



2023

Annual
GOVERNANCE
ANNOUNCEMENT

VERRADO



December 1, 2022

Dear Verrado® Homeowner,

On behalf of the Boards of Directors and in compliance with our community's governing documents, the Verrado Community Association, Inc. ("VCA") and Verrado Assembly ("VA") produce an annual governance package to share with all Verrado homeowners.

Enclosed in this 2023 governance package, please find the following:

- 1) Budget Summary
- 2) Budgets
- 3) Governance Overview
- 4) Verrado Assessment & Fee Schedule

At Verrado's Annual Meeting in March 2022, homeowners elected David Katz to serve alongside existing Owner-Director, Lance Miyatovich and founder-appointed members, Dan Kelly, Dave Nilsen and Aaron Macneil on the VCA Board of Directors.

During 2022, the VCA Board of Directors continued to utilize the Budget and Finance Advisory Committee to help guide the management of the VCA's finances and budget planning for all community stakeholders. 2022 also saw the continued work of the standing Landscape Advisory Committee's initiative to identify and prioritize common area landscape maintenance improvements. All residents are invited to get involved in these important community leadership opportunities.

For questions regarding information in this annual governance package, please contact the VCA at VCA@coherelife.com or 480-367-2626. We also invite you to attend the VCA and VA 1st Quarter Boards of Directors Meetings and Annual Membership meeting slated for March 2023. Please watch for additional communication early next year regarding these meetings.

Sincerely,

Verrado Community Association, Inc. & Verrado Assembly
Managed by Cohere



Verrado Community Association, Inc. & Verrado Assembly
2023 Budget Summary
December 1, 2022

Annually, the Board of Directors for the Verrado Community Association, Inc. (“VCA”) and the Board of Trustees for the Verrado Assembly (“VA”) prepare budgets for the upcoming fiscal year and set assessment levels to meet the fiduciary requirements of the VCA and the VA, ensuring that operating expenses and reserve allocations are adequately funded in accordance with Chapter 12 of the Community Charter and Chapter 2 of the Covenant for Community.

For 2023, the Boards have found it acceptable to increase the VCA base assessment to \$118.00 and to maintain the VA assessment at \$0 for a total amount of \$118.00 per month.

The 2023 budgets and assessments reflect the VCA and VA’s efforts to responsibly manage our resources, to acknowledge the increased number of homes contributing to community assessments, and to move closer to realizing DMB’s long-standing vision for Verrado, including:

- DMB’s commitment to sustain the VA programs and events for the long-term exclusively through the Community Enhancement Fee.
- DMB’s pledge to achieve increased efficiencies in the VCA management of community landscapes and amenities, from our tree-lined streets to our parks and common areas, and from The Center on Main™ to the Heritage Swim Park.

Please remember: Assessments are due in full on the 1st of each month; late charges will be assessed after the 15th of the month. If you use an Online Bill Pay service with your bank or credit card, please confirm the withdrawal amount for your monthly assessments beginning January 1, 2023 (please also confirm your account number and mailing address, ensuring proper and timely payment).

The VCA encourages enrollment in the Automated Clearing House (ACH) Direct Debit program to ensure payments are received and posted between the 5th and 10th of each month. Enrollment authorizes the VCA to withdraw the Board approved monthly assessments of \$118.00 from your checking or savings account. If you have questions regarding ACH enrollment or would like to receive your monthly statements via email in lieu of mailed copies, please contact connect@coherelife.com.

By order of the Board of Directors and Trustees,

Verrado Community Association, Inc. and Verrado Assembly
Managed by Cohere



Verrado Community Association, Inc.
2023 Budget

FEES		
Verrado Community Association Assessments	\$	118
REVENUE		
Association Dues	\$	9,362,769
Builder Assessments	\$	1,670,526
Other Revenue	\$	1,822,666
NET REVENUE	\$	<u>12,855,961</u>
OPERATING EXPENSES		
Administrative	\$	1,996,452
Utilities	\$	2,011,370
Landscaping	\$	6,041,202
Community Engagement	\$	9,200
Facility Maintenance	\$	1,473,848
Communications	\$	21,652
NET OPERATING EXPENSES	\$	<u>11,553,724</u>
Reserve Contribution	\$	<u>790,440</u>
TOTAL SURPLUS (DEFICIT)	\$	<u><u>511,797</u></u>



