

Martha McKnight Proctor
Lincoln County Clerk

By: Aloria Elchlepp
Rec.# 200207714

Deputy Clerk
Fee \$ 61.00

DISCLOSURE STATEMENT FOR WINDMILL RANCHES

LINCOLN COUNTY, NEW MEXICO

SOUTHWEST PROPERTIES OF NEW MEXICO, INC., P.O. BOX 448, SOCORRO, NEW MEXICO 87801
505-835-1008

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

*Some of this
information
obsolete*

The 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 in this statement. You should read carefully all of the information contained in this statement before you decide to buy or lease the described property. You should be aware of the fact that various state agencies may have issued opinions on both the subdivision proposal and what is said in this disclosure statement about the proposal. These opinions, when required to be issued, whether favorable or unfavorable, are contained in this Disclosure Statement and should also be read carefully.

The Lincoln County Board of Commissioners has examined this disclosure statement to determine whether the developer/subdivider can satisfy what he has said in this Disclosure Statement. However, the Lincoln County Board of Commissioners does not vouch for the accuracy of what is said in this Disclosure Statement. Further, this Disclosure Statement is not a recommendation or endorsement of the development by either the County of the State. It is informative only.

Construction of all infrastructure and other capital improvements are the responsibility of the subdivider/developer. If the subdivider/developer is unable to complete the construction of roads or other improvements, the County of Lincoln cannot be held responsible for completion of those improvements. This subdivision/development contains both public and private roads. The private roads will not be maintained by the County of Lincoln. Further, the County of Lincoln will not assume maintenance on any county road until the road has been constructed to county standards, the road is maintained in good condition for at least two (2) years and is approved and accepted by the County Commission. Additionally, a buyer should be advised that if the prospective property is located along a paved roadway, that pavement has a limited life expectancy. Future repaving expenses may be borne by the property owner through an assessment district or some other legal mechanism authorized by law.

If you have not inspected the parcel before purchasing, leasing or otherwise acquiring it, you have six (6) months from the time of purchase, lease or other acquisition to personally inspect the property. After inspecting the parcel within the six (6) month period, you have three (3) days to rescind the transaction and receive all your money back from the subdivider when merchantable title is revested in the subdivider/developer. To rescind the transaction you must give the subdivider written notice of your intent to rescind within three (3) days after the date of your inspection of the property.

A. NAME OF SUBDIVISION AND LOCATION:

Windmill Ranches located 22 miles N of Carrizozo, New Mexico within the County of Lincoln, New Mexico

B. NAME AND ADDRESS OF DEVELOPER/SUBDIVIDER:

Southwest Properties of New Mexico, Inc., a New Mexico corporation
P.O. Box 448, 113 Abeytia Ave., Suite A, Socorro, New Mexico 87801

C. NAME AND ADDRESS OF PERSON(S) IN CHARGE OF SALES OR LEASING IN NEW MEXICO:

Daniel W. Dattola, President/Broker
Southwest Properties of New Mexico, Inc., a New Mexico corporation
P.O. Box 448, 113 Abeytia Ave., Suite A, Socorro, New Mexico 87801

D. SIZE OF DEVELOPMENT/SUBDIVISION, BOTH PRESENT AND ANTICIPATED:

PRESENT: Windmill Ranches consists of approximately 9199 +/- acres subdivided into 286 lots.

ANTICIPATED: Windmill Ranches consists of approximately 9199 +/- acres subdivided into 286 lots.

There are also 40 parcels that are 140 acres or more in size that are exempt from the subdivision but will be available for sale. Total acreage = 5600 +/- acres

The total number of parcels within this development will be numbered 1-326 which includes the 40 140 acre parcels.

E. SIZE OF SMALLEST AND LARGEST PARCEL OFFERED FOR SALE OR LEASE DEVELOPMENT/SUBDIVISION:

Size of smallest parcel within the development/subdivision: 20 or greater acres
Size of largest parcel within the development/subdivision: 50 +/- acres
Size of largest parcel offered for sale: 140 or greater acres

F. DISTANCE FROM THE NEAREST TOWN TO THE DEVELOPMENT/SUBDIVISION AND THE ROUTE OVER WHICH THIS DISTANCE IS COMPUTED:

This subdivision is approximately 22 miles North of Carrizozo, New Mexico via New Mexico State Highway 54. The entrance of the subdivision is accessed by driving approximately 0.75 miles on Lincoln County Road A017.

