
VERRADO®
A PLANNED COMMUNITY
City of Buckeye, Arizona

MASTER DISCLOSURE STATEMENT

DMB WHITE TANK, LLC
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258

January 31, 2018

Our desire is for you to be an extremely satisfied customer. An important part of your satisfaction is in knowing as much as possible about your new lot or home and community. We offer this basic information statement as a service and protection for you, the Buyer.

THIS IS AN IMPORTANT DOCUMENT. WE REQUIRE THAT YOU SIGN THE LAST TWO PAGES (“BUYER(S) ACKNOWLEDGMENT OF RECEIPT”) AS AN INDICATION THAT YOU HAVE RECEIVED, READ AND UNDERSTOOD THIS DISCLOSURE. THE INFORMATION IN THIS DISCLOSURE IS CURRENT AS OF THE DATE SET FORTH ABOVE. INFORMATION CAN CHANGE RAPIDLY; THEREFORE, YOU ARE ENCOURAGED TO CALL THE APPLICABLE GOVERNMENTAL AND PUBLIC AGENCIES, REFERENCED IN THIS DISCLOSURE AND IN THE SUBDIVISION DISCLOSURE REPORT (“PUBLIC REPORT”) PROVIDED TO YOU BY YOUR NEIGHBORHOOD OR OTHER BUILDER FOR THE MOST UP-TO-DATE INFORMATION.

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VERRADO®
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January 31, 2018

Welcome to Verrado® (the “**Community**”). We are pleased that you (“**Prospective Buyer**”) have decided to purchase a home or lot in our Community. DMB White Tank, LLC is the master developer and founder of the Community (“**Founder**”). If you are purchasing a new home, the home will be or has been constructed and sold by one of several neighborhood builders in the Community (“**Neighborhood Builders**”) or custom homebuilders in the Community (“**Artisan Builders**” and “**Builders**”), which will be sold by their respective Arizona licensed brokers and salespersons. Custom lot sales and resale home sales are made through, but not exclusively by, designated brokers such as Verrado Realty LLC.

This Master Disclosure Statement (“**Disclosure**”) discloses to you various matters that might affect your decision to purchase a new home or lot in the Community (**please see below for “*Important Notice to Resale Buyers*”**). **Please read it carefully prior to signing any documents.** Because much of the information included in this Disclosure has been obtained from other sources (e.g., governmental and other public agencies, public records, etc.) and because the information is subject to change for reasons beyond our control, we cannot guarantee the accuracy or completeness of any information disclosed. After the closing on your lot or home, future updated Disclosures will be provided only to purchasers of new homes offered by Neighborhood Builders, Artisan Builders and other Builders or to purchasers of resale homes or new and resale lots whenever Verrado Realty LLC represents the Seller or Buyer in a new or resale transaction within the Community and the Founder is not otherwise responsible for advising you of any changes. You should independently verify the information regarding any matter of concern to you. We also recommend that you visit the Community and drive around the general vicinity surrounding the Community on several occasions on different days and at different times to familiarize yourself with physical and other conditions to determine whether there are material factors that might affect your decision to purchase a home or lot in the Community. Since we cannot predict every circumstance that may be material to you as the Prospective Buyer, you must satisfy yourself about the decision to purchase a home or lot by independently investigating all matters of concern to you.

As part of your purchase of a home or lot in the Community, you will receive a purchase agreement and other documents related to this transaction (collectively, the “**Purchase Documents**”). This Disclosure is not intended as a substitute for your review of the Purchase Documents, and it does not amend, modify or supersede the Purchase Documents. If there is an inconsistency between the Purchase Documents and this Disclosure, unless otherwise expressly provided herein, the Purchase Documents will control. Prior to entering into your purchase agreement, you will also receive various disclosures (collectively, the “**Community Disclosures**”) and, if you are purchasing a new home or lot, you will receive the Arizona Subdivision Disclosure Report (and any amendments thereto) for your subdivision (“**Public Report**”) prepared and provided by the Neighborhood Builder, Artisan Builder or other Builder from whom you purchase your new home or lot (or, in the case of custom lots purchased directly from the Founder). Your Neighborhood Builder will be identified as the “Subdivider” and the Founder will be identified as the “Master Developer” in such Public Report. The Founder reserves the right to add additional residential communities, Neighborhood Builders, Artisan Builders and Builders to the Community in the future in accordance with the Master Plan or any amendments thereto. This Disclosure provided on behalf of the Founder is not intended to limit or otherwise replace or affect in any manner the provisions of the Purchase Documents, Community Disclosures, Governing Documents (as defined below) or Public Reports but, rather, this Disclosure should be consulted to determine the Founder's position on important issues current only as of its effective date.

Except as otherwise noted, all capitalized terms in this Disclosure shall have the meaning given them in the Covenant and the Charter and any supplements thereto (as such terms are defined below) including that the term “Unit” as used herein refers to the land, if any, which is part of the Unit as well as any structures or other improvements on the Unit. The terms “we” or “us” shall refer to the Founder. The term “you” shall refer to Prospective Buyer, as defined above. The term “owner” or “Owner” shall refer to the party(ies) holding title to the referenced residential Unit/Lot within the Community or other residential or commercial real property in which the term is used.

For information that will help you, the Prospective Buyer, make informed decisions on which kind of mortgage is best for you, you may contact the NATIONAL ASSOCIATION of REALTORS® (NAR) web site brochure page at www.realtor.com/home-finance.

1. **COMMUNITY:** The Community is a planned development located on a total of approximately 8,816 acres and is planned as a multi-phased development adjacent to the White Tank Mountains, in the City of Buckeye (“**City**”), Maricopa County (“**County**”), Arizona. The Community is planned to consist of a multitude of residential neighborhoods and commercial, public and other uses, including open space and collector roads. The Community presently includes one public golf course, a private health club, two public elementary schools, a middle school, and a high school, the “**Victory District**” for those residents 55 years of age or older. Verrado, through its various districts is comprised of commercial, office, high-density residential (including apartments) and retail uses. Planning and, in some cases, construction is currently underway for future phases and additional facilities, an additional public golf course, one or more resorts and related facilities, medical facilities, worship facilities, and commercial, office, high-density residential and retail facilities within the Community. The Community is being developed in a series of phases over a period of years.

2. **DEVELOPMENT PLAN:** The Community is entitled as a multi-phased development and the development plan presently contemplates up to approximately 14,080 residential Units including custom lots, as well as commercial, retail, 1,000 resort rooms, public parks (including sports parks, skate facilities, and dog parks) and trails, open space, golf courses, worship facilities and school uses. As currently planned, residential subdivisions in the Community may contain various product types, including a diverse mix of housing types, styles and sizes including production single family attached and detached homes, housing for age-qualified buyers, high density residential (including condominiums and apartments) and townhomes and golf villas in a planned resort village, as well as custom and semi-custom homes, short-term rental units used for marketing purposes, single family attached “for rent” product, and Live/Work Units (“**Live/Work Units**” as described in [Section 22](#)). Federal and Arizona State law permits assisted living facilities within planned communities, including residential homes utilized for assisted living. These facilities, if and when constructed, will nevertheless need to comply with the Governing Documents (as defined below) for the Community, as well as any applicable local codes, rules and regulations. However, future development of the Community and surrounding properties is subject to change and cannot be predicted with accuracy, including that the Founder cannot guarantee that the Neighborhood Builders, Artisan Builders or other Builders will construct the number or types of residential dwellings currently planned or that all the residential dwellings planned for the Community will ultimately be built. The actual number and types of homes built in the Community will be determined by the size of the lots that are platted in future phases and other factors (including, but not limited to, market conditions or other conditions, including the sale of portions of the property or the acquisition of additional property). Additionally, the establishment and operation of nonresidential uses, including retail, commercial, resort, golf and service uses, are subject to residential population thresholds and other factors including, but not limited to, market conditions. The Founder reserves the right to make changes in the proposed land uses, improvement plans, street patterns and types, architectural styles and designs, size of residences, and the characteristics of other improvements to be built and there can be no assurance that the Community or the subdivision in which your home or lot is located will be developed as proposed, including that the Founder makes no representation as to the

timing, location, nature or existence of any residential or nonresidential use. Plans for common areas and open space surrounding residential areas may be affected by such changes, some or all of which may be outside of Founder's control now or in the future. The Founder makes no representation regarding how the property not owned by the Founder within and surrounding the Community or any subdivision will be used or developed, and the Founder has the right to annex any additional land as part of the Community. Existing and/or proposed uses and zoning of adjacent property are subject to change and are not within the Founder's control. Also, the Founder reserves the right to sell portions of the property remaining in the Community to one or more other developers who may have the right to request changes in the development plan or lease portions of the property remaining in the Community for permitted uses (including, but not limited to, grazing of livestock). You are also advised to obtain a copy of the recorded map and correction documents, if any, from the Seller of your lot or home and note all easements, restrictions and statements contained therein. If of interest, you should contact the City of Buckeye Community Development Department at (623) 349-6200 for up-to-date zoning or uses for adjacent lands.

IMPORTANT NOTICE TO RESALE BUYERS: Land use designations and all other information contained in the Public Report originally prepared by the initial Subdivider for your lot or home's particular subdivision is current only as of the date of the issued Public Report filing or any amendment thereto. Consequently, no assurance can be given to any resale buyer in the Community that any information contained in a Public Report (including a Public Report viewed on the Arizona Department of Real Estate's web site at www.azre.gov) including, but not limited to, information regarding assessments, fees, development plans, schools, utilities, zoning, title exceptions or uses for adjacent land is still accurate and up-to-date and has not otherwise changed since initially described in the Public Report. **Resale buyers should, therefore, make all inquiries of interest to obtain the most accurate and up-to-date information on matters addressed in any Public Report reviewed prior to purchasing a resale Unit.**

3. **GOVERNING DOCUMENTS:** Your home or lot will be subject to the following documents, which may be amended or supplemented from time to time (collectively, the "**Governing Documents**"):

- a) The Articles of Incorporation of the Assembly dated and filed October 3, 2002;
- b) The Bylaws of the Assembly dated October 9, 2002;
- c) The Covenant for Community for Verrado, recorded on April 28, 2003, as Instrument No. 2003-0531387, in the Official Records of the County, together with all duly adopted amendments and supplements relating thereto (collectively, the "**Covenant**");
- d) The Articles of Incorporation of the Association dated and filed October 3, 2002;
- e) The Bylaws of the Association dated April 9, 2004;
- f) The Rules and Regulations of the Association;
- g) The Community Charter for Verrado, recorded on September 30, 2002, as Instrument No. 2002-1008906, in the Official Records, and the First Amendment thereto recorded on January 7, 2004, as Instrument No. 2004-0015591, and re-recorded on October 22, 2004, as Instrument No. 2004-1239013, in the Official Records of the County, together with all duly adopted amendments and supplements relating thereto (collectively, the "**Charter**");
- h) The Supplemental Declaration applicable to your lot;
- i) The Residential Community Design Guidelines, as established by the Founder;
- j) The Verrado Custom Home Design Guidelines applicable to your Subdivision, as established by the Founder (if you are purchasing a custom lot).
- k) Sub-association or condominium association governing documents (if you are purchasing a Unit that is included in a separate sub-association or condominium association).

The Governing Documents are available for your inspection in the sales office of the Neighborhood Builder, Artisan Builder or other Builder from whom you purchase your new home or lot (or, in the case of new custom lots purchased directly from the Founder, from the Founder, and in the case of resale lots or homes,

from the Association through delivery by your title company). The Governing Documents should be provided to you prior to the purchase of your new home or lot or during the escrow period prior to the purchase of your resale home or lot. In addition, the Governing Documents are made available to home and lot owners on Verrado's community web portal described below.

4. VERRADO ASSEMBLY: Verrado Assembly, an Arizona nonprofit corporation (the "**Assembly**") is responsible for creating and providing activities, services and programs, and owning, maintaining, and managing certain property within the Community for the common good and welfare of the Community and the surrounding City area, in accordance with the provisions of the Covenant. The Assembly has no members and is not a property owners association. The Assembly is governed by a Board of Trustees, the members of which are appointed by the Founder during the "**Founder Control Period**" (the period of time that terminates upon the first to occur of occupancy of seventy-five percent (75%) of the permitted Units in the Community or December 31, 2040). Following the Founder Control Period, the Board of Trustees will select subsequent members that are representative of various groups in the Community, as described more fully in the Assembly Bylaws. The Covenant creates the position of City Manager, who is to provide leadership for the planning, development, implementation and evaluation of the Assembly's programs, activities and services. To fund expenses necessary to facilitate or provide the activities, services and programs provided by the Assembly, certain fees and assessments are collected by the Association and payable to the Assembly by all owners of residential real property. ***Please refer to Exhibit B attached and incorporated herein for the current Assessment & Fee Schedule.*** As described in the Governing Documents, there may be limited exemptions to certain fees and assessments and the Assembly may establish additional fees for Assembly activities, services and programs. Payment of assessments in a timely fashion is required to potentially avoid penalty fees, liens, and all other enforcement actions permitted by the Governing Documents and applicable law.

5. VERRADO COMMUNITY ASSOCIATION, INC.: Verrado Community Association, Inc., an Arizona nonprofit corporation (the "**Association**"), exists to own, operate and/or maintain various common areas and community improvements and to administer and enforce the covenants, conditions and restrictions set forth in the Charter, including collecting assessments, fees or other charges levied by the Assembly and the Association against members of the Association. All owners of residential real property in the Community automatically become members of the Association upon acquisition of a Unit. The Association is governed by a Board of Directors, the members of which are appointed by the Founder during the Founder Control Period. As a member of the Association, you will have a right to vote (one vote per Unit, regardless of the number of members within the household) and, for purposes of exercising your voting right, owners may be grouped into Neighborhoods and Election Districts, with the goal of implementing a representative voting system for all matters to be voted on by members of the Association. To fund the Association's activities and responsibilities, certain assessments are payable to the Association. ***Please refer to Exhibit B attached and incorporated herein for the current Assessment & Fee Schedule.*** The Association may also charge use and consumption fees to any person using Association services or facilities. For more information on the establishment and responsibility for payment of assessments, fees and other charges by the Association, please refer to the Charter. Payment of assessments in a timely fashion is required in order to potentially avoid penalty fees, liens, etc.

In addition to being a member of the Association and being obligated to pay fees and assessments to the Association, your subdivision may have its own separate sub-association that may levy additional fees and assessments for other additional services provided. Neither the Founder, the Assembly nor the Association has control over the establishment, or collection, of any additional fees and assessments levied by a sub-association. Your Purchase Documents entered into directly between you and your Artisan Builder, Neighborhood Builder or other Builder should identify whether you will be part of a sub-association. The Victory District has a sub-association and additional fee structure.

6. **TECHNOLOGY:** The Assembly, as part of its scope of community programs, will provide for the operation and maintenance of a community web portal, www.verrado.com. This Community-wide interactive communication system provides a means of learning about upcoming events, news and other information via message boards and personalized Verrado email that will be offered to all residents. Access to www.verrado.com will be conditioned upon each member's acceptance of a User Agreement and adherence to that User Agreement and the guidelines referenced therein, which are subject to change. The ongoing operation of verrado.com is funded by the Assembly and Association, and www.verrado.com will be made available on an "AS IS" basis. The Founder, the Assembly and the Association do not make any warranties of any kind with respect to www.verrado.com or any of its content although the Assembly has implemented precautions intended to safeguard your privacy online. A Privacy Policy will be made available upon registration and posted online, which identifies how your personal information will be treated as you and other authorized household members use www.verrado.com. Personal information may be shared on a limited and controlled basis with various designated community partners (e.g., Arizona State University Lifelong Learning, Banner Health, etc.), and you may receive mailings from our community partners because we have conducted business with them. You will be provided the opportunity to request removal of your personal information from any future communications at any time, and we (and our community partners) will honor those requests. All such personal information shall be handled in accordance with the current privacy policy posted to www.verrado.com or the current posted privacy policies of our community partners.

Neither the Founder, the Assembly, nor the Association has control over or liability or responsibility for any other telecommunications system or service provided in the Community, including internet, telephone, cable television, and digital music, or any other service interruption that may occur from time to time.

7. **INTELLECTUAL PROPERTY RIGHTS:** The Founder owns the exclusive rights to the state and federally registered "Verrado®" mark, name, logos and indicia (collectively referred to as the "**Verrado Marks**"), with all rights reserved. The purchase, lease or sale and related marketing of any property located in the Community does not give any buyer, seller, brokerage, agent of the buyer or seller, or tenant the right to use the Verrado Marks or any of Founder's copyright protected materials or works. The use, creation, registration and/or application to register any mark, name, domain name, e-mail address, designation, club name, business name, photograph, drawing, vanity license plates, newsletter, magazine publication, entity name (even if such entity is created for the sole purpose of designing, constructing, marketing, owning, leasing, selling or providing any other services to a lot or home within the Community) or any other identifier of source that is comprised of or incorporates the Verrado Marks or are confusingly similar to the Verrado Marks, for any purpose whatsoever, is strictly prohibited without the prior written authorization of the Founder, which can be withheld at the Founder's sole discretion. The Founder's marketing and promotional materials, photographs, images, text, renditions and floor plans, Fact Sheets, architectural plans and drawings, web sites, the contents thereof and any other materials or works (including, but not limited, to the entire contents of this Disclosure), whether in print or online, are strictly protected under copyright law. Notwithstanding any and all costs and fees actually incurred by you/your business or your potential ability to secure permission from any local or state agency, domain name provider, etc. in violation of the Founder's rights in the Verrado Marks, any violation of this provision will constitute an intentional and willful violation of the Founder's rights and shall subject such individuals to full enforcement and penalties allowed by law.

8. **CFD DISTRICTS:** The Community is located within the boundaries of the Verrado District No. 1 Community Facilities District ("**District 1**") and portions are also located within the Verrado Western Overlay Community Facilities District (the "**Western Overlay District**"), which were formed to finance the construction and acquisition of public infrastructure that benefits the Community. (District 1 and the Western Overlay District are collectively referred to herein as, the "**CFD Districts**"). District 1 includes all of the land within the Community whereas the Western Overlay District is located generally west of

Verrado Way in the Community. The CFD Districts finance public infrastructure through the issuance of general obligation bonds. The existence of the CFD Districts will have a beneficial impact on property owners in the CFD Districts because the ability to utilize bond proceeds allows the construction of infrastructure to occur earlier than would otherwise be possible and, in some cases, will provide infrastructure amenities that otherwise might not be available. Property owners in the CFD Districts will also benefit from having higher quality improvements that will be maintained to a higher standard than would otherwise be the case. Each owner of a Unit will participate in the repayment of the bonds in the form of an addition to each owner's annual property tax bill. This added tax, like your other property tax liability, may be deductible from federal and state income taxes (you should consult your tax professional for further information). In the case of new sales, your Neighborhood Builder, Artisan Builder or other Builder (or, in the case of persons purchasing custom lots directly from the Founder, the Founder) should provide you with a disclosure statement which sets forth additional specific information regarding the CFD Districts, including but not limited to, an estimate of the amount of the ad valorem taxes which may be levied against your home or lot which you will be required to sign the disclosure prior to closing the purchase of your new home or lot. In the case of resales, information regarding the CFD Districts should be provided to you in a different format as part of the title and sales documentation provided during the escrow period prior to closing the purchase of your resale home or lot.

9. CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT: The residential subdivisions in the Community are enrolled as members of the CAGR. The CAGR is obligated by statute to replenish the groundwater served to its members. The CAGR is managed and operated by the Central Arizona Water Conservation District ("CAWCD"), which manages and operates the Central Arizona Project. The CAGR collects assessments, set each year by the CAWCD Board, based on the estimated cost of performing the CAGR's groundwater replenishment obligations. Each owner will pay an annual assessment, which is collected by the Maricopa County Treasurer's Office and is included as part of your annual property tax statement. It is not possible to estimate the exact amount of the assessment charged to a lot, as it depends on how much water is used at the particular lot in a year. Based on the water demand for a typical residential home, however, and the current assessment applicable to Verrado homes of \$704 per acre foot, the CAGR assessment rate for the tax year 2017-2018, is approximately \$2.16 cents per 1,000 gallons of replenishment. Since, on average, homes in the CAGR are projected to use about 10,000 to 15,000 gallons of water per month, this would result in an average CAGR assessment for residences of approximately \$21.60 to \$32.40 per month, or \$259.20 to \$388.80 per year. Properties within the CAGR may be subject to mandatory water conservation requirements in the future. Membership dues are also paid through the real estate tax bill for all CAGR member lands. The dues are a recurring annual flat amount charged per lot or parcel enrolled in the CAGR within a particular Active Management Area. For lots within Verrado, the membership dues are currently \$22.63 per year per lot/parcel. For further information, you may contact the CAGR at (623) 869-2243 or visit their web site at www.cagr.com.

10. WESTERN MARICOPA EDUCATION CENTER DISTRICT: The Community is located within the Western Maricopa Education Center District ("West-MEC") and all lot owners are subject to assessments by West-MEC. These assessments are included in your property taxes and will be reflected on your annual tax statement from the Maricopa County Treasurer's Office.

West-MEC's Southwest Campus is located south of Interstate 10 and west of Verrado Way. The facility is open to both high school and adult students with a focus on construction, energy, information technology and medical industries. Property owners may contact West-MEC's Southwest Campus directly at (623) 872-6260 for further information.

11. SCHOOLS: There are currently three school districts for property located north of the southern boundary of Section 31 in the Community: Litchfield Elementary School District #79 ("**Litchfield**"), Agua Fria Union High School District #216 ("**Agua Fria**"), and the Saddle Mountain Unified School District #90

("Saddle Mountain"). Additionally, there are currently two school districts for property located south of McDowell Road: Buckeye Union High School District #201 and Liberty Elementary School District #25. The current boundaries for these three school districts, within the Community and for the two school districts in a future development area south of McDowell Road are shown on the map attached to this Disclosure as **Exhibit A**. Litchfield, Agua Fria, and Saddle Mountain are parties to an agreement that provides for these three schools to accept any student residing in the Community. Students within Verrado will attend schools located within the Community. The schools that are now open and located in the Community are:

- **Verrado Elementary School** (Grades K-5) located adjacent to Verrado Middle School
- **Verrado Heritage Elementary School** (Grades K-8) located at 20895 W. Hamilton Street
- **Verrado Middle School** (Grades 6-8) located at 20880 W. Main Street
- **Verrado High School** (Grades 9-12) located at 20050 W. Indian School Road

If capacity constraints prevent students from the Community from attending one of the above-listed schools located within the Community, then students may attend the following schools, which are in the Litchfield Elementary School District #79 and the Agua Fria School District #216:

- **Scott L. Libby Elementary School** (Grades K-5), 18701 W. Thomas Avenue, Goodyear
- **Western Sky Middle School** (Grades 6-8), 4095 N. 144th Avenue, Goodyear
- **Desert Edge High School** (Grades 9-12), 15778 W. Yuma Road, Goodyear

Under current open enrollment policies, a parent/guardian of a student in one school district may apply for open enrollment of the student in another school within the school districts if, and only if, they are currently accepting open enrollment at that time. Enrollment policy is subject to change and outside of the Founder's control. Transportation to and from the school for which open enrollment is requested is the responsibility of the parent/guardian. Please contact the individual school for more detailed information.

School assignments are subject to change. You should contact the applicable school district for verification of schools and school bus schedules and availability. The school districts determine if, when or where additional schools are to be built as well as which schools will service the Community. This determination is based, among other things, on the school districts' periodic analysis of need. Such analysis may affect if, when and what a school district may build on the school sites located within the Community. The Founder makes no representation as to what, if anything, may or will be built on any designated school sites located within the Community. Designation as a school site does not guarantee that the site will be developed by a school district as a school; i.e., a site may be developed by a school district for other purposes such as an administrative center or other facility or sold to a third party by the school district or by Founder if the site is not desired by the school district or another site is offered and accepted. For further information, including the potential future schools that will be designated for the Community, you may contact:

Litchfield Elementary School District #79	(623) 535-6000
Agua Fria Union High School District #216	(623) 932-7000
Saddle Mountain Unified School District #90	(623) 386-5688
Buckeye Union High School District #201	(623) 386-9700
Liberty Elementary School District #25	(623) 327-2940

Although there is no substitute for an onsite visit to the school to talk with principals and teachers, there is a significant amount of information about Arizona's schools on the Internet. Additional information regarding public and charter schools and districts can also be found at <http://www.lesd.k12.az.us/>, www.azed.gov, www.greatschools.org and www.sfb.state.az.us.

School ball fields are owned by the appropriate school district, and these fields are used by the Assembly for various programs and events. The Association pays for the lighting of these fields. Use of the outdoor facilities at the schools and recreational facilities within the Community, including Verrado Middle School, Verrado Heritage Elementary School, the Verrado High School, the District Park, the neighborhood parks, landscape, drainage or open space tracts, skate facilities, the Verrado Golf Club™ and The Center on Main™ (the “**School and Recreational Facilities**”), may result in increased light, noise, dust, lack of privacy and increased pedestrian and vehicular traffic, including noise throughout the day from bells, loudspeakers, band and sports practice, fire and other public safety alarms and children attending these facilities. Residents living adjacent to or near the School and Recreational Facilities may experience interference and disturbance (including damage) associated with such facilities including that no netting may be in place to prevent athletic balls, such as golf balls, baseballs, soccer balls, tennis balls or softballs from crossing fences and landing in yards or hitting homes or vehicles parked nearby.

12. THE CENTER ON MAIN: An Association owned community recreational and meeting facility known as The Center on Main™ (“**The Center on Main**”) is located in the Community adjacent to and east of the Main Street District. The Center on Main includes a two-story building containing approximately 14,603 square feet, with exercise and fitness areas, locker rooms, meeting rooms and space for social functions, an outdoor swimming center, including two swimming pools and a pool house, and an outdoor basketball facility. The facility is situated on approximately one and one-half (1.5) acres of land. The adjacent three (3) acres of land includes shared parking spaces but has been sold for future development. Rights to use the recreational and other facilities will be determined solely by the Assembly and Association for residents in good standing. Rules and regulations pertaining to the hours of operation and use of The Center on Main by residents will be established by the Assembly. Such rules may limit or affect the use of The Center on Main by residents and may require the payment of certain additional fees and/or deposits in connection with certain uses. Access to The Center on Main, via a key fob system, is included in the monthly Association fee. Upon closing the purchase of your home or lot, you will be provided with a key fob to access The Center on Main during operating hours.

13. MAIN STREET DISTRICT: One of the distinguishing features of the Community is the Main Street District, which is comprised of various land uses, including commercial, office, high-density, residential and retail (the “**Main Street District**”). The Main Street District also includes the Verrado Golf Club, The Center on Main, Verrado Realty™, a barber shop and day spa, and/or other commercial or residential uses. Occasionally, the Assembly, the Association, the Verrado Golf Club or The Center on Main may host Community and other public activities involving the Main Street District, which may temporarily limit access to the Main Street District and adjacent areas and may result in increased numbers of people being in such areas. Residents living adjacent to, or near, the Main Street District may experience increased light, noise, dust and additional pedestrian and vehicular traffic associated with such facilities.

14. HERITAGE DISTRICT: The Heritage District is currently being developed to include commercial, office, fire station, school, residential, active recreation areas and retail (the “**Heritage District**”). The Heritage District includes Heritage Swim Park and Grand Lawn including a resort-style swimming pool, restrooms, small office and storage area, and an outdoor covered pavilion shade structure. The facility is located at 2571 North Heritage Street and is open to residents and their guests. Residents living adjacent to or near the Heritage Swim Park and Grand Lawn Park may experience increased light, noise, dust and additional pedestrian and vehicular traffic associated with the construction and use of such facilities.

15. VICTORY DISTRICT: The Victory District™ is located in the northeastern portion of the Community (the “**Victory District**”). The Victory District limits occupancy of units to age-qualified persons, specifically requiring that at least one (1) person 55 years of age or older occupy most of the units in the Victory District. Phase 1 of the Victory District consists of 446 lots, The Big Patio®, model homes

and paths and trails connecting throughout the Community. Future Phase 2 will consist of 393 lots, and future Phase 3 will consist of 181 lots. Construction has been completed on a Tom Lehman designed 18-hole golf course and a programmable driving range and a pro shop operated by CGPM Manager, LLC, which is a division of Arnold Palmer Golf Management (“**Century Golf Partners**”). Public Amenities in the Victory District include The Vic Bar + Kitchen™ restaurant and The Spa at Victory, which are part of The Victory Club. All other amenities within The Victory Club are private and available for use only by residents with homes located in the Victory District. Those residents living in the Victory District will be subject to assessments for The Victory Club in addition to regular assessments from the Association. There is no guarantee or representation by the Founder, the Association, the Assembly or their respective employees and agents that the Victory District amenities will be built as currently proposed, and when built, what programs will be offered. Residents living adjacent to or near the amenities may experience increased light, noise, dust and additional pedestrian and vehicular traffic associated with facilities.

16. **MARKETSIDE DISTRICT:** The Marketside District is located north of Interstate 10 and on both the east and west sides of Verrado Way, and south and north of McDowell Road (the “**Marketside District**”). The Marketside District will consist of residential and commercial uses. The residential portion will include three (3) phases totaling approximately 830 lots of medium to high density lots for single family detached homes. The commercial component consists of 115 acres for multiple uses, currently services are provided by a fast food restaurant and convenience store with self-service fuel and drive-through car wash facility located at the northwest corner of Market Street and Verrado Way. Residents living adjacent to or near the Marketside District may experience increased light, noise, dust and additional pedestrian and vehicular traffic associated with construction of this project in the Community.

17. **VILLAGE DISTRICT:** The Village District is located north of Indian School Road, West of Jackrabbit Road and east of Park Street (the “**Village District**”). The Village District will consist of residential and commercial uses in addition to a school and open space. The residential portion consists of several phases totaling approximately 817 of low to medium density lots for single family attached and detached homes. The commercial component consists of the Village Grove. The Village Grove is slated as a grocery anchored-retail center located on the northwest corner of Jack Rabbit Trail and Indian School Road, sitting on approximately 20 acres with 170,000 sq. ft. of retail space.

18. **HIGHLANDS DISTRICT:** The Highlands District will be located west of Verrado Way and west of the Victory District (the “**Highlands District**”). The Highlands District will be a multi-phased project, and Phase 1 will consist of 220 lots for single family detached homes. The Highlands District will include a park and potentially a fire station. Construction is expected to begin in 2018. Plans are subject to change at the discretion of the Master Developer. Residents living adjacent to or near the Highlands District may experience increased light, noise, dust and additional pedestrian and vehicular traffic associated with construction of this project in the Community.

19. **GOLF CLUB AND MAINTENANCE FACILITY:** The Community includes the Verrado Golf Club and its related amenities which currently include a public, eighteen (18) hole championship golf course, driving range, pro shop, locker rooms, restaurant and lounge consisting of approximately 14,000 square feet with an additional 6,000 square feet of cart storage and maintenance facility (collectively, the “**Verrado Course**”). The Verrado Course is currently open to the public, subject to daily fees for use and play. The Verrado Course is located on land adjacent to, and west of, the Main Street District (described in [Section 13](#)) and is located adjacent to certain lots within the Community. DMB Verrado Golf I LLC, an affiliate of the Founder, currently owns the Verrado Course, and Century Golf Partners is responsible for the operation and maintenance of the Verrado Course. The operation, maintenance and use of the Verrado Course may cause inconvenience and disturbance to you and to other residents in the Community and potentially cause injury or damage to persons, residents and personal property including, without limitation, the following: (i) errant golf ball overflight and resultant personal injury and property damage; (ii) lakes,

water hazards and other "attractive nuisances" located upon or adjacent to the Verrado Course; (iii) the use of outdoor speakers and the operation of golf carts and noisy power equipment, such as lawn mowers, tractors and irrigation pumps and motors, on or adjacent to the Verrado Course at various times including weekends and early morning and late evening hours; (iv) the operation (including possible overspray) of sprinkler and other irrigation systems during the day and at night; (v) the application (including possible overspray) of pesticides, fertilizer and other chemicals and the use of reclaimed irrigation water on or adjacent to the Verrado Course; (vi) the proximity of the Verrado Course restroom and maintenance facilities to certain lots in the Community; (vii) the use of the Verrado Course for tournament play, resulting in additional noise, traffic and pollution due to attendance by large crowds for extended periods of time including, but not limited to, weekends and early morning and late afternoon hours; and (viii) the daily activities of maintaining, operating and playing on or adjacent to the Verrado Course, typically commencing in early morning hours.

The Community also includes a second-public golf course located within the Victory District called the Victory Golf Club, and its related amenities including a public, eighteen (18)-hole golf course, a programmable driving range and a golf clubhouse and is subject to daily fees for use and play (the "**Victory Course**"). DMB Verrado Golf I LLC, an affiliate of the Developer, currently owns the Victory Course, and Century Golf Partners is responsible for the operation and maintenance of the Victory Course. Some homes within the Victory District will be located on lots adjacent to the Victory Course. The operation, maintenance and use of the Victory Course may cause inconvenience and disturbance to residents in the Victory District and potentially cause injury or damage to persons, residents and personal property, including without limitation, the following: (i) errant golf ball overflight and resultant personal injury and property damage; (ii) lakes, water hazards and other "attractive nuisances" located upon or adjacent to the Victory Course; (iii) the use of outdoor speakers and the operation of golf carts and noisy power equipment, such as lawn mowers, tractors and irrigation pumps and motors, on or adjacent to the Victory Course at various times including weekends and early morning and late evening hours; (iv) the operation (including possible overspray) of sprinkler and other irrigation systems during the day and at night; (v) the application (including possible overspray) of pesticides, fertilizer and other chemicals and the use of reclaimed irrigation water on or adjacent to the Victory Course; (vi) the proximity of the Victory Course restroom and maintenance facilities to certain lots in the Community; (vii) the use of the Victory Course for tournament play, resulting in additional noise, traffic and pollution due to attendance by large crowds for extended periods of time including, but not limited to, weekends and early morning and late afternoon hours; and (viii) the daily activities of maintaining, operating and playing on or adjacent to the Victory Course, typically commencing in early morning hours. The Verrado Course and the Victory Course are referred to collectively as the "**Golf Courses**."

We make no representation that the Golf Courses will continue to be open to the public and, if they are closed to the public, we make no representation concerning the ability of any resident to use the Golf Courses or, if applicable, to become a member of any club or association having the right to use the Golf Courses and assume no obligation to assist any resident in attempting to gain membership therein. In addition, and without limitation of the foregoing, in purchasing a home or lot in the Community, you will not acquire any rights, interest or membership in, to or over the Golf Courses or any rights with regard to the continued existence of the Golf Courses or changes to the configuration of the Golf Courses or, where applicable, a right to an unobstructed view over or across any portion of the Golf Courses. The Founder has no affirmative obligation and we assume no legal duty to take any measures for the benefit of those purchasing lots or homes in the Community with regard to such matters, and we make no representation as to the effectiveness or adequacy of any measures that are, or may have been, taken voluntarily or otherwise by the Founder or any other person. The Founder has reserved an easement, in the Charter, over portions of the Community adjacent to the Golf Courses to accommodate the Golf Courses' operations and golf ball overflight and damage, as further provided in the Supplemental Declaration for lots adjoining the Golf

Courses. Additionally, the owner of the Golf Courses has the right to install and remove trees and other landscaping at the Golf Courses without the consent of the residents of the Community or the Association.

You shall not, and shall not permit any visitors to, enter into or cross over any portion of the Golf Courses to access any portion of your home or lot in the Community. The playing of radios, tape players and other audio equipment in a fashion that is disturbing to players on the Golf Courses is prohibited.

20. INFORMATION CENTER AND NEIGHBORHOOD SALES FACILITIES: The Verrado Information Sales Center (the “**Information Center**”) is located in the Community at 1829 North Verrado Way. The Information Center offers Community information and activities and is owned and operated by the Founder. The Information Center shares a building with the Verrado Coffee Company™, which is owned by the Founder and operated by Century Golf Partners. Residents living adjacent to or near the Verrado Coffee Company may experience increased light, noise, dust and additional pedestrian and vehicular traffic.

21. TEMPORARY DOG PARK: A temporary dog park is located in the retention basin/open space located adjacent to the Verrado Coffee Company at the northeast corner of Verrado Way and McDowell Road. The temporary facility is open to Verrado residents and their guests. The facility will be relocated in the future, however, the location and timing is unknown at this time. There is no guarantee or representation by the Founder, the Association, the Assembly or their respective employees and agents that it will be built, or if built, what dimensions and features it will contain. Residents living near the temporary facility may experience increased light, noise, odor and additional pedestrian and vehicular traffic associated with the facility.

22. MULTIPLE USES OF UNITS: The Founder has planned future phases of the Community to include parcels within which Neighborhood Builders and other Builders may construct “**Live/Work Units**” allowing for combined residential and business uses. The business uses would take place in an office maintained within a portion of the Live/Work Unit. Any Live/Work Unit may be used entirely for residential use but no Live/Work Unit may be used entirely for non-residential use. Home-Based Businesses are permitted in the Community provided such business use takes place entirely within the Live/Work Unit, such business use is generally performed with one client at a time, and such business use is consistent with applicable laws, ordinances, and regulations, and other governmental conditions of approval of the development plans of Live/Work Units. The use of any Live/Work Unit for a business use shall be subject to various approval requirements of the Founder and the Board of Directors of the Association (the “**Board**”). There may be additional restrictions applicable to Live/Work Units including, but not limited to, lighting, loading activities, external impacts, signs, parking and vehicular restrictions, and hours of operation. Prior to undertaking any proposed business use, the owner of a Live/Work Unit shall be required in all cases to submit an application to the Founder and/or the Board and to obtain certain approvals as set forth in the Rules of the Association. Additional specific conditions and requirements applicable to particular Live/Work Units will be included in a recorded Supplemental Declaration to the Charter.

23. ACCESS AND SECURITY: Although certain neighborhoods within the Community have or may have restricted access for privacy purposes, the Community as a whole is not gated and is not otherwise a controlled-access community. None of the Founder, the Assembly or the Association has any affirmative obligation, and assumes no legal duty, to take any measures to provide security or insure the safety, privacy or security of individuals or property within the Community. We make no representation as to the effectiveness or adequacy of any measures that are, or may have been, taken voluntarily or otherwise by the Founder or any other person, including lighting. Periodically, the Founder and/or Builders may hire private security firms for the purpose of patrolling active construction areas only. Buckeye Police Department is responsible for public safety in residential areas.

Certain areas in the Community may be subject to on-street parking restrictions due to the requirements of local fire safety codes, street cleaning, restrictive covenants (including handicapped parking areas) or during active construction or other activities and occurrences. These restrictions may preclude you, your tenants or your guests from parking on the street in front of or near your home at any time. Signs will be posted but parking restrictions may or may not be identified with red-painted curbs. At present, on-street parking is restricted within sixty (60) feet of an intersection. Parking restrictions are subject to change. Vehicles parked in “no parking” zones may be towed, at the vehicle owner’s expense, without advance notice. None of the Founder, the Assembly or the Association assumes any liability for any inconvenience (including towing of any vehicles at the vehicle owner’s expense) and penalties incurred by owners, tenants or guests for non-compliance with posted signs, marked curbs or other parking restrictions. You may encounter increased light, noise, dust, and loss of privacy as a result of the public’s use of paths and trails throughout the Community.

24. NATIVE DESERT/PUBLIC PATHS AND TRAILS: The Community is situated in a desert area where native wildlife exist, including but not limited to, desert cottontail, desert tortoise, black-tailed jackrabbit, birds, bees, javelina, coyotes, mule deer, various rodents, lizards, scorpions, black widow spiders and snakes that are common in this part of Arizona, which may be of concern to certain individuals. The natural open space area outside the public trail system is not intended for recreational use and walking or hiking in such area may be hazardous. Certain portions of the trail system within the Community and in the surrounding mountains have been open for temporary use and may be moved or closed in the future. Additionally, the animal wildlife may venture from the natural open space area and into residential portions of the Community. You assume all risks pertaining to such wildlife and release the Founder, the Assembly, the Association and all of their respective officers, directors, shareholders, employees, consultants and agents from any and all claims, damages, costs, expenses, losses and other liability (including actual attorneys’ fees) for death or injury to any person and/or damage to any property arising from or otherwise relating to your use of the public trail system, or entry onto the natural open space, or such being near wildlife.

You should also be aware that there is a need for residents to confine valuable plants and flowers that may be a potential food source to wildlife. Valuable plants and flowers should be fenced to avoid damage or destruction. You may encounter increased light, noise, dust and loss of privacy as a result of the public’s use of paths and trails throughout the Community. You are strongly advised to (i) securely cover all food and trash located outside of your home to avoid attracting wild animals, (ii) keep pets from straying outside of your lot, (iii) eliminate sources of standing water on your lot that can support mosquito breeding, (iv) vaccinate your pets from mosquito born viruses and (v) properly protect yourself and your children when outdoors. You are personally responsible for protecting yourself, your family and your lot from the impact of rodents and pests. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. Purchasers with concerns should seek the advice of a pest control company. If these or any other creatures are a concern, purchaser may contact the Maricopa County Extension Service at (602) 827-8200, or visit their web site at www.extension.arizona.edu/maricopa or also visit www.desertusa.com/life.html.

You are also advised that large animals including javelina, coyotes and mule deer often use roadways to travel from location to location and you should use appropriate caution and safe speeds when driving roadways within the Community. None of the Founder, the Assembly or the Association makes any representation or warranty concerning the safety of any person or pets from bites, nuisances or damage to property that may be caused by any animal or pests. Keep your children and pets away from ant mounds and hives.

25. **ONGOING CONSTRUCTION AND SALES ACTIVITY:** The Community is being developed in a series of phases, and additional phases may be completed after you purchase your lot or move into your new home. There is likely to be a significant amount of construction-related activity (e.g., construction traffic, on-site rock crushing areas and off-site rock crushing areas, blasting of rock, hauling of construction materials) and the resulting dust, dirt, debris and noise at varying times of the day. The construction and sales of homes and/or lots in the initial and subsequent phases may cause you some inconvenience (e.g., noise and dust from construction traffic, increased noise from construction activities which may commence earlier during summer hours, travel delays due to construction traffic and prospective buyers visiting the model complexes and sales offices). Further, due to ongoing construction and sales activity, public infrastructure, public and private utilities (e.g., water, electricity, telephones, cable television, sewers, storm drains, etc.) within the Community and/or servicing your home or lot may be temporarily interrupted and/or adversely affected. You must exercise extreme caution and observe all signs that may be posted when driving through a construction zone. Construction sites are inherently dangerous and it is your responsibility to supervise children under your care to prevent them from entering areas under construction without permission or supervision and you and your guests, invitees and contractors are required to comply with the applicable rules. If you enter any construction areas, with or without permission, you will be presumed to have assumed all risk of any and all injuries (including death) to any person and/or damage to any property arising from or in any way related to your entry onto your lot or other construction area, and waived any and all claims of any kind or nature against the Founder, the Assembly, the Association and its and their subsidiaries and related entities, and all of its and their employees, officers, directors, shareholders, contractors, subcontractors, vendors, agents, representatives, consultants, and its and their respective successors and assigns arising from or in any way related to your entry into your lot or other construction area. **IN ADDITION, BY SIGNING THIS DISCLOSURE, YOU AGREE THAT YOU SHALL PROCEED AT YOUR OWN RISK DURING ANY VISIT PRIOR TO MOVE-IN AND YOU RELEASE AND WAIVE ANY CLAIMS AGAINST FOUNDER, THE ASSOCIATION, THE ASSEMBLY AND ITS AND THEIR SUBSIDIARIES AND RELATED ENTITIES, AND ALL OF ITS AND THEIR EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, CONTRACTORS, SUBCONTRACTORS, VENDORS, AGENTS, REPRESENTATIVES, CONSULTANTS, AND ITS AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND ANY AND ALL OTHER PERSONS OR ENTITIES THAT COULD BE POTENTIALLY LIABLE TO YOU AS A RESULT OF AN INJURY WHICH MAY OCCUR DURING YOUR VISIT TO YOUR LOT OR HOME OR TO ANY PORTION OF THE COMMUNITY.**

26. **DRAINAGE:** You must not change or interfere with the established drainage pattern(s) on your lot in a manner that would deviate from the Community master drainage plan or the approved drainage plan for your subdivision. If you have purchased a custom lot without a home, you must not deviate from the Community's master drainage plan or the approved drainage plan for your subdivision and must comply with the requirements reflected on the final recorded plat for the subdivision in which your lot is located, the Custom Home Community Design Guidelines, the Community master drainage plan, the approved drainage plan for your subdivision and other applicable laws, ordinances and regulations.

The drainage patterns established in the Community master drainage plan and the approved drainage plan for your subdivision have been carefully developed to facilitate proper drainage from slopes and yard drainage to the street or natural swales; any interference with the established drainage patterns as initially constructed, or failure to properly maintain drainage facilities, can cause water to drain inadequately or improperly or to become entrapped within the yard area and could cause structural failure or damage to adjoining property and improvements. The drainage patterns must be maintained so as to ensure continued proper drainage including, without limitation, clearing accumulations of silt and debris after storms and the prevention of incursion of roots and other plant growth which may damage or undermine drainage facilities and patterns. Please note that the construction of improvements, including but not limited to, pools, patios, gazebos, curbs, decks, walks or any other landscape amenity can block, alter, or modify drainage patterns,

thereby requiring corrective measures be taken to insure proper water flow. You are strongly advised to consult landscape architects, geotechnical engineers and/or qualified civil engineers or contractors for advice prior to the installation of yard landscaping or any alteration to the drainage patterns. You should be aware that some of the curbs and/or gutters throughout the Community may have a frequent flow of drainage water due to ongoing irrigation of public and private landscaped areas. Special care must be taken to minimize and remediate the build-up of algae and debris on your lot that may result from such continuous water flows.

Additionally, if you have purchased a custom lot without a home, you must comply with the requirements of the Federal Clean Water Act and the Arizona Department of Environmental Quality pertaining to runoff, erosion, and designated non-disturbance areas, both during construction and in the permanent design of the home and other improvements to be constructed on your lot.

If you change or interfere with the drainage patterns established by the Community master drainage plan or the approved drainage plan for your subdivision, or otherwise fail to conform to applicable requirements, you will be deemed to have assumed all risk of any and all injuries (including death) to any person and/or damage to any property arising from or in any way related to such change, interference or failure to conform, and waived any and all claims of any kind or nature against the Founder, the Assembly and the Association, and its and their subsidiaries and related entities, and all of its and their employees, officers, directors, shareholders, contractors, subcontractors, vendors, agents, representatives, consultants, and its and their respective successors and assigns arising from or in any way related to such change, interference or failure to conform. You may also be required to make all modifications necessary to your lot to conform to the Community master drainage plan and the approved drainage plan for your subdivision.

Irrigation: You should not construct walls, sidewalks, planters, landscape irrigation systems and other obstructions unless adequate measures for surface drainage are provided to avoid ponding or the saturation of expansive soils, particularly adjacent to the house foundation and other improvements. All landscape areas within a lot shall be irrigated with an automatic, underground irrigation system. Spray type irrigation is only allowed for turf and small beds of annuals. All other landscape areas shall be drip irrigation. Due to issues of overspray and staining of walls, no turf or spray-type irrigation is allowed within three feet (3') of a wall or fence which is located on a property line, including rear and side yards.

Landscape Planter Boxes/Retaining Walls: Planters by walkways next to the house must contain several drains to carry away excess water. All rain spouts, gutters, surface drains and subdrains, as applicable, must be adequately maintained to channel water away from the house. Raised landscape planter boxes may not be attached directly to common party walls of adjacent lots or walls adjacent to common areas, open spaces or the golf course. Raised landscape planter boxes may not exceed twenty-four inches (24") in height. The planter must have its own wall adjoining common party walls with a minimum one-half inch (½") air space between the walls. The inside of all planter walls must be water-proofed to prevent water damage to walls. For further information, please read the Residential Design Guidelines for the Community located at www.verrado.com or contact the Association office.

27. SOILS CONSIDERATIONS AND LOT SETTLEMENT: All soil, by its nature, exhibits some expansive and/or subsidence potential. However, based on currently available geological information with respect to ground subsidence in Maricopa County, in which the Community is located, the Community is not located within an area known for significant ground subsidence or the presence of earth fissures. Nonetheless, when soil becomes wet it is prone to expand and may cause damage by lifting and cracking improvements built on top of this soil unless adequate precautions have been designed and incorporated into their construction. When preparing to landscape your yard and construct improvements such as masonry walls and planters, slabs, walks, pools, spas, patios and other improvements, including a custom home, you must take special care to accommodate the soils conditions on your property. You will need to

obtain, at your own expense, a geology and geotechnical report prior to constructing pools, spas, concrete slabs or other improvements, including a custom home, requiring excavation to ensure proper precautions and stability measures are taken and geotechnical design parameters are recommended. Water should not be allowed to pond near any structures or foundation systems, and the design and placement of landscaping and irrigation systems should be performed such that bearing soils and backfill materials are not subject to moisture infiltration or significant increases in moisture content.

In addition, lots in fill areas or in areas underlain by materials other than bedrock will generally settle over time. This settlement is a natural and predicted occurrence and should be expected throughout the Community. Due to differences in physical characteristics and the variation of the thickness of fill in different areas, as well as variable subsurface conditions, sometimes the settlement is not uniform. The difference in settlement between different areas is what is termed "differential settlement."

For further information, you may contact the Arizona Department of Water Resources at (602) 771-8500 or visit their web site at www.azwater.gov/dwr/.

It is your responsibility, and that of your contractors and consultants, to properly design and install any improvements which you construct so as to protect those improvements from damage due to any soil or environmental conditions that may exist on your lot.

The Founder, the Assembly and the Association shall have no liability or responsibility in connection with said soil or environmental conditions including, but not limited to, the repair of any cracking which may occur to improvements not installed by the Founder or any effects of differential settlement or slope creep.

YOU ARE CAUTIONED REGARDING EXCESSIVE WATERING AND/OR OVERSPRAY OF LANDSCAPE MATERIALS, PARTICULARLY IN CLOSE PROXIMITY TO YOUR HOME OR ANY WALLS. EXCESSIVE WATERING WILL RESULT IN STRUCTURAL OR OTHER PHYSICAL DAMAGE TO YOUR HOME OR WALLS. NEITHER FOUNDER NOR SUBDIVIDER SHALL BE RESPONSIBLE FOR ANY DAMAGE TO PERSONS OR PROPERTY CAUSED BY THE ALTERATION OF THE GRADE AND/OR SOILS CONDITIONS BY YOUR REPRESENTATIVE. YOU ARE REQUIRED TO MAINTAIN LOT GRADE AND SOIL CONDITIONS AS OF THE DATE OF CLOSING (AS DEFINED IN YOUR PURCHASE AGREEMENT). IT IS YOUR RESPONSIBILITY TO NOTIFY LANDSCAPE-RELATED PROVIDERS REGARDING SAME.

28. **LANDSCAPING:** The areas outside the boundaries of your lot are areas maintained by the Association, the Golf Club, the City or the Districts and under no circumstances are you permitted to alter, adapt or encroach into these areas. All patio area and hardscape area landscaping and hardscape not provided as part of the initial construction of your home is to be installed by you within your lot boundaries. Installation of any landscape or hardscape is to be completed within the time period outlined in the Supplemental Declaration for your subdivision. In terms of landscape planting, your soils are typically sandy or loamy, and may be low in nutrients. In some cases, you may encounter areas of high salt content or clay. Nutrients and organic amendments can be incorporated to improve existing conditions and plant materials should be selected from local nurseries that are familiar with area soils. In all cases, any improvements to your lot that are visible from neighboring properties must be submitted to and approved prior to installation by Founder or subsequent Reviewer, or the Association, in accordance with the Charter.

29. **COMMUNITY TREE POLICY:** Pursuant to the Association's authority to adopt and modify rules as outlined in Section 7.2 of the Charter, the Association's Board of Directors adopted the following "Tree Policy" on November 14, 2017, which became effective on January 1, 2018:

A. **Story of the Trees**

As one of Verrado's most important, and certainly most distinguishing assets, the Verrado Community Association, Inc. ("VCA") stewards the responsible care and sustainable management of VCA owned trees. Comprised of 21,000+ trees throughout the community, Verrado's urban forest provides benefits to improve quality of life and to increase community value including, cleaner air, carbon sequestration, cooler environment, storm water retention, erosion control, shade, privacy, noise and sound as well as traffic and dust barriers, wildlife protection, and improved community image. In annual surveys, 88% of Verrado residents cite "inviting neighborhoods and streetscapes" as "very important" in choosing the Verrado community.

B. **Long Term Vision of the Trees**

Verrado's long-term vision provides priority care for the important landscape features that distinguish our community and that support our unique community engagement goals. This includes prioritizing care for the trees that shade and line Verrado's streets, creating inviting and walkable environments for neighbors to connect. It also includes prioritizing care for the high profile, grass spaces throughout our community where residents gather and celebrate, such as Village Green.

C. **Requests for Tree Removal(s)**

Given the benefits of the community trees and the significant investment by Verrado's Founder, DMB and the VCA, the VCA exercises extreme prudence when considering removal of any tree. The VCA will not remove any tree(s) as a result of a view-impairment claim as indicated in the Master Disclosure Statement for Verrado. In order for the VCA to grant a tree removal request, the tree must meet at least one aspect of the following criteria; however, other relevant matters may be evaluated:

- The tree is dead, as determined by the VCA in its sole discretion.
- The tree is diseased or dying and restoration is impossible or cost prohibitive, as determined by the VCA in its sole discretion. If it is not obvious that the tree is diseased or dying (e.g., the tree still shows signs of life), the VCA may, but is not obligated to, hire a certified arborist to inspect and make a written recommendation to the VCA.
- The tree poses an imminent risk to the health/safety of individuals or property, and has been documented and verified by a Tree Risk Assessment Qualified (TRAQ) arborist.

D. **Tree Roots | Homeowner and VCA Responsibility**

As a general principle, the VCA is not responsible for damage resulting from the natural growth of roots of VCA-owned trees.

Each Owner is responsible for the protection and preservation of his or her property and must take reasonable and prudent steps necessary to protect their property and improvements on the property from damage due to the growth of roots of VCA-owned trees. This includes pruning of roots and installing root barrier on his or her own property. The property owner is not liable or responsible for any direct results to the health of the VCA owned tree(s) as a result of normal root pruning on his or her own property.

The VCA is responsible for the protection and preservation of VCA-owned common areas and shall take reasonable and prudent steps necessary to protect VCA-owned assets.

Outside of the above listed tree removal criteria, the VCA will not remove a tree owned by the VCA as a result of a member complaint, without specific direction by the VCA Board of Directors. The Board will not consider removal of a healthy tree until the following actions have been completed:

1. Written request from the member to the VCA which clearly substantiates the reason for the removal request. Substantiating supporting documentation shall include the specific location of the tree(s), photo(s), description of the concern and reason for requesting the tree(s) be removed or replaced.
2. If the VCA is inclined to deny the tree removal request, the VCA shall hire a certified arborist to inspect and make written recommendations about the tree(s) at issue. This step provides the Board with an expert recommendation and may provide for alternatives to removal.
3. The Board shall have thirty (30) days from receipt of the certified arborist's recommendations to review the removal request in light of the arborist's recommendations and alternatives, and issue a final written decision to the member who made the request. The Board shall have the exclusive authority to trim or remove any trees within common areas that it deems necessary to prevent damage to the property of others.

E. Sidewalk Preventative Maintenance & Repair Protocol | VCA Responsibility

The VCA and its third-party contractors perform regular preventative maintenance inspections of all VCA-owned sidewalks throughout the community. If a member observes a raised or lifted sidewalk, written notice must be provided to the VCA. Upon receipt of written notice, the VCA will:

1. Conduct a field inspection of the sidewalk, including measuring the degree of offset and photo documentation.
2. If the offset is less than ¼", the sidewalk condition will be monitored to determine if the sidewalk panel(s) are a candidate for concrete sidewalk grinding.
3. If the concrete slab thickness is greater than 2" and the offset is less than 2", the location shall be marked with highly visible paint until concrete grinding occurs. Concrete sidewalk grinding occurs monthly.
4. If the concrete slab thickness is less than 2" and/or the offset is greater than 2", a cold patch shall be installed as a temporary fix to remove the offset until concrete sidewalk panel replacement occurs. Concrete sidewalk panel replacement occurs quarterly.

F. Maintenance of VCA-Owned Trees

VCA-owned common area trees are monitored for the trees' health and safety by the VCA's third-party landscape provider. This includes irrigation, trimming, pruning and health assessments. VCA-owned common area trees shall not be trimmed, pruned, removed, relocated or in any other way damaged by members. Any action taken by a member on a VCA-owned tree, will be evaluated by a certified arborist with a written assessment of the tree's health provided to the VCA. If a VCA-owned tree has to be replaced or requires additional maintenance due to a member's action taken on a tree, the member will be

assessed the full replacement and/or repair costs of the tree(s) at the sole discretion of the VCA pursuant to Section 12.4(b) of the Community Charter for Verrado.

If a member observes a maintenance concern with a VCA-owned tree, the member should promptly notify the VCA in writing of the specific concern and location of the tree. Upon receipt of such notification the VCA and/or the third-party landscape contractor will conduct a field inspection of the subject tree and evaluate the maintenance needs of the tree and perform such maintenance accordingly.

A copy of the Tree Policy can be viewed online at <https://www.verrado.com/wp-content/uploads/2017/12/Tree-Policy.pdf>.

30. **MAIL BOXES, STREET ADDRESSES, UTILITIES AND STREET LIGHTS:** The location of mailboxes and above-ground utility structures are determined by governmental agencies and/or utility companies, not the Founder, the Assembly or the Association, and the location of these structures may affect your lot. In addition, street lights, signs, pedestals and vaults may be located in front of your home or lot. The Founder makes no representation as to the location of these structures.

Street addresses are determined and approved by the City in coordination with the United States Postal Service and are outside the control and responsibility of either the Founder or your Builder. At the time of execution of your Purchase Documents, while a preliminary street address may have been determined for the lot, the Founder or Builder may not have received the approved lot Address Map. Therefore, until such approval, the final street address for a lot may change from the current determination and you are strongly encouraged not to rely on any preliminary street address. The Founder assumes no liability or responsibility for any inconvenience caused by any delay. You will be promptly informed when the final street address for your lot has been approved for use.

The Community features a “dark sky” focus for lighting along public streets within the Community. The night sky friendly lighting is part of the Community’s efforts to reduce light pollution and support astronomical observations, while conserving energy and money in the process. The Community’s lighting plan has been approved by the City of Buckeye, with emphasis on major intersection lighting for roadway safety for vehicular and pedestrian traffic.

31. **BUYER IMPROVEMENTS:** All residential lots in the Community are subject to the Covenant and the Charter, the Victory District is subject to additional Covenants, Conditions and Restrictions, and each subdivision is subject to one or more Supplemental Declarations, all of which are of public record. The Covenant, Charter, Supplemental Declaration and other Governing Documents are for the protection of property values within the Community and include restrictions regarding what you may do with your lot and home. In addition, certain requirements and restrictions may exist with respect to improvements to your lot or home and with respect to utility easements and/or City rights of way on, or adjacent to, your lot. You should contact the Founder or subsequent Reviewer, or the Association, if you have any questions concerning the requirements and restrictions imposed by the Governing Documents and check with the applicable utility provider, City or other public body if you have any questions concerning utility easements, rights of way or other requirements or restrictions applicable to improvements made to your lot or home. If any improvements constructed on your lot or to your home do not conform to approved Community master plans, approved subdivision plans and, where applicable, plans for your lot or home as approved by the Founder or subsequent Reviewer or the Association, you may be responsible for removing or modifying the improvements to conform to the approved plans. You may also be subject to fines and penalties. Before commencing construction of any improvements visible from neighboring properties, please be sure to check with the Founder or subsequent Reviewer, or the Association, and, where applicable, utility providers, the City or other public bodies for any requirements, restrictions or required permits.

Leasing and Signage Restrictions: You acknowledge that it is the policy of Founder and the respective Builders to provide as many people as possible with the opportunity for home ownership, to promote stability in home ownership within the Community, to ensure strict compliance with all state and federal regulations relating to fair housing and to discourage speculation. In accordance with the Governing Documents, all leases, including approved subleases, shall be in writing and shall be for an initial term of at least twelve (12) months, except with the Board's prior written consent. Notwithstanding this limitation, in an equitable manner the Board reserves the right not to impose this restriction under certain situations or during particular time periods of the Community's development. In addition, certain Builders within the Community may impose additional restrictions or policies on leasing or resale terms. If this is an area of interest to you, please carefully consult with the respective Seller of your home or lot for complete details relating to leasing opportunities and anti-investor policies (including restrictions and penalties in the event of "investment flips" within a certain timeframe as further set forth in such policies, Purchase Documents and restrictions placed on the deed itself) with respect to your home or lot prior to entering into a binding Purchase Agreement. None of the Founder (or any affiliate of the Founder), the Assembly or the Association has control over or responsibility for any leasing, signage or anti-investor policies and restrictions set forth in the Purchase Documents entered into between you and your Artisan Builder, Neighborhood Builder or other Builder.

In addition, for posting of signs of any kind, permanent or temporary, (including, but not limited to, "for rent", "for lease", "for sale", "open house", and similar real estate signs), please refer to the For Sale/For Lease Signs and Open House Signage Policy, Addendum #3 of the Residential Design Guidelines, all of which are policy statements regarding Verrado sales signage with which the Founder urges owners to comply, even though they may not be mandatory under Arizona law. The Association and the Design Review Committee reserve all rights to create additional or modified recommended signage criteria and signage design criteria in the future, subject to applicable laws.

32. VIEWS AND LOT PREMIUMS: No representation or warranty is made by the Founder with respect to the presence or absence of any current or future view, or scene from any portion of your home or lot. Any view from the Community of surrounding areas, or across open space areas or the Golf Club, is not part of the value of the Community or any home or lot purchased in the Community and is not guaranteed. Future development and Community landscape and other improvements may affect such view. We specifically disclaim any representation or assurance that any home or lot will enjoy any view. Any such view or scene may change, be blocked or interfered with depending upon activities undertaken on other land. It is important to note that the Community is a mixed-use planned community and, as such, the Community includes a range of residential and non-residential uses that vary in density, intensity and height as permitted in the approved Community Master Plan, as amended, on file with the City of Buckeye. Accordingly, development may occur in any area, adjacent to or within close proximity to any lot that may alter or diminish views, as a result of allowed building heights for commercial purposes in excess of six stories.

It is your responsibility to evaluate the location of the home and lot or custom lot, you are purchasing within the Community and determine the acceptability of the location and any assigned lot premium. Real property values fluctuate and are subject to change based upon market conditions that are outside the control of the Founder, the Assembly and the Association. Modifications made by the Founder in the course of the development of the rest of the Community may affect the value of your home and lot, or custom lot, in addition to your use and enjoyment of your home and lot, or custom lot. **THE FOUNDER IS NOT RESPONSIBLE OR LIABLE FOR THE IMPACT OF SUCH CHANGES. NO SALES PERSON, EMPLOYEE OR AGENT HAS THE AUTHORITY TO MAKE ANY REPRESENTATIONS WHICH CONTRADICT THE FOREGOING STATEMENTS AND YOU SHOULD NOT RELY ON ANY REPRESENTATIONS MADE BY ANY SUCH SALES REPRESENTATIVE IN**

CONNECTION WITH A PURCHASE WITHIN THE COMMUNITY, INCLUDING THAT NO REPRESENTATION OR WARRANTY IS MADE AS TO WHAT PRODUCT WILL BE BUILT ON ANY ADJACENT LOT OR LAND.

33. OVERFLIGHTS: Luke Air Force Base is an active fighter pilot training facility located approximately six (6) miles northeast of the Community. In addition, the Luke Air Force Base Decommissioned Auxiliary Airfield (currently closed to the public and a currently inactive airfield with respect to military aircraft taking off from or landing on its runways) is located approximately three (3) miles south of the Community. Though the Community is not currently located within the established noise contours or accident potential zone of Luke Air Force Base as defined in A.R.S. §28-8461, portions of the Community are located within the two hundred-eighty (280)-square mile area referred to as "territory in the vicinity of a military airport" and such boundaries are subject to change and are outside the control of the Founder, the Assembly and the Association. The Community will be affected by aircraft overflight for aircraft departing from and/or arriving to Luke Air Force Base and the increased noise and accident potential attendant thereto. While there may be certain self-imposed curfews on operations at Luke, due to operational commitments and exceptions, residents within the Community will, at varying times of the day and night, routinely see and hear military aircraft (including the possibility of low flying helicopters) and experience varying degrees of noise, vibrations, fumes, dust, fuel and lubricant particles, and any other effects that may be caused by the operation of aircraft utilizing Luke Air Force Base. The Community may be subject to noise and visual impacts resulting from training activities at Luke at any time and to significantly increased noise and visual impacts when the United States is preparing for or in the midst of war. Weather conditions, such as low clouds and winds, may amplify sounds and reduce flying levels. From time to time, stunt planes may have the right to use the airspace over and around the open space of the Community. The Founder, the Assembly and the Association have no control over flight patterns, which are subject to change, and are not liable for injury, damage or nuisance of any kind to persons or property (including but not limited to noise or air pollution, crashes, emergency landings affecting the Community) that may arise at any time in the future in connection with the operation of aircraft over the Community, or aircrafts landing at or taking off from, or aircraft operating at or on, Luke Air Force Base. The Phoenix-Goodyear Airport is a general aviation facility located approximately fourteen (14) miles southeast of the Community. The Community is subject to overflight by general aviation and recreational aircraft including, without limitation, hot air balloons, fixed wing aircraft, ultralights, hang gliders and helicopters. Residents within the Community may experience increased noise, vibration or other disturbance or interference resulting from such overflights. The Founder has no control over the current and future plans for any of the above operations, which are subject to change. For further information regarding current and future flight patterns, aircraft volume and flight operations, contact Luke Air Force Base at their web site at www.luke.af.mil, or the Luke Air Force Base Department of Public Relations at (623) 856-8182.

34. FEDERAL/STATE LAND: Certain land adjacent to a portion of the western boundary of the Community is presently owned by the Bureau of Land Management, a division of the U. S. Department of the Interior ("BLM"), and is subject to a change of ownership through authorized land use exchanges or sales which are regulated by the Department of the Interior and Congress. BLM may not always remain as owner of this property and, consequently, this land may be subject to development in the future. A future owner of the land parcel along with the appropriate governmental jurisdiction would determine whether the land would be developed, including by Founder if Founder became owner of the land parcel. In addition, a portion of the northern boundary of the Community is adjacent to a parcel of state land administered by the Arizona State Land Department (the "ASLD"). Although the state land parcel may have been designated as subject to preservation in the past, the ASLD is not bound to preserve the property and cannot legally restrict it for preservation other than pursuant to a sale. The state land parcel is subject to auction, and the purchaser along with the appropriate governmental jurisdiction would determine whether the land would be developed.

35. AGRICULTURAL AND LIVESTOCK OPERATIONS: The Community is located in the vicinity of current and former agriculture and livestock operations, including agriculture cultivation, burning and use of pesticides, and related odors, dust and noise. Prospective Buyers of the Community should be aware of the many procedures normal and necessary to the operation of agricultural uses, such as field crops, vineyard, orchards, dairy, livestock and poultry farms and feed lots, that result in noise, noxious odors (particularly, fertilizer odor), chemical spraying, dust, irrigation, agricultural burning and pesticides (including aerial spraying) or other potentially detrimental effects to residential use of the adjacent properties. These effects may be of concern to certain individuals.

Grazing on Northeastern Portion of Community: Founder entered into a lease agreement with a local rancher for the purposes of the grazing of livestock and to feed livestock totally biodegradable feed on the ground. The fenced grazing area is located on approximately 1,660 acres in a portion of land north of Indian School Road and Sunrise Wash in the northeastern portion of the Community and approximately one-fourth (1/4) mile from the northern boundary of the Victory District. Prospective Buyers of the Community should be aware of the potential noise, noxious odors, dust, and related grazing activities typically associated with this type of land use. This current land use is subject to change.

36. FREEWAYS, ROADS, PATHS & TRAILS, OPEN SPACE AND REGIONAL PARK: The Community is located in the vicinity of freeways, including Interstate 10 (which adjoins the Community on its southern boundary) and State Route Loop 303 (which is located approximately four and one-quarter (4¼) miles east of the Community), major roads and intersections, streets and roadways, washes (including the natural washes known as Lost Creek Wash, which bisects the Community, Sunrise Wash, located adjacent to the north boundary of the Community, and Acacia Wash, located adjacent to the east boundary of the Community), trails (including the Acacia, Sunrise and Lost Creek Wash Trails, a twenty-eight (28)-acre park system around the perimeter of the Community along Lost Creek Wash, Sunrise Wash and Acacia Wash), regional parks and open space (including White Tank Mountains Regional Park, located north of the Community, and land currently owned by the Federal Bureau of Land Management, located in the vicinity of the Community), paths and other pedestrian or golf cart uses, which may result in additional noise, dust, lighting and pedestrian vehicular traffic typically associated with these types of facilities. These areas may present a safety hazard to unsupervised children, animals and adults. If of interest to you, the Arizona Department of Transportation Intermodal Transport Division web site provides schedules, maps and other information of new freeway construction in the state and is found at <http://www.azdot.gov/Highways/>.

37. UNAUTHORIZED USE OF OPEN SPACE BY BICYCLES, MOTORCYCLES, OFF ROAD VEHICLES, ETC.: Unauthorized bicycles, motorcycles, off road vehicles, etc. have been known to utilize the open space areas within and adjoining the Community. Although these vehicles are not permitted in the open space area, such vehicles may attempt to gain access to the open space area. Additionally, open space in the vicinity of the Community has historically been used as an unauthorized shooting range although these areas are posted against such use and are periodically patrolled by the Maricopa County Sheriff's Department.

Golf Cars: The use of golf cars is allowed, by Arizona law, on roads with a speed limit of under thirty (30) miles per hour. Golf cars are not allowed on Verrado Way. Golf cars must be licensed and properly equipped for street use and owners carry liability insurance to drive on public roads within the Community.

38. WASTEWATER TREATMENT PLANT: A wastewater treatment plant has been constructed at the southeast corner of the Community. The wastewater treatment plant is currently operational and will service all property located within the Community when phased expansions are complete. The facility is owned, operated and maintained by Epcor Water Arizona, Inc. Potential impacts include noise, vibration

and unpleasant odors. The Founder, the Assembly and the Association have no control over the use, maintenance or operation of the wastewater treatment plant.

39. UNDERGROUND WATER STORAGE TANKS, BOOSTER PUMP STATION AND WELLS:

Underground water storage tanks and associated booster pump stations, and wells, have been constructed within the Community. The storage tanks, pump house and wells are currently operational, including the use of substances common in domestic water production facilities. Additional storage tanks, pump facilities and wells will be constructed as needed. For further information, refer to the Verrado Potable Water Master Plan from Epcor Water Arizona, Inc. Potential impacts to nearby residents include periodic maintenance traffic, noise, vibration and additional light. The Founder, the Assembly and the Association have no control over the use, maintenance or operation of the water storage tank, booster pump stations or wells and portions of such facilities may be visible from certain lots within the Community.

40. STORMWATER DETENTION AND RETENTION BASINS: Several stormwater detention and retention basins, both temporary and permanent, are located in or proposed for the Community. There may be standing water in those basins at times. Standing water has the potential to cause odors and attract mosquitoes, among other insects, and could present a hazard to unattended children or animals. For further information, refer to the specific Stormwater Drainage Master Plan as approved by the City of Buckeye.

41. SEWER LIFT STATIONS: There are various temporary and permanent sewer lift station facilities located within the Community. Potential impacts include an increase in noise and dust levels in the area of the lift stations during construction and less significant noise levels after completion. Residents may also encounter noise, vibration, maintenance activity and some unpleasant odors in the area near the lift stations typically associated with such facilities. Permanent lift stations will include permanent odor control facilities such as odor scrubbers, scrubber towers, blowers, chemical storage tanks and chemical solution pumps and such chemicals may be stored within the Community from time to time by the provider. The Founder, the Assembly and the Association have no control over the use, maintenance or operation of the lift stations or accompanying water pipe lines. If maintenance is performed on the underground pipelines, a portion of the public streets may be temporarily restricted.

42. NON-POTABLE WATER: Applicable law requires the use of non-domestic water to irrigate various portions of the Golf Club and adjacent slopes and large turf areas and will irrigate the golf course in the Victory District. Such non-potable water may include untreated groundwater, untreated surface water, domestic water that has been exposed to the atmosphere and recycled water (highly treated waste water which conforms to all applicable standards for irrigation use). In addition, public parks, landscape tracts adjacent to right of way, and other landscaped open space areas may be irrigated with non-potable recycled water as determined necessary or available. Non-potable water is not potable water and, therefore, not suitable for human consumption. The water is suitable for incidental body contact. As with any water spray, the repeated spray of non-potable water may stain or discolor personal property, fencing and structural Improvements over time. Applicable law requires conformance to standards for the operation of the non-potable water system to meet regulatory requirements. These standards are subject to change.

43. UTILITY AND WATER TRANSMISSION LINES: Above-ground and underground utility, water and sewer collection and transmission lines run throughout the Community. Maintenance and repair of these lines may cause disturbance and/or inconvenience to residents due to the location of the lines. Other potential impacts include the possible obstruction of views, an increase in noise and dust levels in the area of these facilities during construction and, where applicable, proximity to electromagnetic fields. The utility, water and sewer collection and transmission lines are subject to easements in favor of the utility and water and sewer providers. Lots affected by such easements may be subject to restrictions, including the prohibition against the placing of structures, hardscaping, sprinkler systems or landscaping (including trees) within the easement area. Any encroachment of improvements on your lot within such restricted easement

areas are subject to the prior written consent of the utility, water or sewer provider. The Founder, the Assembly and the Association have no control over the configuration, location or use, maintenance or care of the utility, water and sewer collection and transmission lines, including the placement of electrical boxes owned by the electric utility provider and used to monitor power usage.

The question of whether proximate exposure to electromagnetic fields generated by electrical transmission lines presents long-term health risks is being examined by the scientific community, within which there is significant disagreement. Neither the Founder, the Assembly nor the Association have any special knowledge or expertise on this issue and we assume no legal duty to take any measures for the benefit of those purchasing lots or homes in the Community with regard to such matters, and we make no representation as to the effectiveness or adequacy of any measures that are, or may have been, taken voluntarily or otherwise by the Founder, the Assembly, the Association or any other person.

44. **UTILITY RATES:** Rates and charges for utility service in the Community are established by the individual utility provider (i.e. Arizona Public Service (“**APS**”) for electric, Southwest Gas Corporation (“**Southwest**”) for natural gas, Cox Communications (“**Cox**”) for cable/internet, Century Link (“**Century Link**”) for cable/internet, and Epcor Water Arizona, Inc. (“**Epcor**”) for water and wastewater, collectively “**Providers**”). These rates and charges for utility service are set and determined by each individual Provider or the Arizona Corporation Commission (“**ACC**”) as applicable, pursuant to rate applications filed by the Providers. The Providers and Founder, Neighborhood Builders and/or Artisan Builders have or may have agreements with one another relating to utility facilities and infrastructure necessary to provide utility service to the Community. Those agreements, in addition to construction and expansion of utility facilities may impact the Providers’ future utility rates for providing utility service to the Community. On June 13, 2017, the ACC decided 4-1 in favor of consolidating all of Epcor’s wastewater districts across Arizona. Consolidation will ensure all Epcor customers are paying the same rate for the same service. As a result of this decision, Verrado and Victory customers saw a decrease in their rates as of July 1, 2017. However, the amount of any such utility rate increase is in the control of the Provider and, therefore, is subject to change as determined by the Provider and/or the ACC. You should contact the Providers regarding any changes in utility rates, charges and/or fees for providing utility service to the Community.

45. **WIRELESS FACILITIES:** The Founder and its licensees have or will enter into agreements with multiple wireless communication providers for the establishment of wireless communication facilities on portions of the Community. These facilities that may be established from time to time may include microwave and high-band facilities, antenna towers or poles, satellite transmission and receiving dishes, utility lines, transmission lines, equipment shelters, electronic equipment, transmitting and receiving antennas, generators and other wireless facilities, including supporting equipment and structures. Such facilities may be visible from portions of the Community. Potential impacts include the possible obstruction of views, proximity to electromagnetic fields and an increase in noise and dust levels in the area of these facilities during construction and less significant noise levels after completion. The Founder, the Assembly and the Association have no control over the use, maintenance or operation of the wireless communications facilities.

46. **ADDITIONAL CONDITIONS AND NON-RESIDENTIAL USES IN THE VICINITY OF THE COMMUNITY:** In addition to all other statements in this Disclosure, the following additional non-residential uses and conditions exist on adjacent land and land in the vicinity of the Community:

- a. **Aircraft Landing Facility:** An inoperative crop dusting/landing strip facility is located approximately 2 miles northeast of the Community.
- b. **Arizona State Prison Complex:** Arizona Department of Corrections’ prison complex (Perryville Facility) is located approximately 3-1/2 miles east of the Community.

- c. Canals: Beardsley Canal, which is owned, operated and maintained by Maricopa County Municipal Water Conservation District No. 1, is located approximately 2-1/2 miles east and Roosevelt Irrigation District Canal is approximately 4 miles southeast of the Community.
- d. Flood Control Facility: Buckeye FRS #3, a flood retarding structure intended to protect Interstate 10, is located approximately 2.5 miles southwest of the Community.
- e. Military Reservation: Buckeye Military Reservation, currently owned and operated by the Arizona National Guard, is located approximately 3-1/2 miles southwest of the Community.
- f. Power Plant: Palo Verde Nuclear Power Plant, which is operated by Arizona Public Service, is located approximately 25 miles southwest of the Community.
- g. Radio Communications Site: Radio communications equipment is located on land adjacent to the north boundary of the Community. The owners of that equipment have an access easement through portions of the Community to gain access to the communications equipment site and to use certain portions of the Community as staging areas for the maintenance, replacement or repair of radio communications equipment located within the communications equipment site.
- h. Railroad: Union Pacific Railroad actively utilizes tracks and is located approximately 6 miles south of the Community.
- i. Utility Generating Plants: Utility providers maintain generating plants throughout the areas that they service.
- j. Fire Station: A fire station facility is located on the northwest corner of Verrado Way and Point Ridge Road. The 15,000 square foot facility contains four (4) truck bays and accommodates room for twelve (12) firefighters.
- k. Arizona Public Service Power Lines: The Arizona Public Service (APS) Approved Power Line Corridor for the West Valley South 230kV project is located approximately 1 mile east of the Community.
- l. BLM Land: Land owned and maintained by the U.S. Department of Interior, Bureau of Land Management, is located adjacent to the western and northern boundaries of the Community.
- m. Child Care Facility: The Goddard School® for Early Childhood Development is located at the southwest corner of Sunrise Lane and School Hill Road.
- n. Proposed Church Facility: A proposed church facility is currently planned to be located at the southeast corner of Sunrise Lane and Indian School Road.
- o. Banner Health: The first phase of a medical facility, comprised of 12,000 square feet, is complete and located at 20751 W. Market Street, Buckeye, Arizona. Banner Health Center is located on the west side of Verrado Way near Interstate 10. The facility has four (4) primary care physicians as well as medical imaging and laboratory services. Projected build out time of the final phase is unknown but is able to be comprised of up to 1,000,000 square feet.
- p. Park and Ride Facility: A City of Buckeye Park and Ride facility is located at the northwest corner of Jackrabbit Road and Palm Lane, which is approximately one (1) mile from the eastern boundary of the Community. The facility consists of 500-600 covered parking stalls, covered motorcycle and bicycle parking, drop-off areas, appropriate roads, bus lanes, drinking fountains, and a small security building with closed circuit television monitoring (CCTV) which doubles as an office with a restroom for staff, bus operators and Department of Public Safety officers.

The above information is provided for informational purposes only and the Founder does not represent or warrant that the above uses, and other uses referenced in this Disclosure, comprise an accurate, complete or current list of non-residential uses and conditions and you are advised that such uses and conditions are subject to change. We recommend that you conduct your own investigation of such uses and conditions, including contacting the City, the school districts or other special taxing districts, the Assembly, the Association, the Arizona Department of Real Estate, or any federal, state, county or other public or quasi-public entity or authority having jurisdiction over any portion of the Community or other appropriate individual to obtain such information as you deem necessary or advisable. Additionally, please be aware

that homes situated adjacent to or in the vicinity of property used for multi-family sites, or non-residential purposes including utility facilities, worship sites, streets and roadways, open space areas, construction-related operations and/or other recreational amenities of the Community, may experience an additional amount of noise, dust, lighting, signage, and pedestrian and vehicular traffic typically associated with such uses, conditions and facilities.

47. SEX OFFENDER WEB SITE: The Arizona Department of Public Safety's [Sex Offender InfoCenter](#) web site found at www.azdps.gov/services/public/sex-offender#offendersearch enables the public to search for registered Arizona sex offenders by name or ZIP Code. If of interest, you may wish to check this site before purchasing a home or lot. This site allows the criminal justice community to promote public awareness. Please note that no real estate professional is obligated under Arizona law to disclose to you any information about individuals impacted by this issue.

48. PUBLIC TRANSPORTATION: As of the date of this Disclosure, there is no public transportation available to the Community. For information pertaining to bus route times and stop locations, you may contact the Valley Metro Transit System at (602) 253-5000 or log onto their web site at www.valleymetro.org.

49. NO WARRANTY BY FOUNDER: Although the Founder has planned and developed certain portions of the infrastructure of the Community, the homes within the Community are built by Neighborhood Builders, Artisan Builders and other Builders, who are independent building contractors that are solely responsible for their products and workmanship. As such, none of the Founder, the Assembly or the Association has control over or responsibility for any warranty representation, financial or other pre- or post-closing obligation made by Builders and set forth in your Home's purchase and/or construction agreement or any other issues related to the construction of your home.

50. MARKETING MATERIALS ARE NOT AN OFFER: All photographs, renderings and site plans provided in connection with any marketing materials for the Community should not be construed as the actual finished plans or final intended development for any area or portion. Any collateral material or web site material should not be considered an offering of any purchase or lease of a lot or home and exact details can and all such information should be obtained directly from the party with whom you have entered into Purchase Documents for your home or lot, or from the applicable regulatory agency. The Founder assumes no obligation to ensure, or liability as to, the accuracy, contents or completeness of any marketing material, web site or representation (verbal or written) outside of its direct control.

51. NO AFFILIATION WITH NEIGHBORHOOD BUILDER, ARTISAN BUILDER OR OTHER BUILDER: The Founder will receive certain payments from Neighborhood Builders, Artisan Builders or other Builders that purchase property in the Community for the purpose of improvements and resale to buyers such as you including, in some instances, payments determined in part based on the sales price of the property once improved with a home and other improvements. Notwithstanding such payments, the Founder is not in partnership or otherwise affiliated with any such Neighborhood Builder, Artisan Builder or other Builder and the Founder has, and assumes, no liability or obligation to the buyers of such property or any successor to such buyers with respect to any claim concerning the property, home or other improvements including, without limitation, any claim concerning any design or construction defect involving such property, home or other improvements.

52. MODEL RELEASE: By voluntarily participating in various Community events sponsored by the Founder, the Assembly and/or the Association from time to time either before or after the closing of your lot or home ("**Community Sponsored Events**"), you acknowledge and agree that photographs or film footage taken of participants at any Community Sponsored Event ("**Participants**") may be subsequently used by the Founder and its affiliate, DMB Associates, Inc., and the respective affiliates, legal

representatives, agents (including Verrado Realty), and assigns of each (collectively, “DMB”) for commercial purposes in advertising and marketing materials including but not limited to the Verrado Community Life Annual Report or other newsletters, magazine, publications, invitations, billboards, Community calendars, www.verrado.com and other DMB affiliated web sites, DMB Welcome Centers and DMB marketing and public relations materials. In addition, by attending such Community Sponsored Events, and without the need for a subsequent acknowledgement, you further acknowledge and agree, on your behalf and on behalf of your minor children and guests, to allow such uses and waive any right to pre-approval, royalties or other compensation arising from or related to the use of such photographs or film footage, which shall remain the sole copyrighted property of the Founder, the Assembly and/or the Association.

53. BUYER ACKNOWLEDGMENT AND DISCLAIMER: You acknowledge and agree that no sales person, employee or agent of the Founder, the Assembly, the Association or any Neighborhood Builder, Artisan Builder or other Builder has the authority to interpret, change or modify the terms of any documents whatsoever including, but not limited to, any purchase documents or the Governing Documents. You also acknowledge and agree that no representation or promise has been made to you by any sales person, employee or agent upon whom you are relying in connection with the purchase of your lot or home. Additionally, no representation or promise, whether oral or in writing, made by any sales person, employee or agent shall be binding on the Founder, the Assembly or the Association unless provided in writing by an authorized officer of the Founder, the Assembly or the Association.

EXHIBIT A

Boundary Map for the Various School Districts

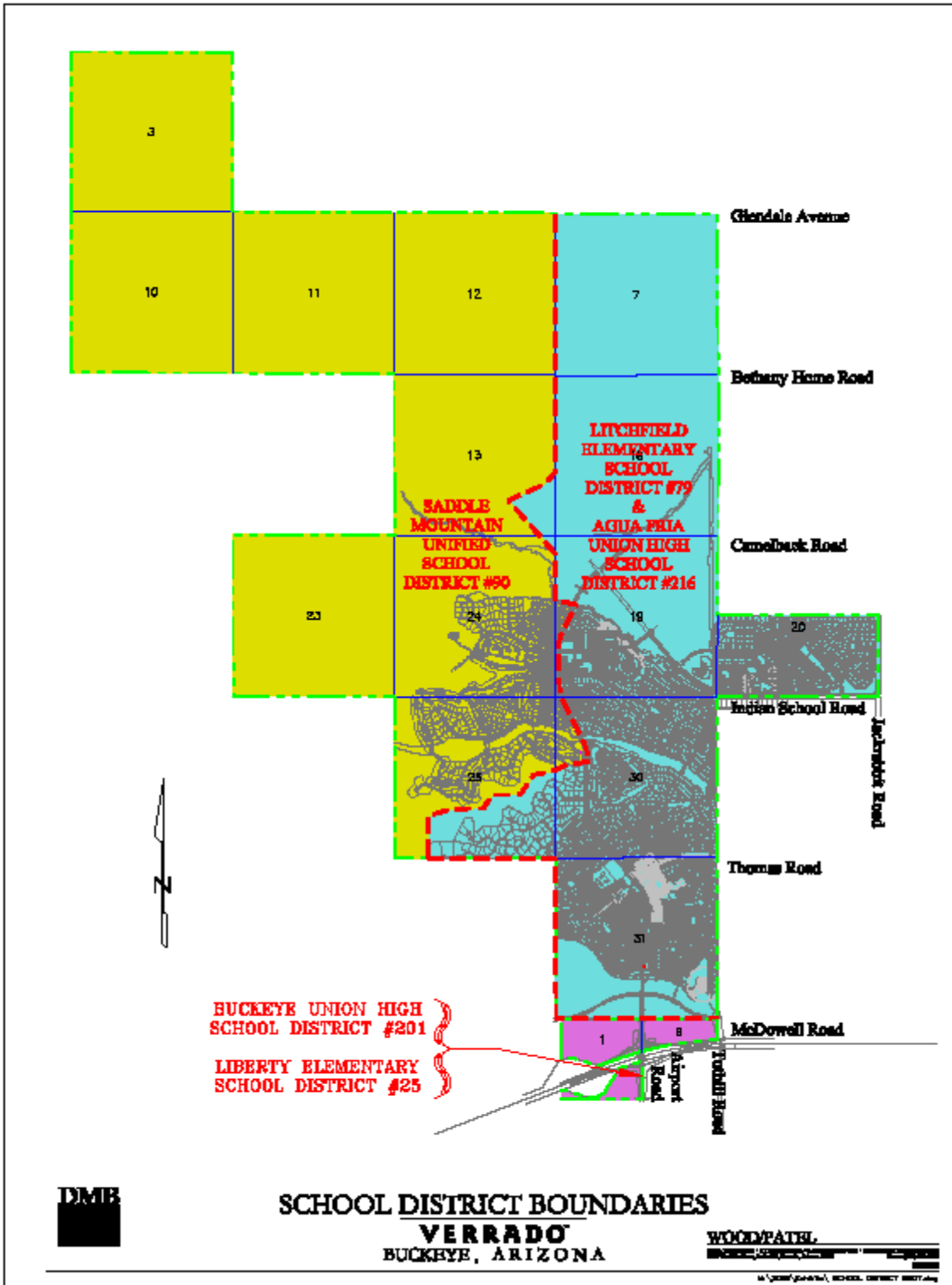


EXHIBIT B

2018 Assessment and Fee Schedule

(See Attached)



Verrado Assessment & Fee Schedule

Victory District Association, Inc., Verrado Assembly & Verrado Community Association, Inc.,
Adopted November 13 & 14, 2017 | Effective January 1, 2018

Monthly Assessments	
Verrado Community Association, Inc. (Community Charter for Verrado, Chapter 12, Section 12.2 (b))	\$112
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)	\$88
Frank Special Service Area Assessment (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$85
Pinnacle West Service Area Assessment - Marketside District (Community Charter for Verrado, Chapter 12, Section 12.2(c))	\$17
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)	\$51
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)	\$51
Property Transfer Fees	
(ARS 33-1806 Resale of units; information required; fees; civil penalty; definition) (DMB Community Life, Inc. Management Contract 2018, unless otherwise stated)	
Builder Transfer	
First Home Buyer Transfer Fee; per lot	\$100
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)	\$224
Upfront Monthly Assessments Collected at Closing - 2 mo.	\$224
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.	\$224



Victory District Builder Transfer (In Addition to Above Builder Fees)	
First Time Home Buyer Transfer Fee per Lot	\$100
Start-Up Fee - 1/6th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.13) (Builder to First Purchaser)	\$176
Reserve Fund - 1/4th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.14) (Builder to First Purchaser; Resale Owner to Owner)	\$264
Prepaid Monthly Assessment Collected at Closing - 2 mo.	\$176
Victory District Resale Transfer (In Addition to Above Resale Fees)	
Resale Transfer Fee	\$100
Reserve Fund - 1/4th of the Annual Assessment (Declaration of CC&R's for Victory, Article 7, Paragraph 7.14) (Builder to First Purchaser; Resale Owner to Owner)	\$264
Prepaid Monthly Assessment Collected at Closing - 2 mo.	\$176
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) (DMB Community Life, Inc. Management Contract 2018, 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
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) (DMB Community Life, Inc. Management Contract 2018, 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
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
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.	\$4,000
Additional Reviews <i>(2 Reviews/step included with the Custom Design Review Application Fee)</i>	\$750/submission
Retroactive Field Change Fee	\$250
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) Payable to DMB White Tank, LLC	\$7,000
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	
Broken Glass In/Near Pool(s) 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

BUYER(S) ACKNOWLEDGMENT OF RECEIPT

The undersigned represent that I/we have read and understand the matters set forth in this Disclosure dated January 31, 2018, and have received a copy for my/our records. I/we acknowledge and agree that I/we are solely responsible to make certain that I/we understand the contents of this Disclosure and will take whatever steps are necessary to do so, including without limitation, consulting an attorney, interpreter, engineer, or any other person whose advice or assistance may be necessary to fully understand the matters set forth herein. I/we acknowledge and agree that I/we have considered the possible effect of such matters in my/our decision to purchase a new or resale home in the Community. I (We) also realize that it contains important information affecting my (our) rights and obligations and I (we) have familiarized myself (ourselves) with its contents to my (our) satisfaction.

DATED THIS _____ DAY OF _____, 20__

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

NAME OF BUILDER: _____

PROPERTY ADDRESS: _____

LOT NUMBER: _____ PARCEL NO.: _____

CURRENT ADDRESS: _____

(BUYER'S COPY – RETAIN FOR YOUR RECORDS)

BUYER(S) ACKNOWLEDGMENT OF RECEIPT

The undersigned represent that I/we have read and understand the matters set forth in this Disclosure dated January 31, 2018, and have received a copy for my/our records. I/we acknowledge and agree that I/we are solely responsible to make certain that I/we understand the contents of this Disclosure and will take whatever steps are necessary to do so, including without limitation, consulting an attorney, interpreter, engineer, or any other person whose advice or assistance may be necessary to fully understand the matters set forth herein. I/we acknowledge and agree that I/we have considered the possible effect of such matters in my/our decision to purchase a new or resale home in the Community. I (We) also realize that it contains important information affecting my (our) rights and obligations and I (we) have familiarized myself (ourselves) with its contents to my (our) satisfaction.

DATED THIS _____ DAY OF _____, 20__

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

NAME OF BUILDER: _____

PROPERTY ADDRESS: _____

LOT NUMBER: _____ PARCEL NO.: _____

CURRENT ADDRESS: _____

(FOUNDER'S COPY – FOR FIRST RETAIL SALE FROM BUILDER TO FIRST INITIAL
BUYER, SELLER TO DETACH AND DELIVER TO FOUNDER
VIA E-MAIL AT gmoraga@dmbinc.com)

(ASSOCIATION'S COPY – FOR ALL RETAIL SALES AFTER FIRST INITIAL BUYER,
ESCROW COMPANY TO DETACH AND DELIVER TO VERRADO COMMUNITY
ASSOCIATION, INC. VIA E-MAIL AT tlong@dmbinc.com)