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8 Attorneys for ML Manager LLC

9
10 IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

11 In re
12 MORTGAGES LTD.,
13 Debtor.

Chapter 11
Case No. 2:08-bk-07465-RJH

14 **MOTION TO SELL REAL PROPERTY**

15 **Real Property and Improvements located at
6500 and 6516 N. 64th Place, Paradise Valley,
Arizona**

16 **Hearing Date: September 20, 2011**
17 **Hearing Time: 1:30 p.m.**

18 ML Manager LLC ("ML Manager"), requests that the Court enter an order
19 authorizing ML Manager as the manager for MK I Loan LLC and MK II Loan LLC and
20 the agent for certain Pass-Through Investors to sell the real property and improvements
21 located at 6500 and 6516 N. 64th Place, Paradise Valley, Arizona, as more specifically
22 described in the Sale Agreement ("Property"), to CJ Family Revocable Trust
23 ("Purchaser") for the price of \$2.9 million ("Purchase Price") and on the terms set forth in
24 the proposed Residential Resale Real Estate Purchase Contract and Addendums ("Sale
25 Agreement") which is attached as Exhibit A or if the Purchaser does not close then to the
26 back up purchaser on the terms set forth in the back up offer of \$2.85 million which is

1 attached as Exhibit B.¹ The Sale Agreement has a contemplated closing of end of
2 September or early October 2011.

3 Because of the alleged dispute that exists over the validity of the first deed of trust,
4 ML Manager proposes that the property be sold and that the net sales proceeds (after
5 payment of closing costs and the exit lender)² be held in escrow and no distributions will
6 be made to investors pending the resolution of the dispute and further order of the
7 Bankruptcy Court. The Property consists of a single family residence on two parcels in
8 Paradise Valley that is not rented or may not even be rentable in its current condition. This
9 sale is "As Is, Where Is", "With all faults", with no warranties and with a prompt all cash
10 closing. The Purchaser (and the back up purchaser) is a non-related third party with no
11 connections to ML Manager, the Board members, the investors or the exit lender. ML
12 Manager asserts it is in the best interest of all investors in both loans for the Property to be
13 sold at this time for this price.

14 Borrower MK Custom Residential Construction LLC defaulted on both loans with
15 Mortgages Ltd. The unpaid principal balance on MK I (Loan No. 839506) is about \$7.5
16 million. Interest and fees also are due. Pursuant to the Official Investors' Committee's
17 First Amended Plan confirmed by the Court, MK I Loan LLC was formed on the effective
18 date and the fractional interests in the note and deed of trust which were held by Radical
19 Bunny LLC was transferred into MK I Loan LLC. There are no MP Funds in this loan.

20
21 ¹ ML Manager has obtained a back up offer from Daniel Ahdoot and/or nominee for \$2.85
22 million with a \$250,000 deposit, no contingencies, "as is, where is" "with all faults" and
with no warranties, and with a quick close. If the Purchaser does not close, ML Manager
intends to close with the back up purchaser.

23 ² ML Manager proposes to pay the exit lender from the Loan LLC proceeds since they
24 have a lien on both Loan LLCs' interests. MK I Loan LLC holds 93.377% of the loan and
25 MK II Loan LLC holds 80%. The most conservative approach would be to assume that
26 the MK II investors succeed on the attack on the first deed of trust held by the MK I
investors. In that event 80% of the net distributable proceeds will be subject to the exit
lender's lien and 70% of that amount would be paid to the exit lender. All the rest of the
net sale proceeds would be escrowed pending a resolution of the dispute and further order
of the Court.

1 Subsequently some of the pass-through investors transferred their interests into MK I
2 Loan LLC. At the time of the trustee sale, several Pass-Through Investors had not
3 transferred their fractional interests ("MK I Pass-Through Investors"). As a result,
4 93.377% of the interest in the loan is owned by MK I Loan LLC and the rest is owned by
5 the MK I Pass-Through Investors in the loan. MK I Loan LLC and the MK I Pass-
6 Through investors assert a first position deed of trust on the Property

7 The unpaid principal balance on the MK II loan (Loan No. 845006) is about \$2.5
8 million. Interest and fees also are due. Pursuant to the Official Investors' Committee's
9 First Amended Plan confirmed by the Court, MK II Loan LLC was formed on the
10 effective date and the fractional interests in the note and deed of trust which were held by
11 9 MP Funds were transferred into MK II Loan LLC. Subsequently some of the pass-
12 through investors transferred their interests into MK II Loan LLC. Only 1 Pass-Through
13 Investor Queen Creek XVIII, LLC ("Queen Creek"), which is owned by William
14 Hawkins, did not transfer his fractional interests. As a result, an 80% undivided fractional
15 interest in the Property is held by MK II Loan LLC and a 20% undivided fractional
16 interest in the Property is held Queen Creek. As explained below, Queen Creek asserts
17 that the first position deed of trust is not a valid lien and should be removed.

18 Originally Mortgages Ltd. had two loans on the property. One loan (Loan No.
19 839506) (called the MK I loan) was secured by a first deed of trust and the second loan
20 (Loan No. 845006) (called the MK II loan) was secured by a second deed of trust. ML
21 Manager foreclosed on the second deed of trust (Loan No. 845006) which keeps the first
22 deed of trust in place. Queen Creek which is owned by William Hawkins allegedly
23 transferred its 20% undivided fractional interest in Loan No. 845006 into a new single
24 asset entity and filed its own chapter 11 bankruptcy asserting the 20% interest in the MK
25 II Property was an asset of that estate of QC MK Custom LLC, Case No. 2:10-bk-36845-
26 CGC.

1 QC MK Custom, LLC in its bankruptcy filed an adversary proceeding against MK
2 I Loan LLC, the MK I Pass-Through investors and the MK II Loan LLC seeking to set
3 aside the first deed of trust. ML Manager filed a Motion to Dismiss based on the lack of
4 standing and authority for QC MK Custom LLC to pursue the adversary and asserting that
5 even if the transfer were valid that Judge Haines had already ruled that the agency
6 agreement was valid, enforceable, irrevocable and binding on Queen Creek. Also in the
7 QC MK Custom bankruptcy it sought to reject the agency agreement and requested turned
8 over of the 20% interest. ML Manager filed an objection. Both matters were heard by
9 Judge Case and have been taken under advisement. ML Manager has filed a Motion to
10 Ratify the Decision of the Agent to sell the Property in the QC MK Custom bankruptcy
11 which will be heard September 13, 2011 by Judge Case.

12 Besides filing this Motion to Sell in the Mortgages Ltd. bankruptcy, and take a vote
13 of the two Loan LLCs about the sale, a Motion in the investor Radical Bunny's
14 bankruptcy case will be filed by Radical Bunny's counsel asking the Court to authorize
15 Radical Bunny's board to vote in favor of the sale in MK I Loan LLC. That hearing has
16 been set for September 13, 2011 before Judge Case so that it occurs before the hearing in
17 this case. If approved by Judge Case then ML Manager will finalize the balloting process
18 and will also proceed with this hearing. If this Court approves the sale, and after payment
19 of the closing costs and an amount for the exit lender (as reflected in footnote 2) to be
20 paid from the Loan LLCs portion, the net sale proceeds will be held in escrow until the
21 dispute is resolved and no distribution will be made to investors until the dispute is
22 resolved.

23 ML Manager retained the services of Russ Lyon Sotheby's Int'l Realty, a leading
24 real estate brokerage firm, to widely market the property for sale. After completing
25 substantial marketing efforts, Purchaser made an offer of \$2.9 million and ML Manager
26 entered into the Sale Agreement with Purchaser for that price, subject to the regular

1 contingencies for ML Manager. Purchaser has deposited \$200,000 and opened escrow at
2 First American Title Insurance Company. Because the property has already been fully
3 marketed, this is not proposed to be an auction and no higher and better bids are being
4 solicited. The contingencies include approval by the investors in both Loan LLCs and the
5 applicable MP Funds and Bankruptcy Court approval. One of the contingencies is the
6 waiver or the exercise of the right to compete by the exit financier. The Purchase Price is
7 to be paid in cash at closing. This is an arms-length, negotiated sale between unrelated
8 parties. The anticipated closing is end of September or early October 2011.

9 Even though the debt will not be paid in full, ML Manager believes that this price
10 reflects the current market value of the Property and that it is unlikely in the foreseeable
11 future to get a higher amount for the Property. ML Manager believes that this sale is in the
12 best interest of the investors in the Loan LLCs and the Pass-Through Investors and is a
13 valid exercise of its business judgment consistent with any fiduciary responsibilities.

14 Due to the actions pending in the Bankruptcy Court and District Court by certain
15 investors, ML Manager believes that it is prudent to seek Bankruptcy Court approval of
16 the sale. An order approving the sale and authorizing the sale by ML Manager of 100% of
17 the interest in the real properties will insure a smooth closing and will aid in the
18 implementation of the Plan.

19 Under the Operating Agreement of Loan LLCs, since this event is a Major
20 Decision, ML Manager must seek approval of the sale from the investors in both of the
21 Loan LLCs and the MP Funds investors. Approval must be obtained by a majority of the
22 investors' dollars voting. The voting process will start shortly and by the time the parties
23 get to a sale hearing the results will be known to ML Manager. If approved ML Manager
24 asserts it has the authority and ability to go forward with the sale of the Loan LLC
25 interests.

26 ML Manager, as the agent for the Pass-Through Investors, has the authority and

1 ability to engage a broker, enter into a sale agreement and to sell the real estate on behalf
2 of the principals. ML Manager as the agent will execute the documents on behalf of the
3 Pass-Through Investors since it holds the irrevocable power of attorney coupled with an
4 interest to do so. ML Manager will include language in the Sale order authorizing ML
5 Manager to execute any and all such documents on behalf of the Pass-Through Investors.

6 ML Manager asserts that the Court has retained and reserved jurisdiction in the
7 Plan for such a matter as this, including sections 9.1(e), (g) and (h) of the Plan among
8 others, and has the authority to approve the sale under Section 105 of the Bankruptcy
9 Code, among other sections, as an order in aid of implementation of the Plan. As the
10 Court has noted at several prior sale hearings, there is a close nexus between the sale
11 motion and the bankruptcy because the relief requested is an important part of the Plan.
12 *See, State of Montana v. Goldin (In re Pegasus Gold Corp.)*, 394 F.3d 1189, 1194 (9th
13 Cir. 2005). The Plan specifically called for the creation of the ML Manager to manage the
14 Loan LLCs and to step into the role as manager of the MP Funds and agent of non-
15 transferring pass through investors. The relief requested by ML Manager affects the
16 amount of money that the investors will receive and the pay down of the exit financing.
17 Accordingly, the Bankruptcy Court retains post-confirmation jurisdiction.

18 As is customary ML Manager does propose to pay the closing costs, real property
19 and any commission as set forth in the Sale Agreement at the closing out of the gross sale
20 proceeds. ML Manager also proposes to pay the exit financier, and to the extent that it has
21 been paid then to repay the replacement loans to the other Loan LLCs, from the Loan
22 LLC's portion of the sale proceeds (see footnote 2) pursuant to the Loan Agreement and
23 the Interborrower Agreement and to create and use the Permitted Reserves pursuant to the
24 Loan Agreement. As indicated above, all other net sale proceeds will be escrow and no
25 distributions will be made to investors until the dispute is resolved.

26 WHEREFORE, ML Manager LLC requests that the Court enter an order

1 authorizing and approving the sale as set forth above, and for such other and further relief
2 as is just and proper under the circumstances.

3 DATED: August 31, 2011

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FENNEMORE CRAIG, P.C.

By /s/ Cathy L. Reece
Cathy L. Reece

Attorneys for ML Manager LLC

2449110

EXHIBIT

A

DocuSign Envelope ID: 717DF601-69AB-4A4B-BD4C-A0427C61DEC3

RUSS LYON SOTHEBY'S INT'L REALTY - Waterfront

COUNTER OFFER #3

Document updated:
February 2011



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1. This is a Counter Offer originated by the: Seller Buyer Landlord Tenant.
2. This is a Counter Offer to the Offer Counter Offer dated 08/24/2011 between the following Parties:
MO/DAY/YR
3. Seller/Landlord: Mark Winkleman, ML Manager, LLC,
4. Buyer/Tenant: CJ Family Revocable Trust,
5. Premises Address: 6500 & 6516 N. 64th Pl., Paradise Valley, AZ 85253
6. Acceptance of the above Offer and/or Counter Offer is contingent upon agreement to the following:
7. Item #3., lines 18 - 21 shall be deleted.
8. _____
9. Should the Seller fail to close escrow following the completion of the necessary court
10. process to proceed to close, section 6.2 of the Third Addendum shall provide remedy,
11. and all funds deposited into escrow, to include both earnest money and additional
12. purchase funds, shall be fully refunded to the Buyer.
13. _____
14. _____
15. _____
16. _____
17. _____
18. _____
19. _____
20. _____
21. _____
22. _____
23. _____
24. _____

25. **Time for acceptance:** Unless acceptance of this Counter Offer is signed by all parties and a signed copy delivered pursuant to Section 8m of the Contract and received by the originating party's Broker named in Contract Section 8r or 9a as applicable

27. by 08/29/2011 at 5 a.m. p.m., Mountain Standard Time, this Counter Offer shall be considered withdrawn.

