

Southwest Timnath Metropolitan Districts

✓ Upon recording return to:
SWTMD
6000 Summerfields Parkway
Timnath, Colorado 80547

RECEPTION#: 20150077958, 11/20/2015 at
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Angela Myers, Clerk & Recorder, Larimer
County, CO

GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING THE SOUTHWEST TIMNATH METROPOLITAN DISTRICTS NO. 1, NO. 2, NO. 3 AND NO. 4 IN 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. The Southwest Timnath Metropolitan Districts are separate and distinct entities; neither the developer, builder, real estate agents, or current homeowners can change or make any waivers to the taxes, operations and maintenance fees, or other fees, tolls or charges of the Districts when they apply, and/or anything in the Guidelines/Covenants, for the Districts.

Southwest Timnath Metropolitan Districts Nos. 1, 2, 3 & 4 (collectively, the "District") were organized pursuant to Orders of the Larimer County District Court following an election in November 2014, 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. Pursuant to the Consolidated Service Plan for Southwest Timnath Metropolitan Districts Nos. 1-4 (the "Service Plan") approved July 22, 2014 by the Town of Timnath, as may be amended from time to time, the District has the ability to construct and finance major public improvements as well as additional amenities, including, but not limited to park and recreation, landscaping, water, drainage, wastewater and road improvements within its boundaries.

2. May the Districts Impose Any 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, late fees, administration fees and/or charge 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 (O and M fees) services as authorized by the Town of Timnath for all residential property within the District's boundaries.

As of April 16th, 2015 the Districts have currently established an Operations and Maintenance Fee of \$780.00 per year (**O and M fee's are SUBJECT TO CHANGE**, check with District for current rates and administration fees.

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.

It is the homeowner's responsibility to review the Community Covenants that were recorded under reception number 20070075715 on 10/03/2007 and you should review the SWTMD Guidelines. The Districts have the authority to enforce the covenants and guidelines. By signing the District disclosure you are also agreeing to follow the community covenants and guidelines. The Covenants and Guidelines govern over such items as commercial vehicles, vehicles with logos, restrictions on very limited parking of RV's, trailers, boats, etc., landscaping requirements, required fencing, required fence stain, trash day, etc. All improvements to the outside/exterior of the home or landscape must be submitted for approval.

3. How much property tax will the Districts 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 Town of Timnath, Colorado 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 repayment period for the bonds is forty (40) years. 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, the District will impose a mill levy under the Service Plan. The total combined mill levy for both operations and debt service is capped pursuant to the Service Plan at 50 mills with certain adjustments as permitted by the Service Plan; the mill levies may be adjusted upward or downward over time as permitted in the Service Plan as discussed below.

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

Many areas in Colorado utilize special districts to finance public improvements. Homeowners 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, trails, open space 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 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 of Timnath through its approval of the Service Plan. The Town of Timnath model service plan which is anticipated to be adopted through amendment to the District 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 Southwest Metropolitan Districts. 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 Districts?**

More information may be obtained by contacting the SWTMD District Manager at: 6000 Summerfields Parkway, Timnath, Colorado, 80547; Phone: (970) 488-2820 or e-mail at manager@swtmd.com; the Colorado Department of Local Affairs, (303) 866-2156; or by attending regularly scheduled meetings. Meeting dates are posted on location and on the District web site. District Meetings are held at the Community Center and Pool at 6000 Summerfields Parkway, Timnath, Colorado 80547.

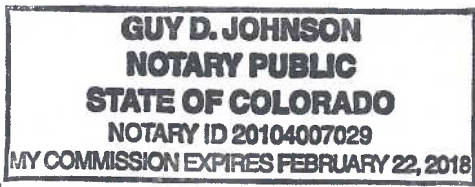
SOUTHWEST TIMNATH METROPOLITAN
DISTRICTS NO. 1, NO. 2, NO. 3 AND NO. 4

Signed: *Dino DiTullio*
By: Dino DiTullio
Its: President

STATE OF COLORADO)
) ss:
COUNTY OF Larimer)

The foregoing General Disclosure and Common Questions Regarding the Southwest Timnath Metropolitan District Nos. 1, 2, 3 and 4 was acknowledged before me this 16th day of April, 2015, by Dino DiTullio as President of Southwest Timnath Metropolitan District No. 1, No. 2, No. 3 and No. 4.