G. PROPOSED RANGE OF SELLING OR LEASING PRICES:

The lowest price parcel is \$19,900.
The highest priced parcel will be \$79,900.

H. FINANCING TERMS:

Financing is offered through Southwest Properties of New Mexico, Inc. by Developer Finance Corporation, 4 Marshall Street, North Adams, Massachusetts 01267, or another finance company. The current interest rate will be at 3% above the current prime rate for a 10-year term with a down payment of 20% at a fixed rate or variable rate with 30% down and a 7- year term. Closing costs are not to exceed \$500.00 dollars.

I. NAME AND ADDRESS OF HOLDER OF LEGAL TITLE:

Southwest Properties of New Mexico, Inc., a New Mexico corporation whose business address is P.O. Box 448, 113 Abeytia Ave., Suite A, Socorro, New Mexico 87801

Daniel W. Dattola, President
P.O. Box 448
Socorro, New Mexico 87801

Gary Sumner, Vice-President
1020 Sandretto Drive
Prescott, Arizona 86305

William MacAlpine, Treasurer
875 Greenland Road, Ste. A-6
Portsmouth, NH 03801

Stacie L. Hunt, Secretary
P.O. Box 448
Socorro, New Mexico 87801

J. NAME AND ADDRESS OF PERSON HAVING EQUITABLE TITLE:

Southwest Properties of New Mexico, Inc., a New Mexico corporation whose business address is P.O. Box 448, 113 Abeytia Ave., Suite A, Socorro, New Mexico 87801

Daniel W. Dattola, President
P.O. Box 448
Socorro, New Mexico 87801

Gary Sumner, Vice-President
1020 Sandretto Drive
Prescott, Arizona 86305

William MacAlpine, Treasurer
875 Greenland Road, Ste. A-6
Portsmouth, NH 03801

Stacie L. Hunt, Secretary
P.O. Box 448
Socorro, New Mexico 87801

K. CONDITION OF TITLE:

There are no mortgages on this property. Southwest Properties of New Mexico, Inc., a New Mexico corporation whose business address is P.O. Box 448, 113 Abeytia Ave., Suite A, Socorro, New Mexico 87801 hold title as sole owner.

Real estate contracts are not used to convey title of parcels to purchasers. If developer goes bankrupt, land sales will cease. There will be no consequences to Owner's equity.

L. STATEMENT OF ALL RESTRICTIONS OR RESERVATIONS OF RECORD SUBJECTING THE SUBDIVIDED LAND TO ANY UNUSUAL CONDITIONS AFFECTING ITS USE OR OCCUPANCY:

No unusual conditions affecting the use or occupancy are known to exist. All restrictions, reservations of grazing rights and water rights to pre-existing stock ponds, tanks and water lines are set forth in the Declaration of Covenants, Conditions and Restrictions for Windmill Ranches which have been recorded with the Lincoln County Clerk and Recorder on the 9th day of April, 2002 at 11:33 AM at Book 273, Pages 942-951.

M. STATEMENT OF ALL WATER RIGHTS AFFECTED IF SUBDIVISION IS ON A DITCH OR STREAM OR RIVER:

Development is not located on a ditch, stream or river. There are no water rights connected to the parcels within this development.

N. ESCROW AGENT:

Security Title Abstract Co., Inc, P.O. Box 1395, 108 Bernard, Socorro, New Mexico 87801, 505-835-1440 phone, 505-835-1925 fax, an independent third party.

O. UTILITIES:

There is no conventional landline telephone service available. Wireless (cellular) phone service is available. Costs will be determined by the provider and the plan that is chosen.

Electrical service will be provided by Central New Mexico Electric, Coop, Inc., P.O. Box 157, Mountainair, New Mexico 87036, whose telephone number is 505-847-2521. Buyer is solely responsible for obtaining and paying for all costs incurred regarding providing electricity to his/her building site. There is a one hundred fifty (\$150.00) dollar deposit required with a twenty-five (\$25.00) dollar hook-up fee required. The minimum per month cost is \$10.00 together with an approximately \$ 0.10 per Kilowatt of electricity used. The cost of installation to building site is estimated at \$850 to \$2600 for 250' to 300'.

