

Upon recording return to:

Spencer Fane LLP
1700 Lincoln Street, Ste. 2000
Denver, CO 80203

**GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING
WILDWING METROPOLITAN DISTRICT NOS. 1-5
TOWN OF TIMNATH, LARIMER COUNTY, COLORADO**

1. What is a special district and what does it do?

Colorado special districts are local governments just as municipalities (cities and towns) and counties are considered local governments. Often, municipalities and counties are limited by law and other factors as to the services they may provide. Therefore, special districts are formed to provide necessary public services that the municipality or county cannot otherwise provide.

Wildwing Metropolitan District Nos. 1-5 (collectively, the "District") was organized pursuant to Orders of the Larimer County District Court following an election of the voters of the District at which time a majority of the eligible electors voted in favor of the formation of the District, elected members to the initial board of directors and voted in favor of certain tax and debt authorization.

The District is a quasi-municipal governmental entity with the power to impose property taxes and other fees and charges for services within its boundaries. Legal descriptions and a map of the District are attached hereto as **Exhibit A**. The District is governed by an elected board of directors made up of property owners from each district. The District is an independent unit of local government, separate and distinct from the Town of Timnath (the "Town"), within which the District is located. Pursuant to the Amended and Restated Service Plan for Wildwing Metropolitan District Nos. 1-5 (the "Service Plan") approved by the Town, the District has the ability and responsibility for constructing major public improvements including, but not limited to park and recreation, water, drainage, wastewater and street improvements within the District's boundaries. The District has authority to own, operate and maintain drainage improvements, any recreation and associated facilities, district pool and clubhouse, parks, tract landscaping, detention ponds and trail systems and other public facilities and infrastructure not otherwise dedicated to or accepted by the Town or other applicable public entity, upon appropriate approval of the Town. If the District operates and maintains such facilities, the expense associated with such activity may be paid from the District's tax revenues and/or fees lawfully imposed by the District.

2. May the District Impose Fees Upon Me as a Property Owner?

Special Districts are governmental entities, and have the power to impose property taxes and to adopt and charge fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services. The District also has the power to adopt and charge monthly fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services as authorized by the Town

for all residential property within the District's boundaries. The Districts are authorized pursuant to Section 32-1-1001(1)(j)(I) of the Colorado Revised Statutes ("C.R.S."), to fix and impose fees, rates, tolls, charges and penalties for services, programs or facilities provided by the Districts which, until paid, shall constitute a perpetual lien on and against the property served.

All District fees and rates may be adopted and/or amended from time to time by the District's board of directors at their discretion, as permitted by law.

A property owners association is separate and distinct from the special districts, and is generally responsible for reviewing architectural plans for the construction of new homes and enforcing restrictive covenants in the community to help maintain property values. The property owners association is normally responsible for the maintenance and operation of the common areas and other landscaping within a community and may assess dues to its members but has no ability to impose taxes. The Districts have the ability to enforce covenants, perform design review, and perform many property owners' association responsibilities at favorable rates payable through tax deductible property taxes and District Fees. The Districts, the developer and the builders within the Districts have elected to have the Districts perform as many of the property owners' association functions and services as permitted by law.

Please note that it is the property owner's responsibility to review and see the Community Covenants and Guidelines and understand them. By signing the District disclosure you are also agreeing to follow the community covenants and guidelines. The Covenants and Guidelines go over such items as commercial vehicle parking restrictions, vehicles with logos, restrictions on very limited parking of RV's, trailers, boats, etc., landscaping requirements, required fencing, required fence stain, etc. All improvements to the outside of the home or landscape must be approved with the Architectural Design Application.

3. How much property tax will the District collect to construct improvements and pay for operations and maintenance?

The District has the authority to impose property taxes for all of the activities identified in its "Service Plan," a copy of which is on file with the District and which is available to prospective purchasers. The District may issue bonds to provide for the costs of capital improvements within its boundaries. Once the bonds are sold, they must be repaid over time with interest. The Maximum Debt Mill Levy Imposition Term on property or persons for repayment of any and all Debt (or use the proceeds hereof for repayment of Debt) on any single property developed for residential uses shall not exceed forty (40) years after the year of the initial imposition of a debt service mill levy by the District in which such property is located, unless a majority of the Board are residents of the District and the Board shall have voted in favor of a refunding of a part or all of the Debt. The annual payment on the bonds is known as "debt service." In order to meet the debt service requirements for the bonds, and to pay operations and maintenance costs associated with the provision of services and district administration and operating costs, the District will impose mill levies as limited under the Service Plan.

