement, by and between AIG SunAmerica Life Assurance Company, as Optionor, and Chaparral Place, LLC, an Arizona limited liability company as Optionee, recorded February 23, 2005 in 2005-0217987.
14. RECORD Deed from Portales Place Property, LLC, an Arizona limited liability company to Kevin S. Daney, a _____ man.

NOTE: ARS 33-404 provides that any conveyance of real property by or to a Trustee must disclose the names and addresses of the beneficiaries of the Trust under which said Trustee is acting.

THE RIGHT IS RESERVED to make additional exceptions and/or requirements upon full disclosure of the nature of the transaction and the parties thereto.

15. RECORD Deed of Trust shown as Item 4, Schedule "A".

NOTE: If Omega Title Agency, LLC.. is named trustee under the deed of trust, the correct name and address is:

Omega Title Agency, LLC., an Arizona corporation
3225 North Central Avenue, Suite 100
Phoenix, AZ 85012

LENDER'S NOTE: There is located on said land undeveloped commercial property purportedly known as
5000 North Portales Place, Unit 3-206, Scottsdale, AZ 85251

AFFIDAVIT FOR HOMEOWNER'S TITLE INSURANCE POLICY

00001636-040-CD

Before me, the undersigned authority, on this ___ day of ___, ___, personally appeared PORTALES PLACE PROPERTY LLC, hereinafter referred to as Seller(s), personally known by me or proved to be the person(s) whose names are subscribed hereto, who being by me first duly sworn, on their oaths state the following to be true and correct.

- 1. I / We are the Owner's of the real property/land described as follows: Unit 3-206, 5000 PORTALES PLACE (MCR 554-30) Unit I
2. There are no liens against the real property/land and no judgments or tax liens against us, except those liens described in the Commitment for Title insurance by Omega Title Agency, LLC, under commitment no. 00001636 describing the above stated real property.
3. All taxes and assessments by a taxing authority are paid through and there have been no special tax assessments granted on the real property/land or tax exemptions that were not lawful.
4. All assessments by the homeowner's association or other governing body with authority for the subdivision/condominium/town or patio home are paid current, and there are no outstanding assessments payable that have not been disclosed to all parties.
5. There have been no improvements added to the real property / land, or construction on the land within the last 12 months except for as disclosed in writing to Escrow Agent as follows:
6. There are no pending repairs or improvements to the street(s) adjacent to the real property/land.
7. The real property/land has a single family house/condominium/town or patio home, or other occupiable dwelling known as: 5000 North Portales PI Unit # , AZ and does not have a separate building, garage or apartment used as a second residence.
8. A building permit authorized any improvements that exist or were added to the real property/land.
9. I / We have no knowledge of , and have not been told, that the improvements to the real property/land encroach over any building lines, easements, or property lines.
10. I / We have no knowledge of, and have not been told, that the improvements on the land violate any building permit, zoning, restrictions or covenants.
11. I / We have no knowledge of, and have not been told, that any improvements by the owners of any adjacent properties encroach on the property lines of the subject property as described above.
12. The real property/land has actual pedestrian and vehicular access based on a legal right of access to the land.
13. There are no lease agreements that affect the property and have not been disclosed to Escrow Agent.

I / We indemnify and hold harmless Omega Title Agency, LLC, and it's underwriter Title Resources Guaranty Company, as issuing agent from, from any loss, liability, costs, expenses and attorney's fees, including attorney's fees to enforce this agreement, because of errors or incorrectness of this affidavit and because of any defects, liens encumbrances or other matters affecting or that may affect the title to the real property/land before the recordation of our conveyance or mortgage.

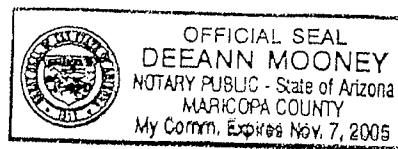
Dated: 09/23/2005

SELLER:

PORTALES PLACEPROPERTY, LLC, an Arizona limited liability company

By:

Donald J. Zeleznak, Managing Member



}ss:

State of ARIZONA
County of Maricopa

REQUIREMENTS (CONTINUED)

NOTE: The following is for informational purposes only:
The Current Vesting referred to in Schedule A, herein, is pursuant to Special Warranty Deed, recorded June 9, 2005, in 2005-0778289 to Portales Place Property, LLC, an Arizona limited liability company.

(said Deed covers additional property)

After examination of the property indices in the Title Plant of the Company's issuing office affecting the real property set forth in Item 5, Schedule "A", the following information is furnished as to listings of other conveyances within the preceding 24 months:

None

END OF REQUIREMENTS

**Title Resources Guaranty Company
&
Omega Title Agency, LLC.**

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of First Financial Title Agency of Arizona and Title Resources Guaranty Company.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transaction we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

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

Check Register

Kevin Daney (05-0886)

2/3/2006

| Date | Num | Transaction | Payment | C | Deposit | Balance |
|-----------|--------|---|------------|---|------------|------------|
| 8/26/2005 | | Opening Balance * cat: [Kevin Daney (05-0886)] | | R | | 0.00 |
| 8/26/2005 | DEP | August N. Santore, Jr., P.C. - File# 5326 cat: Relinquished Property Proceeds memo: Daney (05-0886) | | | 318,318.40 | 318,318.40 |
| 8/26/2005 | Bk Chg | Bnc National Bank cat: Customer Bank Charge memo: Incoming Wire Fee | 10.00 | | | 318,308.40 |
| 9/30/2005 | EFT | Omega Title Agency - Ec# 00001636 cat: Property Purchase <i>7 Portales</i> memo: Daney (05-0886) | 117,990.40 | | | 200,318.00 |
| 9/30/2005 | EFT | Omega Title Agency - Ec# 00001629 cat: Property Purchase <i>7 44 Monroe</i> memo: Daney (05-0886) | 200,318.00 | | | 0.00 |
| 2/3/2006 | DEP | Bnc National Bank cat: Interest Inc memo: on Money Market | | | 1,055.34 | 1,055.34 |
| 2/3/2006 | TXFR | Pinnacle 1031 Exchange Services cat: [BNC National Bank (Interest Acct)] memo: Interest Split on Money Market (Daney 05-0886) | 527.64 | | | 527.70 |
| 2/3/2006 | 1663 | Kevin Daney cat: Funds from Exchange memo: Interest earned on money market | 527.70 | | | 0.00 |

Omega Title Agency, LLC.
9500 E. Ironwood Square Dr.
Suite 201
Scottsdale, AZ 85258

FINAL

| | | |
|---|--|--|
| B. TYPE OF LOAN | | OMB No. 2502-0255 |
| 1. <input type="checkbox"/> FHA | 2. <input type="checkbox"/> VA | 3. <input type="checkbox"/> CONV. UNINS. |
| 4. <input type="checkbox"/> VA | 5. <input type="checkbox"/> CONV. INS. | |
| 6. ESCROW FILE NUMBER: 00001636-040 CD | | 7. LOAN NUMBER: |
| 8. MORTGAGE INSURANCE CASE NUMBER: | | |


C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(P.O.C.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: Pinnacle 1031 Exchange Services

ADDRESS OF BORROWER: 43 Sunset Drive
Summit, NJ 07901

Omega Title Agency, LLC
This is to certify that this is a true and exact copy of the original document

E. NAME OF SELLER: PORTALES PLACE PROPERTY LLC

By 

ADDRESS OF SELLER: 9500 E. Ironwood Square Dr., Suite 201
Scottsdale, Arizona

F. NAME OF LENDER:
ADDRESS OF LENDER:

G. PROPERTY LOCATION: 5000 North Portales Pl Unit #
AZ
Maricopa 173-33-060
Unit 3-206, 5000 PORTALES PLACE (MCR 554-30) Unit I

H. SETTLEMENT AGENT: Omega Title Agency, LLC.
PLACE OF SETTLEMENT: 9500 E. Ironwood Square Dr., Suite 201, Scottsdale, AZ 85258

I. SETTLEMENT DATE: 10/04/2005 PRORATION DATE: 10/04/2005 FUNDING DATE:

| J. SUMMARY OF BORROWER'S TRANSACTION | | K. SUMMARY OF SELLER'S TRANSACTION | |
|---|--------------|---|--------------|
| 100. Gross Amount Due From Borrower: | | 400. Gross Amount Due To Seller: | |
| 101. Contract Sales Price | 1,180,900.00 | 401. Contract Sales Price | 1,180,900.00 |
| 102. Personal Property | | 402. Personal Property | |
| 103. Settlement charges to Borrower (line 1400) | | 403. | |
| 104. | | 404. | |
| 105. | | 405. | |
| Adjustments For Items Paid By Seller In Advance: | | Adjustments For Items Paid By Seller In Advance: | |
| 106. City/Town Taxes | | 406. City/Town Taxes | |
| 107. County Taxes | | 407. County Taxes | |
| 108. Assessments | | 408. Assessments | |
| 109. HOA | | 409. HOA | |
| 110. Sewer | | 410. Sewer | |
| 111. | | 411. | |
| 112. | | 412. | |
| 113. | | 413. | |
| 114. | | 414. | |
| 115. | | 415. | |
| 120. Gross Amount Due from borrower: | 1,180,900.00 | 420. Gross Amount Due to Seller | 1,180,900.00 |
| 200. Amounts Paid by or in behalf of Borrower: | | 500. Reductions In Amount Due To Seller: | |
| 201. Deposit or earnest money | 117,990.40 | 501. Excess deposit (see instructions) | |
| 202. | | 502. Settlement charges to Seller (line 1400) | |
| 203. Existing loan(s) taken subject to | | 503. Existing loan(s) taken subject to | |
| 204. | | 504. Payoff of first mortgage loan | |
| 205. | | 505. Payoff of second mortgage loan | |
| 206. Note to Seller | 1,062,909.60 | 506. Note to Seller | 1,062,909.60 |
| 207. | | 507. | |
| 208. | | 508. | |
| 209. | | 509. | |
| Adjustments For Items Unpaid By Seller: | | Adjustments For Items Unpaid By Seller: | |
| 210. City/Town Taxes | | 510. City/Town Taxes | |
| 211. County Taxes | | 511. County Taxes | |
| 212. Assessments | | 512. Assessments | |
| 213. | | 513. | |
| 214. | | 514. | |
| 215. | | 515. | |
| 216. Appraisal Reimbursement | | 516. Appraisal Reimbursement | |
| 217. | | 517. | |
| 218. | | 518. | |
| 219. | | 519. | |
| 220. Total Paid By/For Borrower | 1,180,900.00 | 520. Total Reductions In Amount Due Seller | 1,062,909.60 |
| 300. Cash at Settlement from/to Borrower: | | 600. Cash at Settlement to/from Seller: | |
| 301. Gross amount due from Borrower (line 120) | 1,180,900.00 | 601. Gross amount due to Seller (line 420) | 1,180,900.00 |
| 302. Less amount paid by/for Borrower (line 220) | 1,180,900.00 | 602. Less reductions in amount due Seller (line 52) | 1,062,909.60 |
| 303. Cash FROM/TO Borrower: | 0.00 | 603. Cash TO Seller: | 117,990.40 |

L. SETTLEMENT CHARGES:

700. Total Sales/Broker's Commission:

Based on Price \$1,180,900.00 @ % =

Division of Commission (line 700) follows:

| | Paid from Borrower's Funds at Settlement | Paid from Seller's Funds at Settlement |
|---|--|--|
| 701. \$ to Keller Williams-The Zeleznak Group | | |
| 702. \$ to | | |
| \$ to | | |

703. Commission paid at settlement

704.

800. Items Payable In Connection With Loan:

| | | |
|---|--|--|
| 801. Loan Origination Fee | | |
| 802. Loan Discount Fee | | |
| 803. Appraisal Fee | | |
| 804. Credit Report | | |
| 805. Lenders Inspection Fee | | |
| 806. Mortgage Insurance Application Fee | | |
| 807. Assumption Fee | | |
| 808. | | |
| 809. | | |
| 810. | | |
| 811. | | |

900. Items Required By Lender To Be Paid In Advance:

| | | |
|---------------------------------|--|--|
| 901. Interest | | |
| 902. Mortgage Insurance Premium | | |
| 903. Hazard Insurance Premium | | |
| 904. | | |
| 905. | | |

1000. Reserves Deposited With Lender:

| | | |
|---------------------------------------|--|--|
| 1001. Hazard Insurance | | |
| 1002. Mortgage Insurance | | |
| 1003. City Property Taxes | | |
| 1004. County Property Taxes | | |
| 1005. Annual Assessments | | |
| 1006. | | |
| 1007. | | |
| 1008. Aggregate Adjustment months @\$ | | |

1100. Title Charges:

| | | |
|---------------------------------|--|--|
| 1101. Settlement or closing fee | | |
| 1102. Abstract or title search | | |
| 1103. Title examination | | |
| 1104. Title insurance binder | | |
| 1105. Document preparation | | |
| 1106. Notary Fees | | |
| 1107. Attorney's Fees | | |
| (includes above item numbers:) | | |
| 1108. Title Insurance | | |
| (Includes above item numbers:) | | |
| 1109. Lender's coverage \$ | | |
| 1110. Owner's coverage \$ | | |
| Lender's coverage \$ | | |
| Lender's coverage \$ | | |
| 1111. | | |
| 1112. | | |
| 1113. | | |

1200. Government Recording and Transfer Charges

| | | |
|------------------------------|--|--|
| 1201. Recording Fees: | | |
| 1202. City/County tax/stamps | | |
| 1203. State tax/stamps | | |
| 1204. City Transfer Tax | | |
| 1205. County Transfer Tax | | |
| 1206. | | |
| 1207. | | |

1300. Additional Settlement Charges:

| | | |
|-----------------------|--|--|
| 1301. Survey to | | |
| 1302. Pest Inspection | | |
| 1303. Property Taxes | | |
| 1304. | | |
| 1305. | | |
| 1306. | | |
| 1307. | | |

1400. Total Settlement Charges (Enter on line 103, Section J -and- line 502, Section K) 0.00

HUD-1 Settlement Statement Certification

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, It is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Buyers Signatures:

Sellers Signatures:

PORTALES PLACEPROPERTY, LLC, an Arizona limited liability company

Pinnacle 1031 Exchange Services

Donald J. Zeleznak, Managing Member

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Settlement Agent:

Omega Title Agency, LLC.

