VERDIN COMMUNITY FACILITIES DISTRICT FORMATION DOCUMENTS

Contents

City of Phoenix

DATE: October 18, 2023

TO: Verdin Community Facilities District Board of Directors Members

FROM: Deputy City Manager Alan Stephenson, Chief Financial Officer Kathleen Gitkin

SUBJECT: FORMATION OF THE VERDIN COMMUNITY FACILITIIES DISTRICT AND OCTOBER 18, 2023, MEETING OF THE VERDIN COMMUNITY FACILITIES DISTRICT BOARD OF DIRECTORS.

BACKGROUND

On April 19, 2023, the Mayor and Council of the City of Phoenix adopted Resolution No. 22114 which ordered the formation of the Verdin Community Facilities District. The developer of Verdin, Taylor Morrison, will be constructing infrastructure to serve the community which will be repaid to them through bonds provided by the District which will then be paid by a special tax on property owners within the Verdin District. Property owners are made aware of the special tax upon purchasing property.

AGENDA FOR THE OCTOBER 18, 2023 MEETING

The first meeting of the District Board is scheduled for Wednesday, October 18, 2023 at 2:30 p.m., immediately preceding the regular meeting of the Phoenix City Council. At this meeting, a public hearing will be held, and the District Board will be asked to consider for adoption Resolution V-01. This resolution will appoint District Officers, approve the General Plan of the District, enter into a development agreement relating to financing participation, and authorize the District Controller to disburse funds.

Enclosed are the following materials relating to the next District Board meeting:

1. Meeting notice and agenda
2. Proposed Resolution No. V-01
3. CFD Formation documents and exhibits

CONCLUSION/ACTION REQUIRED

District Board approval of Resolution No. V-01 is requested.

Copies of this report and enclosures to:

Jeff Barton, City Manager
Lori Bays, Assistant City Manager
Ginger Spencer, Deputy City Manager
Alan Stephenson, Deputy City Manager

Julie Kriegh, City Attorney
Paul Li, Assistant Chief Counsel
Denise Archibald, City Clerk
Daniel Inglese, Assistant City Attorney IV
Stephanie Bracken, Council Chief of Staff
Clark Princell, Mayor’s Chief of Staff
Joe Jatzkewitz, Assistant Finance Director/City Treasurer
David Neal, Planning and Development Principal Planner
Jennifer Cosper, Squire Patton Boggs (US) LLP
Kathleen Gitkin, Chief Financial Officer
Kini Knudson, Street Transportation Director

NOTICE OF PUBLIC MEETING
VERDIN COMMUNITY FACILITIES DISTRICT
BOARD OF DIRECTORS

Pursuant to A.R.S. Section 38-4312.02, notice is hereby given to the members of the **VERDIN COMMUNITY FACILITIES DISTRICT BOARD OF DIRECTORS** and the general public, that the **VERDIN COMMUNITY FACILITIES DISTRICT BOARD OF DIRECTORS** will hold a meeting open to the public on **Wednesday, October 18, 2023, at 2:30 p.m.** located in the Council Chambers, 200 West Jefferson Street, Phoenix, Arizona.

OPTIONS TO ACCESS THE MEETING

Virtual Request to speak at a meeting:

Register online by visiting the City Council Meetings page on phoenix.gov **at least 2 hours prior to the start of this meeting**. Then click on this link at the time of the meeting and join the Webex to speak: https://phoenixcitycouncil.webex.com/phoenixcitycouncil/onstage/g.php?MTID=e9a9e6849cc6169b4dd15251e4116b2b7

- **Register via telephone** at 602-262-6001 **at least 2 hours prior to the start of this meeting,** noting the item number. Then use the Call-in phone number and Meeting ID listed below at the time of the meeting to call-in and speak.

In-Person Requests to speak at a meeting:

- Register in person at a kiosk located at the City Council Chambers, 200 W. Jefferson St., Phoenix, Arizona, 85003. Arrive **1 hour prior to the start of this meeting.** Depending on seating availability, residents will attend and speak from the Upper Chambers, Lower Chambers or City Hall location.

- Individuals should arrive early, 1 hour prior to the start of the meeting to submit an in-person request to speak before the item is called. After the item is called, requests to speak for that item will not be accepted.

At the time of the meeting:

- **Watch** the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable, or using the Webex link provided above.
- **Call-in** to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 2552 859 3180# (for English) or 2553 038 7640# (for Spanish). Press # again when prompted for attendee ID.
- **Watch** the meeting in-person from the Upper Chambers, Lower Chambers or City Hall depending on seating availability.

Para nuestros residentes de habla hispana:

- **Para registrarse para hablar en español,** llame al 602-262-6001 **al menos 2 horas antes del inicio de esta reunión** e indique el número del tema. El día de la reunión, llame al 602-666-0783 e ingrese el número de identificación de la reunión 2553 038 7640#. El intérprete le indicará cuando sea su turno de hablar.

- **Para solamente escuchar la reunión en español**, llame a este mismo número el día de la reunión (602- 666-0783; ingrese el número de identificación de la reunión 2553 038 7640#. Se proporciona interpretación simultánea para nuestros residentes durante todas las reuniones.

- **Para asistir a la reunión en persona**, vaya a las Cámaras del Concejo Municipal de Phoenix ubicadas en 200 W. Jefferson Street, Phoenix, AZ 85003. Llegue 1 hora antes del comienzo de la reunión. Si desea hablar, regístrese electrónicamente en uno de los quioscos, antes de que comience el tema. Una vez que se comience a discutir el tema, no se aceptarán nuevas solicitudes para hablar. Dependiendo de cuantos asientos haya disponibles, usted podría ser sentado en la parte superior de las cámaras, en el piso de abajo de las cámaras, o en el edificio municipal.

The agenda for the meeting is as follows:

1.	Call to order.
2.	Roll call.
3.	Consideration and vote on adoption of Resolution V-01, will appoint District Officers, approve the General Plan of the District, enter into a development agreement relating to financing participation, and authorize the District Controller to disburse funds, and authorize the District Controller to disburse funds.
4.	Adjournment.

For further information, please call David Neal, Planning and Development Department, at 602-534-7031.

For reasonable accommodations, call Teleia Galaviz at 602-291-2559 or TTY 711 as early as possible to coordinate needed arrangements.

Resolution V-01

RESOLUTION NO. V-01

A RESOLUTION OF THE DISTRICT BOARD OF VERDIN COMMUNITY FACILITIES DISTRICT, TAKING CERTAIN ACTIONS WITH REGARD TO ORGANIZATION OF THE DISTRICT; APPROVING THE GENERAL PLAN FOR THE DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (VERDIN COMMUNITY FACILITIES DISTRICT); AND AUTHORIZING THE DISTRICT CONTROLLER TO ACCEPT AND DISBURSE FUNDS.

BE IT RESOLVED BY THE DISTRICT BOARD OF VERDIN COMMUNITY FACILITIES DISTRICT as follows:

SECTION 1. FINDINGS.

a. On April 19, 2023, the Mayor and Council of the City of Phoenix, Arizona (hereinafter called the "City"), adopted Resolution No. 22114 which, among other things, ordered and declared the formation of Verdin Community Facilities District (hereinafter called the "District").

b. The District is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes and, except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, is considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City.

c. Certain matters relating to the organization of the District must be determined by the board of directors of the District (hereinafter referred to as the "District Board").

d. There was included in the application for formation filed with the City Clerk of the City the "general plan" for the District, which sets out a general description of the public infrastructure improvements for which the District was formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District and the City (hereinafter referred to as the "General Plan").

e. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the City, the District and Taylor Morrison/Arizona, Inc., an Arizona corporation (hereinafter called "Taylor Morrison"), are entering into a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

f. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, the District and the City may enter into an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

g. In connection with the purposes described in paragraphs 1(e) through (g), the District proposes to enter into a District Development, Financing Participation and Intergovernmental Agreement (Verdin Community Facilities District) (hereinafter referred to as the "Development Agreement"), by and among the City, the District and Taylor Morrison, relating to, among other things, the Bonds (as defined in the Development Agreement) and containing terms consistent with those appearing in Ordinance No. S-49611, adopted by the Mayor and Council of the City on April 19, 2023, relating to the District.

SECTION 2. DISTRICT OFFICERS AND CONSULTANTS; INSURANCE.

The Mayor and the Vice Mayor of the City are hereby appointed “Chairperson” and “Vice Chairperson,” respectively, of the District Board; the City Clerk of the City is hereby appointed “District Clerk”; the Chief Financial Officer of the City is hereby appointed “District Treasurer”; the City Manager of the City is hereby appointed “District Manager”; the City Attorney of the City is hereby appointed “District Counsel”; the City Superintendent of Streets is hereby appointed “District Superintendent of Streets” and the City Controller is hereby appointed the “District Controller.” The District Manager or his designee is hereby further authorized to obtain appropriate and necessary insurance for the District and its activities.

SECTION 3. POSTING OF NOTICES. A statement directing where all public notices of the meetings of the District shall be posted, in substantially the form attached hereto and marked as Exhibit A, has been provided as indicated therein and is hereby approved and ratified for all purposes thereof.

SECTION 4. APPROVAL OF GENERAL PLAN. The General Plan as previously submitted to the City Clerk of the City is hereby approved in all respects.

SECTION 5. DEVELOPMENT AGREEMENT; OTHER ACTIONS NECESSARY.

a. *Approval of Development Agreement.* The Development Agreement is hereby approved, with such changes, additions, deletions, insertions and omissions, if any, as the District Manager and the District Counsel shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.

b. *Completion and Execution of Development Agreement.* The District Manager or his designee is hereby authorized and directed to complete the Development

Agreement by including the appropriate materials as necessary therein and to execute, and the District Clerk to attest, the Development Agreement on behalf of the District.

c. *Other Actions Necessary*. The District Manager, the District Clerk, the District Treasurer and the other officers of the District shall retain consultants and counsel necessary to carry out the purposes of this Resolution and shall take all other action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by this Resolution, including, without limitation, the execution and delivery of the other documents required to be delivered in connection the transactions contemplated by this Resolution, the execution of an intergovernmental agreement with the City to provide the District with certain administrative and professional services, and the negotiation and execution of a contract with an engineering firm to serve as District Engineer.

SECTION 6. AUTHORIZATION TO ACCEPT AND DISBURSE FUNDS.

The District Controller is authorized to receive and disburse funds related to this Resolution.

SECTION 7. NO LIABILITY OF OR FOR THE CITY; SEVERABILITY; AMENDMENT; EFFECTIVE DATE.

a. Neither the City nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the City, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

b. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

c. This Resolution shall be effective immediately.

PASSED AND ADOPTED by the District Board of Verdin Community Facilities District this 18th day of October, 2023.

____
Chairperson, District Board,
Verdin Community Facilities District

ATTEST:

____
District Clerk

APPROVED AS TO FORM:

____
Acting District Attorney

REVIEWED BY:

____
District Manager

EXHIBIT A

TO

RESOLUTION NO. V-01

**FORMS OF STATEMENTS REGARDING
POSTING OF PUBLIC MEETINGS**

VERDIN COMMUNITY FACILITIES DISTRICT
C/O CITY OF PHOENIX, ARIZONA
251 WEST WASHINGTON STREET, 9th FLOOR
PHOENIX, ARIZONA 85003

October __, 2023

**CERTIFIED MAIL –
RETURN RECEIPT REQUESTED**

Ms. Juanita Garza
Board of Supervisors of Maricopa County
10th Floor 301 West Jefferson Street
Phoenix, Arizona 85003

TO: Clerk of the Board of Supervisors of Maricopa County, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Verdin Community Facilities District hereby states that all notices of its meetings will be posted on the official bulletin boards of the City of Phoenix, Arizona, for posting notices which are located at the City Hall of the City of Phoenix, Arizona (as well as on a separately indicated tab at the website for the City of Phoenix, Arizona) which notices will be available for viewing by the public 24 hours a day. Such notices will indicate the date, time and place of the meeting and will include an agenda or information concerning the manner in which the public may obtain an agenda for the meeting. If you have questions about the foregoing, please contact David Neal at 602-534-7031 or david.neal@phoenix.com

VERDIN COMMUNITY FACILITIES DISTRICT

By ___________________________
Title:

Verdin General Plan

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
STEPHEN RICHER
20230210450 04/25/2023 09:53
ELECTRONIC RECORDING

GPVCFD42523-6-1-1--
amine

When recorded return to:

Denice Archibald
City of Phoenix, City Clerk
200 W. Washington St.
Phoenix, AZ 85003

GENERAL PLAN
FOR THE PROPOSED
VERDIN COMMUNITY FACILITIES DISTRICT

To: City Clerk, City of Phoenix, Arizona

For the purposes of the Act (as defined herein) the following is the general plan for the proposed community facilities district captioned above (the "District"):

Article I.

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT

The land area described in Exhibit A attached hereto and made a part hereof for all purposes is the area to be benefitted by the District ("Benefitted Area"). The public infrastructure improvements will be constructed in public rights-of-way or easements, or on property to be conveyed to a public entity, located both within and outside the Benefitted Area and will result in a beneficial use principally to the Benefitted Area.

Article II.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED:

The District is being formed to finance public infrastructure and public infrastructure purposes authorized by Arizona Revised Statutes ("A.RS.") § 48-701, et seq., as amended (the "Act") and which are to primarily serve the Benefitted Area in connection with (i) the development plan approved by the City of Phoenix in connection with the Verdin Planning Unit Development, approved as Ordinance G-6991 on July 1, 2022, Case No. Z62-18-2, (ii) in addition to any additional public infrastructure and public infrastructure purposes as may be provided in any development agreements that may be entered in connection with the Benefitted Area, and (iii) such other public infrastructure and public infrastructure purposes as may be approved by the Board of Directors of the District from time to time. Such public infrastructure may include any of the following:

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;

(b) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge;

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by the Act;

(d) Highways, streets, roadways and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking;

(e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking;

(f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation;

(g) Landscaping, including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems;

(h) Public buildings, public safety facilities and fire protection facilities;

(i) Lighting systems;

(j) Traffic control systems and devices, including signals, controls, markings and signage;

(k) Equipment, vehicles, furnishings and other personalty related to the items listed in clauses (a) through and including (j) above;

(l) Operation and maintenance of the items listed in clauses (a) through and including (k) above; and

(m) Any other public infrastructure now or hereafter included in the definition of "Public Infrastructure" in the Act.

Article III.

ESTIMATED COSTS OF CONSTRUCTION OR ACQUISITION OF THE PUBLIC INFRASTRUCTURE TO BE FINANCED, CONSTRUCTED OR ACQUIRED BY THE DISTRICT

The estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District are not expected to exceed $110,000,000, or such other amount as may be authorized by an election.

[Signature Pages to Follow]

DATED AS OF: April 13, 2023.

PETITIONER:

MACEWEN RANCH, LLC, an Arizona limited liability company

By:
Craig Mallery, its Manager

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ~~SANTA CRUZ~~ Santa Clara)

On April 13th, 2023 before me, Hector Perez-Mora, Notary Public, personally appeared Craig Mallery, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instruction the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature:

HECTOR PEREZ-MORA
COMM. #2435748
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My Comm. Exp. Jan. 24, 2027

DATED AS OF: April 13, 2023.

PETITIONER:

TAYLOR MORRISON/ARIZONA, INC.,
an Arizona corporation

By:____________________________
Name: Robert Johnson
Its: Vice President, Land Development

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this the 13th day of April, 2023, by Robert Johnson, the Vice President, Land Development of TAYLOR MORRISON/ARIZONA, INC., an Arizona corporation, on behalf of the company.

KAREN BEACOM
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
COMMISSION # 620320
MY COMMISSION EXPIRES
JANUARY 09, 2026

____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY TO BE INCLUDED IN THE DISTRICT

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;
EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF 2,501.66 TO THE POINT OF BEGINNING;

THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MIDSECTION LINE OF SAID SECTION 22;
THENCE NORTH 00° 28' 49" EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 141.23 FEET TO THE EAST-WEST MID-SECTION LINE OF SAID SECTION 22;
THENCE NORTH 89° 48' 35" EAST, ALONG SAID MID-SECTION, LINE A DISTANCE OF 2,641.83 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 22;
THENCE SOUTH 00° 20' 16" WEST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 2:

THE NORTH HALF OF SECTION 27, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 27).

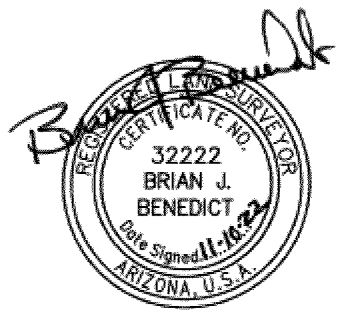
EXCEPT ALL MINERALS IN SAID LAND AS RESERVED TO THE UNITED STATES IN PATENT; AND
EXCEPTING ALL URANIUM, THORIUM, OR OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF

COMMERCIAL VALUE PURSUANT TO THE PROVISIONS OF THE ACT OF AUGUST 1, 1946 (60 STAT. 755),
AS SET FORTH IN THE PATENT ON SAID LAND. (AFFECTS THE SOUTHWEST QUARTER OF THE
NORTHWEST QUARTER OF SECTION 27).