28. Except as otherwise provided in this Counter Offer, the Parties accept and agree to all terms and conditions of the above offer / counter offer. Until this Counter Offer has been accepted in the manner described above, the Parties understand that the Premises can be sold or leased to someone else or either Party may withdraw the offer to buy, sell, or lease the Premises. The undersigned

31. acknowledges receipt of a copy hereof.

32. Mark Winkleman Date: 8/28/2011 Time: _____

33. Seller Buyer Landlord Tenant

34. _____ Date: _____ Time: _____

35. Seller Buyer Landlord Tenant

RESPONSE

37. An additional Counter Offer is attached, and is incorporated by reference. If there is a conflict between this Counter Offer and the additional counter offer, the provisions of the additional counter offer shall be controlling.

39. _____ Date: _____ Time: _____

40. Seller Buyer Landlord Tenant

41. _____ Date: _____ Time: _____

42. Seller Buyer Landlord Tenant

ACCEPTANCE

44. The undersigned agrees to the terms and conditions of this Counter Offer and acknowledges receipt of a copy hereof.

45. [Signature] Date: 8/28/2011 Time: 12N

46. Seller Buyer Landlord Tenant

47. _____ Date: _____ Time: _____

48. Seller Buyer Landlord Tenant

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COUNTER OFFER 2

Document updated:
February 2011



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1. This is a Counter Offer originated by the: Seller Buyer Landlord Tenant.
2. This is a Counter Offer to the Offer Counter Offer dated 08/24/2011 between the following Parties:
3. Seller/Landlord: Mark Winkleman, ML Manager, LL
4. Buyer/Tenant: _____
5. Premises Address: 6500 & 6516 N 64th Pl, Paradise Valley, AZ 85253
6. Acceptance of the above Offer and/or Counter Offer is contingent upon agreement to the following:
 7. 1. The following is hereby stricken from Counter Offer #1: "Additionally, not later than Monday, Aug. 29th, the Buyer shall deposit an additional \$150,000, which shall become immediately non-refundable, as well." **And replaced with:**
 8. "Additionally, not later than Monday, August 29, 2011, the Buyer shall deposit an additional \$150,000, which shall become immediately non-refundable, except in the event of Seller default."
 9. _____
 10. _____
 11. _____
 12. 2. The following is hereby stricken from Counter Offer #1: "The Buyer shall, with proper written notification by the Seller's agents, deposit the remaining full purchase price into escrow 10 days prior to the scheduled close of escrow date." **And replaced with:** "The Buyer shall, with proper written notification by the Seller's agents, deposit the remaining full purchase price, upon at least 7 days written notice, into escrow 10 days prior to the scheduled close of escrow date."
 13. _____
 14. _____
 15. _____
 16. _____
 17. _____
 18. 3. The following is hereby added to Counter #1, line #22: "Seller shall be deemed in default if Seller has not waived all contingencies and closed escrow within 21 days of the date Buyer funds the remaining full purchase price, and Buyer's remedies for said default are described in Section 6.2 of the Third Addendum, except that Buyer shall be eligible to receive all buyer funds deposited into escrow, including the remaining purchase price".
 19. _____
 20. _____
 21. _____
 22. _____
 23. _____
 24. _____

25. Time for acceptance: Unless acceptance of this Counter Offer is signed by all parties and a signed copy delivered pursuant to Section 8m of the Contract and received by the originating party's Broker named in Contract Section 8r or 9a as applicable by 08/26/2011 at noon a.m. p.m., Mountain Standard Time, this Counter Offer shall be considered withdrawn. Except as otherwise provided in this Counter Offer, the Parties accept and agree to all terms and conditions of the above offer / counter offer. Until this Counter Offer has been accepted in the manner described above, the Parties understand that the Premises can be sold or leased to someone else or either Party may withdraw the offer to buy, sell, or lease the Premises. The undersigned acknowledges receipt of a copy hereof.

32. Mark Winkleman, Trustee Date: 08/25/2011 Time: 2:17 PM
 33. Seller Buyer Landlord Tenant
 34. _____ Date: _____ Time: _____
 35. Seller Buyer Landlord Tenant

36. RESPONSE
 37. An additional Counter Offer is attached, and is incorporated by reference. If there is a conflict between this Counter Offer and the additional counter offer, the provisions of the additional counter offer shall be controlling.
 38. _____
 39. Mark Winkleman Date: 8/28/2011 Time: 9:00
 40. Seller Buyer Landlord Tenant
 41. _____ Date: _____ Time: _____
 42. Seller Buyer Landlord Tenant




43. ACCEPTANCE
 44. The undersigned agrees to the terms and conditions of this Counter Offer and acknowledges receipt of a copy hereof
 45. _____ Date: _____ Time: _____
 46. Seller Buyer Landlord Tenant
 47. _____ Date: _____ Time: _____
 48. Seller Buyer Landlord Tenant

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RUSS LYON SOTHEBY'S INT'L REALTY - Waterfront

COUNTER OFFER #1

Document updated February 2011

	<p>The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.</p>	 
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1. This is a Counter Offer originated by the: Seller Buyer Landlord Tenant.
2. This is a Counter Offer to the Offer Counter Offer dated _____ between the following Parties:
3. Seller/Landlord: Mark Winkleman, ML Manager, LLC,
4. Buyer/Tenant: CJ Family Revocable Trust,
5. Premises Address: 6500 & 6516 N. 64th Pl., Paradise Valley, AZ 85253
6. Acceptance of the above Offer and/or Counter Offer is contingent upon agreement to the following:
7. This Offer is subject to the cancellation of a current primary Offer. The Seller's
8. agents shall notify the Buyer's agent, in writing, as the primary is in process of
9. cancellation and this Offer shall become the primary Offer.
10. Upon signatures by all parties, the Buyer shall open escrow with \$50,000, which shall
11. be non-refundable to the Buyer, as all contingencies are deemed satisfied, to include
12. appraisal and inspection, and only in the event of Seller default, shall the earnest
13. money be refunded to the Buyer. Additionally, not later than Monday, Aug. 29th, the
14. Buyer shall deposit an additional \$150,000, which shall become immediately
15. non-refundable, as well.
16. All parties agree and accept that close of escrow shall be determined by the legal
17. process as described in the Third Addendum, and that the closing date shall likely be
18. within 30-60 days. The necessary court process shall be pursued with all expediency.
19. The Seller's agents shall notify the Buyer's agent as the date of close approaches.
20. The Buyer shall, with proper written notification by the Seller's agents, deposit the
21. remaining full purchase price
22. into escrow 10 days prior to the scheduled close of escrow date.
23. Buyer's and Seller's signatures on this Counter constitute an extension of the response
24. time period to the Contract to the date of this Counter.
25. Time for acceptance: Unless acceptance of this Counter Offer is signed by all parties and a signed copy delivered pursuant to Section 8m of the Contract and received by the originating party's Broker named in Contract Section 8r or 9s as applicable
26. by 08/25/2011 at 5 a.m. p.m., Mountain Standard Time, this Counter Offer shall be considered withdrawn.
28. Except as otherwise provided in this Counter Offer, the Parties accept and agree to all terms and conditions of the above offer / counter offer. Until this Counter Offer has been accepted in the manner described above, the Parties understand that the Premises can be sold or leased to someone else or either Party may withdraw the offer to buy, sell, or lease the Premises. The undersigned
31. acknowledges receipt of a copy hereof.

32. Mark Winkleman Date: 8/24/2011 Time: 3:50

33. Seller Buyer Landlord Tenant

34. Date: _____ Time: _____

35. Seller Buyer Landlord Tenant

36. **RESPONSE**

37. An additional Counter Offer is attached, and is incorporated by reference. If there is a conflict between this Counter Offer and the additional counter offer, the provisions of the additional counter offer shall be controlling.

39. Mark Winkleman Date: 8/25/2011 Time: 2:17 PM

40. Seller Buyer Landlord Tenant

41. Date: _____ Time: _____

42. Seller Buyer Landlord Tenant

43. **ACCEPTANCE**

44. The undersigned agrees to the terms and conditions of this Counter Offer and acknowledges receipt of a copy hereof.

45. Date: _____ Time: _____

46. Seller Buyer Landlord Tenant

47. Date: _____ Time: _____

48. Seller Buyer Landlord Tenant

Residential Resale Real Estate Purchase Contract >>

8q. 389. THIS CONTRACT CONTAINS NINE PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT 390. YOU HAVE RECEIVED AND READ ALL NINE PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS.

8r. 391. Broker on behalf of Buyer:

392. Angela Young (AGENT CODE ay008, FIRM CODE CRT102)
393. 10601 N Hayden Rd #1-101 (FIRM ADDRESS, STATE AZ, ZIP CODE 85253)
394. (502)432-7288 (PREFERRED TELEPHONE), (602)889-2524 (FAX), ayhomesmart@yahoo.com (EMAIL)

8s. 395. Agency Confirmation: The Broker named in Section 8r above is the agent of (check one):
396. [X] the Buyer, [] the Seller, or [] both the Buyer and Seller

8t. 397. The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of 398. a copy hereof including the Buyer Attachment.

399. [Signature] (BUYER'S SIGNATURE, MOD/AYR)
400. PO Box 3070 (ADDRESS)
401. Incline Village, NV 89451 (CITY, STATE, ZIP CODE)

9. SELLER ACCEPTANCE

9a. 402. Broker on behalf of Seller:

403. Mark Moskowitz (AGENT CODE, FIRM CODE Russ Lyon Sotheby's Int'l Realty)
404. (FIRM ADDRESS, STATE, ZIP CODE)
405. (PREFERRED TELEPHONE, FAX, EMAIL)

9b. 406. Agency Confirmation: The Broker named in Section 9a above is the agent of (check one):
407. [] the Seller, or [] both the Buyer and Seller

9c. 408. The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a 409. copy hereof and grant permission to Broker named on Section 9a to deliver a copy to Buyer.

410. [] Counter Offer is attached, and is incorporated herein by reference.
411. [X] If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.
412. [Signature] (SELLER'S SIGNATURE, MOD/AYR, DATE 8/24/2011)
413. (SELLER'S NAME PRINTED)
414. (ADDRESS)
415. (CITY, STATE, ZIP CODE)

416. [] OFFER REJECTED BY SELLER: (MONTH, DAY, YEAR, SELLER'S INITIALS)

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



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H.O.A. CONDOMINIUM / PLANNED COMMUNITY ADDENDUM

Document updated: February 2007

Arizona Association of REALTORS® logo and disclaimer text: The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®.

1. Seller: TBD
2. Buyer: CJ Family Revocable Trust
3. Premises Address: 6516 N 64th Pl, Paradise Valley, AZ 85252
4. Date: 8/16/11

- 5. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises.
7. If the Premises are located within a homeowner's association or a condominium/planned community:
8. Dues and Fees: The current regular association dues are: \$ 3350/quarter monthly, or \$ / ;
9. Additional homeowner's association fees are: \$ monthly, or \$ / ;
10. Any current homeowner's association assessment which is a lien as of Close of Escrow to be:
11. [X] paid in full by Seller [] prorated and assumed by Buyer.
12. Any assessment that becomes a lien after the Close of Escrow is the Buyer's responsibility.
13. Any transfer fees charged by a homeowner's association(s) shall be paid by [X] Seller [] Buyer [] Other ;
14. Any inspection, certification or resale disclosure statement fee charged by the HOA for the cost of providing the resale information required by law shall be paid by Seller.
15. Other Fees: A homeowner's association may require fees, deposits or other payment at COE. These charges vary and may be labeled as community reserve, asset preservation, capital reserve, working capital, community enhancement or future improvement fees, payments, deposits or otherwise. Any of these fees or deposits or similar payment required by a homeowner's association upon the conveyance of the Premises shall be paid by [X] Seller [] Buyer [] Other ;
20. 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.
22. 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 homeowners' 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.
26. 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.

28. [Signature] Trustee 8/16/2011 BUYER'S SIGNATURE
29. [Signature] 8/24/2011 SELLER'S SIGNATURE



- 30. Information required by law to be provided:
31. 1. A copy of the bylaws and the rules of the association.
32. 2. A copy of the declaration of Covenants, Conditions and Restrictions ("CC&Rs").
33. 3. A dated statement containing:
34. (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.
35. (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.
36. (c) A statement as to whether a portion of the unit is covered by insurance maintained by the association.
37. (d) The total amount of money held by the association as reserves.
38. (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.
39. (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.
40. (g) A statement of case names and case numbers for pending litigation with respect to the Premises or the association.
41. 4. A copy of the current operating budget of the association.
42. 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.
43. 6. A copy of the most recent reserve study of the association, if any.
44. 7. Any other information required by law.
45. 8. A statement for Buyer acknowledgment and signature as required by Arizona Law.

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HomeSmart

"AS IS" ADDENDUM

Document updated: February 2011

 <p>ARIZONA Association of REALTORS REAL SOLUTIONS. REALTOR SUCCESS</p>	<p>The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.</p>	
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- 1. Seller: TBD
- 2. Buyer: CJ Family Revocable Trust
- 3. Premises Address: 6516 N 64th Pl, Paradise Valley, AZ 85252
- 4. Date: August 16, 2011

5. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises. All terms and conditions of the Contract are hereby included herein and delivery of all notices and documentation shall be deemed delivered and received when sent as required by Section 8m of the Contract.

