

C COMMERCIAL SELLER'S PROPERTY DISCLOSURE STATEMENT (SPDS) (To be completed by Seller)



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MESSAGE TO THE SELLER:

Sellers are obligated by law to disclose all known material (important) facts about the Property to the Buyer. The SPDS is designed to assist you in making these disclosures. If you know something important about the Property that is not addressed on the SPDS, add that information to the form. Prospective Buyers may rely on the information you provide.

INSTRUCTIONS: (1) Complete this form yourself. (2) Answer all questions truthfully and as fully as possible. (3) Attach all available supporting documentation. (4) Use explanation lines as necessary. (5) If you do not have the personal knowledge to answer a question, use the explanation lines to explain. By signing below you acknowledge that the failure to disclose known material information about the Property may result in liability.

MESSAGE TO THE BUYER:

Although Sellers are obligated to disclose all known material (important) facts about the Property, there are likely facts about the Property that the Sellers do not know. Therefore, it is important that you take an active role in obtaining information about the Property.

INSTRUCTIONS: (1) Review this form and any attachments carefully. (2) Verify all important information. (3) Ask about any incomplete or inadequate responses. (4) Inquire about any concerns not addressed on the SPDS. (5) Review all other applicable documents, such as environmental studies, CC&R's, association bylaws, surveys, title report or commitment, etc. (6) Obtain professional inspections of the Property. (7) Investigate the surrounding area. (8) Obtain such other professional advice as you deem necessary.

THE FOLLOWING ARE REPRESENTATIONS OF THE SELLER(S) AND ARE NOT VERIFIED BY THE BROKER(S) OR AGENT(S).

A. OWNERSHIP AND PROPERTY IDENTIFICATION

- THIS DISCLOSURE CONCERNS THE FOLLOWING REAL PROPERTY:
- Address 72, 74, 76 & 78 MAIN ST.
- City BISBEE, County COCHISE, AZ, Zip 85603
- Assessors No.(s) 10362430A Approximate Year Built 1909
- Legal Owner(s) PAPER EGG LLC Date Purchased 03/26/2018
- Owner Is Is not occupying property. Owner Has Has not occupied the Property in the past.

B. PROPERTY TYPE

- Office Industrial Retail Hotel/Motel/Resort Multi-family Other Food & Drink

C. UTILITIES

- THE PROPERTY IS SERVED BY THE FOLLOWING UTILITIES:
- | YES | NO | PROVIDER |
|---|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Septic System..... |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Sewer..... <u>City of Bisbee</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Electric..... <u>APS</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Domestic Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>Arizona Water Co</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Well Registered <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, Registration number: _____ |
| 14. If yes, complete and attach the Domestic Water Well/Water Use Addendum. | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Fuel Supply <input checked="" type="checkbox"/> Natural Gas <input type="checkbox"/> Propane <input type="checkbox"/> Other: <u>Southwest Gas</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Garbage/Waste Collection <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>City of Bisbee</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Fire Protection <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private <u>City of Bisbee</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Telephone..... |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Irrigation..... |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Cable TV..... |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Satellite Dish..... |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | High Speed Internet Connection (Cable, T1, Fiber Optics, Etc.)..... |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other..... |

24. Please describe any other items concerning utilities Each of the three spaces has separately metered electrical services. 76 & 78 share their own gas meter, while 72/74 has its own. All spaces are on the same water bill, and 76 & 78 are internally metered.

SELLER	SELLER
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BUYER	BUYER
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D. ACCESS/USE

26. ARE YOU AWARE OF ANY OF THE FOLLOWING AFFECTING ACCESS OR USE OF THE PROPERTY?

- | YES | NO | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 27. Encroachments |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 28. Access Easements |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 29. Utility Easements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 30. Unrecorded Easements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 31. Reciprocal Easement Agreement |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 32. Restrictions on Legal or Physical Access |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 33. Shared Use Agreements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 34. Use Permits |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 35. Deed Restrictions |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 36. Shared Fences/Walls |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 37. Shared Driveways |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 38. Shared Signage |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 39. Leased Parking |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 40. Grandfathered Uses |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 41. Association Agreements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 42. Covenants, Conditions and Restrictions (CC&R's) |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 43. Other (describe) |

→ "78" wall shared/adjacent to "82" MAIN ST.

44. If the answer to any of the preceding is yes, please explain. (Attach additional sheets if necessary). The adjoining shed structure behind 72/74 MAIN is a grandfathered structure technically encroaching on Freeport memorand property, but the encroached property is also a utility easement.