The above described parcel contains a computed area of 20,614,608 sq. ft. (473.246 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No: 1784
Date: November 2022



Verdin Application

Final Submittal

City of Phoenix

Verdin

COMMUNITY FACILITIES DISTRICT

February 7, 2023

Submitted By:

Taylor Morrison/Arizona, Inc.
4900 N. Scottsdale Road, Suite 2200
Scottsdale, AZ 85251

Table of Contents

INTRODUCTION

1. Introduction

This application is being submitted by Taylor Morrison/Arizona, Inc. ("Taylor Morrison" or "Applicant") with the consent of the undersigned owner for the formation of the Verdin Community Facilities District (the "CFD" or the "District") in the City of Phoenix (the "City" or "Phoenix") pursuant to Arizona Revised Statutes § 48-701, et seq. (the "Act"). The purpose of the District is to finance certain public infrastructure relating to the development of Verdin, a master-planned residential community located within the City.

Verdin consists of approximately 473.25 gross acres of undeveloped land located in northeast Phoenix, south of Sonoran Desert Drive between the 16th and 24th Street alignments ("Verdin" or "Property"). The Property is the subject a General Plan designation of Traditional Lot 2 to 3.5 dwelling units per acre and is zoned Planned Unit Development with a maximum allowed residential unit count of 1,250 (collectively, the "Entitlements"). Construction is projected to begin in early 2023, with the first home closing anticipated to occur in July 2025.

The District is being formed to provide a financing mechanism for significant public infrastructure essential to the development of Verdin, including the issuance of District general obligation bonds.

In preparing this Application, Taylor Morrison followed the guidance provided in the City's Community Facilities Districts Financial Policy and Process Guidelines (Ordinance S-44487) (the "CFD Guidelines") dated April 18, 2018.

APPLICANT INFORMATION

2. Applicant Information

Applicant

Taylor Morrison is the proposed master developer of Verdin and will purchase the Property from MacEwen Ranch, LLC, an Arizona limited liability company ("Owner"), in three approximately equal takedowns over approximately four years with the first closing occurring in 2023 and subsequent closings occurring in 18-month increments thereafter.

The contact information for the Verdin team members and consultants significantly involved in this Application is listed on page 4 below as Exhibit 1.

Experience

Taylor Morrison Home Corporation (NYSE: TMHC), the parent company of Taylor Morrison, is a leading national homebuilder and developer that has been recognized as the 2016, 2017, 2018, 2019, 2020 and 2021 America's Most Trusted® Home Builder by Lifestory Research. Based in Scottsdale, Arizona, Taylor Morrison operates under two well-established brands, Taylor Morrison and Darling Homes. Both brands serve a wide array of consumer groups from coast to coast, including first time, move-up, luxury, and 55-plus buyers. In Arizona, Taylor Morrison has a record of accomplishment for developing award-winning homes within well-regarded master planned communities such as Eastmark in Mesa, Arizona; Sky Crossing in Phoenix, Arizona; Sanctuary at Desert Ridge in Phoenix, Arizona; and Adora Trails in Gilbert, Arizona.

For more information about Taylor Morrison, please visit www.taylormorrison.com.

Financial Capacity

Taylor Morrison Home Corporation's Third Quarter 2022 financial report as filed with the Securities and Exchange Commission is attached as **Appendix A**.

APPLICANT INFORMATION

Exhibit 1

Owner

MacEwen Ranch, L.L.C.
Craig Mallery
10290 North Tatum Boulevard, Suite 100
Phoenix, Arizona 85028

Applicant and Developer

Taylor Morrison/Arizona, Inc.
Robert Johnson / Richard Lopez
4900 N Scottsdale Road, Suite 2200
Scottsdale, Arizona 85251
480-347-1735 / 480-344-5738
rjjohnson@taylormorrison.com
rilopez@taylormorrison.com

Civil Engineer

HILGARTWILSON
Nguyen Lam
2141 East Highland Avenue, Suite 250
Phoenix, Arizona 85016
602-490-0525
nlam@hilgartwilson.com

Financial Professional

Piper Sandler & Co.
Nick Dodd
2525 E. Camelback Road, Suite 950
Phoenix, Arizona 85016
602-808-5410
nicholas.dodd@psc.com

Legal Representatives

Gammage & Burnham PLC
Susan E. Demmitt
40 North Central Avenue, 20th Floor
Phoenix, Arizona 85004
602-256-4456
sdemmitt@gblaw.com

Berens Blonstein PLC
Matthew R. Berens
7033 East Greenway Parkway, Suite 210
Scottsdale, Arizona, 85254
480-624-2775
mberens@berensblonstein.com

3. Overview of the District

The District, when formed, will consist of approximately 473.25 gross acres with boundaries that coincide with the property lines of the Verdin property. Verdin is currently under the singular ownership of MacEwen Ranch, LLC. The District will be formed, with the consent of, and per a petition from, the current owner, MacEwen Ranch, LLC, to provide a financing mechanism, including the issuance of general obligation bonds, for public infrastructure essential to the development of Verdin. The District boundaries appropriately include the entirety of Verdin to ensure consistent treatment of all properties that benefit from the proposed public improvements, including consistent treatment with respect to any property tax obligations. Properties immediately adjacent to the boundaries of the proposed District consist of Arizona State Trust Land, property owned by the Flood Control District of Maricopa County, and the City of Phoenix Sonoran Preserve. As part of the formation of the District, consideration was given to the inclusion of adjacent lands within the boundaries of the District. However, the public nature and government ownership of adjacent lands render these properties inappropriate for inclusion in the proposed District. The proposed boundary of the District includes all private, developable land in the immediate area.

The City's goal for a Community Facilities District is to implement the City's General Plan and other planning policies by encouraging orderly growth and development that benefits the community. The proposed District is essential to the development of Verdin as a high-quality master planned community, particularly given the significant new public infrastructure required to serve the Property. Verdin is located within the desirable North Phoenix sub-market and represents a logical extension of current development patterns within the City. The development of Verdin will facilitate the extension of critical infrastructure that benefits not only Verdin, but also supports additional growth in the surrounding area.

The Verdin development plan, as approved by the City on July 1, 2022 pursuant to the Verdin Planning Unit Development ("PUD") zoning approval, is a comprehensive planning and regulatory framework with sufficient flexibility to allow detailed and orderly planning to occur at the time of development and in response to the market. The development plan for Verdin provides for a range of single-family homes of various lot sizes, densities, and product types. The goals and objectives as included in the Verdin PUD are as follows:

- Provide a regulatory framework and guidelines that promote a well-designed, unified residential community, while maintaining sufficient flexibility to allow detailed planning to occur at the time of development and in response to the market.
- Incorporate design guidelines that improve and reinforce the quality of design in the community and promote strong neighborhoods.
- Promote efficient development, land use, and infrastructure planning designed to utilize "smart growth" principles.

OVERVIEW OF THE DISTRICT

- Develop a sustainable community that is sensitive to the surrounding desert environment and topography, and maintains the ecological value of the desert washes.
- Design community spaces, such as parks, trails, paseos, and streetscapes, to encourage recreational opportunities and promote social interaction.
- Encourage strategic connections to the Sonoran Preserve in support of an accessible and connected public parks and open space system.

A more detailed analysis of Verdin's consistency with the goals of the City of Phoenix General Plan follows.

3.1. CONSISTENCY WITH CITY OF PHOENIX GENERAL PLAN

The development plans and District proposed for Verdin are supported by goals and policies within the General Plan, including the following:

General Plan Subsection: Build the Sustainable Desert City

Core Value: Water Supply

Land Use Principle: Partner with the private sector to responsibly develop new infrastructure and water supplies that accommodates growth in a fiscally prudent and sensible manner." (Page 148 of the General Plan).

Verdin will provide significant benefits to the City through the extension of new infrastructure that represents a natural progression of water and sewer facilities in the North Phoenix area and creates a foundation for additional future growth in the area. Through negotiated agreements and through the District, Verdin will partner, financially, with the City and other future developers to fulfill the City's objectives that growth pays for growth.

General Plan Subsection: Diverse Neighborhoods

Goal: Encourage communities and neighborhoods to include a mix of ages, incomes, and ethnicities and provide housing suitable to residents with special needs. A diverse range of housing choices, densities, and prices in each village should be encouraged.

Land Use and Design Principles ("LUDP"): Include a mix of housing types and densities where appropriate within each village that supports a broad range of lifestyles.

Policies: Continue to implement subdivision design guidelines and single-family development standards to encourage creative and diverse developments.

Verdin is planned as a diverse collection of neighborhoods offering a market driven variety of housing and lifestyle opportunities. The Verdin PUD provides for multiple *single-family dwelling districts and product types that are distributed throughout the community to ensure diversity and a broad range of lifestyle choices for residents. The neighborhoods within Verdin are planned as a set of unique social units that will come together to form the overall identity of Verdin. The diverse character of neighborhoods, housing and lifestyle opportunities within Verdin will contribute to the presence of a healthy social mix that will enrich the identity and quality of life of Verdin residents.*

General Plan Subsection: Parks

Goal: Provide a world-class parks system where every resident has a high level of access to a variety of recreational options that support a healthy lifestyle.

General Plan Subsection: Canals & Trails

Goal: Create a functional network of shared urban trails that are accessible, convenient and connected to parks, centers, and major open spaces such as the Sonoran Preserve, connecting the entire city.

LUDP: Provide multi-use trail connections where appropriate.

Verdin offers a unique experience through its varied and extensive collection of trails, open spaces, and recreational facilities. Numerous active and passive open spaces provide opportunities for recreation and social interaction through formal and informal parks, pedestrian connections (sidewalks, trails, multi-use paths), and gathering areas. Verdin also recognizes the importance if building off the successes of the Sonoran Preserve and its extensive network of trails in the surrounding area. Multi-use trail connections and pedestrian linkages between Verdin and the Sonoran Preserve, including a public trail corridor and trailhead, are planned to provide a safe, accessible, and dedicated system for use by Verdin residents and the general public in support of a healthy lifestyle.

3.2. DISTRICT FORMATION AND OPERATIONS

In accordance with the CFD Guidelines and the Act, the District will be formed without election, based upon a petition submitted by the owner of all property in the District, as allowed by the Act. Such petition will be followed by formal action by the City leading to the establishment of the District. Such actions by the City will include establishment of the City Council as the CFD Board, which will control the operations of the District. Taylor Morrison intends that there will be no ownership representative or member of the public on the CFD Board. Concurrently with the formation, it is anticipated the City, District and Applicant will enter into a Development, Financing Participation, Waiver and Intergovernmental Agreement (the "CFD Development Agreement") utilizing a customary form similar to recent CFDs formed in other Metro Phoenix jurisdictions. The CFD Development Agreement will establish the specific process and terms for the District's planning and acquisition of public infrastructure by use of bond proceeds, as well as providing the process for bond issuances. The CFD Development Agreement will also provide for the levy of ad valorem taxes for funding of operations and maintenance ("O&M") expenses of the District as well as provide various indemnities to the District from Developer.

With regards to the operational aspects of the District, City staff (most likely staff from the Finance Department) will provide for the "day-to-day" operations of the District. The City staff would act as the "staff of the District." City staff will post meeting notices, draft all necessary budget documents and work with the Applicant to ensure that the budgets include the amounts necessary to acquire various public infrastructure from the Applicant for any planned general obligation bond issues in the upcoming year. City staff would also be required to handle all interactions with the District Board and would have the responsibility for maintaining the necessary websites as required by state law. The District has an ability to levy a $0.30 tax for O&M costs, which will be used to reimburse the City for City staff time spent on District matters. The Developer, in the CFD Development Agreement, will address potential O&M shortfalls and agrees to pay such O&M shortfalls associated with the District operations until the O&M tax generated by the District is sufficient to cover District costs such that there is no negative fiscal impact on City operations. Legal matters will be addressed by the City Attorney's office (or the City's outside counsel) or the District will engage an outside law firm with CFD experience with regard to CFD and bond issuance related matters. Developer and Owner acknowledge and agree that the District's legal costs, including internal time billed by the City Attorney's office on District matters, may be paid out of the O&M tax.

4. Financial Feasibility Study

A financial feasibility study has been prepared for Verdin that addresses both the public infrastructure and private development aspects of the project, including: (i) how the CFD debt financing and any other costs associated with the CFD will impact properties in the District in terms of property taxes, assessments and fees; (ii) a financing plan for the private development; and (iii) a demonstration of how the market will be able to absorb the land uses included within the development. In addition, as shown below in Exhibit 2 (*Estimated Costs of Project Improvements*) and Exhibit 4 (*Estimated Bonding Capacity and Ratios*), the proposed CFD easily meets the 25 cents of Developer expense per $1.00 of reimbursement and the minimum 4 to 1 market value to debt ratio and as such ratios are set forth in the CFD Guidelines.

4.1. FINANCIAL FEASIBILITY. Taylor Morrison has carefully evaluated a number of financing options for the Verdin development, including the opportunity to use CFD for a portion of the public infrastructure costs. After careful consideration and taking into account the amount of capital investment needed for private and public infrastructure, Taylor Morrison has determined that a CFD is warranted and desirable. Taylor Morrison believes that the overall home prices and tax structure within Verdin will make this project a competitive community for prospective buyers in the North Phoenix market. The financing of the private development costs, including initial financing for all public infrastructure, will flow from normal sources as circumstances dictate and per Taylor Morrison's usual course of business as one of the largest publicly traded homebuilders in the country. These sources may include internal borrowings, home sale activities and debt or equity raised from the capital markets. Given Taylor Morrison's experience in the development of large-scale single-family home projects and master-planned communities, they regularly engage professionals to assist in the preparation of separate market and absorption studies for projects of this size and scope. For Verdin, Taylor Morrison commissioned a market study, which is summarized in Section 4.4 below. As required by state law, market feasibility reports for each bond issuance will be filed and considered for District Board approval at the time of issuance of each bond sale. Below is a summary of the overlapping tax rates for the property within the District (including the proposed CFD) and the total combined tax rate for a property owner within Verdin.

Taxing District	2022-23 Primary Tax Rate	2022-23 Secondary Tax Rate	2022-23 Combined Tax Rate
Maricopa County	$1.6473	$0.6579	$2.3052
Maricopa County Community College District	1.0865	0.1029	1.1894
Western Maricopa Education Center District No. 402	0.0000	0.1538	0.1538
Deer Valley USD No. 97	3.5262	2.3091	5.8353
City of Phoenix	1.2989	0.8141	2.1130
Verdin CFD (Proposed)	0.3000	3.8500	4.1500
TOTAL			$15.7467

The following are comparative tax rates for the current 2022-23 fiscal/tax year for other CFDs that are reasonably comparable to the proposed District. If applicable, any assessment district bonds are factored into the overall tax rate.

District	Total Tax Rate
Verdin CFD (proposed - Phoenix)	$15.74
Eastmark CFD (Mesa)	$15.93
Estrella Mountain Ranch CFD (Goodyear)	$14.88
Festival Ranch CFD (Buckeye)	$12.98
Verrado CFD (Buckeye)	$15.43
Verrado Western Overlay CFD (Buckeye)	$15.06
Vistancia CFD (Peoria)	$11.21

As shown in Exhibit 2, titled *Estimated Costs of Project Improvements*, included in Section 5 (page 14) below, Verdin will require approximately $90 million in overall land and infrastructure development costs (both public and non-public) to build the project. Of the $90 million in development costs, approximately $72 million is tied to public infrastructure costs that **could be** reimbursed to Taylor Morrison by the issuance of the CFD general obligation bonds over a period of approximately 10 to 15 years; such infrastructure is considered "public" for purposes of this CFD and conforms to the definition of “public infrastructure” in A.R.S. § 48-701. A detailed financing plan for the publicly funded infrastructure and proposed CFD bonds that may be issued is included in **Appendix B** titled “General Obligation Bonding Program” and **Appendix C** “Detailed General Obligation Bonding Program.” Taylor Morrison will initially finance all public infrastructure, including proposed CFD reimbursed public infrastructure in addition to non-public infrastructure and non-CFD reimbursed public infrastructure through the normal course of business by activities such as internal borrowing, homes sales, and additional capital contributions or leverage, as needed. The CFD will be a reimbursement mechanism once the public infrastructure is complete and all other requirements of the CFD are met.

Taylor Morrison estimates build-out within the District of up to 1,250 residential dwelling units. Please refer to **Appendix D** titled “Residential Absorption” for the estimated single-family residential home absorption schedule for the proposed District. The absorption schedule reflects the anticipated pace of homes sales. Home construction and sales generate the assessed value that will support the issuance of bonds over an estimated 10 to 15 year period. The absorption schedule is realistic and conservative based on market experience and Taylor Morrison does not believe that the proposed tax rate will have an adverse impact on the marketing of homes within the District due to the enhanced level of public infrastructure and amenities surrounding and within the community. Taylor Morrison expects the first home closings to occur in July 2025.

4.2. **FISCAL IMPACT.** While market pricing and values are difficult to anticipate, Taylor Morrison is extremely sensitive to the overall tax burden that the CFD will add to a homeowner’s overall obligation. The anticipated debt burden on a homeowner living within the proposed District will be consistent with comparable master-planned communities within the Phoenix Metropolitan area including Vistancia in Peoria, Estrella Mountain Ranch in Goodyear, Verrado, and Festival Ranch in Buckeye and Eastmark in Mesa.

The table below provides a comparative analysis of the estimated overall debt burden for a resident in these community facilities districts. For the purposes of this initial analysis, the table below as it relates to Verdin assumes only the issuance of general obligation bonds.