Date:

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

AFFIDAVIT OF PROPERTY VALUE

1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(S)
 Primary Parcel: 173-33-060
 BOOK MAP PARCEL SPLIT LETTER
 Does this sale include any parcels that are being split / divided?
 Check one: Yes No
 How many parcels, other than the Primary Parcel, are included in this sale? _____
 Please list the additional parcels below (no more than four):
 (1) _____ (3) _____
 (2) _____ (4) _____

9. *FOR OFFICIAL USE ONLY: Buyer and Seller leave blank*
 (a) County of Recordation: _____
 (b) Docket & Page Number: _____
 (c) Date of Recording: _____
 (d) Fee/Recording Number: _____
 Validation Codes:
 (e) ASSESSOR _____ (f) DOR _____

ASSESSOR'S USE ONLY
 Verify Primary Parcel in Item 1: _____
 Use Code: _____ Full Cash Value: \$ _____

2. SELLER'S NAME AND ADDRESS
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr.
Scottsdale, Arizona

3. (a) BUYER'S NAME AND ADDRESS
Pinnacle 1031 Exchange Services
43 Sunset Drive
Summit, NJ 07901
 (b) Are the Buyer and Seller related? Yes No
 If Yes, state relationship _____

4. ADDRESS OF PROPERTY:
5000 North Portales Pl Unit #., AZ

5. MAIL TAX BILL TO:
Pinnacle 1031 Exchange Services
5000 North Portales Pl Unit #., AZ

6. PROPERTY TYPE (for Primary Parcel). NOTE: Check Only One Box
 a. Vacant Land f. Commercial or Industrial Use
 b. Single Family Residence g. Agricultural
 c. Condo or Townhouse h. Mobile or Manufactured Home
 d. 2-4 Plex i. Other Use, Specify: _____
 e. Apartment Building _____

7. RESIDENTIAL BUYER'S USE If you checked b, c, d or h in Item 6 above, please check one of the following
 To be occupied by owner or "family member."
 To be rented to someone Other than "family member."
 See reverse side for definition of a "family member."

8. NUMBER OF UNITS _____
 For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage Properties etc

10. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
 a. Warranty Deed d. Contract or Agreement
 b. Special Warranty Deed e. Quit Claim Deed
 c. Joint Tenancy Deed f. Other

11. SALE PRICE: \$ 1,180,900.00

12. DATE OF SALE (Numeric Digits): 09 / 2005
 Month Year
 (For example: 03 / 05 for March 2005)

13. DOWN PAYMENT: \$ 117,990.40

14. METHOD OF FINANCING
 e. New loan(s) from financial institution:
 a. Cash (100% of Sale Price) (1) Conventional
 b. Exchange or Trade (2) VA
 c. Assumption of existing loan(s) (3) FHA
 f. Other financing, Specify: _____
 d. Seller Loan (Carryback) _____

15. PERSONAL PROPERTY (see reverse side for definition):
 (a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes _____ No _____
 (b) If Yes, provide the dollar amount of the Personal Property
 \$ 00 AND
 briefly describe the Personal Property: _____

16. PARTIAL INTEREST If only a partial ownership interest is being sold.
 Briefly describe the partial interest: _____

17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone).
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr., Suite 201 Scottsdale, Arizona
 Phone _____ Fax _____

18. LEGAL DESCRIPTION (attach copy if necessary) ⁶
Unit 3-206, 5000 PORTALES PLACE (MCR 554-30) Unit 1

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY

Signature of Seller/Agent _____
 State of Arizona, County of Maricopa
 Subscribed and sworn to before me this _____ day of _____, 20____
 Notary Public _____
 Notary Expiration Date _____

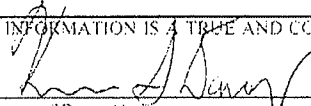

 Signature of Buyer/Agent _____
 State of Arizona, County of Maricopa
 Subscribed and sworn to before me this _____ day of _____, 20____
 Notary Public _____
 Notary Expiration Date _____

EXHIBIT B

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

The printed portion of this contract has been approved by the Arizona Association of REALTORS® ("AAR"). This is intended to be a binding contract. No representation is made as to the legal validity or adequacy of any provision or the tax consequences thereof. If you desire legal, tax or other professional advice, consult your attorney, tax advisor, insurance agent or professional consultant.



1. PROPERTY

- 1a. 1. BUYER: Super 8 Motel of Clear Lake, an Iowa corporation
BUYER'S NAME(S)
2. SELLER: Portales Place Property, LLC or as identified in section 9c.
SELLER'S NAME(S)
3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereon 4. or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b. 5. Premises Address: Goldwater & Scottsdale *See Legal Assessor's #: *Attached
6. City: Scottsdale County: Maricopa AZ, Zip Code: 85003
7. Legal Description: Unit # 3-215 (City may change #)
- 1c. 8. \$ 876,000.00 Full Purchase Price, paid as outlined below
9. \$ 859,087.14 Earnest money
10. \$ 16,912.86 Due at C.O.E. (NOTE)
11. \$ _____
12. _____
- 1d. 13. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.
14. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all 15. closing documents, and perform all other acts necessary in sufficient time to allow COE to occur on
16. August 17, 2005 ("COE Date"). If Escrow Company or recorder's office is closed on
MONTH DAY YEAR
17. COE Date, COE shall occur on the next day that both are open for business.
18. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down 19. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds 20. to Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.
- 1e. 21. **Possession:** Seller shall deliver possession, occupancy, access to keys and/or means to operate all locks, mailbox, 22. security system/alarms, and all common area facilities to Buyer at COE or .
23. Broker(s) recommend that the parties seek appropriate (counsel from insurance, legal, tax, and accounting professionals 24. regarding the risks of pre-possession or post-possession of the Premises.
- 1f. 25. **Addenda Incorporated:** Assumption and Carryback Buyer Contingency Domestic Water Well HUD forms
26. H.O.A. Lead-Based Paint Disclosure Additional Clause On-site Wastewater Treatment Facility
27. Other: _____
- 1g. 28. **Fixtures and Personal Property:** Seller agrees that all existing fixtures on the Premises, and any existing personal 29. property specified herein, shall be included in this sale, including the following:
30. * free-standing range/oven * flush-mounted speakers * outdoor landscaping, fountains, and lighting
31. * built-in appliances * attached fireplace equipment * water-misting systems
32. * light fixtures * window and door screens, sun screens * solar systems
33. * ceiling fans * storm windows and doors * pellet, wood-burning or gas-log stoves
34. * towel, curtain and drapery rods * shutters and awnings * timers
35. * draperies and other window coverings * garage door openers and controls * mailbox
36. * attached floor coverings * attached TV/media antennas/satellite dishes * storage sheds

Initials: SELLER / SELLER ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: BUYER BUYER

A PARCEL OF LAND SITUATE IN A PORTION OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 22:

THENCE SOUTH 88°41'51" WEST, ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, A DISTANCE OF 1310.49 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22;

THENCE SOUTH 00°00'06" EAST, ALONG THE WESTERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, A DISTANCE OF 30.01 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 88°41'51" EAST, ALONG A LINE PARALLEL WITH AND 30.00 FEET SOUTHERLY OF THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, A DISTANCE OF 533.10 FEET;

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 102.10 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, WHOSE RADIUS POINT BEARS SOUTH 27°40'42" EAST, A DISTANCE OF 222.50 FEET;

THENCE SOUTHWESTERLY, SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 126°49'39", AN ARC DISTANCE OF 492.52 FEET TO THE BEGINNING OF A TANGENT REVERSE-CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 25°29'39" WEST, A DISTANCE OF 199.50 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 08°07'40", AN ARC DISTANCE OF 21.34 FEET TO THE BEGINNING OF A TANGENT COMPOUND CURVE, CONCAVE SOUTHWESTERLY, WHOSE RADIUS POINT BEARS SOUTH 31°37'19" WEST, A DISTANCE OF 87.50 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 26°38'48", AN ARC DISTANCE OF 40.69 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 58°16'07" EAST, A DISTANCE OF 107.50 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 49°43'12", AN ARC DISTANCE OF 93.29 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 08°32'55" WEST, A DISTANCE OF 14.50 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 51°00'55", AN ARC DISTANCE OF 12.91 FEET TO A POINT OF NON-TANGENCY;

THENCE THE FOLLOWING COURSES AND DISTANCES ALONG THE NORTHWESTERLY RIGHT OF WAY LINE OF GOLDWATER BOULEVARD AS SHOWN ON THE PLAT OF SCOTTSDALE PORTALES RECORDED AT BOOK 340 OF MAPS, PAGE 13, MARICOPA COUNTY RECORDERS OFFICE, MARICOPA COUNTY, ARIZONA:

THENCE SOUTH 84°23'51" WEST, A DISTANCE OF 12.19 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 35°36'09" EAST, A DISTANCE OF 648.56 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 01°45'07", AN ARC DISTANCE OF 19.83 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 07°21'16" EAST, A DISTANCE OF 5.09 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 07°21'16" EAST, A DISTANCE OF 643.47 FEET;

THENCE WESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 04°52'16", AN ARC DISTANCE OF 54.71 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 12°13'32" WEST, A DISTANCE OF 3.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, WHOSE RADIUS POINT BEARS SOUTH 12°13'32" EAST, A DISTANCE OF 646.47 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 62°25'12", AN ARC DISTANCE OF 704.29 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 15°21'16" WEST, A DISTANCE OF 187.66 FEET;

THENCE DEPARTING SAID NORTHWESTERLY RIGHT OF WAY LINE OF GOLDWATER BOULEVARD, SOUTH 88°49'34" WEST ALONG THE NORTHERLY LINE OF HIGHLAND AVENUE AS SHOWN IN THE DOCUMENT RECORDED AT INSTRUMENT NUMBER 88-253689 MARICOPA COUNTY RECORDERS OFFICE, MARICOPA COUNTY, ARIZONA, A DISTANCE OF 51.70 FEET;

THENCE NORTH 00°00'06" WEST ALONG THE WESTERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, A DISTANCE OF 588.38 FEET;

THENCE NORTH 89°59'54" EAST, A DISTANCE OF 8.00 FEET;

Robert Bein, William Frost & Associates

PROFESSIONAL ENGINEERS, PLANNERS & SURVEYORS
16605 N. 28TH AVENUE, SUITE 100, PHOENIX, ARIZONA 85053
(602) 487-7200 • FAX (602) 467-7201



RICA INC.

RESIDENTIAL SITE

AND TITLE SURVEY

37. If owned by the Seller, the following items also are included in this sale:
- | | | |
|---|--------------------------------|------------------------------|
| 38. • pool and spa equipment (including any | • security and/or fire systems | • water softeners |
| 39. mechanical or other cleaning systems) | and/or alarms | • water purification systems |
40. Additional existing personal property included in this sale (if checked): refrigerator washer dryer
41. As described: N/A
42. _____
43. Other: _____
44. _____
45. _____
46. Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no monetary value, and free and clear of all liens or encumbrances.
47. Fixtures and leased items NOT included: _____
48. IF THIS IS AN ALL CASH SALE, GO TO SECTION 3.

2. FINANCING

- 2a. 50. **Loan Contingency:** Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan described in the AAR Loan Status Report without conditions no later than COE Date. If Buyer is unable to obtain loan approval without conditions by COE Date, Buyer shall deliver a notice of the inability to obtain loan approval without conditions to Seller or Escrow Company no later than COE Date.
51. 52. 53.
- 2b. 54. **Unfulfilled Loan Contingency:** This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if after diligent and good faith effort, Buyer is unable to obtain loan approval without conditions by COE Date. Buyer is aware that failure to have the down payment or other funds due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not an unfulfilled loan contingency. Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
55. 56. 57. 58.
- 2c. 59. **Appraisal Contingency:** Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises by an appraiser acceptable to lender for at least the sales price. If the Premises fails to appraise for the sales price, Buyer has five (5) days after notice of the appraised value to cancel this Contract and receive a refund of the Earnest Money or the appraisal contingency shall be waived.
60. 61.
- 2d. 62. **Loan Status Report:** The AAR Loan Status Report ("LSR") with, at a minimum, the Buyer's Loan Information section completed, describing the current status of the Buyer's proposed loan, is attached hereto and incorporated herein by reference.
- 63.
- 2e. 64. **Loan Application:** Unless previously completed, within five (5) days after Contract acceptance, Buyer shall (i) complete, sign and deliver to the lender a loan application with requested disclosures and documentation; (ii) grant lender permission to access Buyer's Trimerged Residential Credit Report; and (iii) pay all required loan application fees.
65. 66.
- 2f. 67. **Loan Processing During Escrow:** Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all additional documentation required. Buyer instructs the lender to provide loan status updates to Broker(s) and Seller. Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.
68. 69.
- 2g. 70. **Type of Financing:** Conventional FHA VA Assumption Seller Carryback _____
71. (if financing is to be other than new financing, see attached addendum.)
- 2h. 72. **Loan Costs:** Private Mortgage Insurance is required for certain types of loans and shall be paid by Buyer at COE in a manner acceptable to lender. The following may be paid by either party:
- 73.
74. Discount points shall be paid by: Buyer Seller Other _____
75. Discount points shall not exceed: 0 total points (Does not include loan origination fee)
76. A.L.T.A. Lender Title Insurance Policy shall be paid by Buyer Seller
77. Loan Origination Fee (Not to exceed 1.000 % of loan amount) shall be paid by Buyer Seller
78. Appraisal Fee, when required by lender, shall be paid by Buyer Seller Other _____
- 2i. 79. **Other Loan Costs:** In the event of an FHA or VA loan, Seller agrees to pay up to \$ _____ of loan costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein. In addition, for VA loans, Seller agrees to pay the escrow fee. All other costs of obtaining the loan shall be paid by the Buyer.
80. 81.

Initials: SELLER / SELLER © ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: BUYER / BUYER

- 2j. 82. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in 83. the LSR and shall only make any such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan approval without conditions, increase Seller's closing costs, or delay COE.
- 2k. 85. **FHA Notice (FHA Buyer Initials Required):** HUD does not warrant the condition of the property. By initialing below, Buyer acknowledges receipt of Form HUD-92564-CN, "For Your Protection: Get a Home Inspection." Buyer further acknowledges that such form was signed at or before the Contract date. Signed HUD-92564-CN is attached and made a part of this Purchase Contract.

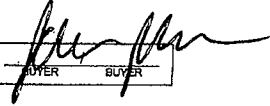
88.