Witness my hand and official seal.
My commission expires: 02/22/2018



Guy D. Johnson
Notary Public: Guy D. Johnson

I, _____, hereby acknowledge that I have received and read this AMENDED AND RESTATED GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING THE SOUTHWEST TIMNATH METROPOLITAN DISTRICTS.

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Buyer	Lot	Address	Date

It is the homeowner's responsibility to review the Community Covenants; Covenants for the District were recorded under reception number 20070075715 on 10/03/2007.

It is the homeowner's responsibility to review the Guidelines (Guidelines are subject to change) Keep in mind the Builder, Real Estate Agent, Realtor, Sales person and/or contractors cannot make any changes to Covenants and/or guidelines for the Districts. By signing the District disclosure page at your closing you are also agreeing to follow the community covenants and guidelines.

EXHIBIT A
LEGAL DESCRIPTION AND MAP OF THE PROPERTY WITHIN THE
SOUTHWEST TIMNATH METROPOLITAN DISTRICT NOS. 1, 2, 3 & 4

Service Area - Legal Description

Parcel Numbers 8611000001, 8611000902, 8612300001, 8611000005, 8612000005, 8612000002, 8612300002, 8614105001, 8613205902, 8613000020, 8613000014, 8613000018, 8613000019, and 8613000012 as recorded in the office of the Larimer County Clerk and Recorder. Less Outlot A, Outlot B, Lot 1 of Block 8 and Lots 5 through 8 of Block 1. Consisting of approximately 684.2 acres.

Future Inclusion Area - Legal Description

Parcel Numbers 8611000902, 8612300001, 8611000005, 8612000005, 8612000002, 8612300002, 8614105001, 8613205902, 8613000020, 8613000014, 8613000018, 8613000019, and 8613000012 as recorded in the office of the Larimer County Clerk and Recorder. Consisting of approximately 600.7 acres.

District 1- Legal Description

Tract 1- Bruner Farm Subdivision, Town of Timnath, County of Larimer, State of Colorado, consisting of approximately 0.465 acres.

District 2 - Legal Description

Lots 17 through 27 of Block 2, Lots 1 through 46 of Block 3, Lots 1 through 26 of Block 4, Lots 1 through 13 of Block 5, Tract B, Tract C, Tract D, Tract E, Tract F, Tract H, Tract J, and Tract K, Brunner Farm Subdivision, Town of Timnath, County of Larimer, State of Colorado, consisting of approximately 45.84 acres.

