

**DISCLOSURE STATEMENT FOR THE
SOUTHERN CRESCENT COMMUNITY LOCATED WITHIN
THE GALISTEO BASIN PRESERVE**

PLEASE READ THIS DISCLOSURE STATEMENT BEFORE YOU SIGN ANY DOCUMENTS OR AGREE TO ANYTHING.

This Disclosure Statement ("Disclosure Statement") is intended to provide you with enough information to permit you to make an informed decision on the purchase or lease of property described herein. You should read all of the information contained in this Disclosure Statement carefully before you decide to buy, lease or otherwise acquire the described property.

Where certain fees or costs are stated as approximate or estimated, such amount represents a good faith estimate based on information available at the time of preparation of this document. Any changes in such approximate or estimated amounts are due to circumstances beyond the control of Commonweal Communities, Inc (hereafter, the "Developer").

Various public agencies may have issued opinions, on both the boundary line adjustment plat and the information contained in this Disclosure Statement. This Disclosure Statement is not a recommendation or endorsement of the boundary line adjustment plat by either Santa Fe County or the State. It is informative only.

The Board of Santa Fe County Commissioners recommends that you inspect the property before buying, leasing or otherwise acquiring it.

Santa Fe County regulations require that any deed, real estate contract, lease or other instrument conveying an interest in a lot in the boundary line adjustment plat be recorded with the Santa Fe County Clerk.

Building permits, wastewater permits, or other land use permits must be issued by State or Santa Fe County officials before improvements are constructed. You should investigate the availability of such permits before you purchase, lease, or otherwise acquire an interest in the land. You should also determine whether such permits are required for construction of additional improvements before you occupy the property.

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Disclosure Statement contains a combined total of approximately ninety-five (95) acres, more or less, in Section 6 and 7, Township 14 North, Range 10 East, N.M.P.M., Santa Fe County, New Mexico, according to the boundary line adjustment plat entitled:

SOUTHERN CRESCENT LOT LINE ADJUSTMENT AND EASEMENT VACATION AND RELOCATION PLAT PREPARED FOR THE OWNERS OF COMMONWEAL CONSERVANCY AND COMMONWEAL COMMUNITIES, INC. WITHIN SEC 6 AND 7 T14N R10E; NMPM, SANTA FE COUNTY, N.M." filed for record December 1, 2009 in Plat Book 710, Pages 49-50, as Document No. 1584603, records of Santa Fe, New Mexico, and the boundary line adjustment plat entitled:

SEC CLERK RECORDED 11/23/2010

“LOT LINE ADJUSTMENT, EASEMENT VACATION AND RELOCATION PLAT PREPARED FOR THE OWNERS OF THE THORNTON RANCH SHOWING BOUNDARY ADJUSTMENTS WITHIN SEC. 1,11,12,13,14, 23, and 24, T14N R9E; SEC. 6, 7 and 18, T14N R10E; NMPM, SANTA FE COUNTY, N.M.” filed for record November 28, 2006 in Plat Book 641, Pages 005-006, as Document No. 1460777, records of Santa Fe, New Mexico, and the lot line adjustment plat entitled:

“EAST PRESERVE: LOT LINE ADJUSTMENT AND LAND DIVISION BY 140Ac. EXEMPTION PLAT PREPARED FOR THE OWNERS OF COMMONWEAL CONSERVANCY, INC., SURVEY OF LANDS WITHIN SECTIONS 1, 12, 13, 14, 23, and 24, T.14N., R.9E., N.M.P.M. AND SECTIONS 6, 7, and 18, T.14N., R.10E., N.M.P.M., SANTA FE COUNTY, N.M.” filed for record May 5, 2010 in Plat Book 5 Pages 32-34 as Document No. 1597941 records of Santa Fe, New Mexico.

Any parcel, tract or lot shown on the Plat is hereinafter referred to as a "Lot."