8. A. Seller and Buyer agree that the Premises is being sold in its existing condition ("AS IS") and Seller makes no warranty to Buyer, either express or implied, as to the (1) condition of the Premises, including, but not limited to, Seller's Warranties in Lines 166-168 of Section 5a, which Buyer hereby waives; (2) zoning of the Premises; or (3) Premises' fitness for any particular use or purpose. However, Seller warrants and shall maintain and repair the Premises so that, pursuant to lines 169-170, at the earlier of possession or COE, the Premises, including all additional existing personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance and all personal property not included in the sale and all debris will be removed from the Premises.

15. B. Buyer is advised to conduct independent inspection(s) and investigations regarding the Premises within the Inspection Period as specified in Section 5a. Buyer retains the rights pursuant to Section 6j. Seller shall not be obligated to correct any defects that may be discovered during Buyer's inspection(s) and investigations or otherwise.

19. C. Notwithstanding the foregoing, if an On-Site Wastewater Treatment Facility (conventional septic or alternative system) ("Facility") has been installed on the Premises, Seller and Buyer agree to complete and execute the AAR On-Site Wastewater Treatment Facility Addendum and Seller agrees to pay for the Facility inspections, fees or repairs as set forth therein.

23. D. Seller acknowledges that selling the Premises "AS IS" does not relieve Seller of the legal obligation to disclose all known material latent defects to Buyer.

25. E. In the event that any provision contained in this Addendum conflicts in whole or in part with any of the terms contained in the Contract, the provisions of this Addendum shall prevail and the conflicting terms are hereby considered deleted and expressly waived by both Buyer and Seller.

28. F. Other Terms and Conditions:
 29. _____
 30. _____

31. BUYER ACKNOWLEDGES THAT BUYER IS HEREBY ADVISED TO SEEK APPROPRIATE COUNSEL REGARDING THE RISKS OF BUYING A PROPERTY IN "AS IS" CONDITION.

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

41. Mark Winkler, Trustee 8/16/2011
 * BUYER'S SIGNATURE MO/DAY/YR * BUYER'S SIGNATURE MO/DAY/YR
 CJ Family Revocable Trust

42. Mark Winkler 8/24/2011
 * SELLER'S SIGNATURE MO/DAY/YR * SELLER'S SIGNATURE MO/DAY/YR
 TBD

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HomeSmart

Page 1 of 9

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2011



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1. PROPERTY

- 1a. 1. BUYER: CJ Family Revocable Trust BUYER'S NAME(S)
2. SELLER: TBD 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 thereon
4. or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b. 5. Premises Address: 6516 N 64th Pl Assessor's #: 174-60-048 / 047
6. City: Paradise Valley County: Maricopa AZ, Zip Code: 85253
7. Legal Description: LA Place Unit 1 LOT 1-2B TR A
- 1c. 8. \$ 2,900,000.00 Full Purchase Price, paid as outlined below
9. \$ 50,000.00 Earnest money Applied to down payment at COE
10. \$ 2,850,000.00 Cash at COE
11. \$ _____
12. _____
13. _____
14. _____
- 1d. 15. Close of Escrow: Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office. Buyer
16. and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing documents,
17. and perform all other acts necessary in sufficient time to allow COE to occur on
18. September 20, 2011 ("COE Date"). If Escrow Company or recorder's office is closed on COE Date,
19. COE shall occur on the next day that both are open for business.
20. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down
21. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to
22. Escrow Company. In a sufficient amount and in sufficient time to allow COE to occur on COE Date.
- 1e. 23. Possession: Seller shall deliver possession, occupancy, existing keys and/or means to operate all locks, mailbox, security
24. system/alarms, and all common area facilities to Buyer at COE or _____
25. Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals regarding
26. the risks of pre-possession or post-possession of the Premises.
- 1f. 27. Addenda Incorporated: AS IS Additional Clause Assumption and Carryback Buyer Contingency Domestic Water Well
28. H.O.A. Lead-Based Paint Disclosure On-site Wastewater Treatment Facility Short Sale
29. Other: _____
- 1g. 30. Fixtures and Personal Property: Seller agrees that all existing fixtures on the Premises, and any existing personal property
31. specified herein, shall be included in this sale, including the following:
- | | | |
|--|--|---|
| 32. • free-standing range/oven | • light fixtures | • draperies and other window coverings |
| 33. • ceiling fans | • towel, curtain and drapery rods | • shutters and awnings |
| 34. • attached floor coverings | • flush-mounted speakers | • water-misting systems |
| 35. • window and door screens, sun screens | • storm windows and doors | • solar systems |
| 36. • garage door openers and controls | • attached media antennas/
satellite dishes | • mailbox |
| 37. • outdoor landscaping, fountains, and lighting | • attached fireplace equipment | • central vacuum, hose, and attachments |
| 38. • pellet, wood-burning or gas-log stoves | • timers | • built-in appliances |
| 39. • storage sheds | | |

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ACB initials
SELLER SELLER

initials> BUYER BUYER



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- 40. If owned by the Seller, the following items also are included in this sale:
- 41. • pool and spa equipment (including any mechanical or other cleaning systems)
- 42. • security and/or fire systems and/or alarms
- 43. • water softeners
- 44. • water purification systems
- 45. Additional existing personal property included in this sale (if checked): refrigerator washer dryer as described:
- 46. All appliance and furniture in property as of 8/15/2011
- 47. _____
- 48. Other: _____
- 49. _____
- 50. 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.
- 51. _____
- 52. Fixtures and leased items NOT included: None
- 53. IF THIS IS AN ALL CASH SALE, GO TO SECTION 3.

2. FINANCING

- 2a. 54. Pre-Qualification: A completed AAR Pre-Qualification Form is is not attached hereto and incorporated herein by reference.
- 2b. 55. 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 Update ("LSU") form without Prior to Document ("PTD") conditions no later than three (3) days prior to the 57. COE Date. If Buyer is unable to obtain loan approval without PTD conditions, Buyer shall deliver a notice of the inability to obtain 58. loan approval without PTD conditions to Seller or Escrow Company no later than three (3) days prior to the COE Date.
- 2c. 59. Unfulfilled Loan Contingency: This Contract shall be cancelled and Buyer shall be entitled to a return of the earnest money if after 60. diligent and good faith effort, Buyer is unable to obtain loan approval without PTD conditions no later than three (3) days prior to the 61. COE Date, Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
- 2d. 62. Interest Rate / Necessary Funds: Buyer agrees that (i) the inability to obtain loan approval due to the failure to lock the interest 63. rate and "points" by separate written agreement with the lender during the Inspection Period or (ii) the failure to have the down 64. payment or other funds due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not 65. an unfulfilled loan contingency.
- 2e. 66. Loan Status Update: Buyer shall deliver to Seller the LSU with at a minimum lines 1-40 completed describing the current status 67. of the Buyer's proposed loan within five (5) days after Contract acceptance and instruct lender to provide an updated LSU to 68. Broker(s) and Seller upon request.
- 2f. 69. Loan Application: Unless previously completed, during the Inspection Period, Buyer shall (i) complete, sign and deliver to the 70. lender a loan application and grant lender permission to access Buyer's Trimerged Residential Credit Report; and (ii) provide 71. to lender all initial requested signed disclosures and Initial Requested Documentation listed in the LSU on lines 32-35.
- 2g. 72. Loan Processing During Escrow: Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all 73. additional documentation required. Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.
- 2h. 74. Type of Financing: Conventional FHA VA USDA Assumption Seller Carryback CASH
75. (if financing is to be other than new financing, see attached addendum.)
- 2i. 76. Loan Costs: All costs of obtaining the loan shall be paid by the Buyer, unless otherwise provided for herein.
- 2j. 77. Seller Concessions (if any): In addition to the other costs Seller has agreed to pay herein, Seller agrees to pay up to _____ %
78. of the Purchase Price or \$ _____ for Buyer's loan costs including pre-pays, impounds and Buyer's title / escrow closing costs.
- 2k. 79. VA Loan Costs: In the event of a VA loan, Seller agrees to pay the escrow fee and up to \$ _____ of loan costs not
80. permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein, including Seller's concessions.
- 2l. 81. Changes: Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the 82. Pre-Qualification Form if attached hereto or LSU provided within five (5) days after Contract acceptance and shall only make any 83. such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan 84. approval without PTD conditions, increase Seller's closing costs, or delay COE.
- 2m. 85. Appraisal Contingency: Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises acceptable to 86. lender for at least the purchase price. If the Premises fails to appraise for the purchase price in any appraisal required by lender, 87. 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 88. appraisal contingency shall be waived.
- 2n. 89. Appraisal Fee(s): Appraisal Fee(s), when required by lender, shall be paid by Buyer Seller Other _____
90. Appraisal Fee(s) are are not included in Seller's Concessions, if applicable. >>

SELLER SELLER

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Initials>

BUYER BUYER



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3. TITLE AND ESCROW

3a. 91. Escrow: This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the 92. terms of this Contract shall be:

93. North American Title Co. Alix Graham

94. 3200 E. Camelback Rd. st #150 Phoenix AZ

95. agramam@nat.com 602-294-2200 866-488-1907

3b. 96. Title and Vesting: Buyer will take title as determined before COE. Taking title may have significant legal, estate planning and tax 97. consequences. Buyer should obtain legal and tax advice.

3c. 98. Title Commitment and Title Insurance: Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, 99. addressed pursuant to 8i and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies 100. of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to 101. Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the 102. Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller 103. shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements 104. and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's 105. Title Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language" ("1-4 units") or, if not available, a 106. Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage at Buyer's own additional 107. expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title Insurance Policy.

3d. 108. Additional Instructions: (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of the 109. Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also acting as the title agency 110. but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the Buyer and Seller, upon deposit of 111. funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach 112. of escrow instructions by the Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by 113. Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent 114. necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally 115. between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications 116. directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information 117. regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.

3e. 118. Tax Prorations: Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.

3f. 119. Release of Earnest Money: In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with 120. Escrow Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of 121. this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against 122. any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or 123. relating in any way to the release of Earnest Money.

3g. 124. Prorations of Assessments and Fees: All assessments and fees that are not a lien as of the COE, including homeowner's 125. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances, 126. and service contracts, shall be prorated as of COE or Other:

3h. 127. Assessment Liens: The amount of any assessment, other than homeowner's association assessments, that is a lien as of the 128. COE, shall be paid in full by Seller prorated and assumed by Buyer. Any assessment that becomes a lien after COE is 129. the Buyer's responsibility.

3i. 130. IRS and FIRPTA Reporting: Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, 131. and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the 132. Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller is a foreign person, the 133. Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

SELLER SELLER

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BUYER BUYER



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4. DISCLOSURE

- 4a. 134. Seller Property Disclosure Statement ("SPDS"): Seller shall deliver a completed AAR Residential SPDS form to the Buyer within 135. five (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period or 136. five (5) days after receipt of the SPDS, whichever is later.
- 4b. 137. Insurance Claims History: Seller shall deliver to Buyer a written five-year insurance claims history regarding Premises (or a claims 138. history for the length of time Seller has owned the Premises if less than five years) from Seller's insurance company or an insurance 139. support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days after Contract 140. acceptance. (Seller may obscure any reference to date of birth or social security number from the document). Buyer shall provide 141. notice of any items disapproved within the Inspection Period or five (5) days after receipt of the claims history, whichever is later.
- 4c. 142. Lead-Based Paint Disclosure: If the Premises were built prior to 1978, the Seller shall: (i) notify the Buyer of any known lead-based 143. paint ("LBP") or LBP hazards in the Premises; (ii) provide the Buyer with any LBP risk assessments or inspections of the Premises in 144. the Seller's possession; (iii) provide the Buyer with the Disclosure of Information on Lead-based Paint and Lead-based Paint 145. Hazards, and any report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family 146. from Lead in Your Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead- 147. Based Paint and Lead-Based Paint Hazards to Seller prior to COE.
 - 148. LBP information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk 149. assessments or inspections during Inspection Period.
 - 150. Seller shall provide LBP information within five (5) days after Contract acceptance. Buyer may within ten (10) days 151. or _____ days after receipt of the LBP information conduct or obtain a risk assessment or inspection of the Premises for the 152. presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP information or five 153. (5) days after expiration of the Assessment Period cancel this Contract.
 - 154. Buyer is further advised to use certified contractors to perform renovation, repair or painting projects that disturb lead-based paint in 155. residential properties built before 1978 and to follow specific work practices to prevent lead contamination.
- 156. If Premises were constructed prior to 1978, (BUYER'S INITIALS REQUIRED)

BUYER	_____
BUYER	_____
- 157. If Premises were constructed in 1978 or later, (BUYER'S INITIALS REQUIRED)

BUYER	_____
BUYER	_____
- 4d. 158. Affidavit of Disclosure: If the Premises is located in an unincorporated area of the county, and five or fewer parcels of property 159. other than subdivided property are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in the form required 160. by law to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items 161. disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
- 4e. 162. Changes During Escrow: Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein, in 163. the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by Section 5a 164. or otherwise by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed 165. five (5) days after delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

- 5a. 166. Seller Warranties: Seller warrants and shall maintain and repair the Premises so that at the earlier of possession or COE: (i) all 167. heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter systems, cleaning 168. systems, and heaters, if any), free-standing range/oven, and built-in appliances will be in working condition; (ii) all other agreed upon 169. repairs and corrections will be completed pursuant to Section 6j; (iii) the Premises, including all additional existing personal property 170. included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (iv) all personal property 171. not included in the sale and all debris will be removed from the Premises.
- 5b. 172. Warranties that Survive Closing: Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and 173. any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely affect the 174. consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for all labor, 175. professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding the COE in 176. connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller warrants that the 177. information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is 178. correct to the best of Seller's knowledge.
- 5c. 179. Buyer Warranties: Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect the 180. Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or COE, 181. Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Premises. 182. Buyer warrants that Buyer is not relying on any verbal representations concerning the Premises except disclosed as follows:
 - 183. None
 - 184. _____ >>

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SELLER	SELLER	Initials		Initials	BUYER	BUYER
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Page 4 of 9

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Residential Resale Real Estate Purchase Contract >>

6. DUE DILIGENCE

6a. 185. Inspection Period: Buyer's Inspection Period shall be ten (10) days or 0 days after Contract acceptance. During the 186. Inspection Period Buyer, at Buyer's expense, shall: (i) conduct all desired physical, environmental, and other types of inspections 187. and investigations to determine the value and condition of the Premises; (ii) make inquiries and consult government agencies, 188. lenders, insurance agents, architects, and other appropriate persons and entities concerning the suitability of the Premises and the 189. surrounding area; (iii) investigate applicable building, zoning, fire, health, and safety codes to determine any potential hazards, 190. violations or defects in the Premises; and (iv) verify any material multiple listing service ("MLS") information. If the presence of sex 191. offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is a 192. material matter to the Buyer, it must be investigated by the Buyer during the Inspection Period. Buyer shall keep the Premises free 193. and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair 194. all damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection 195. reports concerning the Premises obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate Buyer 196. Advisory provided by AAR to assist in Buyer's due diligence inspections and investigations.

