

Application for the Formation of the

CADENCE

Community Facilities District

Mesa, Arizona



Submitted by:
Harvard Investments
Mr. Christopher J. Cacheris
Mr. Tim Brislin
17700 North Pacesetter Way
Scottsdale, AZ 85255
(480) 348-1118

July 17, 2015

**APPLICATION FOR THE FORMATION OF THE
CADENCE
COMMUNITY FACILITIES DISTRICT
OF MESA, ARIZONA**

TABLE OF CONTENTS

1.1 INTRODUCTION/APPLICATION FEE.....	1
GENERAL DESCRIPTION.....	2
2.1 PROPOSED CFD BOUNDARIES/LANDOWNERS/QUALIFIED ELECTORS.....	3
LOCATION.....	3
LANDOWNERS	4
TITLE, QUALIFIED ELECTORS AND COUNTY ASSESSORS REPORT	4
REAL PROPERTY INTEREST / LIEN HOLDERS	4
2.2 DESCRIPTION OF PUBLIC INFRASTRUCTURE.....	4
PUBLIC INFRASTRUCTURE.....	5
STATUS OF ENTITLEMENTS.....	8
FINANCING OF PUBLIC AND PRIVATE IMPROVEMENTS	9
2.3 DEVELOPMENT SCHEDULE	9
DEVELOPMENT SCHEDULE	9
OPERATING PLAN	10
2.4 FINANCING PLAN	13
FINANCING PLAN.....	13
SPECIAL ASSESSMENT BONDS	14
GENERAL OBLIGATION BONDS	14
DISTRICT OPERATION AND MAINTENANCE COSTS	16
2.5 FINANCIAL FEASIBILITY	16
FISCAL IMPACT.....	16
FINANCING OF PRIVATE DEVELOPMENT.....	18
MARKET ABSORPTION STUDY	18
2.6 EQUITY CONTRIBUTION/EXPERIENCE.....	19
EQUITY CONTRIBUTION.....	19
APPLICANT (DEVELOPER) PROFESSIONAL EXPERIENCE.....	19
CONTACT INFORMATION.....	19
RELEVANT DEVELOPMENT EXPERIENCE	20
FINANCIAL CAPABILITY	24
2.7 HOMEOWNER DISCLOSURE	24
2.8 OPERATING PLAN	25
DISTRICT OPERATION AND MAINTENANCE COSTS	25
2.9 CITY'S DEVELOPMENT OBJECTIVES	25
DEVELOPMENT OBJECTIVES OF THE CITY	26

**APPLICATION FOR THE FORMATION OF THE
CADENCE
COMMUNITY FACILITIES DISTRICT
OF MESA, ARIZONA**

LISTING OF EXHIBITS

- EXHIBIT A** - Conceptual Land Use Plan
- EXHIBIT B** - Location Map
- EXHIBIT C** - Legal Description
- EXHIBIT D** - Title Report
- EXHIBIT E** - Qualified Electors Report
- EXHIBIT F** - Ownership Report
- EXHIBIT G** - Engineer's Cost Estimates
- EXHIBIT H** - Pre-Annexation and Development Agreement
- EXHIBIT I** - Estimate of Limited Assessed Valuation Build-up
- EXHIBIT J** - Estimated Source and Uses of Funds
- EXHIBIT K** - Developer's Resumes
- EXHIBIT L** - Form of Disclosure Statement

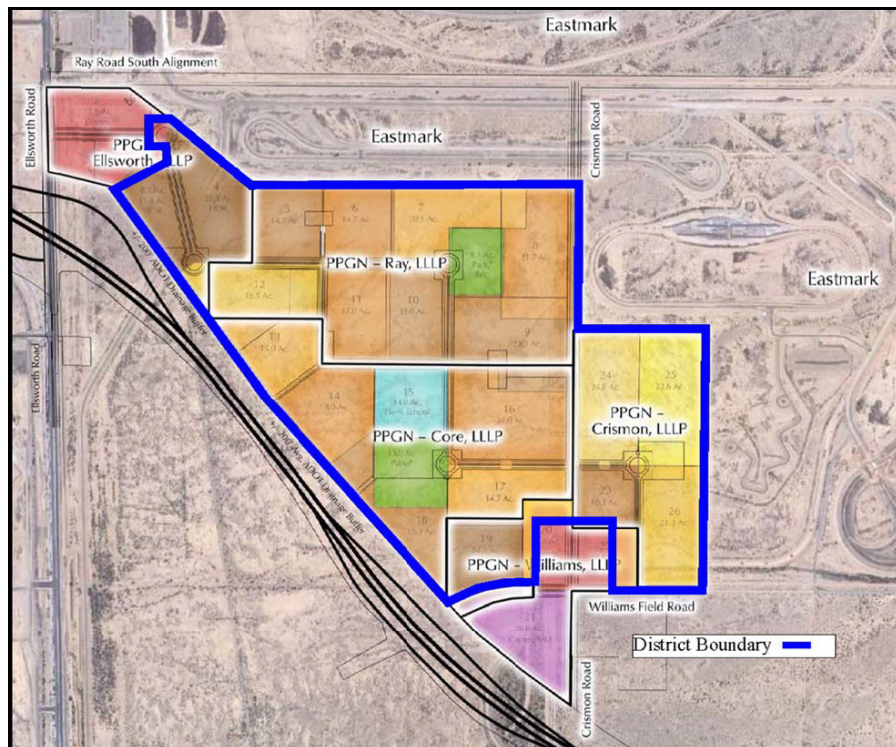
**APPLICATION FOR THE FORMATION OF THE
CADENCE
COMMUNITY FACILITIES DISTRICT
OF MESA, ARIZONA**

1.1 INTRODUCTION/APPLICATION FEE

This application (“Application”) is being submitted to the City of Mesa (“City”) by Harvard Investments, a corporation duly organized and validly existing pursuant to the laws of the State of Nevada (hereinafter referred to as “Harvard” and/or the “Applicant”), to request the formation of the Cadence Community Facilities District (the “District” and/or “CFD”) pursuant to Arizona Revised Statute (“ARS”) 48-701 et seq. as amended (the “Act”), for the financing of certain Public Infrastructure, as herein defined, relating to the Cadence, a master planned community (“Project”) located in the incorporated boundaries of the City. Applicant is developing the Project on behalf of PPGN-Ray, LLLP, PPGN-Core, LLLP, PPGN-Crismon, LLLP, PPGN-Ellsworth, LLLP and PPGN-Williams, LLLP all limited liability limited partnerships duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to collectively the “Landowners”).

A conceptual land use plan and location map for the Project may be found below as well as in the appendix to this Application as Exhibit A and Exhibit B respectively.

**Cadence
Community Facilities District
Conceptual Land Use Plan**



**Cadence
Community Facilities District
Location Map**



The formation of the District will be pursuant to the Act and is being established to facilitate the construction and/or acquisition of public water, sewer, roadway, drainage, landscaping, recreational facilities, parks and other allowable public improvements pursuant to the terms of the Act (collectively the “Public Infrastructure”).

GENERAL DESCRIPTION

The Project is an approximate 461.3 acre master planned community located within the boundaries of the City. Upon build-out the Project will include single family, multifamily and commercial land uses as well as open space throughout the Project. The Applicant requests that 403.2 acres anticipated to be developed as single family and multifamily uses be contained within the boundaries of the proposed District. Upon formation of the District, the land uses anticipated to be contained within the District’s boundaries are illustrated in the table located on the following page.

**Cadence
Community Facilities District
Conceptual Land Use Plan**

Description	Included In CFD			Excluded From CFD			Project Total
	Acres	SF Units	MF Units	Acres	SF Units	MF Units	Acres
PPGN - Ray	164.6	668	-	-	-	-	164.6
PPGN - Core	105.3	653	-	-	-	-	105.3
PPGN - Crismon	75.7	406	-	0.9	-	-	76.6
PPGN - Ellsworth	34.8	-	425	25.7	-	-	60.5
PPGN - Williams	22.8	-	-	31.5	-	-	54.3
Total	403.2	1,727	425	58.1	-	-	461.3

Source: Applicant

Footnotes

SR - Single Family

MF- Multifamily

Applicant has provided the \$60,000 deposit and the \$75,000 application fee as required by the CFD Policy as defined herein. The Applicant will pay for any additional costs incurred by the City relating to the review of the Application and formation of the District that are in excess of these amounts. Applicant shall also pay any one time costs associated with the issuance of the Bonds (as herein defined) that are incurred by the City and not funded through Bond proceeds. If authorized by the board of directors of the CFD (the “District Board”), all or part of such costs may be reimbursed to Applicant from Bond proceeds, provided such reimbursement is in conformance with federal and state law.

The information presented in the Application follows the City’s CFD Application requirements as outlined in the City’s Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts (“CFD Policy”).

2.1 PROPOSED CFD BOUNDARIES/LANDOWNERS/QUALIFIED ELECTORS

A description of the proposed CFD including a legal description of its boundaries, identity and addresses of all persons or entities with an interest in the property, and names and addresses of any qualified electors located within the proposed boundaries. A current title report and a certificate from the county elections department shall be submitted as evidence of the names of persons with any interest in the land and qualified electors respectively. The description must include an analysis of the appropriateness of the CFD boundaries.

LOCATION

Once established, the District will include approximately 403.2 acres of contiguous land generally bounded by Ray Road to the north, State Route 24 to the south, Ellsworth to the west and one quarter mile east of Crismon Road to the east. A conceptual land use plan for the Project has been included as Exhibit A. A location map for the Project has been included in the appendix as Exhibit B. The boundaries of the District are considered appropriate as they are contained within the City’s boundaries and the District incorporates all areas of the Project which

are anticipated to principally benefit from the Public Infrastructure to be financed by the CFD. A legal description for the Project has been included in this Application as Exhibit C.

LANDOWNERS

The Landowners comprise 100 percent ownership of the real property to be contained within the District. The Landowners have consented to the submission of this Application and will consent to the formation of the District. The petition proposing the formation of the District will be signed by 100 percent of the Landowners as well as those parties which may have an equitable interest in the Project (if any).

Landowner information is illustrated below.

**Cadence
Community Facilities District
Landowner Information**

Landowner	Representative	Title
PPGN-Ray, LLLP	Christopher J. Cacheris - Vice President, Harvard Investments	General Partner
PPGN-Core, LLLP	Christopher J. Cacheris - Vice President, Harvard Investments	General Partner
PPGN-Williams, LLLP	Christopher J. Cacheris - Vice President, Harvard Investments	General Partner
PPGN-Ellsworth, LLLP	Christopher J. Cacheris - Vice President, Harvard Investments	General Partner
PPGN-Crismon, LLLP	Christopher J. Cacheris - Vice President, Harvard Investments	General Partner

Source: Applicant

TITLE, QUALIFIED ELECTORS AND COUNTY ASSESSORS REPORT

A title report for the real property contained within the proposed District boundaries has been included as Exhibit D. There are no qualified electors residing within the proposed District boundaries. A qualified electors report from the Maricopa County Elections Department encompassing the real property to be contained within the District has been included as Exhibit E to this Application and an Ownership Report from the Maricopa County Assessor's Office has been included as Exhibit F.

REAL PROPERTY INTEREST / LIEN HOLDERS

At present, there are no lien holders and/or encumbrances on the property. See the title report included as Exhibit D for additional details.

2.2 DESCRIPTION OF PUBLIC INFRASTRUCTURE

A detailed description of the types of public infrastructure to be financed by the CFD, including the estimated construction and/or acquisition costs of the public infrastructure, the estimated annual operation and maintenance costs of the public infrastructure for the first fifteen (15) years after completion and the governmental approvals that will be required for both the public and private improvements to be constructed and operated.

PUBLIC INFRASTRUCTURE

The CFD will be established to finance, construct, and/or acquire Public Infrastructure pursuant to the terms of the Act and as outlined within this Application.

The estimated costs of the Public Infrastructure are outlined in the table on the following page. The cost estimates are in terms of 2015 current dollars (uninflated) and are expected to increase over time with inflation. Engineer's cost estimates for each Public Infrastructure project are based on the best information available at the time of Application and may be found under Exhibit G to the Application.

**Cadence
Community Facilities District
Estimated Public Infrastructure Phasing Timetable (1)**

Descriptions	Estimated	Eligible For	Anticipated Timing		Anticipated
	Costs	CFD Financing	Start	Complete	Bond Type (2)
<u>PHASE I</u>					
Cadence Parkway Phase 1-A	\$ 1,683,276	\$ -	Q4-2015	Q2-2017	
Cadence Parkway Phase 1-B	6,350,543	6,291,074	Q4-2015	Q2-2017	SA/GO
Cadence Parkway Phase 1-C	1,630,253	1,614,045	Q4-2015	Q2-2017	SA/GO
Ellsworth Road	2,600,722	-	Q4-2015	Q2-2017	
Crimson Road Phase One	1,177,130	1,166,330	Q4-2015	Q2-2017	GO
Monumentation Structure	953,275	-	Q4-2015	Q2-2017	
Monumentation Grade & Landscape	659,323	-	Q4-2015	Q2-2017	
Phase One Tertiary Entry Monument	3,802,086	-	Q4-2015	Q2-2017	
Recreation Center (7.6 Acres) Pool/Building/Amenities	16,262,178	-	Q4-2015	Q2-2017	
Community Parks Phase One - HOA Controlled	3,395,210	-	Q4-2015	Q2-2017	
Freeway Paseo Phase One (3.35 Acres)	1,425,024	-	Q4-2015	Q2-2017	
Master Drainage	774,249	-	Q4-2015	Q2-2017	
Master Improvements	8,320,794	-	Q4-2015	Q2-2017	
In-Tract Lot Improvements	31,916,202	-	Q4-2015	Q2-2017	
Sub-Total Phase One	\$ 80,950,264	\$ 9,071,449			
<u>PHASE II</u>					
Well Site (.52 acres)	\$ 114,920	\$ -	Q4-2017	Q2-2019	
Cadence Pkwy Phase 2-A	1,863,146	1,845,465	Q4-2017	Q2-2019	SA/GO
Cadence Pkwy Phase 2-B	1,863,146	1,845,465	Q4-2017	Q2-2019	SA/GO
Crimson Road Phase 2-A	4,373,089	2,942,018	Q4-2017	Q2-2019	GO
Crimson Road Phase 2-B	1,431,071	-	Q4-2017	Q2-2019	
Monumentation Structure	634,525	-	Q4-2017	Q2-2019	
Monumentation Grade & Landscape	389,614	-	Q4-2017	Q2-2019	
Phase Two Tertiary Entry Monument	1,702,256	-	Q4-2017	Q2-2019	
Community Parks Phase 2 - HOA Controlled	4,233,829	-	Q4-2017	Q2-2019	
Community Park - HOA Controlled (3)	4,954,549	-	Q4-2017	Q2-2019	
Freeway Paseo Phase Two (4.05 Acres)	2,188,274	-	Q4-2017	Q2-2019	
Master Drainage	453,646	-	Q4-2017	Q2-2019	
Master Improvements	4,875,295	-	Q4-2017	Q2-2019	
In-Tract Lot Improvements	22,212,905	-	Q4-2017	Q2-2019	
Sub-Total Phase Two	\$ 51,290,264	\$ 6,632,948			
<u>PHASE III</u>					
Cadence Parkway Phase 3	\$ 2,918,167	\$ 2,898,167	Q4-2019	Q2-2021	SA/GO
Williams Field Road Phase 3-A	1,202,947	1,202,947	Q4-2019	Q2-2021	GO
Williams Field Road Phase 3-B	929,550	-	Q4-2019	Q2-2021	
Crimson Road Phase 3	918,714	-	Q4-2019	Q2-2021	
Monumentation Structure	634,525	-	Q4-2019	Q2-2021	
Monumentation Grade & Landscape	389,614	-	Q4-2019	Q2-2021	
Phase Three Tertiary Entry Monumentation	1,702,256	-	Q4-2019	Q2-2021	
Community Park - HOA (4 acres)	1,353,413	-	Q4-2019	Q2-2021	
Master Drainage	356,407	-	Q4-2019	Q2-2021	
Master Improvements	4,355,886	-	Q4-2019	Q2-2021	
In-Tract Lot Improvements	18,427,282	-	Q4-2019	Q2-2021	
Sub-Total Phase Three	\$ 33,188,760	\$ 4,101,114			
Total - All Phases	\$ 165,429,288	\$ 19,805,511			

Source: Silver Fern Companies, LLC.

Footnotes

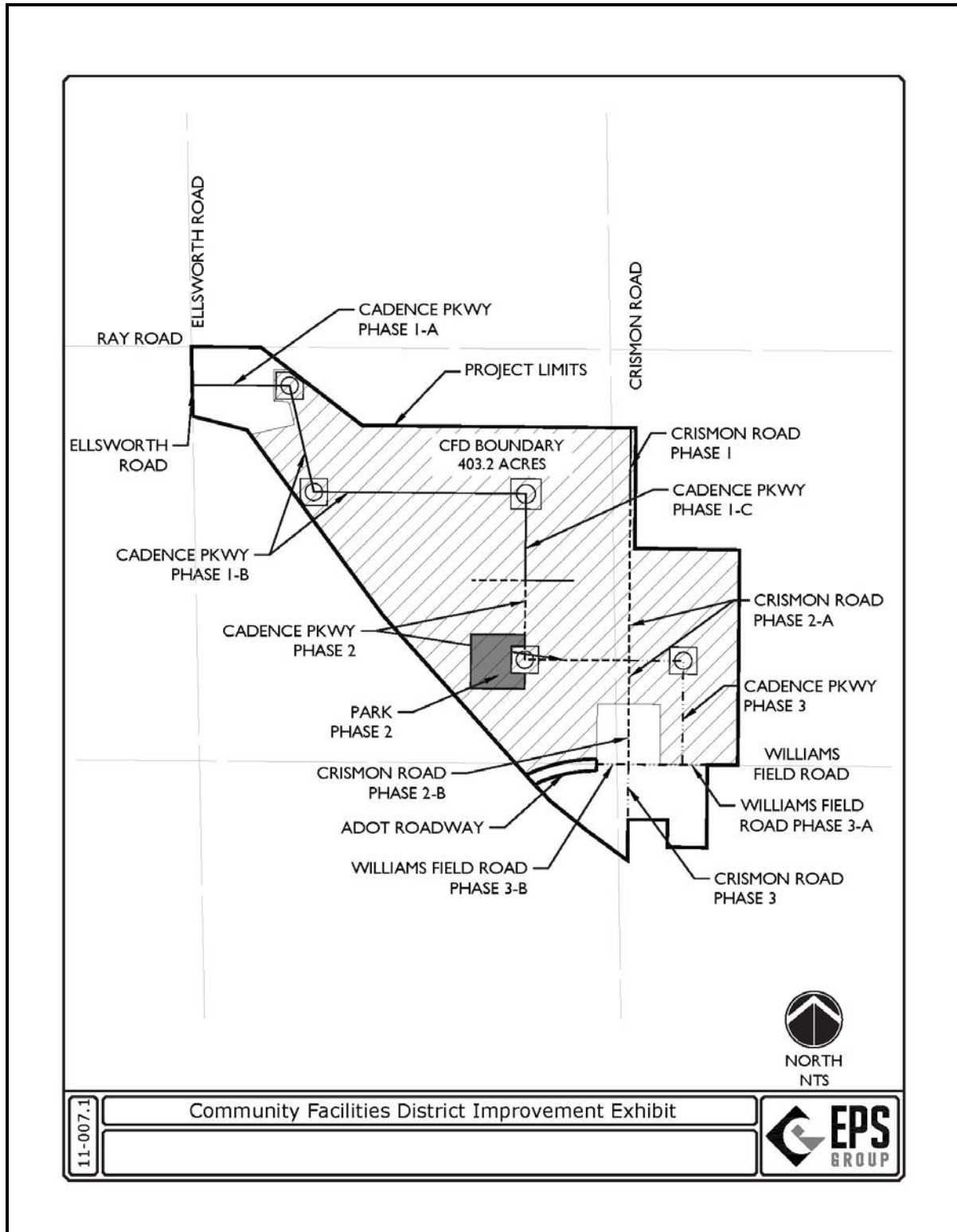
(1) Estimate: Improvement costs are expressed in terms of 2015 dollars and are likely to increase over time.

(2) Represents the anticipated Bond types which may be used to finance the construction/acquisition of the indicated Public Infrastructure (where "SA/GO", indicates one or the other Bond type).

(3) In the event the City desires the community park to be public, costs may be eligible for CFD financing.

The general location of the Public Infrastructure is shown below.

**Cadence
Community Facilities District
Location of Public Infrastructure**



A larger map depicting the general location of the Public Infrastructure may be found under Exhibit G.

The Public Infrastructure to be financed through the CFD will comply with all public procurement requirements applicable to the construction and/or acquisition of eligible Public Infrastructure in accordance with ARS Title 34 and the City's public procurement ordinance and regulations. The Applicant will also submit to the District all necessary documentation required for reimbursement of the Public Infrastructure through the CFD.

STATUS OF ENTITLEMENTS

The General Plan designation for the Project is Mixed Use Community and has been designated as predominately single residence uses. The entire property was subject to a major General Plan amendments filed with the City in 2006 and 2008. The 2006 General Plan established a land use framework for the Project which included single residence uses, mixed use, business park, commercial and light industrial land use designations. In 2008, the original land owner, elected to take advantage of the City's newly created Mixed Use Community land use designation, which was designed to facilitate a planning framework that could adapt to evolving land use and economic development goals as well as market conditions. The 2008 General Plan approval for the Project coincided with the approval of a General Plan amendment and rezoning for DMB's Eastmark project.

In 2012 the Project was annexed into the incorporated area of the City. In conjunction with the annexation of the Project, the parties entered into a Pre-Annexation and Development Agreement ("PADA") which among other things contemplated the establishment of a CFD to finance the Project's eligible Public Infrastructure. The PADA has been attached as Exhibit H.

The Project's zoning designation as a Planned Community District was received in 2012 and the Applicant received approval of its Development Unit Plan for Development Unit 2, the location of the project's first phase. The Applicant has been approved for all infrastructure and parcel plans for Phase 1, and currently processing the construction plans for the Community Recreation Center and associated park. Applicant will obtain all governmental approvals necessary for both the public and private improvements and will construct the infrastructure necessary to serve the Project.

Utility and service providers for the Project are illustrated in the table on the following page.

**Cadence
Community Facilities District
Utility Providers**

Utility Description	Provider
Water Service	City of Mesa
Sewer Service	City of Mesa
Electrical Service	Salt River Project
Gas Service	Southwest Gas
Cable Service	Cox Cable
Telephone Service	Century Link
Police/Fire Service	City of Mesa
Trash Service	City of Mesa

Source: Applicant

FINANCING OF PUBLIC AND PRIVATE IMPROVEMENTS

As of May 1, 2015, equity contributions of approximately \$26.6 million in costs associated with the Project including due diligence, land acquisition, legal, engineering, and entitlements have been funded by the Landowners. It is expected that an additional \$165.4 million in improvements will be required to build-out the Project. The Applicant intends to utilize general obligation bonds (“GO Bonds”) and/or special assessment bonds (“SA Bonds”) (collectively the “Bonds”) to finance the Public Infrastructure. As an overall financing strategy, GO Bonds will be utilized to finance Public Infrastructure which provides a general benefit to all residents of the Project while SA Bonds are anticipated to be utilized to finance Public Infrastructure which provides a specific benefit to parcels within the District. To the extent that Bonds are insufficient to finance the Public Infrastructure projects, such shortfalls will be funded through third party loans, equity capital, and/or internal cash flow.

2.3 DEVELOPMENT SCHEDULE

A proposed project schedule for commencement and completion of (a) the public infrastructure and (b) the private development.

