

TIERRA ESCONDIDA PHASE II

(A MAJOR ETZ SUBDIVISION)

AUGUST 31, 2006

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

DISCLOSURE STATEMENT

THIS 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 HAVE ISSUED OPINIONS ON BOTH THE SUBDIVISION PROPOSAL AND WHAT IS SAID IN THIS DISCLOSURE STATEMENT ABOUT THE PROPOSAL. THESE OPINIONS, WHETHER FAVORABLE OR UNFAVORABLE, ARE CONTAINED IN THIS DISCLOSURE STATEMENT AND SHOULD ALSO BE READ CAREFULLY.

THE ETZ COMMISSION HAS EXAMINED THIS DISCLOSURE STATEMENT TO DETERMINE WHETHER THE SUBDIVIDER CAN SATISFY WHAT HE/SHE HAS SAID IN THIS DISCLOSURE STATEMENT. HOWEVER, THE ETZ COMMISSION 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 SUBDIVISION BY EITHER THE ETZ OR THE STATE. IT IS INFORMATIVE ONLY.

FINALLY, THE ETZ COMMISSION RECOMMENDS THAT YOU SEE THE PROPERTY BEFORE BUYING OR LEASING IT. HOWEVER, IF YOU DO NOT SEE THE PROPERTY PRIOR TO PURCHASING OR LEASING IT, YOU HAVE SIX MONTHS FROM THE TIME OF PURCHASE OR LEASE TO INSPECT THE PROPERTY. UPON INSPECTING THE PROPERTY, YOU HAVE THREE DAYS FROM THE DATE OF INSPECTION TO RESCIND THE TRANSACTION AND RECEIVE ALL OF YOUR MONEY BACK, LESS CLOSING COSTS, FROM THE SUBDIVIDER. YOU MUST GIVE THE SUBDIVIDER NOTICE IN WRITING, OF YOUR INTENT TO RESCIND WITHIN THREE DAYS OF YOUR INSPECTION OF THE PROPERTY.

NAME OF SUBDIVISION

Tierra Escondida Phase II

NAME AND ADDRESS OF SUBDIVIDER

JAKE'S DEVELOPMENT CORPORATION
2100 SORRENTO PLACE
LAS CRUCES, NM 88005

NAME AND ADDRESS OF PERSON IN CHARGE OF SALES OR LEASING IN NEW MEXICO

CAMILLE HINES
EXIT REALTY
3529 FOOTHILLS DRIVE
LAS CRUCES, NM 88011

SIZE OF SUBDIVISION BOTH PRESENT AND ANTICIPATED

Present

Anticipated

Vacant Land
141.76 acres (of a 377.07 acre tract)

64 Lots (including 1 Common Area Lot)
141.76 acres

SIZE OF LARGEST PARCEL OFFERED FOR SALE OR LEASE WITHIN THE SUBDIVISION

7.42 acres (Lot 160)

SIZE OF SMALLEST PARCEL OFFERED FOR SALE OR LEASE WITHIN THE SUBDIVISION

1.41 acres (Lot 137)

NAME AND ADDRESS OF HOLDER OF LEGAL TITLE

JAKE'S DEVELOPMENT CORPORATION
2100 SORRENTO PLACE
LAS CRUCES, NM 88005

NAME AND ADDRESS OF PERSON HAVING EQUITABLE TITLE

JAKE'S DEVELOPMENT CORPORATION
5465 REMINGTON ROAD
LAS CRUCES, NM 88011

CONDITION OF TITLE

Title is in fee simple to Jakes Development Corp. 1st National Bank of Mesilla holds first mortgage.

DISCLOSURE OF ALL LEGAL RAMIFICATIONS OF ANY EXISTING LIENS OR OBLIGATIONS WHICH MAY BE ATTACHED TO THE LAND PROPOSED FOR SUBDIVISION

NONE

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

You should thoroughly review and be sure you understand the Declaration of Covenants for Phase II of La Tierra Escondida, recorded with the Office of the Dona Ana County Clerk.

ESCROW AGENT

NONE

UTILITIES

Jakes Development, Inc. will install underground electrical infrastructure and pull boxes along the right of way and in the utilities easements to the boundary of all lots within La Tierra Escondida. Each lot needs a transformer and each lot owner will be responsible for installation of their own transformer. Each prospective lot buyer shall contact El Paso Electric Company to arrange for the location and installation of additional facilities and transformers to provide primary voltage as needed, by use of a "Line Extension Agreement." However, transformers are not needed until construction activities begin. The use of a "Line Extension Agreement" may result in little or no cost to the owner for the placement of additional facilities. A complete explanation of the "Line Extension Agreement" and how it works is available at the El Paso Electric Company and is on file and also available at the Public Regulatory Commission (PRC).

