

## Exhibit K

### DISCLOSURE STATEMENT FOR OSHARA VILLAGE – PHASE I

JUNE 9, 2006

**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, lease or acquisition of property described in this Disclosure Statement. You should read carefully all of the information contained in this Disclosure Statement before you decide to buy, lease or otherwise acquire the described property.

Where certain fees or costs are stated as approximate, such amounts represent good-faith estimates based on information available at the time of preparation of this Disclosure Statement. Any changes in such approximate amounts are due to circumstances beyond the control of Oshara Village, LLC ("Developer").

Various public agencies may have issued opinions, on both the subdivision proposal and the information contained in this Disclosure Statement. They may be favorable or unfavorable. You should read them closely.

The Board of Santa Fe County Commissioners has examined this Disclosure Statement to determine whether the Developer can fulfill what the Developer has said in this Disclosure Statement. However, the Board of Santa Fe County Commissioners does not vouch for the accuracy of what is said in this Disclosure Statement. In addition, this Disclosure Statement is not a recommendation or endorsement of the subdivision by either Santa Fe County or the State. This Disclosure Statement is informative only.

The Board of Santa Fe County Commissioners recommends that you inspect the property before buying, leasing or otherwise acquiring it. **If you have not inspected the property 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 property within the six (6) month period, you have three (3) days to rescind the transaction and receive all of your money back from the Developer when merchantable title is revested in the Developer. To rescind the transaction, you must give the Developer notice of your intent to rescind within three (3) days of your inspection of the property.

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

**Building permits, wastewater permits, or other 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 that is and will be held, transferred, sold, conveyed and occupied subject to this Disclosure Statement contains a combined total of 84 acres, more or less, in Section 16, Township 16 North, Range 9 East, N.M.P.M., Santa Fe County, New Mexico, according to the Subdivision Plat entitled "Land Division of Tracts 1 & 2 for Greer Enterprises Inc. and Subdivision Plat of Tract 4 for Phase One of Oshara Village," filed on June 12, 2006 in Plat Book 1016, pages 4-17, in the records of Santa Fe County ("Plat").

This Disclosure Statement is a general description of Oshara Village – Phase I, and a summary of the conditions and documents affecting Oshara Village – Phase I and ownership of property within it as of the date of this Disclosure Statement set forth above. This Disclosure Statement is not intended to be a comprehensive description of any condition, law, ordinance, regulation or rule affecting Oshara Village – Phase I. Buyers of lots or condominium units in Oshara Village – Phase I should read each document referenced in this Disclosure Statement to obtain a complete understanding of its meaning and effect. Copies of such documents may be available at the Santa Fe County Clerk's Office, or the Santa Fe County Administrative Office, 102 Grant Avenue, Santa Fe, New Mexico 87501, or from the Developer at the address set forth in paragraph 3, below.

**Oshara Village is a mixed-use community that includes residential and commercial uses. Oshara Village is designed to bustle with commercial, residential and civic activity. For this reason, Oshara Village, at times due to the commercial, residential and civic activity, made be louder and have more traffic than a single use residential subdivision. IF THESE ANTICIPATED ACTIVITIES ARE NOT WHAT YOU DESIRE, PLEASE DO NOT PURCHASE A PROPERTY IN OHARA VILLAGE.**

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1. Name of Subdivision:

This Disclosure Statement applies to Oshara Village – Phase I. As of the date of this Disclosure Statement, Oshara Village – Phase I is planned to include residential and commercial lots and condominium units, parks and a main plaza known as Oshara Plaza. The residential lots and condominium units in Oshara Village – Phase I are together designated as The Homes at Oshara Village. Oshara Village – Phase I also includes commercial lots.

Oshara Village – Phase I is part of the larger planned subdivision of Oshara Village. As currently contemplated, Oshara Village – Phase II, which will also contain residential and commercial portions, is planned to be completed in 2011. Phases III and IV of Oshara Village are planned to be completed by 2017.

Oshara Village was previously known as Oshara Ranch. In April 2002, the Santa Fe County Extraterritorial Zoning Administration ("EZA") granted master plan approval for Oshara Ranch. In October 2004, the EZA granted a master plan amendment to the previously approved Oshara Ranch in order to change the phasing and various other aspects of the project.

**NOTE: The Developer makes no representations or warranties by this Disclosure Statement with regard to the components or completion of any phases or portions of Oshara Village, or improvements within Oshara Village.**

2. Name and Address of Developer:

Oshara Village, LLC, a New Mexico limited liability company  
122 Coyote Ridge Road  
Santa Fe, New Mexico 87507

3. Name and address of Developer's representative in charge of sales or leasing in New Mexico:

Mr. Alan Hoffman  
122 Coyote Ridge Road  
Santa Fe, New Mexico 87507  
(505) 946-2151

4. Size of Subdivision, Both Present and Anticipated:

Oshara Village - Phase I contains approximately 84 acres, comprised of 41 acres of developed space and 43 acres of open space. The developed space in Oshara Village - Phase I contains 204 lots, 175 of which are residential and 29 of which are commercial.