District	Estimated GO Taxes	Est. Special Assessments	Est. Avg. Annual HOA Fees	Est. Total Debt Burden	Total Burden as % of Sales Price*
Verdin CFD (Phoenix)	$5,315	-	$1,000	$6,315	1.40%
Eastmark CFD (Mesa)	$5,127	$250	$1,450	$6,827	1.52%
Estrella Mtn. Ranch CFD (Goodyear)	$4,535	$485	$950	$5,970	1.33%
Festival Ranch CFD (Buckeye)	$4,182	$200	$1,200	$5,852	1.24%
Verrado CFD (Buckeye)	$5,208	-	$1,550	$6,758	1.50%
Verrado Western Overlay CFD (Buckeye)	$5,081	-	$1,550	$6,631	1.47%
Vistancia CFD (Peoria)	$3,783	-	$1,750	$5,533	1.23%

**Table assumes $450,000 average home price for all districts*

A.R.S. Section 32-2181, *et seq.* requires disclosure in the Subdivision Public Report filed with the Arizona Department of Real Estate of all property taxes to be paid by a homeowner. Prior to a home sale, each homebuyer must be supplied with a copy of the Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact. Receipt of the form will be acknowledged in writing by the homebuyer. A signed copy of the form will be kept on file with the District. An example homebuyer disclosure form is available upon request and will be provided in future submittals of this Application by Taylor Morrison.

4.3. **OPERATION AND MAINTENANCE COSTS.** The public infrastructure financed by the District will be dedicated to the City upon completion. Ongoing maintenance and operation responsibility or expenses with respect to such public infrastructure will be consistent with similar City owned public infrastructure or as otherwise provided in other agreements between the City and Taylor Morrison, or as provided in the future CFD Development Agreement for the District. The District may levy a $0.30 ad valorem tax rate per $100 of net limited assessed property value to fund operation, maintenance and administration ("O&M") expenses that are the responsibility of the District. Applying the $0.30 ad valorem operations and maintenance tax rate across the taxable real property contained within the District is estimated to generate revenues consistent with the amounts shown in the table below:

Fiscal Year	Estimated Net Assessed Limited Property Value	Estimated O&M Revenues Generated by a $0.30 Tax Rate
2025-26	$6,302,335	$18,907
2026-27	19,096,076	57,288
2027-28	32,273,630	96,821
2028-29	45,846,509	137,540
2029-30	59,826,575	179,480
2030-31	74,226,044	222,678
2031-32	89,057,496	267,172
2032-33	100,507,466	301,522
2033-34	103,522,690	310,568
3034-35	106,628,371	319,885
2035-36	109,827,222	329,482
2036-37	113,122,039	339,366
2037-38	116,515,700	349,547
2038-39	120,011,171	360,034
2039-40	123,611,506	370,835
2040-41	127,319,851	381,960

4.4. **MARKET FEASIBILITY ANALYSIS.** A market report commissioned by John Burns Real Estate Consulting ("JBREC") in June 2022 estimates sales at Verdin to range between 2 to 5 homes per month, depending upon the product series. A minimum of four distinct product series are currently planned at Verdin. Based on current market experience, if all product series are selling simultaneously, the combined rate of sales would be 14.5 sales per month (or approximately 174 sales per year on average). Verdin is located in a highly desirable market area with growing demand for new housing inventory.

Sales absorption rates within the JBREC study were primarily determined by analyzing the current competitive market by lot-size segment. The comparable projects in the 50' and 60' lot width segments ranged between 2.0 to 10.5 sales per month, with most in a tighter range of 3.9 to 8.1 sales per month. The Taylor Morrison products at Sonoran Gate (located in close proximity to Verdin) ranged from 4.8 to 8.1 sales per month. Taylor Morrison has assumed 4.0 and 5.0 sales per month for both the 60' and 50' products to be achievable.

The larger lot-size segments of 70’ and 100’ would sell at a slower pace as evidenced by comparable projects ranging from 1.0 to 5.3 and averaging 3.88 sales per month. Anticipated sales rates of 3.5 sales per month for the 70’ lots and 2.0 sales per month for the 100’ lots are reasonable and have been assumed by Taylor Morrison. Phase I sales at Verdin will start in Fall 2024, and sales within all successive phases will start when the preceding like-sized segment sells out.

The broader housing market in Phoenix remains a “normal risk” proposition. JBREC’s Housing Cycle Risk Index (“HCRI”) is a measure of housing market fundamentals in a given market. It includes four major categories and 11 subcategories with 25 calculations based on factors that include Demand, Supply, Affordability and Economic Indicators. The HCRI for Phoenix is projected to be “Normal Risk” by year-end 2022, “Increased Risk” through 2023, and returning to a “Normal Risk” environment by 2024. Movements from “Normal Risk” to “Increased Risk” are indicative of markets where the level of investment risk is increasing and in the case of Phoenix, it is anticipated that the increased “risk” will be a function of declining affordability. The HCRI is a broad-based index and not all products and price points will react similarly. JBREC continues to expect price appreciation in Phoenix. In addition, JBREC anticipates that new home sales and volumes in Phoenix will continue to increase, with total volumes expected to remain well below historical standards indicating that there is still room for growth.

5. Land Use and Infrastructure Plan

A detailed description and cost estimates for the public infrastructure that **could be** funded by the District (“CFD Eligible Costs”) are set forth in <u>Exhibit 2</u> below, *Estimated Costs of Project Improvements*. <u>Exhibit 3</u> provides the *Estimated Schedule of Project Improvements*. Depending on the ultimate amount of the bonds sold by the District (based on future assessed valuations), the District may choose to fund some or all of the CFD Eligible Costs based on assessed valuations and other metrics. The list of CFD Eligible Costs represents the full menu of public infrastructure costs that could be funded by the District. The final determination regarding the specific CFD Eligible Costs that are funded by the District will be determined by the District Board, in response to reimbursement requests from Taylor Morrison, and based on assessed valuations and bonding amounts available at that time. Initially, all public infrastructure will be privately funded. In response to planned phasing and the infrastructure needs and requirements of the project, Taylor Morrison will initially privately fund approximately 90% of the total required infrastructure investment ($90M) with Phase 1 of development. The CFD will be utilized as a reimbursement mechanism for eligible costs as approved by the District Board. Ultimately, some of the CFD Eligible Costs may not be included as a CFD reimbursable item at the time of future bond sales.

The following <u>Exhibit 2</u> *Estimated Costs of Project Improvements* was prepared in consultation with registered civil engineering consultants and Taylor Morrison, utilizing survey information, aerial topography, as-built information, masterplan reports, and recent contractor unit pricing. These costs represent the best available estimate of projected costs. The estimated costs are estimates only and may change by the time construction of the infrastructure takes place. Future reimbursement of approved CFD Eligible Costs will be based on actual costs to construct, subject to approval of the District Board and available bonding amounts.

Exhibit 2: ***Estimated Costs of Project Improvements***

Description of Project	Estimated Total CFD Eligible Costs	CFD Eligible Costs Reimbursed	CFD Eligible Costs Not Reimbursed
Roadways			
Sonoran Desert Drive (Phase 1) - Drainage, Roadway Improvements, & Landscaping	$3,342,412	$3,342,412	$0
Sonoran Desert Drive & Cave Creek Road Intersection (Phase 1) - Drainage, Roadway Improvements, & Landscaping	$703,049	$703,049	$0
PH1 Traffic Signal / Main Entrance & Sonoran Desert Drive Intersection	$750,000	$750,000	$0
PH1 Traffic Signal / Cave Creek & Sonoran Desert Drive Intersection	$750,000	$750,000	$0
PH3 Traffic Signal / 7th Street & Sonoran Desert Drive Intersection	$750,000	$750,000	$0
Major Collector Roadway - Wet UG Utilities, Drainage, Roadway Improvements, & Landscaping	$8,920,404	$8,920,404	$0
Minor Collector Roadway - Wet UG Utilities, Drainage, Roadway Improvements, & Landscaping	$1,983,969	$1,983,969	$0
Sonoran Desert Drive In Lieu Contribution	$15,886,875	$0	$15,886,875
Total Roadways	***$33,086,709***	***$17,199,834***	***$15,886.875***
Utilities			
Wastewater Lift Station	$4,217,906	$4,217,906	$0
Wastewater Force Mains	$17,323,910	$17,323,910	$0
Wastewater Force Main (Pavement Replacement Allowance)	$1,371,686	$1,371,686	$0
Wastewater Parallel Sewer (Cave Creek Rd)	$3,588,111	$3,588,111	$0
Offsite Water Line - Sonoran Desert Drive	$11,982,694	$11,982,694	$0
Offsite Waterline (Pavement Replacement Allowance)	$1,747,406	$1,747,406	$0
Total Utilities	***$40,231,713***	***$40,231,713***	***$0***

LAND USE AND INFRASTRUCTURE PLAN

Description of Project	Estimated Total CFD Eligible Costs	CFD Eligible Costs Reimbursed	CFD Eligible Costs Not Reimbursed
Amenities			
Park Land Donation (16 acres)	$3,120,000	$0	$3,120,000
Offsite Pedestrian Walkway to Connect to Existing Sonoran Desert Drive Multi Use Sidewalk	$288,140	$288,140	$0
Public Mesquite Wash Trail	$225,000	$225,000	$0
Public Walk-In Trailheads (x3)	$300,000	$300,000	$0
Public Trailhead Amenity	$1,500,000	$1,500,000	$0
Total Amenities	***$5,433,140***	***$2,313,140***	***$3,120,000***
Engineering & Landscape Architecture			
Roadway Improvements (Engineering) - Sonoran Desert Drive Phase 1	$311,000	$311,000	$0
Roadway Improvements (Engineering) Primary & Secondary Collectors	$276,000	$276,000	$0
Offsite Sewer (Engineering) - Force Main	$610,480	$610,480	$0
Offsite Water Lines (Engineering)	$555,490	$555,490	$0
Lift Station (Engineering)	$413,970	$ 413,970	$0
Roadway Improvements (Landscape Architecture) - Sonoran Desert Dr, Primary & Secondary Collectors	$57,000	$57,000	$0
Total Engineering & Landscape Architecture	***$2,223,940***	***$2,223,940***	***$0***
Sub-Total Costs	$80,975,502	$61,968,627	$19,006,875
Developer Reserve for Future Public Infrastructure Costs	***$10,000,000***	***$10,000,000***	***$0***
City Reserve for Future Public Infrastructure Costs	***$10,000,000***	***$10,000,000***	***$0***
Total Costs	$100,975,502	$81,968,627	$19,006,875

As shown above, the Applicant is investing a minimum of approximately $80 million in specified CFD eligible infrastructure for the Project and is proposing reimbursement from CFD bond proceeds of approximately $62 million, leaving approximately $19 million in unreimbursed and privately financed CFD eligible infrastructure costs. The City's CFD Guidelines state that the "developer/landowner shall contribute $0.25 in public infrastructure improvement costs for each dollar of public infrastructure improvement debt financed by the district. For those districts providing special benefit to the City, this requirement could be waived upon review and approval of additional information that outlines the benefit." Pursuant to the City's policy, if $62 million of public infrastructure is financed by the district, then a minimum of $15.5 million of public infrastructure must be contributed by the developer. In this case, as shown via Table 2 above, the Applicant will be providing $19 million in investment while the CFD will be used to finance a maximum of $62 million. This results in a private investment of $0.30 for every $1.00 of debt financed by the district. The Developer's private investment exceeds the requirement stated above from the City's CFD Guidelines. The CFD will not fund the portion of any CFD eligible public infrastructure to the extent of benefit to other developments outside the District boundary. However, the Applicant may pursue other reimbursement mechanisms, through agreements with the City or otherwise, to be eligible for reimbursement for the non-CFD funded share of public infrastructure that benefits other properties. In no event will Applicant receive combined reimbursements that exceed the actual cost to construct such public infrastructure.

In addition to the $62 million in identified public infrastructure projects, the Applicant is proposing an additional $10 million in bonding capacity for future additional public infrastructure costs and is also proposing the reservation of an additional $10 million in bonding capacity exclusively for the City's future use. The Applicant is seeking authorization, upon formation of the District, for a total bonding capacity of approximately $82 million as shown within Exhibit 2.

Exhibit 3: ***Estimated Schedule of Project Improvements***

Task Name	Duration	Start	Finish
Verdin - Onsite and Offsite Development Schedule	**1360 days**	**Mon 1/23/23**	**Fri 4/7/28**
PH1 - Mass Grade and Salvage	6 mons	Mon 1/23/23	Fri 7/7/23
PH1 - Onsite Parcel Development	12 mons	Mon 7/10/23	Fri 6/7/24
PH1 - Community Center Development	12 mons	Mon 10/2/23	Fri 8/30/24
PH1 - Major Collector	9 mons	Mon 10/2/23	Fri 6/7/24
PH1 - Offsite Force Main, Watermain, Lift Station	18 mons	Mon 3/20/23	Fri 8/2/24
PH1 - Offsite Roadway Improvements - SDD interim	6 mons	Mon 2/19/24	Fri 8/2/24
PH2 - Onsite Mass Grade / Parcel Development	18 mons	Mon 12/23/24	Fri 5/8/26
PH3 - Onsite Mass Grade / Parcel Development / Minor Collector	18 mons	Mon 11/23/26	Fri 4/7/28

6. Preliminary Financing Plan

6.1. PROPOSED DEBT. Based on preliminary financial models for the District, it is anticipated that the District Board for Verdin will be able to call an election to authorize the issuance of approximately $62 million of District general obligation bonds in multiple series, over time, which will be allocated as provided in the CFD Development Agreement. General obligation bonds would be issued in separate series over time when the assessed value of the property within the District is sufficient to support bond debt service given a target tax rate of $3.85 per $100 of net assessed limited property valuation, or at such time as Taylor Morrison provides collateral in amounts and type acceptable to the District Board. The general obligation bond authorization will include costs related to the bond offerings, District formation costs, and incidental costs as well as potential increases in public infrastructure costs.

The estimated general obligation bond program for the District through estimated build-out is included in **Appendix C**. The proposed first issuance of general obligation bonds will enable the District Board to levy the $3.85 tax rate for general obligation bond debt service prior to the first homeowner occupancies, which are expected to occur in 2025. Below is an estimate of the general obligation bonding capacity, starting in 2025 and through 2041, that would be available based on a $3.85 tax rate and the assumed homes absorptions.

The estimated bonding capacity and debt to value ratios are shown in Exhibit 4 below. Pursuant to the City's CFD Guidelines, the most desirable market value to debt ratio is 4 to 1, with a ratio of 3 to 1 as the City's minimum. The proposed bond amounts and bond issuance program for Verdin will meet (and exceed) the desired 4 to 1 market value to debt ratio in every single year.

PRELIMINARY FINANCING PLAN

Exhibit 4: ***Estimated Bonding Capacity and Ratios***

Fiscal Year	Estimated Market Value (a)	Estimated Full Cash Value (b)	Estimated Net Assessed Limited Property Value	Estimated Total Amount of GO Bonds Issued	Debt Issued as a % of Full Cash Value (c)	Ratio of Market Value to Debt Issued (d)
2025-26	$78,779,193	$63,023,354	$6,302,335	$7,640,000	12%	10 to 1
2026-27	238,700,955	190,960,764	19,096,076	7,640,000	4%	31 to 1
2027-28	403,420,369	322,736,296	32,273,630	17,160,000	5%	23 to 1
2028-29	573,081,367	458,465,093	45,846,509	17,160,000	4%	33 to 1
2029-30	747,832,194	598,265,755	59,826,575	27,525,000	5%	27 to 1
2030-31	927,825,545	742,260,436	74,226,044	27,525,000	4%	33 to 1
2031-32	1,113,218,698	890,574,958	89,057,496	37,755,000	4%	29 to 1
2032-33	1,256,343,330	1,005,074,664	100,507,466	37,755,000	4%	33 to 1
2033-34	1,294,033,629	1,035,226,904	103,522,690	46,900,000	5%	27 to 1
3034-35	1,332,854,638	1,066,283,711	106,628,371	46,900,000	4%	28 to 1
2035-36	1,372,840,278	1,098,272,222	109,827,222	53,015,000	5%	25 to 1
2036-37	1,414,025,486	1,131,220,389	113,122,039	53,015,000	5%	26 to 1
2037-38	1,456,446,250	1,165,157,000	116,515,700	53,015,000	5%	27 to 1
2038-39	1,500,139,638	1,200,111,710	120,011,171	53,015,000	4%	28 to 1
2039-40	1,545,143,827	1,236,115,062	123,611,506	53,015,000	4%	29 to 1
2040-41	1,591,498,142	1,273,198,514	127,319,851	63,765,000	5%	25 to 1

a) Represents the estimated market value of the property located within the proposed District boundaries.
b) Represents the estimated Full Cash Value (FCV) of the property located within the proposed District boundaries; Full Cash Value is the basis for determining assessed value.
c) Calculation shows compliance with statutory debt limit for Community Facilities Districts (Debt cannot exceed 60% of FCV).
d) Calculation shows compliance with City policy regarding debt limit for Community Facilities Districts (minimum ratio of 4 to 1 is required in the City policy).