Type of Utility

Estimated Initial Cost

Estimated Monthly Cost

Water

\$420

\$60

Telephone

\$125

\$35 for basic service

Electric

\$1,500- \$4,500; average \$3,000

\$300-\$400

Natural Gas

\$125

\$60

Liquid Waste Disposal

\$2,500-\$3,500
\$30

For Solid Waste Disposal, please see Item 28.

All cost estimates are based on the developer's general knowledge. A potential lot owner is not entitled to rely on these estimates, and should contact utility services providers to obtain direct information about the actual costs for utilities for the lot prior to purchase.

INSTALLATION OF UTILITIES

Utility	Installation Responsibility	Available Date
Water	Jornada Water Company	At Closing
Telephone	Qwest	At Closing
Electricity	El Paso Electric	At Closing
Natural Gas	Rio Grande Natural Gas	At Closing
Liquid Waste Disposal	Buyer	At Closing
Solid Waste Disposal	Buyer	At Closing

UTILITY LOCATION

The developer is providing utility services to each lot (not including Solid and Liquid Waste Disposal). As stated in the covenants, all utilities are required to be underground.

	Above ground	Underground
Electricity	–	X
Natural Gas	X	–
Water	–	X
Telephone	–	X
Liquid Waste Disposal	–	X
Solid Waste Disposal	X	N/A

WATER USE

Water will be provided for residential use only.

AMOUNT OF WATER

Jornada Water Company will provide the daily quantity of water desired by each parcel owner.

WATER DELIVERY

Jornada Water Company will deliver water via ten and eight inch water mains that will serve this area. The sources of the water are various wells in this area.

WATER SYSTEM EXTENSION

N/A

LIFE EXPECTANCY OF THE WATER SUPPLY

Jornada Water Company 50 Plus Years

WELLS (IF APPLICABLE)

N/A

SURFACE WATER (IF APPLICABLE)

N/A

STATE ENGINEER'S OPINION ON WATER

N/A

WATER QUALITY

Water is presently suitable for residential use and meets all New Mexico Department quality parameters. The water quality is good for human consumption; there has been no evidence of contamination. There are no qualities that would make the water unsuitable, and there are no quality parameters that have been exceeded.

ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON WATER QUALITY

N/A

LIQUID WASTE DISPOSAL

The proposed method of liquid waste disposal for this subdivision will be by individual septic tank and leach field systems. Each individual lot owner will be responsible for obtaining a permit to install the septic tank and leach field system from the New Mexico Environmental Department. The soil percolation rate in this area ranges from 12 to in excess of 54 inches/hr.

NOTE: NO OTHER LIQUID WASTE DISPOSAL SYSTEM MAY BE USED IN THIS SUBDIVISION OTHER THAN A SYSTEM APPROVED BY THE BOARD OF COUNTY COMMISSIONERS. PRIOR TO OCCUPANCY, ALL LOTS MUST HAVE EVIDENCE OF A FUNCTIONING LIQUID WASTE DISPOSAL SYSTEM INSTALLED BY A LICENSED CONTRACTOR OR PLUMBER IN ACCORDANCE WITH PERMITS ISSUED BY THE NEW MEXICO ENVIRONMENT DEPARTMENT, INSPECTED BY THE CONSTRUCTION INDUSTRIES DIVISION, AND VERIFIED BY THE OFFICE OF BUILDING INSPECTION.

ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON LIQUID WASTE DISPOSAL

N/A

SOLID WASTE DISPOSAL

Each lot owner will be responsible for contracting with a licensed commercial disposal service, or for the storage and disposal of his own solid waste in compliance with N.M.E.D. regulations.

Tierra Escondida Phase II Subdivision is approximately 2.9 miles North East of the solid waste transfer station at Las Cruces, NM. Average disposal fee is \$2.50/cubic yard.

ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON SOLID WASTE DISPOSAL

N/A

TERRAIN MANAGEMENT

The high-desert conditions in La Tierra Escondida and the surrounding areas are subject to irregular and extreme weather events; no erosion or drainage control design or mechanism can prevent occasional negative impacts resulting from such natural events and the natural topography of the Subdivision. The Subdivision infrastructure is designed to comply with ETZ Subdivision Code and Design Standards requirements, and to minimize the potential for negative impacts resulting from such natural conditions and events. It is not possible to prevent all negative impacts. The general layout of the development is designed so as to maintain the existing terrain characteristics and soil disturbance is to be limited to only that required for the construction of streets and other necessary infrastructure, driveways, dwellings and small yards. Existing drainage patterns will be maintained insofar as possible with easements, rights-of-way, and designated drainage control areas as established by the Final Plat. Restrictive Covenants limit locations of walls to within building envelopes to be approved by the Tierra Escondida Design Committee - no walls are permitted around the total lot perimeters. Individual grading plans and drainage calculations are required for each lot to obtain a building permit and will be subject to the approval of the Developers, the Homeowners Association, as well as the ETZ Building Officials.