1. Name of Boundary Line Adjustment Plat:

Southern Crescent (*formerly the Thornton Ranch*)

2. Name and Address of Developer:

Commonweal Communities, Inc., a Delaware corporation
 117 N. Guadalupe Street, Suite C
 Santa Fe, New Mexico 87501

3. Name and address of owner of mineral rights if different from Developer: N/A

4. Name and address of Commonweal Communities, Inc.'s representative in charge of sales in New Mexico:

Ted O. Harrison
 President, Commonweal Communities
 117 N. Guadalupe Street, Suite C
 Santa Fe, New Mexico 87501

5. Size of Boundary line adjustment plat both Present and Anticipated. The site is approximately ninety-five (95) acres. Upon final build out, approximately twenty-five (25) acres will be developed with roads, home sites, driveways, drainage structures, parks, trails, orchards and community gardens. Approximately seventy (70) acres will be preserved as natural open space. The Southern Crescent contains 22 residential lots, a designated area for a 2-acre orchard, a planned 5-acre community garden, a work cabin, 1.25 miles of private trails and infrastructure. There is an open space lot that bisects and surrounds the western boundary of the Southern Crescent neighborhood lots, known as Lot 23 of the Plat. This open space parcel is subject to adjustment by the Developer to meet the agricultural, recreational, wildlife protection and open space protection purposes of the community.

6. Size of Largest Lot or Unit Offered for Sale within the Southern Crescent: The largest residential Lot is approximately eight (8) acres.

7. Size of Smallest Lot Offered for Sale within the Southern Crescent. The smallest Lot is approximately two and one-half (2 1/2) acres.

8. Proposed Range of Selling Prices. Market rate Lots will range in price from one hundred and seventy-five thousand dollars (\$175,000) to three hundred sixty-five thousand dollars (\$365,000). Financing arrangements are the responsibility of the buyer.

9. Name and Address of Holder of Legal Title. Commonweal Communities, Inc., a Delaware corporation, is the holder of legal title. Commonweal Communities is community Founder.

Address: 117 N. Guadalupe Street, Suite B
Santa Fe, New Mexico 87501

10. Name and Address of Person Having Equitable Title: N/A

11. Condition of Title. A mortgage in favor of the Enterprise Loan Fund (the "Lender") encumbers all unsold lots in the Southern Crescent. The Lender is obligated to release its mortgage on a Lot when the Lot is sold and an appropriate amount is paid to the Lender by Commonweal Communities, Inc. at closing. Commonweal Communities, Inc. will deliver fee simple title to the purchaser by general warranty deed.

A prospective purchaser will receive a preliminary title commitment for title insurance within ten (10) days after executing a purchase agreement for a Lot in Southern Crescent. The title commitment will obligate the title insurance company to issue purchaser's title insurance upon closing. The title commitment will be subject to the conditions and restrictions set forth on the Plat, as well as all matters of public record; the Southern Crescent Operating Agreement; the Southern Crescent Development Standards, and the Southern Crescent Neighborhood Rules and Regulations, as may be established and amended by the Founder. The title commitment will not, however, address matters of state or local government land use regulations (i.e., applicable terrain management standards, building and fire codes) or related development restrictions and requirements. Concerning covenants and/or restrictions in matters of government, in general, the most restrictive will apply. Every Lot within Southern Crescent will be subject to assessments and dues assessed by the Operating Manager, or its successor. Failure to pay such assessment(s) may result in a lien against the Lot.

12. Statement of All Restrictions or Reservations of Record Subjecting the Subdivided Land to Any Unusual Conditions Affecting its Use or Occupancy. Each Lot is subject to the Southern Crescent Operating Agreement recorded in the records of Santa Fe County on April 27, 2007, Document No. 1480648. All residential Lots are further subject to the following: (1) the Southern Crescent Development Standards; and (2) the Southern Crescent Rules and Regulations, as may be established and amended by the Founder.