(FHA BUYER'S INITIALS REQUIRED)

BUYER BUYER

3. TITLE AND ESCROW

- 3a. 89. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the 90. terms of this Contract shall be:
 - 91. Omega Title - Carol (480) 585-8588
ESCROW/TITLE COMPANY PHONE/FAX
- 3b. 92. **Title and Vesting:** Buyer will take title as determined before COE. Taking title may have significant legal, estate planning 93. and tax consequences. Buyer should obtain legal and tax advice.
- 3c. 94. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller 95. directly, addressed pursuant to 8t and 9c or as otherwise provided, a Commitment for Title Insurance together with 96. complete and legible copies of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title 97. Commitment"), including but not limited to Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and 98. easements. Buyer shall have five (5) days after receipt of the Title Commitment and after receipt of notice of any 99. subsequent exceptions to provide notice to Seller of any items disapproved. Seller shall convey title by general warranty 100. deed. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's Title 101. Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not 102. available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage 103. at Buyer's own additional expense.
- 3d. 104. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and 105. address of the Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also 106. acting as the title agency but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the 107. Buyer and Seller, upon deposit of funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for 108. any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (iii) All documents necessary to 109. close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow 110. Company shall modify such documents to the extent necessary to be consistent with this Contract. (iv) Escrow Company 111. fees, unless otherwise stated herein, shall be allocated equally between Seller and Buyer. (v) Escrow Company shall send 112. to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer and Broker(s). (vi) Escrow 113. Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii) If an Affidavit of 114. Disclosure is provided, Escrow Company shall record the Affidavit at COE.
- 3e. 115. **Tax Prorations:** Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.
- 3f. 116. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with Escrow 117. Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this Contract 118. in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action 119. or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or relating in any way to 120. the release of Earnest Money.
- 3g. 121. **Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of the COE, including homeowner's 122. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on 123. encumbrances, and service contracts, shall be prorated as of COE or Other: _____
- 3h. 124. **Assessment Liens:** The amount of any assessment, other than homeowner's association assessments, that is a lien as of 125. the COE, shall be paid in full by Seller prorated and assumed by Buyer. Any assessment that becomes a lien after 126. COE is the Buyer's responsibility.
- 3i. 127. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to 128. complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident 129. alien pursuant to the Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller 130. is a foreign person, the Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

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SELLER SELLER BUYER BUYER

4. DISCLOSURES

- 4a. 131. **Seller Property Disclosure Statement ("SPDS"):** Seller shall deliver a completed AAR SPDS form to the Buyer within five 132. (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period 133. or five (5) days after receipt of the SPDS, whichever is later.
- 4b. 134. **Insurance Claims History:** Seller shall deliver to Buyer a written five-year insurance claims history regarding Premises (or 135. a claims history for the length of time Seller has owned the Premises if less than five years) from Seller's insurance 136. company or an insurance support organization or consumer reporting agency, or if unavailable from these sources, from 137. Seller, within five (5) days after Contract acceptance. (Seller may obscure any reference to date of birth or social 138. security number from the document). Buyer shall provide notice of any items disapproved within the Inspection Period or 139. five (5) days after receipt of the claims history, whichever is later.
- 4c. 140. **Lead-Based Paint Disclosure:** If the Premises were built prior to 1978, the Seller shall: (i) notify the Buyer of any known 141. lead-based paint ("LBP") or LBP hazards in the Premises; (ii) provide the Buyer with any LBP risk assessments or 142. inspections of the Premises in the Seller's possession; (iii) provide the Buyer with the Disclosure of Information on 143. Lead-based Paint and Lead-based Paint Hazards, and any report, records, pamphlets, and/or other materials referenced 144. therein, including the pamphlet "Protect Your Family from Lead in Your Home" (collectively "LBP Information"). Buyer shall return 145. a signed copy of the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards to Seller prior to COE.
 - 146. LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk 147. assessments or inspections during Inspection Period.
 - 148. Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days or 149. _____ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for 150. the presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP 151. Information or five (5) days after expiration of the Assessment Period cancel this Contract.
- 152. If Premises were constructed prior to 1978, **BUYER'S INITIALS REQUIRED**
- 153. If Premises were constructed in 1978 or later, **BUYER'S INITIALS REQUIRED**

| | |
|-------|-------|
| BUYER | BUYER |
| BUYER | BUYER |

- 4d. 154. **Affidavit of Disclosure:** If the Premises is located in an unincorporated area of the county, and five or fewer parcels of 155. property other than subdivided property are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in 156. the form required by law to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit 157. of Disclosure items disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, 158. whichever is later.
- 4e. 159. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made 160. herein, in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already 161. obligated by Section 5a, or otherwise by this Contract or any amendments hereto, to correct or repair the changed item 162. disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES


- 5a. 163. **Seller Warranties:** Seller warrants and shall maintain and repair the Premises so that, at the earlier of possession or COE: (i) all 164. heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter 165. systems, cleaning systems, and heaters, if any), free-standing range/oven, and built-in appliances will be in working 166. condition; (ii) all other agreed upon repairs and corrections will be completed pursuant to Section 6j; (iii) the Premises, 167. including all additional existing personal property included in the sale, will be in substantially the same condition as on the date of 168. Contract acceptance; and (iv) all personal property not included in the sale and all debris will be removed from the Premises.
- 5b. 169. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects 170. and any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely 171. affect the consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for 172. all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding 173. the COE in connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller 174. warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional 175. septic or alternative) is correct to the best of Seller's knowledge.

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| SELLER SELLER | | BUYER BUYER | |

6h. 222. **BUYER ACKNOWLEDGMENT:** BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.

229.

(BUYER'S INITIALS REQUIRED)


BUYER BUYER

6i. 230. **Inspection Period Notice:** Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be provided in a single notice.

6j. 234. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller notice of the items disapproved and state in the notice that Buyer elects to either:

236. (1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or
237. (2) provide the Seller an opportunity to correct the items disapproved, in which case:
238. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of
239. items disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall
240. conclusively be deemed Seller's refusal to correct any of the items disapproved.
241. (b) if Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any
242. repairs in a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs
243. to Buyer three (3) days or _____ days prior to COE Date.
244. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel
245. this Contract within five (5) days after delivery of Seller's response or after expiration of the time for
246. Seller's response, whichever occurs first, and all Earnest Money shall be released to Buyer. If Buyer does
247. not cancel this Contract within the five (5) days as provided, Buyer shall close escrow without correction
248. of those items that Seller has not agreed in writing to correct.

249. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will
250. extend response times or cancellation rights.

251. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN
252. THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE
253. TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.

6k. 254. **Notice of Non-Working Warranted Items:** Buyer shall provide Seller with notice of any non-working warranted item(s) of 255. which Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of 256. such notice shall not affect Seller's obligation to maintain or repair the warranted item(s).

6l. 257. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. 258. The parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service 259. fees and most plans exclude pre-existing conditions.

260. A Home Warranty Plan will be ordered by Buyer or Seller with the following optional coverage

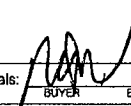
261. _____, to be issued by _____ at a cost not to exceed

262. \$ _____, to be paid for by Buyer Seller

263. Buyer declines the purchase of a Home Warranty Plan.

6m. 264. **Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the 265. purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in 266. working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does 267. not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.

6n. 268. **Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all 269. inspections and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, 270. including any propane, until COE to enable Buyer to conduct these inspections and walkthrough(s).

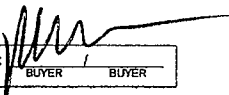
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SELLER SELLER

7. REMEDIES

- 7a. 271. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any 272. provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If 273. the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall 274. become a breach of Contract.
- 7b. 275. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the 276. breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative 277. Dispute Resolution obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages 278. in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at 279. Seller's option, accept the Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from 280. Buyer's failure to deliver the notice required by Section 2a, or Buyer's inability to obtain loan approval due to the waiver of 281. the appraisal contingency pursuant to Section 2c, Seller shall exercise this option and accept the Earnest Money as Seller's 282. sole right to damages. An unfulfilled contingency is not a breach of Contract.
- 7c. 283. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating 284. to this Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs 285. shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved 286. disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and 287. cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be 288. submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate 289. Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator 290. may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding 291. arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event 292. either party shall have the right to resort to court action.
- 7d. 293. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought 294. in the Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or 295. removed from the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed 296. of trust, mortgage, or agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a 297. mechanic's lien; or (v) any matter that is within the jurisdiction of a probate court. Further, the filing of a judicial action to 298. enable the recording of a notice of pending action ("lis pendens"), or order of attachment, receivership, injunction, or other 299. provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action 300. constitute a breach of the duty to mediate or arbitrate.
- 7e. 301. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating 302. to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney 303. fees, expert witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 304. Seller has affiliated business arrangements with Camelback Title, and Alpha
 305. Home Loans, Omega Title.
 306. _____
 307. Seller is aware that Buyer intends to effect an IRC 1031 Tax deferred
 308. exchange. Buyer requests Seller's cooperation in such an exchange and agrees
 309. to hold Seller harmless from any and all claims, liabilities, costs, or
 310. delays in time resulting from such an exchange. Seller agrees to an
 311. assignment of this contract to "1031 Exchange Company: Commercial Partners
 312. Exchange Company, LLC, by the Buyer.
 313. Manager of Seller's entity is Licensed Real Estate Agent in Arizona.
 314. Seller and Buyer agree that there will be No Seller Property Disclosure
 315. Statement, Termite inspection.

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| SELLER / SELLER | | BUYER / BUYER | |

8b. 316. Risk of Loss: If there is any loss or damage to the Premises between the date of Contract acceptance and COE or 317. possession, whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on 318. the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the 319. purchase price, either Seller or Buyer may elect to cancel the Contract.

8c. 320. Permission: Buyer and Seller grant Broker(s) permission to advise the public of this Contract.

8d. 321. Arizona Law: This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

8e. 322. Time is of the Essence: The parties acknowledge that time is of the essence in the performance of the obligations 323. described herein.

8f. 324. Compensation: Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by 325. separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. 326. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer 327. is obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE 328. SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR 329. MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.

8g. 330. Copies and Counterparts: A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This Contract 331. and any other documents required by this Contract may be executed by facsimile or other electronic means and in any number of counterparts, 332. which shall become effective upon delivery as provided for herein, except that the Lead-Based Paint Disclosure Statement may not be signed 333. in counterpart. All counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

8h. 334. Days: All references to days in this Contract shall be construed as calendar days and a day shall begin at 12:00 a.m. and end at 11:59 p.m.

8i. 335. Calculating Time Periods: In computing any time period prescribed or allowed by this Contract, the day of the act or event 336. from which the time period begins to run is not included and the last day of the time period is included. Contract acceptance 337. occurs on the date that the signed Contract (and any incorporated counter offer) is delivered to and received by the 338. appropriate Broker. Acts that must be performed three days prior to the COE Date must be performed three full days prior 339. (i.e., if COE Date is Friday the act must be performed by 11:59 p.m. on Monday).

8j. 340. Entire Agreement: This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and 341. Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing 342. signed by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.

8k. 343. Subsequent Offers: Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that 344. any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.

8l. 345. Cancellation: A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by 346. delivering notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become 347. effective immediately upon delivery of the cancellation notice.

8m. 348. Notice: Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in 349. writing and deemed delivered and received when (i) hand-delivered, (ii) sent via facsimile transmission, (iii) sent via 350. electronic mail, if email addresses are provided herein, or (iv) sent by recognized overnight courier service, and addressed 351. to Buyer as indicated in Section 8r, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.

8n. 352. Earnest Money: Earnest Money is in the form of: Personal Check Other: Wire 353. If applicable, Earnest Money has been received by Broker named in Section 8r and upon acceptance of this offer will be 354. deposited with: Escrow Company Broker's Trust Account

8o. 355. Release of Broker(s): Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this 356. transaction from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, 357. boundaries, value, rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, 358. governmental regulations, insurance or any other matter relating to the value or condition of the Premises. 359. (BUYER'S INITIALS REQUIRED) [Signature] BUYER BUYER

8p. 360. Terms of Acceptance: This offer will become a binding Contract when acceptance is signed by Seller and 361. a signed copy delivered in person, by mail, facsimile or electronically, and received by Broker named in Section 8r 362. by August 12, 2005 at 5:00 a.m. p.m., Mountain Standard Time. Buyer 363. may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this 364. date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

8q. 365. THIS CONTRACT CONTAINS NINE PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT 366. YOU HAVE RECEIVED AND READ ALL NINE PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS. [Signature]

Initials: SELLER / SELLER ©ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: BUYER / BUYER

8r. 367. Broker on behalf of Buyer:

368. N/A PRINT SALESPERSON'S NAME AGENT CODE PRINT FIRM NAME FIRM CODE

369. _____ FIRM ADDRESS STATE ZIP CODE

370. _____ TELEPHONE FAX EMAIL

8s. 371. Agency Confirmation: The Broker named in Section 8r above is the agent of (check one):

372. the Buyer, the Seller, or both the Buyer and Seller

8t. 373. The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of a copy hereof including the Buyer Attachment.

375. Super 8 Motel of Clear Lake BUYER'S SIGNATURE Michael Nelson BUYER'S SIGNATURE 9/23/05 MO/DAY/YR

376. 1745 Bridgewater Road ADDRESS 1745 Bridgewater Road ADDRESS

377. Golden Valley, MN. CITY, STATE, ZIP CODE Golden Valley, MN. CITY, STATE, ZIP CODE

55422 55422

9. SELLER ACCEPTANCE

9a. 378. Broker on behalf of Seller:

379. Keller Williams SW Realty PRINT SALESPERSON'S NAME dx005 AGENT CODE Ryan Zeleznak PLC PRINT FIRM NAME KW01 FIRM CODE

380. 9500 E. Ironwood Square Dr. #116 FIRM ADDRESS Scottsdale STATE AZ STATE 85258 ZIP CODE

381. (480) 767-5245 TELEPHONE (480) 767-5247 FAX EMAIL

9b. 382. Agency Confirmation: The Broker named in Section 9a above is the agent of (check one):

383. the Seller, or both the Buyer and Seller

9c. 384. The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a copy hereof and grant permission to Broker named on Section 9a to deliver a copy to Buyer.