PRELIMINARY FINANCING PLAN

6.3. <u>TERMS OF THE BONDS.</u> The District general obligation bonds will have final maturities of not more than 30 years from the dates of issuance. The general obligation bonds will be sized such that the ad valorem tax rate required to pay debt service is not expected to exceed a target tax rate of $3.85 per $100 of net assessed limited property value of the property within the District. Taylor Morrison will request the issuance of general obligation bonds only after the assessed value of the property within the District is sufficient to generate ad valorem taxes necessary to support debt service on the general obligation bonds given a $3.85 tax rate or if Taylor Morrison provides other collateral in amounts and type acceptable to the District Board.

6.4. <u>SOURCES AND USES OF FUNDS.</u> The proceeds from the sale of the general obligation bonds, after payment of costs of issuance, will be applied by the District to finance a portion of the public infrastructure described in <u>Exhibit 2</u> above.

7. Operating Plan

The District will be operated in a manner that is consistent with both the Act and City codes and the CFD Guidelines. The District Board will meet at least once annually and additionally as needed to conduct the regular business of the District Board. The District will create and approve an annual budget and will endeavor to prepare separate audited financial statements of the District. Costs associated with the creation and auditing of separate financial statements of the District will be considered a "District Expense" and funded through revenues generated by the $0.30 tax (as may be subsidized by Taylor Morrison per the requirements of the CFD Development Agreement).

The potential public infrastructure financed by the District will be as described in Exhibit 2. Additional details regarding such public infrastructure will be included in the future General Plan for the District. The public infrastructure will be dedicated, accepted, operated, and maintained pursuant to the CFD Development Agreement, the Entitlements, and such additional agreements as may be executed by the City, the District, and Taylor Morrison.

At the time of formation of the District and authorization of the general obligation bonds, Taylor Morrison agrees that a tax rate not to exceed $0.30 for operation and maintenance expenses of the District will be authorized. Please refer to the table above for projected revenues generated by a $0.30 tax rate for administrative, operation and maintenance expenses of the District.

Taylor Morrison will coordinate with the District to create and maintain a website and database remaining at all times in compliance required by the Act. Costs associated with the creation and maintenance of the website will be considered a "District Expense" and funded through revenues generated by the $0.30 tax (as may subsidized by Taylor Morrison per the requirements of the CFD Development Agreement).

The District will engage experienced professionals to assist with the sale and execution of CFD bonds; the costs associated with the professionals engaged for bond related matters will be paid from proceeds of the bond sales and not by the revenues generated from the $0.30 tax rate for O&M matters. Generally, City staff from the Finance Department will provide for routine District operations, however, the issuance of the CFD general obligation bonds will generally not include any significant participation by City staff, as the requirements for issuance of such bonds in most other jurisdictions are undertaken by the City's outside bond counsel, the underwriter and Applicant/Developer and its legal counsel.

CERTIFICATION STATEMENT

8. Certification Statement

Prior to submitting this Application to the City, Taylor Morrison has met with the Planning and Development Department as required to discuss the initial feasibility, guidance and development assessment for the District. This Application incorporates comments and feedback received from various City departments during the initial development assessment meeting.

A Certification Statement letter from Gammage & Burnham, PLC is included as **Appendix E** confirming that the formation of the District and the implementation of any proposed financing will meet all requirements of federal and State law.

ADDITIONAL INFORMATION

9. Additional Information

9.1. **FORMATION PETITION.** Attached hereto as Appendix F is the Petition for Adoption of a Resolution Ordering and Declaring Formation of the Verdin Community Facility District. The Petition is signed by the owner and by the interest holder in the Property.

9.2. **PROPERTY OWNERSHIP.** A current title report showing the identity of the owner of the Property is attached as Appendix G. The current owner is MacEwen Ranch, LLC. Taylor Morrison holds an interest in the Property under an Amended and Restated Purchase and Sale Agreement.

APPENDICES

Appendix A	Third Quarter 2022 Financial Report
Appendix B	General Obligation Bond Programming
Appendix C	Detailed General Obligation Bond
Appendix D	Residential Absorption
Appendix E	Counsel Representation
Appendix F	Formation Petition
Appendix G	Ownership Verification

APPENDICES

APPENDIX A

Second Quarter 2022 Financial Report

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35873

TAYLOR MORRISON HOME CORPORATION
(Exact name of registrant as specified in its Charter)

Delaware	**83-2026677**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4900 N. Scottsdale Road, Suite 2000 Scottsdale, Arizona	**85251**
(Address of principal executive offices)	**(Zip Code)**

(480) 840-8100
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00001 par value	TMHC	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	**Outstanding as of October 26, 2022**
Common stock, $0.00001 par value	108,346,617

TAYLOR MORRISON HOME CORPORATION
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 329,244	$ 832,821
Restricted cash	578	3,519
Total cash, cash equivalents, and restricted cash	329,822	836,340
Owned inventory	5,904,344	5,444,207
Consolidated real estate not owned	54,733	55,314
Total real estate inventory	5,959,077	5,499,521
Land deposits	290,340	229,535
Mortgage loans held for sale	161,264	467,534
Derivative assets	23,832	2,110
Lease right of use assets	82,226	85,863
Prepaid expenses and other assets, net	188,671	314,986
Other receivables, net	214,282	150,864
Investments in unconsolidated entities	306,081	171,406
Deferred tax assets, net	151,240	151,240
Property and equipment, net	223,594	155,181
Goodwill	663,197	663,197
Total assets	$ 8,593,626	$ 8,727,777
Liabilities		
Accounts payable	$ 264,190	$ 253,348
Accrued expenses and other liabilities	456,632	525,209
Lease liabilities	91,554	96,172
Income taxes payable	27,757	—
Customer deposits	527,412	485,705
Estimated development liabilities	37,958	38,923
Senior notes, net	2,173,798	2,452,322
Loans payable and other borrowings	409,791	404,386
Revolving credit facility borrowings	—	31,529
Mortgage warehouse borrowings	146,335	413,887
Liabilities attributable to consolidated real estate not owned	54,733	55,314
Total liabilities	$ 4,190,160	$ 4,756,795
COMMITMENTS AND CONTINGENCIES (Note 13)		
Stockholders' Equity		
Total stockholders' equity	4,403,466	3,970,982
Total liabilities and stockholders' equity	$ 8,593,626	$ 8,727,777

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Home closings revenue, net	$ 1,983,775	$ 1,772,495	$ 5,511,204	$ 4,780,304
Land closings revenue	14,225	42,228	66,651	79,174
Financial services revenue	27,749	38,046	98,419	119,503
Amenity and other revenue	8,895	5,982	56,517	16,862
Total revenue	2,034,644	1,858,751	5,732,791	4,995,843
Cost of home closings	1,438,164	1,397,319	4,084,748	3,838,602
Cost of land closings	11,571	36,439	50,139	68,604
Financial services expenses	20,395	26,202	66,092	76,136
Amenity and other expenses	6,574	6,341	39,264	16,907
Total cost of revenue	1,476,704	1,466,301	4,240,243	4,000,249
Gross margin	557,940	392,450	1,492,548	995,594
Sales, commissions and other marketing costs	94,692	97,185	279,950	280,697
General and administrative expenses	52,357	70,425	189,905	201,975
Net loss/(income) from unconsolidated entities	1,180	(1,482)	2,986	(9,269)
Interest expense, net	4,382	710	13,823	594
Other expense/(income), net	5,751	47	(4,720)	1,067
Gain on extinguishment of debt, net	(71)	—	(13,542)	—
Income before income taxes	399,649	225,565	1,024,146	520,530
Income tax provision	90,418	53,098	243,300	120,865
Net income before allocation to non-controlling interests	309,231	172,467	780,846	399,665
Net loss/(income) attributable to non-controlling interests	548	(4,333)	(3,377)	(9,363)
Net income available to Taylor Morrison Home Corporation	$ 309,779	$ 168,134	$ 777,469	$ 390,302
Earnings per common share				
Basic	$ 2.75	$ 1.35	$ 6.63	$ 3.07
Diluted	$ 2.72	$ 1.34	$ 6.56	$ 3.02
Weighted average number of shares of common stock:				
Basic	112,701	124,378	117,242	127,217
Diluted	113,780	125,770	118,438	129,043

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data, unaudited)

For the three months ended September 30, 2022

	Common Stock		Additional Paid-in Capital	Treasury Stock		Stockholders' Equity			
	Shares	Amount	Amount	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Stockholders' Equity
Balance – June 30, 2022	113,640,725	$ 1	$ 3,008,619	45,556,244	$ (991,276)	$ 2,156,505	$ 689	$ 19,357	$ 4,193,895
Net income	—	—	—	—	—	309,779	—	(548)	309,231
Exercise of stock options	77,951	—	1,512	—	—	—	—	—	1,512
Issuance of restricted stock units, net of shares withheld for tax[1]	2,757	—	—	—	—	—	—	—	—
Repurchase of common stock	(4,213,256)	—	—	4,213,256	(104,999)	—	—	—	(104,999)
Stock compensation expense	—	—	5,333	—	—	—	—	—	5,333
Distributions to non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(1,515)	(1,515)
Changes in non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	9	9
Balance – September 30, 2022	109,508,177	$ 1	$ 3,015,464	49,769,500	$ (1,096,275)	$ 2,466,284	$ 689	$ 17,303	$ 4,403,466

[1] Dollar amount represents the value of shares withheld for taxes.

For the three months ended September 30, 2021

	Common Stock		Additional Paid-in Capital	Treasury Stock		Stockholders' Equity			
	Shares	Amount	Amount	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity
Balance – June 30, 2021	125,910,318	$ 1	$ 2,977,269	32,167,192	$ (624,615)	$ 1,247,957	$ (1,166)	$ 69,403	$ 3,668,849
Net income	—	—	—	—	—	168,134	—	4,333	172,467
Exercise of stock options	276,595	—	5,778	—	—	—	—	—	5,778
Issuance of restricted stock units, net of shares withheld for tax[1]	8,789	—	(13)	—	—	—	—	—	(13)
Repurchase of common stock	(3,309,196)	—	—	3,309,196	(91,659)	—	—	—	(91,659)
Stock compensation expense	—	—	4,793	—	—	—	—	—	4,793
Distributions to non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(14,311)	(14,311)
Changes in non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(8)	(8)
Balance – September 30, 2021	122,886,506	$ 1	$ 2,987,827	35,476,388	$ (716,274)	$ 1,416,091	$ (1,166)	$ 59,417	$ 3,745,896

[1] Dollar amount represents the value of shares withheld for taxes.

For the nine months ended September 30, 2022

	Common Stock		Additional Paid-in Capital	Treasury Stock		Stockholders' Equity			
	Shares	Amount	Amount	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Stockholders' Equity
Balance – December 31, 2021	121,833,649	$ 1	$ 2,997,211	36,828,559	$ (760,863)	$ 1,688,815	$ 689	$ 45,129	$ 3,970,982
Net income	—	—	—	—	—	777,469	—	3,377	780,846
Exercise of stock options	209,940	—	4,424	—	—	—	—	—	4,424
Issuance of restricted stock units, net of shares withheld for tax[(1)]	405,529	—	(3,645)	—	—	—	—	—	(3,645)
Repurchase of common stock	(12,940,941)	—	—	12,940,941	(335,412)	—	—	—	(335,412)
Stock compensation expense	—	—	17,474	—	—	—	—	—	17,474
Distributions to non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(30,443)	(30,443)
Changes in non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(760)	(760)
Balance – September 30, 2022	109,508,177	$ 1	$ 3,015,464	49,769,500	$ (1,096,275)	$ 2,466,284	$ 689	$ 17,303	$ 4,403,466

[(1)] Dollar amount represents the value of shares withheld for taxes.

For the nine months ended September 30, 2021

	Common Stock		Additional Paid-in Capital	Treasury Stock		Stockholders' Equity			
	Shares	Amount	Amount	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity
Balance – December 31, 2020	129,476,914	$ 1	$ 2,926,773	25,884,756	$ (446,856)	$ 1,025,789	$ (1,166)	$ 89,209	$ 3,593,750
Net income	—	—	—	—	—	390,302	—	9,363	399,665
Exercise of stock options	908,221	—	18,212	—	—	—	—	—	18,212
Issuance of restricted stock units, net of shares withheld for tax[(1)]	388,798	—	(4,870)	—	—	—	—	—	(4,870)
Warrant Exercises	1,704,205	—	32,584	—	—	—	—	—	32,584
Repurchase of common stock	(8,565,933)	—	—	8,565,933	(236,831)	—	—	—	(236,831)
Common stock surrendered in connection with warrant exercise	(1,025,699)	—	—	1,025,699	(32,587)	—	—	—	(32,587)
Stock compensation expense	—	—	15,128	—	—	—	—	—	15,128
Distributions to non-controlling interests of consolidated joint ventures	—	—	—	—	—	—	—	(39,155)	(39,155)
Balance – September 30, 2021	122,886,506	$ 1	$ 2,987,827	35,476,388	$ (716,274)	$ 1,416,091	$ (1,166)	$ 59,417	$ 3,745,896

[(1)] Dollar amount represents the value of shares withheld for taxes.

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before allocation to non-controlling interests	$ 780,846	$ 399,665
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Net loss/(income) from unconsolidated entities	2,986	(9,269)
Stock compensation expense	17,474	15,128
Gain on extinguishment of debt, net	(13,542)	—
Gain on land transfers	(14,508)	—
Distributions of earnings from unconsolidated entities	5,318	9,050
Depreciation and amortization	25,448	29,726
Operating lease expense	20,543	12,167
Debt issuance costs amortization	1,574	355
Change in Urban Form assets due to sale	11,675	—
Land held for sale write-downs	—	4,590
Changes in operating assets and liabilities:		
Real estate inventory and land deposits	(610,346)	(678,809)
Mortgages held for sale, prepaid expenses and other assets	245,633	(216,121)
Customer deposits	41,707	209,290
Accounts payable, accrued expenses and other liabilities	(82,578)	97,129
Income taxes payable	27,757	23,554
Net cash provided by/(used in) operating activities	459,987	(103,545)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(22,478)	(15,698)
Distributions of capital from unconsolidated entities	95,517	14,237
Investments of capital into unconsolidated entities	(91,846)	(31,843)
Investments in equity securities	—	(10,000)
Net cash used in investing activities	(18,807)	(43,304)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in loans payable and other borrowings	33,495	103,805
Repayments on loans payable and other borrowings	(50,761)	(89,635)
Borrowings on revolving credit facilities	182,548	126,692
Repayments on revolving credit facilities	(214,077)	—
Borrowings on mortgage warehouse facilities	1,783,748	2,287,791
Repayments on mortgage warehouse facilities	(2,051,300)	(2,179,395)
Repayments on senior notes	(264,935)	—
Proceeds from stock option exercises	4,424	18,212
Payment of principal portion of finance lease	(1,340)	(1,325)
Repurchase of common stock, net	(335,412)	(236,831)
Payment of taxes related to net share settlement of equity awards	(3,645)	(5,494)
Cash and distributions to non-controlling interests of consolidated joint ventures, net	(30,443)	(36,095)
Net cash used in financing activities	(947,698)	(12,275)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	$ (506,518)	$ (159,124)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period	836,340	534,109
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period	$ 329,822	$ 374,985
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax payments	$ (176,683)	$ (96,753)
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Change in loans payable issued to sellers in connection with land purchase contracts	$ 184,458	$ 174,297
Change in inventory not owned	$ (581)	$ (64,344)
Investments of land in unconsolidated joint ventures, net	$ 146,649	$ —
Net non-cash distributions from non-controlling interests	$ —	$ (3,060)
Common stock surrendered in connection with warrant exercises	$ —	$ 32,587
Common stock issued in connection with warrant exercises	$ —	$ (32,584)

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

TAYLOR MORRISON HOME CORPORATION
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

Description of the Business — Taylor Morrison Home Corporation "TMHC" through its subsidiaries (together with TMHC referred to herein as "we," "our," "the Company" and "us"), owns and operates a residential homebuilding business and is a developer of lifestyle communities. We operate in the states of Arizona, California, Colorado, Florida, Georgia, Nevada, North and South Carolina, Oregon, Texas, and Washington. We provide an assortment of homes across a wide range of price points to appeal to an array of consumer groups. We design, build and sell single and multi-family detached and attached homes in traditionally high growth markets for entry level, move-up and resort lifestyle (formerly referred to as 55-plus active lifestyle) buyers. We are the general contractors for all real estate projects and retain subcontractors for home construction and land development. Our homebuilding segments operate under our Taylor Morrison, Darling Homes Collection by Taylor Morrison, and Esplanade brand names. We operate a "Build-to-Rent" homebuilding business where we serve as a land acquirer, developer, and homebuilder. In addition, we develop and construct multi-use properties consisting of commercial space, retail, and multi-family properties under the "Urban Form" brand. We also have operations which provide financial services to customers through our wholly owned mortgage subsidiary, Taylor Morrison Home Funding, Inc. ("TMHF"), title services through our wholly owned title services subsidiary, Inspired Title Services, LLC ("Inspired Title"), and homeowner's insurance policies through our insurance agency, Taylor Morrison Insurance Services, LLC ("TMIS"). Our business is organized into multiple homebuilding operating components, and a financial services component, all of which are managed as four reportable segments: East, Central, West, and Financial Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation — The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"). In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements include all normal and recurring adjustments that are considered necessary for the fair presentation of our results for the interim periods presented. Results for interim periods are not necessarily indicative of results to be expected for a full fiscal year.
We consolidate certain joint ventures in accordance with Accounting Standards Codification ("ASC") Topic 810*, Consolidation.* The loss/income from the percentage of the joint ventures not owned by us is presented as "Net loss/income attributable to non-controlling interests" on the unaudited Condensed Consolidated Statements of Operations.