The effect of these development restrictions and Operating Agreements is to help ensure the rational development and management of Southern Crescent according to sound planning,

low impact engineering, aesthetic and functional architecture, and orderly and efficient construction to create a community that protects open space, wildlife corridors, scenic vistas, as well as supports a new model of environmentally responsible development. To achieve these goals, these restrictions and reservations of record create a Design Code, terrain management regulations, and a Community Operations protocol to collect assessments and to perform management and enforcement.

Each Lot is also subject to the DECLARATION OF COVENANTS AND WATER RESTRICTIONS FOR THORNTON RANCH FAMILY MEMBERS' TRACTS Section 6, T. 14N R. 10 E recorded in the records of Santa Fe County on November 15, 2006, Document No. 1460778 which proscribes the allowable water budget associated with each Lot within the Southern Crescent.

13. Escrow Agent. The escrow agent will be a company located in Santa Fe that is licensed to issue title insurance policies in New Mexico. Commonweal Communities, Inc. does not have any interest or financial ties with any such companies.

14. Utilities and Assessments:

• A third party communications company will provide Internet service upon agreement with each Lot owner. The estimated cost for *installing* basic residential Internet service is approximately \$150.00. The estimated cost of residential Internet is expected to be approximately \$55.00 per month. For an additional fee, the third party provider will provide Broadband Internet connectivity.

• Public Service Company of New Mexico will provide electrical service. Depending on the distance from a lot's allocated transformer to the building site, the estimated cost of initial residential hookup is estimated at approximately \$500.00. PNM can be contacted at 505-473-1600.

• The Southern Crescent is not serviced by a natural gas utility or any other form of domestic gas service provider. Lot owners may independently contract to purchase propane and a storage tank from an array of local providers. Propane tanks, if any, must be installed underground with minimal site disturbance.

• A third party communications company will provide satellite television service upon agreement with each Lot owner. The estimated cost for *installing* basic residential satellite television service is approximately \$150.00. Satellite television service can be anticipated to cost \$50-75 per month.

• As a provision of the Community Operating Agreement, the Operating Manager or its successor will provide water service to the neighborhood. **Subject to adjustment by the Founder or its successor, the cost of a Southern Crescent water connection is presently \$3,500 per Lot.** Water connection fees are due and payable to Commonweal Communities concurrently with a Lot's initial purchase.

• Payment for water usage will be incorporated in an assessment fee and billed to the Owner quarterly by the Operating Manager or its successor. During the initial years of collection, the assessment fee is expected to range from \$400-500 per quarter. Water conservation covenants are included in the Southern Crescent Community Operating Agreement.

- Waste Management may be independently contracted with to pick up solid waste once each week for an estimated fee of approximately \$29.00 per month. Waste Management can be contacted at 505-473-0982.

15. Installation of Utilities:

- a.) Power cabling and transformers were completed in the spring of 2008.
- b.) Two shared community water wells, community water lines and individual water meters were developed in the spring of 2008.
- c.) Two PV-powered pumps, two water storage tanks with 12,000 gallon and 8,000-gallon capacity, respectively, and a community-serving 30,000-gallon fire storage tank were completed in October 2010.
- d.) Two additional shared water wells and PV-powered pumps are scheduled for completion in the summer of 2011.
- e.) Fiber optic cabling is installed within the Southern Crescent and Morningstar Ridge easements. The fiber optic cabling will be connected to a broadband service provider by the summer of 2011. At present, Internet can be accessed via an antenna developed on each Lot with service from private third party companies, such as CNSP or DirecTV.

16. Utility Location. All utilities will be provided within utility easements abutting each Lot within Southern Crescent. Each Owner is responsible for extending utility service from the utility easement abutting the Lot to the house. All utilities will be underground in compliance with Santa Fe County's regulation to place all utilities underground.