Natural gas is not available in this development. Propane gas service is available from ServiGas Ikard-Newsom, P.O. Box 645, Ruidoso Downs, New Mexico 88346 whose telephone number is 800-683-0474. Currently rental on a 250-gallon tank is \$48.00 per year and propane gas costs between \$0.94 to \$1.35 per gallon. Installation costs will be determined by location of building site in relation to the tank site. Buyer will be responsible for all costs and permit requirements for installation of propane gas.

Water will be provided by individual wells. Buyer will be responsible for all costs and permit requirements for the installation of their own individual wells to access the water source and deliver it to their parcel. The recommended well depths are about 300' to 600'. The costs to drill and complete these wells are estimated to be from \$4800 to \$9600, based on a cost of \$16.00 per foot. The wells should also be properly developed to lower turbidity and enhance production. It is possible that landowners may also need to drill more than one well if yields are too low. In the event that an individual well can not be drilled due to water availability, water delivery will be by the installation of a cistern system or water hauling.

Cable utility is not available to or within this development.

P. INSTALLATION OF DEVELOPER-PROVIDED IMPROVEMENTS:

Developer will construct private roads within the development and they will be completed by November 1, 2002. No parcel will be available for purchase until such time as the private road to that parcel is completed by Developer.

Developer is not providing any water utility.

Developer is not providing any telephone utility.

Developer is providing for the installation of electrical lines along the private roads parallel to the boundary lines of parcels 1-4 and 27-326. Completion of installation of the electrical lines will be by March 30, 2003.

Developer is not providing (natural or propane) gas service.

Developer is not providing a liquid waste disposal system.

Developer is not providing for solid waste disposal.

Developer is not providing cable television lines.

Installation of utilities in any county right-of-way will be subject to the Lincoln County Excavation Ordinance.

Q. UTILITY LOCATION:

Developer is providing electricity to each parcel within the subdivision/development via above ground (overhead) service. There are 40 parcels consisting of 140 or more acres that are not a part of the subdivision but will be available for sale, of those 40 parcels, parcels 1-4 and 27-40 will have electricity and parcels 5-26 will not have electricity.

R. WATER USE:

Buyer will be responsible for all costs and permit requirements for the installation of their own individual wells to access the water source and deliver it to their parcel. The New Mexico State Engineer will grant a domestic well permit under Section 72-12-1 (NMSA) only to the person who, in good faith intends to use the well for household or other domestic purposes. The permit will be limited to a diversion of three acre-feet per annum, which may be used to irrigate not more than one acre total of landscaping and or garden. However, water conservation within the subdivision boundaries shall be encouraged. Water-saving fixtures shall be installed in all new residential structures. Commercial and recreational water use is prohibited. For outdoor use, irrigated turf and/or garden areas shall not exceed 3000 square feet in each parcel. Please see Exhibit I – Water Demand Analysis- attached hereto and incorporated herein by reference.

S. AMOUNT OF WATER:

The maximum annual water requirement for this development is approximately 192 AFA (acre-feet per annum), which is based on the total amount of parcels each using 0.67 AFA, incorporating the limits on irrigated landscape acreage and other conservation measures described within the Declaration of Covenants, Conditions and Restrictions. Water to meet the maximum annual water requirement is available from groundwater lying beneath the site, accessible by drilling individual well(s) on each parcel. Each Buyer is responsible for all costs of drilling individual well(s) on his/her parcel or the installation of a cistern system or water hauling.

T. WATER DELIVERY:

Within the development, Buyer's must drill their own individual wells to access the water source and deliver it to their parcel. In the event that an individual well can not be drilled due to water availability, water delivery will be by the installation of a cistern system or water hauling.

U. WATER SYSTEM EXTENSION:

Water will be provided by individual wells. The Buyer will be responsible for the drilling of the well and for installation of any extension of the system to their dwelling.

V. LIFE EXPECTANCY OF THE WATER SUPPLY:

The life expectancy of the water supply for the development/subdivision under full development is in excess of 40 years. Regular maintenance of the well and its components (pump, wire, piping, pressure tank, water treatment system etc.) is required throughout the life of a well to minimize clogging and/or replacement.