DRAINAGE EASEMENTS AS SHOWN ON THE PLAT MAY BE MOVED OR MODIFIED FOR ANY LOT CONSISTENT WITH THE FINAL SITE PLAN FOR DRAINAGE ENGINEERING AS APPROVED IN AN AFFIDAVIT EXECUTED BY THE DIRECTOR OF THE COUNTY ENGINEERING DEPARTMENT AND THE DIRECTOR OF THE COUNTY FLOOD DEPARTMENT, SPECIFICALLY REFERENCING THE PLAT AND THE SPECIFIC LOT AS DEPICTED THEREIN, AND RECORDED IN THE OFFICE OF THE DONA ANA COUNTY CLERK. COMMON AREA DRAINAGE AREAS AND SYSTEMS MAY NOT BE USED TO MEET ON-LOT PONDING REQUIREMENTS.

The following calculation should be utilized for determining the on-lot ponding required for a typical residence, which would create 6,000 sq.ft. of impervious area:

6,000 sq.ft. x (2.8" of rainfall / 12") = 1,400 cu.ft. of ponding required

The majority of La Tierra Escondida Phase II is located within Zone X with a portion at the Southeast corner in an "A" Zone as shown on the current FEMA Flood Insurance Rate Map No. 35013C0675 E, effective September 27, 1991. Zone "X" includes areas outside of 500-year flooding. Special consideration will be needed to provide access to Lot 160 in the form of a drainage crossing.

NATURAL RESOURCES CONSERVATION DISTRICT'S OPINION ON TERRAIN MANAGEMENT

N/A

SUBDIVISION ACCESS

From University Avenue and I-25, travel south on Las Alturas Drive (East side frontage road of I-25) to Tellbrook Road. Turn Left on Tellbrook Road and proceed Northeast for approximately 2 miles to the intersection with Sonoma Ranch Boulevard. Turn Right on Sonoma Ranch Boulevard and proceed Southwest for approximately 1 mile to the intersection with Camino Escondida. Turn Right on Camino Escondida and enter La Tierra Escondida Subdivision. Walking trails to be located within the subdivision and are to be exclusively maintained by La Tierra Escondida Community Association, Inc.

STATE HIGHWAY AND TRANSPORTATION DEPARTMENT'S OPINION ON ACCESS

N/A

DEVELOPMENT

The developer is developing the existing site in three different phases. The first phase is currently under construction. This second phase contains 141.76 acres and is being divided into 63 residential lots ranging in size from 1.41 acres (Lot 137) to 7.4 acres (Lot 160). All roads and improvements within the shown phase II boundary will be built and provide access to the development and the lots to be developed in phase II. Camino Escondida is being dedicated to and maintained by Doña Ana County, while the other interior streets will be gated and maintained by the private home owners' association.

MAINTENANCE

Doña Ana County will maintain Camino Escondida and the offsite roadways of Sonoma Ranch Boulevard and Tellbrook Road. Maintenance of the other interior streets will be by La Tierra Escondida Community Association, Inc. Maintenance of roadside drainage structures within the Subdivision will also be the responsibility of the Association.

ON-LOT PONDING IS REQUIRED BY LAW AND THE LA TIERRA ESCONDIDA COVENANTS AND MAY NOT BE FILLED-IN, OR OTHERWISE ALTERED WITHOUT COMPLYING WITH APPLICABLE CODES AND OBTAINING APPROVAL OF THE ASSOCIATION. MAINTENANCE OF ON-LOT PONDING IS THE RESPONSIBILITY OF THE OWNER.

ADVERSE CONDITIONS

There are no adverse or unusual conditions at the time of the recording of the Plat for La Tierra Escondida.

RECREATIONAL FACILITIES

There are multiple recreational activities in the Common Areas such as tennis courts, playground equipment and fitness paths.

FIRE PROTECTION

The Las Alturas Volunteer Fire Department is located approximately 2.5 miles northwest on Sotol Drive and serves this Subdivision. Response time is approximately 4 to 20 minutes.

POLICE PROTECTION

Doña Ana County Sheriff's Department has jurisdiction to respond to emergency calls. The New Mexico State Police Department main office is located on East University Avenue, east of Interstate 25. The State police check in at the sheriff's sub-station frequently as needed.

PUBLIC SCHOOLS

(All Distances are "As the crow flies")

Tombaugh Elementary School:	6.8 miles
Zia Middle School:	8.3 miles
Las Cruces High School:	8.5 miles