E. COMPLIANCE WITH LAW/LEGAL MATTERS

47. ARE YOU AWARE OF:

- | YES | NO | |
|--|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 48. Any legal actions such as condemnation, pending or anticipated, that affect the Property? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 49. Any tenant bankruptcy proceedings? |
| 50. Any violation of laws or regulations of the following: | | |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 51. Zoning |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 52. Building Code |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 53. Occupational Safety and Health Administration (OSHA) |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 54. Utility Service |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 55. Sanitary Health Regulations |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 56. Swimming Pools |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 57. Covenants, Conditions and Restrictions (CC&R's) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 58. Americans With Disabilities Act (ADA) |

59. If the answer to any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to such matters. (Attach additional sheets if necessary). all addresses have at least 1 stair to access space, but this aspect of ADA not locally enforced.

F. CONTRACTUAL OBLIGATIONS

63. ARE YOU AWARE OF ANY OF THE FOLLOWING CONTRACTUAL OBLIGATIONS AFFECTING THE PROPERTY?

- | YES | NO | |
|-------------------------------------|-------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 64. Tenant Leases or Subleases |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 65. Alarm/Security System Agreements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 66. Property Management Agreements |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 67. Leased Equipment |



YES NO

- 68. Service Agreements such as Landscaping, Garbage/Waste Disposal
- 69. Water Treatment Agreements
- 70. Communications Systems or Cable System Agreements
- 71. Other Equipment or Service Contracts or Agreements (describe) _____

72. If the answer to any of the preceding is yes, please explain. (Attach additional sheets if necessary). "76" & "78" are leased
 73. available upon request) and the tenant has a security system.

G. ENVIRONMENTAL FACTORS

74. ARE YOU AWARE OF ANY OF THE FOLLOWING ENVIRONMENTAL FACTORS AFFECTING THE PROPERTY?

YES NO

- 75. Hazards or hazardous materials on the Property, such as asbestos; chemicals used in the manufacture of methamphetamine, LSD or Ecstasy; PCB transformers; dumps; pesticides; radon; oil or chemicals, now or in the past?
- 76. _____
- 77. Fuel or insecticide storage tanks (above or underground) on the Property, now or in the past?
- 78. Hazards or hazardous materials in close proximity to the Property, such as asbestos, dumps, pesticides, radon, oil,
- 79. _____ chemicals or underground fuel storage tanks, now or in the past?
- 80. Location within an area currently of environmental concern, e.g., Superfund, Water Quality Assurance Revolving Fund (WQARF),
- 81. _____ or Comprehensive Environmental Response Compensation and Liability Act (CERCLA) sites, etc.?
- 82. Current or proposed noises, such as airports, freeways, or rail lines?
- 83. Location within the vicinity of an airport (military, public or private)?
- 84. Area odors, nuisances or pollutants?
- 85. High voltage distribution towers or lines?
- 86. Soil settlement, expansion, fissures or erosion now or in the past?

87. **NOTICE TO BUYER: THE ARIZONA DEPARTMENT OF REAL ESTATE PROVIDES EARTH FISSURE MAPS TO**
 88. **ANY MEMBER OF THE PUBLIC IN PRINTED OR ELECTRONIC FORMAT UPON REQUEST AND ON ITS WEB SITE**
 89. **AT www.azre.gov.**

- 90. Situated on or near a sanitary landfill?
 - 91. Location in a flood plain/way?
 - 92. Water-caused damage?
 - 93. Mold growth or conditions conducive to mold?
 - 94. Drywell (drainage)? If yes, Registration # _____
95. If the answer to any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to such matters. (Attach additional sheets if necessary). The property abuts one side of the hills which form the
 96. Beebe valley, and the highway into town cuts behind main street, behind the building
 97. Historically the building
 98. was used as a mortuary, and they likely practiced trade skills involving chemicals
 99. _____
 100. Buyers are advised to obtain an independent environmental assessment of the Property.

H. REPORTS/STUDIES

101. DO YOU HAVE ANY OF THE FOLLOWING ITEMS CONCERNING THE PROPERTY?

YES NO

- 102. Soils Test Report
 - 103. Land Survey
 - 104. Flood Plain Report
 - 105. Septic/Waste Disposal Reports/Certifications
 - 106. Registrations of Wells
 - 107. Any Environmental Site Assessments or Studies
 - 108. Title Reports
 - 109. Other Cursory notes regarding brief architectural/geothermal inspection of building.
110. If the answer to any of the preceding is yes, please explain and provide copies of any reports/studies you have pertaining to such matters. (Attach additional sheets if necessary). Title agency sent me copies of previously performed
 111. surveys, some of which pertain to old distillate on my building, particularly. The notes are
 112. _____

SELLER	SELLER
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Initials

Initials

BUYER	BUYER
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... contacted my insurance ... the hail

Commercial Seller's Property Disclosure Statement (SPDS) >>

I. MATERIAL PHYSICAL DEFECTS AND OTHER FACTORS

113. ARE YOU AWARE OF:

YES NO

- 114. Any structural, electrical, plumbing or other modifications made without necessary permits?
115. Any past or present roof leaks or other roof problems?
116. Any past or present insect infestation problems?
117. Security lighting in parking and/or common areas?
118. Any recorded and/or unrecorded liens against the Property?
119. An archeological site on the Property?
120. The Property being located in a designated historical district?
121. Any insurance claim submitted on the Property?
122. Any proposed land use changes relating to the adjacent or nearby Property, such as: new developments, zoning changes, or land trades?
123. Any other material items on the Property or improvements and structures thereon that might affect the decision of a buyer to purchase/use the Property?
124. Any defects/problems with the heating, ventilating, air conditioning, plumbing, electrical, fire safety, security, or lighting systems?

