

REVISED DISCLOSURE STATEMENT

EL MORRO RANCHES, INC.

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 THE DISCLOSURE STATEMENT ABOUT THE PROPOSAL. THESE OPINIONS, WHETHER FAVORABLE OR UNFAVORABLE, ARE CONTAINED IN THIS DISCLOSURE STATEMENT AND SHOULD ALSO BE READ CAREFULLY.

THE BOARD OF COUNTY COMMISSIONERS HAS EXAMINED THIS DISCLOSURE STATEMENT TO DETERMINE WHETHER THE SUBDIVIDER CAN SATISFY WHAT HE HAS SAID IN THIS DISCLOSURE STATEMENT. HOWEVER, THE BOARD OF COUNTY 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 SUBDIVISION BY EITHER THE COUNTY OR THE STATE. IT IS INFORMATIVE ONLY.

IF YOU DO NOT SEE THE PROPERTY PRIOR TO PURCHASING OR LEASING IT, YOU HAVE SIX (6) MONTHS FROM THE TIME OF PURCHASE OR LEASE TO INSPECT THE PROPERTY, YOU HAVE THREE (3) DAYS FROM THE DATE OF INSPECTION TO RESCIND THE TRANSACTION AND RECEIVE ALL OF YOUR MONEY BACK FROM THE SUBDIVIDER. YOU MUST GIVE THE SUBDIVIDER NOTICE OF YOUR INTENT TO RESCIND WITHIN THREE (3) DAYS OF YOUR INSPECTION OF THE PROPERTY.

1. NAME OF SUBDIVISION:

El Morro Ranches, Inc.

2. NAME AND ADDRESS OF SUBDIVIDER:

El Morro Ranches, Inc.
7113 Prospect Place, N.E.
Albuquerque, New Mexico 87110

3. NAME AND ADDRESS OF PERSON IN CHARGE OF SALES AND LEASING IN NEW MEXICO:

J. D. Reed
El Morro Land and Cattle Company
7113 Prospect Place, N.E.
Albuquerque, New Mexico 87110

4. SIZE OF SUBDIVISION BOTH PRESENT AND ANTICIPATED:

Present

205 parcels numbered 1-205

Anticipated

205 parcels numbered 1-205

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

49.2 acres

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

20 acres

7. PROPOSED RANGE OF SELLING OR LEASING PRICES:

Lowest Amount: \$800.00 per acre - A selling price for lots 20-49 acres in size

Highest Amount: \$5,000.00 per acre - A selling price for lots 20-49 acres in size

8. FINANCING TERMS:

Interest rates will vary from 0 to 15% at Seller's option.

By virtue of the differing interest rates, time price differential will vary on individual sales.

Service charges will run \$5.00 - \$10.00 per lot sale.

No credit life or other insurance premiums will be charged as such is not a condition of sale.

Closing costs will run between \$200.00 - \$500.00 for title policy fees, escrow fees, and legal fees.

9. NAME AND ADDRESS OF HOLDER OF LEGAL TITLE:

El Morro Ranches, Inc.
5211 79th Street
Lubbock, Texas 79424

10. NAME AND ADDRESS OF PERSON HAVING EQUITABLE TITLE:

El Morro Ranches, Inc.
5122 79th Street
Lubbock, Texas 79424

11. CONDITION OF TITLE:

All lots in the subdivision are subject to a real estate mortgage dated November 25, 1980, by Roy E. Thigpen, III and D. Keith Howard, a partnership, to First National Bank of Albuquerque, Trustee, filed of record on December 31, 1980, and recorded at Book 261, Pages 9261-9264 in the records of Valencia County, New Mexico in the original principal amount of Four Hundred Sixty Thousand Dollars (\$460,000.00) with annual payments of \$54,031.60 being due on November 25 of each year until paid in full.

The property is subject to provision for partial release from the above-referenced mortgage upon payment of the sum of One Hundred Thirty-Two Dollars (\$132.00) per acre to be released in parcels of Three Hundred Twenty (320) acres. The mortgage holder shall choose One Hundred Sixty (160) acres of the released parcel and the subdivider shall choose the other One Hundred Sixty (160) acres. Such parcels will generally be square, contiguous to outside boundaries or to previously released tracts.

It is anticipated that prior to lot sales that the mortgage holder will execute an agreement granting unto the subdivider the right to secure partial release under the mortgage for those lots sold under Real Estate Contract to purchasers in exchange for assignment of subdivider's interest in the Real Estate Contract to the mortgage holder.

No mineral interests will be conveyed to individual lot purchasers.

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

All lots within the subdivision are subject to restrictive covenants, a copy of which is attached hereto as Exhibit "A" and incorporated herein by that reference. In addition all lots are subject to a fifteen (15') foot utility easement along their exterior property boundaries.

13. ESCROW AGENT:

Western Escrow, Inc.
7113 Prospect Place, N.E.
Albuquerque, New Mexico 87110

Western Escrow, Inc. is wholly owned by J. R. Reed who is also the person in charge of sales of the subdivision in New Mexico.

14. UTILITIES:

Phone Service: No phone service is anticipated for lots in the subdivision.

Electrical Service: Continental Divide Electric Cooperative, Inc.; estimated cost: \$10,000.00 per mile of electrical line.

Gas Service: No gas service is anticipated.

Water: No water will be provided the subdivider; individual wells by lot owners are not anticipated; water if needed must be hauled to the lot site by users; the cost of such transportation will vary according to the lot location and the location of the water source.