As currently contemplated, when the various phases of Oshara Village are complete, Oshara Village will contain approximately 470 acres, comprised of 235 acres of developed space and 235 acres of open space, with approximately 950 commercial or residential lots. Oshara Village – Phase II is planned to be completed in 2011. Phases III and IV of Oshara Village are planned to be completed by 2017.

**NOTE: The Developer makes no representations or warranties by this Disclosure Statement with regard to the components or completion of any phases or portions of Oshara Village, or improvements within Oshara Village.**

5. Size of Largest Lot or Unit Offered for Sale or Lease within the Subdivision:

The largest residential lot offered in Oshara Village – Phase I will be approximately 21,849 square feet (.501 acres). The largest commercial lot offered in Oshara Village – Phase I will be approximately 23,387 square feet (.534 acres).

6. Size of Smallest Lot Offered for Sale or Lease within the Subdivision:

The smallest residential lot offered in Oshara Village – Phase I will be approximately 2,775 square feet (.064 acres). The smallest commercial lot offered in Oshara Village – Phase I will be approximately 3,364 square feet (.077 acres).

7. Proposed Range of Selling or Leasing Prices:

Homes on residential lots, and residential condominium units, in Oshara Village – Phase I will be sold at prices ranging from approximately \$240,000 (approximately 1,200 square feet) to \$600,000 (approximately 2,800 square feet). Vacant residential lots will be sold at prices ranging from approximately \$65,000 to \$145,000.

Homes on residential lots, and residential condominium units, in Oshara Village – Phase I that are sold as “affordable housing” pursuant to the Developer’s agreement with Santa Fe County will range from approximately \$91,930 (approximately 1,000 square feet) to \$171,600 (approximately 1,500 square feet). These prices will be adjusted when the Department of Housing and Urban Development releases its “Adjusted Median Income” figures.

Commercial space in Oshara Village – Phase I will lease at the following rates: approximately \$14 per square foot for office use, and approximately \$18 for retail use.

8. Financing Terms:

The Developer will not provide financing. All financing arrangements are the responsibility of buyers.

9. Name and Address of Holder of Legal Title:

Oshara Village, LLC  
122 Coyote Ridge Road  
Santa Fe, New Mexico 87507

10. Name and Address of Person Having Equitable Title:

N/A

11. Condition of Title:

A mortgage in favor of Century Bank (“Lender”) will encumber all lots and condominium units in Oshara Village – Phase I. The Lender is obligated to release the mortgage on a lot or condominium unit when that lot or condominium unit is sold and an appropriate amount is paid to the Lender by the Developer.

The Developer will deliver fee simple title to buyers by warranty deed, subject to the covenants, restrictions and encumbrances approved with Oshara Village, as provided below in paragraph 12, and easements, reservations and restrictions of record to be disclosed on a commitment for an owner’s policy of title insurance to be provided in connection with the sale of each lot or condominium unit.

Every lot and condominium unit in Oshara Village – Phase I is subject to assessments and dues assessed by any applicable association of lot or condominium unit owners. A

lot owner's or condominium unit owner's failure to pay any such assessment may result in a lien against the owner's lot or condominium unit.

12. Statement of All Restrictions or Reservations of Record Subjecting the Subdivided Land to Any Unusual Conditions Affecting its Use or Occupancy:

(A) The use and development of each lot and condominium unit in Oshara Village – Phase I will be subject to the conditions and restrictions set forth on the Plat and development plan of Oshara Village – Phase I; all matters of public record; and applicable Santa Fe County ordinances, including building, fire, water, terrain management and utility codes. Without limiting the foregoing, title to each lot and condominium unit is subject to utility, road, cut and fill, and drainage easements as shown on the Plat for Oshara Village – Phase I.

(B) Each lot or condominium in Oshara Village – Phase I will be subject to the *Declaration of Covenants, Conditions and Restrictions for Oshara Village Maintenance Association*, recorded with the Santa Fe County Clerk on June 12, 2006 as Instrument No. 1437411, as amended from time to time.

(C) Each residential lot or condominium unit in Oshara Village – Phase I Lot will be subject to the *Declaration of Covenants, Conditions and Restrictions for The Homes at Oshara Village*, recorded with the Santa Fe County Clerk on June 12, 2006, as Instrument No. 1437467, as amended from time to time.

(D) Each residential lot or condominium unit in Oshara Village – Phase I Lot will be subject to the *Declaration of Water Covenants and Restrictions for Residential Lots within Oshara Village – Phase I*, recorded with the Santa Fe County Clerk on June 12, 2006, as Instrument No. 1437408, as amended from time to time ("Residential Water Covenants"). Such Covenants were required by Santa Fe County as a condition of approval of Oshara Village – Phase I.