386. Counter Offer is attached, and is incorporated herein by reference. Seller should sign both this offer and the Counter Offer. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

388. _____ SELLER'S SIGNATURE MO/DAY/YR _____ SELLER'S SIGNATURE MO/DAY/YR

389. Portales Place Property, LLC SELLER'S NAME PRINTED _____ SELLER'S NAME PRINTED

390. _____ ADDRESS _____ ADDRESS

391. _____ CITY, STATE, ZIP CODE _____ CITY, STATE, ZIP CODE

392. OFFER REJECTED BY SELLER: _____ MONTH _____ DAY _____ YEAR (SELLER'S INITIALS) RM

For Broker Use Only:

Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____ MO/DAY/YR

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Initials: _____ SELLER _____ SELLER ©ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05 Initials: _____ BUYER _____ BUYER

Keller William SW Realty

H.O.A. CONDOMINIUM/ PLANNED COMMUNITY ADDENDUM



The printed portion of this form has been approved by the Arizona Association of REALTORS®.

This is an addendum to the Contract dated _____ between the following parties:

Seller: Portales Place Property, LLC

Buyer: DR. Michael Nelson - Super 8 Motel of Clear Lake, Inc., an Iowa Corporation

Premises Address: Goldwater & Scottsdale Rd., Scottsdale, Az

If the Premises are located within a homeowner's association or a condominium/planned community:

- A. Dues and Fees: The current regular association dues are: \$ _____ monthly, or \$ 1,000/sq. Ft. Month ;
- B. Additional homeowner's association fees are: \$ _____ monthly, or \$ _____ / Estimated ;
- C. Any current homeowner's association assessment which is a lien as of Close of Escrow to be:
 - paid in full by Seller prorated and assumed by Buyer
 - Any assessment that becomes a lien after the Close of Escrow is the Buyer's responsibility.
- D. Any additional fees related to the transfer of the Premises shall be paid by Seller Buyer Other: _____
- E. Any inspection or certification fee charged by a homeowner's association shall be paid by Seller.
- F. If the homeowner's association has less than 50 units, no later than ten (10) days after Contract acceptance, the Seller shall provide in writing to Buyer the information described below as required by Arizona law.
- G. If the homeowner's association has 50 or more units, Seller shall furnish notice of pending sale that contains the name and address of the Buyer to the homeowner's association within five (5) days after Contract acceptance and pursuant to Section 3d of the Contract has instructed Escrow Company to provide such notice on Sellers behalf. The association is obligated by Arizona law to provide the information described below to Buyer within ten (10) days after receipt of Seller's notice.

Buyer is allowed five (5) days after receipt of the information from the Seller or homeowner's association to provide written notice to Seller of any terms disapproved.

DR. Michael Nelson - Super 8 Motel of Clear Lake, Inc. 9/23/05 BUYER'S SIGNATURE MONTH/YR
 DR. Michael Nelson - Super 8 Motel of Clear Lake, Inc., an Iowa Corporation 9/23/05 BUYER'S SIGNATURE MONTH/YR
 Portales Place Property, LLC 9/23/05 SELLER'S SIGNATURE MONTH/YR

Information required by law to be provided:

1. A copy of the bylaws and the rules of the association.
2. A copy of the declaration of Covenants, Conditions and Restrictions ("CC&Rs").
3. A dated statement containing:
 - (a) The telephone number and address of a principal contact for the association, which may be an association manager, an association management company, an officer of the association or any other person designated by the board of directors.
 - (b) The amount of the common regular assessment and the unpaid common regular assessment, special assessment or other assessment, fee or charge currently due and payable from the Seller.
 - (c) A statement as to whether a portion of the unit is covered by insurance maintained by the association.
 - (d) The total amount of money held by the association as reserves.
 - (e) If the statement is being furnished by the association, a statement as to whether the records of the association reflect any alterations or improvements to the unit that violate the declaration. The association is not obligated to provide information regarding alterations or improvements that occurred more than six years before the proposed sale. Seller remains obligated to disclose alterations or improvements to the Premises that violate the declaration. The association may take action against the Buyer for violations apparent at the time of purchase that are not reflected in the association's records.
 - (f) If the statement is being furnished by the Seller, a statement as to whether the Seller has any knowledge of any alterations or improvements to the unit that violate the declaration.
 - (g) A statement of case names and case numbers for pending litigation with respect to the Premises or the association.
4. A copy of the current operating budget of the association.
5. A copy of the most recent annual financial report of the association. If the report is more than ten pages, the association may provide a summary of the report in lieu of the entire report.
6. A copy of the most recent reserve study of the association, if any.
7. Any other information required by law.
8. A statement for Buyer acknowledgement and signature as required by Arizona Law.

**REAL ESTATE
AGENCY DISCLOSURE AND ELECTION**
(This is NOT an employment agreement.)



THE PRINTED PORTION OF THIS DOCUMENT HAS BEEN APPROVED BY THE ARIZONA ASSOCIATION OF REALTORS®. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION THEREOF. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY.

1. FIRM NAME ("BROKER") Keller Williams Southwest Realty
2. acting through Ryan Zeleznek PLC hereby makes the following disclosure.
(LICENSEE'S NAME)

DISCLOSURE

3. Before a Seller/Landlord ("Seller") or a Buyer/Tenant ("Buyer") enters into a discussion with a real estate broker or licensee affiliated with a broker, the Seller and the Buyer should understand what type of agency relationship or representation they will have with the broker in the transaction.
6. I. **Buyer's Broker:** A broker other than the Seller's broker can agree with the Buyer to act as the broker for the Buyer. In these situations, the Buyer's broker is not representing the Seller, even if the Buyer's broker is receiving compensation for services rendered, either in full or in part, from the Seller or through the Seller's broker:
 9. a) A Buyer's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Buyer.
 10. b) Other potential Buyers represented by broker may consider, make offers on, or acquire an interest in the same or similar properties as Buyer is seeking.
12. II. **Seller's Broker:** A broker under a listing agreement with the Seller acts as the broker for the Seller only.
 13. a) A Seller's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Seller.
 14. b) Other potential Sellers represented by broker may list properties that are similar to the property that Seller is selling.
15. III. **Broker Representing both Seller and Buyer (Limited Representation):** A broker, either acting directly or through one or more licensees within the same brokerage firm, can legally represent both the Seller and the Buyer in a transaction, but only with the knowledge and informed consent of both the Seller and the Buyer. In these situations, the Broker, acting through its licensee(s), represents both the Buyer and the Seller, with limitations on the duties owed to the Buyer and the Seller.
 19. a) The broker will not, without written authorization, disclose to the other party that the Seller will accept a price or terms other than stated in the listing or that the Buyer will accept a price or terms other than offered.
 21. b) There will be conflicts in the duties of loyalty, obedience, disclosure and confidentiality. Disclosure of confidential information may be made only with written authorization.
23. Regardless of who the Broker represents in the transaction, the Broker shall exercise reasonable skill and care in the performance of the Broker's duties and shall be truthful and honest to both the Buyer and Seller and shall disclose all known facts which materially and adversely affect the consideration to be paid by any party. Pursuant to A.R.S. §32-2156, Sellers, Lessors and Brokers are not obligated to disclose that a property is or has been: (1) the site of a natural death, suicide, homicide, or any crime classified as a felony; (2) owned or occupied by a person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real estate; or (3) located in the vicinity of a sex offender.
29. **THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE THE SELLER OR THE BUYER FROM THE RESPONSIBILITY TO PROTECT THEIR OWN INTERESTS. THE SELLER AND THE BUYER SHOULD CAREFULLY READ ALL AGREEMENTS TO INSURE THAT THE DOCUMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION.**

ELECTION

32. **Buyer Election** (Complete this section only if you are the Buyer.)
33. The undersigned elects to have the Broker (check any that apply):
 34. represent the Buyer as Buyer's Broker.
 35. represent the Seller as Seller's Broker.
 36. show Buyer properties listed with Broker's firm and Buyer agrees that Broker shall act as agent for both Buyer and Seller provided that the Seller consents to limited representation. In the event of a purchase, Buyer's and Seller's informed consent should be acknowledged in a separate writing other than the purchase contract.
39. **Seller Election** (Complete this section only if you are the Seller.)
40. The undersigned elects to have the Broker (check any that apply):
 41. represent the Buyer as Buyer's Broker.
 42. represent the Seller as Seller's Broker.
 43. show Seller's property to Buyers represented by Broker's firm and Seller agrees that Broker shall act as agent for both Seller and Buyer provided that Buyer consents to the limited representation. In the event of a purchase, Buyer's and Seller's informed consent should be acknowledged in a separate writing other than the purchase contract.
46. The undersigned Buyer(s) or Seller(s) acknowledge that this document is a disclosure of duties. This document is not an employment agreement.
48. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE.
48. Dr. Michael Nelson - Super 8 Motel of Clearlake, Inc., an Iowa Corporation
49. Dr. Michael Nelson Super 8 Motel of Clearlake, Inc. An Iowa Corporation
51. 9/24/05 MO/DAYR SIGNED
52. SIGNED

This form is available for use by the entire real estate industry. This use of this form is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark that may be used only by real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® and who subscribe to its Code of Ethics. ©ARIZONA ASSOCIATION OF REALTORS® - Form 1587-1585 READAE 12/02

MEMORANDUM

August 9, 2005

Seller: Portales Place Property, LLC

Buyer: Super 8 Motel of Clear Lake, Inc., an Iowa corporation

The promissory notes are being used for closing the 1031's. The note has a balloon payment. There will be no monthly payments until the end of 24 months. All interest is waived for the 24 months.

Donald J. Zeleznak
Manager
Portales Place Property, LLC



PROMISSORY NOTE

\$16,912.86

Scottsdale, Arizona
August 10, 2005

For value received, the undersigned, **Super 8 Motel of Clear Lake, Inc., an Iowa corporation "Maker"**, promises and agrees to pay to **Portales Place Property, LLC. ("Payee")**, or order, the principal sum of **Sixteen Thousand Nine Hundred Twelve Thousand DOLLARS and 86/100, U.S. (\$ 16,912.86)** for unit # 3-215 at Portales Place payable as follows:

If not sooner paid the entire unpaid principal balance together with accrued interest of 6% shall be all due and payable on or before August 15, 2007.

Principal and any other amounts payable hereunder shall be payable at 9500 East Ironwood Square Drive Suite 201 Scottsdale, Az. 85258, or at such other place as the holder hereof may designate.

Principal and interest payable in lawful money of the United States of America.

Prepayment of all or part of the principal hereunder is permitted at any time and without penalty.

If any balloon payment is late, then a late fee of \$25.00, per day will become due. If a late charge is due and is not paid, said late charge shall be accumulated as a separate balance that shall not accrue interest. In addition to any late fees called for, if payment(s) is at least 30 days past due, then the principal balance shall bear interest at a default rate of 5% over the interest rate as stated herein. Said default rate shall begin on the 31st day following the due date of the payment(s) until payment(s) is brought current. It is further agreed that the **Default Interest Penalty** is only applicable in the event of a declared default; i.e., foreclosure/forfeiture proceeding initiated by Seller/Beneficiary. Said default interest penalty to be paid at the time of reinstatement.

Should the note be signed by more than one person, all of the obligations herein contained shall be the joint and several obligations of each signer hereof.

This note may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement or any waiver, change, modification or discharge is sought.

A handwritten signature in black ink, appearing to be 'R. B. K.', is located in the lower right quadrant of the page.

In the event any holder hereof utilizes the services of an attorney in attempt to collect the amounts due hereunder or to enforce the terms hereof or of any agreements related to this indebtedness, or if any holder hereof becomes party plaintiff or defendant in any legal proceeding in relation to the property described in any instrument securing this Note or for the recovery or protection of the indebtedness evidenced hereby, Maker and any endorsers hereof agree to pay, in addition to the principal and interest due hereon, all costs and a reasonable amount as attorneys' fees, whether or not suit is brought, and shall further pay all costs, expenses and attorneys' fees incurred after the filing by or against the Maker of any proceeding under any chapter of the Bankruptcy Code, or any similar federal or state statute.

Maker and all sureties, endorsers and guarantors of this Note waive (i) demand, presentment, for payment, notice of nonpayment, protest, notice of protest and all other notices, (ii) filing of suit, (iii) diligence in collecting this Note. Maker and all sureties, endorsers and guarantors of this Note further agree that it will not be necessary for any holder hereof, in order to enforce payment of this Note by any of them, to first institute suit or exhaust its remedies against any Maker or other liable herefor, and consent to an extension or postponement of time of payment of this Note or any other indulgence with respect hereto, including, but not limited to any the release of any party primarily or secondarily liable hereon, without notice thereof to any of them.

This Note shall be construed in accordance with and governed by the internal laws of the State of Arizona without regard to conflicts of law principles.

Super 8 Motel of Clear Lake, Inc. an Iowa Corp.
Super 8 Motel of Clear Lake, Inc., an Iowa corporation Date

Dr. Michael Nelson
Dr. Michael Nelson

9/23/05
[Signature]

ACCEPTED AND APPROVED AS TO CONTENT:

Portales Place Property, LLC, an Arizona limited liability company

By: _____
Donald J. Zeleznak, Manager Date

1031 Tax Deferred Exchange Understanding

Client agrees that the units assigned to the Client through a purchase agreement between the Client and the Developer are assigned for the purpose of the 1031 Tax Deferred Exchange and are used only as an accommodation for the Client as required by the Clients 1031 Tax Deferred Exchange. Client understands that the monies given to the developer are directly tied to the development as an investment and not only to the individual units mentioned in the 1031 Tax Deferred Exchange paperwork.

Client is aware that the individual property deeds will be executed through escrow and held in escrow unrecorded until such time that the units have been resold to a third party.

Client has been advised that they will not receive a copy of the public report until it is available. Client is releasing all 1031 funds and any other monies to participate in the development investment opportunity and has executed a separate subscription agreement to enter into **Portales Place Property, LLC** as a LLC member

The Client understands that The Zeleznak Group, Donald J. Zeleznak, Donald J. Zeleznak PLC, Omega Title, Keller Williams Southwest Realty, their agents and broker, Title Company -- Omega Title and/or Grace Communities is acting as such only to facilitate a tax deferred exchange at the Clients request, and make no representations as to the legal or tax ramifications of this accommodation.

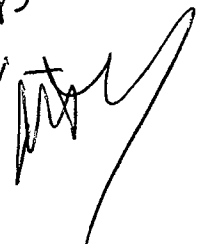
Super 8 Motel of Clear Lake, Inc. an Iowa Corp.