All District bonds or other obligations of which the District has promised to impose an *ad valorem* property tax mill levy (the "Debt") is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy imposition Term for residential

properties and no higher than the Residential Maximum Debt Mill Levy (50 mills) for property within the District. Such mill levies may be "Gallagherized" or adjusted from a Levy of 50 mills that existed on January 1, 2015 if, on or after January 1, 2015, there have been or will be changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2015, are neither diminished nor enhanced as a result of such changes. However, the current Amended and Restated Service Plan for the District provides if the total amount of aggregate Debt of a District is equal to or less than fifty percent (50%) of that District's assessed valuation, either on the date of issuance or at any time thereafter, the Maximum Debt Mill Levy, the Maximum Operations and Maintenance Mill Levy, and the Maximum Aggregate Mill Levy may each be increased to sixty (60) mills.

Market constraints also require that the mill levy within the District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to buy homes. Therefore, it is in both the District's and the project developers' best interest to maintain mill levies in the District comparable to the total property taxes paid in other similar communities so that the property taxes paid for the amenities and services in the District is a good value.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the Town, to retain only the power necessary to impose and collect taxes or fees to pay for these costs.

4. Why are special districts used for financing public infrastructure?

Many areas in Colorado utilize special districts to finance public improvements. Property owners often are surprised to find that they have lived for years in water and sanitation districts, or other types of special districts. Since cities and counties typically do not provide for construction or installation of water and wastewater systems, roads, or recreation facilities in new communities, special districts are organized to build these facilities. Special districts and the financial powers they utilize permit early construction of recreation facilities and other amenities for the benefit of the community. Where special districts are established, the costs of public improvements within the community are generally spread over 20 to 30 years and are paid from mill levies which, under current tax laws, may result in federal income tax benefits.

5. What limitations exist to make sure the Districts do not create unreasonably high mill levies?

All general obligation bonds anticipated to be issued by the District will be governed by the controls adopted by the Colorado legislature and governing the process by which bonds are issued by special districts. In addition, the organization and operation of the District was overseen by the Town through its approval of the Service Plan. The Service Plan currently has

limited the aggregate mill levy cap that may be assessed by the District to 50 mills, subject to adjustment to account for changes in state law with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters and subject to increases as permitted by the Service Plan. The adjustment allows for tax revenues to be realized by the District in an equivalent amount as would have been realized by the District based on a levy of 50 mills absent any change in the manner of the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters.

In addition, various voter limitations exist which affect the taxing powers of the District, including maximum annual taxing limitations and expenditure limitations. The TABOR Amendment, Article X, Section 20 of the Colorado Constitution, also provides for various legal limitations which may restrict the taxing and spending authority of the District.

The mill levies expected in the District are reasonable and comparable to other developments served by special districts that provide similar services and amenities. The debt limit and the mill levy cap will remain in place for general obligation limited tax bonds issued by the District. These limits, as well as others existing under Colorado law and various voter approvals, are believed to be adequate to control the tax levels within the District.

Market constraints on property sales by the developer also require that the mill levy within the District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to buy homes. Therefore, in the initial stages of the development, it is in both the District's and the project developer's best interest to maintain a mill levy in the District comparable to the total property taxes in other similar communities so that the property taxes paid for the amenities and services in the District are a good value.

6. Who bears the risk that the community may not fully develop?

During the early stages of development, the developer of the project will be providing necessary funding and advancing funds to the District to pay for the public infrastructure construction costs and operational needs. The developer advances will be reimbursed at the time the District is able to issue general obligation, limited tax bonds. Property taxes paid and collected within the District will help pay the costs of all bonds. Therefore, if the actual build-out that occurs is less than what is projected, the individual property owners will not experience an increase in their tax obligations to the District beyond the limits described herein. The limited mill levy will be assessed the same on each home and other taxable property in the District regardless of the number of taxable structures. This results in the risk of development being shared by bondholders and the developer. The property owners also share risk relative to the bonds, but this risk is limited as discussed above.