Verrado Assembly 2023 Budget

FEES	
Verrado Assembly Assessments	\$ -
REVENUE	
Community Enhancement Fee	\$ 1,652,500
Commercial Maintenance Charge	\$ 290,000
Builder Recreation Fee	\$ 105,750
Other Revenue	\$ 47,355
NET REVENUE	<u>\$ 2,095,605</u>
OPERATING EXPENSES	
Administrative	\$ 927,802
Community Engagement	\$ 846,514
Communications	\$ 23,500
Other Expenses	\$ 290,000
NET OPERATING EXPENSES	<u>\$ 2,087,816</u>
TOTAL SURPLUS (DEFICIT)	<u><u>\$ 7,789</u></u>



2023 VERRADO[®] GOVERNANCE OVERVIEW

Achieving the shared vision for Verrado is assisted by three distinct, yet complementary nonprofit entities, Verrado Community Association, Inc., (the “Community Association”), Verrado Assembly (the “Assembly”), and Victory District Association, Inc. (the “Victory Association”).

VERRADO COMMUNITY ASSOCIATION, INC.

The Community Association preserves Verrado’s special landscapes and unique neighborhood settings. Contact the Community Association about governance and operations, assessments and fees, landscape and maintenance of amenities and common areas including parks, community guidelines including compliance and design review applications.

The Community Association is responsible for maintaining Verrado amenities and common areas: The Center on Main[®] and Heritage Swim Park, major thoroughfares and parkways, path and trail system, natural washes, neighborhood and district parks, and landscape tracts funded by the Verrado CFDs. See *Verrado District 1 and Verrado Western Overlay Community Facilities Districts Disclosure Statement*.*

Governed by a Board of Directors and overseen by a Community Operations Manager, the Community Association enforces the *Community Charter* (the “Charter”)* – a flexible system of standards and procedures for the overall development, administration and preservation of the residential portion of Verrado. All residential property owners are members of the Community Association.

VERRADO ASSEMBLY

The Assembly fosters unique opportunities for social and civic engagement among Verrado residents. Contact the Assembly about events and activities, programs including recreation and Verrado Leadership[®], clubs and groups, park and facility reservations, volunteer and philanthropic opportunities, and resident communications.

Governed by a Board of Trustees, and overseen by an Executive Director, the Assembly administers the *Covenant for Community* (the “Covenant”)* – a comprehensive plan for fostering a unified sense of belonging, inclusiveness and pride of place in Verrado.

VICTORY DISTRICT ASSOCIATION, INC.

The Victory District is a 55 plus neighborhood within the Verrado community. Victory residents can enjoy the greater Verrado community and also exclusive access to the Victory Club. Contact the Victory Association about the Victory Club and resident age qualification requirements.

Governed by a Board of Directors, and overseen collaboratively by an Executive Director, Community Operations Manager, and Victory Club General Manager, the Victory Association enforces the Declaration of Covenants, Conditions and Restrictions (the “CC&Rs”)* – a set of guidelines establishing Victory as an age qualified neighborhood. All Victory residential property owners are members of the Victory Association.

ASSESSMENTS AND FEES

The Community Association, Assembly and Victory Association are funded by a Board approved, mandatory monthly assessment, collected from all residential property owners. As of January 1, 2023, the assessments are as follows:

\$118.00	Community Association base assessment
\$0.00	Assembly base assessment
\$110.00	Victory Association base assessment

In addition to the above assessments, homes in certain neighborhoods may be subject to additional monthly Service Area Assessments for benefits or services provided by the Community Association not common to all owners.