Use of Estimates — The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the unaudited Condensed Consolidated Financial Statements and these accompanying notes. Significant estimates include real estate development costs to complete, valuation of real estate, valuation of goodwill, valuation of development liabilities, valuation of equity awards, valuation allowance on deferred tax assets, and reserves for warranty and self-insured risks. Actual results could differ from those estimates.

Goodwill — The excess of the purchase price of a business acquisition over the net fair value of assets acquired and liabilities assumed is capitalized as goodwill in accordance with ASC Topic 350, *Intangibles — Goodwill and Other*. ASC 350 requires that goodwill and intangible assets that do not have finite lives not be amortized, but rather assessed for impairment at least annually or more frequently if certain impairment indicators are present. We perform our annual impairment test during the fourth quarter or whenever impairment indicators are present. We did not perform an impairment test during the third quarter of 2022 as indicators of impairment were not present.

Real Estate Inventory — Inventory consists of raw land, land under development, homes under construction, completed homes, and model homes, all of which are stated at cost. In addition to direct carrying costs, we also capitalize interest, real estate taxes, and related development costs that benefit the entire community, such as field construction supervision and related direct overhead. Home vertical construction costs are accumulated and charged to Cost of home closings at the time of home closing using the specific identification method. Land acquisition, development, interest, and real estate taxes are allocated to homes and units generally using the relative sales value method. Generally, all overhead costs relating to purchasing, vertical construction of a home, and construction utilities are considered overhead costs and allocated on a per unit basis. These costs are capitalized to inventory from the point development begins to the point construction is completed. Changes in estimated costs to be incurred in a community are generally allocated to the remaining lots on a prospective basis. For those communities that have been temporarily closed or development has been discontinued, we do not allocate interest or other costs to the community's inventory until activity resumes. Such costs are expensed as incurred.

The life cycle of a typical community generally ranges from two to five years, commencing with the acquisition of unentitled or entitled land, continuing through the land development phase and concluding with the sale, construction and delivery of homes. Actual community duration will vary based on the size of the community, the sales absorption rate and whether we purchased the property as raw land or as finished lots.

We capitalize qualifying interest costs to inventory during the development and construction periods. Capitalized interest is charged to cost of home closings when the related inventory is charged to cost of home closings.

We assess the recoverability of our inventory in accordance with the provisions of ASC Topic 360, *Property, Plant, and Equipment*. We review our real estate inventory for indicators of impairment on a community-level basis during each reporting period. If indicators of impairment are present for a community, an undiscounted cash flow analysis is generally prepared in order to determine if the carrying value of the assets in that community exceeds the estimated undiscounted cash flows. Generally, if the carrying value of the assets exceeds their estimated undiscounted cash flows, the assets are potentially impaired, requiring a fair value analysis. Our determination of fair value is primarily based on a discounted cash flow model which includes projections and estimates relating to sales prices, construction costs, sales pace, and other factors. However, fair value can be determined through other methods, such as appraisals, contractual purchase offers, and other third party opinions of value. Changes in these expectations may lead to a change in the outcome of our impairment analysis, and actual results may also differ from our assumptions. For the three and nine months ended September 30, 2022 and 2021, no impairment charges were recorded.

In certain cases, we may elect to cease development and/or marketing of an existing community if we believe the economic performance of the community would be maximized by deferring development for a period of time to allow for market conditions to improve. We refer to such communities as long-term strategic assets. The decision may be based on financial and/or operational metrics as determined by us. If we decide to cease development, we will evaluate the project for impairment and then cease future development and marketing activity until such a time when we believe that market conditions have improved and economic performance can be maximized. Our assessment of the carrying value of our long-term strategic assets typically includes subjective estimates of future performance, including the timing of when development will recommence, the type of product to be offered, and the margin to be realized. In the future, some of these inactive communities may be re-opened while others may be sold. As of September 30, 2022 and December 31, 2021, we had no inactive projects.

In the ordinary course of business, we enter into various option agreements to acquire lots in staged takedowns which may require a significant cash deposit. We are not legally obligated to purchase the balance of the lots, but would forfeit any existing deposits and could be subject to financial and other penalties if the lots are not purchased. Real estate not owned under these agreements is reflected in Consolidated real estate not owned with a corresponding liability in Liabilities attributable to consolidated real estate not owned in the unaudited Condensed Consolidated Balance Sheets.

Land held for sale — In some locations where we act as a developer, we occasionally purchase land that includes commercially zoned parcels or areas designated for school or government use, which we typically sell to commercial developers or municipalities, as applicable. We also sell residential lots or land parcels to manage our land and lot supply on larger tracts of land. Land is considered held for sale once management intends to actively sell a parcel within the next 12 months or the parcel is under contract to sell. Land held for sale is recorded at the lower of cost or fair value less costs to sell. In determining the value of land held for sale, we consider recent offers received, prices for land in recent comparable sales transactions, and other factors. We record fair value adjustments for land held for sale within Cost of land closings on the unaudited Condensed Consolidated Statements of Operations.

Land banking arrangements — We have land purchase agreements with various land sellers. As a method of acquiring land in staged takedowns, while limiting risk and minimizing the use of funds from our available cash or other financing sources, we may transfer our right under certain specific performance agreements to entities owned by third parties ("land banking arrangements"). These entities use equity contributions from their owners and/or incur debt to finance the acquisition and development of the land. The entities grant us an option to acquire lots in staged takedowns. In consideration for this option, we make a non-refundable deposit. We are not legally obligated to purchase the balance of the lots, but would forfeit any existing deposits and could be subject to financial and other penalties if the lots were not purchased. We do not have an ownership interest in these entities or title to their assets and do not guarantee their liabilities. These land banking arrangements help us manage the financial and market risk associated with land holdings.

Investments in Consolidated and Unconsolidated Entities

Consolidated Entities — In the ordinary course of business, we enter into land purchase contracts, lot option contracts and land banking arrangements in order to procure land or lots for the construction of homes. Such contracts enable us to control significant lot positions with a minimal initial capital investment and substantially reduce the risks associated with land ownership and development. In accordance with ASC Topic 810, *Consolidation*, we have concluded that when we enter into these agreements to acquire land or lots and pay a non-refundable deposit, a Variable Interest Entity ("VIE") may be created because we are deemed to have provided subordinated financial support that will absorb some or all of an entity's expected losses if they occur. If we are the primary beneficiary of the VIE, we will consolidate the VIE and reflect such assets and liabilities as Consolidated real estate not owned within our real estate inventory balance in the unaudited Condensed Consolidated Balance Sheets.

Unconsolidated Joint Ventures — We use the equity method of accounting for entities over which we exercise significant influence but do not have a controlling interest over the operating and financial policies of the investee. For unconsolidated entities in which we function as the managing member, we have evaluated the rights held by our joint venture partners and determined that the partners have substantive participating rights that preclude the presumption of control. Our share of net earnings or losses is included in Net income/loss from unconsolidated entities when earned and distributions are credited against our investment in the joint venture when received. These joint ventures are recorded in Investments in unconsolidated entities on the unaudited Condensed Consolidated Balance Sheets.

We evaluate our investments in unconsolidated entities for indicators of impairment semi-annually. A series of operating losses of an investee or other factors may indicate that a decrease in value of our investment in the unconsolidated entity has occurred which is other-than-temporary. The amount of impairment recognized, if any, is the excess of the investment's carrying amount over its estimated fair value. Additionally, we consider various qualitative factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include age of the venture, stage in its life cycle, intent and ability for us to recover our investment in the entity, financial condition and long-term prospects of the entity, short-term liquidity needs of the unconsolidated entity, trends in the general economic environment of the land, entitlement status of the land held by the unconsolidated entity, overall projected returns on investment, defaults under contracts with third parties (including bank debt), recoverability of the investment through future cash flows and relationships with the other partners. If we believe that the decline in the fair value of the investment is temporary, then no impairment is recorded. We recorded no material impairment charges related to the investments in unconsolidated entities for the three and nine months ended September 30, 2022 and 2021.

Revenue Recognition — We recognize revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). The standard's core principle requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Home and land closings revenue
Under Topic 606, the following steps are applied to determine the proper home closings revenue and land closings revenue recognition: (1) we identify the contract(s) with our customer; (2) we identify the performance obligations in the contract; (3) we determine the transaction price; (4) we allocate the transaction price to the performance obligations in the contract; and (5) we recognize revenue when (or as) we satisfy the performance obligation. For our home sales transactions, we have one contract, with one performance obligation, with each customer to build and deliver the home purchased (or develop and deliver land). Based on the application of the five steps, the following summarizes the timing and manner of home and land sales revenue:

- Revenue from closings of residential real estate is recognized when closings have occurred, the buyer has made the required minimum down payment, obtained necessary financing, the risks and rewards of ownership are transferred to the buyer, and we have no continuing involvement with the property, which is generally upon the close of escrow. Revenue is reported net of any discounts and incentives.
- Revenue from land sales is recognized when a significant down payment is received, title passes and collectability of the receivable, if any, is reasonably assured, and we have no continuing involvement with the property, which is generally upon the close of escrow.

Amenity and other revenue
We own and operate certain amenities such as golf courses, club houses, and fitness centers, which require us to provide club members with access to the facilities in exchange for the payment of club dues. We collect club dues and other fees from the club members, which are invoiced on a monthly basis. Revenue from our golf club operations is also included in amenity and

other revenue. Amenity and other revenue also includes revenue from the sale of assets which include multi-use properties as part of our Urban Form operations.

Financial services revenue
Mortgage operations and hedging activity related to financial services are not within the scope of Topic 606. Loan origination fees (including title fees, points, and closing costs) are recognized at the time the related real estate transactions are completed, which is usually upon the close of escrow. All of the loans TMHF originates are sold to third party investors within a short period of time, on a non-recourse basis. Gains and losses from the sale of mortgages are recognized in accordance with ASC Topic 860-20, *Sales of Financial Assets.* TMHF does not have continuing involvement with the transferred assets; therefore, we derecognize the mortgage loans at time of sale, based on the difference between the selling price and carrying value of the related loans upon sale, recording a gain/loss on sale in the period of sale. Also included in Financial services revenue/expenses are realized and unrealized gains and losses from hedging instruments.

Recently Issued Accounting Pronouncements — In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients for applying U.S. GAAP to contracts affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The guidance was effective beginning March 12, 2020 and entities may elect to apply the amendments prospectively through December 31, 2022. The use of LIBOR is primarily limited to our financial services mortgage warehouse facilities and our Revolving Credit Facilities. Our warehouse facilities have been modified to directly replace the reference rate and did not change the amount or timing of contractual cash flows. As such, we have elected the use of the practical expedient and treated such modification as a continuation of the debt agreement. Our Revolving Credit Facilities provide the option to continue the use of LIBOR until its expiration. The adoption of ASU 2020-04 has not had a material impact on our unaudited Condensed Consolidated Financial Statements.

3. EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income available to TMHC by the weighted average number of shares of Common Stock outstanding during the period. Diluted earnings per share gives effect to the potential dilution that could occur if all outstanding dilutive equity awards to issue shares of Common Stock were exercised or settled.

The following is a summary of the components of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Net income available to TMHC	$ 309,779	$ 168,134	$ 777,469	$ 390,302
Denominator:				
Weighted average shares – basic	112,701	124,378	117,242	127,217
Restricted stock units	629	796	659	833
Stock Options	450	596	537	756
Warrants	—	—	—	237
Weighted average shares – diluted	113,780	125,770	118,438	129,043
Earnings per common share – basic:				
Net income available to Taylor Morrison Home Corporation	$ 2.75	$ 1.35	$ 6.63	$ 3.07
Earnings per common share – diluted:				
Net income available to Taylor Morrison Home Corporation	$ 2.72	$ 1.34	$ 6.56	$ 3.02

The above calculations of weighted average shares exclude 1,560,934 and 1,470,941 anti-dilutive stock options and unvested restricted stock units ("RSUs") for the three and nine months ended September 30, 2022, respectively, and 1,218,781 and 1,063,586 anti-dilutive stock options and unvested RSUs for the three and nine months ended September 30, 2021, respectively.

4. REAL ESTATE INVENTORY AND LAND DEPOSITS

Inventory consists of the following (in thousands):

	As of	
	September 30, 2022	December 31, 2021
Real estate developed and under development	$ 3,787,988	$ 3,895,681
Real estate held for development or held for sale [1]	44,177	70,305
Operating communities [2]	1,881,718	1,309,551
Capitalized interest	190,461	168,670
Total owned inventory	5,904,344	5,444,207
Consolidated real estate not owned	54,733	55,314
Total real estate inventory	$ 5,959,077	$ 5,499,521

[1] Real estate held for development or held for sale includes properties which are not in active production.
[2] Operating communities consist of all vertical construction costs relating to homes in progress and completed homes.

The development status of our land inventory is as follows (dollars in thousands):

	As of			
	September 30, 2022		December 31, 2021	
	Owned Lots	Book Value of Land and Development	Owned Lots	Book Value of Land and Development
Homebuilding owned lots				
Undeveloped	15,238	$ 517,929	17,671	$ 636,385
Under development	11,345	1,051,698	11,446	964,353
Finished	19,874	2,257,495	18,896	2,266,309
Total homebuilding owned lots	46,457	3,827,122	48,013	3,867,047
Other assets[1]	—	5,043	5,298	98,939
Total owned lots	46,457	$ 3,832,165	53,311	$ 3,965,986

[1]The remaining book value of land and development as of September 30, 2022 relates to parcels of commercial assets which are excluded from the owned lots presented in the table.

The homebuilding owned lots presented above as of December 31 2021 have been recast as a result of an operational change in classification in the current period. Undeveloped lots are those where no phase specific development work has commenced. Under development lots include land where phase specific development has commenced. Finished lots are fully developed for which vertical construction can commence. Our current classification allows for multi-phase or master planned communities to be presented in more than one lot status based on their development compared to our prior process which grouped all phases of a multi-phase or master planned community into one category based on the phase that was most developed. We believe this operational change provides better transparency into lot status and the book value of such lots.

We have land option purchase contracts, land banking arrangements and other controlled lot agreements. We do not have title to the properties, and the property owner and its creditors generally only have recourse against us in the form of retaining any non-refundable deposits. We are also not legally obligated to purchase the balance of the lots. Deposits related to these lots are capitalized when paid and classified as Land deposits until the associated property is purchased. The table below presents a summary of our controlled lots for the following periods (dollars in thousands):

	As of					
	September 30, 2022			December 31, 2021		
	Controlled Lots	Purchase Price	Land Deposit [1]	Controlled Lots	Purchase Price	Land Deposit [1]
Homebuilding controlled lots						
Land option purchase contracts	7,193	$ 474,383	$ 57,919	8,360	$ 507,161	$ 57,554
Land banking arrangements	6,982	1,037,293	154,502	5,731	749,813	117,721
Other controlled lots	19,520	1,197,006	64,618	14,671	1,338,284	38,505
Total controlled lots	33,695	$ 2,708,682	$ 277,039	28,762	$ 2,595,258	$ 213,780

(1) Land deposits are non-refundable and represent exposure to loss related to our contracts with third parties, unconsolidated entities, and land banking arrangements. In addition, at September 30, 2022 and December 31, 2021 we had refundable deposits of $13.3 million and $15.7 million respectively.

Capitalized Interest — Interest capitalized, incurred and amortized is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Interest capitalized - beginning of period	$ 185,364	$ 180,520	$ 168,670	$ 163,780
Interest incurred and capitalized[1]	38,871	37,991	119,415	116,126
Interest amortized to cost of home closings	(33,774)	(37,951)	(97,624)	(99,346)
Interest capitalized - end of period	$ 190,461	$ 180,560	$ 190,461	$ 180,560

(1) Excludes Interest expense, net on the unaudited Condensed Consolidated Statement of Operations as such amounts are not capitalizable.

5. INVESTMENTS IN CONSOLIDATED AND UNCONSOLIDATED ENTITIES

Unconsolidated Entities

We have investments in a number of joint ventures with third parties. These entities are generally involved in real estate development, homebuilding, Build-to-Rent, and/or mortgage lending activities. The primary activity of the real estate development joint ventures is development and sale of lots to joint venture partners and/or unrelated builders. Our share of the joint venture profit relating to lots we purchase from the joint ventures is deferred until homes are delivered by us and title passes to a homebuyer.

During the three and nine months ended September 30, 2022, we transferred land at fair value as part of an initial investment in existing unconsolidated joint ventures . In accordance with ASC 606 this was considered a transfer as we have no continuing involvement and the joint venture obtained title, physical possession, maintains risks and rewards of the property and has accepted the property. Included in Other expense/(income), net on the unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 is a gain of $0.8 million and $14.5 million, respectively, related to land transfers and represents the difference between the fair value and carrying value of the land at the time of contribution.