W. WELLS:

The depth to the water table varies from 200 feet to 600 feet. Wells should be installed by licensed well drillers and should generally extend at least 200 feet below the regional water table, and as deep as practically possible (usually about 600 feet) Therefore, the minimum well depths should be about 300 feet and the maximum well depths about 600 feet. The estimated yield of wells completed to the recommended total depth will likely be from one-half (1 1/2) gallon per minute to more than 10 gallons per minute. Pump settings and size should be determined by the well driller, but submersible pumps to 1.5 horsepower are adequate and should be set well below the water table.

Costs for installing wells can vary widely. Based on a driller cost of \$16.00 per foot, the cost of a well would cost from \$4800 to \$9600, plus additional costs of \$1000 to \$2000 for pumps, wiring and pressure tanks. However, each parcel owner should carefully evaluate and select the best well drilling and service company based on cost, service and performance.

The formation through which the well is to be completed is the San Andres Formation, composed of white to gray beds of gypsum, limestone and sandstone. In the southern part of the subdivision, several hundred feet of red silt, clay and sand (Santa Rosa Sandstone and other units) may be present above the San Andres. Well yields can vary widely with depth and over a particular area, so wells should be drilled as deep as practically possible. Deeper wells will tend to be more reliable and higher yielding than shallower wells, and will provide extra storage capacity.

The groundwater in the San Andres Formation is very hard. The total dissolved solids (TDS) are expected to be about 3,000 parts per million (ppm) and sulfate about 1700 ppm. Fluoride was also found in some wells at levels exceeding New Mexico's standard, but below the federal EPA standard. Water treatment systems will be required to remove the hardness and salts to acceptable levels before water enters the house.

X. SURFACE WATER:

Other than seasonal/temporary runoff from rainstorms, there is no surface water.

Y. STATE AGENCIES STATEMENTS ON WATER:

The New Mexico State Engineer's Opinion on water availability is included in its entirety as Exhibit II attached hereto and incorporated herein by reference.

The New Mexico Environment Department's Opinion on water quality is included in its entirety as Exhibit III attached hereto and incorporated herein by reference.

The water quality of representative wells have been analyzed. Water samples from the Center Well were collected on February 7th, 2002. The reported concentrations of all analysis' were within human health standards for chemicals continued in New Mexico Environment Department standards for groundwater quality (NMAC20.6.2.3103), except for fluoride which was detected at a concentration of 1.9 mg/L., higher than the New Mexico water quality standard of 1.6 mg/L. However, this concentration of fluoride is below the USEPA's health-based MCL (maximum contaminant level) of 4.0 mg/L and below the secondary (aesthetic) standard of 2.0 mg/L for fluoride.

Concentrations of two other parameters, sulfate and TDS (total dissolved solids), exceeded New Mexico Environment Department "other" (secondary) standards. TDS was measured at 3100 mg/L over the NMED's secondary ("other") standard of 1000 mg/L, and sulfate was measured at 1700 ppm, over the NMED's secondary ("other") standard of 600 mg/L.

Primary drinking water standards are those that could affect human health. Secondary standards are non-enforceable standards regarding the use of the groundwater as a drinking and domestic water supply. These secondary parameters may affect the aesthetic qualities of water, for example taste or discoloration of appliances, plumbing or washed clothes. The use of groundwater as a drinking water source from wells in the development will require the use of a water treatment unit such as softening, filtration, and/or reverse osmosis to lower or remove these constituents. These types of treatment systems are widely available and commonly used. The cost of these types of treatment systems varies widely according to manufacturer, technology used, markup on equipment, and the treatment levels provided. Based on samples of groundwater from the San Andres Formation taken at the development, estimates were collected from several reputable water treatment companies and were found to range from a few thousand dollars and up. However, each homeowner should make his or her own determination of the water treatment system requirements based on cost, availability, reliability and performance.

Z. LIQUID WASTE DISPOSAL:

A central sewage system is not available for this Subdivision. Buyer is entirely responsible for the cost of installation, including testing and obtaining approval, of a sewage disposal system (septic system) for the Buyer's Property. In order to install a sewage system, Buyer must obtain all necessary permits from New Mexico Environment Department, 1216 Mechem Drive, Ruidoso, New Mexico, 88345 telephone: (505) 258-3272. Soil tests may be required prior to issuing the permit and a New Mexico registered professional engineer must conduct percolation tests and may be required to design a special sewage system for the Property. A licensed New Mexico engineer must engineer all septic systems. No other liquid waste disposal system may be used in subdivision/development other than the system approved by the Environment Department. In the event Buyer cannot get a permit for an individual on-site sewage system anywhere on the parcel being purchased, the Seller will purchase the parcel from Buyer for the original purchase price that Buyer paid for the parcel.