(E) Each commercial lot or condominium unit in Oshara Village – Phase I Lot will be subject to the *Declaration of Covenants, Conditions and Restrictions for Oshara Community*, recorded with the Santa Fe County Clerk on June 12, 2006, as Instrument No. 1437410, as amended from time to time.

(F) Each commercial lot or condominium unit in Oshara Village – Phase I will be subject to the *Declaration of Water Covenants and Restrictions for Commercial Lots within Oshara Village – Phase I*, recorded with the Santa Fe County Clerk on June 12, 2006, as Instrument No. 1437407, as amended from time to time ("Commercial Water Covenants"). Such Covenants were required by Santa Fe County as a condition of approval of Oshara Village – Phase I.

13. Escrow Agent:

The escrow agent for Oshara Village – Phase I will be First American Title Insurance Company in Santa Fe, New Mexico, or any other company located in Santa Fe that is licensed to issue title insurance policies in New Mexico. The Developer has no interest in or financial ties with the escrow agent.

14. Utilities:

UTILITY	PROVIDER	APPROXIMATE COST
Telephone	Telephone service will be provided by any VOIP (Voice Over Internet Protocol) provider on Comcast wideband, or other provider at residents' choice. Oshara Village – Phase I has designated Packet 8 as an approved provider of VOIP services.	Hook-up cost: \$20.00 Monthly fees for basic services: \$20.00
Wide-Band Internet Access	Comcast	Hook-up fee: \$30.00 Monthly fees for basic services: \$58.00
Electricity	PNM	Hook-up cost: \$15.00 Monthly fees for basic services: \$2.88 + electricity usage
Gas	PNM	Hook-up cost: \$60.00 Monthly fees for basic services: \$9.00 + gas used
Water	Santa Fe County Water Utility	Hook-up cost: \$389.00 for meter installation Monthly fees for basic services: \$14.50 + water used
Liquid Waste Disposal	Oshara Village Water Reclamation Facilities	Hook-up cost: N/A Monthly fees for basic services: \$53.00
Solid Waste Disposal	Waste Management	Hook-up cost: \$16.00 Monthly fees for basic services: \$24.00

The foregoing costs are subject to change by the utility services providers listed above. Buyers should consult each provider to determine whether the costs for connection and monthly service have changed since the date of this Disclosure Statement.

15. Installation of Utilities:

The following utilities will be installed in Oshara Village – Phase I as set forth below:

UTILITY	INSTALLATION DATE
Telephone	8-10 months after recordation of Plat *
Wide-Band Internet Access	8-10 months after recordation of Plat *
Electricity	8-10 months after recordation of Plat *
Gas	8-10 months after recordation of Plat *
Water	8-10 months after recordation of Plat *
Liquid Waste Disposal	8-10 months after recordation of Plat *
Solid Waste Disposal	available now

\*Unless delayed by weather, war, acts of God or other unforeseen delays beyond the control of Developer

16. Utility Location:

Telephone, electricity, gas, water, sewer and cable television will be installed within the roadway easements adjacent to the lots, or at transformers. Individual lot and condominium unit owners will be responsible for making the service connections between the utility stubouts and improvements on the lots and condominium units. All utility lines in Oshara Village – Phase I will be underground and conform to Santa Fe County regulations.

17. Water Availability:

(A) *Requirements.* The Developer estimates that the water requirements for Oshara Village – Phase I are approximately 30 acre feet per year. Santa Fe County estimates that the water requirements for Oshara Village – Phase I could be as much as 41 acre feet per year. The Water Services Agreement by which water is being supplied to Oshara Village – Phase I, as discussed in paragraph 17(B) below, is based on Santa Fe County's estimate for water requirements for Oshara Village – Phase I.

(B) *Availability and Sources.*

- (1) Water to Oshara Village – Phase I will be provided by the Santa Fe County Water Utility pursuant to the Water Service Agreement between the Board of Santa Fe County Commissioners and Greer Enterprises, Inc., dated February 7, 2006. Water will be delivered to Oshara Village – Phase I through a pipeline network tied to Santa Fe County's and the City of Santa Fe's reservoirs and well fields, and will be delivered to each lot and condominium unit within Oshara Village – Phase I by connection to a water line.
- (2) Water in Oshara Village – Phase I will be conserved through voluntary and obligatory practices such as, respectively, appropriate gray water reuse in certain indoor plumbing functions and water harvesting to collect roof drainage in cisterns for landscape irrigation. Treated wastewater will

be used for flushing toilets installed on commercial lots in Oshara Village – Phase I. Further discussion of water conservation is provided in paragraphs 17(C) and 17(D) below.