15. INSTALLATION OF UTILITIES:

The subdivider will not be providing any utilities. All such N arrangements and expenses are to be the responsibility of each lot purchaser.

16. UTILITY LOCATION:

No utilities are to be provided to lots by subdivider.

17. WATER USE:

No water for domestic use is to be provided to lots by subdivider. The uncertainty of securing water by drilling domestic wells strongly suggests that all water for domestic use be hauled to the site by users. No water will be available for commercial or recreational use.

18. AMOUNT OF WATER:

The subdivider will provide no water for any use to lots and lot owners.

19. WATER DELIVERY:

The subdivider will provide no water for any use to lots and lot owners.

20. WATER SYSTEM EXTENSION:

The subdivider will provide no water for any use to lots and lot owners.

21. LIFE EXPECTANCY OF THE WATER SUPPLY:

No hydrological data or information is available as to the life expectancy of the water supply, if any.

22. WELLS:

No hydrological data or information is available as to the life expectancy of the water supply, if any.

23. SURFACE WATER:

No surface water is expected to be available for use by lot owners.

24. STATE ENGINEER'S OPINION ON WATER:

On March 27, 1986, a memorandum was received by the Cibola County Manager from the State Engineer's office in Santa Fe with regard to this disclosure statement. The memorandum recognized that the subdivider did not propose to provide a water supply system for the subdivision and further advised that domestic wells were not proposed. The State Engineer requested that the development needed to be more accurately located in terms of section, township, and range.

Secondly, the State Engineer suggested that the County might wish to require the developer to submit documented information as to distance and location of the nearest water available to provide water for hauling.

25. WATER QUALITY:

Since the subdivider will not be providing water to lot owners nor are domestic wells envisioned, no information regarding water quality is herein provided.

26. ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON WATER QUALITY: N

By letter dated April 9, 1986, the Environmental Improvement Division stated that because the subdivider is not proposing the use of an on-site water supply, no opinion by the Environmental Improvement Division as to whether water proposed is of suitable quality to conform with Cibola County subdivision regulations was pertinent.

27. LIQUID WASTE DISPOSAL:

The subdivider will not provide any liquid waste disposal facilities. Rather liquid waste disposal will be the responsibility of each lot owner. On-site liquid waste disposal systems will be limited to privies or enclosed systems with the particular type utilized being determined by the soil characteristics of the disposal site. Prior to the installation of any on-site system, a permit must be obtained from the local Environmental Improvement Division field office located in Milan, New Mexico.

28. ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON LIQUID WASTE DISPOSAL:

It is the opinion of the Environmental Improvement Division that the liquid waste disposal as proposed in paragraph 27 complies with the Cibola County Subdivision Regulations and can be fulfilled.

29. SOLID WASTE DISPOSAL:

On-site solid waste disposal of such solid waste produce on the property by the property holder is permissible. Such waste must be disposed of in a manner that does not create a nuisance or a hazard or pollute any water body. Burial is recommended.

30. ENVIRONMENTAL IMPROVEMENT DIVISION'S OPINION ON SOLID WASTE DISPOSAL:

The above plan does not conform with the Cibola County Subdivision Regulations because pursuant to Article XVII, Paragraph A, a modified landfill is required because the projected population is more than four hundred (400) people. A waiver on such requirement could be obtained. The subdivider's proposal for solid waste disposal as contained in the disclosure statement can be fulfilled.

31. TERRAIN MANAGEMENT:

Some of the soils within the subdivision may not be suitable for building foundation support, fill and road location. Surface drainage for all lots should be adequate. Storm drainage systems in the form of culverts and other erosion control structures will be installed on an as-need basis. Prior to purchase, lot owners are encouraged to consult with the local Soil Conservation Service office regarding suitability of a particular lot for building.

32. SOIL AND CONSERVATION DISTRICT'S OPINION ON TERRAIN MANAGEMENT:

On April 24, 1986, written comment was received by the Cibola County Manager from Lava Soil and Water Conservation District regarding the proposed original drain management plan. In response to the original statement that soils are suited for building foundation, support, fill and road location, the Lava Soil and Water Conservation District

The nearest Fire Department is located in San Rafael, New Mexico, some twenty-eight (28) miles from the subdivision over State Road 53. This Fire Department is not obligated to provide any services to the subdivision. No other fire protection is anticipated at this time.

39. POLICE PROTECTION:

The subdivision lies wholly within the jurisdiction of Cibola County Sheriff Department. However, no patrolling of the subdivision by the Sheriff's Department is anticipated.

40. PUBLIC SCHOOLS:

The nearest elementary school is San Rafael Elementary located some twenty-eight (28) miles from the subdivision on State Road 53. The nearest high school is Grants High School which is approximately thirty-five (35) miles from the subdivision over State Road 53.

41. HOSPITALS:

The nearest hospital is Cibola General Hospital located in Grants, New Mexico some thirty-five (35) miles away over State Road 53. It has a total of thirty-nine (39) beds.

42. SHOPPING FACILITIES:

Grants and Milan, New Mexico have available shopping facilities and are located some thirty-five (35) miles from the subdivision over New Mexico State Road 53. The total number of stores in both communities is approximately 75.

43. PUBLIC TRANSPORTATION:

The subdivision will not be served by any public transportation.

44. COMPETITION DATES:

All services as described in paragraphs 38 through 43 now exist and are available.