Summarized, unaudited combined financial information of unconsolidated entities that are accounted for by the equity method are as follows (in thousands):

	As of	
	September 30, 2022	December 31, 2021
Assets:		
Real estate inventory	$ 717,667	$ 414,687
Other assets	132,990	118,990
Total assets	$ 850,657	$ 533,677
Liabilities and owners' equity:		
Debt	$ 137,386	$ 167,842
Other liabilities	31,961	16,245
Total liabilities	169,347	184,087
Owners' equity:		
TMHC	306,081	171,406
Others	375,229	178,184
Total owners' equity	681,310	349,590
Total liabilities and owners' equity	$ 850,657	$ 533,677

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues	$ 25,495	$ 21,833	$ 150,062	$ 101,458
Costs and expenses	(27,310)	(16,647)	(145,238)	(73,705)
(Loss)/income of unconsolidated entities	$ (1,815)	$ 5,186	$ 4,824	$ 27,753
TMHC's share in (loss)/income of unconsolidated entities	$ (1,180)	$ 1,482	$ (2,986)	$ 9,269
Distributions to TMHC from unconsolidated entities	$ 10,006	$ 2,945	$ 100,835	$ 23,287

Consolidated Entities

We have several joint ventures for the purpose of real estate development and homebuilding activities, which we have determined to be VIEs. As the managing member, we oversee the daily operations and have the power to direct the activities of the VIEs, or joint ventures. For this specific subset of joint ventures, based upon the allocation of income and loss per the applicable joint venture agreements and certain performance guarantees, we have potentially significant exposure to the risks and rewards of the joint ventures. Therefore, we are the primary beneficiary of these joint venture VIEs, and these entities are consolidated.

As of September 30, 2022, the assets of the consolidated joint ventures totaled $273.0 million, of which $35.3 million was cash and cash equivalents, $62.6 million was owned inventory and $125.3 million was fixed assets. The fixed asset balance is held for sale as of September 30, 2022. As of December 31, 2021, the assets of the consolidated joint ventures totaled $291.8 million, of which $22.3 million was cash and cash equivalents, $147.6 million was owned inventory and $74.3 million was fixed assets. The liabilities of the consolidated joint ventures totaled $159.2 million and $165.1 million as of September 30, 2022 and December 31, 2021, respectively, and were primarily comprised of notes payable, accounts payable and accrued liabilities.

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following (in thousands):

	As of September 30, 2022	As of December 31, 2021
Real estate development costs to complete	$ 42,384	$ 49,833
Compensation and employee benefits	113,877	166,272
Self-insurance and warranty reserves	139,991	141,839
Interest payable	35,112	48,551
Property and sales taxes payable	31,648	29,384
Other accruals	93,620	89,330
Total accrued expenses and other liabilities	$ 456,632	$ 525,209

Self-Insurance and Warranty Reserves – We accrue for the expected costs associated with our limited warranty, deductibles and self-insured amounts under our various insurance policies within Beneva Indemnity Company ("Beneva"), a wholly owned subsidiary. A summary of the changes in our reserves are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Reserve - beginning of period	$ 137,491	$ 116,121	$ 141,839	$ 118,116
Additions to reserves	2,514	19,459	34,917	50,244
Cost of claims incurred	(3,541)	(19,313)	(43,743)	(54,245)
Changes in estimates to pre-existing reserves	3,527	279	6,978	2,431
Reserve - end of period	$ 139,991	$ 116,546	$ 139,991	$ 116,546

7. DEBT

Total debt consists of the following (in thousands):

	As of					
	September 30, 2022			December 31, 2021		
	Principal	Unamortized Debt Issuance (Costs)/Premium	Carrying Value	Principal	Unamortized Debt Issuance (Costs)/Premium	Carrying Value
5.875% Senior Notes due 2023[(1)]	$ 350,000	$ (307)	$ 349,693	$ 350,000	$ (733)	$ 349,267
5.625% Senior Notes due 2024	350,000	(763)	349,237	350,000	(1,166)	348,834
5.875% Senior Notes due 2027	500,000	(3,655)	496,345	500,000	(4,243)	495,757
6.625% Senior Notes due 2027	35,040	1,789	36,829	300,000	17,718	317,718
5.75% Senior Notes due 2028	450,000	(3,341)	446,659	450,000	(3,814)	446,186
5.125% Senior Notes due 2030	500,000	(4,965)	495,035	500,000	(5,440)	494,560
Senior Notes subtotal	$ 2,185,040	$ (11,242)	$ 2,173,798	$ 2,450,000	$ 2,322	$ 2,452,322
Loans payable and other borrowings	409,791	—	409,791	404,386	—	404,386
$1 Billion Revolving Credit Facility[(2)]	—	—	—	—	—	—
$100 Million Revolving Credit Facility[(2)]	—	—	—	31,529	—	31,529
Mortgage warehouse borrowings	146,335	—	146,335	413,887	—	413,887
Total debt	$ 2,741,166	$ (11,242)	$ 2,729,924	$ 3,299,802	$ 2,322	$ 3,302,124

[(1)]As of September 30, 2022, notice of full redemption for the entire outstanding principal amount of the notes was issued. The full notice of redemption states that the entire outstanding principal amount of the 2023 Notes will be redeemed on October 31, 2022 at a redemption price equal to 100.000% of the aggregate principal amount of the 2023 Notes to be redeemed plus the applicable premium (as defined in the indenture governing the 2023 Notes) and accrued and unpaid interest through the redemption date.

[(2)]The $1 Billion Revolving Credit Facility Agreement together with the $100 Million Revolving Credit Facility Agreement, the "Revolving Credit Facilities"

Debt Instruments

Excluding the debt instruments discussed below, the terms governing all other debt instruments listed in the table above have not substantially changed from the year ended December 31, 2021. For information regarding such instruments, refer to Note 8 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021. As of September 30, 2022, we were in compliance with all of the covenants in the debt instruments listed in the table above.

6.625% Senior Notes due 2027

Following our exchange offer in the first quarter of 2020 (the "Exchange Offer"), whereby Taylor Morrison Communities, Inc ("TM Communities") offered to exchange any and all outstanding senior notes issued by William Lyon Homes ("WLH"), we had $290.4 million aggregate principal amount of 6.625% Senior Notes due 2027 issued by TM Communities (the "2027 6.625% TM Communities Notes") and $9.6 million aggregate principal amount of 6.625% Senior Notes due 2027 issued by WLH (the "2027 6.625% WLH Notes" and together with the 2027 6.625% TM Communities Notes, the "2027 6.625% Senior Notes"). The 2027 6.625% TM Communities Notes are obligations of TM Communities and are guaranteed by Taylor Morrison Home III Corporation, Taylor Morrison Holdings, Inc. and their homebuilding subsidiaries (collectively, the "Guarantors").

In connection with the consummation of the Exchange Offer, WLH entered into a supplemental indenture to eliminate substantially all of the covenants in the indenture governing the 2027 6.625% WLH Notes, including the requirements to offer to purchase such notes upon a change of control, and to eliminate certain other restrictive provisions and events that constitute an "Event of Default" in such indenture.

On June 13, 2022, TM Communities announced a cash tender offer to purchase any and all of the $290.4 million outstanding aggregate principal amount of the 2027 6.625% TM Communities Notes (the "Tender Offer"), which expired July 12, 2022. As of June 30, 2022, TM Communities had purchased $264.1 million of the 2027 6.625% TM Communities Notes pursuant to the Tender Offer using cash on hand and borrowings on our $1 Billion Revolving Credit Facility at a price equal to 100% of the principal amount, plus accrued and unpaid interest up to, but excluding, the settlement date. As a result of the Tender Offer, we recorded a total net gain on extinguishment of debt of approximately $13.5 million on the unaudited Condensed Consolidated Statements of Operations for the nine months ended September 30, 2022. During the three months ended September 30, 2022, TM Communities repurchased an additional $0.8 million of the 2027 6.625% TM Communities Notes at a price equal to 97% of the principal amount, resulting in a total of $265.0 million in aggregate principal amount of outstanding 2027 6.625% TM Communities Notes being repurchased pursuant to the Tender Offer.

In connection with the Tender Offer, TM Communities also solicited consents from holders of the 2027 6.625% TM Communities Notes to amend the indenture governing such notes to, among other things, eliminate substantially all of the restrictive covenants of the indenture (the "Proposed Amendments"). As of June 27, 2022, TM Communities had received the requisite consents to effect the Proposed Amendments and, as a result, a supplemental indenture was executed to effect the Proposed Amendments, which became effective on June 29, 2022.

The remaining 2027 6.625% Senior Notes mature on July 15, 2027. On or after July 15, 2022, the remaining 2027 6.625% Senior Notes are redeemable at a price equal to 103.313% of principal (plus accrued and unpaid interest). On or after July 15, 2023, the 2027 6.625% Senior Notes are redeemable at a price equal to 102.208% of principal (plus accrued and unpaid interest). On or after July 31, 2024, the 2027 6.625% Senior Notes are redeemable at a price equal to a 101.104% of principal (plus accrued and unpaid interest). On or after July 15, 2025, the remaining 2027 6.625% Senior Notes are redeemable at a price equal to 100% of principal (plus accrued and unpaid interest).

$1 Billion Revolving Credit Facility

On September 9, 2022, we entered into an agreement to exercise the accordion feature under our existing Amended and Restated Credit Agreement (the "Credit Agreement") increasing the aggregate commitments from $800.0 million to $1.0 billion. The commitments established have the same terms and conditions as the existing commitments under the Credit Agreement.

Our $1 Billion Revolving Credit Facility has a maturity date of March 11, 2027. We had no outstanding borrowings under our $1 Billion Revolving Credit Facility as of September 30, 2022 and December 31, 2021.

As of September 30, 2022 and December 31, 2021, we had $3.8 million and $1.1 million, respectively, of unamortized debt issuance costs relating to our $1 Billion Revolving Credit Facility, which are included in Prepaid expenses and other assets, net, on the unaudited Condensed Consolidated Balance Sheets. As of September 30, 2022 and December 31, 2021, we had $61.2 million and $58.7 million, respectively, of utilized letters of credit, resulting in $938.8 million and $741.3 million, respectively, of availability under the $1 Billion Revolving Credit Facility.

The $1 Billion Revolving Credit Facility contains certain "springing" financial covenants, requiring us and our subsidiaries to comply with a maximum debt to capitalization ratio of not more than 0.60 to 1.00 and a minimum consolidated tangible net worth level, currently of at least $2.8 billion. The financial covenants would be in effect for any fiscal quarter during which any (a) loans under the $1 Billion Revolving Credit Facility are outstanding during the last day of such fiscal quarter or on more than five separate days during such fiscal quarter or (b) undrawn letters of credit (except to the extent cash collateralized) issued under the $1 Billion Revolving Credit Facility in an aggregate amount greater than $40.0 million or unreimbursed letters of credit issued under the $1 Billion Revolving Credit Facility are outstanding on the last day of such fiscal quarter or for more than five consecutive days during such fiscal quarter. For purposes of determining compliance with the financial covenants for any fiscal quarter, the $1 Billion Revolving Credit Facility provides that we may exercise an equity cure by issuing certain permitted securities for cash or otherwise recording cash contributions to our capital that will, upon the contribution of such cash to the borrower, be included in the calculation of consolidated tangible net worth and consolidated total capitalization. The equity cure right is exercisable up to twice in any period of four consecutive fiscal quarters and up to five times overall.

The $1 Billion Revolving Credit Facility contains certain restrictive covenants including limitations on incurrence of liens, the payment of dividends and other distributions, asset dispositions and investments in entities that are not guarantors, limitations on prepayment of subordinated indebtedness and limitations on fundamental changes. The $1 Billion Revolving Credit Facility contains customary events of default, subject to applicable grace periods, including for nonpayment of principal, interest or other amounts, violation of covenants (including financial covenants, subject to the exercise of an equity cure), incorrectness of representations and warranties in any material respect, cross default and cross acceleration, bankruptcy, material monetary judgments, ERISA events with material adverse effect, actual or asserted invalidity of material guarantees and change of control.

As of September 30, 2022, we were in compliance with all of the covenants under the $1 Billion Revolving Credit Facility.

Mortgage Warehouse Borrowings

The following is a summary of our mortgage warehouse borrowings (in thousands):

	As of September 30, 2022				
Facility	Amount Drawn	Facility Amount	Interest Rate[1]	Expiration Date	Collateral [2]
Warehouse A	$ 24,612	$ 60,000	Daily SOFR + 1.70%	On Demand	Mortgage Loans
Warehouse B	20,578	75,000	BSBY 1M + 1.65%	On Demand	Mortgage Loans
Warehouse C	37,671	75,000	Term SOFR + 1.65%	On Demand	Mortgage Loans and Restricted Cash
Warehouse D	26,177	70,000	Daily SOFR + 1.50%	September 6, 2023	Mortgage Loans
Warehouse E	37,297	70,000	Term SOFR + 1.60%	On Demand	Mortgage Loans
Total	$ 146,335	$ 350,000			

	As of December 31, 2021				
Facility	Amount Drawn	Facility Amount	Interest Rate[3]	Expiration Date	Collateral [2]
Warehouse A	$ 12	$ 10,000	LIBOR + 1.75%	On Demand	Mortgage Loans
Warehouse B	86,409	150,000	LIBOR + 1.75%	On Demand	Mortgage Loans
Warehouse C	116,601	250,000	LIBOR + 2.05%	On Demand	Mortgage Loans and Restricted Cash
Warehouse D	105,065	150,000	LIBOR + 1.65%	November 20, 2022	Mortgage Loans
Warehouse E	105,800	200,000	LIBOR + 1.50%	On Demand	Mortgage Loans
Total	$ 413,887	$ 760,000			

(1) As of September 30, 2022, our warehouse borrowings transitioned from LIBOR to the Secured Overnight Financing Rate (SOFR), and the Bloomberg Short-Term Bank Yield Index (BSBY).
(2) The mortgage warehouse borrowings outstanding as of September 30, 2022 and December 31, 2021 were collateralized by $161.3 million and $467.5 million, respectively, of mortgage loans held for sale, which comprise the balance of mortgage loans held for sale, and approximately $0.6 million and $3.5 million, respectively, of cash which is restricted cash on our unaudited Condensed Consolidated Balance Sheets.
(3) Subject to certain interest rate floors.

Loans Payable and Other Borrowings
Loans payable and other borrowings as of September 30, 2022 and December 31, 2021 consist of project-level debt due to various land sellers and financial institutions for specific projects. Project-level debt is generally secured by the land that was acquired and the principal payments generally coincide with corresponding project lot closings or a principal reduction schedule. Loans payable bear interest at rates that ranged from 0% to 8% at each of September 30, 2022 and December 31, 2021.

8. FAIR VALUE DISCLOSURES

ASC Topic 820 provides a framework for measuring fair value under GAAP, expands disclosures about fair value measurements, and establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are summarized as follows:

Level 1 — Fair value is based on quoted prices for identical assets or liabilities in active markets.

Level 2 — Fair value is determined using quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable.

Level 3 — Fair value is determined using one or more significant inputs that are unobservable in active markets at the measurement date, such as a pricing model, discounted cash flow, or similar technique.

The fair value of our mortgage loans held for sale is derived from negotiated rates with partner lending institutions. The fair value of derivative assets and liabilities includes interest rate lock commitments ("IRLCs") and mortgage backed securities ("MBS"). The fair value of IRLCs is based on the value of the underlying mortgage loan, quoted MBS prices and the probability that the mortgage loan will fund within the terms of the IRLCs. We estimate the fair value of the forward sales commitments based on quoted MBS prices. The fair value of our mortgage warehouse borrowings, loans payable and other borrowings, the borrowings under our Revolving Credit Facilities approximate carrying value due to their short term nature and variable interest rate terms. The fair value of our Senior Notes is derived from quoted market prices by independent dealers in markets that are not active. The fair value of our Equity Security Investment in a public company is based upon quoted prices for identical assets in an active market. There were no changes to or transfers between the levels of the fair value hierarchy for any of our financial instruments as of September 30, 2022, when compared to December 31, 2021.

The carrying value and fair value of our financial instruments are as follows:

		September 30, 2022		December 31, 2021	
(Dollars in thousands)	**Level in Fair Value Hierarchy**	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Description:					
Mortgage loans held for sale	2	$ 161,264	$ 161,264	$ 467,534	$ 467,534
IRLCs	3	(12,792)	(12,792)	2,110	2,110
MBSs	2	23,832	23,832	(449)	(449)
Mortgage warehouse borrowings	2	146,335	146,335	413,887	413,887
Loans payable and other borrowings	2	409,791	409,791	404,386	404,386
5.875% Senior Notes due 2023 (1)	2	349,693	350,476	349,267	365,890
5.625% Senior Notes due 2024 (1)	2	349,237	342,675	348,834	372,750
5.875% Senior Notes due 2027 (1)	2	496,345	465,625	495,757	560,000
6.625% Senior Notes due 2027 (1)	2	36,829	33,736	317,718	315,750
5.75% Senior Notes due 2028(1)	2	446,659	394,362	446,186	502,875
5.125% Senior Notes due 2030(1)	2	495,035	403,605	494,560	550,000
$100 Million Revolving Credit Facility	2	—	—	31,529	31,529
Equity Security	1	1,210	1,210	6,400	6,400

(1) Carrying value for Senior Notes, as presented, includes unamortized debt issuance costs and premiums. Debt issuance costs are not factored into the fair value calculation for the Senior Notes.