(C) *Water Restrictions for Residential Lots.* Pursuant to the Residential Water Covenants, annual potable metered water consumption per residential lot in Oshara Village - Phase I must not exceed the following limits for each type of residential lot shown on the Plat:

<u>Designation on Plat</u>	<u>Type of Residential Lot</u>	<u>Acre Feet Per Year</u>
T	Townhome	0.115 acre feet
L/Ws	Live Work Unit	0.120 acre feet
P	Patio Home	0.125 acre feet
H	Single Family Home	0.131 acre feet
E	Estate Home	0.131 acre feet

Each residential structure on a residential lot in Oshara Village – Phase I will have a totalizing meter that measures the potable water consumed by such residential lot.

Further limitations and restrictions on water use on residential lots in Oshara Village – Phase I include the following, without limitation:

- (1) design specifications, restrictions and prohibitions regarding fixtures, appliances and wading pools;
- (2) building design specifications, restrictions and prohibitions;
- (3) landscaping and irrigation specifications, restrictions and prohibitions; and
- (4) prohibition of swimming pools and wells.

**Surcharge for excess use:** The Santa Fe County Utilities Department, or the entity providing potable water to residential lot in Oshara Village - Phase I, shall have the right to assess a surcharge against its customers for excess water consumption in an amount to be determined in its sole discretion, including, without limitation, consumption in excess of the amounts set forth in paragraph 17(C), above.

**NOTE: Buyers should carefully review the Residential Water Covenants before buying, leasing or otherwise acquiring a lot or condominium unit in Oshara Village – Phase I.**

(D) *Water Covenants for Commercial Lots.* Pursuant to the Commercial Water Covenants, the uses of commercial lots in Oshara Village – Phase I will be classified as either Non-Water Consuming Businesses or Water Consuming Businesses.

Annual potable metered water consumption for each Non-Water Consuming Businesses on a commercial lot in Oshara Village - Phase I shall not exceed one (1) acre foot per year per forty-thousand (40,000) square feet of Interior Floor Space (as that term is defined in the Commercial Water Covenants) used and occupied by the Non-Water Consuming Business.

All Water Consuming Businesses operating on any commercial lot in Oshara Village – Phase I shall be subject to the water restrictive covenants described in Paragraph 12(A), above. Additionally, no Water Consuming Business shall be allowed to operate or commence operations on any commercial lot in Oshara Village – Phase I without the prior written approval of the Developer, which approval may include a determination that the proposed business will not consume water in excess of the amount permitted in the water restrictive covenants described in Paragraph 12(A), above, and may also require that additional water or water rights be secured by the operator or owner of the proposed Water Consuming Business and transferred to the Santa Fe County water system, at the owner or operator's sole cost, in an amount equal to the anticipated water to be consumed by the proposed Water Consuming Business. The cost of obtaining the foregoing approval from the Developer shall be borne by the owner or operator of the proposed Water Consuming Business seeking such approval.

Further limitations and restrictions on water use on commercial lots in Oshara Village – Phase I, for both Non-Water Consuming Businesses and Water Consuming Businesses include the following, without limitation:

- (1) Requirements for the delivery of used water to the WRF, as defined below;
- (2) design specifications, restrictions and prohibitions regarding fixtures, appliances and wading pools;
- (3) building design specifications, restrictions and prohibitions;
- (4) landscaping and irrigation specifications, restrictions and prohibitions; and
- (5) prohibition of swimming pools and wells.

**NOTE: Buyers should carefully review the Commercial Water Covenants before buying, leasing or otherwise acquiring a lot or condominium unit in Oshara Village – Phase I.**

18. For Subdivisions with Community Water Systems:

N/A

19. For Subdivisions with Individual Domestic wells or Shared Wells:

N/A

20. Life Expectancy of the Water Supply:

The life expectancy of the water supply for Oshara Village – Phase I is that of Santa Fe County's water supply, and is expected to be perpetual.

21. Surface Water:

Water harvesting techniques have been incorporated into the design of the road and drainage systems within Oshara Village – Phase I. 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.

22. New Mexico State Engineer's Opinion on Water Availability:

Please see attached October 13, 2004 letter from Office of the New Mexico State Engineer. Notwithstanding the opinion set forth in such letter, Santa Fe County has agreed, pursuant to the Water Service Agreement referenced in paragraph 17(B)(1), above, that the Santa Fe County Water Utility will provide water to Oshara Village – Phase I in perpetuity.

23. Water Quality:

Water from the Santa Fe County Water Utility meets all Federal and state drinking water standards.

24. New Mexico Environment Department's Opinion on Water Quality:

The New Mexico Environment Department's opinion on water quality for Oshara Village – Phase I is that the Santa Fe County Water Utility's water, which will provide water to Oshara Village – Phase I, can furnish water of an acceptable quality for human consumption.