6b. 197. Square Footage: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE PREMISES, BOTH THE 198. REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE. IF SQUARE FOOTAGE IS A MATERIAL 199. MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.

6c. 200. Wood-Destroying Organism or Insect Inspection: IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR INSECTS 201. (SUCH AS TERMITES) ARE A MATERIAL MATTER TO THE BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE 202. INSPECTION PERIOD. The Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the 203. Inspection Period. If the lender requires an updated Wood-Destroying Organism or Insect Inspection Report prior to COE, it will be 204. performed at Buyer's expense.

6d. 205. Flood Hazard: Flood hazard designations or the cost of flood hazard insurance shall be determined by Buyer during the 206. Inspection Period. If the Premises are situated in an area identified as having any special flood hazards by any governmental 207. entity, the lender may require the purchase of flood hazard insurance. Special flood hazards may also affect the ability to 208. encumber or improve the Premises.

6e. 209. Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO THE BUYER, BUYER SHALL APPLY FOR AND 210. OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE 211. PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD. Buyer understands that any 212. homeowner's, fire, casualty, or other insurance desired by Buyer or required by lender should be in place at COE.

6f. 213. Sewer or On-site Wastewater Treatment System: The Premises are connected to a: 214. sewer system septic system alternative system 215. IF A SEWER CONNECTION IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE 216. INSPECTION PERIOD. If the Premises are served by a septic or alternative system, the AAR On-site Wastewater Treatment 217. Facility Addendum is incorporated herein by reference. (BUYER'S INITIALS REQUIRED) [Signature] BUYER BUYER 218.

6g. 219. Swimming Pool Barrier Regulations: During the Inspection Period, Buyer agrees to investigate all applicable state, county, and 220. municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to 221. occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt 222. of the Arizona Department of Health Services approved private pool safety notice. (BUYER'S INITIALS REQUIRED) [Signature] BUYER BUYER 223.

6h. 224. BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT 225. QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING 226. AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S DUE 227. DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE 228. SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY 229. RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD 230. HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION. (BUYER'S INITIALS REQUIRED) [Signature] BUYER BUYER 231.

6i. 232. Inspection Period Notice: Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items 233. disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all 234. desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be 235. provided in a single notice. >>

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- 6j. 236. 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:
 - 238. (1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or
 - 239. (2) provide the Seller an opportunity to correct the items disapproved, in which case:
 - 240. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed Seller's refusal to correct any of the items disapproved.
 - 241.
 - 242.
 - 243. (b) If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days or _____ days prior to COE Date.
 - 244.
 - 245.
 - 246. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and all Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided, Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.
 - 247.
 - 248.
 - 249.
- 250. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend response times or cancellation rights.
- 251.
- 252. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.
- 253.
- 254.
- 6k. 255. Notice of Non-Working Warranted Items: Buyer shall provide Seller with notice of any non-working warranted item(s) of which Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of such notice shall not affect Seller's obligation to maintain or repair the warranted item(s).
- 256.
- 257.
- 6l. 258. Home Warranty Plan: Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and most plans exclude pre-existing conditions.
- 259.
- 260.
- 261. A Home Warranty Plan will be ordered by Buyer or Seller with the following optional coverage
- 262. _____, to be issued by _____ at a cost not
- 263. to exceed \$ _____, to be paid for by Buyer Seller
- 264. Buyer declines the purchase of a Home Warranty Plan.
- 6m. 265. Walkthrough(s): Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.
- 266.
- 267.
- 268.
- 6n. 269. Seller's Responsibility Regarding Inspections and Walkthrough(s): Seller shall make the Premises available for all inspections and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane, until COE to enable Buyer to conduct these inspections and walkthrough(s).
- 270.
- 271.

7. REMEDIES

- 7a. 272. 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.
- 273.
- 274.
- 275.
- 7b. 276. 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 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section 2m, 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. The parties expressly agree that the failure of any party to comply with the terms and conditions of Section 1d to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 7a, will constitute a material breach of this Contract, rendering the Contract subject to cancellation.
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- 278.
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BUYER	BUYER

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- 7c. 285. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this 287. Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid 286. equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be 289. submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an 290. arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration 291. Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be 292. final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. 293. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the 294. mediation conference by notice to the other and in such event either party shall have the right to resort to court action.
- 7d. 295. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the 296. Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or removed from 297. the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or 298. 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 299. 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 300. pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the 301. obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.
- 7e. 302. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this 303. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert 304. witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 305. _____
- 306. Buyer is aware that seller never occupied property and will not provide a SPDS
- 307. or CLUE report.
- 308. _____
- 309. Buyer to waive inspection period. Due to previous inspection.
- 310. _____
- 311. Buyer approves Third Addendum to Purchase Contract as of 8/16/11. Previously
- 312. signed 1/8/11. Copy attached, executed.
- 313. _____
- 314. _____
- 315. _____
- 316. _____
- 317. _____
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- 324. _____
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- 334. _____

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SELLER	SELLER

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<i>[Signature]</i>	
BUYER	BUYER



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- 8b. 335. Risk of Loss: If there is any loss or damage to the Premises between the date of Contract acceptance and COE or possession, 336. whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on the Seller, provided, 337. however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price, either Seller or 338. Buyer may elect to cancel the Contract.
- 8c. 339. Permission: Buyer and Seller grant Broker(s) permission to advise the public of this Contract.
- 8d. 340. Arizona Law: This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.
- 8e. 341. Time is of the Essence: The parties acknowledge that time is of the essence in the performance of the obligations described herein.
- 8f. 342. Compensation: Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by 343. separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. 344. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer is 345. obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE 346. SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR 347. MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.
- 8g. 348. Copies and Counterparts: A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This 349. Contract and any other documents required by this Contract may be executed by facsimile or other electronic means and in any 350. number of counterparts, which shall become effective upon delivery as provided for herein, except that the Lead-Based Paint 351. Disclosure Statement may not be signed in counterpart. All counterparts shall be deemed to constitute one instrument, and each 352. counterpart shall be deemed an original.
- 8h. 353. 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 354. end at 11:59 p.m.
- 8i. 355. Calculating Time Periods: In computing any time period prescribed or allowed by this Contract, the day of the act or event from 356. which the time period begins to run is not included and the last day of the time period is included. Contract acceptance occurs on the 357. date that the signed Contract (and any incorporated counter offer) is delivered to and received by the appropriate Broker. Acts that 358. must be performed three days prior to the COE Date must be performed three full days prior (i.e., if COE Date is Friday the act 359. must be performed by 11:59 p.m. on Monday).
- 8j. 360. Entire Agreement: This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and 361. Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing signed 362. by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.
- 8k. 363. Subsequent Offers: Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that 364. any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.
- 8l. 365. Cancellation: A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by delivering 366. notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become effective 367. immediately upon delivery of the cancellation notice.
- 8m. 368. Notice: Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in writing and 369. deemed delivered and received where: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if email 370. addresses are provided herein; or (iv) sent by recognized overnight courier service, and addressed to Buyer as indicated in Section 371. 8r, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.
- 8n. 372. Earnest Money: Earnest Money is in the form of: Personal Check Other: _____ 373. If applicable, Earnest Money has been received by Broker named in Section 8r and upon acceptance of this offer will be deposited 374. with: Escrow Company Broker's Trust Account. Buyer acknowledges that failure to pay the required closing funds by the 375. scheduled Close of Escrow, if not cured after a cure notice is delivered pursuant to Section 7a, shall be construed as a material 376. breach of this contract and all earnest money shall be subject to forfeiture.
- 8o. 377. Release of Broker(s): Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this transaction 378. from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, boundaries, value, 379. rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, governmental regulations, 380. insurance, price and terms of sale, return on investment or any other matter relating to the value or condition of the 381. Premises. The parties understand and agree that the Broker(s) do not provide advice on property as an investment and are 382. not qualified to provide financial, legal, or tax advice regarding this real estate transaction.
- 83. (SELLER'S INITIALS REQUIRED) MLB (BUYER'S INITIALS REQUIRED) MLB
- 8p. 384. Terms of Acceptance: This offer will become a binding Contract when acceptance is signed by Seller and a signed copy delivered 385. in person, by mail, facsimile or electronically, and received by Broker named in Section 8r 386. by August 18, 2011 at 5 a.m. p.m., Mountain Standard Time. 387. Buyer may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this 388. date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned. >>

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SELLER	SELLER

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Page 8 of 9

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MLB	
BUYER	BUYER



THIRD ADDENDUM TO PURCHASE CONTRACT
(6500 North 64th Place)

This Third Addendum to Purchase Contract (the "Addendum"), dated effective as of August 16, 2011 (the "Effective Date"), is made by and among MK II LLC, an Arizona limited liability company, as to an undivided 80% ownership ("MK II"); and ML Manager LLC, an Arizona limited liability company as agent ("Agent") for those individual owners ("Owners") listed on Exhibit "A" attached (collectively, "Seller"); and CJ Family Revocable Trust ("Buyer"). Seller and Buyer may herein be referred to collectively as "the parties" or individually as "a party." This Addendum is an integral part of that certain Residential Resale Real Estate Purchase Contract (the "Purchase Contract"), by and between Seller and Buyer. In the event of any inconsistency between the Purchase Contract and this Addendum, this Addendum shall govern and prevail. References herein to the Purchase Contract mean the Purchase Contract as modified by this Addendum. Capitalized terms used in this Addendum have the meanings given them in the Purchase Contract unless they are separately defined herein.

RECITALS

- A. Through foreclosure proceedings, Seller obtained title to the Premises.
- B. MK II was formed pursuant to the Official Committee of Investors First Amended Plan of Reorganization dated March 12, 2009 in the Chapter 11 Proceedings in In re: Mortgages Ltd., Case No. 2:08-bk-07465-RJH which was confirmed by the Bankruptcy Court ("Court") on May 20, 2009 ("Approved Plan"), to which persons holding fractional interests ("Fractional Interests") in certain loans (the "Loans") made by Mortgages Ltd., an Arizona corporation (now known as ML Servicing Company, Inc.) ("ML") could elect to assign and transfer such Fractional Interests to consolidate such Fractional Interests to the extent possible in a single entity.
- C. MK II holds An 80% undivided interest in the Premises, and the other "Owner" listed on Exhibit A as owner of the Premises holds a 20% undivided interest in the Premises for a collective one hundred percent (100%) interest in the Premises. The Premises are described on Exhibit B attached.
- D. Pursuant to the Approved Plan, the Agent was designated as successor agent to ML under certain agency agreements ("Agency Agreement") wherein the Agent was given a power of attorney to act for the Owners of undivided interests in the Premises, and the Agent is acting under this Purchase Contract pursuant to the power of attorney, as the Agent of the Owners who have not transferred their undivided interests in the Premises to MK II.
- E. MK I LLC, an Arizona limited liability company ("MK I") was formed pursuant to the Approved Plan. MK I and certain holders of Fractional Interests are the holders ("Lenders") of an existing lien against the Premises (the "Existing Encumbrance"). The Existing Encumbrance secures a loan that has an unpaid balance that exceeds the Purchase Price for the Premises. The Agent is the manager of MK I. Pursuant to the Approved Plan, the Agent was designated as successor agent to ML under the Agency Agreement, wherein the Agent was given

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a power of attorney to act for the Lenders who have not transferred their undivided interests in the Existing Encumbrance to MK I.

AGREEMENT

In consideration of the covenants and provisions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Premises. The Premises includes all of Seller's right, title and interest in the Premises. The Premises does not include any rights of Seller, MK II, Agent or the Owners as against any borrower or guarantor of the loan that was previously secured by the Premises, or any rights to the extent related to other property.