125. If the answer to any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to such matters. (Attach additional sheets if necessary).

126. See attached sheets

127. What other material (important) information are you aware of concerning the Property that might affect the Buyer's decision-making process, the value of the Property, or its use? Please explain:

128. to raise rent in the event of tenant renewing their lease immediately after they both expire in January, 2028, at 50%. Also, homeless people reside in the area and have caused...

129. SELLER CERTIFICATION: Seller certifies that the information contained herein is true and complete to Seller's knowledge as of the date signed. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to Buyer prior to Close of Escrow.

130. Yonatan Evans 09/15/2028

131. YONATAN EVANS, MANAGER FOR PAPER EGG LLC

SELLER'S SIGNATURE MO/DAYR
SELLER'S NAME PRINTED

132. By:
133. Its:

134. Reviewed and updated: Initials: SELLER SELLER MO/DAYR

135. BUYER'S ACKNOWLEDGEMENT OF RECEIPT: Buyer acknowledges that the information contained herein is based only on the Seller's knowledge and is not a warranty of any kind. Buyer acknowledges that it is Buyer's obligation to investigate all material facts regarding the property to Buyer's satisfaction. Buyer is encouraged to obtain property inspections by an independent third party and to obtain other independent professional counsel as Buyer deems necessary. By signing below, Buyer hereby acknowledges receipt of a copy of this Seller's Property Disclosure Statement.

136. If Buyer disapproves or is concerned about any item in this disclosure, it is the Buyer's responsibility and not the responsibility of the broker(s) or agent(s) to investigate such items and to satisfy Buyer as to the condition of the Property within the Buyer's Due Diligence Period.

137. BUYER'S SIGNATURE MO/DAYR BUYER'S SIGNATURE MO/DAYR
138. BUYER'S NAME PRINTED BUYER'S NAME PRINTED

139. By:
140. Its:

SELLER SELLER

BUYER BUYER



Commercial Seller Property Disclosure Statement - 72, 74, 76, & 78 Main St

Expanded answers

Line 97: (continued)... behind the building has utility poles, internet boxers, and gas lines. Also, the waterway runs directly behind the main building (underneath the encroaching shed) and I believe it is part of a 100-year flood area.

Line 112: (continued)... recollections of the architect, Bob Vint, who inspected the building's facade with the help of a geo-thermal engineer in 2018 before I purchased the building. He came to assess the apparent sinking of the facade (visible in the brick between "72" and "74" addresses) and suggested he believed the sinking to have been historical (occurring early within the building's history) and not currently active. Though by no means an assurance on his part, he felt that the building's facade at the time of inspection was stable, nevertheless he provided suggestions of methods for further securing the building's masonry should it begin to change or sink again. Both the set of survey files sent to me by Pioneer Title during my purchase of the building, as well as excerpts from my followup email with the architect after his inspection, are attached.

Regarding line 115:

The roof developed a leak after GRASP installed their gas package units atop "72" and "74" and failed to adequately waterproof around the units. I hired the roofer who I originally used to relayer the roof with fabric and rubberized coating in 2018 to address those spots, and subsequently the leak stopped.

Regarding line 120:

The building is located in Bisbee's Historic District and is subject to local codes regarding its exterior conformity to historic aesthetic guidelines.

Regarding line 121:

After a particularly strong hailstorm in 2019 I contacted my insurance carrier at the time (The Hartford) to ascertain whether the hail had been the cause of the roof leak I described earlier. Their insurance adjuster inspected the roof and determined no damage had occurred, after which my claim was denied and we diagnosed the real cause of the leak as insufficient waterproofing around the HVAC units, which we then remedied.

Line 133: (continued)... damage to properties around the building. Lastly, it is possible the building inspector will require a future owner to install partial guard railing near the HVAC unit on the roof of "72"/"74" Main as part of the process of attaining a business license to run it as a public facing business.

Email excerpt from Bob Vint, dated January 29, 2018:

“As I recall from my notes of that day, my evaluation was that the structure has settled significantly over many years but appears stable at the present; and that the brick pier leaning out of plumb at the street front can be tied back into a wood frame & plywood shear wall that ties into the pier for future stability (which would be a separate design solution, to be developed in detail with a structural engineer).”