AA. ENVIRONMENT DEPARTMENTS STATEMENT ON LIQUID WASTE DISPOSAL:

The New Mexico Environment Department's Opinion on liquid waste disposal is included in its entirety as Exhibit IV attached hereto and incorporated herein by reference.

BB. SOLID WASTE DISPOSAL:

Developer/Subdivider is not providing any means of solid waste disposal for the development/subdivision. Buyer is entirely responsible for obtaining solid waste disposal service from a provider. Solid Waste Disposal can be obtained from Lincoln County Solid Waste, P.O. Box 2405, Ruidoso Downs, New Mexico 88346 whose telephone is 505-378-4697. Currently cost of service is \$34.65 per quarter (billed every 3 months) for a total of \$138.60 per year. At this time there is no fees assessed for parcels with no improvements on them. Fees will be assessed and billed to property owner at such time that a residence is constructed on parcel. Containers will be placed at Lincoln County Solid Waste's discretion not at property owner's request. Lincoln County Solid Waste will place containers at a central location within the development/subdivision and collect solid waste on a regular schedule determined by Lincoln County Solid Waste.

CC. ENVIRONMENTAL IMPROVEMENT AGENCY'S STATEMENT ON SOLID WASTE DISPOSAL:

The New Mexico Environment Department's Opinion on solid waste disposal is included in its entirety as Exhibit IV attached hereto and incorporated herein by reference.

DD. TERRAIN MANAGEMENT:

The Soil Survey of Lincoln County Area, New Mexico describes the suitability of each soil unit for residential and other intended uses (refer to the Terrain Management Plan for soils unit details). The Soil Survey identifies 10 separate soils within the development/subdivision.

Contained within the development/subdivision are silt loams, gravelly loams, sandy loam and clay loams. In general, the soils are suitable for dwellings with moderate shrink swell characteristics. There are rock outcrops in some of the steeper areas.

The depth to rock is shallow at some locations and would impede deep excavations for dwelling basement installation. The percolation rate for septic tank absorption fields for most of the soil units is expected to be slow.

The area where this development is located has not been assessed by F.E.M.A. for flooding potential; therefore the 100-year flood elevation has not been determined. Flood insurance would not be required for any construction in the area.

The major drainage-ways will be unchanged allowing runoff to flow through the existing and well-defined flood plains. Dwellings and other buildings will not be constructed within the potential flood path as per the Declaration of Covenants, Conditions and Restrictions.

With respect to livestock, the soil in the area where this development is located typically will provide enough feed for only 10-12 head of cattle per a section of land with a section being 640 acres. For information on other livestock, clarification or further information contact the Lincoln County Extension office located at 300 Central Ave., Carrizozo, New Mexico 88301, phone: 505-648-2311.

EE. CONSERVATION DISTRICT'S STATEMENT ON TERRAIN MANAGEMENT:

The Carrizozo Soil and Water Conservation District's statement on terrain management is included in its entirety as Exhibit V attached hereto and incorporated herein by reference.

FF. SUBDIVISION ACCESS:

The town nearest to this subdivision/development is Carrizozo, New Mexico, which is approximately 22 miles south via New Mexico State Highway 54. The entrance of the subdivision is accessed by driving approximately 0.75 miles on Lincoln County Road A017. Access to this subdivision/development is available by conventional vehicles and ordinarily available in all seasons and under all weather conditions. The roads within the subdivision/development are private roads that will be maintained by the Windmill Ranches Homeowner's Association. The private roads are to be improved gravel roadways constructed in accordance with Lincoln County Road specifications with a minimum of a 20' driving surface with the gradient being less than twelve (12%) percent. The private roads within the subdivision have not been accepted for maintenance by Lincoln County at this time and have been constructed with no intentions of them ever being accepted by the County for maintenance. The roads will be completed with a gravel surface by November 1, 2002.

GG. THE DEPARTMENT OF TRANSPORTATION'S STATEMENT ON ACCESS:

The New Mexico Department of Transportation's statement on the access to the development is included in its entirety as Exhibit VI and attached hereto and incorporated herein by reference.