2. Contingencies.

(a) Notwithstanding any provision to the contrary contained herein, the obligations of Seller to sell the Premises to Buyer, and the obligations of Buyer to purchase the Premises from Seller, are contingent upon the satisfaction of each of the following contingencies (collectively, the "Contingencies"):

(i) Seller's lender under the Exit Financing Loan dated June 11, 2009 has the right to compete to acquire the Premises from the Seller under Section 6.11(a) of the Exit Financing Loan Agreement. Seller's lender must have failed to exercise or must have waived the right to compete (the "Lender Approval");

(ii) the members of MK I must have approved the sale of the Premises for the Purchase Price specified herein and the release of the Existing Encumbrance as required by Section 5.4(h) of the Operating Agreement of MK I;

(iii) the members of MK II must have approved the sale of the Premises for the Purchase Price specified herein as required by Section 5.4(h) of the Operating Agreement of MK II; and

(iv) If deemed necessary by Seller, Seller must have obtained the approval of the Court by final order with respect to the sale to Buyer for which no stay order pending appeal has been ordered, and the title insurer is committed to issue the title insurance policy provided for in the Purchase Contract, insuring that Buyer will acquire title to the Premises free and clear of liens and encumbrances, including the Existing Encumbrance.

(b) Seller will attempt to satisfy the Contingencies by taking such action as it deems appropriate; provided, however, Seller shall not be in default hereunder if any of the Contingencies is not satisfied.

(c) If all of the Contingencies have been satisfied prior to the end of the period commencing on the Effective Date and ending forty-five (45) days after the Effective Date (the "Contingency Period"), then Seller shall notify Buyer of such satisfaction (the

"Contingency Satisfaction Notice"), and this Purchase Contract shall continue in full force and effect. If the Contingencies have not been satisfied prior to the end of the Contingency Period, then Seller shall notify Buyer that the Contingencies have not been satisfied, whereupon either party may terminate this Purchase Contract by written notice to the other party. Upon any such termination, Escrow Agent (defined below) shall return the Deposit (defined below) to Buyer, and Seller and Buyer shall have no further obligations hereunder, except as expressly provided herein.

3. Buyer's Access. Buyer and Buyer's representatives will have the right, from and after the Effective Date and continuing through the Closing or earlier termination of this Purchase Contract, to enter upon the Premises for the sole purpose of inspecting the Premises and making surveys, engineering tests and other investigations, inspections and tests (collectively, "Investigations"). Any entry upon the Premises and all Investigations will be at the sole risk and expense of Buyer and Buyer's representatives. Buyer must:

3.1 promptly repair any damage to the Premises resulting from any such Investigations so that the Premises will be in the same condition that it existed in prior to such Investigations;

3.2 fully comply with all laws applicable to the Investigations and all other activities undertaken in connection therewith;

3.3 not allow the Investigations or any and all other activities undertaken by Buyer or Buyer's representatives to result in any liens, judgments or other encumbrances being filed or recorded against the Premises, and Buyer must, at its sole cost and expense, promptly discharge of record any such liens or encumbrances that are so filed or recorded (including, without limitation, liens for service, labor or materials furnished); and

3.4 indemnify, defend and hold Seller harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including without limitation, attorneys' fees and disbursements), suffered or incurred by Seller and arising out of or in connection with (i) Buyer's and/or Buyer's representatives' entry upon the Premises, (ii) any Investigations or other activities conducted thereon by Buyer or Buyer's representatives, (iii) any liens or encumbrances filed or recorded against the Premises as a consequence of the Investigations or any and all other activities undertaken by Buyer or Buyer's representatives, or (iv) any and all other activities undertaken by Buyer or Buyer's representatives with respect to the Premises. Notwithstanding anything in this Purchase Contract to the contrary, the representations and indemnities set forth in this Section 3 survive any termination of this Purchase Contract.

4. Property Tax Appeals. If and to the extent that Seller has appealed the real property tax valuations for the Premises for 2011 and prior years, Seller shall be entitled to any refunds of real property taxes that are applicable to the period prior to the Closing.

5. "As-Is," "Where-Is," and "With All Faults".

5.1 Seller Inducements. To induce Seller to accept this Purchase Contract, Buyer acknowledges that, except as expressly set forth in this Purchase Contract: (i) no understandings, representations or promises of any kind have been made to induce the execution of this Purchase Contract; (ii) Buyer has not relied on any oral agreement, statement, representation or other promise; (iii) none of Seller, Seller's agents or any brokers have made any express or implied warranties concerning the condition of the Premises, the fitness or suitability of the Premises for Buyer's intended use; and (iv) Buyer acknowledges and agrees that the Premises is being sold and transferred by Seller to Buyer in its present "AS-IS," "WHERE-IS," and "WITH ALL FAULTS" condition without warranty of any kind. No salesman, broker, agent or employee of Seller has any authority to modify the terms of this Section or any authority to make any representation or agreement not contained in this Purchase Contract and no person on behalf of Seller is authorized to make any future oral agreement upon which Buyer may rely to cancel, change or modify any portion of this Purchase Contract.

5.2 Additional Buyer Warranties. Buyer represents and warrants that, except as expressly set forth in this Purchase Contract: (i) Buyer is a knowledgeable, experienced and sophisticated purchaser of real estate and that it is relying solely on its own expertise and that of Buyer's consultants in purchasing the Premises; (ii) Buyer is familiar with the Premises; (iii) Buyer is relying solely upon its own independent inspection, investigation and analysis of the Premises as it deems necessary or appropriate in so acquiring the Premises from Seller, including without limitation, physical inspections, environmental assessments, analysis of any and all matters concerning the condition of the Premises and its suitability for Buyer's intended purposes, and review of all applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relative to building, zoning and land use) affecting the use, occupancy or enjoyment of the Premises; (iv) Seller is not liable or bound in any manner by any oral or written statements, representations, warranties, or information pertaining to the Premises furnished by any real estate broker, agent, employee, servant or other person, unless the same are specifically set forth or referred to herein; and (v) Buyer acknowledges that the Purchase Price reflects the "as is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Premises. Buyer has fully reviewed the representations, warranties, disclaimers and waivers set forth in this Purchase Contract with its counsel and understands the significance and effect thereof. Buyer acknowledges and agrees that the representations, warranties, disclaimers and other agreements set forth in this Purchase Contract are an integral part of this Purchase Contract and that Seller would not have agreed to sell the Premises to Buyer for the Purchase Price without such representations, warranties, disclaimers and other agreements set forth in this Purchase Contract. Buyer further acknowledges and agrees that regardless of the outcome or contents of any inspection or assessment of the Premises Buyer may undertake, Seller has no obligation whatsoever to cure any faults, defects or other adverse conditions affecting the Premises, whether or not disclosed in any such inspection or assessment or in any disclosures by Seller. The covenants, representations and warranties contained in this Section 16 shall expressly survive the Closing without limitation.

5.3 Release. Except as expressly provided in this Purchase Contract and in the Deed, Buyer or anyone claiming by, through or under Buyer, hereby fully and irrevocably releases Seller, its managers, members, agents, representatives, any of its respective beneficiaries, shareholders, officers, affiliates, parent entities, subsidiary entities, employees, heirs, successors and assigns (collectively, the "Seller Parties"), from any and all claims that it

may now have or hereafter acquire against the Seller Parties, for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to any errors or omissions on or in the Premises, the presence of hazardous materials or environmental conditions, or any other conditions (whether patent, latent or otherwise) affecting the Premises, except for claims against Seller based upon any obligations and liabilities of Seller expressly provided in this Purchase Contract. Buyer further acknowledges and agrees that this release will be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to known and suspected claims, damages, and causes of action. The provisions of this Section 5.3 will survive the Closing and delivery of the special warranty deed. Buyer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to losses, damages, liabilities, costs and expenses which are presently unknown, unanticipated and unsuspected, and Buyer further agrees that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge and acquit all of the Seller Parties from any such unknown losses, damages, liabilities, costs and expenses.

6. Remedies.

6.1 Seller's Remedies. If Buyer fails to deposit the Purchase Price in accordance with the terms of this Purchase Contract, or to timely close escrow as required hereunder, or fails to perform any of its other obligations under this Purchase Contract, which failure is not cured within three (3) business days after written notice from Seller, Seller shall be entitled, as Seller's sole and exclusive right and remedy hereunder, to terminate this Purchase Contract by giving written notice of termination to Buyer, in which event Seller shall be entitled to receive and retain the earnest money deposit as liquidated damages and as consideration for acceptance of this Purchase Contract. Notwithstanding anything mentioned herein to the contrary, Seller hereby waives any claim for consequential, special, punitive, exemplary or similar damages against Buyer. Buyer and Seller agree that based upon the circumstances now existing, known and unknown, it would be impractical or extremely difficult to establish Seller's damages by reason of default by Buyer. Accordingly, Buyer and Seller agree that it would be reasonable at such time to award to Seller "liquidated damages" equal to the amount of the earnest money deposit in the event of a default by Buyer.

6.2 Buyer's Remedies. Upon a breach or default by Seller hereunder, which default is not cured within three (3) business days after written notice from Buyer, Buyer shall be entitled, as its sole remedies for Seller's default hereunder, to exercise one of the following remedies: (i) terminate this Purchase Contract, in which event Escrow Agent will return the Deposit to Buyer not later than the second business day after such termination; (ii) proceed with the transaction and waive the default; or (iii) seek specific performance of Seller's obligations hereunder within forty-five (45) days following such purported default. Notwithstanding anything mentioned herein to the contrary, Buyer hereby waives any claim for consequential, special, punitive, exemplary or similar damages against Seller.

6.3 Cancellation Fees. Upon the effective cancellation of this Purchase Contract, the defaulting party shall be responsible for any escrow cancellation charges charged by Escrow Agent.

7. Brokerage Commission. If and only if the closing of the sale of the Premises occurs as provided for in the Purchase Contract, Seller agrees to pay the commissions provided to be paid by Seller in the Purchase Contract. Except for the foregoing, each party represents and warrants to the other that such party has not dealt with any broker or finder in connection with the transaction contemplated in this Purchase Contract. Except for the foregoing, each party shall indemnify, defend and hold harmless the other party against and from any and all claims, commissions, or other compensation, damages, liabilities and expenses, (including, without limitation, reasonable attorney fees and disbursements) arising out of any and all claims made by any other broker or finder with whom the indemnifying party has dealt, or has allegedly employed, in violation of the warranty contained in this Section.

8. Notices. All notices, demands and requests under this Purchase Contract must be in writing, and will not be effective unless given by prepaid registered or certified mail, return receipt requested, by nationally recognized commercial overnight courier service, by hand-delivery with a signed acknowledgement of receipt by the receiving party, or by confirmed facsimile transmittal (if a facsimile number is given below), addressed as follows:

8.1 If addressed to Seller:

ML Manager LLC
14050 N. 83rd Avenue, #180
Peoria, Arizona 85381
Attn: Mark Winkleman
Facsimile: (623) 234-9575
Telephone: (623) 234-9562
Email: mwinkleman@mtgltd.com

with a copy to:

Fennemore Craig, P.C.
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Attention: Mark A. Nesvig
Facsimile: (602) 916-5672
Telephone: (602) 916-5472
Email: mnesvig@fclaw.com

8.2 If addressed to Buyer:

CJ Family Revocable Trust
PO Box 3070
Incline Village, Nevada 89451
Facsimile: _____
Email: chad@cmretail.com

copy to:
Chad Miraglia
10645 N. Tatum Blvd, #200-680
Phoenix, Arizona 85028

8.3 Copies of all notices, demands and requests shall also be delivered to Escrow Agent:

North American Title Company
3200 East Camelback Road, Ste. 150
Phoenix, Arizona 85018
Attention: Alix Graham
Telephone: (602) 294-2200
Facsimile: (866) 488-1907
Email: agraham@nat.com

or at such other address or facsimile number as any party may hereafter designate by written notice to all other parties. The effective date of all notices shall be three (3) days following transmittal by prepaid registered or certified mail, return receipt requested, one (1) day after transmittal by nationally recognized commercial overnight courier service, upon receipt by hand-delivery with a signed acknowledgement of receipt by the receiving party, and upon transmission by facsimile (transmittal confirmed). If receipt of such notice is not accepted or is not possible due to a change in address or facsimile number for which the sending party did not receive notice, the effective date of such a notice shall be the date of attempted delivery.

9. Miscellaneous.

9.1 Documents. The Special Warranty Deed to be provided by Seller at the closing shall be in the form of Exhibit C attached. Each party agrees in good faith to execute such further or additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Purchase Contract.

9.2 Time for Performance. If the time for the performance of any obligation under this Purchase Contract expires on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day that is not a Saturday, Sunday or legal holiday.

9.3 Time of Essence. Time is of the essence of each and every provision and each obligation of this Purchase Contract.

9.4 Counterparts. This Purchase Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one instrument. Facsimile or pdf signatures on this Purchase Contract shall be valid.

9.5 Attorney Fees. If suit is brought by any party to this Purchase Contract to enforce the terms of this Purchase Contract, the prevailing party shall be entitled to recover its reasonable attorney fees, expenses and court costs.

9.6 Broker Disclosure. Seller discloses that one or more of the principals of Seller may be licensed as a real estate broker or salesperson in the State of Arizona.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the day and year first above written.