Super 8 Motel of Clear Lake, Inc., an Iowa corporation
Dr. Michael Nelson

Dr. Michael Nelson

Date

9/23/05



AFFIDAVIT FOR HOMEOWNER'S TITLE INSURANCE POLICY

00001680-040-CD

Before me, the undersigned authority, on this ____ day of _____, ____ personally appeared **PORTALES PLACE PROPERTY LLC**, hereinafter referred to as Seller(s), personally known by me or proved to be the person(s) whose names are subscribed hereto, who being by me first duly sworn, on their oaths state the following to be true and correct.

1. I / We are the Owner's of the real property/land described as follows: **Unit 3-215, 5000 PORTALES PLACE (MCR 554-30)**
UNIT I
2. There are no liens against the real property/land and no judgments or tax liens against us, except those liens described in the Commitment for Title insurance by **Omega Title Agency, LLC**, under commitment no. 00001680 describing the above stated real property. (If there are additional liens, Sellers must disclose at this time, and Escrow Agent and/or Title Insurer reserve the right to make additional requirements prior to issuance of any policy of title insurance.)
3. All taxes and assessments by a taxing authority are paid through _____ and there have been no special tax assessments granted on the real property/land or tax exemptions that were not lawful.
4. All assessments by the homeowner's association or other governing body with authority for the subdivision/condominium/town or patio home are paid current, and there are no outstanding assessments payable that have not been disclosed to all parties.
5. There have been no improvements added to the real property / land, or construction on the land within the last 12 months except for as disclosed in writing to Escrow Agent as follows: _____.
6. There are no pending repairs or improvements to the street(s) adjacent to the real property/land.
7. The real property/land has a single family house/condominium/town or patio home, or other occupiable dwelling known as: **Goldwater & Scottsdale Scottsdale, AZ** and does not have a separate building, garage or apartment used as a second residence.
8. A building permit authorized any improvements that exist or were added to the real property/land.
9. I / We have no knowledge of, and have not been told, that the improvements to the real property/land encroach over any building lines, easements, or property lines.
10. I / We have no knowledge of, and have not been told, that the improvements on the land violate any building permit, zoning, restrictions or covenants.
11. I / We have no knowledge of, and have not been told, that any improvements by the owners of any adjacent properties encroach on the property lines of the subject property as described above.
12. The real property/land has actual pedestrian and vehicular access based on a legal right of access to the land.
13. There are no lease agreements that affect the property and have not been disclosed to Escrow Agent.

I / We indemnify and hold harmless **Omega Title Agency, LLC**, and it's underwriter **Title Resources Guaranty Company**, as issuing agent from, from any loss, liability, costs, expenses and attorney's fees, including attorney's fees to enforce this agreement, because of errors or incorrectness of this affidavit and because of any defects, liens encumbrances or other matters affecting or that may affect the title to the real property/land before the recordation of our conveyance or mortgage.

Dated: 09/23/2005

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

By:

Donald J. Zeleznak, Managing Member

}ss:

State of **ARIZONA**
County of **Maricopa**

On _____, before me,

FOR NOTARY SEAL OR STAMP

a Notary Public in and for said County and State, personally appeared Donald J. Zeleznak, Managing Member of PORTALES PLACE PROPERTY LLC, an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Omega Title Agency, LLC.
EMPLOYMENT AGREEMENT AND GENERAL PROVISIONS

Date: 09/23/2005

Escrow No.: 00001680-040-CD

HEREBY employ Omega Title Agency, LLC. to act as Escrow Holder (hereinafter "ESCROW") in connection with the sale of the property described in the attached Purchase Contract and Receipt, or Loan Agreement if this is a loan transaction.

1. **AGREE** that they will deposit with Escrow all documents, all funds, and do, cause or allow to be done all other things necessary to enable it to comply with the terms of the purchase contract and receipt for deposit; including any and all properly signed amendments and/or supplement thereto (including instructions/directions to Escrow); authorize Escrow to deliver or record said documents at the appropriate time; direct that all monies payable hereunder shall be paid in United States Dollars to Escrow, unless otherwise specified, and that upon receipt Escrow shall deposit such funds in a general (non interest bearing) escrow account in a financial institution doing business in the State of ARIZONA, and Escrow shall not be liable for any loss or impairment of funds so deposited in any such bank, savings bank or savings institution resulting from the failure, insolvency or suspension of such institution, and authorize Escrow to pay from funds held the amounts necessary to procure the documents and to pay charges and obligations necessary to consummate this transaction and to pay the balance of the funds to the Seller; authorize Escrow to execute, on their behalf, form assignments or otherwise order changes in any insurance called for herein, except title insurance, and to forward policies to insurers agent with the request that insurer consent to such transfer, attach loss payable clause or make such other additions or corrections as may be specifically required herein, and that such Agent thereafter return such policies to Escrow or to the parties entitled thereto; Agree that in every transaction in which the underlying encumbrances of any kind are to remain the obligation of the Seller or are to be assumed by the Purchaser, Escrow shall request relevant information from the holder or holders thereof, and Escrow is hereby authorized to act upon any statement furnished by a holder of said encumbrance, lien, charge or assessment in connection with the subject property, without liability or responsibility to Escrow for the accuracy thereof, relieve Escrow of any liability as to any errors or omission by the Seller or the Purchaser as to statements furnished hereunder, representations made and/or the conditions of the property; grant to Escrow the right to execute, on behalf of any party or parties herein, the Affidavit of Value, using the total consideration for the established value, unless instructed by the Seller to the contrary; and agree that all proration shall be made on a calendar year 360 day basis.
2. **AGREE** that no amendment or supplement to this contract/escrow shall be binding upon Escrow, unless and until made in writing, signed by all parties and delivered to and accepted by the Escrow. No notice or demand shall be of any effect unless made in writing, signed by the party making the notice of demand and presented to escrow.
3. **AGREE** that should an error result in the preparation of the Settlement Statement, or any miscalculation of any encumbrance or amount due, that results in the unjust enrichment of any party to the above referenced escrow. Escrow Agent reserves the right of offset against the funds it is holding or against funds which come into the possession of escrow (if such funds belong to the party in receipt of unjust enrichment as a result of error). Sellers/Buyers/Borrower's shall remit immediately upon demand all charges, damages, expenses and fees payable by them, as provided for in these instructions. **Omega Title Agency, LLC.** shall reserve the right to pursue any action necessary to remedy any loss suffered or sustained.
4. **AGREE** that disbursement of any funds may be made by check to Escrow; that Escrow shall be under no obligation to disburse any funds represented by check or draft, and no check or draft shall be payment to Escrow in compliance with any of the requirements hereof, until it is advised by the Bank in which it is deposited that such check or draft has been honored; and agree to pay Escrow upon demand, all charges payable by them respectively, as provided herein or on the Estimated or Final Closing Statement(s).
5. **AGREE** to pay to Escrow, upon demand, all escrow fees and charges payable by them respectively, as set forth in these instructions and as contained in the latest published schedule of fees and charges for Escrow, including any additional fees and charges for extraordinary services, which fees and charges, unless otherwise provided in writing, shall be paid one-half by the Seller and one-half by the Purchaser.
6. **DIRECT** that when these instructions have been complied with and Omega Title Agency, LLC. is willing to cause the Policy or Policies of Title Insurance to be issued, as hereinafter provided, and when the Escrow's charges have been paid, it shall deliver, by filing for record, in the appropriate public office, all necessary documents required to be filed or recorded, the recording date of which will be the "Close of Escrow" date, and by the delivery, by regular United States Mail or otherwise of any other papers or documents, at which time Escrow shall disburse all funds paid to it hereunder, as provided herein, unless otherwise instructed in writing, and shall cause to be issued the Policy or Policies of Title Insurance.
7. **AGREE** that the Escrow may destroy its file or files, and the contents thereof, after five (5) years from Close of Escrow; that no action against Escrow shall be commenced more than five (5) years from the date the cause of action accrues; and that the employment of Omega Title Agency, LLC., as Escrow Holder, shall not affect any rights to which it or the Title Insurer may be subrogated under the terms of any Title Insurance Policy issued pursuant to this Contract/Escrow.
8. **AUTHORIZE** Escrow, in the event of any conflicting demands made upon it concerning these instruments, this escrow or any resulting collection account, at its election, to hold any money and any documents deposited hereunder until it receives mutual instructions by all parties or until a final judgment is entered in a Court of competent jurisdiction which determines the rights of all parties. In the alternative, Escrow may, at its discretion, at any time, commence a civil action to interplead any conflicting demands in a Court of competent jurisdiction Deposit with the court by Escrow of all documents and funds (after deducting therefrom its charges and its expenses and attorneys fees incurred in connection with any such Court action concerning this escrow) and shall relieve Escrow of all further liability and responsibility.
9. **AGREE** that they will, jointly and severally, indemnify and hold harmless Escrow against all costs, damages, attorneys fees, expenses and liabilities, which it may incur or sustain in connection with these instructions, including, but not limited to, any Interpleader action filed by the Escrow.
10. **GRANT** to Escrow a lien upon and authority to reimburse itself for all its charges hereunder and for all damages or expense which it may incur or sustain in connection with this escrow on and from all of the rights, title and interest of either the Seller, the Purchaser, or both, in the documents and money held hereunder or otherwise held by the Escrow.
11. **AGREE** that the day established within which compliance with any requirements must be met shall end at the close of the regularly established public business hours of Escrow Holder for that day, provided, however, that should the Escrow Office be closed for all or any portion of that day, any such requirement may be met at any time during normal business hours on the next succeeding business day.

INITIALS 1031 Exchange

INITIALS PORTALES PLACE PROPERTY LLC

RESCLPKG

12. **AGREE AND DIRECT** that if Escrow is either unable or unwilling to comply with these instructions for any reason, other than cancellation as hereinafter provided, or if the Title Insurer is unwilling to issue any Title Insurance Policy or Policies provided for herein, all documents and all funds, less Escrow charges payable by the respective parties, shall be returned to the party or parties who deposited them, and thereafter the Escrow shall have no further duty, responsibility or liability in connection with the escrow or these instructions. Mutually executed instruments shall be retained by the Escrow, pending normal file destruction.
13. **AGREE** that all Real Property Taxes will be pro-rated to the date of the close of escrow, and shall be based upon the latest available published tax rolls from the office of the County Treasurer, or from the current third party provider of tax information to the title plant being used by **Omega Title Agency, LLC.** in its daily operations. Further, neither **Omega Title Agency, LLC.** nor **Title Resources Guaranty Company,** as underwriter, including their respective agents and employees, shall not be held responsible or liable should the information they received and relied upon is subsequently proven to be either incomplete or incorrect. Any question(s) regarding Real Property Taxes and/or Assessments, including property shown on the tax rolls as being "Vacant Land", which any of the principals knows to have a structure on it, whether completed or under construction, or in the event of a less than all or an existing tax parcel being conveyed (split), must be addressed by and between the principals and a clear understanding reached as to the manner in which this matter is to be resolved prior to the close of escrow. The parties acknowledge that there may be a delay by the County Assessor in changing the Tax Rolls to reflect new ownership in the Buyers. In the Event that any such problem arises subsequent to the close of escrow, the parties hereto specifically acknowledge here understanding that such matters will be dealt with by and between the principal parties, and will not involve **Omega Title Agency, LLC.** or **Title Resources Guaranty Company.**
14. **AGREE** that any real estate "commission" to be paid through escrow will be evidenced either by a copy of the Listing Agreement being deposited in Escrow, or a separate, Commission Instruction, signed by the party(s) paying the commission and acknowledged by the Listing Broker. All Real Estate Commissions will be shown on the Final Settlement Statement.
15. **AGREE** that Escrow shall reserve the right to charge a cancellation fee for work performed. To include but not limited to fees/bills incurred by Escrow for express mail, courier/delivery charges, statement/report fees and any other charges associated with the set-up and process of an escrow file.
16. **TITLE INSURANCE CONDITIONS AND LIMITATIONS:** The Title Insurance provided for herein shall be subject to the conditions of and evidenced by the Commitment For Title Insurance to be issued by **Omega Title Agency, LLC.,** as issuing Agent for **Title Resources Guaranty Company,** with a limit of liability not to exceed actual amounts to be paid by the Purchaser of actual loan amounts. The policies, upon issuance, shall insure against loss by reason of defects in the title to the property, as set forth in said Commitment, on the date of the filing or recording for record of the documents as provided therein. The Title Insurance provided for herein unless otherwise specified in writing and available shall be the Standard Coverage form of Title Insurance Policy issued by **Title Resources Guaranty Company.** The parties hereto should make their own investigation of the following matters, as neither **Omega Title Agency, LLC.** nor **Title Resources Guaranty Company** nor the Escrow attempts to investigate them and assumes no liability therefore, except as may be provided in specific types of title insurance coverage (examine carefully your Commitment For Title Insurance), to wit;
- a. Personal Property Taxes;
 - b. Utility Charges, such as electric, gas, water, and sewer;
 - c. Boundary Lines, locations of improvements and possession;
 - d. Unrecorded Mechanic's and Materialmen's Liens;
 - e. Compliance with limitations on the use of the property, such as zoning and building ordinances and building and other restrictions;
 - f. Premiums and assignability or effectiveness of fire insurance policies provided for herein (it is your obligation to determine that such premiums are paid and such policies are in effect);
 - g. Reservations and Exceptions in Patents, for example, oil or mineral reservations;
 - h. Proposed Improvement Districts or other such assessments, not yet a lien;
 - i. Assessments of Councils of Co-Owners or Homeowner's Association;
 - j. Transfer of Personal Property;
 - k. Title Risks: *That are created, allowed or agreed to by you; or *That are known to you, but not to us on the policy date unless they appear in the public record; or that result in no loss to you;
 - l. Water Rights or claims of Title to Water.
17. **NOTICE AND DISCLOSURE NOTICE OF RIGHT TO EARN INTEREST** - In accordance with ARS § 6-834.D.2 that parties to this transaction are hereby notified that interest on all deposited funds may be earned by requesting the escrow officer in your transaction to place the escrowed funds into an interest bearing account. **THE ESCROW AGENTS CHARGE FOR THE SET UP OF SAID ACCOUNT IS \$50.00.** Your deposited funds will earn interest at the prevailing rate of interest paid by the federally insured financial institution where your funds would be deposited. For example, in a typical transaction a \$1,000.00 deposit for a 30day period with the prevailing interest rate of 2.8% would earn \$2.10 in interest. **NOTICE OF UNINSURED MONIES IN ACCORDANCE WITH ARS § 6-841.03 - MONIES DEPOSITED BY AN ESCROW AGENT ARE NOT INSURED AGAINST LOSS FROM FRAUD OR THEFT BY THE STATE OF ARIZONA OR THE GOVERNMENT OF THE UNITED STATES OF AMERICA.** This disclosure requirement shall apply to each buyer and seller of a residential dwelling, Section 6-841.02 of ARS defined a residential dwelling as an owner occupied structure or an investment property that is designated for residential use for four or fewer families.
18. **NOTICE OF RIGHT TO RECEIVE A CLOSING PROTECTION LETTER:** In accordance with ARS § 6-841.02 notice is hereby given to the Buyer and Seller that in any residential dwelling transaction hereunder that the title insurer may provide a closing protection letter which provides protection to the parties for the loss of escrow money due to fraud or dishonesty of the escrow agent. Any request for this letter shall be made in writing to the escrow agent, and upon receipt of said request said letter will be issued. A residential dwelling is defined as all owner occupied structure or an investment property that is designed for residential use by four or fewer families.
19. **NOTICE OF DIVISION OF ESCROW CHARGES** - In the event that the captioned Escrow No. 00001680 is a sale transaction and the purchase agreement between the parties does not contain language discussing the apportionment of the escrow charges to the parties, said charges will be paid 1/2 by the buyer and 1/2 by the seller in the transaction unless prohibited by lender regulations. The party requesting, or benefiting from the service shall pay overnight mail, wiring charges, etc., other costs such as courier/delivery fees. In the event that this form is utilized in conjunction with a loan transaction, all escrow fees will be paid by the borrower unless specific written instructions to the contrary are signed by Borrower and Lender or, unless Buyer is prohibited from paying these fees by lender regulations.
20. **GOOD FUNDS** - In accordance with A.R.S. § 6-843 Parties are made aware that any funds required to be deposited in escrow shall comply with "GOOD FUNDS" Law.