HH. DEVELOPMENT:

No homes, recreation structures and/or other community improvements are to be provided by developer other than the roads and electric service, which have already been mentioned in this Disclosure.

II. MAINTENANCE:

Each Parcel Owner is responsible for the construction and maintenance of their own private individual well, liquid waste disposal system (septic system) and their driveway from the dedicated access road to their designated building site and for any and all fences that the Owner constructs in accordance with the Declaration Covenants, Conditions and Restrictions.

JJ. ADVERSE CONDITIONS:

There are no adverse conditions or activities that are adjacent to or near the development/subdivision that would subject the subdivided land to any unusual conditions affecting its use or occupancy known to Southwest Properties of New Mexico, Inc. Many areas of Lincoln County are on or near wooded areas which if not kept healthy and cleared of fuel loaded litter and dense tree cover may pose a fire hazard. Fuel breaks of thirty (30') feet around all structures are encouraged.

KK. ATTORNEY GENERAL'S STATEMENT ON DISCLOSURE STATEMENT:

Not Applicable.

LL. RECREATION FACILITIES:

There are no recreation facilities proposed or planned for this development.

MM. FIRE PROTECTION:

Fire protection is provided by the Corona Fire & Ambulance Service, staffed by volunteers and located in the Village of Corona, New Mexico approximately 23 miles north of the development/subdivision via Hwy 54.

NN. POLICE PROTECTION

Police protection is provided by the Lincoln County Sheriff's Office located in Carrizozo, New Mexico, approximately 22 miles south of the development/subdivision and New Mexico State Police whose headquarters is located in Alamogordo, New Mexico. Either can be reached by dialing 911.

OO. SCHOOLS:

Public schools for grades K-12 are located in Carrizozo, New Mexico, which is approximately 22 miles south on Hwy 54 from Windmill Ranches. School buses will pick-up and drop-off children at the junction of CR A017 and Hwy 54.

PP. HOSPITALS:

Lincoln County Medical Center is the nearest full service hospital and is located in Ruidoso, New Mexico approximately 62 miles from the development/subdivision via Hwy 54 south 22 miles to Carrizozo, from Carrizozo take Hwy 380 east for approximately 20 miles then Hwy 37 south for 20 miles. Carrizozo Medical Clinic is located in Carrizozo approximately 22 miles south of the development/subdivision.

QQ. SHOPPING FACILITIES:

Groceries and gasoline are available in the town of Carrizozo, approximately 22 miles south via Hwy 54 and in the town of Corona, approximately 23 miles north via Hwy 54. The nearest shopping facilities for clothing, furniture and other services is located in Ruidoso, approximately 62 miles south via Hwy 54 then east on Hwy 380 and then south on Hwy 37. The nearest regional shopping mall with over 100 stores, is located in Albuquerque, approximately 145 miles north of the development/subdivision via south on Hwy 54 to Carrizozo then west on Hwy 380 then north on I-25.

RR. PUBLIC TRANSPORTATION:

There is no public transportation available that serves the Windmill Ranches development at this time. The nearest plane or train service is located in the city of Albuquerque, New Mexico which, is approximately 145 miles northwest of the development/subdivision. Greyhound Bus service is available via bus stops in the town of Corona, 23 miles north on Hwy 54 and Carrizozo, 22 miles south on Hwy 54.

SS. COMPLETION DATES:

All proposed improvements referenced above in Paragraph(s) LL through RR are completed and available at this time.

TT. SOIL SURVEY INFORMATION AND INTERPRETATION:

The Soil Survey of Lincoln County Area, New Mexico, issued in 1983 was performed by the U.S. Department of Agriculture, Soil Conservation Division in cooperation with the U.S. Department of Interior Bureau of Land Management and Bureau of Indian Affairs and New Mexico Agricultural Experiment Station. The Soils Survey contains soil unit maps and tables containing soil names and engineering properties that may be used for planning uses related to rural development.

The majority of land use intended for the development/subdivision will continue to be for grazing of cattle and horses. Other uses will be for recreational horseback riding, road construction, dwelling construction and occasional gardening.

Most of the development/subdivision will be left undisturbed with natural features left intact. The large parcel size provides for construction of dwellings and other buildings on a very small percentage of the total parcel size. Thus, most of each individual lot will be undisturbed.