DEVELOPMENT SCHEDULE

The build out of the Project will be dependent upon the dictates of the Mesa real estate market. Once begun, the Project has an estimated Public Infrastructure build-out schedule of approximately six (6) years. The actual timing of the Public Infrastructure remains uncertain as the Public Infrastructure will be constructed based upon the condition of the Mesa real estate market.

Specific construction timing and estimated annual absorption information relating to the Project is illustrated in the following tables.

Cadence
Community Facilities District
Estimated Public Infrastructure Phasing Timetable (1)

Description	Acres	SR Units (2)	MF Units (2)	Construction Costs	Eligible Costs	Start Date	Completion Date
Phase One	199.4	668	300	\$ 80,950,264	\$ 9,071,449	Q4-2015	Q2-2017
Phase Two	105.3	653	125	\$ 51,290,264	\$ 6,632,948	Q4-2017	Q2-2019
Phase Three	98.5	406	-	\$ 33,188,760	\$ 4,101,114	Q4-2019	Q2-2021
Totals	403.2	1,727	425	\$ 165,429,288	\$ 19,805,511		

Source: Applicant

Footnote:

(1) Estimate

(2) Represents the estimated number of units to be contained within the applicable development phase.

Cadence
Community Facilities District
Annual Absorption Assumptions

Year	SR Units Absorbed	MF Units Absorbed
2015	-	-
2016	-	-
2017	100	-
2018	200	300
2019	300	125
2020	300	-
2021	300	-
2022	300	-
2023	227	-
Total	1,727	425

Source: Applicant

OPERATING PLAN

The CFD will be operated by the District Board comprised of City Council members. Upon completion of the Public Infrastructure, it is anticipated that the Public Infrastructure will be dedicated to the City. The cost of the ongoing operation and maintenance of the Public Infrastructure will be paid pursuant to the terms of the PADA and the terms of a to be created District Development, Financing Participation, Waiver and Intergovernmental Agreement (“District DA”). Certain operation and maintenance expenses of the District will be funded

through a \$0.30 per \$100 limited assessed valuation operation and maintenance tax (“O&M Tax”) levied against all property within the CFD, as provided in the District DA.

The table below reflects the estimated administrative and operational expenses of the District excluding those activities which are typically funded through Bond proceeds. The costs are based upon estimates received from the City.

**Cadence
Community Facilities District
Estimated District Administrative Expenses (1)**

Description	FY 16/17 (2)
Legal - Advice	\$ 15,000
Budget	\$ 7,000
Clerk	\$ 2,800
Engineering	\$ 20,000
Accounting	\$ 30,000
Treasurer	\$ 10,000
Total	\$ 84,800

Source: City

Footnotes

(1) Excludes infrastructure related maintenance expenses which will be reimbursed pursuant to the terms of the PADA and the District DA.

(2) Excludes those costs which would be typically reimbursed through Bond proceeds.

The table on the following page illustrates the estimated O&M Tax funds anticipated to be generated during fiscal years 2015 – 2025. Detailed limited assessed valuation and O&M Tax estimates may be found under Exhibit I.

**Cadence
Community Facilities District
Estimated Operation and Maintenance Tax Revenues**

Tax Year	Estimated Limited Assessed Valuation	Estimated O & M Funds Generated by \$0.30 Tax
2015 ⁽¹⁾	\$ 4,500	\$ 13
2016 ⁽²⁾	\$ 4,500	\$ 13
2017 ⁽²⁾	\$ 568,184	\$ 1,705
2018 ⁽²⁾	\$ 2,822,924	\$ 8,469
2019 ⁽²⁾	\$ 10,038,403	\$ 30,115
2020 ⁽²⁾	\$ 17,366,436	\$ 52,099
2021 ⁽²⁾	\$ 24,130,655	\$ 72,392
2022 ⁽²⁾	\$ 30,894,873	\$ 92,685
2023 ⁽²⁾	\$ 37,247,601	\$ 111,743
2024 ⁽²⁾	\$ 41,497,785	\$ 124,493
2025 ⁽²⁾	\$ 42,777,350	\$ 128,332

Footnotes

(1) Maricopa County Assessor's 2014-2015 certified valuation.

(2) Represents the potential O&M Tax based on the estimated limited assessed valuation of the property contained within the District as of the associated fiscal year. Additional details have been provided to this Application as Exhibit I.

The proceeds of the O&M Tax will be utilized, first, to cover administrative and operational expenses of the City and District pertaining to the CFD and, to the extent there are excess O&M Tax proceeds, to supplement certain maintenance expenses related to the Public Infrastructure as outlined in the PADA and District DA.

The table on the following page compares the estimated District administrative costs to the O&M Tax revenues anticipated to be generated by the District.

**Cadence
Community Facilities District
Operations & Maintenance Cost Estimates**

Tax Year	Estimated District Admin. Costs	Estimated O&M Tax Revenue (1)	Excess / (Shortfall)
2015 (2)	\$ 20,000	\$ 13	\$ (19,987)
2016 (2)	\$ 40,000	\$ 13	\$ (39,987)
2017	\$ 84,800	\$ 1,705	\$ (83,095)
2018	\$ 84,800	\$ 8,469	\$ (76,331)
2019	\$ 84,800	\$ 30,115	\$ (54,685)
2020	\$ 84,800	\$ 52,099	\$ (32,701)
2021	\$ 84,800	\$ 72,392	\$ (12,408)
2022	\$ 84,800	\$ 92,685	\$ 7,885
2023	\$ 84,800	\$ 111,743	\$ 26,943
2024	\$ 84,800	\$ 124,493	\$ 39,693
2025	\$ 84,800	\$ 128,332	\$ 43,532

Source: Applicant / DPGF / City

Footnotes

(1) Assumes no inflation, assessed valuation and/or home price appreciation.

(2) Estimate.

2.4 FINANCING PLAN

A financing plan for the public infrastructure, including both (a) capital and (b) operating and maintenance costs.

FINANCING PLAN

The financing plan for the Public Infrastructure of the District is described below:

General

- i. The City Council, in response to a petition from the Applicant will consider adopting a resolution declaring its intention to establish the District.
- ii. The District will be established and operated pursuant to the terms of the District DA.
- iii. The District will be requested to issue Bonds to construct and/or acquire Public Infrastructure and for Public Infrastructure purposes pursuant to the Act and the terms of the District DA.
- iv. The Landowners will vote to authorize the District to levy a \$0.30 per \$100 of limited assessed valuation O&M Tax on all property contained within the boundaries of the District to pay the administrative and operational expenses of the District. A detailed

- analysis of the projected increase in the limited assessed valuation may be found in Exhibit I located in the appendix to this Application.
- v. Before issuing any Bonds to finance the construction and/or acquisition of the Public Infrastructure, the Applicant, in conjunction with the District staff, will prepare a study of the feasibility and benefits of the Project as required by the Act. The feasibility study (“Study”) will be presented to the District Board at a public hearing as required by the Act. If the District Board approves the Study, Applicant and the District staff will proceed with the issuance of Bonds.
 - vi. In the initial stages of the Project, the Bonds are anticipated to be unrated, will be sold to institutional buyers, accredited investors, or other sophisticated municipal market participants, as that term is commonly utilized in the securities industry.

SPECIAL ASSESSMENT BONDS

- i) Applicant anticipates that SA Bonds will be issued over time to finance, construct and/or acquire eligible Public Infrastructure, Public Infrastructure purposes and related costs pursuant to the Act. The SA Bonds are anticipated to have a maturity of twenty-five (25) years. Special assessment liens, which will encumber buildable lots and will be passed on to retail home buyers or other end-users, will not exceed \$3,500 (2015 current dollars). At the time of the sale of the assessment bonds, an appraisal prepared by an MAI appraiser must show that the bulk sales value of each assessed parcel securing the assessment bonds is worth at least four (4) times as much as the principal amount of the assessment bonds.
- ii) Applicant and/or Landowners will cause special assessment liens to be levied upon the property and such special assessment liens shall be passed on to subsequent property owners. Such special assessment liens may be prepaid in whole or in part at any point in time by any property owner in accordance with the following formula:

Principal Amount Outstanding (at time of prepayment)
 Plus: Accrued Interest Through The Next Interest Payment Date (e.g. 6 months)
 Plus: Prepayment Penalty (if any)
Plus: City Administration Fee (if any)
Equals = Prepayment Amount

The City and/or the CFD agree to allow Bonds in \$1,000 denominations in excess of the minimum authorized denominations established by the District Board and/or equivalent mechanism to facilitate the potential prepayment of assessments.

GENERAL OBLIGATION BONDS

- i) A GO Bond election in the amount of \$45,000,000 will be held as determined by the Applicant. The bond election shall remain in effect for twenty-five (25) years.
- ii) The District may issue GO Bonds to finance, construct and/or acquire eligible Public Infrastructure, Public Infrastructure purposes and related costs. The GO Bond amount may be established so as to be sufficiently supported by approximately ninety-five (95) percent of the GO tax collections based on the District’s then current

- limited assessed valuation and a tax rate not to exceed three dollars [\$3.00] per \$100 of the limited assessed value of the taxable property contained within the District.
- iii) It is anticipated that a relatively small GO Bond may be issued in such a time frame to allow the \$3.30 ([\$3.00] debt service + \$0.30 O&M Tax) tax rate to be levied prior to the first homeowner occupancies which are currently anticipated in 2017. As development progresses and tax base growth occurs, additional series of GO Bonds may be issued in amounts mutually agreed to by the Landowners and District Board and in compliance with the District DA. Costs associated with the issuance of GO Bonds of less than two million dollars (\$2,000,000) in principal will be paid by the Applicant and will not be funded by Bond proceeds.
- iv) The presently estimated GO bonding capacity of the Project assuming a maximum limited assessed valuation tax rate of [\$3.00] for debt service is illustrated in the table below. A detailed analysis of the presently projected increase in the limited assessed valuation of the property contained within the boundaries of the District may be found under Exhibit I. The District's first GO Bond issue is anticipated to occur in fiscal year 2016-2017.

**Cadence
Community Facilities District
Estimated Limited AV and Potential Bonding Capacity**

Tax Year	Estimated Limited AV	Estimated Bonding Capacity (1)
2015 (2)	\$ 4,500	\$ 1,494
2016	\$ 4,500	\$ 1,494
2017	\$ 568,184	\$ 188,709
2018	\$ 2,822,924	\$ 937,570
2019	\$ 10,038,403	\$ 3,334,026
2020	\$ 17,366,436	\$ 5,767,864
2021	\$ 24,130,655	\$ 8,014,445
2022	\$ 30,894,873	\$ 10,261,025
2023	\$ 37,247,601	\$ 12,370,939
2024	\$ 41,497,785	\$ 13,782,540
2025	\$ 42,777,350	\$ 14,207,518

Footnotes

(1) Represents the cumulative potential bonding capacity based on the estimated limited assessed valuation of the property contained within the District as of the associated fiscal year. Additional details have been provided to this application as Exhibit I.

(2) Based on Maricopa County Assessor's 2014-2015 certified assessed valuation.

- v) The GO Bonds are expected to have a twenty-five (25) year term. In the initial stages of the Project, GO Bonds will be unrated and will be repaid with proceeds of the [\$3.00] per \$100 of limited assessed value ad valorem property tax revenues of the District.

DISTRICT OPERATION AND MAINTENANCE COSTS

The District will be established for the financing, construction and/or acquisition of the Public Infrastructure and related Public Infrastructure purposes and will have no continuing obligation with respect to the operation and/or maintenance of the Public Infrastructure financed, constructed and/or acquired and dedicated to the City other than that which may be required by the PADA and District DA.

It is generally anticipated that the home owner's association ("HOA") will maintain all landscaping which is associated with the Public Improvements as well as any "enhanced services" the costs of which exceed the service levels which the City typically provides.

Accordingly, the District is not anticipated to have any costs and/or expenses related to the operation or maintenance of the Public Improvements except as expressly provided in the PADA and District DA. In the event proceeds of the O&M Tax levy exceed the amount required to pay the City's/District's administrative costs, such excess tax proceeds shall be applied to pay the cost of the maintenance of the Public Infrastructure as provided in the District DA.

The City estimates the on-going administration and operational costs of the District is approximately \$84,800 per year, which includes trustee fees, professional fees, departmental and administrative charges. These costs will be paid with the proceeds of the O&M Tax assessed to the property contained within the boundaries of the District. To the extent that a shortfall may exist, Applicant agrees to fund such shortfalls pursuant to the terms of the District DA.

2.5 FINANCIAL FEASIBILITY

A financial feasibility study for the entire project (or such phases of the project that are expected to be constructed within five (5) years of submission of the Application) covering both the public infrastructure and the private development. This should include:

- a) *An analysis of how the proposed debt financing, operation and maintenance costs, user charges and other CFD costs will impact the ultimate end users of the property, specially projected property taxes and property tax rates, special assessments, fees, charges and other costs that would be borne by property in the CFD. The analysis should also address the impact these costs will have on the marketability of the private development and a comparison of proposed tax rates and charges in adjoining and similar areas outside of the proposed district.*

FISCAL IMPACT

It is anticipated that the District will issue SA Bonds over the life of the Project. Special assessment liens will not exceed \$3,500 (2015 current dollars) per lot. It is expected the special assessment lien and resulting special assessment payment will not have a negative impact on the marketability of homes within the District given the favorable experience of other development projects with comparable financing structures located within other master planned community developments in the metropolitan Phoenix area.

It is further anticipated that the Landowners will vote to authorize and that the District will issue GO Bonds from time-to-time over the life of the Project. It is further expected that, to pay debt service on the GO Bonds, the District will levy a tax rate of not to exceed [\$3.00] per \$100 of the

limited assessed value of the taxable property contained within the District. The Applicant believes that the [\$3.00] increase in the tax rate will have no adverse impact on the marketability of homes within the District due to the enhanced level of Public Infrastructure, being provided as compared to other competitive developments which are not utilizing CFD financing tools.

The table on the following page illustrates the overlapping tax rates for the District for fiscal year 2014-2015.

**Cadence
Community Facilities District
2014 - 2015 Overlapping Property Tax Rates (1)**

TAXING AUTHORITY NAME	PRIMARY	SECONDARY	TOTAL
Maricopa County Primary	1.3209		1.3209
State School Equalization	0.5089		0.5089
City of Mesa	-		-
Queen Creek Unified School District	4.3042		4.3042
Community College District	1.2824		1.2824
Flood Control District		0.1392	0.1392
Central Arizona Water Conservation		0.1400	0.1400
Fire		0.0113	0.0113
Library		0.0556	0.0556
Health Care		0.1856	0.1856
County Overrides		-	-
City Overrides		-	-
Unified School Overrides		0.2805	0.2805
Community College Overrides		-	-
County Bonds		-	-
City Bonds		1.1853	1.1853
Unified School District Bonds		1.9628	1.9628
Community College Bonds		0.2363	0.2363
Electrical District 6 Pinal		0.0154	0.0154
East Valley Institute of Technology		0.0500	0.0500
PPGN CFD- GO and O&M		3.3000	3.3000
PPGN - CFD- SA Equivalent (2)		1.3319	1.3319
Total	7.4164	8.8939	16.3103

Footnotes:

(1) Most recent tax rates available.

(2) Assumes an average home price of \$275,000, special assessment of \$3,500 per lot, 7% interest and 25 year amortization period.

Source: Maricopa County Treasurer's Office

The overlapping tax rate of competitive master planned communities as well as comparative characteristics of their respective community facilities districts are illustrated in the table on the following page.

**Cadence
Community Facilities District
Community Facilities District Comparison (1)**

Description	Vistancia	Verrado - w/ Overlay (2)	Festival Ranch	Cadence (1)	Eastmark	Estrella Mountain Ranch	Anthem - Merrill Ranch	Verrado
Location	Peoria	Buckeye	Buckeye	Mesa	Mesa	Goodyear	Florence	Buckeye
CFD Established	Yes	Yes	Yes	In Process	Yes	Yes	Yes	Yes
Development Status	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process
Estimated Average Home Price	\$376,500	\$325,000	\$260,000	\$275,000	\$305,000	\$300,000	\$225,000	\$325,000
Estimated Tax Rate with all CFD Taxes (3) (2015)	\$14.77	\$15.98	\$17.43	\$16.31	\$16.86	\$17.45	\$23.27	\$18.04
Est Annual Total Property Taxes (w/CFD)	\$4,561	\$4,258	\$3,716	\$3,678	\$4,217	\$4,292	\$4,293	\$4,808
Property Taxes as a % of Home Prices	1.21%	1.31%	1.43%	1.34%	1.38%	1.43%	1.91%	1.48%
General Obligation Target Tax Rate	\$2.10	\$6.00	\$3.00	3.00	\$3.00	\$1.00	\$3.25	\$3.00
Estimated Special Assessment Amount per Lot	\$0	\$0	\$2,000	3,500	\$3,500	\$6,500	\$3,500	\$0
Value to Lien Ratio	NAP	NAP	4 to 1	4 to 1	4 to 1	3 to 1	3 to 1	NAP
Estimated Monthly CFD Property Taxes	\$54	\$147	\$73	\$87	\$94	\$74	\$80	\$73
Est. Monthly Total Property Taxes (Inc. CFD)	\$380	\$355	\$310	\$306	\$351	\$358	\$358	\$401

Source: Applicant / County Treasurer / DPGF

(1) Estimated pricing is anticipated to be consistent with sales activity in the adjacent Eastmark project. At the time of the Application sales of Eastmark homes, which are anticipated to be similar to those of the Project, ranged from \$282,423 to \$350,857 with an average price of \$315,612. As such, the Applicant believes a \$275,000 home price is a conservative estimate of home pricing. (Note: Sales data provided by Belfiore Real Estate.)

(2) Includes the portion of the Verrado project which is contained within the Saddleback Mountain School District and is within the boundaries of two (2) CFD's; Verrado Dist. 1 CFD and Verrado Western Overlay CFD. Each of the aforementioned CFDs are levying a \$3.00 ad valorem target tax rate.

(3) Includes Special Assessment tax rate equivalent.

b) A detailed financing plan for the private development in the CFD.

FINANCING OF PRIVATE DEVELOPMENT

As Applicant and the Landowners are privately held real estate investment groups, specific financial information has not been included in the Application. Applicant shall provide all relevant financial information to the appropriate parties as required and will cooperate to provide the City with all reasonable requests for additional financial information.

The financing for the private development will be provided from Landowner equity, third party lending sources, and/or internal cash flow as required. Evidence of such funding capability will be provided to the City and/or District representatives in conjunction with the first Bond issuance as may be required. An Estimated Sources and Uses of Funds schedule related to the development of the Project has been provided under Exhibit J.

c) A market absorption study for the private development in the CFD prepared by an independent consultant acceptable to the City. Such study shall include estimates of the revenue to be generated by the development and the ability of the market to absorb the development as well a market absorption calendar for the private development.

MARKET ABSORPTION STUDY

A market absorption study has not been prepared in conjunction with the Application. A market study will be provided as part of the first Bond issuance, as may be required.

2.6 EQUITY CONTRIBUTION/EXPERIENCE

A description of the proposed equity contribution from the applicant/landowner and a calendar showing the timing and sources of such equity contribution. A description of the applicant's professional experience and evidence demonstrating its financial capacity to undertake the development associated with the public infrastructure and private development.

EQUITY CONTRIBUTION

As of May 1, 2015, Applicant and the Landowners have expended approximately \$26.6 million to cover the costs of due diligence, land acquisition, planning, legal, engineering, and entitlements.

APPLICANT (DEVELOPER) PROFESSIONAL EXPERIENCE

Harvard is the United States investment and development arm of the Hill Companies – the oldest land development company in Canada, which has operated as a privately held company since its inception in 1903. Headquartered in Scottsdale, Arizona, Harvard Investments specializes in master planned residential development and the marketing and sales of home sites. Its residential projects include exclusive golf course communities on thousands of acres, custom home developments and large master planned communities that focus on single-family production housing. Other Harvard projects include industrial parks, shopping centers, office buildings, and multi-family developments. Harvard takes pride in its communities, and designs and develops in a manner that is responsive to current lifestyles. Before embarking on a project, Harvard studies a property's attributes and constraints, as well as the historical legacy of the region. Those elements then shape Harvard's planning philosophy as well as the character of design to ensure authenticity to the region and to create a legacy for future residents.

The management team of the Applicant is as follows:

Harvard Investments Arizona Management Team

Harvard Investments, Inc.

Mr. Craig Krumwiede
17700 North Pacesetter Way
Scottsdale, AZ 85255
Phone: (480) 348-1118
Email: ckrumwiede@harvardinvestments.com

Harvard Investments, Inc.

Mr. Christopher J. Cacheris
17700 North Pacesetter Way
Scottsdale, AZ 85255
Phone: (480) 348-1118
Email: ccacheris@harvardinvestments.com

Applicant resumes have been provided under Exhibit K.

CONTACT INFORMATION

Contact information for Applicant is as follows:

Primary Contact:**Harvard Investments, Inc.**

Mr. Christopher J. Cacheris
17700 North Pacesetter Way
Scottsdale, AZ 85255
Phone: (480) 348-1118
Email: ccaheris@harvardinvestments.com

Primary Contact:**Harvard Investments, Inc.**

Mr. Tim Brislin
17700 North Pacesetter Way
Scottsdale, AZ 85255
Phone: (480) 348-1118
Email: tbrislin@harvardinvestments.com

Project Entitlement Legal**Representative:****Withey Morris, PLC**

Ms. Susan Demmitt
2525 East Biltmore Circle
Suite A-212
Phoenix, AZ 85016
Phone: (480) 429-3064
Email: susan@witheymorris.com

Project Manager:**Harvard Investments**

Mr. Tim Brislin
17700 North Pacesetter Way
Scottsdale, AZ 85255
Phone: (480) 348-1118
Email: tbrislin@harvardinvestments.com

Developer Legal Counsel:**Greenberg Traurig**

Ms. Rebecca L. Burnham
2375 East Camelback Road
Suite 700
Phoenix, AZ 85016
Phone: (602) 445-8251
Email: burnhamr@gtlaw.com

Developer Financial Consultant:**DPFG, Inc.**

Mr. Carter Froelich
3302 East Indian School Road
Phoenix, AZ 85015
Phone : (602) 381-3226 ext. 10
Email : carter.froelich@dpfg.com

Land Planner:**Greey Pickett Partners**

Mr. Wendell Pickett
7051 East 5th Avenue
Suite 200
Scottsdale, AZ 85015
Phone: (480) 609-0009
Email: wpickett@greepickett.com

Engineer:**EPS Group, Inc.**

Mr. Kevin Morgan
2045 South Vineyard Avenue
Suite 101
Mesa, AZ
Phone: (480) 503-2250
Email: kevin.morgan@epsgroupinc.com

RELEVANT DEVELOPMENT EXPERIENCE

Over the years, Harvard has created some of the most distinctive projects in the Western U.S., including highly successful communities renowned for quality and integrity in every aspect of their planning and development. The Developer's management team has experience developing master planned communities as well as other development projects including:

ARIZONA

From the red rock landscape of Sedona and the pine forests of the high country, to the desert hills of Tucson and thriving locations around the Greater Phoenix area, Harvard is at home in the Grand Canyon State with celebrated communities throughout Arizona.

Recent Project Acquisitions

Metro Phoenix Residential Fund – Harvard and its partners acquired five residential communities in various stages of development in various Phoenix submarkets over the past five years. The projects total over 3,000 lots on approximately 800 acres. The assets represent high quality residential developments well complemented with amenities and open space.

Bella Vista Farms – Harvard acquired a 1,309 acre portion of the 2,300 acre Bella Vista Farms master planned community in San Tan Valley, AZ. The project has a keystone location in the submarket. Harvard was able to begin Bella Vista Farms by incorporating a 208 acre campus for Central Arizona College. The campus opened in the Fall of 2013. Beginning the project with employment and education is a wonderful beginning to a community that will have approximately 4,000 units and a complement of retail uses.