25. Liquid Waste Disposal:

Oshara Village – Phase I will be served by the Oshara Village Water Reclamation Facilities (WRF), which will use Fluidine SBR technology. The WRF were designed by Frachetti Engineering and Aquawork DBO, both of Denver, Colorado. All lots in Oshara Village – Phase I will be required to connect to the sewer lines for the WRF. The WRF will be owned and operated by a business entity separate and distinct from the Oshara Village Maintenance Association, the Oshara Village Homeowners' Association and the Oshara Village Commercial Association.

**NOTE: No other liquid waste disposal system may be used in Oshara Village – Phase I other than the system approved by the Board of Santa Fe County Commissioners.**

26. New Mexico Environment Department's Opinion on Liquid Waste Disposal:

The New Mexico State Environment Department approved the WRF by issuing Discharge Permit # DP-1532.

27. Solid Waste Disposal:

Waste Management of New Mexico will provide solid waste disposal services for Oshara Village – Phase I.

28. New Mexico Environment Department's Opinion of Solid Waste Disposal:

The New Mexico State Environment Department has approved Waste Management of New Mexico to perform solid waste disposal services for Oshara Village – Phase I.

29. Terrain Management:

Limited testing of project soils in Oshara Village – Phase I has found them to be suitable for residential foundations. Site-specific testing is recommended to determine the suitability of proposed site development for each lot.

Lots 66 through 75, as shown on the Plat, have been designated to be within the FIRM 100-year floodplain. Santa Fe County regulations require a 50' setback from the FIRM 100-year floodplain line to all buildable areas. These regulations will be followed in Oshara Village – Phase I to prevent flooding of any structures on these lots 66 through 75.

The areas on the south side of Oshara Village – Phase I that have over 15% slopes are also within the FEMA 100-year floodplain; therefore, these areas will not contain residential or commercial structures. Lots 162 through 164 in Oshara Village – Phase I, as shown on the Plat, all have minimal areas with slope greater than 15%. Provided that the buildable areas on lots within Oshara Village – Phase I do not encroach into areas of 30% slope or greater, no restrictions should apply other than Santa Fe County regulations. Lot owners must comply with all Santa Fe County regulations pertaining to building areas on the lots within Oshara Village – Phase I.

Drainage in Oshara Village – Phase I is predominantly south to the Arroyo Hondo. All lots within Oshara Village – Phase I have been designed to drain onto the adjacent streets or alleys, where the storm water runoff can be collected in the storm drain system or flow through the drainage ditches and valley gutters to the detention ponds or the existing Arroyo Hondo. Oshara Village – Phase I contains over two dozen drop inlets connected by storm drains to collect storm water. The storm drain system in Oshara Village – Phase I deposits the water into the two designated retention ponds designed to contain runoff from the 100-year flood runoff, and/or the existing arroyo south of the development. The storm drain system and ponds in Oshara Village – Phase I will be installed during roadway construction and before the completion of any residential or commercial structures.

The detention ponds at the west and south sides of Oshara Village – Phase I are designed to contain runoff for Oshara Village – Phase I. There will therefore be no required ponding on the lots within Oshara Village – Phase I; however, depending upon the size of the structure on a particular lot, the owner of such lot may be required to follow the cistern/water harvesting regulations of Santa Fe County.

The Developer will retain ownership of the areas designated on the Plat as "Reserved Open Space." Such Reserved Open Space may be subject to and used for future development and improvements, in the Developer's sole discretion, provided that applicable Santa Fe County open space requirements are met. Portions of such Reserved Open Space may be conveyed to the Oshara Village Homeowners' Association, the Oshara Village Commercial Association or the Oshara Village Maintenance Association, which will then be responsible for the maintenance of such Reserved Open Space as common areas.

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

N/A

31. Subdivision Access:

Oshara Village – Phase I lies immediately south of the City of Santa Fe, New Mexico. Oshara Village – Phase I can be accessed directly from Richards Avenue, which connects to Oshara Boulevard and Willow Back Road, roadways in Oshara Village – Phase I. Access to Oshara Village will also be available directly from the new roadway to be constructed as an extension of Rabbit Road, which will connect to Oshara Boulevard and Willow Back Road.

32. Maintenance:

The Oshara Village Maintenance Association, a New Mexico nonprofit corporation whose members are owners of lots or condominium units in Oshara Village, will maintain all roads, drainage improvements and other improvements within Oshara Village – Phase I. The Bylaws for the Oshara Village Maintenance Association describe these responsibilities in more detail and delineate each lot owner's and condominium unit owner's obligation to pay for these responsibilities.

33. State Highway Department's Opinion on Access:

The New Mexico Department of Transportation has not issued a formal opinion regarding access to Oshara Village – Phase I. The Department of Transportation has granted a right-of-way to be constructed as an extension of Rabbit Road, which will connect to Willow Back Road.