9. INCOME TAXES

The effective tax rate for the three and nine months ended September 30, 2022 was 22.6% and 23.8%, respectively, compared to 23.5% and 23.2%, respectively, for the same periods in 2021. For both the three and nine months ended September 30, 2022 and 2021 the effective tax rate differed from the U.S. federal statutory income tax rate primarily due to state income taxes, non-deductible executive compensation, excess tax benefits related to stock-based compensation and special deductions and credits relating to homebuilding activities.

At both September 30, 2022 and December 31, 2021, there were no unrecognized tax benefits.

10. STOCKHOLDERS' EQUITY

Capital Stock

The Company's authorized capital stock consists of 400,000,000 shares of common stock, par value $0.00001 per share (the "Common Stock"), and 50,000,000 shares of preferred stock, par value $0.00001 per share.

Stock Repurchase Program

On May 31, 2022, the Board of Directors authorized a new stock repurchase program which permits the Company to repurchase up to $500.0 million of the Company's Common Stock until December 31, 2023. The new stock repurchase program replaced the Company's prior $250.0 million repurchase program, which had been scheduled to expire on June 30, 2024. Repurchases under the new program may occur from time to time through open market purchases, privately negotiated transactions or other transactions. The timing, manner, price and amount of any common stock repurchases will be determined by us in our discretion and will depend on a variety of factors, including prevailing market conditions, our liquidity, the terms of our debt instruments, legal requirements, planned land investment and development spending, acquisition and other investment opportunities and ongoing capital requirements. The program does not require us to repurchase any specific number of shares of common stock, and the program may be suspended, extended, modified or discontinued at any time.

The following table summarizes share repurchase activity for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	2022	2021	2022	2021
Amount available for repurchase — beginning of period	$ 425,000	$ 191,659	$ 230,413	$ 86,831
Amount cancelled from expired or unused authorizations	—	—	(75,000)	—
Additional amount authorized for repurchase	—	—	500,000	250,000
Amount repurchased	(104,999)	(91,659)	(335,412)	(236,831)
Amount available for repurchase — end of period	$ 320,001	$ 100,000	$ 320,001	$ 100,000

The Company repurchased 4,213,256 and 12,940,941 shares under the share repurchase program during the three and nine months ended September 30, 2022, respectively. The number of shares repurchased were 3,309,196 and 8,565,933 during the three and nine months ended September 30, 2021, respectively.

11. STOCK BASED COMPENSATION

Equity-Based Compensation

In April 2013, we adopted the Taylor Morrison Home Corporation 2013 Omnibus Equity Award Plan (the "Plan"). The Plan was most recently amended and restated in May 2022. The Plan provides for the grant of stock options, restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs"), and other equity-based awards deliverable in shares of our Common Stock. As of September 30, 2022, we had an aggregate of 5,534,816 shares of Common Stock available for future grants under the Plan.

The following table provides the outstanding balance of time-based and performance based RSUs and stock options as of September 30, 2022:

	Restricted Stock Units (time and performance)		Stock Options	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Exercise Price Per Share
Balance at September 30, 2022	1,618,601	$ 27.34	3,397,097	$ 23.24

The following table provides information regarding the amount and components of stock-based compensation expense, all of which is included in General and administrative expenses in the unaudited Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Restricted stock units [1]	$ 4,215	$ 3,746	$ 14,133	$ 12,108
Stock options	1,118	1,047	3,341	3,020
Total stock compensation	$ 5,333	$ 4,793	$ 17,474	$ 15,128

[1] Includes compensation expense related to time-based RSUs and performance-based RSUs.

At September 30, 2022 and December 31, 2021, the aggregate unrecognized value of all outstanding stock-based compensation awards was approximately $32.3 million and $26.5 million, respectively.

12. REPORTING SEGMENTS

We have multiple homebuilding operating components which are engaged in the business of acquiring and developing land, constructing homes, marketing and selling those homes, and providing warranty and customer service. We aggregate our homebuilding operating components into three reporting segments, East, Central, and West, based on similar long-term economic characteristics. The activity from our Build-to-Rent and Urban Form operations are included in our Corporate segment. We also have a financial services reporting segment. We have no inter-segment sales as all sales are to external customers.

Our reporting segments are as follows:

East	Atlanta, Charlotte, Jacksonville, Naples, Orlando, Raleigh, Sarasota, and Tampa
Central	Austin, Dallas, Denver, and Houston
West	Bay Area, Las Vegas, Phoenix, Portland, Sacramento, Seattle, and Southern California
Financial Services	Taylor Morrison Home Funding, Inspired Title Services, and Taylor Morrison Insurance Services

Segment information is as follows (in thousands):

	Three Months Ended September 30, 2022					
	East	Central	West	Financial Services	Corporate and Unallocated[1]	Total
Total revenue	$ 649,058	$ 522,846	$ 831,409	$ 27,749	$ 3,582	$ 2,034,644
Gross margin	176,015	141,076	231,100	7,354	2,395	557,940
Selling, general and administrative expenses	(42,126)	(32,589)	(39,193)	—	(33,141)	(147,049)
Net (loss)/income from unconsolidated entities	—	(86)	(899)	546	(741)	(1,180)
Interest and other income/(expense), net[2]	(4,180)	(1,325)	(4,065)	—	(563)	(10,133)
Gain on extinguishment of debt, net	—	—	—	—	71	71
Income/(loss) before income taxes	$ 129,709	$ 107,076	$ 186,943	$ 7,900	$ (31,979)	$ 399,649

[1] Includes the activity from our Build-To-Rent and Urban Form operations.
[2] Interest and other income/(expense), net includes pre-acquisition write-offs of terminated projects.

	Three Months Ended September 30, 2021					
	East	Central	West	Financial Services	Corporate and Unallocated [1]	Total
Total revenue	$ 571,879	$ 401,948	$ 846,082	$ 38,046	$ 796	$ 1,858,751
Gross margin	129,234	78,292	173,062	11,844	18	392,450
Selling, general and administrative expenses	(43,439)	(31,325)	(48,627)	—	(44,219)	(167,610)
Net (loss)/income from unconsolidated entities	—	(15)	143	1,354	—	1,482
Interest and other income/(expense), net [2]	(419)	(803)	254	—	211	(757)
Income/(loss) before income taxes	$ 85,376	$ 46,149	$ 124,832	$ 13,198	$ (43,990)	$ 225,565

[1] Includes the activity from our Build-To-Rent and Urban Form operations.
[2] Interest and other income/(expense), net includes pre-acquisition write-offs of terminated projects.

	Nine Months Ended September 30, 2022					
	East	Central	West	Financial Services	Corporate and Unallocated[1]	Total
Total revenue	$ 1,810,041	$ 1,351,093	$ 2,433,893	$ 98,419	$ 39,345	$ 5,732,791
Gross margin	476,241	332,440	635,318	32,327	16,222	1,492,548
Selling, general and administrative expenses	(127,041)	(95,527)	(125,086)	—	(122,201)	(469,855)
Net income/(loss) from unconsolidated entities	—	(40)	(7,004)	4,799	(741)	(2,986)
Interest and other income/(expense), net[2]	5,498	(4,262)	(9,734)	—	(605)	(9,103)
Gain on extinguishment of debt, net	—	—	—	—	13,542	13,542
Income/(loss) before income taxes	$ 354,698	$ 232,611	$ 493,494	$ 37,126	$ (93,783)	$ 1,024,146

(1) Includes the activity from our Build-To-Rent and Urban Form operations.
(2) Interest and other income/(expense), net includes pre-acquisition write-offs of terminated projects.

	Nine Months Ended September 30, 2021					
	East	Central	West	Financial Services	Corporate and Unallocated[(1)]	Total
Total revenue	$ 1,606,603	$ 1,110,399	$ 2,158,251	$ 119,503	$ 1,087	$ 4,995,843
Gross margin	336,542	212,076	404,093	43,367	(484)	995,594
Selling, general and administrative expenses	(128,402)	(92,225)	(137,384)	—	(124,661)	(482,672)
Net (loss)/income from unconsolidated entities	—	(85)	2,139	7,225	(10)	9,269
Interest and other income/(expense), net (2)	(328)	(1,694)	(1,165)	—	1,526	(1,661)
Income/(loss) before income taxes	$ 207,812	$ 118,072	$ 267,683	$ 50,592	$ (123,629)	$ 520,530

(1) Includes the activity from our Build-To-Rent and Urban Form operations.
(2) Interest and other income/(expense), net includes pre-acquisition write-offs of terminated projects.

	As of September 30, 2022					
	East	Central	West	Financial Services	Corporate and Unallocated[(1)]	Total
Real estate inventory and land deposits	$ 2,039,049	$ 1,538,310	$ 2,672,058	$ —	$ —	$ 6,249,417
Investments in unconsolidated entities	46,629	92,884	119,752	4,673	42,143	306,081
Other assets	168,229	245,508	610,596	278,890	734,905	2,038,128
Total assets	$ 2,253,907	$ 1,876,702	$ 3,402,406	$ 283,563	$ 777,048	$ 8,593,626

(1) Includes corporate cash and the assets from our Build-To-Rent and Urban Form operations.

	As of December 31, 2021					
	East	Central	West	Financial Services	Corporate and Unallocated (1)	Total
Real estate inventory and land deposits	$ 1,781,948	$ 1,282,024	$ 2,665,084	$ —	$ —	$ 5,729,056
Investments in unconsolidated entities	—	87,600	79,531	4,275	—	171,406
Other assets	196,126	221,906	588,520	559,233	1,261,530	2,827,315
Total assets	$ 1,978,074	$ 1,591,530	$ 3,333,135	$ 563,508	$ 1,261,530	$ 8,727,777

(1) Includes corporate cash and the assets from our Build-To-Rent and Urban Form operations.

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Surety Bonds — We are committed, under various letters of credit and surety bonds, to perform certain development and construction activities and provide certain guarantees in the normal course of business. Outstanding letters of credit and surety bonds under these arrangements totaled $1.2 billion as of September 30, 2022 and December 31, 2021. Although significant development and construction activities have been completed related to these site improvements, the bonds are generally not released until all development and construction activities are completed. We do not believe that it is probable that any outstanding letters of credit or surety bonds as of September 30, 2022 will be drawn upon.

Purchase Commitments —We are subject to the usual obligations associated with entering into contracts (including land option contracts and land banking arrangements) for the purchase, development, and sale of real estate in the routine conduct of our business. We have a number of land purchase option contracts and land banking agreements, generally through cash deposits, for the right to purchase land or lots at a future point in time with predetermined terms. We do not have title to the property and the creditors of the property owner generally have no recourse. Our obligations with respect to such contracts are generally limited to the forfeiture of the related non-refundable cash deposits and/or letters of credit provided to obtain the options. At September 30, 2022 and December 31, 2021, the aggregate purchase price of these contracts was $1.5 billion and $1.3 billion, respectively.

Legal Proceedings — We are involved in various litigation and legal claims in the normal course of our business operations, including actions brought on behalf of various classes of claimants. We are also subject to a variety of local, state, and federal laws and regulations related to land development activities, house construction standards, sales practices, mortgage lending operations, title and insurance agency operations, safety and other employment practices, and protection of the environment. As a result, we are subject to periodic examination or inquiry by various governmental agencies that administer these laws and regulations.

We establish liabilities for legal claims and regulatory matters when such matters are both probable of occurring and any potential loss is reasonably estimable. At September 30, 2022 and December 31, 2021, our legal accruals were $20.5 million and $21.7 million, respectively. We accrue for such matters based on the facts and circumstances specific to each matter and revise these estimates as the matters evolve. In such cases, there may exist an exposure to loss in excess of any amounts currently accrued. Predicting the ultimate resolution of the pending matters, the related timing or the eventual loss associated with these matters is inherently difficult. Accordingly, the liability arising from the ultimate resolution of any matter may exceed the estimate reflected in the recorded reserves relating to such matters. While the outcome of such contingencies cannot be predicted with certainty, we do not believe that the resolution of such matters will have a material adverse impact on our results of operations, financial position, or cash flows.

On April 26, 2017, a class action complaint was filed in the Circuit Court of the Tenth Judicial Circuit in and for Polk County, Florida by Norman Gundel, William Mann, and Brenda Taylor against Avatar Properties, Inc. (an acquired AV Homes entity), generally alleging that our collection of club membership fees in connection with the use of one of our amenities in our East homebuilding segment violates various laws relating to homeowner associations and other Florida-specific laws. The class action complaint seeks an injunction to prohibit future collection of club membership fees. On November 2, 2021, the court determined that the club membership fees were improper and that plaintiffs were entitled to $35.0 million in fee reimbursements. We appealed the court's ruling to the Second District Court of Appeal on November 29, 2021, and as of September 30, 2022, our appeal remains pending. Plaintiffs have agreed to continue to pay club membership fees pending the outcome of the appeal. We believe, based on our assessment and the opinion of external legal counsel, that the court's legal interpretation constitutes legal error and the court incorrectly ruled on this matter. In accordance with ASC Topic 450, Contingencies, we evaluated the range of loss and the likelihood of each potential amount of loss within the range. While the ultimate outcome and the costs associated with litigation are inherently uncertain and difficult to predict, in evaluating the potential outcomes, we believe the more likely outcome is that we win the appeal. This belief is based on our review of the legal merit of the judgement, as well as the opinion of external legal counsel. Accordingly, in assessing the range of possible loss, we believe the more likely outcome is that we win on appeal and will have zero liability.

Leases — Our leases primarily consist of office space, construction trailers, model home leasebacks, a ground lease, equipment, and storage units. We assess each of these contracts to determine whether the arrangement contains a lease as defined by ASC 842, *Leases*. Lease obligations were $91.6 million and $96.2 million as of September 30, 2022 and December 31, 2021, respectively. We recorded lease expense of approximately $6.9 million and $20.5 million for the three and nine months ended September 30, 2022, and $4.2 million and $12.2 million for the three and nine months ended September 30, 2021, respectively, within General and administrative expenses on our unaudited Condensed Consolidated Statement of Operations.

14. MORTGAGE HEDGING ACTIVITIES

We enter into IRLCs to originate residential mortgage loans held for sale, at specified interest rates and within a specified period of time (generally between 30 and 60 days), with customers who have applied for a loan and meet certain credit and underwriting criteria. These IRLCs meet the definition of a derivative and are reflected on the balance sheet at fair value with changes in fair value recognized in Financial Services revenue/expenses on the unaudited Condensed Consolidated Statements of Operations. Unrealized gains and losses on the IRLCs, reflected as derivative assets or liabilities, are measured based on the fair value of the underlying mortgage loan, quoted Agency MBS prices, estimates of the fair value of the mortgage servicing rights and the probability that the mortgage loan will fund within the terms of the IRLC, net of commission expense and broker fees. The fair value of the forward loan sales commitment and mandatory delivery commitments being used to hedge the IRLCs and mortgage loans held for sale not committed to be purchased by investors are based on quoted Agency MBS prices.

The following summarizes derivative instrument assets (liabilities) as of the periods presented:

	As of			
	September 30, 2022		December 31, 2021	
(Dollars in thousands)	Fair Value	Notional Amount (1)	Fair Value	Notional Amount (1)
IRLCs	$ (12,792)	$ 651,953	$ 2,110	$ 158,299
MBSs	23,832	596,000	(449)	407,000
Total	$ 11,040		$ 1,661	

(1) The notional amounts in the table above include mandatory and best effort mortgages, that have been locked and approved.

Total commitments to originate loans approximated $716.6 million and $173.7 million as of September 30, 2022 and December 31, 2021, respectively. This amount represents the commitments to originate loans that have been locked and approved by underwriting. The notional amounts in the table above includes mandatory and best effort loans that have been locked and approved by underwriting.

We have exposure to credit loss in the event of contractual non-performance by our trading counterparties in derivative instruments that we use in our rate risk management activities. We manage this credit risk by selecting only counterparties that we believe to be financially strong, spreading the risk among multiple counterparties, placing contractual limits on the amount of unsecured credit extended to any single counterparty, and entering into netting agreements with counterparties, as appropriate. Commitments to originate loans do not necessarily reflect future cash requirements as some commitments are expected to expire without being drawn upon.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For purposes of this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "the Company," "we," "us," or "our" refer to Taylor Morrison Home Corporation ("TMHC") and its subsidiaries. The Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements included elsewhere in this quarterly report.

Forward-Looking Statements

This quarterly report includes certain forward-looking statements within the meaning of the federal securities laws regarding, among other things, our or management's intentions, plans, beliefs, expectations or predictions of future events, which are considered forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business and operations strategy. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate," "can," "could," "might," "project" or similar expressions. These statements are based upon assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read this quarterly report, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions, including those described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 ("Annual Report") and in our subsequent filings with the U.S. Securities and Exchange Commission (the "SEC"). Although we believe that these forward-looking statements are based upon reasonable assumptions and currently available information, you should be aware that many factors, including those described under the heading "Risk Factors" in the Annual Report and in our subsequent filings with the SEC, could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements.

Our forward-looking statements made herein are made only as of the date of this quarterly report. We expressly disclaim any intent, obligation or undertaking to update or revise any forward-looking statements made herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, except as required by applicable law.