Projects in Process

Talking Rock - On 3,600 acres of a former working ranch in Northern Arizona high country lie some of the state's most beautiful landscapes. This is the setting for Talking Rock. Harvard's master plan for Talking Rock took full advantage of the area's rolling hills, dramatic boulder formations, canyons and clear skies. Talking Rock is named for the ancient Native American petroglyphs on the property, and planning complemented the area's heritage with an architectural style that reflects the historical tradition of the Arizona ranch homestead. Talking Rock has over 1,600 custom home sites from one-half to five acres in size, a private Jay Morrish championship golf course, clubhouse, swimming, tennis and fitness facilities and 30 miles of walking and jogging trails which wind through this rustic paradise. The project has met with enormous success and acceptance from the marketplace making it one of the most successful northern Arizona second home communities.

Lake Pleasant 5000- Located at the base of the Hieroglyphic Mountain Range, 10 miles west of Lake Pleasant in north metropolitan Phoenix, this 4,900-acre master planned golf course community will accommodate 8,500 single-family units. The community brings to fruition all of the best planning and design principles that have been utilized throughout the southwest and across the country. Special community oriented villages will combine with a wide range of housing products with nearly half of the development preserved as open space. An elaborate trail system crisscrosses the community and allows residents easy access to the beautiful Sonoran desert and the Hieroglyphic Mountains. Harvard and its partners own 50% of this master planned community.

Hassayampa Ranch- Located in Maricopa County just west of the Hassayampa River 40 miles west of Phoenix, this 2,000-acre parcel is planned for over 5,700 single-family residential units, a public golf course and commercial use. Hassayampa Ranch is designed to be the highest quality master plan in western Maricopa County, targeting work force housing and offering both conventional and active adult housing opportunities with an extensive trail system linking significant parks and neighborhoods. Approximately 15,000 residents will reside, work and play in Hassayampa Ranch at build-out.

Post Ranch- Located between Phoenix and Tucson, Arizona, Post Ranch comprises 1,000 single-family lots on 400 acres in the City of Casa Grande. An elementary school and church site are planned for the community. Neighbors will gather and meet at picnic areas with ramadas, nearby softball and soccer fields. Post Ranch will start the first phase of a planned regional pedestrian

and bicycle trail along the Hohokam Canal which bisects the community and connects neighboring subdivisions.

Completed Projects

Back O' Beyond - Back O' Beyond is a Harvard community located in the heart of Sedona. Preserving the beauty of the natural landscape, this gated community is limited to 80 single-family custom home sites, ranging from one to four acres in size. The home sites are woven among undisturbed open areas in a way that allows residents to enjoy spectacular views and a connection to nature. The project achieved some of the highest prices for custom home sites in Sedona.

La Barranca - La Barranca in the Village of Oak Creek encompasses 110 acres. Preserving the pristine beauty of the forest land, the development is limited to 76 exclusive one-acre custom home sites. The gated community is one of the last custom home developments in the striking Sedona area. A landscape that climbs from creek bed to red rock hilltops allows for remarkable home sites which frame the area's extraordinary views. Harvard's strict design guidelines for the community demonstrate its commitment to preserving the land's natural resources and exquisite beauty

Ocotillo Ridge Estates - On this lush, rolling desert terrain in Carefree, Arizona, located just north of Scottsdale, Harvard developed a 200-acre gated community. Large home sites averaging five acres in size allow for magnificent custom homes with spectacular city and mountain views. Ocotillo Ridge Estates includes a desert preserve riparian area surrounding Grapevine Wash, which was donated to the Desert Foothills Land Trust.

Mountain Vista Ranch and Northwest Ranch - Located northwest of Phoenix, the City of Surprise is the home to two family communities, comprising a total of 750 acres. Both master planned with residential and commercial use, the properties include 2,650 single-family residential lots and a 256-unit apartment complex connected by 75 acres of parks, open space and a charter school. Neighbors gather at picnic areas with ramadas, as well as softball and soccer fields. An amphitheater and retail centers provide entertainment, shopping and services. Walking, bicycle trails and an exercise course allow residents to enjoy the outdoors. To facilitate this project, Harvard assisted the City of Surprise in forming a water company to better serve new residents.

Neely Farms - With 629 single-family residential lots, Neely Farms was one of the first developments in Gilbert to combine open space, parks and retention areas and was a welcome addition to the Town of Gilbert, located in southeast metropolitan Phoenix. Developed on the site of one of the oldest farms in the area, Neely Farms is home to over 1,200 residents. The project was sold to a number of publicly traded home building companies.

Springtree - Springtree includes 198 single-family residential lots in Gilbert with a large amount of open space and landscaping. For residents' enjoyment, Harvard thoughtfully integrated trails, parks and open spaces throughout the development. Harvard also managed construction of the off-site infrastructure, including a regional waste-water system.

Canada Hills- The master planned golf course community of Cañada Hills was developed in Oro Valley, just north of Tucson. This 800-acre project is home to the Sheraton El Conquistador

Resort and features a 65,000-square foot clubhouse, as well as two championship golf courses. In addition to 1,200 single-family residential lots, Harvard also developed and marketed retail, office and multi-family parcels for the community. As part of the development program, Harvard developed the first private water/waste-water utility company in the area and sold the utility to the Town of Oro Valley.

Madera Highlands - Planned as an environmentally thoughtful, family friendly community, Madera Highlands has over 300 acres of mature pecan groves and nearly 600 acres of high Sonoran desert. Located 20 minutes south of Tucson, Madera Highlands allows residents to live outside the city in a natural setting. The master plan features 1,800 single-family home sites, 300 apartments units, a school site, and 15 acres of retail, office, and medical campus space. The project was sold to a number of large, publicly traded homebuilders.

Pine Canyon – A second home residential community in northern Arizona, this high country property was acquired through a 915-acre exchange with the Forest Service. Harvard developed 475 acres as a gated community with one-acre custom homesites which are primarily used for vacation homes by the residents of Phoenix and Tucson. Amenities include a recreation center and miles of hiking/biking trails through the surrounding forest.

The Homestead - The Homestead is located one hour north of Phoenix, off Interstate 17 at the Cottonwood/Camp Verde exit. This 393-acre master planned community is a beautiful alternative to the summer heat and city bustle and features expansive open spaces and trails to the Verde River. Harvard's plan for this property gracefully combines 800 single-family residences, 300 apartment units, and 45 acres of retail, office, and medical campus space. Harvard worked closely with the Town of Camp Verde to modify their general plan to make The Homestead the center of development activity for this formerly rural town and the gateway to the Verde Valley.

TEXAS

Harvard has established a respected reputation in Texas for uncompromising standards as a developer of landmark communities, and continues to build on a foundation of success in every project.

Projects in Process

Shadow Canyon- Located north of Austin, Shadow Canyon consists of 675 home sites on 300 acres, including over a mile of frontage on the South San Gabriel River. Open space, parks and a community center connect the home sites and the river. Large open space areas are conserved for indigenous wildlife and as an amenity for the community. Retail and multi-family uses at the entrance to Shadow Canyon complete this master planned community.

Colorado Bend - Located on the Colorado River in Bastrop, Texas, just east of Austin, this 552 acre parcel is designed as a mixed use community that includes residential and retail uses. Housing choices range from cluster to large lots combine with parks and trails tied into extensive green space along the Colorado River. Colorado Bend will create a vital link between existing and proposed communities with a new bridge crossing and a significant contribution to the city's parkland with 2.5 miles of river frontage.

Freeport Business Centre - This large industrial park encompasses 500 acres on Interstate 35 in

southwest San Antonio. Freeport Centre offers distribution, warehouse and manufacturing space, features a 225-acre foreign trade zone, and is served by the Union Pacific and Burlington Northern-Santa Fe Railroads. A portion of Freeport Centre is being developed with Lincoln Property Company.

Completed Projects

The Island at Mt. Bonnell Shores - Located just minutes from downtown Austin on the gorgeous shores of Lake Austin, this luxury gated community includes 39 exclusive waterfront home sites, each of which enjoy a private boat dock.

Long Canyon - This 600-acre single-family residential community in the Hill Country of Austin, Texas includes 337 custom home sites, ranging in size from one to three acres. Harvard incorporated hiking and nature trails throughout the community to accentuate the natural beauty of Bull Creek. Additionally, two neighborhood garden office sites were developed at the community's entrance.

Courtyard - The Courtyard, set on beautiful Lake Austin, consists of 69 half-acre custom home sites. For residents' enjoyment, Harvard developed a park, picnic area, an outstanding tennis facility and a community boat dock.

FINANCIAL CAPABILITY

As Applicant and the Landowners are privately held real estate investment groups, specific financial information has not been included in the Application. Applicant shall provide all relevant financial information to the appropriate parties as required and will cooperate to provide the City with all reasonable requests for additional financial information.

The financing for the private development will be provided from Landowner equity, third party lending sources, and/or internal cash flow as required. Evidence of such funding capability will be provided to the City and/or District representatives in conjunction with the first Bond issuance as may be required.

2.7 HOMEOWNER DISCLOSURE

A disclosure form explaining the expected and possible tax rate, assessment and other financial burdens of the CFD to prospective CFD landowners. Upon each sale of property in the CFD, the developer/landowner shall file with the City a receipt that acknowledges the purchaser's receipt of the disclosure form. Landowners/developers are required to describe in their promotional material the financial and other relative impacts on the development being included in the CFD. Copies of the disclosure form must be placed on file with the District Clerk.

ARS Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report. In addition to this minimum requirement, the Applicant proposes a more comprehensive program of homebuyer disclosure.

First, all sales contracts with homebuilders will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above as well as provide, if necessary, the information required by SEC Rule 15 C212, plus the additional requirements which follow.

Second, all general marketing material related to the development of the Project will reference the existence of the District.

Third, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact.

Fourth, receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the City Clerk. Further, as a matter of practice no less than annually, the homeowner's association will be briefed on the District, its finance and activities.

Examples of the form of Disclosure Statement for the Bonds are illustrated in the appendix as Exhibit L.

2.8 OPERATING PLAN

An operating plan for the CFD, i.e. what functions the CFD would provide and how the operations and maintenance of the infrastructure and all other services in the CFD would be provided. The plan will cover the period during which the developer is obligated to pay operation and maintenance expenses and the period after the developer's obligation to pay the operation and maintenance expenses terminates.

DISTRICT OPERATION AND MAINTENANCE COSTS

Upon formation of the CFD the District will be governed by a Board of Directors comprised of the members of the City Council. The day-to-day responsibilities of the CFD will be performed pursuant to a contract by outside personnel or by the City staff as determined by the District Board.

The District will be established initially for the financing, construction and/or acquisition of the Public Infrastructure and related Public Infrastructure purposes and will have no continuing obligation with respect to the operation and/or maintenance of the Public Improvements once completed and dedicated to the City other than that which may be required by the PADA and District DA.

The City estimates the on-going administration and operational costs of the District is approximately \$84,800 per year, which includes trustee fees, professional fees, departmental and administrative charges. These costs will be paid with the proceeds of the O&M Tax assessed to the property contained within the boundaries of the District. To the extent that a shortfall may exist, Applicant agrees to fund such shortfalls pursuant to the District DA.

2.9 CITY'S DEVELOPMENT OBJECTIVES

A description of how the proposed CFD meets the existing development objectives of the City, including the degree to which the CFD is consistent with the goals of the City's General Plan

for promoting orderly development, consistent with growth management policies and zoning requirements, and the degree to which the land uses for the CFD is consistent with the City's General Plan Map for the area.

DEVELOPMENT OBJECTIVES OF THE CITY

Formation of the District and utilization of the proposed financing structure will result in the accelerated and coordinated construction of the designated Public Infrastructure which is consistent with the City's General Plan for meeting the City's long range needs for adequate essential infrastructure in a timely manner. The construction of the Public Infrastructure in adherence with the City's General Plan which will provide the opportunity for the City to expand its municipal services and provide those services to residents who currently do not have access to such services.

The Public Infrastructure will not only provide water, sewer and vehicular access to the Project, but will also provide services to other surrounding lands allowing the City to grow pursuant to its General Plan. The City will benefit from the formation of the District and use of the CFD financing through the accelerated construction of Public Infrastructure and the resulting growth of the City's property tax base, in addition to the receipt of one time construction related revenues such as construction sales taxes, permits, and fees.

The formation of the District will be pursuant to the Act, for the construction and/or acquisition of the Public Infrastructure and public infrastructure purposes. The Applicant has and will continue to comply with all public procurement requirements in accordance with ARS Title 34 as well as the City's public procurement policies.

Exhibit A

Cadence
Conceptual Land Use Plan

Exhibit A
Cadence
Conceptual Land Use Plan

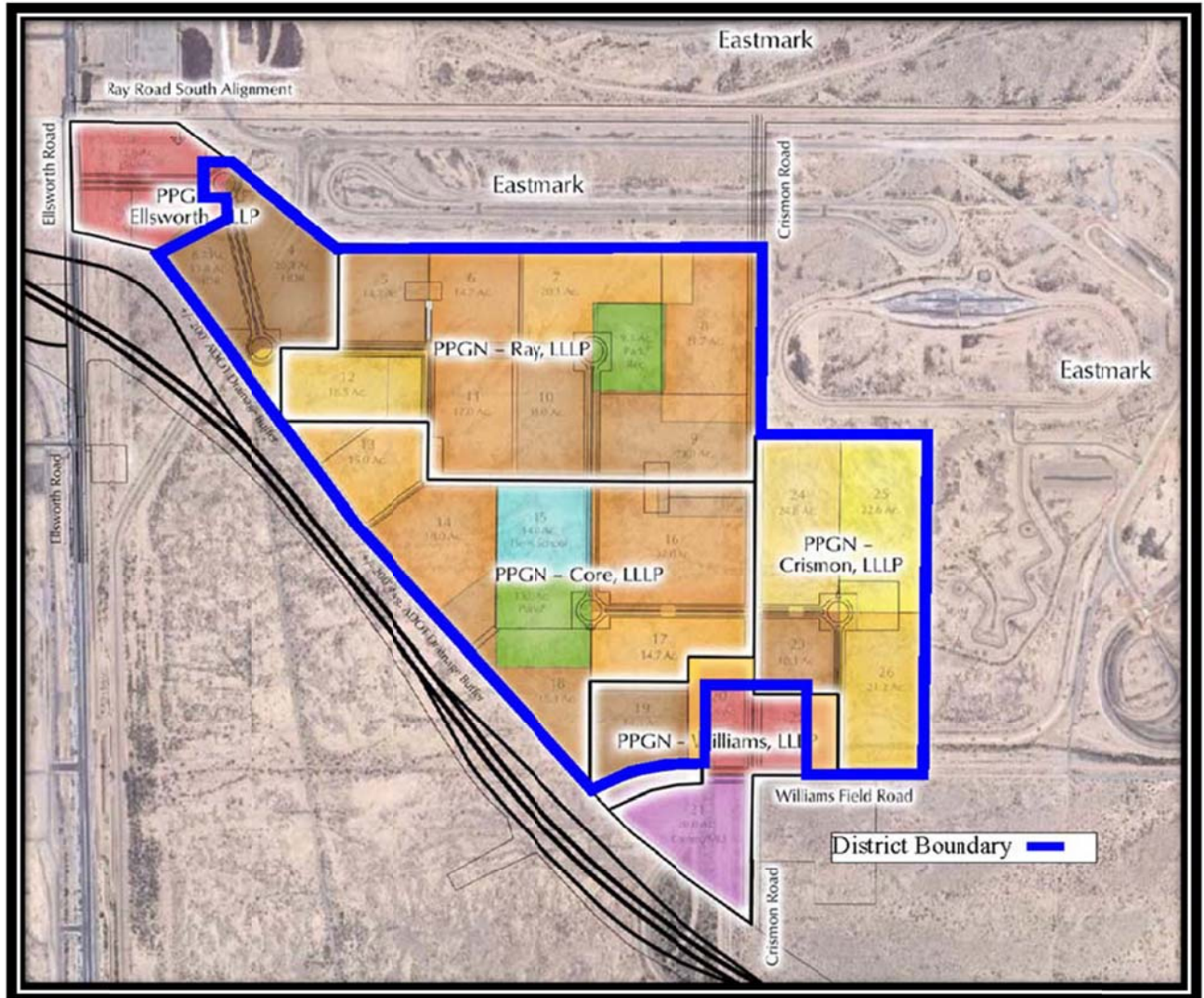


Exhibit A
Cadence
Location of Public Infrastructure

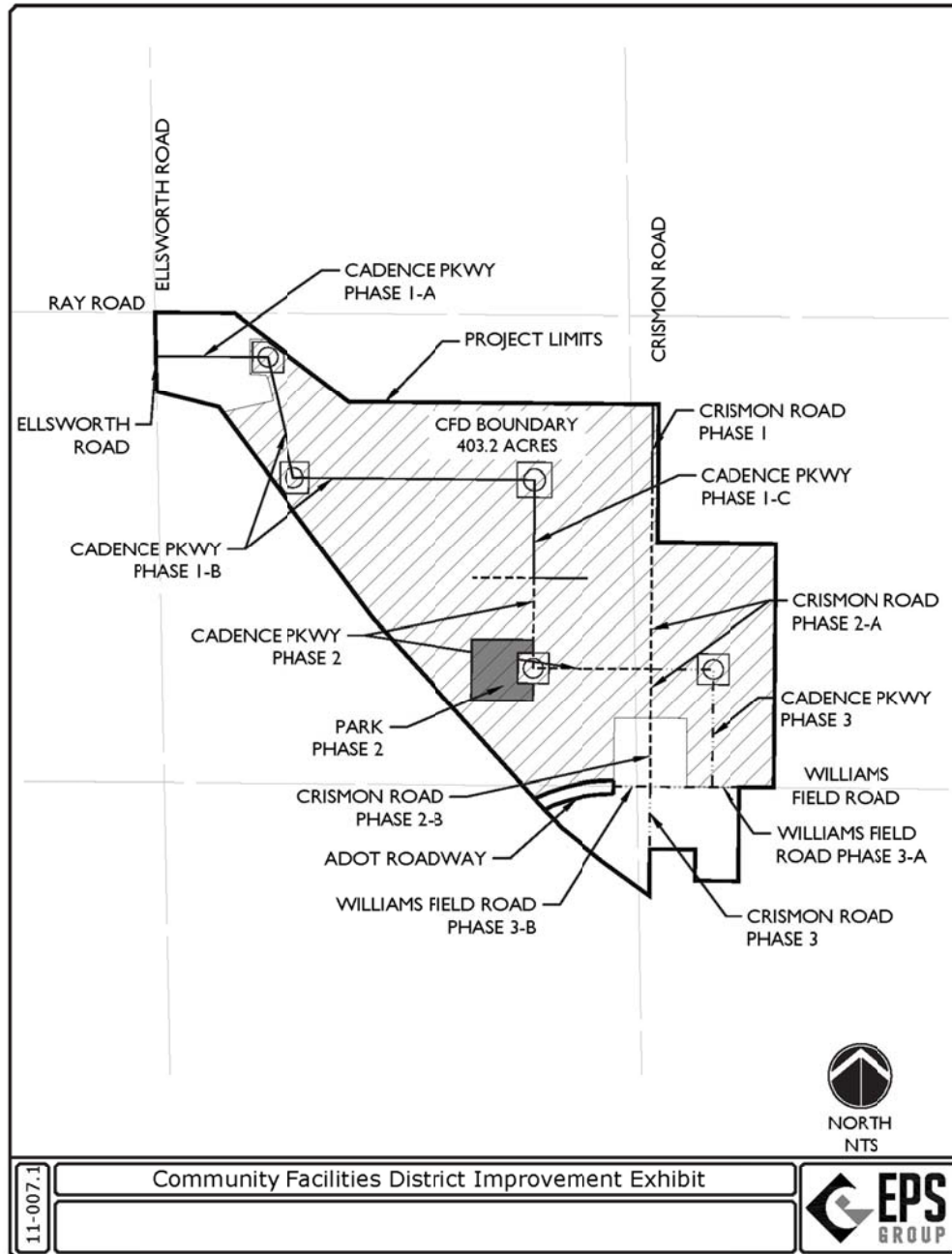


Exhibit B

Cadence
Location Map

Exhibit B
Cadence
Location Map

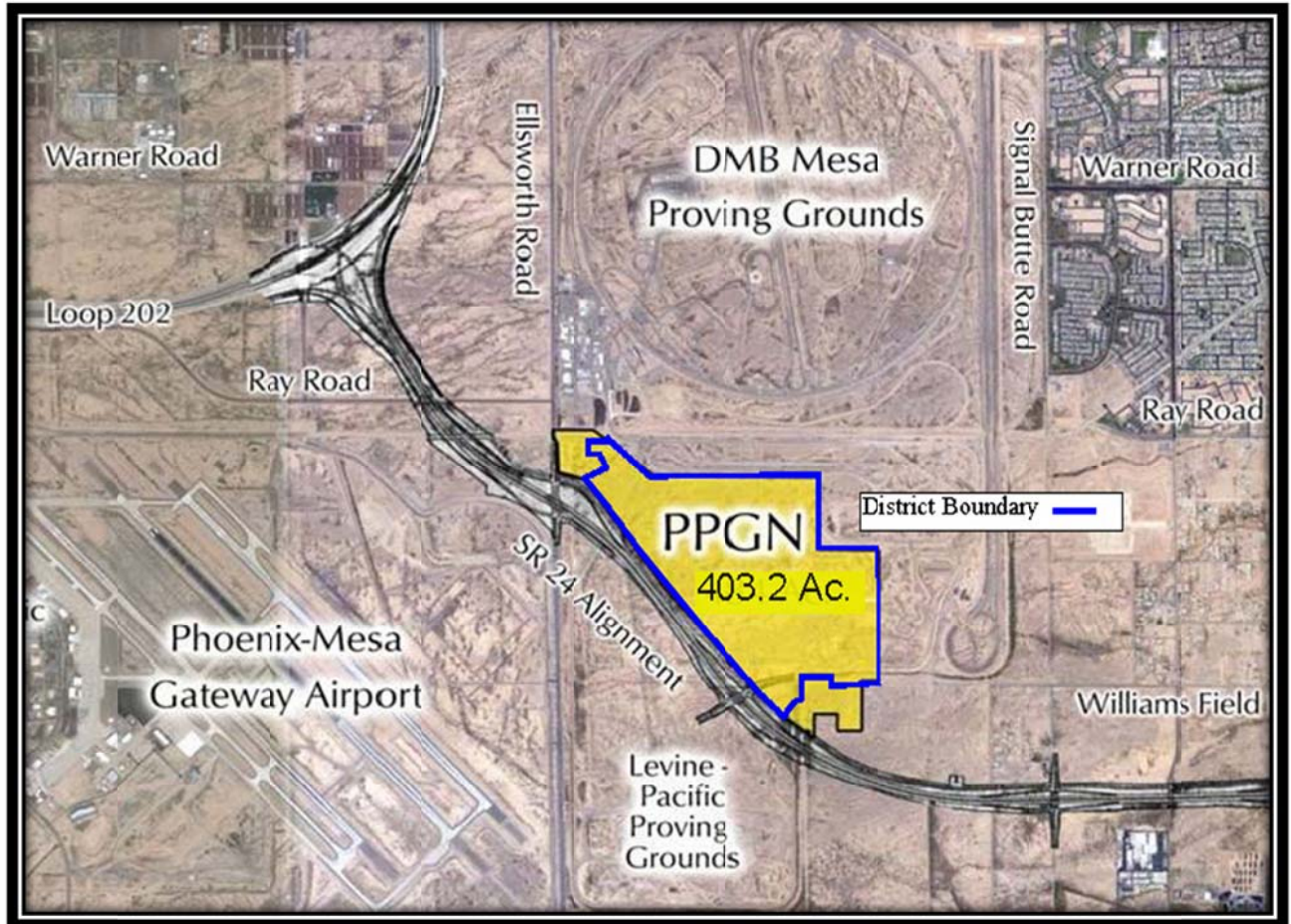


Exhibit C

Cadence
Legal Description



**Legal Description
PPGN Community Facilities District**

Job No. 11-007

April 20, 2015

A portion of the West half of Section 26, a portion of Section 27 and a portion of the Northeast Quarter of Section 34, Township 1 South, Range 7 East of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at a brass cap in a hand hole at the Northwest corner of said Section 27, from which an aluminum cap at the North Quarter corner of said Section 27 bears S89°38'24"E (an assumed bearing) at a distance of 2,647.20 feet; thence S89°38'24"E, along the north line of the Northwest Quarter of said Section 27, for a distance of 876.83 feet; thence S52°18'39"E for a distance of 470.08 feet to the POINT OF BEGINNING;

Thence continuing S52°18'39"E for a distance of 1,155.04 feet; thence S89°29'17"E for a distance of 3,465.07 feet; thence S00°23'39"W for a distance of 1,531.76 feet; thence S89°13'27"E for a distance of 1,323.82 feet; thence S00°28'29"W for a distance of 2,703.93 feet to the south line of the Southwest Quarter of said Section 26; thence N89°38'25"W, along said south line, for a distance of 984.45 feet; thence N00°22'46"E for a distance of 764.99 feet; thence N89°37'23"W for a distance of 799.55 feet; thence S00°34'46"W for a distance of 701.28 feet to a point on a non-tangent curve, concave to the south, the center of which bears S01°03'19"W at a distance of 1,861.15 feet; thence westerly, along the arc of said curve, through a central angle of 19°47'46", for a distance of 643.04 feet; thence S71°15'33"W, tangent to said curve, for a distance of 131.23 feet; thence S63°49'21"W for a distance of 125.36 feet; thence N80°12'55"W for a distance of 39.15 feet; thence N41°45'30"W for a distance of 2,702.98 feet; thence N36°12'34"W for a distance of 2,840.31 feet; thence N77°11'23"E for a distance of 572.68 feet; thence N12°48'37"W for a distance of 207.30 feet to the beginning of a curve, concave to the southwest, the center of which bears S77°11'23"W at a distance of 303.27 feet; thence northwesterly, along the arc of said curve, through a central angle of 12°45'57", for a distance of 67.57 feet to the beginning of a reverse curve, concave to the northeast, the center of which bears N64°25'26"E at a distance of 274.00 feet; thence northwesterly, along the arc of said curve, through a central angle of 01°01'32", for a distance of 4.90 feet; thence N24°33'03"W, tangent to said curve, for a distance of 29.44 feet; thence N89°38'24"W for a distance of 179.50 feet; thence N00°21'36"E for a distance of 400.00 feet; thence S89°38'24"E for a distance of 203.14 feet to the POINT OF BEGINNING.