34. Construction Guarantees:

Upon recordation of the Plat, a financial guarantee has been posted with Santa Fe County to ensure the construction of all required subdivision infrastructure.

**NOTE: Unless there is a sufficient bond, letter of credit or other adequate collateral to secure the completion of proposed improvements, it is possible that the proposed improvements will not be completed. Caution is advised.**

35. Adverse or Unusual Conditions:

There are no known activities or conditions adjacent to or near Oshara Village, such as feedlots, cement plants, dairies, airports or the like, that subject Oshara Village to any unusual conditions affecting its use or occupancy.

36. Recreational Facilities:

Oshara Village – Phase I will include four parks, as well as a main plaza of approximately one acre, known as Oshara Plaza.

37. Fire Protection:

On-site fire protection will not be provided in Oshara Village – Phase I. Santa Fe County will provide fire protection services to Oshara Village – Phase I. The fire station nearest Oshara Village – Phase I is located at 2391 Richards Avenue, approximately 2.25 miles away. This station is manned full-time.

Fire hydrants will be spaced throughout Oshara Village – Phase I to ensure that the buildable portion of each lot is located within 1,000 feet of a fire hydrant. Residences in Oshara Village are not required to have residential sprinkler systems.

38. Police Protection:

Oshara Village – Phase I will be served by the Santa Fe County Sheriff's Department.

39. Public Schools:

The closest public schools to Oshara Village are Piñon Elementary School; located approximately 2.5 miles from Oshara Village; Capshaw Middle School, located approximately 5.25 miles from Oshara Village; and Capital High School, located approximately 4.15 miles from the Oshara Village.

40. Hospitals:

St. Vincent Hospital in Santa Fe is the hospital nearest Oshara Village – Phase I. St. Vincent is located at 455 St. Michael's Drive, approximately 4 miles northeast of Oshara Village – Phase I. The most direct route to St. Vincent Hospital from Oshara Village – Phase I is east on Rabbit Road, then north on St. Francis Drive, to east on St. Michael's Drive. St. Vincent Hospital has 248 beds.

41. Shopping Facilities:

Oshara Village – Phase I will contain approximately 136,000 square feet of retail space. Additionally, Oshara Village – Phase I is located approximately 2.46 miles from Santa Fe

Place, a shopping mall, and a shopping center on Zafarano Drive. The closest grocery store to Oshara Village – Phase I is located on Zafarano Drive, approximately 2.46 miles away.

42. Public Transportation:

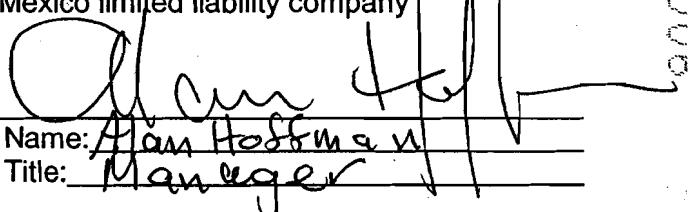
Santa Fe Trails Bus Lines will provide bus service to Oshara Village – Phase I upon the completion of Oshara Plaza in Oshara Village – Phase I. Service by Santa Fe Trails Bus Lines will include a bus stop on the north-bound route and a stop on Richards Avenue between Willow Back Road and Oshara Boulevard.

43. Completion Dates:

The parks and Oshara Plaza in Oshara Village – Phase I, as well as the commercial areas, are planned to be completed by fall 2009. Santa Fe Trails will provide bus service to Oshara Village – Phase I upon the completion of Oshara Plaza.

OSHARA VILLAGE, LLC  
a New Mexico limited liability company

Date: 6-9-06

By: 

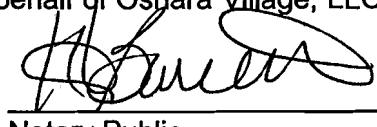
Name: Alan Hoffman  
Title: Manager

**ACKNOWLEDGMENT**

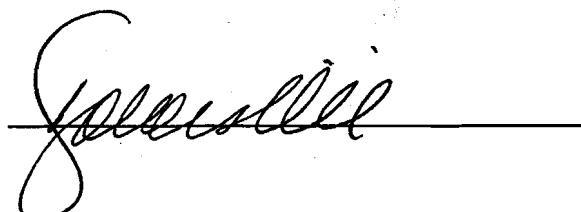
STATE OF NEW MEXICO

COUNTY OF SANTA FE

On this 9th day of June, 2006, the foregoing instrument was acknowledged before me by the person whose name appears above on behalf of Oshara Village, LLC, a New Mexico limited liability company.