21. **PURCHASER DWELLING ACTIONS** - In accordance with A.R.S. § 33-2003 Parties attention is directed to Purchaser Dwelling Actions. Purchasers attention is directed to the provisions of this section and to sections 12-1361 and 12-1362.
22. **AFFIDAVIT OF DISCLOSURE, PURSUANT TO A.R.S. § 33-422**, Seller is required to deposit for recordation said disclosure with Escrow Agent prior to close of escrow. The undersigned parties agree and acknowledge that **Omega Title Agency, LLC.**, it's underwriter **Title Resources Guaranty Company**, it's Escrow Agents shall bear no responsibility and/or liability in the absence of this disclosure being provided to Escrow for recordation. Further purchaser in signing these instructions and deposit of final monies due shall be deemed as instruction to record and close escrow.
23. **ACKNOWLEDGEMENT OF MANDATORY RELEASE OF CREDIT LINE LOANS** -- The undersigned authorizes and agrees that Beneficiary/Holder/Servicer of Note and Deed of Trust securing a line deemed as a "Credit Line" or any other Trust Deed, containing any and all types of future advance clauses or provisions, **TO IMMEDIATELY FREEZE** upon issuance of any demand statement, said credit line against any future advances by any authorized user of credit line.

The undersigned acknowledges and agrees that in the event use of any such credit line during the escrow, or subsequent to the close of escrow, resulting in a shortage of the payoff funds as calculated by Escrow Agent, this shall be deemed as unjust enrichment. The undersigned shall agree to immediately pay any additional funds, required to pay the loan in full. Escrow Agent reserves the right of offset against the funds it is holding or against funds which come into the possession of escrow (if such funds belong to the party in receipt of unjust enrichment as a result of error). Sellers/Buyers/Borrower's shall remit immediately upon demand all charges, damages, expenses and fees payable by them, as provided for in these instructions. **Omega Title Agency, LLC.** shall reserve the right to pursue any action necessary to remedy any loss suffered or sustained.

These instructions shall be deemed as authorization by the undersigned to close and release Note and Deed of Trust securing a line of credit deemed as a "Credit Line" or any other Trust Deed containing any and all types of future advance clauses or provisions. Upon receipt of payment the holder of any such deed of trust shall be obligated to issue a Full Release and Reconveyance of the Deed of Trust as secured by the credit line. Payment of demand will eliminate any security interest Beneficiary has in the subject property.

The signatures of the undersigned party or parties constitutes instruction to Omega Title Agency, LLC. of all the terms and conditions contained therein for the referenced transaction, in connection with all contracts and instructions from other parties to the transaction, and further signifies that I/We have read, understand, and accept these provisions.

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

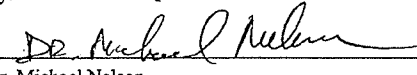
By:

Donald J. Zeleznak, Managing Member

BUYER:

Super 8 Motel of Clear Lake, an
Iowa corporation

By:



Dr. Michael Nelson

| | | | | |
|--|---|--|--|-------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SETTLEMENT STATEMENT Omega Title Agency, LLC. 3500 E. Ironwood Square Dr. Suite 201 Scottsdale, AZ 85258 ESTIMATED - Figures subject to change | B. TYPE OF LOAN | | | OMB No. 2502-0265 |
| | 1. <input type="checkbox"/> FHA | 2. <input type="checkbox"/> FMHA | 3. <input type="checkbox"/> CONV. UNINS. | |
| | 4. <input type="checkbox"/> VA | 5. <input type="checkbox"/> CONV. INS. | | |
| | 6. ESCROW FILE NUMBER: 00001680-040 CD | | 7. LOAN NUMBER: | |
| 8. MORTGAGE INSURANCE CASE NUMBER: | | | | |

NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(P.O.C.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

NAME OF BORROWER: 1031 Exchange

ADDRESS OF BORROWER:

NAME OF SELLER: PORTALES PLACE PROPERTY LLC

ADDRESS OF SELLER: 9500 E. Ironwood Square Dr., Suite 201
Scottsdale, Arizona

NAME OF LENDER:
ADDRESS OF LENDER:

PROPERTY LOCATION: Goldwater & Scottsdale
Scottsdale, AZ
Maricopa 173-33-060
Unit 3-215, 5000 PORTALES PLACE (MCR 554-30) UNIT I

SETTLEMENT AGENT: Omega Title Agency, LLC.
PLACE OF SETTLEMENT: 9500 E. Ironwood Square Dr., Suite 201, Scottsdale, AZ 85258

SETTLEMENT DATE: PRORATION DATE: FUNDING DATE:

J. SUMMARY OF BORROWER'S TRANSACTION **K. SUMMARY OF SELLER'S TRANSACTION**

| J. SUMMARY OF BORROWER'S TRANSACTION | | K. SUMMARY OF SELLER'S TRANSACTION | |
|--|------------|---|------------|
| 100. Gross Amount Due From Borrower | | 400. Gross Amount Due To Seller | |
| 01. Contract Sales Price | 876,000.00 | 401. Contract Sales Price | 876,000.00 |
| 02. Personal Property | | 402. Personal Property | |
| 03. Settlement charges to Borrower (line 1400) | | 403. | |
| 04. | | 404. | |
| 05. | | 405. | |
| Adjustments For Items Paid By Seller In Advance: | | Adjustments For Items Paid By Seller In Advance: | |
| 06. City/Town Taxes | | 406. City/Town Taxes | |
| 07. County Taxes | | 407. County Taxes | |
| 08. Assessments | | 408. Assessments | |
| 09. HOA | | 409. HOA | |
| 10. Sewer | | 410. Sewer | |
| 11. | | 411. | |
| 12. | | 412. | |
| 13. | | 413. | |
| 14. | | 414. | |
| 15. | | 415. | |
| 20. Gross Amount Due from borrower: | 876,000.00 | 420. Gross Amount Due to Seller | 876,000.00 |
| 200. Amounts Paid by Borrower to Borrower | | 500. Reductions In Amount Due to Seller | |
| 201. Deposit or earnest money | 859,087.14 | 501. Excess deposit (see instructions) | |
| 202. | | 502. Settlement charges to Seller (line 1400) | |
| 203. Existing loan(s) taken subject to | | 503. Existing loan(s) taken subject to | |
| 204. | | 504. Payoff of first mortgage loan | |
| 205. | | 505. Payoff of second mortgage loan | |
| 206. Note to Seller | 16,912.86 | 506. Note to Seller | 16,912.86 |
| 207. | | 507. | |
| 208. | | 508. | |
| 209. | | 509. | |
| Adjustments For Items Unpaid By Seller: | | Adjustments For Items Unpaid By Seller: | |
| 210. City/Town Taxes | | 510. City/Town Taxes | |
| 211. County Taxes | | 511. County Taxes | |
| 212. Assessments | | 512. Assessments | |
| 213. | | 513. | |
| 214. | | 514. | |
| 215. | | 515. | |
| 216. Appraisal Reimbursement | | 516. Appraisal Reimbursement | |
| 217. | | 517. | |
| 218. | | 518. | |
| 219. | | 519. | |
| 220. Total Paid By/For Borrower | 876,000.00 | 520. Total Reductions In Amount Due Seller | 16,912.86 |
| 300. Cash at Settlement from Borrower | | 600. Cash at Settlement from Seller | |
| 301. Gross amount due from Borrower (line 120) | 876,000.00 | 601. Gross amount due to Seller (line 420) | 876,000.00 |
| 302. Less amount paid by/for Borrower (line 220) | 876,000.00 | 602. Less reductions in amount due Seller (line 52) | 16,912.86 |
| 303. Cash FROM/TO Borrower: | 0.00 | 603. Cash TO Seller: | 859,087.14 |

L SETTLEMENT CHARGES:

| 700 Total Sales/Broker's Commission: | | Paid from Borrower's Funds at Settlement | Paid from Seller's Funds at Settlement |
|---|---|--|--|
| Based on Price \$876,000.00 @ % = | | | |
| Division of Commission (line 700) follows: | | | |
| 701. \$ | to Keller Williams-The Zeleznak Group | | |
| 702. \$ | to | | |
| \$ | to | | |
| 703. | Commission paid at settlement | | |
| 704. | | | |
| 800 Items Payable in Connection With Loan: | | | |
| 801. | Loan Origination Fee | | |
| 802. | Loan Discount Fee | | |
| 803. | Appraisal Fee | | |
| 804. | Credit Report | | |
| 805. | Lenders inspection Fee | | |
| 806. | Mortgage Insurance Application Fee | | |
| 807. | Assumption Fee | | |
| 808. | | | |
| 809. | | | |
| 810. | | | |
| 811. | | | |
| 900 Items Required By Lender To Be Paid In Advance: | | | |
| 901. | Interest | | |
| 902. | Mortgage Insurance Premium | | |
| 903. | Hazard Insurance Premium | | |
| 904. | | | |
| 905. | | | |
| 1000 Reserves Deposited With Lender: | | | |
| 1001. | Hazard Insurance | | |
| 1002. | Mortgage Insurance | | |
| 1003. | City Property Taxes | | |
| 1004. | County Property Taxes | | |
| 1005. | Annual Assessments | | |
| 1006. | | | |
| 1007. | | | |
| 1008. | Aggregate Adjustment months @ \$ | | |
| 1100 Title Charges: | | | |
| 1101. | Settlement or closing fee | | |
| 1102. | Abstract or title search | | |
| 1103. | Title examination | | |
| 1104. | Title insurance binder | | |
| 1105. | Document preparation | | |
| 1106. | Notary Fees | | |
| 1107. | Attorney's Fees | | |
| | (includes above item numbers:) | | |
| 1108. | Title Insurance | | |
| | (includes above item numbers:) | | |
| 1109. | Lender's coverage \$ | | |
| 1110. | Owner's coverage \$ | | |
| | Lender's coverage \$ | | |
| | Lender's coverage \$ | | |
| 1111. | | | |
| 1112. | | | |
| 1113. | | | |
| 1200 Government Recording and Transfer Charges: | | | |
| 1201. | Recording Fees: | | |
| 1202. | City/County tax/stamps | | |
| 1203. | State tax/stamps | | |
| 1204. | City Transfer Tax | | |
| 1205. | County Transfer Tax | | |
| 1206. | | | |
| 1207. | | | |
| 1300 Additional Settlement Charges: | | | |
| 1301. | Survey to | | |
| 1302. | Pest Inspection | | |
| 1303. | Property Taxes | | |
| 1304. | | | |
| 1305. | | | |
| 1306. | | | |
| 1307. | | | |
| 1400. | Total Settlement Charges (Enter on line 103, Section J -and- line 502, Section K) | | 0.00 |

HUD-1 Settlement Statement Certification

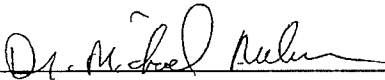
have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Buyers Signatures:

Super 8 Motel of Clear Lake, an Iowa corporation

Sellers Signatures:

PORTALES PLACEPROPERTY, LLC, an Arizona limited liability company



Dr. Michael Nelson

Donald J. Zeleznak, Managing Member

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

Settlement Agent:

Omega Title Agency, LLC.

Date:

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

Omega Title Agency, LLC.
9500 E. IRONWOOD SQUARE DR., SUITE 201
SCOTTSDALE, AZ 85258
Phone: (480) 585-8588 • Fax: (480) 585-3344

ESCROW CLOSING INSTRUCTIONS

To:
Date: 09/23/2005
Escrow No: 00001680-040-CD
Property Address: Goldwater & Scottsdale, Scottsdale, AZ

The parties hereby instruct Escrow Agent as follows:

1. The proration date shall be close of escrow. All parties acknowledge that all items to be prorated have been submitted to escrow, and the parties further agree to hold Escrow Agent harmless as to any items or information not submitted to escrow for proration calculation.
2. All inspections, if any, have been paid direct and outside of escrow. The parties agree to indemnify and hold Escrow Agent harmless as to any liability whatsoever regarding inspections.
3. All repairs, if any, have been paid direct and outside of escrow. The parties agree to indemnify and hold Escrow Agent harmless as to any liability whatsoever regarding repairs.
4. All inspections, contingencies and/or conditions have been met, satisfied, or waived. Escrow Agent is hereby instructed to record and disburse upon receipt of all signatures and funds in escrow.
5. Buyer and Seller have received and reviewed the Commitment for Title Insurance dated ____ (and the Amended Commitment dated ____, if applicable), issued by Title Resources Guaranty Company, and Buyer hereby acknowledges Buyer's approval and acceptance of all matters set forth therein.
6. These instructions are in addition to the Escrow Employment Agreement & General Provisions, attached hereto and made a part thereof.