17. Water Supply. Water for Southern Crescent will be provided via a shared well system managed by the Operating Manager or its successor. Water will be delivered through a water main from the various well locations within and outside the Property boundaries. Water will be delivered to each Lot within Southern Crescent by connection to the water line. Water use for each Lot will be metered and the Owner of the Lot is limited to a ¼ ac/ft annual allotment (which is 81,457 gallons, or approximately 223 gallons per day). Water use in excess of the ¼ acre-foot allotment will be subject to penalties as may be specified in the Southern Crescent Rules and Regulations, as may be amended. The Operating Manager and/or its successor will distribute information regarding water conservation and other environmental educational materials regarding storm-water harvesting, xeriscaping, efficient water use, and other methods of water conservation.

The Southern Crescent Operating Agreement provides that owners shall choose fixtures and appliances with water-saving features as provided in the Southern Crescent Community Development Guidelines. Areas irrigated by water supplied by the Southern Crescent shared wells shall be limited to 1,000 square feet per home.

18. Life Expectancy of the Water Supply. The life expectancy of the water supply is currently unknown. According to geohydrological studies contracted by Commonweal Conservancy on nearby aquifer zones, the life expectancy of the water supply of neighborhoods within the

Galisteo Basin Preserve conform to Santa Fe County development standards of a minimum of 100 years.

19. Surface Water. Water harvesting techniques have been incorporated into the design of the road and drainage system within Southern Crescent. This will make surface water available for some public areas. Excess surface water will be diverted into the arroyos where it will be controlled according to applicable governmental regulations. Surface water will not be diverted onto any private Lot,

20. New Mexico State Engineer's Opinion on Water Availability. The State Engineer has not offered an opinion nor made any determination as to the Southern Crescent's water availability.

21. Water Quality. No water quality parameter will be exceeded in the shared-well neighborhood serving water system. The Operating Manager or its successor will ensure that the community's water quality meets or exceeds all EPA standards.

22. New Mexico Environment Department's Opinion on Water Quality. The New Mexico Environment Department has offered no opinion nor made any determination as to the Southern Crescent's water quality. The Operating Manager or its successor will ensure that the community's water quality meets or exceeds all EPA standards.

23. Liquid Waste Disposal. Each Lot is required to be developed with a liquid waste disposal system that meets federal, state and local standards.

24. Solid Waste Disposal. Waste Management, a private hauling contractor, will provide solid waste disposal for Southern Crescent. Pick up schedules will be available from the Operating Manager.

25. New Mexico Environment Department's Opinion of Solid Waste Disposal. No opinion has been made by the New Mexico Environment Department regarding the community's solid waste disposal plan.

26. Terrain Management. Southern Crescent is situated approximately fifteen (15) miles south of the Santa Fe Plaza and is located on soils typically found in Santa Fe County. Some of the soil types in Santa Fe are subject to erosion and therefore the County of Santa Fe has established terrain management guidelines to protect native soils from development. Southern Crescent has a progressive approach to terrain management in an effort to protect its natural resources. The Operating Manager is available to Lot Owners and to prospective Lot Owners to review all of the terrain management measures and to explain all acceptable terrain management procedures.

Soils within the project limits are defined on the Soil and Water Conservation District's Soil Survey for Santa Fe County. The Soil Survey for Santa Fe defines these soils as having low to moderate shrink-swell potential for the construction of foundations of low buildings. The Soils Survey also defines these soils as "fine grained material" which is important considering the steep slopes prone to erosion within Southern Crescent.

Several significant measures will be employed within Southern Crescent to mitigate erosion of the fine soils found within Southern Crescent. These measures include the implementation of detention basins, energy dissipaters, storm drains, stone check dams, on-lot

retention and water harvesting. The purpose of these systems is to detain storm runoff, reduce water velocities, control erosion, reduce required irrigation and reduce sediment transport.