Access to individual parcels will be provided with roads that will to the extent possible follow existing contour lines. Cuts and fills will be avoided and/or minimized to the degree possible. Adequate sediment control and erosion control features will be installed.

Drainage-ways crossing roads constructed for private use within the development/subdivision would be provided with adequate sized culverts to provide for flows caused by localized thunderstorms. Multiple culverts may be used as the size of the potential runoff dictates.

Each individual parcel owner would prepare for dwellings with small and inconsequential cuts and fills. Fills would be adequately compacted for construction.

The parcels in the development/subdivision are large, ranging in size from a nominal 20 acres to 140 acres. There are no foreseeable difficulties in developing the lots with respect to topography, soils, securing building permits or installing septic tanks.

UU. INDICATE BY LOT AND BLOCK NUMBER ALL LOTS LOCATED ON A FLOODPLAIN OR FLOOD FRINGE:

The area where this development is located has not been assessed by F.E.M.A. for flooding potential; therefore the 100-year flood elevation has not been determined. Flood insurance would not be required for any construction in the area.

The major drainage-ways will be unchanged allowing runoff to flow through the existing and well-defined flood plains. Dwellings and other buildings will not be constructed within the potential flood path as per the Declaration of Covenants, Conditions and Restrictions.

VV. DRIVEWAY CULVERTS:

Prior to installing a driveway culvert in any county road barrow ditch, the developer/subdivider or owner shall obtain the County Road Superintendent's written permission and instructions for such installation. Culverts for driveways must meet road design standards and be at least 18" in diameter.

WW. DRIVEWAY EASEMENT:

Driveway construction must have a permit from the Road Foreman and will be built according to Lincoln County standards subject to Lincoln County Excavation Ordinance #1992-6. Permit cost is to be incurred by Buyer/Owner

XX. SUBDIVISION OF LOTS/TRACTS:

Division of parcels platted in the Windmill Ranches development is prohibited as per the Declaration of Covenants, Conditions and Restrictions of Windmill Ranches recorded with the Lincoln County Clerk.

YY. RECORDING REQUIREMENT:

Southwest Properties of New Mexico, Inc. or its assigns, shall record the deed with the County Clerk of Lincoln County within thirty (30) business days of the date of the signing of such instrument by purchaser, lessee or other person acquiring an interest in the land.

ZZ. PERMITS:

Building permits, wastewater permits or other use permits are required to be issued by State or County officials before improvements are constructed; and further, you are advised to investigate the availability of such permits before purchase, lease or other conveyance and whether these requirements for construction of additional improvements before you accept the property. Purchaser is solely responsible for obtaining and paying for any and all permits regarding development of his/her parcel.

We the undersigned owner(s) of WINDMILL RANCHES, Lincoln County, New Mexico, do hereby certify that the foregoing statements are true and correct to the best of our knowledge and belief.

WITNESS our hands and seals on this the 26 th day of July, 2002.

WINDMILL RANCHES
SUBDIVISION/DEVELOPMENT

Daniel W. Dattola

SIGNATORY: Daniel W. Dattola, President
Southwest Properties of New Mexico, Inc. Developer

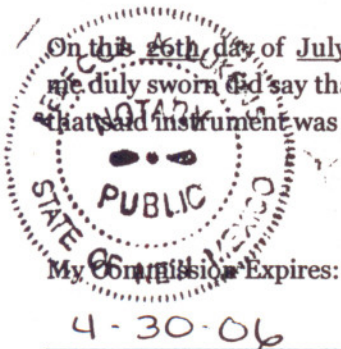
ATTEST:

Steve L Hunt

STATE OF NEW MEXICO)

)

COUNTY OF SOCORRO)



On this 26th day of July, 2002, before me appeared Daniel W. Dattola to me personally known, who, being by me duly sworn, did say that (he/she/they) is (are) the President of Southwest Properties of New Mexico, Inc. and that said instrument was signed on behalf of said Southwest Properties of New Mexico, Inc.

Rebecca A. Inkerl

NOTARY PUBLIC

BY SIGNING THIS RECEIPT YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED A COPY OF THIS DISCLOSURE STATEMENT.

RECEIVED BY:

BUYER:

BUYER:

Signature: _____

Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

Facsimile: _____

Facsimile: _____

Date: _____ Time: _____

Date: _____ Time: _____