SELLER:

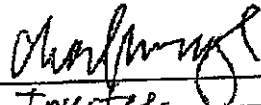
MK II LOAN LLC, an Arizona limited liability company

By ML MANAGER LLC,
an Arizona limited liability company, its Manager
and as Agent for the Owners

By: Mark Winkelman
Printed Name: Mark Winkelman
Its: Manager

BUYER:

CJ FAMILY REVOCABLE TRUST

By: 
Its: Trustee

8/16/2011

AGREEMENT AND CONSENT BY ESCROW AGENT

The undersigned hereby agrees to (i) accept the foregoing Purchase Contract as instructions to the undersigned, (ii) act as Escrow Company under said Purchase Contract in consideration of its fees normally charged in such transactions, (iii) be bound by said Purchase Contract in the performance of its obligations as the Escrow Company, and (iv) agrees to deliver to Buyer and Seller, within five (5) days after the Opening of Escrow, an insured closing protection letter from the title insurer, and (v) agrees to be the person responsible for closing the transaction within the meaning of Section 6045(e)(2)(A) of the Internal Revenue Code of 1986 (the "Code") and filing all necessary information reports, returns and statements (collectively, the "Tax Reports") regarding the transaction required by the Code and, promptly upon the filing of the Tax Reports, transmit copies of the Tax Reports to Buyer and Seller.

Dated this ____ day of August, 2011.

North American Title Company

By: _____
Name/Title: _____

EXHIBIT "A"
NAMES OF OWNERS OF LAND

MK II Loan LLC, an Arizona limited liability company, as to an undivided 80.00% interest; and
Queen Creek VIII, L.L.C., an Arizona limited liability company, as to an undivided 20.00%
interest.

EXHIBIT "B"
DESCRIPTION OF THE PREMISES

Parcel 1:

Lot 13, LA PLACE UNIT ONE, a subdivision recorded in Book 221 of Maps, page 17, records of Maricopa County, Arizona.

Parcel 2:

Lot 14, LA PLACE UNIT ONE, according to Book 221 of Maps, page 17, records of Maricopa County, Arizona.

Parcel 3:

An easement appurtenant to Parcel 2, as created by instrument recorded in Recording No. 83-0356375, for and to construct, repair and maintain a masonry garden wall and or fence with an ashlar pattern design and to plat, replant and maintain landscaping that has been or will be installed in conformance with the Covenants, Conditions and Restrictions of record relating to LA PLACE UNIT ONE, and to construct, repair and maintain a driveway in accordance with plans and specifications that have been approved and are in conformance with any Covenants, Conditions and Restrictions of record relating to LA PLACE UNIT ONE, and for ingress and egress over, under and upon the following described property:

That portion of Lot 15, LA PLACE UNIT ONE, according to Book 221 of Maps, page 17, records of Maricopa County, Arizona, lying South of the South line of the drainage easement established and shown on the plat of record for said LA PLACE UNIT ONE.

Tax Parcel Nos. 174-60-047 and 174-60-048

EXHIBIT "C"

WHEN RECORDED MAIL TO:

SPECIAL WARRANTY DEED

For the consideration of Ten Dollars, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, MK II Loan LLC, an Arizona limited liability company; and ML Manager LLC, an Arizona limited liability company as agent ("Agent"), as attorney-in-fact for those individual owners ("Owners") listed on Exhibit "B" attached ("Grantor"), does hereby convey to _____ ("Grantee"), the following real property together with all of Seller's right, title and interest in (i) all buildings, structures and improvements located thereon; (ii) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights, and air rights; (iii) all oil, gas, and mineral rights not previously reserved; (iv) land lying in the bed of any highway, street, road or avenue, opened or proposed, in front of or abutting or adjoining such tract or piece of land; and (iv) and any other rights, privileges and benefits appurtenant to or used in connection with the beneficial use and enjoyment of such property:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

SUBJECT TO all general and special real property taxes and other assessments, reservations in patents, water rights, claims or title to water and all easements, rights of way, covenants, conditions, restrictions, reservations, declarations, encumbrances, liens, obligations, liabilities and other matters as may appear of record, any and all conditions, easements, encroachments, rights of way or restrictions which a physical inspection or accurate ALTA survey of the property would reveal, any matters arising in connection with any action of the Grantee or its employees, contractors, agents or representatives, any other matter not caused by the act or authorization of Grantor and the applicable municipal, county, state or federal zoning and use regulations affecting the property.

AND the Grantor hereby binds itself and its successors and assigns to warrant and defend the title in Grantee, its successors and assigns, as against all acts of the Grantor herein and no other, subject to the matters above set forth.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DATED this 24th day of August, 2011.

GRANTOR

MK II LOAN LLC, an Arizona limited liability company

By ML MANAGER LLC,
an Arizona limited liability company, its Manager

By: Mark Winkleman
Printed Name: Mark Winkleman
Its: Manager

ML MANAGER LLC,
an Arizona limited liability company, as Agent for
the Owners

By: Mark Winkleman
Printed Name: Mark Winkleman
Its: Manager

DocuSign Envelope ID: D20C5B2B-021C-4456-9509-F1899D117D65

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by Mark Winkelman, known by me to be the Chief Operating Officer of ML Manager LLC, an Arizona limited liability company, the Manager of MK II LOAN LLC, an Arizona limited liability company, on behalf of the company.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by Mark Winkelman, known by me to be the Chief Operating Officer of ML Manager LLC, an Arizona limited liability company, on behalf of the company as the Agent for the Owners.

Notary Public

My Commission Expires:

PHX/2383016.4/28149.001

DocuSign Envelope ID: D20C582B-021C-4456-9509-F1699D117D65

EXHIBIT A
TO THE SPECIAL WARRANTY DEED

Legal Description of the Property

PHX/3383016.4/28149.001

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DocuSign Envelope ID: D20C5B2B-021C-4456-9509-F1699D117D65

EXHIBIT B
TO THE SPECIAL WARRANTY DEED

List of Owners

PHXJ23830164/28149.001

EXHIBIT

B

KEYLAND FINE PROPERTIES, LLC

BUYER ATTACHMENT

Document updated:
February 2011



This attachment should be given to the Buyer prior to the submission of any offer and is not part of the Residential Resale Real Estate Purchase Contract's terms.



ATTENTION BUYER!

You are entering into a legally binding agreement.

- 1. Read the entire contract *before* you sign it.
- 2. Review the Residential Seller's Property Disclosure Statement (See Section 4a).
 - This information comes directly from the Seller.
 - Investigate any blank spaces, unclear answers or any other information that is important to you.
- 3. Review the Inspection Paragraph (see Section 6a).
If important to you, hire a qualified:
 - Mold inspector
 - Roof inspector
 - Pest inspector
 - Pool inspector
 - Heating/cooling inspector
 Verify square footage (see Section 6b)
Verify the property is on sewer or septic (see Section 6f)
- 4. Confirm your ability to obtain insurance and insurability of the property during the inspection period with your insurance agent (see Sections 6a and 6e).
- 5. Apply for your home loan now, if you have not done so already, and provide your lender with all requested information (see Section 2f).
It is your responsibility to make sure that you and your lender deliver the necessary funds to escrow in sufficient time to allow escrow to close on the agreed upon date. Otherwise, the Seller may cancel the contract.
- 6. Read the title commitment within five days of receipt (see Section 3c).
- 7. Read the CC&R's and all other governing documents within five days of receipt (see Section 3c), especially if the home is in a homeowner's association.
- 8. Conduct a thorough final walkthrough (see Section 6m). If the property is unacceptable, speak up. After the closing may be too late.

You can obtain information through the Buyer's Advisory at <http://www.aaronline.com>.

Remember, you are urged to consult with an attorney, inspectors, and experts of your choice in any area of interest or concern in the transaction. Be cautious about verbal representations, advertising claims, and information contained in a listing. *Verify anything important to you.*

Buyer's Check List

Buyer Attachment • Updated: February 2011

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KEYLAND FINE PROPERTIES, LLC 7033 East Greenway Parkway Scottsdale, AZ 85254
Phone: (480)229-2393 Fax: (480)323-2090 Andy Griffin

Produced with zipForm® by zipLogix, 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com



6516 N 64TH PL

KEYLAND FINE PROPERTIES, LLC

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated: February 2011



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



1. PROPERTY

- 1a. 1. BUYER: Daniel Ahdoot, and/or Nominee
2. SELLER: MK II LOAN LLC, QUEEN CREEK XVIII LLC
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: 6516 N 64TH Place Assessor's #: 174-60-048
6. City: Paradise Valley County: Maricopa AZ, Zip Code: 85253
7. Legal Description: LA PLACE UNIT 1 MCR 221-17
1c. 8. \$ 2,850,000.00 Full Purchase Price, paid as outlined below
9. \$ 250,000.00 Earnest money
10. \$ 2,600,000.00 CASH 30 DAYS FROM ACCEPTANCE
11. \$
12.
13.
14.
1d. 15. Close of Escrow: Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office. 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
18. October 10, 2011 ("COE Date"). If Escrow Company or recorder's office is closed on COE Date,
19. COE shall occur on the next day that both are open for business.
20. 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. 23. Possession: Seller shall deliver possession, occupancy, existing keys and/or means to operate all locks, mailbox, security system/alarms, and all common area facilities to Buyer at COE or
25. 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. 27. Addenda Incorporated: [X] AS IS [] Additional Clause [] Assumption and Carryback [] Buyer Contingency [] Domestic Water Well
28. [X] H.O.A. [] Lead-Based Paint Disclosure [] On-site Wastewater Treatment Facility [] Short Sale
29. [] Other:
1g. 30. 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:
32. free-standing range/oven
33. ceiling fans
34. attached floor coverings
35. window and door screens, sun screens
36. garage door openers and controls
37. outdoor landscaping, fountains, and lighting
38. pellet, wood-burning or gas-log stoves
39. storage sheds
light fixtures
towel, curtain and drapery rods
flush-mounted speakers
stom windows and doors
attached media antennas/satellite dishes
attached fireplace equipment
timers
draperies and other window coverings
shutters and awnings
water-misting systems
solar systems
mailbox
central vacuum, hose, and attachments
built-in appliances

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BUYER BUYER

Residential Resale Real Estate Purchase Contract >>

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

2. FINANCING

- 2a. 54. Pre-Qualification: A completed AAR Pre-Qualification Form is is not attached hereto and incorporated herein by reference.
- 2b. 55. Loan Contingency: Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan described
- 56. in the AAR Loan Status Update ("LSU") form without Prior to Document ("PTD") conditions no later than three (3) days prior to the
- 57. COE Date. If Buyer is unable to obtain loan approval without PTD conditions, Buyer shall deliver a notice of the inability to obtain
- 58. loan approval without PTD conditions to Seller or Escrow Company no later than three (3) days prior to the COE Date.
- 2c. 59. Unfulfilled Loan Contingency: This Contract shall be cancelled and Buyer shall be entitled to a return of the earnest money if after
- 60. diligent and good faith effort, Buyer is unable to obtain loan approval without PTD conditions no later than three (3) days prior to the
- 61. COE Date. Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
- 2d. 62. Interest Rate / Necessary Funds: Buyer agrees that (i) the inability to obtain loan approval due to the failure to lock the interest
- 63. rate and "points" by separate written agreement with the lender during the Inspection Period or (ii) the failure to have the down
- 64. payment or other funds due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not
- 65. an unfulfilled loan contingency.
- 2e. 66. Loan Status Update: Buyer shall deliver to Seller the LSU with at a minimum lines 1-40 completed describing the current status
- 67. of the Buyer's proposed loan within five (5) days after Contract acceptance and instruct lender to provide an updated LSU to
- 68. Broker(s) and Seller upon request.
- 2f. 69. Loan Application: Unless previously completed, during the Inspection Period, Buyer shall (i) complete, sign and deliver to the
- 70. lender a loan application and grant lender permission to access Buyer's Trimerged Residential Credit Report; and (ii) provide
- 71. to lender all initial requested signed disclosures and Initial Requested Documentation listed in the LSU on lines 32-35.
- 2g. 72. Loan Processing During Escrow: Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all
- 73. additional documentation required. Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.
- 2h. 74. Type of Financing: Conventional FHA VA USDA Assumption Seller Carryback CASH
- 75. (If financing is to be other than new financing, see attached addendum.)
- 2i. 76. Loan Costs: All costs of obtaining the loan shall be paid by the Buyer, unless otherwise provided for herein.
- 2j. 77. Seller Concessions (if any): In addition to the other costs Seller has agreed to pay herein, Seller agrees to pay up to _____ %
- 78. of the Purchase Price or \$ _____ for Buyer's loan costs including pre-pays, impounds and Buyer's title / escrow closing costs.
- 2k. 79. VA Loan Costs: In the event of a VA loan, Seller agrees to pay the escrow fee and up to \$ _____ of loan costs not
- 80. permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein, including Seller's concessions.
- 2l. 81. Changes: Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the
- 82. Pre-Qualification Form if attached hereto or LSU provided within five (5) days after Contract acceptance and shall only make any
- 83. such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan
- 84. approval without PTD conditions, increase Seller's closing costs, or delay COE.
- 2m. 85. Appraisal Contingency: Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises acceptable to
- 86. lender for at least the purchase price. If the Premises fails to appraise for the purchase price in any appraisal required by lender,
- 87. 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
- 88. appraisal contingency shall be waived.
- 2n. 89. Appraisal Fee(s): Appraisal Fee(s), when required by lender, shall be paid by Buyer Seller Other _____
- 90. Appraisal Fee(s) are are not included in Seller's Concessions, if applicable.