The storm water systems will be maintained by the Operating Manager or its successor. Southern Crescent is located on rolling to semi-mountainous terrain, with many Lots having portions of the Lot with slopes of between fifteen to twenty percent (15-20%). Each Lot has been analyzed and determined to have a building pad that is in compliance with all Santa Fe County slope criteria. The majority of Lots have building sites with slopes of less than ten percent (10%). No disturbance of slope greater than thirty percent (30%) is permitted. All of the proposed Lots are located outside of the 100-year flood boundary as indicated on the Flood Insurance Rate Map, Panel 164 of 575 in Santa Fe County, New Mexico, effective date November 4, 1988.

Point flows from roof drains or canales can be dissipated and discharged subsurface with the use of rock wells. Rock wells should be wrapped with an engineered filter fabric to prevent adjacent natural soils from migrating into rock voids, which would reduce infiltration. The proposed retention system shall be designed by an engineer licensed in the State of New Mexico in accordance with Santa Fe County requirements. All on-lot retention shall be reviewed by the Operating Manager or its successor and approved by the Santa Fe County Engineer. In general, Lots shall be drained in a manner similar to the existing drainage patterns. Lot grading shall be reviewed and approved by the Operating Manager prior to construction.

The storm drainage infrastructure as shown on the Plat shall be constructed by Commonweal Communities, Inc. in conjunction with roadway construction. Roof drainage systems shall be constructed in a manner consistent with accepted building and engineering practices. Lot Owners shall be responsible for making roof drain connections with all designs to be reviewed and approved by the Operating Manager or its successor. Community detention basins and stone check dams shall be constructed with the roadway improvements and phased with the development.

Prior to construction and grading of any area, Commonweal Communities, Inc. will implement a storm water pollution prevention plan consistent with the Clean Water Act and National Pollution Discharge Elimination System requirements. This system will include the use of straw bales and silt fencing to reduce soil erosion and sediment transport. Lot Owners shall also be required to submit an erosion control plan to the Operating Manager or its successor and to comply with the Clean Water Act and National Pollution Discharge Elimination System. The Operating Manager or its successor shall review and approve all Lot erosion control plans prior to Lot grading.

All areas disturbed by Commonweal Communities, Inc., not located on Lots, will be reclaimed and re-vegetated. Reclamation seeding will consist of a mix of native grasses, shrubs, and wildflowers. Native topsoil shall be preserved or stockpiled and reused on all seeded areas. Seeding techniques will be based on the severity of slopes where seeding operations will take place. Slopes will be hand or broadcast seeded. Flatter seeded areas will be mulched with native grass hay or other stabilizing agent. Steeper areas will be mulched with wood fiber hydro mulch, matting, or gravel, depending on severity. Existing vegetation will be protected where adjacent to areas to be disturbed when practicable.

27. Soil and Water Conservation District's Opinion of Terrain Management.

The Santa Fe–Pojoaque Soil and Water Conservation District's has not issued an opinion of the Terrain Management standards for the Southern Crescent. This said, the plan conforms to the Santa Fe County Code requirements.

28. Southern Crescent Access. Southern Crescent is situated approximately thirteen (13) miles from the City of Santa Fe limits. Access is available from US 285 and Astral Valley Road, the latter which intersects Morning Ridge Road approximately 1/3 mile north of Southern Crescent Road.

Access to Southern Crescent is available by conventional vehicle under all weather conditions. The width and type of surfacing of the roads vary. Roads within the Southern Crescent will have a base course surface. The Southern Crescent roads were completed in the spring of 2008.

Southern Crescent roads have not been dedicated to Santa Fe County. This said, all roads allow for public use. Additionally, the roads serving the Southern Crescent serve residents of Thornton Ranch Road (south), the New Moon Overlook (north) and the residents of a forthcoming large-scale, mixed-use/mixed-income community, known as Trenza.

Among other roadways within the larger Galisteo Basin Preserve, Astral Valley Road, Morningstar Ridge Road, and Southern Crescent Road are not publicly dedicated roads. Accordingly, they will not be maintained by Santa Fe County.