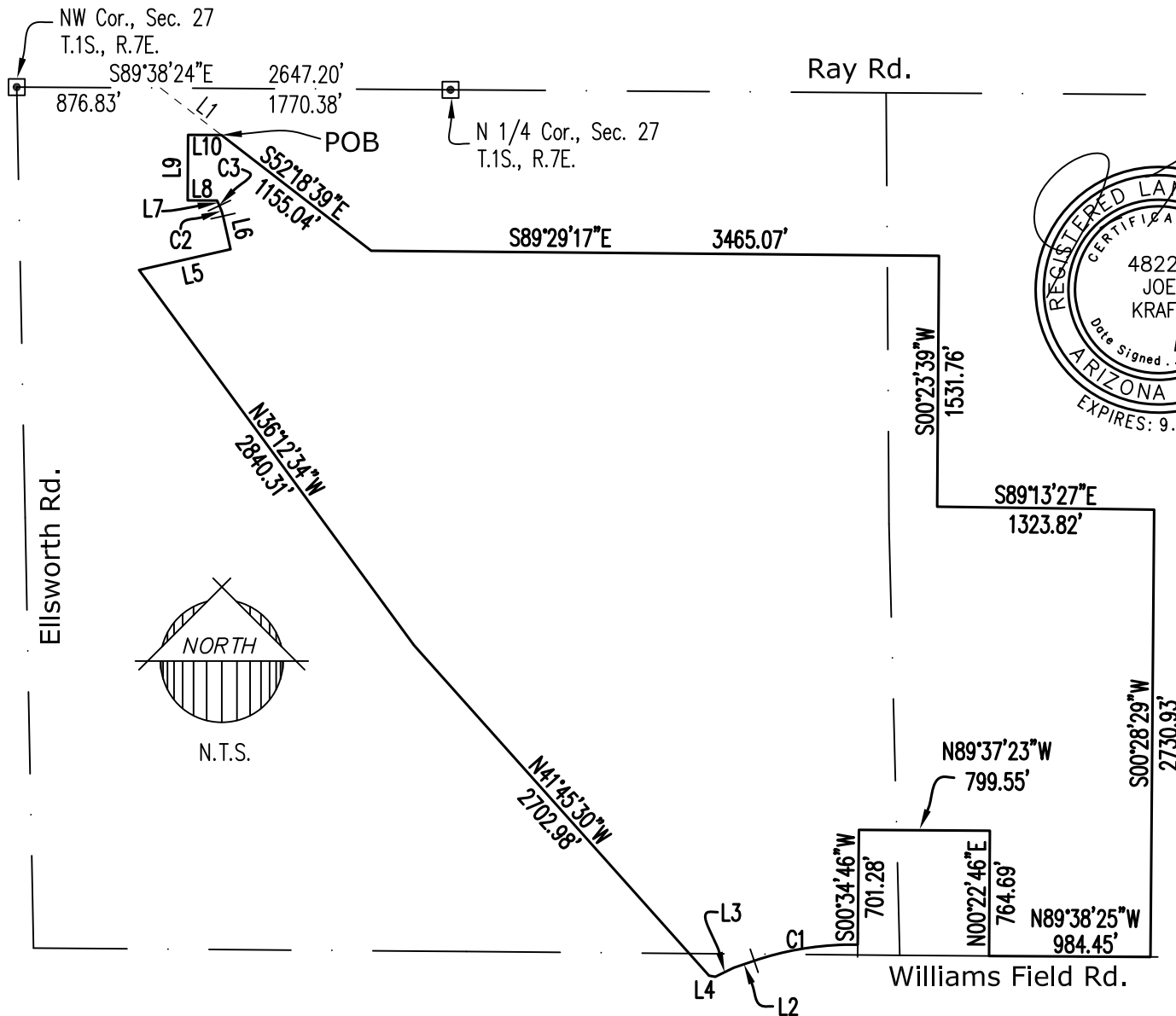
An area containing 17,564,110 square feet or 403.2165 acres, more or less.



Ex: 9.30.17

EPS Group, Inc. • 2045 S. Vineyard, Suite 101 • Mesa, AZ 85210
Tel (480) 503-2250 • Fax (480) 503-2258

S:\Projects\2011\11-007\Legal Survey\Legals\11-007 LD cfd 042015.docx



Sheet 1 of 2


07-087	 <p>2045 S. Vineyard Ave, Suite 101 Mesa, AZ 85210 T:480.503.2250 F:480.503.2258 www.epsgroupinc.com</p>	Project: PPGN Community Facilities District
		Exhibit

Exhibit D

Cadence
Title Report



COMMITMENT FOR TITLE INSURANCE

Issued by

Commonwealth Land Title Insurance Company

Commonwealth Land Title Insurance Company, a Nebraska corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, **Commonwealth Land Title Insurance Company** has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

**Lawyers Title, A Division of Commonwealth
Land Title Insurance Company**

By: *Natalie Bombardieri*

Countersigned



Commonwealth Land Title Insurance Company

By:

[Signature]

President

ATTEST

[Signature]

Secretary

Escrow Officer: **Judy Sorensen**
Lawyers Service Center
3131 E. Camelback Rd Suite 220
Phoenix, AZ 85016

Lawyers Title of Arizona, Inc.

Representing Commonwealth Land Title Insurance Company

SCHEDULE A

Commitment No.: **01786897-003-J70**

1. Effective Date: **April 15, 2015** at 7:30 a.m.
2. Policy or Policies to be issued: Amount of Insurance:
ALTA Extended Owners Policy (6-17-06) **\$0.00**
Proposed Insured:
PPGN - RAY, LLLP and PPGN - CORE, LLLP and PPGN CRIMSON, LLLP
None **\$0.00**
Proposed Insured:
None **\$0.00**
Proposed Insured:
3. The estate or interest in the land described or referred to in this Commitment and covered herein is:
A FEE
4. Title to said estate or interest in said land is at the effective date hereof vested in:
PPGN-CORE, LLLP, an Arizona limited liability partnership; PPGN-CRISMON, LLLP, an Arizona limited liability partnership; PPGN-RAY, LLLP, an Arizona limited liability partnership; PPGN-WILLIAMS, LLLP, an Arizona limited liability partnership; PPGN-ELLSWORTH, LLLP, Arizona limited liability partnership as their interest may appear
5. The land referred to in this commitment is described as follows:
See Exhibit A attached hereto and by reference made a part hereof.

Title Officer: Michael Bennett/KZ
Typist: mlg
Amended: April 24, 2015 No. 3

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF **MARICOPA**, STATE OF **ARIZONA**, AND IS DESCRIBED AS FOLLOWS:

A portion of the West half of Section 26, a portion of Section 27 and a portion of the Northeast quarter of Section 34, Township 1 South, Range 7 East of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at a brass cap in a hand hole at the Northwest corner of said Section 27, from which an aluminum cap at the North quarter corner of said Section 27 bears South 89 degrees 38 minutes 24 seconds (an assumed bearing) at a distance of 2,647.20 feet;

Thence South 89 degrees 38 minutes 24 seconds East, along the North line of the Northwest quarter of said Section 27, for a distance of 876.83 feet;

Thence South 52 degrees 18 minutes 39 seconds East for a distance of 470.08 feet of the POINT OF BEGINNING;

Thence continuing South 52 degrees 18 minutes 39 seconds East for a distance of 1,155.04 feet;

Thence South 89 degrees 29 minutes 17 seconds East for a distance of 3,465.07 feet;

Thence South 00 degrees 23 minutes 39 seconds West for a distance of 1,531.76 feet;

Thence South 89 degrees 13 minutes 27 seconds East for a distance of 1,323.82 feet;

Thence South 00 degrees 28 minutes 29 seconds West for a distance of 2,703.93 feet to the South line of the Southwest quarter of said Section 26;

Thence North 89 degrees 38 minutes 25 seconds West, along said South line for a distance of 984.45 feet;

Thence North 00 degrees 22 minutes 46 seconds East for a distance of 764.99 feet;

Thence North 89 degrees 37 minutes 23 seconds West for a distance of 799.55 feet;

Thence South 00 degrees 34 minutes 46 seconds West for a distance of 701.28 feet to a point on a non-tangent curve, concave to the South, the center of which bears South 01 degrees 03 minutes 19 seconds West at a distance of 1,861.15 feet;

Thence Westerly, along the arc of said curve, through a central angle of 19 degrees 47 minutes 46 seconds, for a distance of 643.04 feet;

Thence South 71 degrees 15 minutes 33 seconds West, tangent to said curve, for a distance of 131.23 feet;

Thence South 63 degrees 49 minutes 21 seconds West for a distance of 125.36 feet;

Thence North 80 degrees 12 minutes 55 seconds West for a distance of 39.15 feet;

Thence North 41 degrees 45 minutes 30 seconds West for a distance of 2,702.98 feet;

Thence North 36 degrees 12 minutes 34 seconds West for a distance of 2,840.31 feet;

EXHIBIT "A"
(Continued)

Thence North 77 degrees 11 minutes 23 seconds East for a distance of 572.68 feet;

Thence North 12 degrees 48 minutes 37 seconds West for a distance of 207.30 feet to the beginning of a curve, concave to the Southwest, the center of which bears South 77 degrees 11 minutes 23 seconds West at a distance of 303.27 feet;

Thence Northwesterly, along the arc of said curve, through a central angle of 12 degrees 45 minutes 57 seconds, for a distance of 67.57 feet to the beginning of a reverse curve, concave to the Northeast, the center of which bears North 64 degrees 25 minutes 26 seconds East at a distance of 274.00 feet;

Thence Northwesterly, along the arc of said curve, through a central angle of 01 degrees 01 minutes 32 seconds, for a distance of 4.90 feet;

Thence North 24 degrees 33 minutes 03 seconds West, tangent to said curve, for a distance of 29.44 feet;

Thence North 89 degrees 38 minutes 24 seconds West for a distance of 179.50 feet;

Thence North 00 degrees 21 minutes 36 seconds East for a distance of 400.00 feet;

Thence South 89 degrees 38 minutes 24 seconds East for a distance of 203.14 feet to the POINT OF BEGINNING.

SCHEDULE B – Section I

REQUIREMENTS

The following are the requirements to be complied with:

1. Pay the agreed amounts for the interest in the Land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the Land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this commitment who will get an interest in the Land or who will make a loan on the Land. We may then make additional requirements or exceptions.
5. Furnish for review a full and complete copy of any unrecorded agreement, contract, license and/or lease together with all supplements, assignments and amendments thereto, prior to the close of this transaction.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

6. An inspection of said Land has been ordered; upon its completion the Company reserves the right to except additional items and/or make additional requirements.
7. Furnish a plat of a ALTA/ACSM Land Title Survey. If the owner of subject property is in possession of a current ALTA/ACSM Land Title Survey, this Company will require that said Survey be submitted for review and approval. Otherwise, a new survey, satisfactory to the Company, must be prepared by a registered land surveyor and supplied to the Company prior to the close of escrow. The Company reserves the right to except additional items and/or make additional requirements after review of such survey.

Said Plat of Survey shall include the recommended certification and at the minimum, also have shown thereon Items 1, 2, 6 through 11, 16, 19, and 20 from Table A thereof.

Note: If an ALTA 3.1 Zoning Endorsement is requested, Items 7a, 7b, 7c and 9 of Table A will also be required. The number and type of parking spaces must be shown on the survey. Property use information must also be provided to Commonwealth Land Title Insurance Company.

8. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

Upon confirmation by the owner of no open Deeds of Trust or Mortgages encumbering the Land described herein, furnish the Company an owner's Affidavit of no open Deed of Trust(s).

9. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company will require a liability amount and list of requested endorsements prior to submitting the transaction for said approval. Failure to provide this information may result in the closing being delayed.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

**SCHEDULE B – SECTION I
REQUIREMENTS (Continued)**

10. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance from the limited liability partnership named below:

Name: **PPGN-CORE, LLLP**, a limited liability partnership

- a) A complete copy of the partnership agreement and all amendments thereto

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

11. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance from the limited liability partnership named below:

Name: **PPGN-CRISMON, LLLP**, a limited liability partnership

- a) A complete copy of the partnership agreement and all amendments thereto

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

12. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance from the limited liability partnership named below:

Name: **PPGN-RAY, LLLP**, a limited liability partnership

- a) A complete copy of the partnership agreement and all amendments thereto

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

13. Furnish for recordation a deed as set forth below:

Type of deed: Warranty
Grantor(s): PPGN-CORE, LLLP, an Arizona limited liability partnership; PPGN-CRISMON, LLLP, an Arizona limited liability partnership; PPGN-RAY, LLLP, an Arizona limited liability partnership; PPGN-WILLIAMS, LLLP, an Arizona limited liability partnership; and PPGN-ELLSWORTH, LLLP, Arizona limited liability partnership
Grantee(s): PPGN - RAY, LLLP and PPGN - CORE, LLLP and PPGN CRIMSON, LLLP

Note: ARS 11:1133 may require the completion and filing of an Affidavit of Value.

14. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the limited liability partnership named below:

Name: **PPGN-WILLIAMS, LLLP**, a limited liability partnership

- a) A complete copy of the partnership agreement and all amendments thereto

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

**SCHEDULE B – SECTION I
REQUIREMENTS (Continued)**

15. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the limited liability partnership named below:

Name: PPGN-ELLSWORTH, LLLP, a limited liability partnership

- a) A complete copy of the partnership agreement and all amendments thereto

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

Tax Note:

Year:	2014
<u>Tax Parcel No:</u>	<u>304-34-005E</u>
Total Tax:	\$108.00
First Installment Amount:	\$54.00 PAID
Second Installment Amount:	\$54.00 PAID
(with other property)	

Tax Note:

Year:	2014
<u>Tax Parcel No:</u>	<u>304-35-004H</u>
Total Tax:	\$208.24
First Installment Amount:	\$104.12 PAID
Second Installment Amount:	\$104.12 PAID
(with other property)	

Tax Note:

Year:	2014
<u>Tax Parcel No:</u>	<u>304-35-004K</u>
Total Tax:	\$172.18
First Installment Amount:	\$86.09 PAID
Second Installment Amount:	\$86.09 PAID
(with other property)	

Tax Note:

Year:	2014
<u>Tax Parcel No:</u>	<u>304-35-004L</u>
Total Tax:	\$76.42
First Installment Amount:	\$76.42 PAID
Second Installment Amount:	\$NO TAXES DUE
(with other property)	

**SCHEDULE B – SECTION I
REQUIREMENTS (Continued)**

Tax Note:

Year:	2014
<u>Tax Parcel No:</u>	<u>304-35-004J</u> (PARCEL 7)
Total Tax:	\$82.90
First Installment Amount:	\$82.90 PAID
Second Installment Amount:	\$NO TAXES DUE
(with other property)	

END OF SCHEDULE B – SECTION I

SCHEDULE B – SECTION II

EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

- A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- B. Exceptions and Exclusions from coverage which will appear in the policy or policies to be issued as set forth in Exhibit One attached.

1. [INTENTIONALLY OMITTED.](#)

2. [INTENTIONALLY OMITTED.](#)

3. [Water rights, claims or title to water, whether or not disclosed by the public records.](#)

4. [Rights of the public in and to that portion of the herein described Land as shown on the](#)

[Map/Plat: Book 1 of Road Maps, page 49](#)

5. [Rights of the public in and to that portion of the herein described Land as shown on the](#)

[Map/Plat: Book 2 of Road Maps, page 70](#)

[Portions of said Road Map affecting Sections 26, 27, 37 and 35 were abandoned in a Resolution recorded in Docket 10767, page 651 and in a Resolution recorded in Docket 15942, page 213](#)

6. [Easement\(s\) for the purpose\(s\) shown below and rights incidental thereto as set forth in a document:](#)

[Purpose: road and highway](#)

[Recording No: Docket 5462, page 356](#)

7. [Easement\(s\) for the purpose\(s\) shown below and rights incidental thereto as set forth in a document:](#)

[Purpose: flood control](#)

[Recording No: Docket 6283, page 150](#)

8. [Easement\(s\) for the purpose\(s\) shown below and rights incidental thereto as set forth in a document:](#)

[Purpose: road and highway](#)

[Recording No: Docket 12368, page 458](#)

9. [Easement\(s\) for the purpose\(s\) shown below and rights incidental thereto as set forth in a document:](#)

[Purpose: pole lines](#)

[Recording No: Docket 15111, page 1021](#)

**SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)**

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: road and highway
Recording No: Document No 92-0713468
11. MATTERS contained in a Resolution of the Maricopa County Board of Supervisors, and thereafter Map of Roadway Designation by the Maricopa County Department of Transportation, which among other things, declares a county highway recorded in:
- Document No. 2003-0380780 and Document No. 2004-0641345
12. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document
- Recording No: Document No 2004-0748707
13. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document
- Entitled: Agricultural Lease Agreement
Lessee: Sheep Springs Sheep Co., LLC
Recording Date: May 1, 2009
Recording No: Document No 2009-1070265
14. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: temporary construction
Recording No: Document No 2011-0270962
15. Matters contained in that certain document
- Entitled: Temporary Access Easement Agreement
Recording No: Document No 2012-0629840
- Reference is hereby made to said document for full particulars.
16. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: temporary construction
Recording No: Document No 2012-0699202 and Document No. 2012-0701623
17. Matters contained in that certain document
- Entitled: Pre-Annexation Development Agreement Signal Butte 105
Recording No: Document No 2012-0871137
- Reference is hereby made to said document for full particulars.

**SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)**

18. Matters contained in that certain document

Entitled: Pre-Annexation Development Agreement
Recording No: Document No 2012-0894682

Reference is hereby made to said document for full particulars.

19. Matters contained in that certain document

Entitled: Affidavit of Disclosure Pursuant to ARS 33-422
Recording No: Document No 2012-0932132

Reference is hereby made to said document for full particulars.

20. Matters contained in that certain document

Entitled: Memorandum of Agreement
Recording No: Document No 2012-0932139

Reference is hereby made to said document for full particulars.

21. Matters contained in that certain document

Entitled: Memorandum of Agreement
Recording No: Document No 2012-0932141

Reference is hereby made to said document for full particulars.

22. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

23. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2015.

24. INTENTIONALLY OMITTED

25. Reservations contained in the Patent

From: The United States of America
Recording No: Book 108 of Deeds, page 31

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States. (Affects the Southwest quarter of Section 26)

**SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)**

26. Reservations contained in the Patent

From: The United States of America
Recording No: Book 108 of Deeds, page 630

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States. (Affects the Southeast quarter of Section 27)

27. Reservations contained in the Patent

From: The United States of America
Recording No: Book 108 of Deeds, page 237

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.
(Affects the Southeast quarter of the Northwest quarter and the North half of the Southwest quarter of Section 27)

28. Reservations contained in the Patent

From: The United States of America
Recording No: Book 153 of Deeds, page 430

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States. (Affects the Northeast quarter of Section 27)

29. Any loss, damage or claim arising from the lack of legal access to and from said land

30. Any action that may be taken by the Flood Control District of Maricopa County to acquire property or rights of way for flood control as disclosed by Resolution in
Recording No. 1999-746645

**SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)**

31. Matters contained in that certain document

Entitled: Drainage Easement Agreement
Recording No: 2014-278110

Reference is hereby made to said document for full particulars.

32. Matters contained in that certain document

Entitled: Temporary Construction Easement Agreement
Recording No: 2014-278111

Reference is hereby made to said document for full particulars.

33. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

34. Matters contained in that certain document

Entitled: Grant of Flowage Easement
Recording No: Docket 3973, page 463

Reference is hereby made to said document for full particulars.

35. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: highway
Recording No: Docket 5462, page 356

36. Matters contained in that certain document

Entitled: Easement and Agreement for Highway Purposes
Recording No: Docket 11112, page 962

Reference is hereby made to said document for full particulars.

37. Matters contained in that certain document

Entitled: Agreement
Recording No: Docket 13936, page 1446

Reference is hereby made to said document for full particulars.

38. Matters contained in that certain document

Entitled: Easement and Agreement for Highway Purposes
Recording No: 92-713468

Reference is hereby made to said document for full particulars.

**SCHEDULE B – SECTION II
EXCEPTIONS
(Continued)**

39. Matters contained in that certain document

Entitled: Quit Claim Deed
Recording No: 2000-0385783

Reference is hereby made to said document for full particulars.

40. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: State highway and temporary construction
Recording No: 2012-0699202

41. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: State highway and temporary construction
Recording No: 2012-0701623

42. Matters contained in that certain document

Entitled: Memorandum of Agreement
Recording No: 2012-0932140

Reference is hereby made to said document for full particulars.

END OF SCHEDULE B – SECTION II

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.*

Lawyers Title of Arizona, Inc.

DISCLOSURE NOTICES

Good Funds Law

Arizona Revised Statutes Section 6-843 regulates the disbursement of escrow funds by an escrow agent. The law requires that funds be deposited in the escrow agent's escrow account and available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company in the form of cashier's checks, certified checks or teller's checks, or checks which are made by an affiliate of a state or federally regulated depository institution when the check is drawn on that institution, may be disbursed the same day as deposited. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

PURCHASER DWELLING ACTIONS NOTICE

Pursuant to Arizona Revised Statutes Section 12-1363.N, notice is hereby provided to the purchaser of a dwelling of the provisions of Arizona Revised Statutes Sections 12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a purchaser prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing or selling dwellings. The complete statutory sections can be viewed on the Arizona State Legislature's web site: www.azleg.state.az.us/ars/ars.htm.