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3. TITLE AND ESCROW

3a. 91. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the 92. terms of this Contract shall be:

93. **FIDELITY NATIONAL TITLE**
ESCROW/TITLE COMPANY

94. ADDRESS CITY STATE ZIP

95. **JAYALAGFNF.COM** PHONE FAX
EMAIL

3b. 96. **Title and Vesting:** Buyer will take title as determined before COE. Taking title may have significant legal, estate planning and tax 97. consequences. Buyer should obtain legal and tax advice.

3c. 98. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, 99. addressed pursuant to 8t and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies 100. of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to 101. Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the 102. Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller 103. shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements 104. and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's 105. Title Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not available, a 106. Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage at Buyer's own additional 107. expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title Insurance Policy.

3d. 108. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of the 109. Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also acting as the title agency 110. but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the Buyer and Seller, upon deposit of 111. funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach 112. of escrow instructions by the Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by 113. Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent 114. necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally 115. between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications 116. directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information 117. regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.

3e. 118. **Tax Prorations:** Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.

3f. 119. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with 120. Escrow Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of 121. this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against 122. any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or 123. relating in any way to the release of Earnest Money.

3g. 124. **Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of the COE, including homeowner's 125. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances, 126. and service contracts, shall be prorated as of COE or Other: _____

3h. 127. **Assessment Liens:** The amount of any assessment, other than homeowner's association assessments, that is a lien as of the 128. COE, shall be paid in full by Seller prorated and assumed by Buyer. Any assessment that becomes a lien after COE is 129. the Buyer's responsibility.

3i. 130. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, 131. and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the 132. Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller is a foreign person, the 133. Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

SELLER SELLER

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BUYER BUYER



4. DISCLOSURE

- 4a. 134. **Seller Property Disclosure Statement ("SPDS"):** Seller shall deliver a completed AAR Residential SPDS form to the Buyer within 135. five (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period or 136. five (5) days after receipt of the SPDS, whichever is later.
- 4b. 137. **Insurance Claims History:** Seller shall deliver to Buyer a written five-year insurance claims history regarding Premises (or a claims 138. history for the length of time Seller has owned the Premises if less than five years) from Seller's insurance company or an insurance 139. support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days after Contract 140. acceptance. (Seller may obscure any reference to date of birth or social security number from the document). Buyer shall provide 141. notice of any items disapproved within the Inspection Period or five (5) days after receipt of the claims history, whichever is later.
- 4c. 142. **Lead-Based Paint Disclosure:** If the Premises were built prior to 1978, the Seller shall: (i) notify the Buyer of any known lead-based 143. paint ("LBP") or LBP hazards in the Premises; (ii) provide the Buyer with any LBP risk assessments or inspections of the Premises in 144. the Seller's possession; (iii) provide the Buyer with the Disclosure of Information on Lead-based Paint and Lead-based Paint 145. Hazards, and any report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family 146. from Lead in Your Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead- 147. Based Paint and Lead-Based Paint Hazards to Seller prior to COE.
- 148. LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk 149. assessments or inspections during Inspection Period.
- 150. Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days 151. or _____ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for the 152. presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP Information or five 153. (5) days after expiration of the Assessment Period cancel this Contract.
- 154. Buyer is further advised to use certified contractors to perform renovation, repair or painting projects that disturb lead-based paint in 155. residential properties built before 1978 and to follow specific work practices to prevent lead contamination.
- 156. If Premises were constructed prior to 1978, (BUYER'S INITIALS REQUIRED)

DA	BUYER
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 _____ BUYER _____
- 157. If Premises were constructed in 1978 or later, (BUYER'S INITIALS REQUIRED)

DA	BUYER
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 _____ BUYER _____
- 4d. 158. **Affidavit of Disclosure:** If the Premises is located in an unincorporated area of the county, and five or fewer parcels of property 159. other than subdivided property are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in the form required 160. by law to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items 161. disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
- 4e. 162. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein, in 163. the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by Section 5a 164. or otherwise by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed 165. five (5) days after delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

- 5a. 166. **Seller Warranties:** Seller warrants and shall maintain and repair the Premises so that at the earlier of possession or COE: (i) all 167. heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter systems, cleaning 168. systems, and heaters, if any), free-standing range/oven, and built-in appliances will be in working condition; (ii) all other agreed upon 169. repairs and corrections will be completed pursuant to Section 6j; (iii) the Premises, including all additional existing personal property 170. included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (iv) all personal property 171. not included in the sale and all debris will be removed from the Premises.
- 5b. 172. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and 173. any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely affect the 174. consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for all labor, 175. professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding the COE in 176. connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller warrants that the 177. information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is 178. correct to the best of Seller's knowledge.
- 5c. 179. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect the 180. Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or COE, 181. Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Premises. 182. **Buyer warrants that Buyer is not relying on any verbal representations concerning the Premises except disclosed as follows:**
- 183. _____
- 184. _____

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6. DUE DILIGENCE

6a. 185. **Inspection Period:** Buyer's Inspection Period shall be ten (10) days or 21 days after Contract acceptance. During the 186. Inspection Period Buyer, at Buyer's expense, shall: (i) conduct all desired physical, environmental, and other types of inspections 187. and investigations to determine the value and condition of the Premises; (ii) make inquiries and consult government agencies, 188. lenders, insurance agents, architects, and other appropriate persons and entities concerning the suitability of the Premises and the 189. surrounding area; (iii) investigate applicable building, zoning, fire, health, and safety codes to determine any potential hazards, 190. violations or defects in the Premises; and (iv) verify any material multiple listing service ("MLS") information. If the presence of sex 191. offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is a 192. material matter to the Buyer, it must be investigated by the Buyer during the Inspection Period. Buyer shall keep the Premises free 193. and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair 194. all damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection 195. reports concerning the Premises obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate Buyer 196. *Advisory* provided by AAR to assist in Buyer's due diligence inspections and investigations.

6b. 197. **Square Footage:** BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE PREMISES, BOTH THE 198. REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE. IF SQUARE FOOTAGE IS A MATERIAL 199. MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.

6c. 200. **Wood-Destroying Organism or Insect Inspection:** IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR INSECTS 201. (SUCH AS TERMITES) ARE A MATERIAL MATTER TO THE BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE 202. INSPECTION PERIOD. The Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the 203. Inspection Period. If the lender requires an updated Wood-Destroying Organism or Insect Inspection Report prior to COE, it will be 204. performed at Buyer's expense.

6d. 205. **Flood Hazard:** Flood hazard designations or the cost of flood hazard insurance shall be determined by Buyer during the 206. Inspection Period. If the Premises are situated in an area identified as having any special flood hazards by any governmental 207. entity, the lender may require the purchase of flood hazard insurance. Special flood hazards may also affect the ability to 208. encumber or improve the Premises.

6e. 209. **Insurance:** IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO THE BUYER, BUYER SHALL APPLY FOR AND 210. OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE 211. PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD. Buyer understands that any 212. homeowner's, fire, casualty, or other insurance desired by Buyer or required by lender should be in place at COE.

6f. 213. **Sewer or On-site Wastewater Treatment System:** The Premises are connected to a:

- 214. sewer system septic system alternative system

215. IF A SEWER CONNECTION IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE 216. INSPECTION PERIOD. If the Premises are served by a septic or alternative system, the AAR On-site Wastewater Treatment 217. Facility Addendum is incorporated herein by reference.

218. (BUYER'S INITIALS REQUIRED) DM BUYER _____ BUYER _____

6g. 219. **Swimming Pool Barrier Regulations:** During the Inspection Period, Buyer agrees to investigate all applicable state, county, and 220. municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to 221. occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt 222. of the Arizona Department of Health Services approved private pool safety notice.

223. (BUYER'S INITIALS REQUIRED) DM BUYER _____ BUYER _____

6h. 224. **BUYER ACKNOWLEDGMENT:** BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT 225. QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING 226. AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S DUE 227. DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE 228. SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY 229. RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD 230. HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.

231. (BUYER'S INITIALS REQUIRED) DM BUYER _____ BUYER _____

6i. 232. **Inspection Period Notice:** Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items 233. disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all 234. desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be 235. provided in a single notice.

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- 6j. 236. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller notice 237. of the items disapproved and state in the notice that Buyer elects to either:
 - 238. (1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or
 - 239. (2) provide the Seller an opportunity to correct the items disapproved, in which case:
 - 240. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items
 - 241. disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed
 - 242. Seller's refusal to correct any of the items disapproved.
 - 243. (b) If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a
 - 244. workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days
 - 245. or _____ days prior to COE Date.
 - 246. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days
 - 247. after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and all
 - 248. Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided,
 - 249. Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.
- 250. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend
- 251. response times or cancellation rights.
- 252. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE
- 253. SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE
- 254. TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.
- 6k. 255. **Notice of Non-Working Warranted Items:** Buyer shall provide Seller with notice of any non-working warranted item(s) of which
- 256. Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of such notice
- 257. shall not affect Seller's obligation to maintain or repair the warranted item(s).
- 6l. 258. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The
- 259. parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and
- 260. most plans exclude pre-existing conditions.
- 261. A Home Warranty Plan will be ordered by Buyer or Seller with the following optional coverage
- 262. _____, to be issued by _____ at a cost not
- 263. to exceed \$ _____, to be paid for by Buyer Seller
- 264. Buyer declines the purchase of a Home Warranty Plan.
- 6m. 265. **Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the
- 266. purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in
- 267. working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does
- 268. not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.
- 6n. 269. **Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all inspections
- 270. and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane,
- 271. until COE to enable Buyer to conduct these inspections and walkthrough(s).

7. REMEDIES

- 7a. 272. **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
- 273. of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-
- 274. compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a
- 275. breach of Contract.
- 7b. 276. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching
- 277. party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution
- 278. 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
- 279. breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the
- 280. 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
- 281. required by Section 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section
- 282. 2m, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not
- 283. a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and conditions of Section 1d
- 284. to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 7a, will constitute a material
- 285. breach of this Contract, rendering the Contract subject to cancellation.

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- 7c. 286. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this 287. Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid 288. equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be 289. submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an 290. arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration 291. Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be 292. final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. 293. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the 294. mediation conference by notice to the other and in such event either party shall have the right to resort to court action.
- 7d. 295. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the 296. Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or removed from 297. the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or 298. 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 299. 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 300. pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the 301. obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.
- 7e. 302. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this 303. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert 304. witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 305. BUYER IS USING AND/OR NOMINEE FOR THE SOLE PURPOSE OF DETERMINING BEST WAY TO
- 306. TAKE TITLE.
- 307. _____
- 308. BUYER ACKNOWLEDGES SELLER HAS NEVER LIVED IN PROPERTY AND HAS NO CLUE OR SPDS
- 309. REPORT.
- 310. _____
- 311. _____
- 312. _____
- 313. _____
- 314. _____
- 315. _____
- 316. _____
- 317. _____
- 318. _____
- 319. _____
- 320. _____
- 321. _____
- 322. _____
- 323. _____
- 324. _____
- 325. _____
- 326. _____
- 327. _____
- 328. _____
- 329. _____
- 330. _____
- 331. _____
- 332. _____
- 333. _____
- 334. _____

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- 8b. 335. **Risk of Loss:** If there is any loss or damage to the Premises between the date of Contract acceptance and COE or possession, 336. whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on the Seller, provided, 337. however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price, either Seller or 338. Buyer may elect to cancel the Contract.
- 8c. 339. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of this Contract.
- 8d. 340. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.
- 8e. 341. **Time is of the Essence:** The parties acknowledge that time is of the essence in the performance of the obligations described herein.
- 8f. 342. **Compensation:** Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by 343. separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. 344. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer is 345. obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE 346. SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR 347. MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.
- 8g. 348. **Copies and Counterparts:** A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This 349. Contract and any other documents required by this Contract may be executed by facsimile or other electronic means and in any 350. number of counterparts, which shall become effective upon delivery as provided for herein, except that the Lead-Based Paint 351. Disclosure Statement may not be signed in counterpart. All counterparts shall be deemed to constitute one instrument, and each 352. counterpart shall be deemed an original.
- 8h. 353. **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 354. end at 11:59 p.m.
- 8i. 355. **Calculating Time Periods:** In computing any time period prescribed or allowed by this Contract, the day of the act or event from 356. which the time period begins to run is not included and the last day of the time period is included. Contract acceptance occurs on the 357. date that the signed Contract (and any incorporated counter offer) is delivered to and received by the appropriate Broker. Acts that 358. must be performed three days prior to the COE Date must be performed three full days prior (i.e., if COE Date is Friday the act 359. must be performed by 11:59 p.m. on Monday).
- 8j. 360. **Entire Agreement:** This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and 361. Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing signed 362. by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.
- 8k. 363. **Subsequent Offers:** Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that 364. any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.
- 8l. 365. **Cancellation:** A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by delivering 366. notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become effective 367. immediately upon delivery of the cancellation notice.
- 8m. 368. **Notice:** Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in writing and 369. deemed delivered and received when: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if email 370. addresses are provided herein; or (iv) sent by recognized overnight courier service, and addressed to Buyer as indicated in Section 371. 8r, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.
- 8n. 372. **Earnest Money:** Earnest Money is in the form of: Personal Check Other: WIRE
373. If applicable, Earnest Money has been received by Broker named in Section 8r and upon acceptance of this offer will be deposited
374. with: Escrow Company Broker's Trust Account. Buyer acknowledges that failure to pay the required closing funds by the
375. scheduled Close of Escrow, if not cured after a cure notice is delivered pursuant to Section 7a, shall be construed as a material
376. breach of this contract and all earnest money shall be subject to forfeiture.
- 8o. 377. **Release of Broker(s):** Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this transaction
378. from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, boundaries, value,
379. rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, governmental regulations,
380. insurance, price and terms of sale, return on investment or any other matter relating to the value or condition of the
381. Premises. The parties understand and agree that the Broker(s) do not provide advice on property as an investment and are
382. not qualified to provide financial, legal, or tax advice regarding this real estate transaction.