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

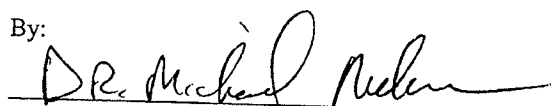
By:

Donald J. Zeleznak, Managing Member

BUYER:

Super 8 Motel of Clear Lake, an
Iowa corporation

By:



Dr. Michael Nelson



**OMEGA TITLE
AGENCY, LLC**

9500 E. Ironwood Square Dr., Suite 201
Scottsdale, AZ 85258
Phone: (480) 585-8588
Fax: (480) 585-3344

COMMISSION INSTRUCTIONS

Escrow No.: 00001680 - 040 - CD

Dated: September 23, 2005

ESCROW AGENT IS HEREBY AUTHORIZED AND INSTRUCTED TO PAY COMMISSION FROM THE SELLER'S PROCEEDS AT CLOSE OF ESCROW AS FOLLOWS:

% OF: \$876,000.00 = \$0.00
PAYABLE AS FOLLOWS:

% TO: Keller Williams-The Zeleznak Group

% TO:

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

By:

Donald J. Zeleznak, Managing Member

BROKERS:

BY: _____
AGENT

Keller Williams-The Zeleznak Group

BY: _____
AGENT Ryan Zeleznak



**OMEGA TITLE
AGENCY, LLC**

9500 E. Ironwood Square Dr., Suite 201
Scottsdale, AZ 85258
Phone: (480) 585-8588
Fax: (480) 585-3344

**CERTIFICATION FOR NO INFORMATION REPORTING
ON THE SALE OR EXCHANGE OF A PRINCIPAL RESIDENCE**

This form may be completed by the seller of a principal residence. This information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, Proceeds From Real Estate Transactions. If the seller properly completes Parts I and III and make a "yes" response to assurances (1) through (4) in Part II, no information reporting to the seller or to the Service will be required for the seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, a real estate reporting person must obtain a certification from each owner, whether married or not.

Part I. Seller Information

1. PORTALES PLACE PROPERTY LLC
2. 9500 E. Ironwood Square Dr. Suite 201
Scottsdale, Arizona
3. Taxpayer Identification Number (TIN) _____

Part II. Seller Assurances

Check "True" or "False" for assurances (1) through (4).

True False

- (1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.
- (2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence (not taking into account any sale or exchange before May 7, 1997).
- (3) No portion of the residence has been used for business or rental purposes by me (or my spouse if I am married) after May 6, 1997.
- (4) **At least one of the following three statements applies:**

The sale or exchange is of the entire residence for \$250,000 or less.

OR

I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less.

OR

I am married, the sale or exchange if of the entire residence for \$500,000 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence (not taking into account any sale or exchange before May 7, 1997).

Part III. Seller Certification

Under penalties of perjury, I certify that all the above information is true as of the end of the day of the sale or exchange.

Donald J. Zeleznak; Managing Member

Date

9500 E. Ironwood Square Dr. Suite 201, Scottsdale, Arizona 85258

Sellers forwarding mailing address after close



**OMEGA TITLE
AGENCY, LLC**

9500 E. Ironwood Square Dr., Suite 201
Scottsdale, AZ 85258
Phone: (480) 585-8588
Fax: (480) 585-3344

PROCEEDS AUTHORIZATION

September 23, 2005

Escrow No.: 00001680 - 040 - CD
Seller: PORTALES PLACE PROPERTY LLC
Property Address: Goldwater & Scottsdale
Scottsdale, AZ

I/We hereby authorize Omega Title Agency, LLC. to disburse our proceeds under the above referenced escrow as follows (choose one):

- Hold for pick up
- Mail to: _____
- Overnight Delivery to: _____
(A \$ 20.00 delivery fee will be charged for overnight delivery.)
- Deliver by courier to: _____
(Courier deliveries must be made to a business address. A \$20.00 delivery fee will be charged for deliveries')
- Transfer funds to purchase escrow with: _____
Attn: _____ Phone No. _____
- Wire Transfer Funds to: (Bank Name) _____
Address: _____
ABA/Routing No.: _____ Account No.: _____
Checking Savings Name on Account: _____
Special Instructions (if any) _____
(A \$ 20.00 fee will be charged for wiring proceeds to your account.)

MAILING ADDRESS AFTER CLOSE OF ESCROW: : _____

Phone No.: : _____

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

By:

Donald J. Zeleznak, Managing Member

Portales Place

Estimated Pricing

Price Sheet July 6, 2005
 Goldwater Boulevard just west of Scottsdale Road

| <u>Building Two</u> | <u>Square Feet</u> | <u>Location</u> | <u>Price</u> |
|---------------------|--------------------|-----------------|--------------|
| First Floor | | | |
| 2-107 | 1646 | S | \$ 884,644 |
| 2-108 | 1642 | S | \$ 862,543 |
| 2-109 | 1648 | S | \$ 884,644 |

Building Three

| | | | |
|--------------|------|---|-------------------|
| First Floor | | | |
| 3-101 | 2274 | N | \$ 1,159,740 |
| 3-109 | 2776 | N | \$ 1,486,548 |
| 3-110 | 2099 | N | \$ 1,016,966 |
| 3-111 | 2099 | S | \$ 1,016,966 |
| 3-112 | 2099 | S | \$ 1,016,966 |
| 3-113 | 2099 | S | \$ 1,070,490 |
| 3-114 | 1506 | S | \$ 765,000 |
| 3-115 | 1541 | S | \$ 731,975 |
| 3-116 | 1878 | S | \$ 779,950 |
| 3-117 | 1646 | S | \$ 797,487 |
| 3-118 | 2707 | S | \$ 1,311,542 |
| Second Floor | | | |
| 3-201 | 2055 | N | \$ 1,048,050 |
| 3-210 | 2776 | N | \$ 1,486,548 |
| 3-211 | 2099 | S | \$ 1,016,966 |
| 3-212 | 2099 | S | \$ 1,016,966 |
| 3-213 | 2099 | S | \$ 1,016,966 |
| 3-214 | 2099 | S | \$ 1,070,490 |
| *3-215 | 1752 | S | \$ <u>876,000</u> |
| 3-216 | 1535 | S | \$ 743,708 |
| 3-217 | 1878 | S | \$ 795,549 |
| 3-218 | 2071 | S | \$ 1,008,245 |
| 3-219 | 2065 | S | \$ 999,039 |

Purchased

This does not constitute an offer to sell. Sales are conditioned upon buyers receipt and acceptance of ADRP Public Report. All Floor Plans and renderings are artist's conceptions and are not intended to be an exact duplication of either the building or landscaping. Portales Place, LLC reserves the right to change floor plans, finishes, elevations and prices without notice or obligation. Square footage and room dimensions are approximate. Keller Williams Southwest Realty represents Portales Place. Please see sales representative for details.



RECORDING REQUESTED BY
Omega Title Agency, LLC.
AND WHEN RECORDED MAIL TO:
1031 EXCHANGE
C/O DR. MICHAEL NELSON

ESCROW NO.: 00001680 - 040 - CD

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Warranty Deed

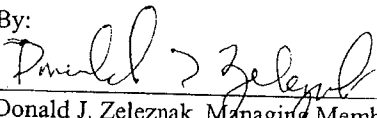
For the consideration of Ten Dollars, and other valuable considerations, I or we,
PORTALES PLACE PROPERTY LLC, an Arizona limited liability company
do/does hereby convey to
1031 Exchange, an Iowa corporation
the following real property situated in Maricopa County, ARIZONA:

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record. And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.

SELLER:

PORTALES PLACEPROPERTY, LLC, an
Arizona limited liability company

By:



Donald J. Zeleznak, Managing Member

State of ARIZONA
County of Maricopa

}ss:

On _____, before me,

FOR NOTARY SEAL OR
STAMP

a Notary Public in and for said County and State, personally
appeared Donald J. Zeleznak, Managing Member of
**PORTALES PLACE PROPERTY LLC, an Arizona limited
liability company.**

personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me
that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

ESCROW NO.: 00001680 - 040 - CD

Acceptance of Community Property with Right of Survivorship

1031 Exchange, an Iowa corporation each being first duly sworn upon oath each for himself or herself and jointly but not one for the other deposes and says,

THAT I am one of the Grantees named in that certain Deed attached hereto and which is dated 09/23/2005 , and executed by **PORTALES PLACE PROPERTY LLC**, as Grantors, to **1031 Exchange**, as Grantees, and which conveys certain premises described as:

To the Grantees named therein, not as Tenants in Common, not as Community Property Estate, not as Joint Tenants with Full Right of Survivorship, but as Community Property with Full Right of Survivorship.

THAT each of us individually and jointly as Grantees hereby assert and affirm that it is our intention to accept said conveyance as such Community Property with Full Right of Survivorship and to acquire any interest we may have in said premises under the terms of said Deed as Community Property with Right of Survivorship.

Dated 09/23/2005 September 23, 2005

BUYER:

Super 8 Motel of Clear Lake, an
Iowa corporation

By:



Dr. Michael Nelson

State of **ARIZONA**
County of **Maricopa**

}ss:

On _____ before me, the undersigned, a Notary Public, in and for said County and State, personally appeared **1031 Exchange**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

**ACCEPTANCE OF JOINT TENANCY
WITH RIGHT OF SURVIVORSHIP**

THAT CERTAIN DEED DATED 09/23/2005 , Wherein

PORTALES PLACE PROPERTY LLC, an Arizona limited liability company

as Grantors, convey to

1031 Exchange, an Iowa corporation


not as tenants in common and not as community property, but as joint tenants with right of survivorship, the property legally described as:

Is hereby accepted and approved by the undersigned grantees, therein, it being their intention to acquire said property as joint tenants with right of survivorship, and not as community property, and not as Tenants in Common.

BUYER:

Super 8 Motel of Clear Lake, an
Iowa corporation

By:



Dr. Michael Nelson

State of ARIZONA
County of Maricopa

}ss:

On before me, the undersigned, a Notary Public, in and for said County and State, personally appeared 1031 Exchange, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

CONFIDENTIAL STATEMENT OF INFORMATION

Proper completion of this form will help protect you by enabling the Title Department to eliminate the title problems that might arise through similarity of your name with the name of another person against whom there may be judgments, tax liens or other matters affecting property ownership.

Date: _____
Order No.: **00001680-040-CD**

Please Print

FULL NAME(S)

Please Print

1st NAME _____
First Name Middle Name (if none, indicate) Last Name

2nd NAME _____
First Name Middle Name (if none, indicate) Last Name

Married _____ at _____ Maiden Name _____
DATE CITY & STATE

Social Security No. _____
Present Home Phone _____
Present Business Phone _____
Date of Birth _____
Place of Birth _____
Lived in AZ Since _____

OCCUPATIONS DURING THE PAST 10 YEARS

Occupation _____
Firm Name _____
Firm Name _____
From (MO/YR) to (MO/YR) _____
Occupation _____
Firm Name _____
Firm Name _____
From (MO/YR) to (MO/YR) _____
Occupation _____
Firm Name _____
Firm Name _____
From (MO/YR) to (MO/YR) _____

RESIDENCES DURING PAST 10 YEARS

| NUMBER & STREET | CITY & STATE | FROM (MO/YR) TO (MO/YR) |
|-----------------|--------------|-------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

FORMER MARRIAGE(S)

If no former marriage, write "None" _____
Name of former wife _____
Deceased _____ Divorced _____ When _____ Where _____
DATE CITY & STATE
Name of former husband _____
Deceased _____ Divorced _____ When _____ Where _____
DATE CITY & STATE

Buyer intends to reside on the property: Yes No
Presently occupied by: owner tenant lessee
Improvements on property: single residence multiple residence commercial
Is any portion of the new loan, if any, to be used for improvements: Yes No

SIGNATURE
Note: If married, both husband and wife should sign.

SIGNATURE

(If more space is needed for any requested information, use second sheet.)



OMEGA TITLE
AGENCY, LLC

9500 E. Ironwood Square Dr., Suite 201
Scottsdale, AZ 85258
Phone: (480) 585-8588
Fax: (480) 585-3344

LINE OF CREDIT TERMINATION

Escrow No. 00001680 - 040 - CD

09/23/2005

RE: Payoff on Credit Line Account #

Borrower(s):

Upon receipt of this signed authorization and payment in full to the above referenced account, agrees to close the credit line, and in the case of a Home Equity Credit Line, release the Deed of Trust securing the line of credit.

PAYOFF AUTHORIZATION STATEMENT

The undersigned, as the authorized signer(s) on the Credit Line described above, does hereby request the holder of said credit line to accept payoff from, **Omega Title Agency, LLC.**

The undersigned agrees that the above referenced Credit Line is to be closed upon the Holder's acceptance of this letter and no further check, charges, or disbursements will be made against it. This notification does not relieve the undersigned from any liability for any unpaid balance owing to the above referenced lender.