District 3 – Legal Description

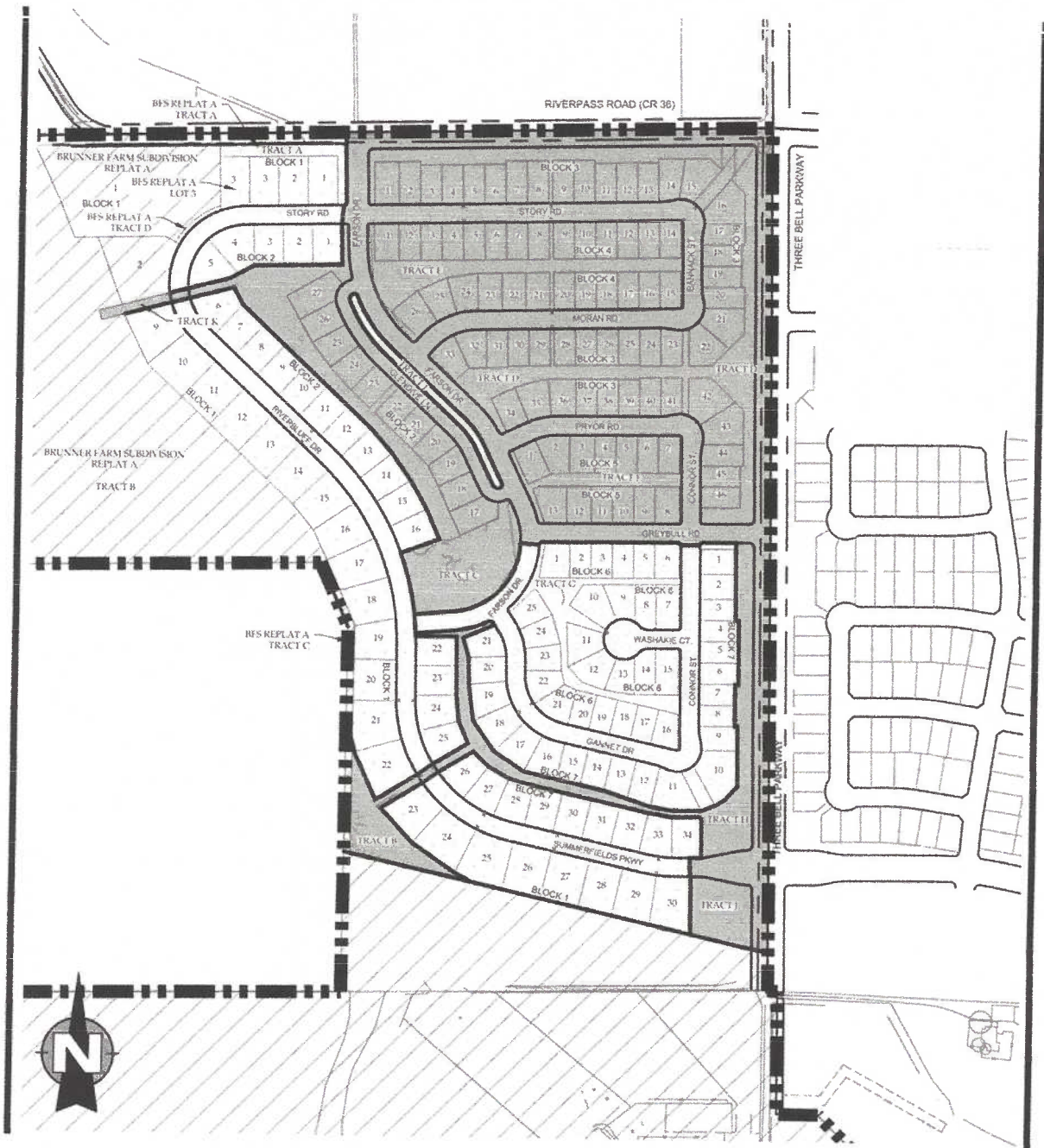
Lots 1 through 25 of Block 6, Lots 1 through 21 of Block 7, and Tract G, Brunner Farm Subdivision, Town of Timnath, County of Larimer, State of Colorado, consisting of approximately 13.71 acres.

District 4 – Legal Description

Lots 1 through 4 and 9 through 30 of Block 1, Lots 1 through 16 of Block 2, and the east 417.69 feet of Tract A, Brunner Farm Subdivision, Town of Timnath, County of Larimer, State of Colorado, consisting of approximately 19.19 acres.

District 4 AMENDED EXHIBIT A
LEGAL DESCRIPTION – SOUTHWEST TIMNATH METROPOLITAN DISTRICT NO. 4

Brunner Farm Subdivision Lots 1 through 3 and Lots 9 through 30 of Block 1, Lots 1 through 16 of Block 2, Lots 22 through 34 of Block 7, together with Brunner Farm Subdivision Replats A Lot 3 of Block 1 and Tract A, Town of Timnath, County of Larimer, State of Colorado, consisting of approximately 18.57 acres.



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EXHIBIT B
GENERAL FORMULA FOR ASSESSMENT OF RESIDENTIAL PROPERTY

The assessment for a home is determined as follows:

1. The County Assessor's Office determines the Actual Value of the home based upon sales prices of comparable homes in the area.
2. To determine the Assessed Valuation, the Actual Value of the home is multiplied by the Assessment Ratio, which is set every odd numbered year by the state legislature. As of January 1, 2015, the Assessment Ratio was 7.96%. The current Assessment Ratio can be obtained from the County Assessor's Office.
3. The applicable Mill Levy is multiplied by the Assessed Valuation of the home, resulting in the assessment for the home.

For example, a home with an Actual Value of \$400,000 at a time when the Assessment Ratio is 7.96% would have an Assessed Value of \$31,840. One mill (.001) applied to that valuation for assessment produces \$31.84 of taxes. If the total Metro District mill levy is 35 mills (.035), the portion of the homeowner's annual tax bill levied by the District would be \$1,114.40.

***** Figure your exact tax amount by the actual value of your home *****

You can also go to the Larimer County web site for tax information.

Example: \$400,000.00 x 7.96 % = \$31,840.00 x .035 = \$1,114.00