  
Notary Public

APPROVED BY THE SANTA FE COUNTY LAND USE ADMINISTRATOR:



Date: 6/9/06



STATE OF NEW MEXICO  
OFFICE OF THE STATE ENGINEER

SANTA FE

John R. D'Antonio, Jr., P.E.  
State Engineer

BATAAN MEMORIAL BUILDING, ROOM 101  
POST OFFICE BOX 26102  
SANTA FE, NEW MEXICO 87504-6102  
(505) 827-6178  
FAX (505) 827-6199

October 13, 2004

Vicki Lucero  
Development Review Supervisor  
Santa Fe County  
P.O. Box 276  
Santa Fe, NM 87504-0276  
Fax No. (505) 986-6389

CERTIFIED RETURN RECEIPT  
ANTICIPATED BY FAX

Re: EZC Case # S-04-4550 Oshara Village

Dear Ms. Lucero:

On September 23, 2004, the Office of the State Engineer received additional/amended documents regarding the water supply proposal for the referenced subdivision. This office met with the developer, at his request, on October 6, and discussed the water demand analysis and the water conservation measures. Following the meeting, the developer provided a letter amending the water budget to the County and to this office.

"Oshara Village", which is planned to be completed in six (6) phases, will encompass 470.6 acres, and will include 1.3 million square feet of commercial space and 735 residential dwellings. The proposed development is located east of Richards Avenue and south of I-25, within Section 16, Township 16 North, Range 9 East, NMPM. The developer proposes to obtain water from Santa Fe County Water Utility (SFCWU). This office had previously reviewed the proposal. For details on the review, please refer to the letters dated February 27, 2002, August 10, 2004, and September 13, 2004.

This submittal was reviewed pursuant to the Santa Fe County Land Development Code, the Community College District Land Use and Zoning Regulations, and the New Mexico Subdivision Act. It is the opinion of this office that the developer has not proved that he can furnish water sufficient in quantity to fulfill the maximum annual water requirements for Phase I of the subdivision, and for the proposed subdivision at full build out, pursuant to Section 47-6-11.F(1) of the New Mexico Subdivision Act. Therefore, a negative opinion is issued at this time.

**WATER DEMAND ANALYSIS & CONSERVATION MEASURES**

The developer has quantified the maximum annual water requirement for the Phase I of the project, as well as for the whole development.

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The water use for each residential unit has been estimated at 0.144 acre-feet per year, assuming three (3) persons per dwelling, the installation of front load cloth washers, low flow toilets using 1.6 gallons per flush, shower heads using 2.5 gallons per minute, and no evaporative coolers. This amount covers only indoor use, because the subdivision will have a private community sanitary sewer system connected to a reclamation plant, and only treated water will be used for landscape irrigation. It is the opinion of this office that this residential water budget is attainable, because of the numerous water conservations measures aimed to minimize water use. Also, the developer has allowed some margin of flexibility, by basing the calculation on three (3) persons per dwelling (while the overall occupancy might be lower, due to fact that part of the 735 dwellings will consists of studios, townhouses, and apartments), and by taking into account 20% distribution losses (while, if the system is properly maintained, these losses should not exceed 10%).

The developer has quantified the water demand for the commercial uses, which will be included in Phase I of the project, pursuant to Section 6.6.2 of the County regulations. This phase will include a limited service restaurant (1.75 acre-feet per year), a grocery store (0.25 acre-feet per year), and 27,500 square feet of retail space (0.67 acre-feet per year). None of this water would be used for landscape irrigation or toilet flushing. This office concurs with the procedure used to calculate this portion of the water budget, and with the resulting figures.

The developer has also estimated the water use for the 1,300,000 square feet of commercial/retail/office space planned for the full build out at 0.55 acre-feet per year per 10,000 square feet of space, and has added 15.13 acre-feet per year for miscellaneous/restaurant use. The 0.55 acre-feet per year per 10,000 square feet is slightly lower than the average of the water use for non-medical offices, wholesale, and retail stores recently published by the City of Santa Fe (see "Water Use in Santa Fe - A Survey of Residential and Commercial Water Use, February 2001"). This office's opinion is that this amount is reasonable, given the low water use of these commercial operations, and the fact that none of this water will be used for landscape irrigation and toilet flushing. However, we would request that the County forward the water budget for the subsequent phases, when the nature of the commercial operations will be known with more certainty, to this office for review.

This office's opinion is that the water budget for the residential units and for the commercial units anticipated for the first phase of the development is reasonable. However, to ensure that the estimated amounts are not exceeded, it is essential that unequivocal water conservation measures are included in the Disclosure Statement and in the Restrictive Covenants. This issue was raised, by this office, during the aforementioned meeting with the developer, who agreed to write a letter assuring the County and the OSE that detailed conservation measures will be included. The letter, dated October 6, 2004, specifies the measures requested by this office (namely, only reclaimed water will be used for irrigation and for commercial toilets filling, only electronically activated faucets will be installed in the commercial spaces, no evaporative coolers may be installed, only low flow toilets, front load washers, and low flow shower heads may be installed). It is also important that the maximum water allotment for each commercial business foreseen for Phase I is specified in the Disclosure Statement and in the Restrictive Covenants.