*Note: Other assessments and fees may be applicable as delineated in the governing documents. All assessments and fees, as of January 1, 2023, are subject to change in accordance with the governing documents. Special use and consumption fees may be required for certain amenities, programs, events and activities. See the current year's Verrado Assessment & Fee Schedule.**

DESIGN GUIDELINES

To preserve the character and to maintain consistency in the quality of improvements within the Verrado community, Design Review is a free, mandatory and advance approval process for owners who want to modify the exterior of their home, including front yard landscape modifications. See *Residential Design Guidelines*.*

In addition to the *Residential Design Guidelines*, custom home/home site owners should refer to the *Custom Home Design Guidelines* and *Custom Home Design Guidelines - Regent Hills*.*

Note: Homeowners who do not secure pre-approval for design review are subject to a Retroactive Design Review Application Fee. Please see the current years' Verrado Assessment & Fee Schedule.

GOVERNING DOCUMENTS

The Charter, Covenant and CC&Rs for Verrado are documents in accordance with Arizona regulations regarding the establishment of nonprofit organizations and cannot be changed without a specific vote by Verrado property owners. If approved, these changes become amendments and are recorded with the Maricopa County Recorder's Office. Please be advised that failure to abide by the governing documents can result in specified legal remedies and/or fines. The *Bylaws** outline the way the Community Association, Assembly and Victory Association should be overseen and govern internal affairs such as voting, elections and meetings.

*Governing documents may be amended periodically. All current governing and financial documents are available on residents.verrado.com.

CONTACT INFORMATION

Community & Victory Associations VCA@coherelife.com - or 480-367-2626. Assembly verradoassembly@coherelife.com or 480-367-2626.

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Verrado Assessment & Fee Schedule

Victory District Association, Inc., Verrado Assembly & Verrado Community Association, Inc.
 Adopted November 9, 2022 | Effective January 1, 2023

Monthly Assessments	
Verrado Community Association, Inc. (Community Charter for Verrado, Chapter 12, Section 12.2 (b))	\$118
Verrado Assembly Assessment (Covenant for Community for Verrado, Chapter 2, Section 2.3(a))	\$0
Victory District Association, Inc. Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.2.1)	\$110
Landsea Skye Ridge Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2 (b))	\$48
David Weekley Mountainside Service Area Assessment – Victory District (Community Charter for Verrado, Chapter 12, Section 12.2(b))	\$90
Frank Special Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$115
Marketside Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$28
Porchlight Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$78
Highlands Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$30
Apartment - Verrado Assembly Assessment (Covenant for Community for Verrado, Chapter 2, Section 2.3(a)) (Commercial Covenant for Verrado, Exhibit C)	\$0
Apartment Maintenance Charge (Commercial Covenant for Verrado, Chapter 4, Section 4.3; Exhibit C)	\$53
Commercial – Verrado Assembly Assessment (Covenant for Community for Verrado, Chapter 2, Section 2.3(a)) (Commercial Covenant for Verrado, Exhibit C)	\$0
Commercial Maintenance Charge (Commercial Covenant for Verrado, Chapter 4, Section 4.3; Exhibit C)	\$53
Property Transfer Fees *	
(ARS 33-1806 Resale of units; information required; fees; civil penalty; definition) (CoHere Management Agreement 2019, unless otherwise stated)	
Builder Transfer	
First Home Buyer Transfer Fee; per lot	\$300
Builder Community Recreation Fee (Covenant for Community for Verrado – Section 2.3(g))	\$250
Capitalization of the Assessment - 1/6 of the Annual Assessment (Community Charter for Verrado, Chapter 12, Section 12.9)	\$236
Upfront Monthly Assessments Collected at Closing – 2 mo.	\$236



Resale Transfer	
Resale Transfer Fee	\$300
Resale Disclosure Fee	\$75
Community Enhancement Fee (Covenant for Community for Verrado, Section 2.3(f))	½ of 1% of Gross Sales Price + \$400
Prepaid Monthly Assessment Collected at Closing – 2 mo.	\$236
Victory District Builder Transfer (In Addition to Above Builder Fees)	
First Time Home Buyer Transfer Fee per Lot	\$200
Start-Up Fee – 1/6 th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.13) (Builder to First Purchaser)	\$220
Reserve Fund – 1/4 th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.14) (Builder to First Purchaser; Resale Owner to Owner)	\$330
Prepaid Monthly Assessment Collected at Closing - 2 mo.	\$220
Victory District Resale Transfer (In Addition to Above Resale Fees)	
Resale Transfer Fee	\$200
Reserve Fund – 1/4 th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.14) (Builder to First Purchaser; Resale Owner to Owner)	\$330
Prepaid Monthly Assessment Collected at Closing – 2 mo.	\$220
Builder-to-Builder Transfer	
Builder-to-Builder Transfer Fee; per lot	\$50
Non-Exempt Transfer	
Any Non-Exempt Transfer Other Than a Sale (Covenant for Community for Verrado, Section 2.3(f))	½ of 1% of the Estimated Fair Market Value + \$400
Delinquency & Legal Fees	
(Community Charter for Verrado, Chapter 12, paragraph 12.5) (Current Delinquency Account Collection Process) (CoHere Management Contract 2019, unless otherwise stated)	
Late Fee (Assessed monthly on the 16th)	\$15
Demand Fee (Assessed after the 2nd month Delinquent)	\$35
Pre-Lien Fee (Assessed after the 3rd month Delinquent)	\$70
Returned Check Fee	\$25



Collection Agent Fee	\$125
Payment Agreement Default Letter	\$85
Record Notice of Lien	\$185
Delinquency Lawsuit	\$275 & up
Post-Judgment Collection Service	\$135 & up
Property Setup Fees *	
(ARS 33-1806 Resale of units; information required; fees; civil penalty; definition) (ARS 33-1806.01 Rental property; member and agent information; fee; disclosure) (CoHere Management Contract 2019, unless otherwise stated)	
Tenant Account Set-up Fee	\$25
Foreclosure Set-up Fee	\$400
Administrative Transfer Set-up Fee (Applicable for Community Enhancement Fee Exempt Transfers Covenant for Community for Verrado Section 2.3(f) (iv))	\$75
Third-Party Disclosure Fee (homewisedocs.com)	\$25
Foreclosure Monitoring Fee	\$75
Lender Documentation Fee	\$100
Resale Rush Fee – 72 hours	\$100
Resale Update Fee – After 30 days	\$50
Schedule of Monetary Penalties for Noncompliance	
(Community Charter for Verrado, Chapter 8, Sections 8.2(a)(i) & 8.2(a)(vii)) (Community Charter for Verrado, Chapter 12, Section 12.4(b))	
Amenity Violation	\$100
Animals & Pets	\$50
Commercial Vehicle, Recreational Vehicle, Inoperable Vehicle Violation	\$150
Exterior Architectural Maintenance; Missing/Damaged Elements	\$150
Landscape Maintenance Violation(s)	\$150
Short-Term Property Rental	\$500
Specific Assessment – Self-Help	\$150 & up
Trash/Recycling Container Stored in Unapproved Location / Unapproved Signage	\$25
Unapproved Architectural Modification(s)	\$200
Vehicular Access Gate Policy Violation	\$150



Residential Design Review Submittal Fees	
(Community Charter for Verrado, Chapter 5, Section 5.2(d))	
Residential Application	\$0
Commercial Application	\$50
Retroactive Design Review Application Fee <i>(non-refundable fee for work completed prior to Design Review Approval)</i>	\$50
Major Addition or Modification to Existing Home <i>(i.e. guest house, main home square footage expansion)</i>	\$1.00/sq.ft. under roof for each submission; minimum fee of \$500 & maximum fee of \$2,000
Custom Home Design Review Fees	
Custom Home Design Review Application Fee Parcels 3.101, 5.505, 5.701, 5.802, 5.803, 5.804 (Community Charter for Verrado, Chapter 5, Section 5.2(d)) Payable to Verrado Community Association, Inc. <i>(Includes one (1) complete review and report per each defined step in the Design Review Process.)</i>	\$4,500
Additional Review Fee <i>(For conceptual, preliminary or final design submittals that do not comply with the Design Guidelines; or do not comply with previous stipulations. One (1) review per each defined step in the Design Review Process is included with the Custom Home Design Review Application Fee as noted above.)</i>	\$750/submission
Incomplete Submittal Fee <i>(Submittals that are incomplete; or do not provide all submittal requirements; or do not address all previous stipulations; or do not provide all specifically requested information.)</i>	\$750/each incomplete submission
Major Modification to a Building Envelope Application Fee <i>(When requesting to move the proposed building envelope more than 10' outward from the original building envelope.)</i>	\$500
Lot Tie / Lot Split / Minor Land Division Application Fee	\$500
Incomplete Pre-Construction Meeting Fee <i>(Assessed to applicants and/or contractors that do not provide all of the specifically required submittal information at the time of the scheduled preconstruction meeting.)</i>	\$250
Additional Construction Compliance Inspection Fee <i>(For more than one (1) frame inspection and more than two (2) Final Inspections.)</i>	\$250/inspection
Retroactive Field Change Fee	\$250/field change
Consultation with the Design Review Committee/Consultant	\$200/hour
Construction Deposit (Builder Agreement) Payable to Verrado Community Association, Inc.	\$10,000
Development Fee Parcels 3.101, 5.802, 5.803, 5.804 (Founder Agreement)	\$7,000



Payable to DMB White Tank, LLC	
Development Fee Parcels 5.505, 5.701 (Founder Agreement) Payable to DMB White Tank, LLC	\$10,000
Water Meter Reimbursement Fee (Founder Agreement) Payable to DMB White Tank, LLC	\$3,985 - \$4,240
<i>In the event a Custom Home Design submission is retracted from Design Review prior to final approval, a pro-rated portion of the Custom Design Review Application Fee may be refunded at the sole discretion of the Design Review Committee.</i>	
Park Reservations	
Available at: Founders Park, Hamilton's Run, Hillcrest Park, King's Green, Village Commons, Walton Park, Cambridge Plaza, Park Meadows	
Park Reservation Non-Wedding – 3 hour minimum	\$10/Hour
Park Reservation Wedding – 3 hour minimum	\$50/Hour
Celebration Lawn (6am – 10pm)	\$250/Day
The Center on Main™ Facility Rentals	
Board Room – Non-Wedding – 3 hour minimum	\$12.50/Half-Hour
Board Room – Wedding – 5 hour minimum	\$17.50/Half-Hour
<i>Board Room Reservations include 20 people allowed in the pool during the reservation</i>	
Multipurpose Room – Non-Wedding – 3 hour minimum	\$25/Half-Hour
Multipurpose Room – Wedding – 5 hour minimum	\$32.50/Half-Hour
<i>Multipurpose Room Reservations include 40 people allowed in the pool during the reservation</i>	
Heritage Swim Park Facility Rentals	
Heritage Swim Park Ramada – 3 hour minimum (20 people allowed in the pool during reservation)	\$20/Hour
The Giving Tree Pavilion – 3 hour minimum (20 people allowed in the pool during reservation)	\$20/Hour
The Center on Main™ & Heritage Swim Park Facility Violations & Fines	
Any Action or Violation Resulting in Pool Closure	Pass through cost from service provider
Facility Reservation Time Exceeded	\$25/15 minutes beyond scheduled start/end of reservation
Damage/Lack of Proper Cleaning	Pass through cost from service provider
Undisclosed/Unapproved High Risk Vendor (i.e. bounce house, bartender)	\$500



Victory Club	
Exclusively for use by Victory residential property owners & their guests	
Fitness Guest Fee	\$5
Amenity Access Cards (A maximum of 3 Cards per Lot)	
First & Second Card – Supplied as a Courtesy for new Owners	\$0
Third or Replacement Card	\$25/Card
Minors' Fitness Room Eligibility Card or Replacement Card	\$15/Card
Vehicular Gate Access Remote	
First Gate Remote – Supplied as a Courtesy for New Owners	\$0
Additional/Replacement Remote	\$40/Remote



VERRADO COMMUNITY ASSOCIATION, INC.

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