29. Maintenance. All roads and drainage facilities, except as noted below, within Southern Crescent shall be maintained by the Operating Manager or its successor. All other improvements within the common areas of the Neighborhood shall be maintained by the Community Operator or its successor. If and when the County of Santa Fe accepts dedication of any or all of the Southern Crescent roads, the roadways will be maintained by the County of Santa Fe.

30. Homeowners Association Transfer. Subject to the terms and conditions of the Southern Crescent Community Operating Agreement, the Founder anticipates that property management responsibilities of the Southern Crescent will be transferred to a Southern Crescent Homeowners Association (SCHA) in 2013. Following the transfer of the community management responsibilities, the management fees associated with each Lot are expected to range from \$400-500 per quarter, or an amount greater or less as may be judged appropriate by the SCHA board of directors.

31. Construction Guarantees. Financial guarantees have been posted with Santa Fe County to guaranty construction of road and drainage improvements.

32. Special Conditions.

a) *Trenza:* The Southern Crescent is located approximately ½ mile south of a proposed 300-acre mixed-use/mixed-income community, known as Trenza. The aforementioned community is anticipated to include 965 homes and 150,000 square feet of commercial, civic and educational land uses.

Trenza's community plan is informed by the standards and practices of Traditional Neighborhood Design and New Urbanism. The community is planned as an environmentally

responsible community that champions energy and water efficiency, healthy buildings, educational facilities, renewable energy infrastructure, natural system wastewater management, market rate and workforce housing.

A preliminary plat for the community's initial phase of development was approved by Santa Fe County's Board of County Commissioners in February 2010. Final plat approval for Trenza's first phase is anticipated in the summer of 2012. Construction for the first 149 homes and 37,500 square feet of commercial and educational land uses is anticipated to begin in the fall of 2012.

Notwithstanding the engaged planning efforts and ambitious development goals for Trenza, implementation of the proposed mixed use/mixed income community cannot be guaranteed. Indeed, changing market conditions, constrained credit availability, revised regulatory conditions, among other events and conditions may make Trenza's development infeasible. To the extent that the development program for Trenza is reframed and reprogrammed, the residential community, commercial services, educational resources and civic facilities cannot be assured.

b) *Roadway use:* The roadways that serve the Lot owners of the Southern Crescent will also serve the residents and general public that access Trenza and the open space resources and services of the larger Galisteo Basin Preserve.

c) *Cemetery use:* As part of Trenza's development plan, a 5-acre cemetery has been proposed for an area located approximately $\frac{1}{4}$ mile north of Lot 1, 2 and 10 within the Southern Crescent. The cemetery is proposed as a memorial landscape or "natural cemetery" – one that conforms to the standards and practice of the US Green Burial Council. By those standards, burial practices will not involve the construction of burial vaults, non-biodegradable caskets, urns, or embalming fluids.

As currently planned, a north-facing hillside -- largely out of view from Southern Crescent home sites -- will accommodate burial plots. The natural cemetery will not include traditional grave markers but instead will be maintained in a natural condition with minimal site disturbance. If landscape improvements are pursued, the hillside could be developed as an orchard, arboretum, and/or park facility.

d) *Cowboy Shack Trail Head:* On a parcel located approximately $\frac{1}{4}$ mile southwest of Lot 10 within the Southern Crescent, Commonweal Conservancy has developed a trail head that serves equestrian, hiking, and bicycling uses. This approximately 4-acre tract accommodates parking and trail users. Although no substantial development is currently anticipated for this 4-acre parcel, Commonweal reserves the right to utilize this parcel at some future date for an as-yet-unspecified array of recreational, commercial, civic, and/or educational development purposes.