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### WATER AVAILABILITY ASSESSMENT

The proposal indicates that the developer has a contract for 30 acre-feet per year of water with Santa Fe County Water Utility (SFCWU), which would cover Phase I of Oshara Village. The OSE records indicate that SFCWU is not in possession of enough water rights to supply this phase. They also indicate that a good portion of the water rights relied upon at this time are San Juan/Chama diversion rights, which will expire on December 31, 2016.

The proposal also states, "Oshara Village LLC has a contractual agreement in approximately 87 acre-feet of Pena Blanca water rights and our partner, Greer Enterprises, has begun the process of moving the first of those rights in cooperation with Santa Fe County. The final point of diversion is still to be determined by Santa Fe County". The proposal does not specify if 87 acre-feet per year is the consumptive use associated with surface irrigation rights, or if it is the amount of the surface water irrigation rights, but in any case, they would only partially cover the estimated total water budget for the subdivision. Further, an application to transfer these water rights into one or more of the Santa Fe County/City of Santa Fe points of diversion has not even been filed with the Water Rights Division of the OSE. Until an application is submitted, and a permit has been approved by the OSE, the Pena Blanca water rights cannot be considered a guarantee for a portion of the water supply for the subdivision.

Section 47-6-11.F(1) of the New Mexico Subdivision Act requires an opinion from the State Engineer to determine "whether the subdivider can furnish water sufficient in quantity to fulfill the maximum annual water requirements of the subdivision". The proposal does not demonstrate that the developer can provide the maximum amount of water required for Phase I of the "Oshara Village", and for the whole development. For this reason, this office is issuing a negative opinion on the proposed subdivision.

If you have any questions, please call me at 505-827-4273.

Sincerely,

*Mara Smith*

Mara Smith  
Senior Water Resource Specialist

cc: John W. Longworth, OSE Water Use and Conservation Bureau Chief  
OSE Water Rights Division, Santa Fe Office



COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

DISCLOSURE  
PAGES: 17

I Hereby Certify That This Instrument Was Filed For  
Record On The 12TH Day Of June, A.D., 2006 at 16:35  
And Was Duly Recorded as Instrument # 1437413  
In The Records Of Santa Fe County

*Valerie Espinoza*  
Deputy \_\_\_\_\_  
Valerie Espinoza  
County Clerk, Santa Fe, NM

## **SUPPLEMENT TO DISCLOSURE STATEMENT**

## Oshara Village – Phase I

The following is a supplement to the Disclosure Statement for Oshara Village – Phase I (the “Disclosure Statement”), filed in the records of Santa Fe County, New Mexico as Instrument No. 1437413 on June 9, 2006.

Section 29 of the Disclosure Statement, entitled "Terrain Management," is hereby supplemented to add the following:

Site-specific testing performed by Western Technologies, Inc. after the recordation of the Disclosure Statement found the presence of hydrocollapsible soils within the area constituting Oshara Village – Phase I. Western Technologies, Inc.'s Preliminary Geotechnical Evaluation (the "Evaluation") on such testing notes that "Structures founded directly on [hydrocollapsible] soils in the undisturbed state have the potential to experience large localized settlements upon moisture content increases." The Evaluation describes possible remediation measures related to hydrocollapsible soils to be taken prior to construction on hydrocollapsible soils. A copy of the Evaluation is available from the undersigned, Oshara Village, LLC ("Developer").

Developer provides the foregoing information for the convenience of potential buyers. Such information does not constitute, nor should it be construed to constitute, a substitute for any testing or other investigation by potential buyers to determine soil conditions in Oshara Village – Phase I. As set forth in the Disclosure Statement, site specific testing is recommended to determine the suitability of proposed site development for each lot.

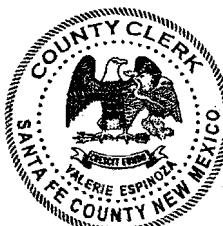
OSHARA VILLAGE, LLC  
a New Mexico limited liability company

By: Alan Hoffman  
Alan Hoffman, Manager

Date: 1-21-01

## ACKNOWLEDGMENT

STATE OF NEW MEXICO )  
COUNTY OF SANTA FE )



On this 14 day of July, 2007, the foregoing instrument was acknowledged before me  
by John Hoffman, Manager of Oshara Village, LLC, a New Mexico limited liability company.

Notary Public

**SUPPLEMENT  
PAGES : 1**

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

I Hereby Certify That This Instrument Was Filed for Record On The 1ST Day Of August, A.D., 2007 at 11:10 And Was Duly Recorded as Instrument # **1494181** Of The Records Of Santa Fe County

*Valerie Espinoza* Witness My Hand And Seal Of Office  
Deputy Valerie Espinoza County Clerk, Santa Fe, NM