SELLER:

PORTALES PLACE PROPERTY, LLC, an
Arizona limited liability company

By:

Donald J. Zeleznak, Managing Member

AFFIDAVIT OF PROPERTY VALUE

1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(s)
 Primary Parcel: 173-33-060
 BOOK MAP PARCEL SPLIT LETTER
 Does this sale include any parcels that are being split / divided?
 Check one: Yes No
 How many parcels, other than the Primary Parcel, are included in this sale? _____
 Please list the additional parcels below (no more than four):
 (1) _____ (3) _____
 (2) _____ (4) _____

9. **FOR OFFICIAL USE ONLY: Buyer and Seller leave blank**
 (a) County of Recordation: _____
 (b) Docket & Page Number: _____
 (c) Date of Recording: _____
 (d) Fee/Recording Number: _____
 Validation Codes:
 (e) ASSESSOR _____ (f) DOR _____

ASSESSOR'S USE ONLY
 Verify Primary Parcel in Item 1: _____
 Use Code: _____ Full Cash Value: \$ _____

2. SELLER'S NAME AND ADDRESS
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr.
Scottsdale, Arizona
 3. (a) BUYER'S NAME AND ADDRESS:
1031 Exchange

 (b) Are the Buyer and Seller related? Yes No
 If Yes, state relationship: _____

10. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
 a. Warranty Deed d. Contract or Agreement
 b. Special Warranty Deed e. Quit Claim Deed
 c. Joint Tenancy Deed f. Other:

4. ADDRESS OF PROPERTY:
Goldwater & Scottsdale, Scottsdale, AZ
 5. MAIL TAX BILL TO:
1031 Exchange
Goldwater & Scottsdale, Scottsdale, AZ

11. SALE PRICE: \$ 876,000.00

6. PROPERTY TYPE (for Primary Parcel): NOTE: Check Only One Box
 a. Vacant Land f. Commercial or Industrial Use
 b. Single Family Residence g. Agricultural
 c. Condo or Townhouse h. Mobile or Manufactured Home
 d. 2-4 Plex i. Other Use; Specify: _____
 e. Apartment Building _____

12. DATE OF SALE (Numeric Digits): 09 / 2005
 Month Year
 (For example: 03 / 05 for March 2005)

13. DOWN PAYMENT: \$ 859,087.14

7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6 above, please check one of the following:
 To be occupied by owner or "family member." To be rented to someone Other than "family member."
 See reverse side for definition of a "family member."

14. METHOD OF FINANCING:
 a. Cash (100% of Sale Price) e. New loan(s) from financial institution:
 b. Exchange or Trade (1) Conventional (2) VA
 c. Assumption of existing loan(s) (3) FHA
 f. Other financing; Specify: _____
 d. Seller Loan (Carryback) _____

15. PERSONAL PROPERTY (see reverse side for definition):
 (a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes _____ No _____
 (b) If Yes, provide the dollar amount of the Personal Property:
 \$ 00 AND
 briefly describe the Personal Property: _____

8. NUMBER OF UNITS: _____
 For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage Properties, etc.

16. PARTIAL INTEREST: If only a partial ownership interest is being sold, Briefly describe the partial interest: _____

17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone):
PORTALES PLACE PROPERTY LLC
9500 E. Ironwood Square Dr., Suite 201 Scottsdale, Arizona
 Phone _____ Fax: _____

18. LEGAL DESCRIPTION (attach copy if necessary)°
Unit 3-215, 5000 PORTALES PLACE (MCR 554-30) UNIT I

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent _____
 State of Arizona, County of Maricopa
 Subscribed and sworn to before me this _____ day of _____, 20____
 Notary Public _____
 Notary Expiration Date _____

Signature of Buyer/Agent _____
 State of Arizona, County of Maricopa
 Subscribed and sworn to before me this _____ day of _____, 20____
 Notary Public _____
 Notary Expiration Date _____

On _____, before me,

FOR NOTARY SEAL OR
STAMP

a Notary Public in and for said County and State, personally appeared Donald J. Zeleznak, Managing Member of **PORTALES PLACE PROPERTY LLC, an Arizona limited liability company.**

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT C

Robert C. Maysey, State Bar No. 024204
Matthew J. Pierce, State Bar No. 023977
**WARNER ANGLE HALLAM
JACKSON & FORMANEK PLC**
3550 North Central Avenue
Suite 1500
Phoenix, Arizona 85012-2188
Telephone: (602) 264-7101
Attorney for Plaintiff Kevin Daney

15955000001ispen-2-1-1--
chagollaj

**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA**

KEVIN DANEY,

Plaintiff,

vs.

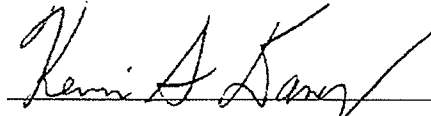
PORTALES PLACE PROPERTY LLC;
DOES I-X; XYZ CORPORATIONS I-X;
and ABC PARTNERSHIPS I-X,

Defendants.

Case No.

NOTICE OF LIS PENDENS

NOTICE IS HEREBY GIVEN that an action has been commenced in Maricopa County Superior Court by the above-named plaintiff against the above named defendants. This action was brought to assert a vendee's lien against the real property more particularly described by the legal description attached hereto as **Exhibit A**.



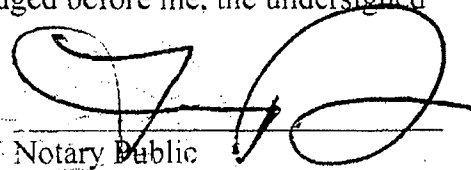
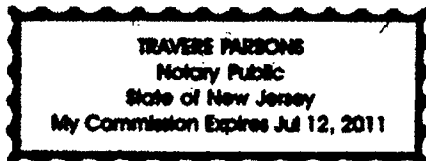
SIGNED: Kevin Daney

STATE OF NEW JERSEY)

) ss.

County of Union)

The foregoing instrument was acknowledged before me, the undersigned notary public, by Kevin Daney on July 19th, 2010.


Notary Public

Warner Angle Hallam Jackson & Formanek
PLC

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EXHIBIT A

Unit 3-206, of 5000 Portales Place, according to Condominium Declaration recorded in 2001-0101732 and Amendment recorded in 2001-0101733, and per map of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 554 of Maps, Page 30, and Affidavit of Correction recorded in 2001-0383096 and 2001-0499781:

TOGETHER WITH a proportionate interest in and to the common areas set forth in the Condominium Declaration and as shown on said plat.

1 Robert C. Maysey, State Bar No. 024204
2 Matthew J. Pierce, State Bar No. 023977
3 **WARNER ANGLE HALLAM**
4 **JACKSON & FORMANEK PLC**
5 3550 North Central Avenue
6 Suite 1500
7 Phoenix, Arizona 85012-2188
8 Telephone: (602) 264-7101
9 Attorney for Plaintiff Super 8 Motel of Clear Lake, Inc.

15951000001ispen-2-1-1--
Yorkm

6 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
7 **IN AND FOR THE COUNTY OF MARICOPA**

9 SUPER 8 MOTEL OF CLEAR LAKE,
10 INC., AN IOWA CORPORATION,

11 Plaintiff,

12 vs.

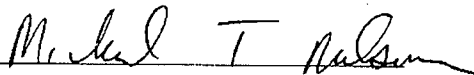
13 PORTALES PLACE PROPERTY LLC;
14 DOES I-X; XYZ CORPORATIONS I-X;
15 and ABC PARTNERSHIPS I-X,

16 Defendants.

Case No.

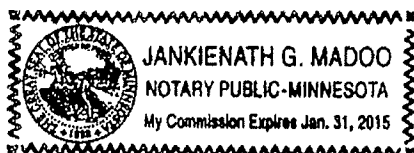
NOTICE OF LIS PENDENS

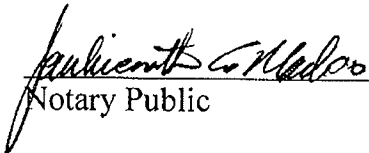
17 NOTICE IS HEREBY GIVEN that an action has been commenced in Maricopa
18 County Superior Court by the above-named plaintiff against the above named
19 defendants. This action was brought to assert a vendee's lien against the real property
20 more particularly described by the legal description attached hereto as **Exhibit A**.

21 
22 SIGNED: Michael T. Nelson, President

23 STATE OF MINNESOTA)
24) ss.
25 County of Hennepin)

26 The foregoing instrument was acknowledged before me, the undersigned
27 notary public, by Dr. Michael T. Nelson on July 15th, 2010.



28 
Notary Public

Warner Angle Hallam Jackson & Formanek
PLC

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EXHIBIT A

Unit 3-215, of 5000 Portales Place, according to Condominium Declaration recorded in 2001-0101732 and Amendment recorded in 2001-0101733, and per map of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 554 of Maps, Page 30, and Affidavit of Correction recorded in 2001-0383096 and 2001-0499781:

TOGETHER WITH a proportionate interest in and to the common areas set forth in the Condominium Declaration and as shown on said plat.

EXHIBIT D

Unofficial Document

Recorded at the request of
Warner Angle Hallam Jackson & Formanek PLC
Attn: Robert C. Maysey, Esq.
3550 North Central Avenue, Suite 1500
Phoenix, AZ 85012

CAPTION HEADING: Notice of Lis Pendens

DO NOT REMOVE.

THIS IS A PART OF THE OFFICIAL DOCUMENT

MICHAEL K. JEANES, CLERK
BY *S. Hack* DEP
FILED

10 AUG 26 PM 4:50

1 Robert C. Maysey, State Bar No. 024204
2 Matthew J. Pierce, State Bar No. 023977
3 **WARNER ANGLE HALLAM**
4 **JACKSON & FORMANEK PLC**
5 3550 North Central Ave., Suite 1500
6 Phoenix, Arizona 85012-2188
7 Telephone: (602) 264-7101
8 E-mail: rmaysey@warnerangle.com
9 E-mail: mpierce@warnerangle.com

CERTIFIED COPY

10 Attorneys for Plaintiffs

11
12 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
13 **IN AND FOR THE COUNTY OF MARICOPA**

14 KEVIN DANNEY; SUPER 8 MOTEL OF
15 CLEAR LAKE, INC., AN IOWA
16 CORPORATION,

No. **CV2010-026083**

17 Plaintiffs,

NOTICE OF LIS PENDENS

18 vs.

19 PPP LOAN LLC; WENDY ABRAHAM^{MS.}
20 ROBERT L. BARNES; SL AFFILIATED, ^{Unofficial Document}
21 L.L.C.; YUVAL CAINE AND MIRIT
22 CAINE, HUSBAND AND WIFE; MARY
23 JULIA DOCKERY; ROBERT M.
24 FACCIOLA, TRUSTEE OF THE
25 ROBERT MAURICE FACCIOLA TRUST
26 DATED DECEMBER 2, 1994 (AND ANY
27 AMENDMENTS THERETO); HARVEY
28 GOLDEN AND MERELEE GOLDEN,
HUSBAND AND WIFE; DELERY
GUILLORY AND KATHY GUILLORY,
HUSBAND WIFE; DELERY
GUILLORY; WILLIAM L. HAWKINS
L.L.P.; AJ CHANDLER 25 ACRES,
L.L.C.; QUEEN CREEK XVIII, L.L.C.;
WCL852606 LLC; LEAH L. LEWIS,
TRUSTEE OF THE LEAH L. LEWIS
TRUST DATED FEBRUARY 23, 2000
(AND ALL AMENDMENTS THERETO);
LEO P. MALONE; LYNTON R. LESLIE
AND RAE D. LESLIE, TRUSTEES OF
THE LYNTON R. LESLIE AND RAE D.
LESLIE REVOCABLE TRUST DATED
NOVEMBER 11, 1992 (AND ANY
AMENDMENTS THERETO);
INVESTOR CLOUT, AN ARIZONA
PARTNERSHIP; LINDA A. REEVES,
TRUSTEE OF THE LINDA ANN
REEVES TRUST DATED MARCH 2,
2005 (AND ANY AMENDMENTS
THERETO); MORLEY ROSENFELD,

Warner Angle Hallam Jackson & Formanek PLC

1 TRUSTEE OF THE MORLEY
2 ROSENFELD, M.D.P.C. RESTATED
3 PROFIT SHARING PLAN; MICHAEL L.
4 ROSENFELD AND SIGRID K.
5 ROSENFELD, HUSBAND AND WIFE;
6 ROBERT G. RODEN, TRUSTEE OF THE
7 ROBERT G. RODEN LIVING TRUST
8 DATED OCTOBER 1, 2004 (AND ANY
9 AMENDMENTS THERETO); VERMA
10 KATARIA MORTGAGE INVESTMENT
11 L.L.C.; DOES I-X; XYZ
12 CORPORATIONS I-X; and ABC
13 PARTNERSHIPS I-X,

Defendants.

14 NOTICE IS HEREBY GIVEN that the above entitled quiet title and lien
15 foreclosure action has been commenced and is now pending in the Superior Court of the
16 State of Arizona, in and for the County of Maricopa, on the complaint of the above-
17 named Plaintiff against the above-named Defendants. The real property affected by this
18 action is located in Maricopa County, Arizona, and the legal description of the real
19 property affected by this action is set forth below:

Unofficial Document

20 **Unit 3-206, of 5000 Portales Place, according to Condominium
21 Declaration recorded in 2001-0101732 and Amendment recorded in
22 2001-0101733, and per map of record in the office of the County
23 Recorder of Maricopa County, Arizona, recorded in Book 554 of Maps,
24 Page 30, and Affidavit of Correction recorded in 2001-0383096 and
25 2001-0499781:**

26 **TOGETHER WITH a proportionate interest in and to the common
27 areas set forth in the Condominium Declaration and as shown on said
28 plat.**

**Unit 3-215, of 5000 Portales Place, according to Condominium
Declaration recorded in 2001-0101732 and Amendment recorded in
2001-0101733, and per map of record in the office of the County
Recorder of Maricopa County, Arizona, recorded in Book 554 of Maps,
Page 30, and Affidavit of Correction recorded in 2001-0383096 and
2001-0499781:**

Warner Angle Hallam Jackson & Formanek PLC

TOGETHER WITH a proportionate interest in and to the common areas set forth in the Condominium Declaration and as shown on said plat.

Plaintiffs are pursuing foreclosure of the property to satisfy the amount of their deposits, costs, fees, and statutory interest.

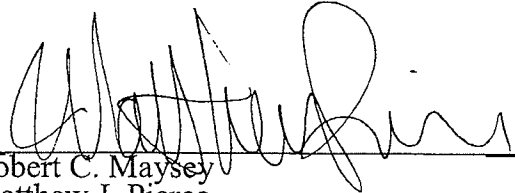
Any purchasers or encumbrances of any of the real property described in Plaintiff's Complaint and herein shall be held to have constructive notice of the pendency of this action and of the claims made.

DATED this 26th day of August, 2010.

WARNER ANGLE HALLAM
JACKSON & FORMANEK PLC

Unofficial Document

By



Robert C. Maysey
Matthew J. Pierce
3550 North Central Avenue, Suite 1500
Phoenix, Arizona 85012-2188
Attorneys for Plaintiffs

The foregoing instrument is a full, true and correct copy of the original on file in this office.

AUG 26 2010

Attest _____ 20
MICHAEL K. JEANES, Clerk of the Superior Court of the State of Arizona, in and for the County of Maricopa.

By S. Huel Deputy