33. Trails, Open Spaces and Agricultural Resources. Two small community-serving open spaces totaling approximately 4 acres are planned for the Southern Crescent neighborhood. A small park on the northern boundary of the Southern Crescent is available for recreational use by the owners, licensees and invitees of the Lot Owners. Another 1.5-acre open space located near the center of the Southern Crescent is also dedicated to the community and is available for recreational use by the owners, licensees and invitees of the

residential Lot Owners.

A 1-acre orchard of approximately 100 fruit trees was planted in 2008. The orchard is located immediately south of Southern Crescent Lot 10 and west of Lots 3, 4, 5, 6 and 7 Southern Crescent. As many as 200 fruit trees are proposed for an enlarged orchard area – one that may be expanded to include up to two (2) acres. The orchard is a community resource designed to benefit residents and visitors of the Galisteo Basin Preserve. Additionally, a 3-5 acre community farm and plant nursery is proposed for development along the northwest boundary of the Southern Crescent. The community farm and nursery are planned as community resources for the benefit of residents of and visitors to the Galisteo Basin Preserve.

The Operating Manager or its successor will maintain the open space, trails, community gardens, orchards, roads, drainage structures, water retention ponds, arroyos and parks that are not on individual Lots. Some of the Preserve trails, including but not limited to the trails beginning at or connecting to a trailhead known currently as the “Cowboy Shack Trailhead,” are available for public use. The parking areas and corrals associated with the Cowboy Shack Trailhead are also available for public use.

The Preserve trail system has been developed with approximately 7 miles of publicly accessible hiking, mountain biking and equestrian trails. Additionally, more than 8 miles of unimproved ranch roads and arroyo beds have been designated for non-motorized trail use. The larger open space protection plan for the Galisteo Basin Preserve anticipates a trail network of 50 +/- miles of hiking, cycling, and equestrian trails. Additionally, the Preserve vision anticipates that more than 12,000 acres adjoining the Southern Crescent and other neighborhoods within the Preserve will be permanently protected. Toward that end, more than 2,000 acres within the Preserve have been overlaid with conservation easements and approximately 744 acres of Lot 23 – a property located immediately west and south of the Southern Crescent – is overlaid with development restrictions imposed by Santa Fe County.

Notwithstanding the sincere and actively pursued environmental protection ambitions and land conservation objectives of Commonweal Communities, Commonweal Conservancy and/or Santa Fe County, permanent access to the adjoining trail system or the larger open space of the Galisteo Basin Preserve cannot be guaranteed. Indeed, the open space lands that surround the Southern Crescent are subject to mortgages issued by Los Alamos National Bank, the Enterprise Community Loan Fund and the New Mexico Mortgage Finance Authority. In the event of foreclosure or bankruptcy, access to the existing and proposed trail system could be constrained or curtailed. Similarly, the 12,000 acres of publicly accessible open space envisioned for the Galisteo Basin Preserve could be at risk of limited development and curtailed public access.

Finally, it is anticipated that some or a large portion of the Galisteo Basin Preserve open space could be utilized to showcase sustainable grazing programs to advance a local food, carbon sequestration, grassland restoration and soil conservation program. As currently conceived, select areas of the Preserve’s open space may be utilized for an active grazing program – one that includes a herd of 50-100 cattle, horses and/or burros within the open space areas of the Preserve. An actively managed cattle operation would support local beef production, arroyo restoration, soil building and grassland regeneration. The operation and management of a grazing operation on lands located approximately 1/2 to 3/4 miles west of

the Southern Crescent should be anticipated, but cannot be guaranteed.

34. Fire Protection. The nearest fire station is located approximately 4 miles north of the Southern Crescent on US 285 within the community of Eldorado. The station is operated by the Eldorado Volunteer Fire Department, and will provide fire protection to Southern Crescent. Southern Crescent is serviced by a 30,000 gallon fire storage tank located approximately ¼ mile north of the Southern Crescent on the south side of Morningstar Ridge Road.