383. (SELLER'S INITIALS REQUIRED) _____ (BUYER'S INITIALS REQUIRED) BUYER _____
SELLER SELLER BUYER BUYER

- 8p. 384. **Terms of Acceptance:** This offer will become a binding Contract when acceptance is signed by Seller and a signed copy delivered 385. in person, by mail, facsimile or electronically, and received by Broker named in Section 8r
386. by September 30, 2011 at 5 a.m. p.m., Mountain Standard Time.
387. Buyer may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this
388. date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

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8q. 389. THIS CONTRACT CONTAINS NINE PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT 390. YOU HAVE RECEIVED AND READ ALL NINE PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS.

8r. 391. **Broker on behalf of Buyer:**

392. Andy C Griffin AG018 Keyland Fine Properties SNRT01
PRINT SALESPERSON'S NAME AGENT CODE PRINT FIRM NAME FIRM CODE

393. 7033 E. GREENWAY PARKWAY SCOTTSDALE AZ 85254
FIRM ADDRESS STATE ZIP CODE

394. (480) 229-2393 (480) 305-1251 ANDYCGRIFFIN@GMAIL.COM
PREFERRED TELEPHONE FAX EMAIL

8s. 395. **Agency Confirmation:** The Broker named in Section 8r above is the agent of (check one):

396. the Buyer; the Seller; or both the Buyer and Seller

8t. 397. **The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of 398. a copy hereof including the Buyer Attachment.**

399. Daniel Ahdoot 8/30/2011 BUYER'S SIGNATURE and/or Nominee
BUYER'S SIGNATURE MO/DAYR BUYER'S SIGNATURE MO/DAYR

400. _____ ADDRESS ADDRESS

401. _____ CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

9. SELLER ACCEPTANCE

9a. 402. **Broker on behalf of Seller:**

403. Mark Moskowitz mm073 Russ Lyon Sotheby's International Realty lyon19
PRINT SALESPERSON'S NAME AGENT CODE PRINT FIRM NAME FIRM CODE

404. 7135 E. Camelback Road, #360 Scottsdale AZ 85251
FIRM ADDRESS STATE ZIP CODE

405. (480) 287-5200 (480) 287-5202 mark@rvscottsdale.com
PREFERRED TELEPHONE FAX EMAIL

9b. 406. **Agency Confirmation:** The Broker named in Section 9a above is the agent of (check one):

407. the Seller; or both the Buyer and Seller

9c. 408. **The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a 409. copy hereof and grant permission to Broker named on Section 9a to deliver a copy to Buyer.**

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

412. _____ ^ SELLER'S SIGNATURE MO/DAYR ^ SELLER'S SIGNATURE MO/DAYR

413. MK II LOAN LLC OUDEEN CREEK XVIII LLC
SELLER'S NAME PRINTED SELLER'S NAME PRINTED

414. _____ ADDRESS ADDRESS

415. _____ CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

416. **OFFER REJECTED BY SELLER:** _____ MONTH _____ DAY _____ YEAR _____ (SELLER'S INITIALS)

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



KEYLAND FINE PROPERTIES, LLC

"AS IS" ADDENDUM

Document updated:
February 2011



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



- 1. Seller: MK II LOAN LLC , QUEEN CREEK XVIII LLC
- 2. Buyer: Daniel Ahdoot, and/or Nominee
- 3. Premises Address: 6516 N 64TH Place , Paradise Valley, AZ 85253
- 4. Date: August 26, 2011

- 5. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the
- 6. above referenced Premises. All terms and conditions of the Contract are hereby included herein and delivery of all notices
- 7. and documentation shall be deemed delivered and received when sent as required by Section 8m of the Contract.
- 8. A. Seller and Buyer agree that the Premises is being sold in its existing condition ("AS IS") and Seller makes no warranty
- 9. to Buyer, either express or implied, as to the (1) condition of the Premises, including, but not limited to, Seller's Warranties
- 10. in Lines 166-168 of Section 5a, which Buyer hereby waives; (2) zoning of the Premises; or (3) Premises' fitness for any
- 11. particular use or purpose. However, Seller warrants and shall maintain and repair the Premises so that, pursuant to lines
- 12. 169-170, at the earlier of possession or COE, the Premises, including all additional existing personal property included
- 13. in the sale, will be in substantially the same condition as on the date of Contract acceptance and all personal property
- 14. not included in the sale and all debris will be removed from the Premises.
- 15. B.* Buyer is advised to conduct independent inspection(s) and investigations regarding the Premises within the
- 16. Inspection Period as specified in Section 6a. Buyer retains the rights pursuant to Section 6j. Seller shall not
- 17. be obligated to correct any defects that may be discovered during Buyer's inspection(s) and
- 18. investigations or otherwise.
- 19. C. Notwithstanding the foregoing, if an On-Site Wastewater Treatment Facility (conventional septic or alternative
- 20. system) ("Facility") has been installed on the Premises, Seller and Buyer agree to complete and execute the AAR
- 21. On-Site Wastewater Treatment Facility Addendum and Seller agrees to pay for the Facility inspections, fees or
- 22. repairs as set forth therein.
- 23. D. Seller acknowledges that selling the Premises "AS IS" does not relieve Seller of the legal obligation to disclose all
- 24. known material latent defects to Buyer.
- 25. E. In the event that any provision contained in this Addendum conflicts in whole or in part with any of the terms
- 26. contained in the Contract, the provisions of this Addendum shall prevail and the conflicting terms are hereby
- 27. considered deleted and expressly waived by both Buyer and Seller.
- 28. F. Other Terms and Conditions:
- 29. _____
- 30. _____

31. **BUYER ACKNOWLEDGES THAT BUYER IS HEREBY ADVISED TO SEEK APPROPRIATE COUNSEL REGARDING**

32. **THE RISKS OF BUYING A PROPERTY IN "AS IS" CONDITION.**

33. Buyer recognizes, acknowledges, and agrees that Broker(s) are not qualified, nor licensed, to conduct due diligence with respect

34. to the premises or the surrounding area. Buyer is instructed to consult with qualified licensed professionals to assist in Buyer's due

35. diligence efforts. Because conducting due diligence with respect to the premises and the surrounding area is beyond the scope of

36. the Broker's expertise and licensing, Buyer expressly releases and holds harmless Broker(s) from liability for any defects or conditions

37. that could have been discovered by inspection or investigation. Seller and Buyer hereby expressly release, hold harmless and

38. indemnify Broker(s) in this transaction from any and all liability and responsibility regarding financing, the condition,

39. square footage, lot lines, boundaries, value, rent rolls, environmental problems, sanitation systems, roof, wood infestation,

40. building codes, governmental regulations, insurance or any other matter relating to the value or condition of the Premises.

41. Deciphered by: Daniel Ahdoot 8/30/2011

BUYER'S SIGNATURE Daniel Ahdoot MO/DA/YR _____ ^ BUYER'S SIGNATURE and/or Nominee MO/DA/YR _____

42. ^ SELLER'S SIGNATURE MK II LOAN LLC MO/DA/YR _____ ^ SELLER'S SIGNATURE QUEEN CREEK XVIII LLC MO/DA/YR _____

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KEYLAND FINE PROPERTIES, LLC 7033 East Greenway Parkway Scottsdale, AZ 85254
Phone: (480)229-2393 Fax: (480)323-2090 Andy Griffin

6516 N 64TH PL

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KEYLAND FINE PROPERTIES, LLC

REAL ESTATE AGENCY DISCLOSURE AND ELECTION

Document updated:
January 2009



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1. Firm Name ("Broker") Keyland Fine Properties
2. acting through Andy C Griffin hereby makes the following disclosure.
LICENSEE'S NAME

DISCLOSURE

- 3. Before a Seller or Landlord (hereinafter referred to as "Seller") or a Buyer or Tenant (hereinafter referred to as "Buyer") enters into
- 4. a discussion with a real estate broker or licensee affiliated with a broker, the Seller and the Buyer should understand what type of agency
- 5. 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
- 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
- 11. 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
- 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 than
- 20. 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
- 22. 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
- 24. 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
- 25. 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
- 26. 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
- 27. person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real
- 28. estate; or (3) located in the vicinity of a sex offender. Sellers or Sellers' representatives may not treat the existence, terms, or conditions of
- 29. offers as confidential unless there is a confidentiality agreement between the parties.
- 30. THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE THE SELLER OR THE BUYER FROM THE
- 31. RESPONSIBILITY TO PROTECT THEIR OWN INTERESTS. THE SELLER AND THE BUYER SHOULD CAREFULLY READ ALL
- 32. AGREEMENTS TO INSURE THAT THE DOCUMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION.

ELECTION

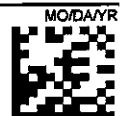
- 33. **Buyer or Tenant Election** (Complete this section only if you are the Buyer.) The undersigned elects to have the Broker (check any that apply):
- 34. represent the Buyer as Buyer's Broker.
- 35. represent the Seller as Seller's Broker.
- 36. show Buyer properties listed with Broker's firm and Buyer agrees that Broker shall act as agent for both Buyer and Seller provided that
- 37. 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 or Landlord Election** (Complete this section only if you are the Seller.) The undersigned elects to have the Broker (check any that apply):
- 40. represent the Buyer as Buyer's Broker.
- 41. represent the Seller as Seller's Broker.
- 42. show Seller's property to Buyers represented by Broker's firm and Seller agrees that Broker shall act as agent for both Seller and
- 43. Buyer provided that Buyer consents to the limited representation. In the event of a purchase, Buyer's and Seller's informed consent
- 44. should be acknowledged in a separate writing other than the purchase contract.

45. The undersigned Buyer(s) or Seller(s) acknowledge that this document is a disclosure of duties. This document is not an employment agreement.

46. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE.

47. Daniel Ahdoot and/or Nominee
^ PRINT NAME ^ PRINT NAME

48. Disclosed by Daniel Ahdoot 8/30/2011
MO/DAYR ^ SIGNED



KEYLAND FINE PROPERTIES, LLC

H.O.A.-CONDOMINIUM / PLANNED COMMUNITY ADDENDUM

Document updated: February 2007



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



- 1. Seller: MK II LOAN LLC, QUEEN CREEK XVIII LLC
2. Buyer: Daniel Ahdoot, and/or Nominee
3. Premises Address: 6516 N 64TH Place, Paradise Valley, AZ 85253
4. Date: August 26, 2011

- 5. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises.
7. If the Premises are located within a homeowner's association or a condominium/planned community:
8. Dues and Fees: The current regular association dues are: \$ 350.00 monthly, or \$ / quarterly
9. Additional homeowner's association fees are: \$ monthly, or \$ /
10. Any current homeowner's association assessment which is a lien as of Close of Escrow to be:
11. [X] paid in full by Seller [] prorated and assumed by Buyer.
12. Any assessment that becomes a lien after the Close of Escrow is the Buyer's responsibility.
13. Any transfer fees charged by a homeowner's association(s) shall be paid by [X] Seller [] Buyer [] Other
14. Any inspection, certification or resale disclosure statement fee charged by the HOA for the cost of providing the resale information required by law shall be paid by Seller.
16. Other Fees: A homeowner's association may require fees, deposits or other payment at COE. These charges vary and may be labeled as community reserve, asset preservation, capital reserve, working capital, community enhancement or future improvement fees, payments, deposits or otherwise. Any of these fees or deposits or similar payment required by a homeowner's association upon the conveyance of the Premises shall be paid by [X] Seller [] Buyer [] Other
20. 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.
22. 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 homeowners' 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.
26. 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.

28. Daniel Ahdoot 8/30/2011 BUYER'S SIGNATURE MO/DAYR and/or Nominee
29. MK II LOAN LLC SELLER'S SIGNATURE MO/DAYR QUEEN CREEK XVIII LLC

- 30. Information required by law to be provided:
31. 1. A copy of the bylaws and the rules of the association.
32. 2. A copy of the declaration of Covenants, Conditions and Restrictions ("CC&Rs").
33. 3. A dated statement containing:
34. (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.
35. (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.
36. (c) A statement as to whether a portion of the unit is covered by insurance maintained by the association.
37. (d) The total amount of money held by the association as reserves.
38. (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.
39. (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.
40. (g) A statement of case names and case numbers for pending litigation with respect to the Premises or the association.
41. 4. A copy of the current operating budget of the association.
42. 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.
43. 6. A copy of the most recent reserve study of the association, if any.
44. 7. Any other information required by law.
45. 8. A statement for Buyer acknowledgment and signature as required by Arizona Law.