NOTICE:

Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

1. Print must be ten-point type (pica) or larger.
2. Margins of at least one-half inch along the left and right sides one-half inch across the bottom and at least two inches on top for recording and return address information.
3. Each instrument shall be no larger than 8½ inches in width and 14 inches in length.

CORPORATE REQUIREMENTS FOR NOTARIZATION OF DOCUMENTS:

Any document being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an FNTG agent, an authorized employee of the insured lender, or by using Bancserv or other corporate approved third-party notary service. Please contact your escrow officer to make arrangements for notary services prior to signing any documents.

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, “FNF”, “our” or “we”) respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the “Website”). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

Collection and Use of Information

The types of personal information FNF collects may include, among other things (collectively, “Personal Information”): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver’s license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, “Third Parties”) who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF’s, FNF’s affiliates and third parties’ products and services.

Additional Ways Information is Collected Through the Website

Browser Log Files. Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser

browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

Cookies. From time to time, FNF or other third parties may send a “cookie” to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer’s hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the [Third Party Opt Out](#) section below.

Web Beacons. Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as “clear gifs”). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the [Third Party Opt Out](#) section below.

Unique Identifier. We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

Third Party Opt Out. Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of online behavioral services through any one

language,

of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at www.aboutads.info.
- For those in the U.K., you can opt-out via the IAB UK's industry opt-out at www.youronlinechoices.com.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

When Information Is Disclosed By FNF

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non- Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be

do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

Information from Children

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

Privacy Outside the Website

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers

subject to that party's own Privacy Notice. We

whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

European Union Users

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

Choices with Your Personal Information

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances (“opt out”). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section “Additional Ways That Information Is Collected Through the Website,” subsection “Third Party Opt Out.”

Access and Correction

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable

Your California Privacy Rights

Under California’s “Shine the Light” law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2013 will receive information regarding 2012 sharing activities).

To obtain this information on behalf of FNF, please send an email message to privacy@fnf.com with “Request for California Privacy Information” in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the “Shine the Light” requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California’s Online Privacy Protection Act requires us to disclose how we respond to “do not track” requests and other similar mechanisms. Currently, our policy is that we do not recognize “do not track” requests from Internet browsers and similar devices.

Your Consent to This Privacy Notice

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354
privacy@fnf.com

Copyright © 2014. Fidelity National Financial, Inc. All Rights Reserved.

EFFECTIVE AS OF: JANUARY 24, 2014

LAST UPDATED: JANUARY 24, 2014

privacy legislation.

ATTACHMENT ONE (01-01-08)

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.

3. Title Risks:
 - that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
 - that result in no loss to you
 - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:
 - to any land outside the area specifically described and referred to in Item 3 of Schedule A
 - OR
 - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

**ATTACHMENT ONE
(CONTINUED)**

**FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services,

labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE
(CONTINUED)**

**2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
- (c) resulting in no loss or damage to the Insured Claimant;
- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE
(CONTINUED)**

**FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE
(CONTINUED)**

**2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE
(CONTINUED)**

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. Land use
 - d. improvements on Land
 - e. land division
 - f. environmental protectionThis Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records.
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.d., 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16, and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ATTACHMENT ONE
(CONTINUED)**

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (01-01-08)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

**ATTACHMENT ONE
(CONTINUED)**

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records a Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss damage to the Insured Claimant;
- (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
- (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (01-01-08)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

Exhibit E

Cadence
Qualified Electors Report



Maricopa County
Elections Department

Karen Osborne, Director

111 S. 3rd Avenue, Suite 102
Phoenix, Arizona 85003-2235
Phone: (602) 506-1511
Fax: (602) 506-3069
TDD: (602) 506-1517

CERTIFICATION

I, **HELEN PURCELL**, County Recorder in and for Maricopa County, State of Arizona, hereby certify that as of March 22, 2015, according to the general register of the voters maintained by the Maricopa County Recorder, there are no qualified electors residing in the area of the proposed PPGN Community Facilities District.

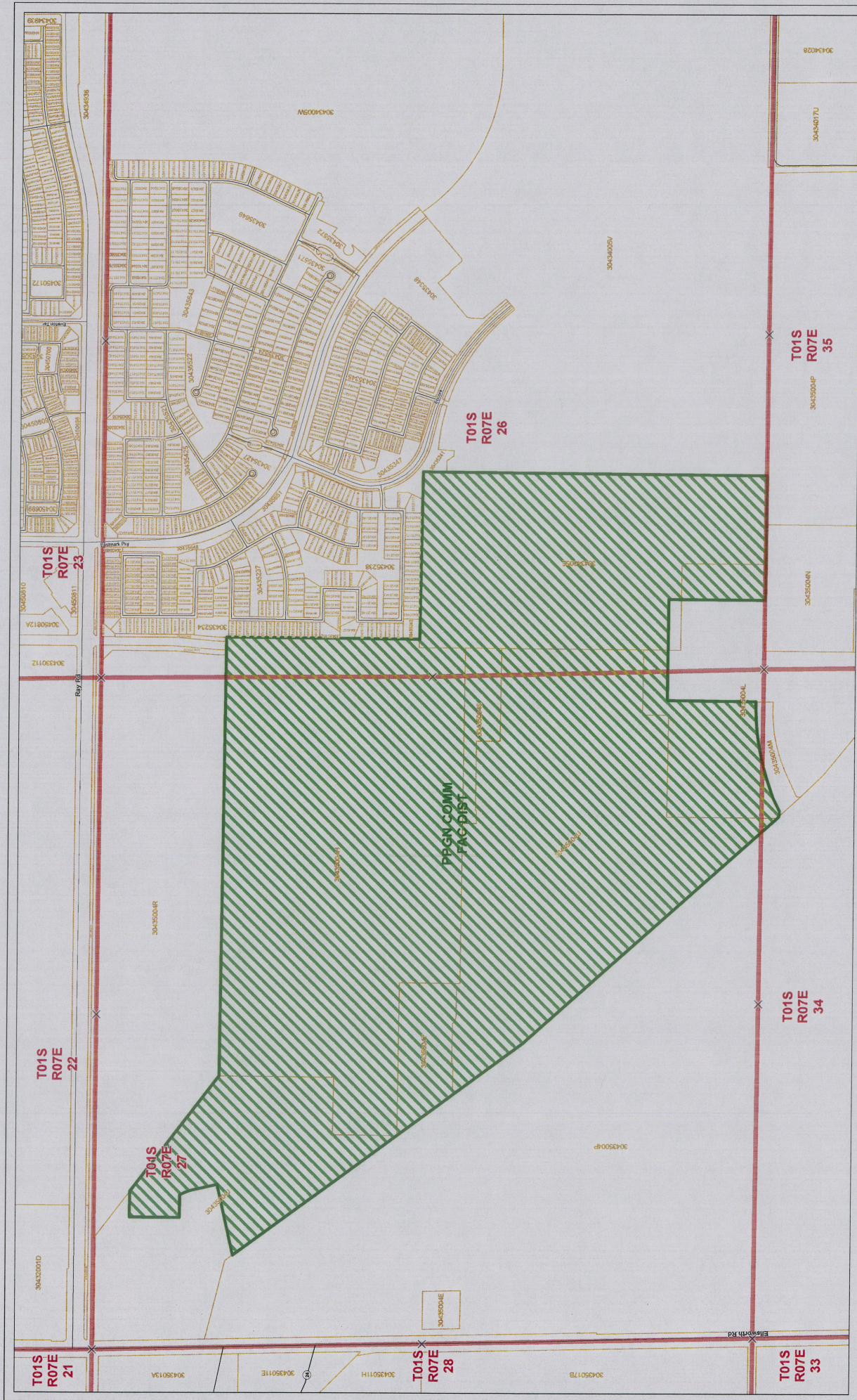
Witness my hand and seal this 24th day of March, 2015.

HELEN PURCELL
MARICOPA COUNTY RECORDER

Donna Ann Kish

Deputy County Recorder





PPGN Community Facilities District Legal Description





**Legal Description
PPGN Community Facilities District**

Job No. 11-007

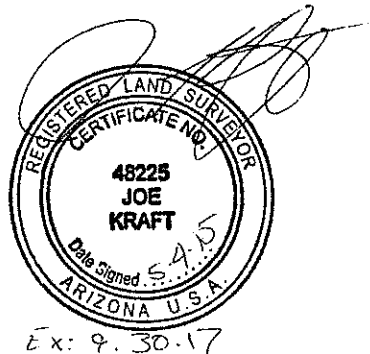
Revised May 4, 2015

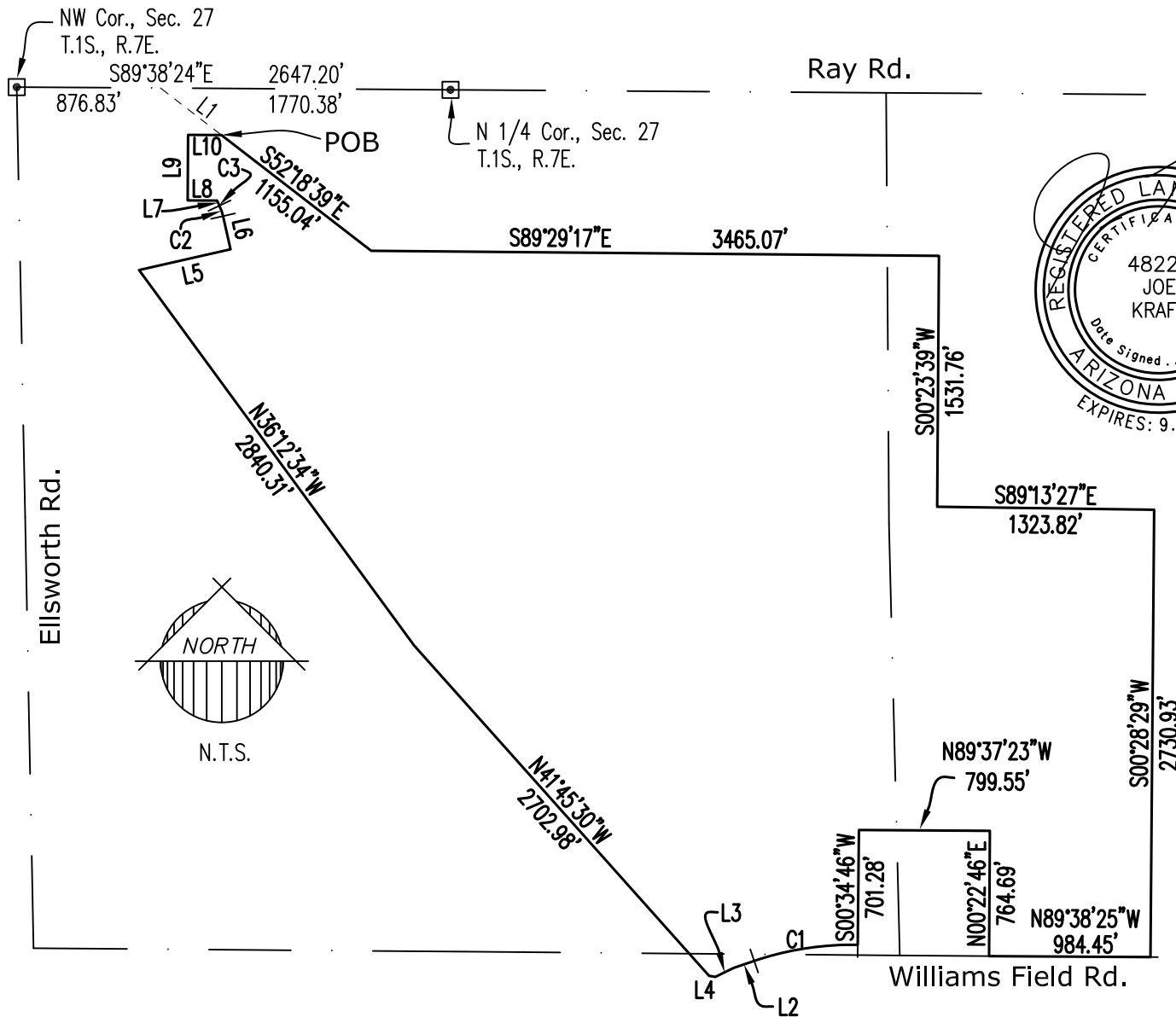
A portion of the West half of Section 26, a portion of Section 27 and a portion of the Northeast Quarter of Section 34, Township 1 South, Range 7 East of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at a brass cap in a hand hole at the Northwest corner of said Section 27, from which an aluminum cap at the North Quarter corner of said Section 27 bears S89°38'24"E (an assumed bearing) at a distance of 2,647.20 feet; thence S89°38'24"E, along the north line of the Northwest Quarter of said Section 27, for a distance of 876.83 feet; thence S52°18'39"E for a distance of 470.08 feet to the POINT OF BEGINNING;


Thence continuing S52°18'39"E for a distance of 1,155.04 feet; thence S89°29'17"E for a distance of 3,465.07 feet; thence S00°23'39"W for a distance of 1,531.76 feet; thence S89°13'27"E for a distance of 1,323.82 feet; thence S00°28'29"W for a distance of 2,703.93 feet to the south line of the Southwest Quarter of said Section 26; thence N89°38'25"W, along said south line, for a distance of 984.45 feet; thence N00°22'46"E for a distance of 764.69 feet; thence N89°37'23"W for a distance of 799.55 feet; thence S00°34'46"W for a distance of 701.28 feet to a point on a non-tangent curve, concave to the south, the center of which bears S01°03'19"W at a distance of 1,861.15 feet; thence westerly, along the arc of said curve, through a central angle of 19°47'46", for a distance of 643.04 feet; thence S71°15'33"W, tangent to said curve, for a distance of 131.23 feet; thence S63°49'21"W for a distance of 125.36 feet; thence N80°12'55"W for a distance of 39.15 feet; thence N41°45'30"W for a distance of 2,702.98 feet; thence N36°12'34"W for a distance of 2,840.31 feet; thence N77°11'23"E for a distance of 572.68 feet; thence N12°48'37"W for a distance of 207.30 feet to the beginning of a curve, concave to the southwest, the center of which bears S77°11'23"W at a distance of 303.27 feet; thence northwesterly, along the arc of said curve, through a central angle of 12°45'57", for a distance of 67.57 feet to the beginning of a reverse curve, concave to the northeast, the center of which bears N64°25'26"E at a distance of 274.00 feet; thence northwesterly, along the arc of said curve, through a central angle of 01°01'32", for a distance of 4.90 feet; thence N24°33'03"W, tangent to said curve, for a distance of 29.44 feet; thence N89°38'24"W for a distance of 179.50 feet; thence N00°21'36"E for a distance of 400.00 feet; thence S89°38'24"E for a distance of 203.14 feet to the POINT OF BEGINNING.

An area containing 17,564,110 square feet or 403.2165 acres, more or less.



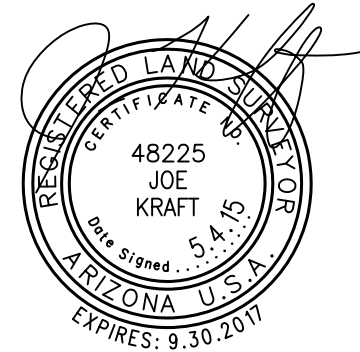


Sheet 1 of 2

07-087	 <p>2045 S. Vineyard Ave, Suite 101 Mesa, AZ 85210 T:480.503.2250 F:480.503.2258 www.epsgroupinc.com</p>	Project: PPGN Community Facilities District
		Exhibit

CURVE TABLE						
CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD	CHD BRG
C1	1861.15'	643.04'	324.76'	19°47'46"	639.85'	S81°09'26"W
C2	303.27'	67.57'	33.93'	12°45'57"	67.43'	N19°11'36"W
C3	274.00'	4.90'	2.45'	1°01'32"	4.90'	S25°03'49"E

LINE TABLE		
LINE	BEARING	LENGTH
L1	S52°18'39"E	470.08'
L2	S71°15'33"W	131.23'
L3	S63°49'21"W	125.36'
L4	N80°12'55"W	39.15'
L5	N77°11'23"E	572.68'
L6	N12°48'37"W	207.30'
L7	N24°33'03"W	29.44'
L8	N89°38'24"W	179.50'
L9	N00°21'36"E	400.00'
L10	S89°38'24"E	203.14'



Sheet 2 of 2

07-087		2045 S. Vineyard Ave, Suite 101 Mesa, AZ 85210 T:480.503.2250 F:480.503.2258 www.epsgroupinc.com		Project: Community Funded District (CFD)
				Exhibit

Exhibit F

Cadence
Ownership Report

Revised Assessor's Report in Process

Parcel No.	Tax Area Code	Ownr Name (1)	Addr Line 1	City, State, Zip	Land FCV	Total Full Cash Value (FCV)	Total Limited Property Value (LPV)	Total Assessed Value	Net Assessed Value	Area in Sq. Ft	Acreage
304-35-004U	951006	PPGN-CORE LLLP	17703 N PACESETTER WAY	SCOTTSDALE AZ 852555460	7,372	7,372	7,372	1,180	1,180	4,587,002	105.3
304-34-005E	951006	PPGN-CRISMON LLLP (2)	17700 N PACESETTER WAY	SCOTTSDALE AZ 852555457	5,363	5,363	5,363	858	858	3,337,552	76.6
304-35-004J	951006	PPGN-ELLSWORTH LLLP (3)	17700 N PACESETTER WAY	SCOTTSDALE AZ 852555457	4,118	4,118	4,118	659	659	2,562,436	58.8
304-35-004H	951006	PPGN-RAY LLLP	17700 N PACESETTER WAY STE 100	SCOTTSDALE AZ 852555457	10,341	10,341	10,341	1,655	1,655	6,435,303	147.7
304-35-004S	951006	PPGN-RAY LLLP	17701 N PACESETTER WAY	SCOTTSDALE AZ 852555458	445	445	445	71	71	277,025	6.4
304-35-004T	951006	PPGN-RAY LLLP	17702 N PACESETTER WAY	SCOTTSDALE AZ 852555459	736	736	736	118	118	458,120	10.5
304-35-004L	951006	PPGN-WILLIAMS LLLP (4)	17700 N PACESETTER WAY	SCOTTSDALE AZ 852555457	3,795	3,795	3,795	607	607	2,361,642	54.2
					32,170	32,170	32,170	5,148	5,148	20,019,080	459.6

Footnotes

- (1) A revised Maricopa County Assessor's report is currently in process.
(2) 0.9 acres from the PPGN-Crimson LLLP parcel is to be excluded from the District.
(3) 25.7 acres from the PPGN-Ellsworth LLLP parcel is to be excluded from the District.
(4) 31.5 acres from the PPGN-Williamms LLLP parcel is to be excluded from the District.

Exhibit G

Cadence
Engineer's Cost Estimates

Exhibit G
Cadence
Community Facilities District
Estimated Public Infrastructure Phasing Timetable ⁽¹⁾

Descriptions	Estimated	Eligible For	Anticipated Timing		Anticipated
	Costs	CFD Financing	Start	Complete	Bond Type (2)
<u>PHASE I</u>					
Cadence Parkway Phase 1-A	\$ 1,683,276	\$ -	Q4-2015	Q2-2017	
Cadence Parkway Phase 1-B	6,350,543	6,291,074	Q4-2015	Q2-2017	SA/GO
Cadence Parkway Phase 1-C	1,630,253	1,614,045	Q4-2015	Q2-2017	SA/GO
Ellsworth Road	2,600,722	-	Q4-2015	Q2-2017	
Crimson Road Phase One	1,177,130	1,166,330	Q4-2015	Q2-2017	GO
Monumentation Structure	953,275	-	Q4-2015	Q2-2017	
Monumentation Grade & Landscape	659,323	-	Q4-2015	Q2-2017	
Phase One Tertiary Entry Monument	3,802,086	-	Q4-2015	Q2-2017	
Recreation Center (7.6 Acres) Pool/Building/Amenities	16,262,178	-	Q4-2015	Q2-2017	
Community Parks Phase One - HOA Controlled	3,395,210	-	Q4-2015	Q2-2017	
Freeway Paseo Phase One (3.35 Acres)	1,425,024	-	Q4-2015	Q2-2017	
Master Drainage	774,249	-	Q4-2015	Q2-2017	
Master Improvements	8,320,794	-	Q4-2015	Q2-2017	
In-Tract Lot Improvements	31,916,202	-	Q4-2015	Q2-2017	
Sub-Total Phase One	\$ 80,950,264	\$ 9,071,449			
<u>PHASE II</u>					
Well Site (.52 acres)	\$ 114,920	\$ -	Q4-2017	Q2-2019	
Cadence Pkwy Phase 2-A	1,863,146	1,845,465	Q4-2017	Q2-2019	SA/GO
Cadence Pkwy Phase 2-B	1,863,146	1,845,465	Q4-2017	Q2-2019	SA/GO
Crimson Road Phase 2-A	4,373,089	2,942,018	Q4-2017	Q2-2019	GO
Crimson Road Phase 2-B	1,431,071	-	Q4-2017	Q2-2019	
Monumentation Structure	634,525	-	Q4-2017	Q2-2019	
Monumentation Grade & Landscape	389,614	-	Q4-2017	Q2-2019	
Phase Two Tertiary Entry Monument	1,702,256	-	Q4-2017	Q2-2019	
Community Parks Phase 2 - HOA Controlled	4,233,829	-	Q4-2017	Q2-2019	
Community Park - HOA Controlled (3)	4,954,549	-	Q4-2017	Q2-2019	
Freeway Paseo Phase Two (4.05 Acres)	2,188,274	-	Q4-2017	Q2-2019	
Master Drainage	453,646	-	Q4-2017	Q2-2019	
Master Improvements	4,875,295	-	Q4-2017	Q2-2019	
In-Tract Lot Improvements	22,212,905	-	Q4-2017	Q2-2019	
Sub-Total Phase Two	\$ 51,290,264	\$ 6,632,948			
<u>PHASE III</u>					
Cadence Parkway Phase 3	\$ 2,918,167	\$ 2,898,167	Q4-2019	Q2-2021	SA/GO
Williams Field Road Phase 3-A	1,202,947	1,202,947	Q4-2019	Q2-2021	GO
Williams Field Road Phase 3-B	929,550	-	Q4-2019	Q2-2021	
Crimson Road Phase 3	918,714	-	Q4-2019	Q2-2021	
Monumentation Structure	634,525	-	Q4-2019	Q2-2021	
Monumentation Grade & Landscape	389,614	-	Q4-2019	Q2-2021	
Phase Three Tertiary Entry Monumentation	1,702,256	-	Q4-2019	Q2-2021	
Community Park - HOA (4 acres)	1,353,413	-	Q4-2019	Q2-2021	
Master Drainage	356,407	-	Q4-2019	Q2-2021	
Master Improvements	4,355,886	-	Q4-2019	Q2-2021	
In-Tract Lot Improvements	18,427,282	-	Q4-2019	Q2-2021	
Sub-Total Phase Three	\$ 33,188,760	\$ 4,101,114			
Total - All Phases	\$ 165,429,288	\$ 19,805,511			

Source: Silver Fern Companies, LLC.

Footnotes

(1) Estimate: Improvement costs are expressed in terms of 2015 dollars and are likely to increase over time.

(2) Represents the anticipated Bond types which may be used to finance the construction/acquisition of the indicated Public Infrastructure (where "SA/GO", indicates one or the other Bond type).

(3) In the event the City desires the community park to be public, costs may be eligible for CFD financing.