Subject to Santa Fe County Fire Department regulations, automatic sprinkler systems may be required within homes and structures associated with the Southern Crescent.

35. Police Protection. The Santa Fe Sheriff's office will provide police protection to Southern Crescent. In addition, the Operating Manager or its successor may provide private security for Southern Crescent. Security gates are not allowed on streets or driveways in Southern Crescent.

36. Public Schools. Southern Crescent is in the Eldorado Elementary School district. To drive to this school from Southern Crescent, one would proceed north on the US 285 approximately four miles and turn left (west) at Avenida Vista Grande. Eldorado School is also the nearest public middle school, serving grades 6-8th. Capital High School is the nearest public high school.

37. Hospitals. The nearest hospital is St. Vincent Hospital, which is located on St. Michael's Drive. The hospital has two hundred sixty-eight (268) beds. To drive to the hospital from Southern Crescent, one should proceed north along US 285 approximately six (6) miles to the intersection of US 285 and I 25. Traveling south on I 25 approximately seven (7) miles, exit north on St. Francis Drive. Then proceed north approximately two (2) miles to St. Michael's Drive. Then west along St. Michael's Drive to St. Vincent Hospital, approximately one-half (1/2) mile. The total distance is approximately twelve (15) miles.

38. Shopping Facilities. The nearest shopping facilities are located within the Eldorado community approximately five (5) miles north of the Southern Crescent. The Eldorado Center consists of a medium-sized supermarket, restaurants, café, and specialty stores. If the proposed mixed-use/mixed income community known as Trenza is developed within the Galisteo Basin Preserve, there may be shopping facilities developed within a fifteen (15) minute walk from the furthest residential Lot in Southern Crescent.

39. Public Transportation. At present, the Southern Crescent is not served by public transportation. Future public bus service may be possible. Additionally, Commonweal Conservancy is pursuing discussions with Santa Fe County and the New Mexico Department of Transportation regarding the possible development of a commuter rail link located approximately 1 mile north of the Southern Crescent's northern boundary.

40. Completion Dates. The following amenities and services will be available on the following dates:

a.) Recreational facilities: Natural open spaces located within the Southern Crescent were established in the summer of 2007. The initial phase of the orchard's development

was completed in 2008. The expanded orchard is anticipated for completion in 2012. The initial phase of development of the community farm is planned for the fall of 2011. Final build out of the community farm is anticipated by 2014.

b.) Fire protection: The fire stations are presently available. A 30,000-gallon fire storage tanks will be completed in the spring of 2011. Except for a passive hydrant associated with the Fire Storage Tank, no fire hydrants are anticipated for development to support the fire protection needs of the Southern Crescent.

c.) Police protection: The Santa Fe County Sheriff's office is presently providing security for Southern Crescent.

d.) Public Schools: Public schools are presently available.


e.) Hospitals: St. Vincent Hospital is presently available.

f.) Shopping Facilities: The shopping facilities in the Agora Center of Eldorado are presently available.

g.) Public Transportation: Although Commonweal is working actively with the Regional Transit Authority, Santa Fe County and the New Mexico Department of Transportation, at this time, the timing and/or availability of bus and rail transit serving the Southern Crescent – or the adjoining community of Trenza – cannot be established with good confidence.

Commonweal Communities, Inc.,
A Delaware Corporation

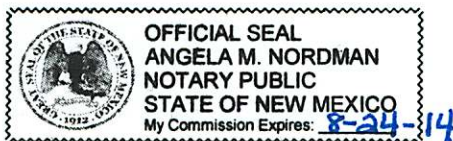
Date: November 19, 2010


By: 
Ted O. Harrison, President

STATE OF NEW MEXICO

COUNTY OF SANTA FE

This instrument was acknowledged on November 19, 2010 before me by Ted O. Harrison on behalf of Commonweal Communities, Inc., a Delaware corporation.




Notary Public

8-24-14
My Commission Expires: