

**ASSURANCE AGREEMENT
FOR COMPLETION OF SUBDIVISION IMPROVEMENTS**

THIS AGREEMENT made and entered as of this 15 day of November, 2010, between Pioneer Title Agency, as Trustee under Trust no. **521012**, hereinafter referred to as "Trustee", Rio Corte Lender LLC, as Beneficiary(ies) of Trust no. **521012**, hereinafter referred to as "Beneficiary", and COCHISE COUNTY, Arizona, hereafter referred to as "County."

RECITALS :

1. Trustee is owner of a certain parcel of property located in Cochise County, Arizona, and described in paragraph 1 below.
2. Beneficiary has established Trust no. **521012** for the purpose of developing a subdivision of Cochise County and has conveyed legal title to the Trustee.
3. The parties hereto wish to establish specific terms, conditions and guidelines for compliance with the provision of A.R.S. Section 11-806.01 and the Cochise County Subdivision Regulations.

AGREEMENT :

In consideration of the County approving a final plat for the property which is the subject matter of this Agreement, the parties mutually agree that:

1. Property Description. The property which is the subject matter of this agreement is described in that attached Exhibit "A" and recorded in Book 15, at Page(s) 86 of Maps and Plats on the 25 day of October, 2007, in the Office of the Cochise County Recorder.
2. Assurances. This Agreement is submitted as a means of assuring the completion of the subdivision improvements required by A.R.S. Section 11-806.01, the Cochise County Subdivision Regulations, all Plans and Specifications approved and on file with the County, and any special conditions, if applicable, on Exhibit "B" attached hereto and made a part hereof. These subdivision improvements include but are not limited to,

streets, alleys, sidewalks, curbs and gutters, sanitary sewer systems, water supply, lot staking and monuments, traffic and street signs, and drainage and flood control improvements, as applicable.

3. Conveyances and Transfers of Title. The Trustee shall not transfer title to, enter into contracts for sale of property, lease, or in any way convey, in whole or in part, any of the property described in paragraph 1 without obtaining prior written approval from the County, except as authorized in the Agreement. A Release of Assurances shall only be given by the County upon satisfactory completion as verified by County inspections of the required improvements.
4. Bulk Sales. Notwithstanding paragraph 3, the Trustee may sell or convey all of the property described in paragraph 1 in one transaction to a single successor to the beneficiary's interests, provided that such successor, prior to the conveyance, shall have entered into an appropriate agreement with the County to assure completion of the improvements, and the County has approved, in writing, the transfer.
5. Conveyance Out of Trust for the Purpose of Encumbrance; Condition on Other Interests. Notwithstanding paragraph 3, the Trustee may convey the property described in paragraph 1 to the Beneficiary of the Trust for the limited purposes of allowing any obligations secured by the Trust, other than those which are the subject of this Agreement with Cochise County, to be subordinated to subsequent loans for the purpose of constructing improvements on the subject land or to create security for additional loans for the purchase or improvement of this land. In such event, the property shall immediately thereafter be reconveyed to the Trustee. This Agreement shall be deemed to be a condition on and restriction on the rights and interests of any third party whose interest in the property arises after the date of this Agreement, however such interest is created, the same as if such party were included as a signatory of this Agreement.

6. Substitution of Assurances. Subdivider or Beneficiary may offer substitute assurances at any time during the term of this Agreement in accordance with the provisions of the Cochise County Subdivision Regulations. The Assurance shall be in a form and amount acceptable to the County, and shall to the extent applicable, partially or wholly replace the Assurances in this Agreement.
7. Completion of Improvements. The required improvements shall be completed by the Subdivider within three (3) years from the date of this Agreement. This date for completion of improvements may be extended by separate agreement of the parties where Subdivider or Beneficiary is prevented from completing the improvements by act of God, strike or similar event or circumstances beyond its control, or at the discretion of the County.
8. Inspection and Approval of Improvements. The Subdivider shall arrange for the inspection of all improvements required for this project, to ensure satisfactory completion. Satisfactory completion of all such improvements, in conformance with the required standards and specifications, shall be confirmed by a written statement, signed and sealed by the project engineer. Until these improvements have been satisfactorily completed, the County will not release the property
9. Payment of Applicable Property Taxes. The County shall not release, in whole or in part, any of the property described in paragraph 1 until all property and taxes and assessments due and owing on the subject property have been paid in full.
10. Partial Release of Assurances. The County, in its discretion, and upon receipt of a written request from Trustee, may give the Trustee a Release of Assurances for a portion of the Lots created by the subdivision plat described in paragraph 1, provided that all of the improvements required in connection with such lots have been satisfactorily completed and accepted,

and provided further that the lots released and improvements associated with such lots can function independently on a permanent basis in the event the remaining portion of the subdivision is never developed.

11. Release of Assurances. Upon completion of all improvements required under this Agreement or upon receipt of acceptable substitute assurances replacing this Agreement, the County shall release the Assurances in this Agreement.
12. Failure to Complete Improvements. Trustee and Beneficiary hereby agree that in the event that the required improvements are not completed within the time period provided by paragraph 7, the County may replat that portion of the property described in paragraph 1 for which a release of assurances has not been given. The purpose of the new plat will be to abandon the subdivision and return the property to approximately the same boundary configurations of record as existed before the subdivision plat was recorded. Prior to initiating any action to replat, the County shall provide Trustee and Beneficiary with thirty (30) days written notice of the intent to replat.

The County, by this Agreement, is expressly authorized to replat this property after the required notice has been provided. All expenses by the County, including legal costs if applicable, in executing a replat shall be paid for by Beneficiary, and shall, if unpaid, become a lien on the property.

13. Effect on Trust Agreement. Trustee and Beneficiary agree that any provision of Trust no. **520012** that is incompatible or inconsistent with this Agreement shall be null and void and not enforceable. The Trust shall not be revoked prior to a full Release of Assurances without prior written consent of Cochise County. Nor shall any amendment which would alter this Assurance Agreement be effective until the County has approved such amendment.

- 14. Incorporation or Annexation. In the event the property which is the subject matter of this Agreement is incorporated into or annexed by a city or town, the city or town shall automatically become the successor in interest to all of the County's rights and obligations under this Agreement.
- 15. Purpose of Agreement. The purpose and intent of this Agreement is to prohibit the sale of individual subdivision lots to the public prior to the completion of the subdivision improvements that are associated with such lots. The sale or conveyance of such lots without the necessary improvements is harmful to the public and places excessive burdens on the County. The terms and conditions of this Agreement shall be construed and interpreted as broadly as necessary to accomplish this purpose.

IN WITNESS WHEREOF, the parties have executed this Assurance Agreement this 15th day of November, 2010

COCHISE COUNTY:

Chairman, Cochise County Board of Supervisors

ATTEST:

Clerk of the Board

APPROVED AS TO FORM:

Deputy County Attorney

TRUSTEE:

Pioneer Title Agency, Inc., an Arizona Corporation
(Title Company)
an Arizona corporation, as Trustee under
Trust no. 521012 only and not in its
capacity

By: [Signature]
Trust Officer R. Keith Newlon
STATE OF ARIZONA)

) ss.
COUNTY OF Cochise)

On this the 16 day of October, 2010, before me, the undersigned
officer, personally appeared R. Keith Newlon, who
acknowledged himself/herself to be the Trust Officer of
Pioneer Title Agency Inc., an Arizona corporation, and that
he/she as such officer being authorized so to do, executed the foregoing instrument
for the purposes therein contained by signing the name of the corporation by
himself/herself as such officer.

In witness whereof, I have hereunto set my hand and official seal.

[Signature]
Notary Public



My Commission Expires:

OWNER/BENEFICIARY

[Signature]
Owner/Beneficiary Rio Corte Lender LLC

By: William Skalak as co-trustee of the Skalak Family Trust Dated May 1, 2010
As Manager of Skalak Skalak Administration LLC, Member

ASSURANCE AGREEMENT

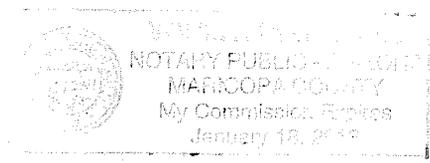
STATE OF ARIZONA)
)
COUNTY OF MARICOPA.) ss.

The foregoing instrument was acknowledged before me this 17th day of November, 2010, by William H. Skalak as Administrative Member.

[Handwritten Signature]

Notary Public

My Commission Expires:
JAN 18, 2013.



PARCEL I:

Lots 1 through 22, inclusive, and Tract A, RIO CORTE ESTATES, according to Book 15 of Maps, Page 86, records of Cochise County, Arizona.

PARCEL II:

A 40.00 foot private easement for ingress, egress and utilities as created in Document No. 0106-17981 and Document No. 0008-22132 existing in a portion of Section 17, Township 23 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, described as follows:

COMMENCING at the Southwest corner of said Section 17;

thence North 00° 02' 01" West, along the West line of said Section 17, a distance of 2,414.31 feet;

thence South 89° 52' 11" East, a distance of 1,087.00 feet;

thence North 0° East a distance of 417.42 feet;

thence North 90° East a distance of 417.42 feet to a point; that point being the TRUE POINT OF BEGINNING of said 40.00 foot private easement for ingress, egress and utilities, the sideline lying 40.00 feet to the right of the following described line;

thence South 0° 0' 0" West, a distance of 1,725.56 feet to the POINT OF TERMINUS;

EXCEPT any portion lying within Parcel I.

PARCEL III:

A 40.00 foot private easement for ingress and egress as created in Document No. 0006-17947 existing in a portion of Section 17, Township 23 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, described as follows:

COMMENCING at the Northeast corner of that parcel of land as recorded in Document No. 9605-11805, records of Cochise County, Arizona;

thence North 89° 52' 11" West along the North line of said parcel, a distance of 1,219.17 feet to a point; that point being the TRUE POINT OF BEGINNING of said 40.00 foot private easement for ingress and egress, the sideline lying 40.00 feet to the right of the following described line;

thence South 0° 0' 0" West a distance of 1,137.16 feet to the POINT OF TERMINUS;

PARCEL IV:

A 40.00 foot easement for ingress and egress as created in Document No. 0006-17947 existing in a portion of Section 17, Township 23 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, described as follows:

COMMENCING at the Southwest corner of said Section 17;
thence North 00° 02' 01" West along the West line of said Section 17 a distance of 3,969.83 feet;
thence South 89° 52' 11" East a distance of 2,724.51 feet being the Northeast corner of the parcel of land as created in Document No. 9605-11805, records of Cochise County, Arizona;

Said point also being the **TRUE POINT OF BEGINNING** of said 40.00 foot easement for ingress and egress, the sideline lying 40.00 feet to the left of the following described line:

thence North 89° 52' 11" West a distance of 1,934.51 feet;
thence South 00° 00' 00" West a distance of 296.00 feet to the **POINT OF TERMINUS**;

PARCEL V:

A 40.00 foot easement for ingress, egress and utilities as created in Document No. 9605-11805 existing in a portion of the SAN RAFAEL DEL VALLE PRIVATE LAND GRANT, as granted by the Patent recorded November 21, 1903 in Book 23 of Deeds, page 140; and all that portion of Section 17, Township 23 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, described as follows:

COMMENCING at the West quarter corner of said Section 17;
thence North 0° 02' 01" West along the West line of said Section 17, a distance of 1,323.37 feet;
thence South 89° 52' 11" East a distance of 2,724.51 feet to the **POINT OF BEGINNING** of said 40.00 foot easement for ingress, egress and utilities, the sideline lying 40.00 feet to the right of the following described line;
thence continue South 89° 52' 11" East a distance of 271.57 feet;
thence North 13° 42' 06" West, a distance of 1,028.45 feet;
thence North 13° 31' 27" West, a distance of 336.27 feet to a point;
thence North 13° 10' 39" West a distance of 501.76 feet to the **POINT OF TERMINUS** on the centerline of existing Hereford Road.