Exhibit H

Cadence

Pre-Annexation and Development Agreement

**When recorded mail to:
City of Mesa
Real Estate Services
P.O. Box 1466
Mesa, AZ 85211-1466**

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2012-0894682, 10/02/2012 03:24
ELECTRONIC RECORDING
3399-36-3-1--, N

3399-36-3-1-1--

PRE-ANNEXATION DEVELOPMENT AGREEMENT

Pacific Proving Grounds North

DO NOT REMOVE

This is part of the official document.

After recording, return to:
City Clerk
City of Mesa, Arizona
20 E. Main Street
Mesa, AZ 85211

With a copy to:
Paul E. Gilbert
Beus Gilbert, PLLC
4800 N. Scottsdale Road
Suite 6000
Scottsdale, AZ 85251

**PACIFIC PROVING GROUNDS NORTH
PRE-ANNEXATION DEVELOPMENT AGREEMENT**

THIS PRE-ANNEXATION DEVELOPMENT AGREEMENT (this “**Agreement**”) is entered into by and between City of Mesa, an Arizona municipal corporation (the “**City**”), and Harvard Ventures Inc., a Nevada corporation (“**Developer**”), and Pacific Proving L.L.C., an Arizona limited liability company (“**Owner**”) as of the date the last Party signs and dates this Agreement. The City, Developer and Owner are herein referred to individually as a “**Party**,” and collectively as the “**Parties**.”

RECITALS:

A. This Agreement pertains to certain real property consisting of approximately four hundred eighty four and thirty seven hundredths (484.37) acres, generally located at the southeast corner of the Ray Road alignment and Ellsworth Road, which property is legally described on Exhibit A (the “**Property**”).

B. Owner currently owns all of the Property. Developer is in the process of purchasing four hundred sixty four and thirty seven hundredths (464.37) acres of the Property from Owner (legally described in Exhibit B) (the “**Developer’s Property**”). Owner shall retain ownership of the twenty (20) acres generally located at the southeast corner of Crismon and Williams Field Roads, and legally described in Exhibit C (the “**Owner’s Property**”).

C. The Parties acknowledge and agree that the development of the Property will result in significant planning and economic benefits to the City and its residents by (i) providing the City with a master planned community that offers a diversity of neighborhood and housing choices as well as an array of opportunities for retail and commercial services, employment, and recreation; and (ii) increasing tax and other revenues to the City based on improvements to be constructed within the Property; and (iii) adding additional property to the tax rolls of the City; and (iv) providing for the design, construction and financing of public infrastructure to service the Property; and (v) providing for other matters relating to the development of the Property.

D. The Parties are entering into this Agreement pursuant to the provisions of A.R.S. § 9-500.05 in order to facilitate the annexation of County Property and development of the Property by providing for, among other things: (i) conditions, terms, restrictions and requirements for the annexation of the County Property by the City; (ii) conditions, terms, restrictions and requirements for the construction and installation of public infrastructure improvements; (iii) other matters related to the annexation and development of the Property.

E. The Parties acknowledge and agree that the development of the Property requires a substantial monetary investment and is of such magnitude that Developer and Owner require assurances from the City that Developer and Owner shall have the right to complete the development of the Property pursuant to the Planned Community District zoning designation (“**PCD**”) and accompanying Community Plan (Zoning Case No. Z12-28) (“**CP**”) subject to approval of the PCD by the City through the normally and customarily required public hearing process.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and mutual promises set forth in this Agreement, the City, Developer and Owner state, confirm and agree as follows:

1. Concurrent Annexation and Zoning. The City agrees to concurrently take action on the final ordinance annexing the Property into the corporate limits of the City and the Zoning Ordinance (defined herein) as a single Council agenda item with sub-items for the annexation ordinance, the Zoning Ordinance and this Agreement.

1.1. Zoning. The City acknowledges that Developer and Owner have submitted an application to rezone the Property to PCD. The PCD includes the CP, general development standards, general design guidelines, administrative procedures, land use groups, permitted uses and allowed densities and intensities for all development within the Property. The City has reviewed the CP and has determined that the land uses (including the permitted uses within the land uses), densities and intensities are consistent with the City's General Plan and in conformance with the types of land uses desired by the City for this area. Upon the approval of the PCD and CP, Developer and Owner shall be authorized to implement the types of land uses, densities and intensities, as set forth in the CP. The Developer, Owner and the City will work, in good faith, to obtain all approvals necessary to permit Developer and Owner to implement the CP, subject to the City's review and approval of development unit plans, site plans, subdivision plats and other similar items pursuant to the administrative processes outlined within the CP. The City agrees that, in the event the ordinance approving the PCD and CP (the "**Zoning Ordinance**") is approved, the City shall not initiate a change or amendment to the PCD, CP or Zoning Ordinance during the term of this Agreement without the prior written consent of Developer, if such amendment applies to Developer's Property, or Owner, if such amendment applies to Owner's Property.

2. Code Compliance. The development of the Property shall be in accordance with this Agreement, the PCD and CP, as amended from time to time, and any infrastructure master plans submitted with the PCD and CP and approved by the City, (herein collectively referred to as the "**Project Regulations**"). If there is a conflict between the PCD and CP and this Agreement, then the document that more specifically addresses the issues shall control. No future ordinance, rule, regulation, standard or policy adopted by the City shall apply to the development of the Property unless:

(a) The future rule or regulation has been enacted by the City to comply with state or federal laws and regulations, provided that in the event the new rule or regulation prevents or precludes compliance with this Agreement, such provision of this Agreement shall be modified as necessary in order to comply with the new rule or regulation; or

(b) The affected Party agrees in writing.

3. Anti-Moratorium. The Parties hereby acknowledge and agree that the development of the Property shall be phased and that for the term of this Agreement, no

moratorium or future ordinance, resolution or other land use rule or regulation imposing a limitation on the rate, timing or sequencing of the development of Property shall be imposed except as permitted by A.R.S. § 9-463.06 in effect on the date this Agreement is executed.

4. Vested Rights. The City acknowledges and agrees that the PCD and CP shall become vested upon the City Council's approval of this Agreement, and Developer and Owner shall have a vested right to develop the Property in accordance with the PCD and CP. The determinations of the City memorialized in this Agreement, together with the assurances provided to Developer and Owner in this Agreement, are provided pursuant to and as contemplated by A.R.S. § 9-500.05 and other applicable laws, bargained for and in consideration for the undertakings of Developer and Owner set forth herein and contemplated by the PCD and CP.

5. Prompt Review Process. Due to the scale and scope of the development contemplated for the Property, the Parties acknowledge that: (i) the implementation of the Project Regulations involves a significant amount of plan review and engineering work, and (ii) the City has no standard or specific turn-around or completion times for this type of review. Therefore, if Developer has specific deadlines or wishes to establish specific review or inspection time parameters for the development of all or any portion of the Property, the Developer or Owner (as the case may be) shall enter into a funding/reimbursement agreement with the City, which will include provisions addressing the following issues: (i) reimbursement for City resources over and above the scheduled work hours of the required employees, (ii) identification of additional City resources and/or outside consultants that may be necessary to review development unit plans, site plans, subdivision plans, construction plans and other submitted materials, or to provide land development and construction inspection services within the timeframes desired by Developer or Owner and (iii) identification of the timeframe for which the additional City resources and/or outside consultants are necessary. The City agrees to use reasonable efforts to promptly initiate all reviews, inspections and approvals.

6. Water.

6.1 Water Master Plan. The City has reviewed and approved the Master Water Report prepared by EPS Group, Inc., dated March 8, 2012 (the "**Master Water Study**"), which identifies the water system improvements necessary to fully develop the Property. The Master Water Study may be amended subject to the review and approval of the City.

6.2 Water Use Limitations. The Parties acknowledges that Arizona Revised Statutes Title 45, Chapters 1 and 2, and other federal, state, county and City water laws, water quality laws and other applicable laws, including but not limited to ordinances, rules, regulations and permit requirements from the City, Maricopa County, the Arizona Department of Water Resources and the Arizona Department of Environmental Quality (the "**Applicable Water Laws**") may limit or restrict both the City's ability to serve the Property and the Developer's/Owner's ability to use water for certain uses on the Property, including uses that would be subject to Title 45, Chapter 1, Article 3. The Parties further acknowledge that use of water on the Property may be subject to conservation and reporting requirements under the

Applicable Water Laws. Nothing in this Section 6.2 limits the City's obligation to deliver potable water of sufficient quality to satisfy all Applicable Water Laws.

6.3 Water Service. The City agrees to serve water to the Property for domestic, municipal and commercial demands for uses as specified in the Master Water Study, subject to the Applicable Water Laws, the City's Terms and Conditions for the Sale of Utilities, payment of applicable Utility Rates as adopted and made effective by City from time to time via ordinance and the provisions of this Agreement. Developer and Owner agree to properly abandon any existing groundwater wells located on the Property in a manner that is consistent with the Applicable Water Laws, prior to the commencement of any construction on the Property or within one year of the effective date of this Agreement, whichever occurs sooner. The City shall execute a written commitment to water service for the Property on any forms reasonably required by ADWR.

6.4 Water System Improvements. Developer or Owner, at its sole cost and expense, shall finance, design, construct and install the necessary water system improvements in accordance with the sizes and quantities identified in the Master Water Study, subject to the provisions contained herein. Water system improvements shall be installed in phases, subject to the review and approval of the City, only as needed to serve the portion of the Property being developed. The water system improvements that the Developer or Owner constructs, or has the responsibility to construct, shall be subject to the terms for acceptance by the City as set forth in this Agreement and shall be consistent with the approved Master Water Study as amended and approved by the City.

6.4.1 Water System Oversizing. Developer and Owner are responsible for the water system improvements necessary to provide water service for the development of the Property, in compliance with City standards. Should the City request oversizing of the water system improvements the Developer or Owner (as the case may be) may seek reimbursement through any available City reimbursement program, or as otherwise provided for herein. The City shall have thirty (30) Mesa business days following the submittal of the engineering plans for water system improvements to determine whether or not such water system improvements, or portions thereof, need to be oversized; otherwise, Developer or Owner shall be entitled to construct and install the water system improvements designed, submitted and approved by the City. The foregoing sentence only applies to water system improvements that were not identified for oversizing in the Master Water Study, or water system improvements that were identified for oversizing, but that the City has determined need additional oversizing.

6.5 Water System Buy-in Fees.

6.5.1 Water System Improvements Constructed by Developer or Owner. Developer or Owner shall be entitled to proportionate reimbursement for any water system improvements financed, designed and constructed by Developer or Owner that serve other projects outside of the Property. Developer or Owner reserves the right to utilize the City's adopted "Utility Buy-In Program" to receive such reimbursements.

6.5.2 Water System Improvements Constructed by Others. The

following is a list of the water system improvements “buy-in” fees that shall be paid by Developer or Owner prior to the City issuing the first certificate of occupancy within the Property.

- a. Buy-In Code 12 (16” Waterline in Ellsworth Road) = \$25.17 per linear foot plus interest.

In the event some or all of the necessary water system improvements, identified in the Master Water Study, are financed, designed and constructed by an entity other than Developer or Owner (or an entity developing the Property), then Developer and Owner acknowledge and agree that there may be additional “buy-in” fees associated with such improvements, in addition to the “buy-in” fees listed above, which the City shall assess and collect in a standard, customary, and non-discriminatory manner.

6.6 Well Site. Developer agrees to convey one (1) well site to the City at a location that is acceptable to both Developer and the City (the “**Well Site**”). The size of the Well Site shall be one hundred fifty feet by one hundred fifty feet (150’ x 150’), or an equivalent footprint area with a geometry and aspect ratio acceptable to the City. The Well Site shall be generally located in Development Unit 3 (as identified in the CP), outside of the single family residential neighborhoods and at a specific location to be determined prior to approval of the first residential preliminary plat or non-residential site plan within Development Unit 3. The location of the Well Site may be subsequently changed upon written approval of Developer and the City. Developer agrees to convey the Well Site, in exchange for impact fees credits based on the FMV of the Well Site, within nine (9) months of the City approval of the first residential preliminary plat or non-residential site plan within Development Unit 3. In the event the City requires the Well Site be conveyed to the City prior to the approval of the first residential preliminary plat or non-residential site plan within Development Unit 3, Developer agrees to convey the Well Site within nine (9) months of the request by City for the conveyance.

7. Wastewater.

7.1 Wastewater Master Plan. The City has reviewed and approved the Master Sewer Report prepared by EPS Group, Inc., dated March 18, 2012 (the “**Master Wastewater Study**”), which identifies the wastewater system improvements necessary to fully develop the Property. The Master Wastewater Study may be amended over time subject to the review and approval by the City.

7.2 Sewer Service. The City agrees to provide sewer service to the Property as specified in the Master Wastewater Study and any City approved updates, submitted in connection with the development of the Property, subject to the federal, state, county and City water laws, water quality laws and other applicable laws, including but not limited to ordinances, rules, regulations and permit requirements from the City, Maricopa County, the Arizona Department of Water Resources and the Arizona Department of Environmental Quality (the “**Applicable Wastewater Laws**”), the City’s Terms and Conditions for the Sale of Utilities payment of applicable Utility Rates and Fees as adopted and made effective by the City from time to time via ordinance and the provisions of this Agreement.

7.3 Wastewater Facility. Neither Developer nor Owner shall have any obligation to expand, design, construct, pay for, operate, maintain or repair a treatment facility for wastewater generated on the Property, except for the payment of standard and customary wastewater development fees and the applicable Utility Rates and Fees.

7.4 Wastewater Collections System Improvements. Developer or Owner, at its sole cost and expense, shall finance, design, construct and install the wastewater collection system improvements in accordance with the sizes and quantities identified in the Master Wastewater Study, subject to the provisions contained herein. Wastewater collection system improvements shall be installed in phases only as needed to serve the portion of the Property being developed, subject to the City's review and approval of such phasing and shall result in cohesive wastewater collection system, consistent with the Master Wastewater Study as amended and approved by the City. The wastewater collection system improvements that the Developer or Owner constructs, or has the responsibility to construct, shall be subject to the terms for acceptance by the City as set forth in this Agreement.

7.4.1 Wastewater Collection System Oversizing. Developer or Owner are responsible for the wastewater collection system improvements necessary to provide service for the development of the Property, in compliance with City standards. Should the City request oversizing of the wastewater collection system improvements the Developer or Owner (as the case may be) may seek reimbursement through any available City reimbursement program, or as otherwise provided for herein. The City shall have thirty (30) Mesa Business days following the submittal of the engineering plans for wastewater collection system improvements to determine whether or not such wastewater collection system improvements, or portions thereof, need to be oversized; otherwise, Developer or Owner shall be entitled to construct and install the wastewater collection system improvements designed and submitted. The foregoing sentence only applies to wastewater collection system improvements that were not identified for oversizing in the Master Wastewater Study, or wastewater collection system improvements that were identified for oversizing, but that the City has determined need additional oversizing.

7.5 Wastewater Collection System Buy-in Fees.

7.5.1 Wastewater Collection System Improvements Constructed by Developer. Developer or Owner shall be entitled to proportionate reimbursement for any wastewater collection system improvements financed, designed and constructed by Developer or Owner that serve other projects outside of the Property. Developer or Owner reserves the right to utilize the City's adopted "Utility Buy-In Program" to receive such reimbursements.

7.5.2 Wastewater System Improvements Constructed by Others. Currently there are no wastewater system buy-in fees associated with the development of the Property. In the event some or all of the necessary wastewater collection system improvements, identified in the Master Wastewater Study, are financed, designed and constructed by an entity other than Developer or Owner (or an entity developing the Property), then Developer and Owner acknowledge and agree that there may be "buy-in" fees associated with such improvements, which the City shall assess and collect in a standard, customary, and non-

discriminatory manner.

8. Flood Control District of Maricopa County. The Powerline Floodway Channel, which is owned and operated by the Flood Control District of Maricopa County (“FCDMC”), abuts a portion of the Property in the vicinity of Ray and Ellsworth Roads. In order to facilitate development and increase accessibility to the Property, a vehicular and/or pedestrian crossing of the Powerline Floodway Channel may be desired as shown on Exhibit D. Subject to the necessary review and approval by FCDMC, the City acknowledges and agrees that a crossing is acceptable in the location shown on Exhibit D and shall issue any necessary City approvals and permits for the crossing, subject to compliance with all applicable City regulations, subject to changed conditions that may occur after execution of this Agreement.

9. Transportation.

9.1 Transportation Master Plan. The City has reviewed and approved the Traffic Impact Analysis prepared by EPS Group, Inc., dated July 13, 2012 (the “**Master Street Plan**”), which identifies the roadway improvements necessary to fully develop the Property. The Master Street Plan may be amended over time subject to review and approval by the City.

9.2 Transportation Infrastructure. Developer or Owner shall finance, design, construct and install the necessary roadway improvements as identified in the Master Street Plan, subject to the provisions contained herein. Roadway improvements may be installed in phases as needed to serve the portion of the Property being developed, subject to the City’s review and approval of such phasing.

9.3 Roadways. Developer and Owner are responsible for the roadway improvements necessary to serve the development of the Property, in compliance with City standards. Should the City request oversizing of the roadway improvements the Developer or Owner (as the case may be) may seek reimbursement through any available City reimbursement program.

9.4 Ray Road. The City acknowledges and agrees that the alignment for Ray Road, as depicted in the attached Exhibit E, shall be the final approved alignment for Ray Road and that Developer and Owner shall be able to rely upon this alignment when planning the development of the Property.

9.5 Crismon Road. The City acknowledges and agrees that the alignment for Crismon Road, as depicted in the attached Exhibit F, shall be the final approved alignment for Crismon Road and that Developer and Owner shall be able to rely upon this alignment when planning the development of the Property.

9.6 Ellsworth Road. The City acknowledges and agrees that the access and traffic signal plan for the Property from Ellsworth Road, as depicted in the attached Exhibit G, shall be the final approved access and traffic signal plan and that Developer and Owner shall be able to rely on the access and traffic signals depicted in the attached plan when planning the development of the Property so long as there are no material changes to the City approved Master Street Plan.

9.7 Freeway and Interchange Design and Alignment. The Arizona Department of Transportation (“ADOT”) plans to construct the State Route 24 Freeway (“SR24”) adjacent to the southern boundary of the Property. The SR24 is an important regional transportation corridor, but also is a significant factor in the planning and development of the Property. In order to support the coordinated and cohesive development of the SR24 and the Property, the City agrees to work collaboratively and in good faith with Developer, Owner and ADOT regarding the design of the SR24 as it impacts the Property.

10. Construction and Dedication.

10.1 Public Procurement. All construction contracts or professional services contracts that exceed the City Share threshold for any of the water system improvements, wastewater collection system improvements, roadway improvements or any other public improvements needed to develop the Property (the “**Improvements**”) that require or anticipate a contribution of City funds or off-site development fees shall be publicly procured pursuant to Arizona Revised Statutes and the City’s procurement policies. The City agrees to assist in the public procurement process, using the City’s staff without cost to Developer or Owner. This public procurement requirement shall not apply to the procurement of architects, engineers, assayers and other professional services statutorily exempted from the public procurement requirements.

10.2 Assurances. The Parties acknowledge and agree that the infrastructure improvements that have a regional component shall be constructed in compliance with Title 34 of the Revised Arizona Statutes, City Code and Regulations and the Community Plan. Regarding all other improvements that primarily serve the development, the Parties acknowledge and agree that, to assure construction, installation and completion of the required infrastructure improvements, the City will require that building permits for the homes, other than model homes, to be built on any Parcel will be withheld until the substantial completion of the on-site infrastructure improvements of that Parcel. Alternatively, Developer may request upon submission of each DUP plan, or a portion thereof, to utilize certificate of occupancy holds subject to the review and approval of the Director of Development and Sustainability at her sole discretion..

10.3 Design Plans. All design, construction and installation plans for the Improvements shall be the property of the City, to the extent allowable by the license of each plan. Future use of plans by the City shall be conditioned on the City first obtaining the proper permission and license to use said plans. Failure to obtain said permission and license and the express written consent and knowledge of the preparing engineer, architect or other professional shall make the stamp, date and signature of the preparing engineer null and void and no liability shall be attributable to either the preparing engineer, Developer or Owner.

10.4 Conveyance of Property. On the final plats (including maps of dedication) the Party submitting the final plat shall dedicate to the City, and the City shall accept such parcels, rights-of-way and easements within the Property needed for the Improvements, or as required pursuant to this Agreement, free and clear of all encumbrances which could affect

marketability of title.

10.5 Conveyance of Improvements. Improvements shall be conveyed to the City free and clear of all liens and encumbrances that could affect marketability of title. Improvements constructed by Developer or Owner and conveyed to the City pursuant to this Agreement shall be warranted for period of one (1) year after conditional acceptance by the City's engineering department. Improvements may be conveyed to the City in phases as they are completed. The City agrees to accept the conveyance of the Improvements and shall thereafter own, operate and maintain the Improvements at its sole cost and expense (subject only to one (1) year warranty obligation).

10.6 Construction Access. Developer, Owner and their agents shall have the right to enter, remain upon and cross over any City easement or right-of-way to the extent reasonably necessary to design, construct or install the Improvements, provided alternative construction access as approved by City, use does not unreasonably impede City's use and enjoyment of the subject property; and provided Developer or Owner obtains any required permits for the use of such easement or right-of-way, as required by City, and also provided the Party obtaining such permit shall restore such easement or right-of-way to substantially the same condition as existed prior to such Party's use and entry.

10.7 Fees. Developer and Owner shall pay all normal and customary development/impact, infrastructure, permit, review and other fees assessed by City that are in effect at the time each plan, plat or permit application is submitted, unless otherwise excepted within this Agreement.

10.8 Development Impact Fee Credits. To the extent one or more of the Improvements constructed by Developer or Owner and/or any of the land dedicated by Developer or Owner to the City is included as a component of a City adopted development impact fee, then Developer or Owner shall be entitled to a credit against the applicable development impact fee in an amount equal to the costs incurred to design and construct the eligible Improvement and/or the fair market value of the eligible land dedicated to the City, provided that Developer or Owner has not already been compensated for the costs of the Improvement or the value of the land dedicated from another City source. Notwithstanding the foregoing, all development impact fee credits are subject to any State law and City Code provisions regulating development impact fees.

10.9 Utility Buy-In Program. In the event the City's "Utility Buy-In Program" or City Share program is cancelled or modified in such a way as to negatively impact the oversizing reimbursement or proportionate share reimbursement identified in this Agreement, then the City agrees to work with Developer and Owner to amend this Agreement to create a contractual "buy-in" fee program, per code, to address the oversizing reimbursement or proportionate share reimbursement identified in this Agreement.

11. Community Facilities District.

11.1 Formation. The Developer intends to submit an application to the City of Mesa for a public financing district (e.g. community facilities district,) within the boundaries of the Property to assist in the financing and construction of public infrastructure. It is contemplated that a minimum of one (1) public financing district may be formed.

Developer acknowledges and agrees as follows: (1) the formation of a community facilities district ("District"), the approval of any report submitted pursuant to A.R.S. Section 48-715, the issuance and sale of District bonds or the levy of District taxes, assessments, fees or charges are subject to the sole, absolute and unfettered discretion of the District and District Board; (2) nothing contained in this Agreement or any action or continued actions taken or not taken pursuant to this Agreement, including the formation of a District or the issuance of bonds, shall create any obligation, express or implied, of the District to issue or continue to issue District Bonds of any type or amount or levy or continue to levy any tax or assessment of any type or amount; (3) Developer has no rights and expressly waives any and all future rights, claims or causes of action, express or implied, created by this Agreement or any action or continued actions taken or not taken pursuant to this Agreement or under any other agreement with the District or the City that would create any obligation of the District to issue or continue to issue District Bonds of any type or amount or levy or continue to levy any tax or assessment (except as necessary to pay debt service on outstanding bonds of the District); and (4) the Developer is not relying now or shall not rely in the future on District bonds, taxes, assessments, fees or other District actions for the development of the Property.

12. Miscellaneous Provisions.

12.1 Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona not later than ten (10) days after it is fully executed by the Parties.

12.2 Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (A) delivered to the party at the address set forth below, (B) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below or (C) given to a recognized and reputable overnight delivery service, to the address set forth below:

The City: City of Mesa
20 East Main Street, Suite 750
Mesa, Arizona 85211
Facsimile: 480-644-2175
Attn: City Manager
Email:

With copy to: Mesa City Attorney's Office
20 East Main Street, Suite 850
Mesa, Arizona 85211
Facsimile: 480-644-2498

Attn: Deborah J. Spinner, Esq.
Email:

Developer: Harvard Ventures, Inc.
17700 N. Pacesetter Way, Ste. 100
Scottsdale, AZ 85255
Facsimile: 480-348-8976
Attn: Christopher J. Cacheris
Email: ccacheris@harvardinvestments.com

Owner: Pacific Proving L.L.C.
1702 East Highland, Suite 310
Phoenix, Arizona 85016
Facsimile: 602-248-0874
Attn: Andrew Cohn
Email: andrew@levineinvestments.com

With Copy to: Beus Gilbert, PLLC
4800 N. Scottsdale Road
Suite 6000
Scottsdale, AZ 85251
Facsimile: 480-429-3100
Attn: Paul E. Gilbert
Email: pgilbert@beusgilbert.com

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (A) when delivered to the party, (B) three (3) business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (C) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

12.3 Choice of Law, Venue and Attorneys' Fees. The laws of the State of Arizona shall govern any dispute, controversy, claim or cause of action arising out of or related to this Agreement. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. No Party shall be entitled to recover any of its attorneys' fees or other costs from the other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through arbitration, litigation in a court, or otherwise.

12.4 Default. In the event a Party fails to perform or fails to otherwise act in accordance with any term or provision herein (the “**Defaulting Party**”) then the other Party (the “**Non-Defaulting Party**”) may provide written notice to perform to the Defaulting Party (the “**Notice of Default**”). The Defaulting Party shall have thirty (30) days from receipt of the Notice of Default to cure the default. In the event the failure is such that more than thirty (30) days would reasonably be required to cure the default or otherwise comply with any term or provision herein, then the Defaulting Party shall notify the Non-Defaulting Party of such and the timeframe needed to cure such default. So long as the Defaulting Party commences performance or compliance requires to cure the failure or gives notice of additional time needed to cure the failure within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation; provided further, however, that no such cure period shall exceed ninety (90) days. Any written notice shall specify the nature of the default and the manner in which the default may be satisfactorily cured, if possible. In the event such default is not cured within the Cure Period, the Non-Defaulting Party shall have all rights and remedies provided by law or equity.

12.5 Good Standing; Authority. Each Party represents and warrants that it is a duly formed and legally valid existing entity under the laws of the State of Arizona with respect to Developer and Owner, or a municipal corporation within Arizona with respect to the City and that the individuals executing this Agreement on behalf of their respective Party are authorized and empowered to bind the Party on whose behalf each such individual is signing.

12.6 Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all of their successors in interest and assigns; provided; however, that Developer’s and Owner’s rights and obligations hereunder may only be assigned to a person(s) or entity(ies) that has acquired an interest in the Property or a portion of the Property and only by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations. In the event of a complete assignment by Developer or Owner, all of such Party’s rights and obligations hereunder shall terminate effective upon the assumption by such Party’s assignee of such rights and obligations and the execution of an addendum that recognizes the assignment with respect to the interest in either the Developer’s Property or Owner’s Property transferred or conveyed. Except as otherwise provided herein, the Parties hereby acknowledge and agree that this Agreement is not intended to, and shall not create conditions or exceptions to title or covenants running with the individual residential lots within the Property and any tracts or land intended to be dedicated or conveyed to the City, any other public or quasi-public entity, any utility provider, any homeowner association or any school district. Therefore, in order to alleviate any concern as to the effect of this Agreement on the status of title to any of the Property, so long as not prohibited by law, this Agreement shall terminate without the execution or recordation of any further document or installment as to any individual residential lot and any tracts or land dedicated or conveyed to the City, any utility provider, any homeowner association or any school district, and thereupon such individual residential lot and any tracts or land dedicated or conveyed to City, any utility provider, any homeowner association or any school district shall be released from and no longer be subject to or burdened by the provisions of this Agreement.

12.7 Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the Parties. No term or provision of this Agreement is intended to, or shall be for the benefit of any person, firm or entity not a party hereto, and no such other person, firm, or entity shall have any right or cause of action hereunder.

12.8 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver of any breach shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant, or condition of this Agreement. No waiver shall be effective unless it is in writing and is signed by the Party asserted to have granted such waiver

12.9 Further Documentation. The Parties agree in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

12.10 Fair Interpretation. The Parties have been represented by counsel in the negotiation and drafting of this Agreement and this Agreement shall be construed according to the fair meaning of its language. The rule of construction that ambiguities shall be resolved against the Party who drafted a provision shall not be employed in interpreting this Agreement.

12.11 Computation of Time. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins to run shall not be included. The last date of the period so completed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. (Phoenix, Arizona time) on the last day of the applicable time period provided herein.

12.12 Conflict of Interest. Pursuant to A.R.S. § 38-503 and § 38-511, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to cancellation pursuant to the terms of A.R.S. § 38-511.

12.13 Construction. This Agreement is the result of negotiations between the parties. Accordingly the terms and provision of this Agreement shall be construed in accordance with the usual and customary meaning, and the parties hereby waive the application of any rule or law that otherwise might require the construction of this Agreement against the party who (or whose attorney) prepared the executed Agreement.

12.14 Entire Agreement. This Agreement, together with the following Exhibits attached hereto (which are incorporated herein by this reference) constitute the entire agreement between the Parties:

<u>Exhibit A:</u>	Legal Description of the Property
<u>Exhibit B:</u>	Legal Description of Developer's Property
<u>Exhibit C:</u>	Legal Description of Owner's Property
<u>Exhibit D:</u>	Depiction of Powerline Floodway Channel Crossing
<u>Exhibit E:</u>	Depiction of Ray Road
<u>Exhibit F:</u>	Depiction of Crismon Road
<u>Exhibit G:</u>	Depiction of Ellsworth Access Plan

All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are superseded by and merged in this Agreement.

12.15 Time of the Essence. Time is of the essence in this Agreement and with respect to the performance required by each Party hereunder.

12.16 Severability. If any provision of this Agreement is declared void or unenforceable, such provisions shall be severed from this Agreement, which shall otherwise remain in full force and effect.

12.17 Proposition 207 Waiver. Developer and Owner hereby waive and release the City from any and all claims under A.R.S. § 12-1134 et seq., including any right to compensation for reduction to the fair market value of the Property, as a result of the City's approval of this Agreement. The terms of this waiver shall run with the land and shall be binding upon all subsequent landowners and shall survive the expiration or earlier termination of this Agreement.

12.18 Dispute Resolution. In the event that there is a dispute hereunder which the Parties cannot resolve between themselves, the disputing Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree to attempt to settle the dispute through the representatives identified in Section 12.20 below. The representatives shall be available at all reasonable times to discuss and review the performance of the Parties to this Agreement and the development of the Property pursuant to this Agreement. To facilitate the resolution of such a dispute Developer and/or Owner or their representatives shall in writing request a meeting to resolve such dispute. The City Manager shall schedule a meeting with the Developer and/or Owner and the City Manager or a designated deputy city manager, within fifteen days (15) of the delivery of written notice requesting a meeting. At that meeting, the Parties will mutually agree on a method and time frame for resolution of the dispute. The Parties agree to continue to use reasonable good faith efforts to resolve any such dispute pending any such appeal to the City Manager.

12.19 Amendments to this Agreement. Minor amendments, which are amendments that do not change the terms or conditions of this Agreement, sought by Developer or Owner may be reviewed and approved by the Director of Development and Sustainability. All other amendments sought by Developer or Owner shall be reviewed by the Director of Development and Sustainability and approved by the Council prior to becoming effective. Amendments shall be recorded in the Official Records of Maricopa County within ten (10) days

after execution. Amendments sought by Developer shall only apply to Developer's Property, and amendments sought by Owner shall only apply to Owner's Property. The Parties also understand that the Property may be subdivided and sold to various homebuilders and developers; therefore, for purposes of amending this Agreement, only the party seeking an amendment of this Agreement shall be required to sign such amendment, provided such amendment does not impact any other owner/assignee within the Property, and such amendment shall only apply to that party's portion of the Property.

12.20 Representatives. The Parties agree to designate and appoint a representative to act as a liaison between City and its various departments and Developer and Owner. The initial representative for the City shall be the City Manager or his designee, the initial representative for Developer shall be Christopher J. Cacheris and the initial representative for Owner shall be Andrew Cohn, or such other individual as identified by City, Developer or Owner from time to time. The representatives shall be available at all reasonable times to discuss and review the performance of the Parties and the development of the Property.

12.21 Term. This Agreement shall become effective on the date the last Party executes this Agreement and shall automatically terminate on the twentieth (25th) anniversary of such date; provided, however, that City's obligation to continue providing municipal services to the portions of the Property receiving municipal services shall survive the termination of this Agreement.

12.22 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

12.23 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

12.24 Developer Representation. Nothing contained herein shall be deemed to obligate Developer or Owner to develop any portion of the Property or to complete construction of any of the Improvements.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date(s) written below.

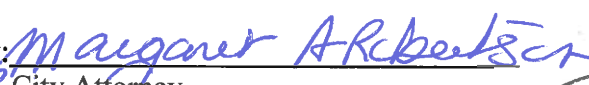
CITY:

CITY OF MESA, an Arizona municipal corporation

By: 
City Manager

Date: 9/13/12

APPROVED AS TO FORM:

By: 
City Attorney

ATTESTED:

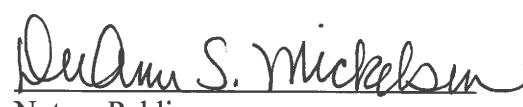
By: 
City Clerk



STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 13th day of September, 2012, before me personally appeared Christopher Brady, the City Manager of the **CITY OF MESA**, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.




Notary Public

[Affix notary seal here]

DEVELOPER:

HARVARD VENTURES INC., a Nevada corporation

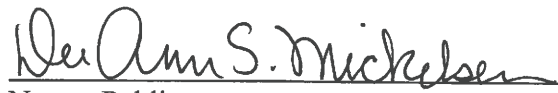
By: 

Date: 9-10-12

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 10th day of Sept., 2012, before me personally appeared Craig Krumwiede, the President of **HARVARD VENTURES INC.**, a Nevada corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.




Notary Public

[Affix notary seal here]

OWNER:


PACIFIC PROVING L.L.C., a Delaware limited liability company

By: Levine Investments Limited Partnership, an Arizona limited partnership

Its: Member

By: Keim, Inc., an Arizona corporation

Its: General Partner

By: 

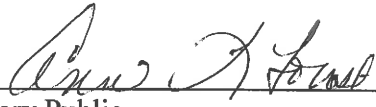
Name: Andrew Cohn

Its: Agent

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 10th day of Sept, 2012, before me personally appeared Andrew Cohn, the Authorized Agent of **PACIFIC PROVING** LLC, a Delaware limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.


Notary Public

[Affix notary seal here]

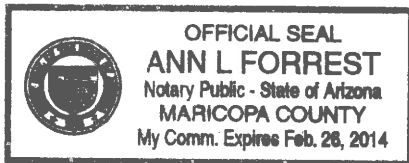


EXHIBIT A

Legal Description of the Property

EXHIBIT A

LEGAL DESCRIPTION

BEING A PORTION OF
SECTIONS 26, 27, 34 & 35,
TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN
MARICOPA COUNTY, ARIZONA

LEGAL DESCRIPTION

TO WIT—

THOSE PORTIONS OF SECTIONS 26, 27, 34 AND 35, TOWNSHIP 1 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 27:

THENCE S89°38'15"E ALONG THE NORTH LINE OF SAID SECTION 27 BEING THE BASIS OF BEARINGS OF THIS DESCRIPTION, A DISTANCE OF 876.65 FEET, MEASURED PER THE RECORD;

THENCE S52°18'19"E, A DISTANCE OF 1624.90 FEET, MEASURED PER THE RECORD;

THENCE S89°29'10"E, A MEASURED DISTANCE OF 3149.43 FEET TO THE EAST LINE OF SAID SECTION 27, THE RECORD DISTANCE BEING 3148.67 FEET, WHICH POINT LIES S00°22'50"E, A MEASURED 991.93 FEET MEASURED FROM THE NORTHEAST CORNER THEREOF, THE RECORD DISTANCE BEING 992.09 FEET;

THENCE CONTINUING S89°29'10"E 315.76 FEET, MEASURED PER THE RECORD;

THENCE S00°23'52"W 1531.69 FEET, MEASURED PER THE RECORD;

THENCE S89°13'23"E 1323.72 FEET, MEASURED PER THE RECORD;

THENCE S00°28'40"W, A MEASURED DISTANCE OF 2731.36 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 35, THE RECORD DISTANCE BEING 2730.34 FEET;

THENCE N89°38'00"W 385.09 FEET ALONG THE NORTH LINE OF SAID SECTION 35;

THENCE DEPARTING SAID NORTH LINE S00°25'44"W 1050.45 FEET;

THENCE N89°37'12"W 499.11 FEET;

THENCE N00°22'48"E 350.00 FEET;

THENCE N89°37'12" 500.00 FEET;

THENCE S00°23'52"W 398.06 FEET;

THENCE N89°36'08"W 65.00 FEET TO A POINT ON THE PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY OF STATE ROUTE 24;

THENCE S00°23'52"W 75.40 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N53°38'18"W 558.45 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N51°05'35"W 587.26 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N44°05'13"W 249.25 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N42°10'00"W 231.24 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N41°45'20"W 2702.98 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N36°12'25"W 2915.15 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N75°45'39"W 706.91 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY TO A POINT ON THE WEST LINE OF SAID SECTION 27 ALSO BEING THE MONUMENT LINE OF ELLSWORTH ROAD AND THE WEST BOUNDARY OF THIS DESCRIPTION;

THENCE N01°06'21" 882.70 FEET ALONG SAID WEST LINE AND SAID MONUMENT LINE TO THE NORTHWEST CORNER OF SAID SECTION 27 ALSO BEING THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 484.370 ACRES MORE OR LESS.

BEARINGS AND DISTANCES SHOWN ARE BASED UPON NAD 83, ARIZONA CENTRAL ZONE.

EXHIBIT B

Legal Description of Developer's Property

EXHIBIT B

LEGAL DESCRIPTION

BEING A PORTION OF
SECTIONS 26, 27, 34 & 35,
TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN
MARICOPA COUNTY, ARIZONA

LEGAL DESCRIPTION

TO WIT—

THOSE PORTIONS OF SECTIONS 26, 27, 34 AND 35, TOWNSHIP 1 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 27:

THENCE S89°38'15"E ALONG THE NORTH LINE OF SAID SECTION 27 BEING THE BASIS OF BEARINGS OF THIS DESCRIPTION, A DISTANCE OF 876.65 FEET, MEASURED PER THE RECORD;

THENCE S52°18'19"E, A DISTANCE OF 1624.90 FEET, MEASURED PER THE RECORD;

THENCE S89°29'10"E, A MEASURED DISTANCE OF 3149.43 FEET TO THE EAST LINE OF SAID SECTION 27, THE RECORD DISTANCE BEING 3148.67 FEET, WHICH POINT LIES S00°22'50"E, A MEASURED 991.93 FEET MEASURED FROM THE NORTHEAST CORNER THEREOF, THE RECORD DISTANCE BEING 992.09 FEET;

THENCE CONTINUING S89°29'10"E 315.76 FEET, MEASURED PER THE RECORD;

THENCE S00°23'52"W 1531.69 FEET, MEASURED PER THE RECORD;

THENCE S89°13'23"E 1323.72 FEET, MEASURED PER THE RECORD;

THENCE S00°28'40"W, A MEASURED DISTANCE OF 2731.36 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 35, THE RECORD DISTANCE BEING 2730.34 FEET;

THENCE N89°38'00"W 1384.87 FEET ALONG THE NORTH LINE OF SAID SECTION 35;

THENCE DEPARTING SAID NORTH LINE S00°23'52"W 1098.28 FEET;

THENCE N89°36'08"W 65.00 FEET TO A POINT ON THE PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY OF STATE ROUTE 24;

THENCE S00°23'52"W 75.40 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N53°38'18"W 558.45 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N51°05'35"W 587.26 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N44°05'13"W 249.25 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N42°10'00"W 231.24 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N41°45'20"W 2702.98 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N36°12'25"W 2915.15 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE N75°45'39"W 639.51 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY;

THENCE S88°53'39"W 65.00 FEET ALONG SAID PROPOSED NORTHERLY RIGHT-OF-WAY BOUNDARY TO A POINT ON THE WEST LINE OF SAID SECTION 27 ALSO BEING THE MONUMENT LINE OF ELLSWORTH ROAD AND THE WEST BOUNDARY OF THIS DESCRIPTION;

THENCE N01°06'21" W 900.54 FEET ALONG SAID WEST LINE AND SAID MONUMENT LINE TO THE NORTHWEST CORNER OF SAID SECTION 27 ALSO BEING THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 464.301 ACRES MORE OR LESS.

BEARINGS AND DISTANCES SHOWN ARE BASED UPON NAD 83, ARIZONA CENTRAL ZONE.

EXHIBIT C

Legal Description of Owner's Property

EXHIBIT C

LEGAL DESCRIPTION

BEING A PORTION OF
THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER
OF SECTION 35, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN
MARICOPA COUNTY, ARIZONA

LEGAL DESCRIPTION

TO WIT—

BEING A PORTION OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER
OF SECTION 35, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT
RIVER BASE AND MERIDIAN MARICOPA COUNTY, ARIZONA;

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 35;

THENCE SOUTH 89°38'00" EAST 144.73 FEET, ALONG THE NORTH LINE OF SAID
SECTION 35 TO THE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°38'00" EAST 999.78 FEET, ALONG SAID NORTH
LINE;

THENCE SOUTH 00°25'44" WEST 1050.45 FEET;

THENCE NORTH 89°37'12" WEST 499.11 FEET;

THENCE NORTH 00°22'48" EAST 350.00 FEET;

THENCE NORTH 89°37'12" WEST 500.00 FEET;

THENCE NORTH 00°23'52" EAST 700.22 FEET TO THE POINT OF BEGINNING AND
CONTAINING 20.082 ACRES MORE OR LESS.

EXHIBIT D

Depiction of Powerline Floodway Channel Crossing

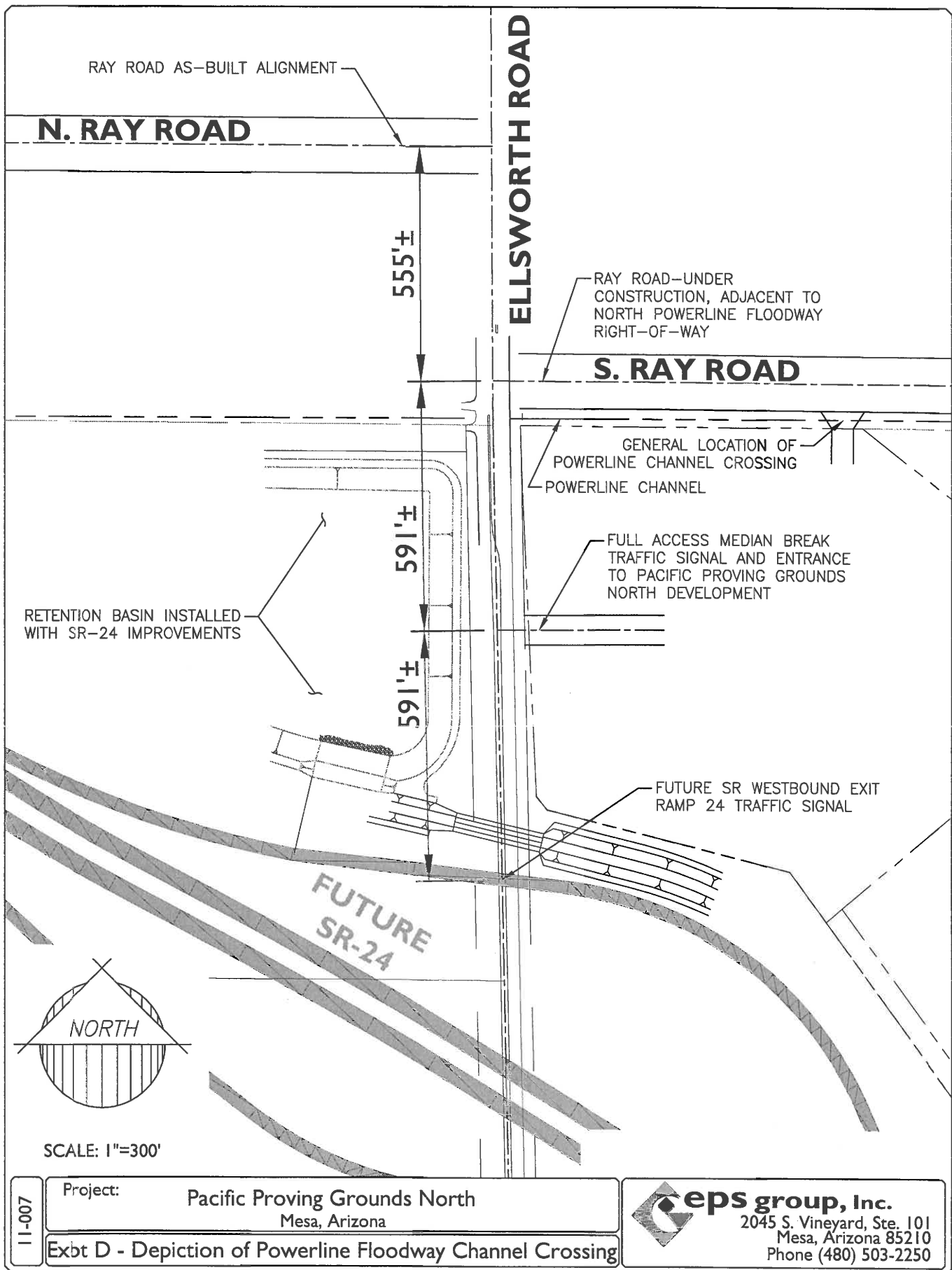
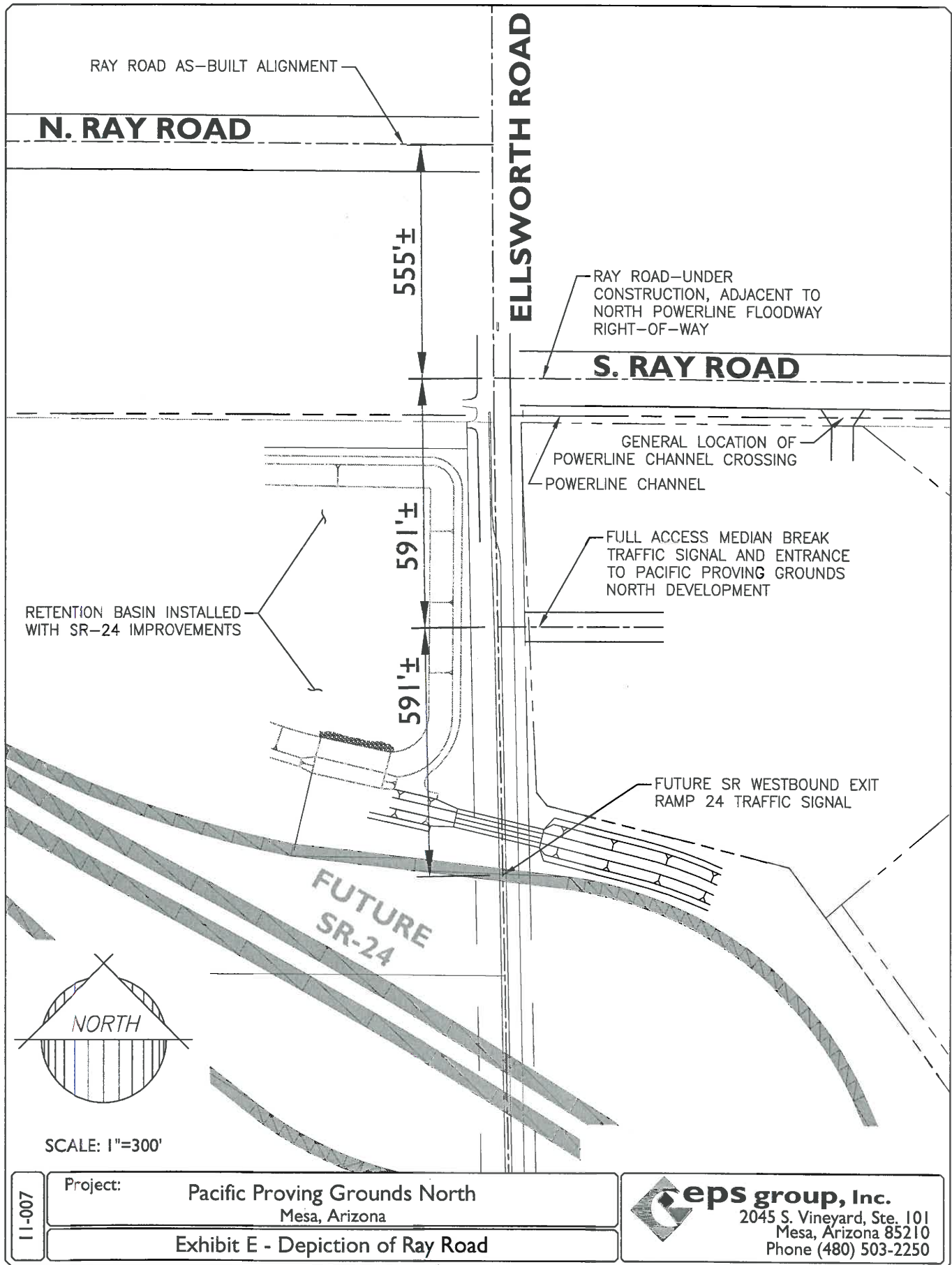


EXHIBIT E

Depiction of Ray Road



11-007

Project: Pacific Proving Grounds North
Mesa, Arizona

Exhibit E - Depiction of Ray Road

eps group, Inc.
2045 S. Vineyard, Ste. 101
Mesa, Arizona 85210
Phone (480) 503-2250

EXHIBIT F

Depiction of Crismon Road

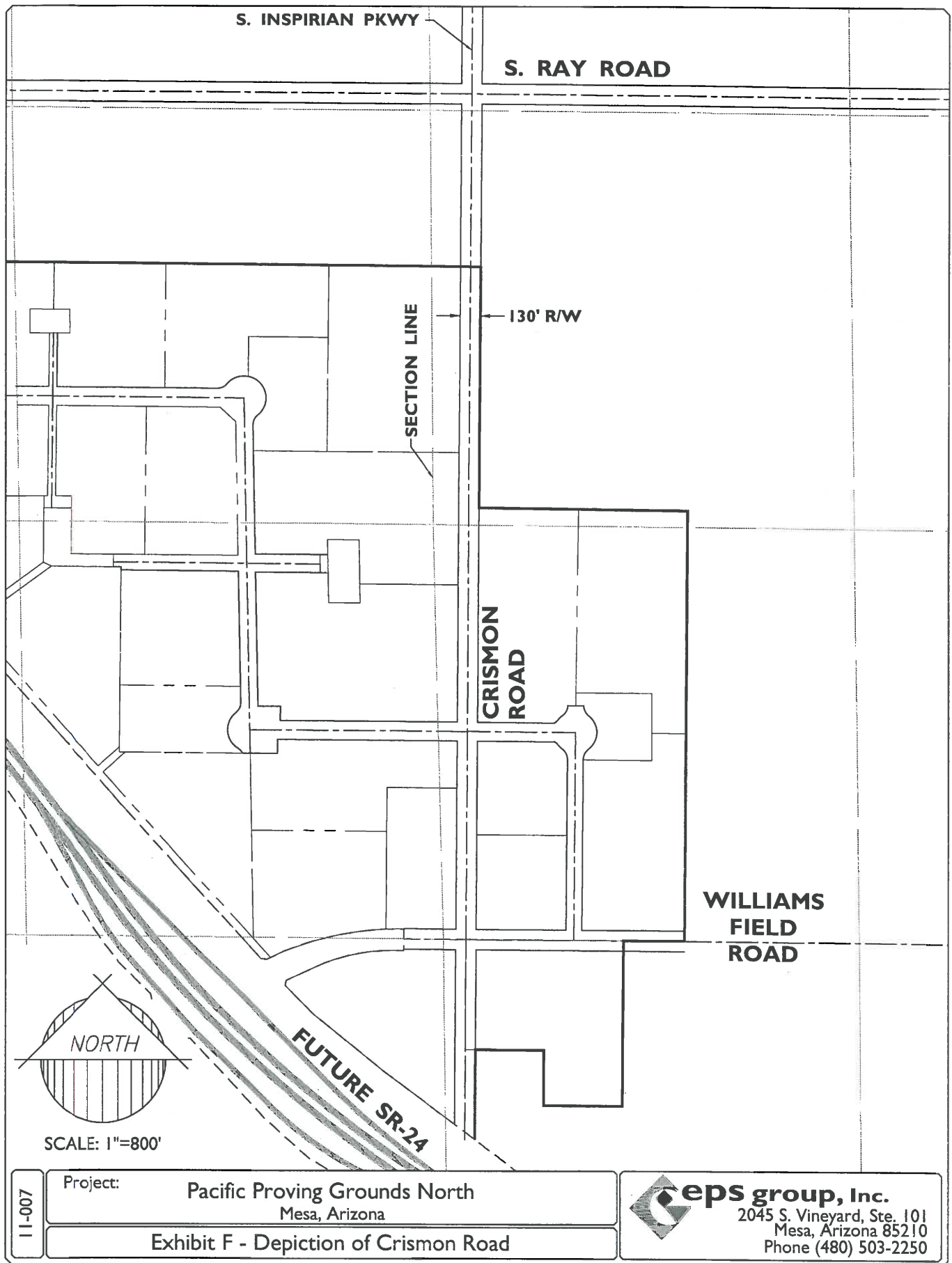
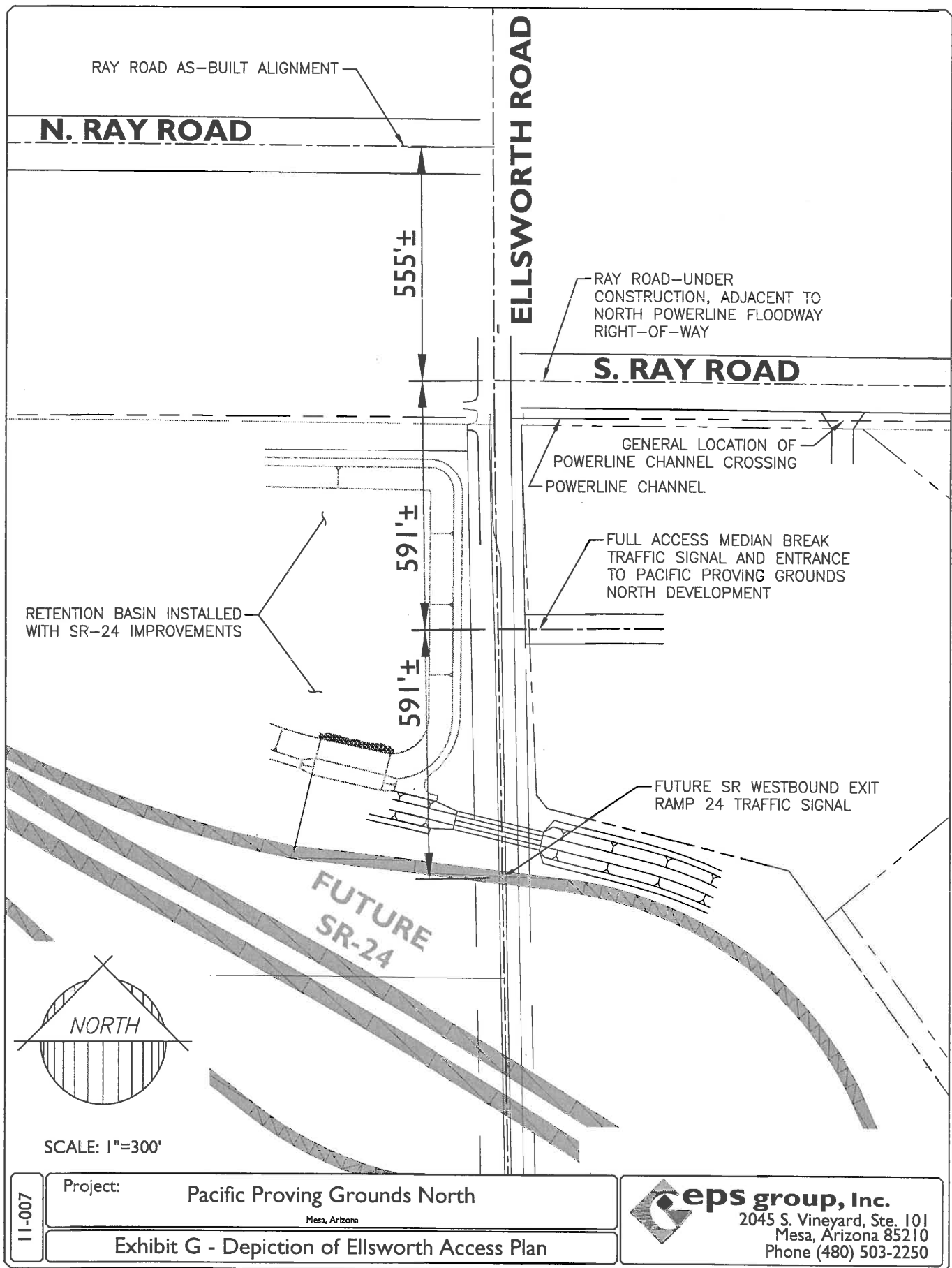


EXHIBIT G

Depiction of Ellsworth Access Plan



11-007

Project: Pacific Proving Grounds North
Mesa, Arizona

Exhibit G - Depiction of Ellsworth Access Plan

ceps group, Inc.
2045 S. Vineyard, Ste. 101
Mesa, Arizona 85210
Phone (480) 503-2250

Exhibit I

Cadence

Estimate of Limited Assessed Valuation Build-up

Cadence
Community Facilities District
Limited Assessed Valuation Build-Up

Year>>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<u>Residential</u>												
SF Unit Absorption	-	-	100	200	300	300	300	300	227	-	-	-
Total Cumulative Absorption	-	-	100	300	600	900	1,200	1,500	1,727	1,727	1,727	1,727
Average Unit Price	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
New	-	-	27,500,000	55,000,000	82,500,000	82,500,000	82,500,000	82,500,000	62,425,000	-	-	-
Tax Rolled (1)	-	-	6,875,000	27,500,000	55,000,000	75,625,000	82,500,000	82,500,000	77,481,250	51,837,500	15,606,250	-
Cumulative	-	-	6,875,000	34,375,000	89,375,000	165,000,000	247,500,000	330,000,000	407,481,250	459,318,750	474,925,000	474,925,000
<u>Multifamily</u>												
MF Unit Absorption	-	-	-	300	125	-	-	-	-	-	-	-
Total Cumulative Absorption	-	-	-	300	425	425	425	425	425	425	425	425
Average Unit Price	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
New	-	-	-	33,000,000	13,750,000	-	-	-	-	-	-	-
Tax Rolled (1)	-	-	-	-	33,000,000	13,750,000	-	-	-	-	-	-
Cumulative	-	-	-	-	33,000,000	46,750,000	46,750,000	46,750,000	46,750,000	46,750,000	46,750,000	46,750,000
AV - Existing (2)	4,500	4,500	4,500	568,184	2,822,924	10,038,403	17,366,436	24,130,655	30,894,873	37,247,601	41,497,785	42,777,350
AV - New	-	-	563,750	2,255,000	7,216,000	7,328,750	6,765,000	6,765,000	6,353,463	4,250,675	1,279,713	-
AV - Total	4,500	4,500	568,250	2,823,184	10,038,924	17,367,153	24,131,436	30,895,655	37,248,336	41,498,276	42,777,498	42,777,350
Less - Reduction of Existing	-	-	65	261	521	716	782	782	734	491	148	-
Total AV	\$ 4,500	\$ 4,500	\$ 568,184	\$ 2,822,924	\$ 10,038,403	\$ 17,366,436	\$ 24,130,655	\$ 30,894,873	\$ 37,247,601	\$ 41,497,785	\$ 42,777,350	\$ 42,777,350
Debt Service (3)	\$ 128	\$ 128	\$ 16,193	\$ 80,453	\$ 286,094	\$ 494,943	\$ 687,724	\$ 880,504	\$ 1,061,557	\$ 1,182,687	\$ 1,219,154	\$ 1,219,154
O&M Funds	\$ 13	\$ 13	\$ 1,705	\$ 8,469	\$ 30,115	\$ 52,099	\$ 72,392	\$ 92,685	\$ 111,743	\$ 124,493	\$ 128,332	\$ 128,332
Potential Bonding Capacity(4)	\$ 1,494	\$ 1,494	\$ 188,709	\$ 937,570	\$ 3,334,026	\$ 5,767,864	\$ 8,014,445	\$ 10,261,025	\$ 12,370,939	\$ 13,782,540	\$ 14,207,518	\$ 14,207,518

Footnotes:

(1) **Residential** - For purposes of estimating the limited assessed valuation increases related to the sales of new homes we have assumed that 25% of the applicable year's sales are placed on the tax rolls in the year of sale; 50% of the year's home sales are placed on the tax roll in year 2 and the remaining 25% are placed on the tax rolls in year 3. As such, the cumulative limited assessed valuation build up for 100 homes sold in year 1 is as follows:

Year	Number of Home Sales	Homes Placed on Tax Rolls	Cumulative
1	100	25	25
2		50	75
3		25	100

*A home's limited value is estimated to be 82% of its sales price.

Multifamily - Limited assessed value increases related to the construction of multifamily uses are assumed to occur the fiscal year after the receipt of the certificate of occupancy.

(2) **Source:** County Assessor. Net assessed value (Estimate).

(3) Assumes a 95% collection rate of GO taxes estimated to be generated from the Project's anticipated limited assessed valuation at a GO tax rate not to exceed [\$3.00] per \$100 of assessed value.

(4) Assumes the following: 25 year amortization period, 7.00% interest rate.

Exhibit J

Cadence

Estimated Source and Uses of Funds

Cadence
Estimated Sources and Uses of Funds
Infrastructure Construction

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
<i>Sources of Funds</i>									
Equity / Cash Flow / Loans (1)	\$ 16,248,041	\$ 52,732,243	\$ 19,479,575	\$ 32,321,067	\$ 10,105,173	\$ 18,123,383	\$ 3,763,082	\$ (2,043,610)	\$ 147,019,252
CFD Funds SA (Net) (2)	-	-	2,593,920	-	2,182,320	-	1,193,640	-	\$ 5,969,880
CFD Funds GO (Net) (3)	\$ -	1,405	175,982	703,929	2,252,669	2,287,808	2,111,786	2,111,786	\$ 13,355,067
Total Sources	<u>16,248,041</u>	<u>52,733,648</u>	<u>22,249,478</u>	<u>33,024,996</u>	<u>14,540,162</u>	<u>20,411,191</u>	<u>7,068,508</u>	<u>68,176</u>	<u>166,344,199</u>
<i>Uses of Funds</i>									
Improvements	\$ 16,248,041	\$ 52,733,648	\$ 22,014,529	\$ 32,914,472	\$ 14,323,619	\$ 20,284,749	\$ 6,910,231	\$ -	\$ 165,429,288
Developer's SA Debt Svc (4)	-	-	234,949	110,524	216,543	126,442	158,277	68,176	914,911
Total Uses	<u>\$ 16,248,041</u>	<u>\$ 52,733,648</u>	<u>\$ 22,249,478</u>	<u>\$ 33,024,996</u>	<u>\$ 14,540,162</u>	<u>\$ 20,411,191</u>	<u>\$ 7,068,508</u>	<u>\$ 68,176</u>	<u>\$ 166,344,199</u>

Source: Applicant

Footnotes

(1) All improvements will be funded with internal funds, project cash flow and/or third party and/or related party loans. Cost schedules are an estimate and may change as market dictates.

(2) Represents the net construction proceeds assuming special assessment lien of \$3,500 per single family lot. For the purpose of multifamily parcel valuation, a bulk wholesale market value of \$10,000 per planned multifamily unit is assumed with an estimated special assessment lien amount equal to 25% of such valuation (e.g. a 4-to-1 value-to-lien ratio). Assessment bonds are anticipated to be issued in conjunction with the construction of a phase. It is further assumed that each lot will have received a corresponding benefit equal to or greater than the assessment lien amount.

(3) Represents the net construction proceeds related to the issuance of GO bonds. It is anticipated that GO bonds will be issued over time as the limited assessed valuation of the District increases.

(4) Assumes the following: 25 year amortization period, 7.0% interest rate, and a 10.0% reserve fund.

Exhibit K

Cadence
Developer's Resumes

Exhibit K
Cadence
Developer's Resumes

Craig L. Krumwiede, President and Director, Harvard Investments

Craig Krumwiede holds a Bachelor of Science degree in Accounting and a Juris Doctor degree from Arizona State University. After graduation he joined Deloitte & Touche as a tax specialist. In 1982 Mr. Krumwiede joined The Hill Companies and was named President of Harvard in 1994. He leads the company's development and investment activities. He also serves on the boards of several companies. Mr. Krumwiede is a Governor of the Urban Land Institute and also serves on the Executive Committee of the Arizona District Council, heads the ULI New Annual Fund for Arizona and is a member of the Recreational Development Council. He is very involved with Arizona State University, where he is on the Dean's Council of 100 for the W.P. Carey College of Business; the Advisory Board for the Master's in Real Estate Development program and is an Advisory Board Member on the Council for Design Excellence, which supports the College of Architecture and Design. Mr. Krumwiede is a founding member of Social Venture Partners Arizona, a philanthropic organization based on a venture capital model.

Christopher J. Cacheris - Vice President, Harvard Investments

Chris Cacheris graduated from the University of Arizona with a Bachelor of Science in Business Administration and Southern Methodist University with a Master of Business Administration. Mr. Cacheris worked for 11 years in the real estate investment and development industry prior to joining Harvard Investments in 1995. He is responsible for the development of master planned communities. Mr. Cacheris is a member of the Urban Land Institute and its Small Scale Development Council. He is also a member of Lambda Alpha International, the honorary society for the advancement of Land Economics, the Men's Arts Council of the Phoenix Art Museum and the President's Club of the University of Arizona.

Katherine L. Astrom - Chief Financial Officer, Vice President/Treasurer, Harvard Investments

Katherine Astrom graduated with honors from Arizona State University with a Bachelor of Science degree in Accounting. Upon graduation, she was employed as an auditor with Deloitte & Touche. Ms. Astrom is licensed as a Certified Public Accountant in Arizona. She joined Harvard Investments in 1988. Ms. Astrom is experienced in finance, accounting, audit and tax reporting for real estate land development and investment. Ms. Astrom is a member of the American Institute of Certified Public Accountants, Arizona Commercial Real Estate for Women, Urban Land Institute, the Arizona Society of Certified Public Accountants and the Construction Financial Management Association.

Exhibit L

Cadence
Form of Disclosure Statement

**CADENCE
COMMUNITY FACILITIES DISTRICT
FORM OF DISCLOSURE PAMPHLET
IMPORTANT – READ CAREFULLY**

Buyer(s): Lot: _____
Homebuilder: _____ Parcel _____ Date of Sale: _____

General CFD Provisions

The home you are purchasing is within the Cadence Community Facilities District (the "CFD"). The CFD was formed on _____ to finance the acquisition, construction and maintenance of public infrastructure benefiting the project. The CFD issues general obligation and special assessment bonds to raise funds to pay for acquisition and construction of these improvements and operation and maintenance expenses. The operation and maintenance expenses are paid from an ad valorem property tax levied against all property located within the CFD.

Ad Valorem Taxes of the CFD

General obligation bonds and the CFD's operation and maintenance expenses are paid from ad valorem property taxes levied against all taxable property within the CFD. Currently, it is estimated that \$3.30 is added to the property tax rate; however, such adjustment to the tax rate could vary depending upon factors including the amount financed with general obligation bonds, the terms of financing, and the assessed valuation (i.e., for tax purposes) of property within the CFD. Payment of general obligation bond payments and expenses are included as part of your regular Maricopa County property tax statement and are in addition to taxes levied by Maricopa County and other political subdivisions.

Special Assessments of the CFD

Special assessment bonds are paid from special assessment payments secured by an assessment lien on each benefited lot within a special assessment area. Special assessment liens pertaining to construction of the initial public infrastructure for the CFD are estimated to average \$_____ per residential lot (current dollars). Special assessment areas are formed from time to time based on the public improvements being constructed or acquired with proceeds of the special assessment bonds. The amount of the special assessment liens vary depending upon the size of the lot within the special assessment area, the benefits estimated to be received by each such lot, the cost of the public improvements to be financed, and the financing terms of the applicable special assessment bonds. Bills for the repayment of the special assessment bonds as well as the applicable administrative charges are sent out twice a year and are billed separately from your regular Maricopa County property tax bill.

Initial Financing's Cost to Homeowner.

Based on the developer's proposed financing plan for the CFD, the following is an illustration of the estimated annual CFD taxes for the repayment of CFD general obligation bonds and CFD maintenance and operation expenses as well as a special assessment lien that is collected to pay the anticipated CFD special assessment bonds.

Estimated Home Price	(A) Estimated Annual General Obligation and O&M Tax Payment (1)	(B) Estimated Annual Special Assessment Payment (2)	(A) + (B) Estimated Total Annual CFD Tax Payments (3)
\$225,000			
\$250,000			
\$275,000			
\$300,000			
\$325,000			
\$350,000			

Footnotes

- (1) Represents the repayment of CFD general obligation bond indebtedness and CFD expenses based upon a \$___ increase in the ad valorem property tax rate.
- (2) Based upon (a) special assessment lien of \$___ per lot and (b) special assessment bond terms of ___% interest rate, ___-year amortization period, 10% reserve fund and issuance expenses. This figure *does not include* any administrative charges (estimated at \$___ per year), which may be charged by the District and/or third party administrators, if any.
- (3) All of the taxes, assessments and charges described above are in addition to any taxes, fees and charges imposed by Maricopa County or other political subdivisions and are in addition to any assessments or fees imposed by any homeowners association.

Homeowner's Acknowledgments

By signing this disclosure statement, you as a contract purchaser of a lot located within the CFD and the Special Assessment Area (i) acknowledge receipt of this Disclosure; (ii) agree that you have been granted an opportunity to review the material contained in this Disclosure; and (iii) agree that you accept an assessment lien of approximately \$___ against your lot that secures your share of the special assessments due for the Special Assessment Area. The Assessment will be paid by you, the owner of the assessed lot, in semiannual payments of principal and interest over the ___-year term of the bonds. If any semiannual payment is not paid, the CFD has the right to institute proceedings to foreclose the assessment lien and sell your benefited lot.

Your signature below acknowledges that you have received, read and understood this document at the time you have signed our purchase contract and agree to its terms.

[name]

[name]

[address]

[address]

Date: _____, 201__

Date: _____, 201__