7. What will the tax bill look like, and what are the various taxes used for?

It is anticipated that the tax bill for individual properties will show mill levies for Larimer County, the Town of Timnath, school districts and various other public service providers, including the District. Colorado municipalities certify their mill levies on an annual basis, so the most accurate manner of ascertaining the specific taxing entities and current total and overlapping mill levy on any property is to directly contact the County Treasurer and Assessor.

Attached hereto as **Exhibit B** is a general formula for the manner in which residential property in Colorado is assessed.

In summary, it is anticipated that the total mill levy charged to properties within the boundaries of the District will be comparable to those of surrounding, similar communities.

8. Where can one get additional information regarding the District?

This document is not intended to address all issues associated with special districts generally or with the District specifically. More information may be obtained by contacting the District's general counsel, Spencer Fane LLP, 1700 Lincoln St, Suite 2000 Denver, CO 80203, (303) 839-3800; the Colorado Department of Local Affairs, (303) 864-7720; or by attending District meetings. The District holds special meetings on an as needed basis. The District is also required to keep minutes and other records that are open for inspection by any citizen, hold elections for the boards of directors, adopt annual budgets, and submit to financial audits.

9. Acknowledgment

This is a general disclosure and common questions regarding the Wildwing Metropolitan District Nos. 1-5 only and no promises or inducements have been made by either party to the other. You acknowledge that if you move into one of the Wildwing Metropolitan Districts you pay a mill levy not to exceed fifty (50) mills except as set forth above. You also understand that there are covenants and guidelines for the Districts and if you live in a homeowners association which may handle enforcement for guidelines for that HOA.

You acknowledge and understand that you have been advised that you should obtain independent legal counsel in connection with the execution of the acknowledgement of this Disclosure.

Please indicate your acknowledgement that you have read and understand this Disclosure by signing this Disclosure in the space provided below. Please return the original to the undersigned and retain a copy for your records.

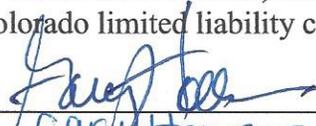
I, _____, hereby acknowledge that I have received and read this GENERAL DISCLOSURE REGARDING WILDWING METROPOLITAN DISTRICT NOS. 1-5.

Buyer	Lot	Address	Date
-------	-----	---------	------

I, _____, hereby acknowledge that I have received and read this GENERAL DISCLOSURE REGARDING WILDWING METROPOLITAN DISTRICT NOS. 1-5.

Buyer	Lot	Address	Date
-------	-----	---------	------

WW DEVELOPMENT, LLC
A Colorado limited liability company

By: 
Its: Manager

STATE OF COLORADO)
) ss:
COUNTY OF Larimer)

The foregoing General Disclosure and Common Questions Regarding the Wildwing Metropolitan District Nos. 1-4, was acknowledged before me this 17th day of February, 2016, by Gary Hoover as Manager of WW Development, LLC.

Witness my hand and official seal.

