

May 1, 2006

BANK OF ARIZONA

Arizona Department of Real Estate
Subdivision Department
2910 N. 44th Street
Phoenix, AZ 85018

Re: Assurance of Construction of Improvements for (the "Subdivision")
located at the

Ladies and Gentlemen:

For the purpose of providing the assurance of construction through loan commitment Homes II, LLC, a Limited Liability Company ("Developer"), and Bank of Arizona, ("Bank"), represent to Condominium Association ("The Association") less the Declarant and agree as follows:

1. That funds in the amount of Six Hundred Thirty-Two Thousand, Nine Hundred Eighty dollars and 00/100 (\$632,980) plus an additional 10%, or Sixty-Three Thousand, Two Hundred Ninety Eight (\$63,298), totaling Six Hundred Ninety-Six Thousand, Two Hundred Seventy Eight (\$696,278) (the "Improvement Funds"), to complete the project on and offsite improvements (the "Improvements") have been committed by Bank and have been set aside to be available to Developer, all in accordance with a construction loan agreement and referenced supplemental agreements (all of which as collectively referred to as the "Development Loan Agreement") between Developer and Bank. Repayment is the responsibility of the Developer and not of the Association and this letter of assurance is non-cancelable except as set forth below.
2. The funds mentioned in paragraph one (1) above will be used only for the purpose of installing the Improvements.
3. Bank is not responsible in the event the amount set-aside in Paragraph 1 is insufficient to complete the Improvements and shall not have any liability to the Association in such event. Developer and Association have independently determined that the Improvement Funds are adequate to complete the Improvements. Bank shall not, for any reason, be required to disburse any amount in excess of the amount of the Improvement Funds.
4. All disbursements from said funds by Bank to pay for the Improvements shall be made to Developer or to a contractor or materialman in accordance with the Development Loan Agreement upon receipt from the Developer of notice that the construction in full or in part has been completed. The amount available pursuant to this Letter of Assurance will reduce simultaneously on a dollar for dollar basis with any and all amounts funded to the Developer for costs associated with the attached estimate.
5. If Developer abandons construction of the Improvements or if Developer fails to complete construction of the Improvements within the period of this Agreement, Association, by giving written notice to Bank at the address set forth on this letter within sixty (60) days following such event of Association's intent to complete the Improvements in accordance herewith, may draw on the undisbursed balance of the funds mentioned in Paragraph one (1) above (not to exceed the actual costs to complete the

17600 N. Perimeter Drive
Scottsdale, AZ 85255
Phone: (480) 458-2000

Improvements) in accordance with the Development Loan Agreement in order to complete the construction of the Improvements. Upon receipt of such written notice from Association to Bank in accordance with the provisions of this paragraph, Bank shall have the option to draw upon the undisbursed balance of said funds, as identified herein, for the purposes of constructing such Improvements itself or, as it may elect in its sole discretion, through its agents.

6. The time for completion of the Improvements may be extended by agreement among the Developer, Association and Bank in which event Bank's obligations hereunder shall be extended accordingly. Unless terminated earlier by written agreement of Developer, Association, and Bank, or by completion of the Improvements, or unless extended by agreement, this Assurance shall expire automatically at 3:00 p.m. Mountain Standard Time on September 14, 2007. This Assurance shall also terminate automatically upon substantial completion of the Improvements.
7. Developer agrees that the Improvement Funds shall be deemed disbursed for purposes of balancing the Loan budget upon the closing of the Loan evidenced by the Development Loan Agreement.
8. Developer represents to ADRE that the available Improvement Funds as of the date of this Assurance letter equal 110% of the estimated amount to complete the Improvements.
9. Bank shall not be under any obligation to disburse any of the Improvement Funds in the event Bank is prohibited by a Bankruptcy Court or if the secured status or priority of such advances are unclear as the result of Developer's bankruptcy, insolvency, or for any other reason.

BANK:

BANK OF ARIZONA

By: _____
Vice President

DEVELOPER:

HOMES II, LLC
An Arizona Limited Liability Company

By: _____
, its President

ASSOCIATION:

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CONDOMINIUM ASSOCIATION

By: _____

SURETY:

By: _____

Name: _____

Title: _____