My commission expires: 09/09/2019


Notary Public

ZACHARY THOMAS MILLER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20154035691
MY COMMISSION EXPIRES 09/09/2019

EXHIBIT A

LEGAL DESCRIPTION AND MAP OF THE PROPERTY WITHIN
WILDWING METROPOLITAN DISTRICT NOS. 1-5

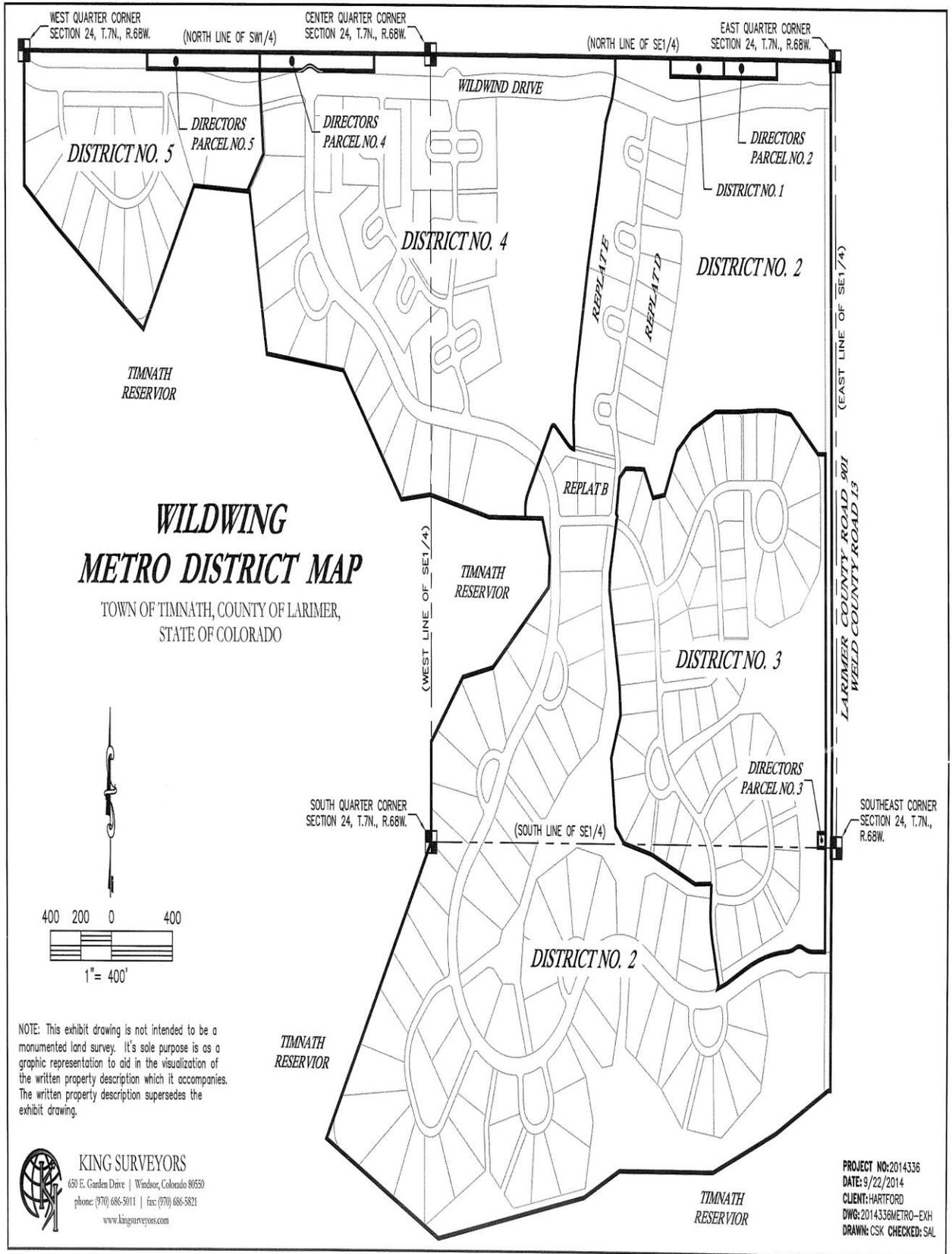


EXHIBIT B

GENERAL FORMULA FOR ASSESSMENT OF RESIDENTIAL PROPERTY

1. Assessor's office makes a market value determination based upon sales prices of comparable homes in the area (the "Market Property Valuation").
2. Market Property Valuation is multiplied by the assessment rate which is set every odd numbered year and as of January 1, 2016, was 7.96%. The current assessment rate can be obtained from the County Assessor's Office (Market Property Valuation times the assessment rate = Assessment Valuation).
3. Applicable Mill Levy is applied to the Assessment Valuation, resulting in the total assessment to the residential property.

For example, a home and property sold for \$360,000 should have a "market value" of \$360,000. Applying the 7.96% valuation factor produces an assessed valuation of \$28,656. One mill (.001) applied to that assessed valuation produces \$28.66 of additional taxes. The District's projected mill levy of 50.000 mills results in \$1,432.80 in additional taxes each year in this example.