Business Overview

Our principal business is residential homebuilding and the development of lifestyle communities with operations geographically focused in Arizona, California, Colorado, Florida, Georgia, Nevada, North and South Carolina, Oregon, Texas, and Washington. We serve a wide array of consumer groups from coast to coast, including entry-level, move-up, and resort lifestyle (formerly referred to as 55-plus active lifestyle) buyers, building single and multi-family attached and detached homes. Our homebuilding company operates under our Taylor Morrison, Darling Homes Collection by Taylor Morrison, and Esplanade brand names. We operate a "Build-to-Rent" homebuilding business where we serve as a land acquirer, developer, and homebuilder. We also operate Urban Form Development, LLC ("Urban Form"), which primarily develops and constructs multi-use properties consisting of commercial space, retail, and multi-family units. We have operations which provide financial services to customers through our wholly owned mortgage subsidiary, Taylor Morrison Home Funding, INC ("TMHF"), title services through our wholly owned title services subsidiary, Inspired Title Services, LLC ("Inspired Title"), and homeowner's insurance policies through our insurance agency, Taylor Morrison Insurance Services, LLC ("TMIS"). Our business as of September 30, 2022 is organized into multiple homebuilding operating components, and a financial services component, all of which are managed as four reportable segments: East, Central, West and Financial Services, as follows:

East	Atlanta, Charlotte, Jacksonville, Naples, Orlando, Raleigh, Sarasota, and Tampa
Central	Austin, Dallas, Denver, and Houston
West	Bay Area, Las Vegas, Phoenix, Portland, Sacramento, Seattle, and Southern California
Financial Services	Taylor Morrison Home Funding, Inspired Title Services, and Taylor Morrison Insurance Services

Community development includes the acquisition and development of land, which may include obtaining significant planning and entitlement approvals and completing construction of off-site and on-site utilities and infrastructure. We generally operate as community developers, but in some communities we operate solely as merchant builders, in which case we acquire fully entitled and developed lots. We remain disciplined in our underwriting to acquire land where we see opportunities to drive profitable growth over the full cycle, with the land acquisitions we are approving today largely expected to impact deliveries in the next 24 to 48 months.

In our homebuilding operations, we either directly, or indirectly through our subcontractors, purchase the significant materials necessary to construct a home such as drywall, cement, steel, lumber, insulation and the other building materials. While these materials are generally widely available from a variety of sources, from time to time we experience material shortages on a localized basis which can substantially increase the price for such materials and our construction process can be slowed.

As of September 30, 2022, we employed approximately 3,000 full-time equivalent persons. Of these, approximately 2,550 were engaged in corporate and homebuilding operations, and the remaining approximately 450 were engaged in financial services.

Factors Affecting Comparability of Results

For the three and nine months ended September 30, 2022, we recognized a $0.8 million and $14.5 million gain on land transfers relating to our unconsolidated joint ventures, respectively, which is included in Other expense/(income), net on the unaudited Condensed Consolidated Statements of Operations. In addition, for the three and nine months ended September 30, 2022, we recognized a $71 thousand and $13.5 million net gain on extinguishment of debt relating to our partial redemption of our 6.625% Senior Notes due 2027 which is included in Gain on extinguishment of debt, net on our unaudited Condensed Consolidated Statements of Operations. We did not incur such costs for the three or nine months ended September 30, 2021.

Third Quarter 2022 Highlights (all comparisons are of the current quarter to the prior year quarter, unless otherwise indicated):

- Home closings revenue increased 12 percent to $2.0 billion.
- Home closings gross margin improved 630 basis points to 27.5 percent.
- SG&A as a percentage of home closings revenue improved 210 basis points to 7.4 percent.
- Homebuilding lot supply increased three percent to approximately 80,000 owned and controlled homesites.
- Controlled lots as a percentage of total lot supply increased approximately 600 basis points to 42 percent.
- Repurchased 4.2 million shares outstanding for $105 million.
- Return on equity improved 1,300 basis points to 25.8 percent.

Results of Operations

The following table sets forth our results of operations for the periods presented:

(Dollars in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Statements of Operations Data:				
Home closings revenue, net	$ 1,983,775	$ 1,772,495	$ 5,511,204	$ 4,780,304
Land closings revenue	14,225	42,228	66,651	79,174
Financial services revenue	27,749	38,046	98,419	119,503
Amenity and other revenue	8,895	5,982	56,517	16,862
Total revenue	2,034,644	1,858,751	5,732,791	4,995,843
Cost of home closings	1,438,164	1,397,319	4,084,748	3,838,602
Cost of land closings	11,571	36,439	50,139	68,604
Financial services expenses	20,395	26,202	66,092	76,136
Amenity and other expenses	6,574	6,341	39,264	16,907
Gross margin	557,940	392,450	1,492,548	995,594
Sales, commissions and other marketing costs	94,692	97,185	279,950	280,697
General and administrative expenses	52,357	70,425	189,905	201,975
Net loss/(income) from unconsolidated entities	1,180	(1,482)	2,986	(9,269)
Interest expense, net	4,382	710	13,823	594
Other expense/(income), net	5,751	47	(4,720)	1,067
Gain on extinguishment of debt, net	(71)	—	(13,542)	—
Income before income taxes	399,649	225,565	1,024,146	520,530
Income tax provision	90,418	53,098	243,300	120,865
Net income before allocation to non-controlling interests	309,231	172,467	780,846	399,665
Net loss/(income) attributable to non-controlling interests — joint ventures	548	(4,333)	(3,377)	(9,363)
Net income available to Taylor Morrison Home Corporation	$ 309,779	$ 168,134	$ 777,469	$ 390,302
Home closings gross margin	27.5 %	21.2 %	25.9 %	19.7 %
Sales, commissions and other marketing costs as a percentage of home closings revenue, net	4.8 %	5.5 %	5.1 %	5.9 %
General and administrative expenses as a percentage of home closings revenue, net	2.6 %	4.0 %	3.4 %	4.2 %

Non-GAAP Measures

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we have provided information in this quarterly report relating to: (i) adjusted net income and adjusted earnings per common share, (ii) adjusted income before income taxes and related margin, (iii) EBITDA and adjusted EBITDA and (iv) net homebuilding debt to capitalization ratio.

Adjusted net income, adjusted earnings per common share and adjusted income before income taxes and related margin are non-GAAP financial measures that reflect the net income/(loss) available to the Company excluding the impact of gains on land transfers and extinguishment of debt, net, and in the case of adjusted net income and adjusted earnings per common share, the tax impact due to such items. EBITDA and Adjusted EBITDA are non-GAAP financial measures that measure performance by adjusting net income before allocation to non-controlling interests to exclude interest expense/(income), net, amortization of capitalized interest, income taxes, depreciation and amortization (EBITDA), non-cash compensation expense, if any, gains on land transfers and extinguishment of debt, net. Net homebuilding debt to capitalization ratio is a non-GAAP financial measure we calculate by dividing (i) total debt, plus unamortized debt issuance cost/(premium), net, and less mortgage warehouse borrowings, net of unrestricted cash and cash equivalents, by (ii) total capitalization (the sum of net homebuilding debt and total stockholders' equity).

Management uses these non-GAAP financial measures to evaluate our performance on a consolidated basis, as well as the performance of our regions, and to set targets for performance-based compensation. We also use the ratio of net homebuilding debt to total capitalization as an indicator of overall leverage and to evaluate our performance against other companies in the homebuilding industry. In the future, we may include additional adjustments in the above-described non-GAAP financial measures to the extent we deem them appropriate and useful to management and investors.

We believe that adjusted net income, adjusted earnings per common share, adjusted income before income taxes and related margin, as well as EBITDA and adjusted EBITDA, are useful for investors in order to allow them to evaluate our operations without the effects of various items we do not believe are characteristic of our ongoing operations or performance and also because such metrics assist both investors and management in analyzing and benchmarking the performance and value of our business. Adjusted EBITDA also provides an indicator of general economic performance that is not affected by fluctuations in interest rates or effective tax rates, levels of depreciation or amortization, or unusual items. Because we use the ratio of net homebuilding debt to total capitalization to evaluate our performance against other companies in the homebuilding industry, we believe this measure is also relevant and useful to investors for that reason.

These non-GAAP financial measures should be considered in addition to, rather than as a substitute for, the comparable U.S. GAAP financial measures of our operating performance or liquidity. Although other companies in the homebuilding industry may report similar information, their definitions may differ. We urge investors to understand the methods used by other companies to calculate similarly-titled non-GAAP financial measures before comparing their measures to ours.

Adjusted Net Income and Adjusted Earnings Per Common Share

	Three Months Ended September 30,	
(Dollars in thousands, except per share data)	**2022**	**2021**
Net income available to TMHC	$ 309,779	$ 168,134
Gain on land transfers	(808)	—
Gain on extinguishment of debt, net	(71)	—
Tax impact due to above non-GAAP reconciling items	205	—
Adjusted net income	$ 309,105	$ 168,134
Basic weighted average number of shares	112,701	124,378
Adjusted earnings per common share - Basic	$ 2.74	$ 1.35
Diluted weighted average number of shares	113,780	125,770
Adjusted earnings per common share - Diluted	$ 2.72	$ 1.34

Adjusted Income Before Income Taxes and Related Margin

(Dollars in thousands)	Three Months Ended September 30, 2022	2021
Income before income taxes	$ 399,649	$ 225,565
Gain on land transfers	(808)	—
Gain on extinguishment of debt, net	(71)	—
Adjusted income before income taxes	$ 398,770	$ 225,565
Total revenue	$ 2,034,644	$ 1,858,751
Income before income taxes margin	19.6 %	12.1 %
Adjusted income before income taxes margin	19.6 %	12.1 %

EBITDA and Adjusted EBITDA Reconciliation

(Dollars in thousands)	Three Months Ended September 30, 2022	2021
Net income before allocation to non-controlling interests	$ 309,231	$ 172,467
Interest expense, net	4,382	710
Amortization of capitalized interest	33,774	37,951
Income tax provision	90,418	53,098
Depreciation and amortization	1,484	2,164
EBITDA	$ 439,289	$ 266,390
Non-cash compensation expense	5,333	4,793
Gain on land transfers	(808)	—
Gain on extinguishment of debt, net	(71)	—
Adjusted EBITDA	$ 443,743	$ 271,183
Total revenue	$ 2,034,644	$ 1,858,751
Net income before allocation to non-controlling interests as a percentage of total revenue	15.2 %	9.3 %
EBITDA as a percentage of total revenue	21.6 %	14.3 %
Adjusted EBITDA as a percentage of total revenue	21.8 %	14.6 %

Net Homebuilding Debt to Capitalization Ratio Reconciliation

(Dollars in thousands)	As of September 30, 2022	As of June 30, 2022	As of September 30, 2021
Total debt	$ 2,729,924	$ 2,950,744	$ 3,221,569
Plus: unamortized debt issuance cost/(premium), net	11,242	11,891	(2,333)
Less: mortgage warehouse borrowings	(146,335)	(179,555)	(235,685)
Total homebuilding debt	$ 2,594,831	$ 2,783,080	$ 2,983,551
Less: cash and cash equivalents	(329,244)	(378,340)	(373,407)
Net homebuilding debt	$ 2,265,587	$ 2,404,740	$ 2,610,144
Total equity	4,403,466	4,193,895	3,745,896
Total capitalization	$ 6,669,053	$ 6,598,635	$ 6,356,040
Net homebuilding debt to capitalization ratio	34.0 %	36.4 %	41.1 %

Three and nine months ended September 30, 2022 compared to three and nine months ended September 30, 2021

The results for the three and nine months ended September 30, 2022 and 2021 were impacted by various macro economic conditions. From the second half of 2020 through the first quarter of 2022, demand for housing increased nationwide. Subsequently, multiple increases in mortgage interest rates beginning in March 2022 have caused buyer apprehension and affordability concerns, resulting in an increase in cancellations. We believe these have impacted us throughout the year, however the multiple increases in interest rates by the Federal Reserve in recent months impacted our net sales orders and cancellations, for the three months ended September 30, 2022 in particular. The overall strong demand for housing in the prior year and first half of 2022 allowed us to utilize pricing strategies that mitigated increases in costs. The average sales price for 2022 net sales orders, backlog, and homes closed all increased compared to the prior year. We continue to experience market-wide supply chain disruptions, trade labor shortages, and high costs related to materials due to inflationary impacts. However, these supply chain delays and labor shortages have extended our build cycle times. To combat this, several markets have shifted to a strategy of selling spec homes, which allows the homes to be further along the cycle time before releasing them to be sold. Operational information related to each period is presented below:

Ending Active Selling Communities

	As of September 30, 2022	As of June 30, 2022	Change
East	118	117	0.9 %
Central	105	104	1.0
West	103	102	1.0
Total	326	323	**0.9 %**

Net Sales Orders

	Three Months Ended September 30,								
	Net Sales Orders [(1)]			Sales Value [(1)]			Average Selling Price		
(Dollars in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
East	1,041	1,279	(18.6)%	$ 640,093	$ 742,449	(13.8)%	$ 615	$ 580	6.0 %
Central	450	921	(51.1)	267,681	577,477	(53.6)	595	627	(5.1)
West	578	1,172	(50.7)	372,223	840,963	(55.7)	644	718	(10.3)
Total	2,069	3,372	(38.6)%	$ 1,279,997	$ 2,160,889	(40.8)%	$ 619	$ 641	(3.4)%

(1) Net sales orders and sales value represent the number and dollar value, respectively, of new sales contracts executed with customers, net of cancellations.

	Nine Months Ended September 30,								
	Net Sales Orders [1]			Sales Value [1]			Average Selling Price		
(Dollars in thousands)	2022	2021	Change	2022	2021	Change	2022	2021	Change
East	3,189	4,358	(26.8)%	$ 1,976,798	$ 2,334,431	(15.3)%	$ 620	$ 536	15.7 %
Central	1,979	2,843	(30.4)	1,294,106	1,661,934	(22.1)	654	585	11.8
West	2,509	4,085	(38.6)	1,878,886	2,680,460	(29.9)	749	656	14.2
Total	7,677	11,286	(32.0)%	$ 5,149,790	$ 6,676,825	(22.9)%	$ 671	$ 592	13.3 %

Net sales orders and sales value decreased by 38.6% and 40.8%, for the three months ended September 30, 2022, and 32.0% and 22.9%, for the nine months ended September 30, 2022, respectively, compared to the same periods in the prior year. We believe the decreases were primarily the result of the change in economic conditions and home buyer apprehensions due to rising mortgage interest rates and inflationary pressures. We experienced sales price appreciation over recent quarters driving an increase in average selling price for the nine months ended September 30, 2022 compared to the same period in the prior year. However, during the three months ended September 30, 2022 we began offering pricing incentives or discounts in certain markets which caused the overall average selling price to decrease for the quarter compared to the same quarter in the prior year.

Sales Order Cancellations

	Cancellation Rate[1]			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
East	9.2 %	5.6 %	7.3 %	5.5 %
Central	22.5 %	7.5 %	12.8 %	6.7 %
West	20.2 %	7.4 %	12.7 %	6.4 %
Total Company	**15.6 %**	**6.7 %**	**10.6 %**	**6.1 %**

[1] Cancellation rate represents the number of canceled sales orders divided by gross sales orders.

The total company cancellation rate increased for the three and nine months ended September 30, 2022 compared to the same periods in the prior year. This increase in cancellations is due to increases in mortgage interest rates, buyer apprehensions, and other macro economic conditions such as inflation.

Sales Order Backlog

	As of September 30,								
	Sold Homes in Backlog [1]			Sales Value			Average Selling Price		
(Dollars in thousands)	2022	2021	Change	2022	2021	Change	2022	2021	Change
East	3,256	3,729	(12.7)%	$ 2,121,673	$ 2,090,661	1.5 %	$ 652	$ 561	16.2 %
Central	2,489	2,995	(16.9)	1,694,111	1,760,401	(3.8)	681	588	15.8
West	2,196	3,549	(38.1)	1,579,937	2,272,904	(30.5)	719	640	12.3
Total	7,941	10,273	(22.7)%	$ 5,395,721	$ 6,123,966	(11.9)%	$ 679	$ 596	13.9 %

[1] Sales order backlog represents homes under contract for which revenue has not yet been recognized at the end of the period (including homes sold but not yet started). Some of the contracts in our sales order backlog are subject to contingencies including mortgage loan approval and buyers selling their existing homes, which can result in cancellations.

Total sold homes in backlog and total sales value decreased by 22.7% and 11.9% at September 30, 2022 and September 30, 2021, respectively. The decrease in sold homes in backlog is primarily the result of a decrease in net sales as well as an increase in cancellations. Despite a lower number of sold homes in backlog and total sales value, the average selling price of homes in backlog increased by 13.9% as a result of sales price appreciation over the past several quarters.

Home Closings Revenue

	Three Months Ended September 30,								
	Homes Closed			Home Closings Revenue, Net			Average Selling Price		
(Dollars in thousands)	2022	2021	Change	2022	2021	Change	2022	2021	Change
East	1,118	1,167	(4.2)%	$ 638,270	$ 554,995	15.0 %	$ 571	$ 476	20.0 %
Central	835	764	9.3	522,247	398,762	31.0	625	522	19.7
West	1,097	1,396	(21.4)	823,258	818,738	0.6	750	586	28.0
Total	3,050	3,327	(8.3)%	$ 1,983,775	$ 1,772,495	11.9 %	$ 650	$ 533	22.0 %

	Nine Months Ended September 30,								
	Homes Closed			Home Closings Revenue, Net			Average Selling Price		
(Dollars in thousands)	2022	2021	Change	2022	2021	Change	2022	2021	Change
East	3,152	3,464	(9.0)%	$ 1,757,444	$ 1,564,206	12.4 %	$ 558	$ 452	23.5 %
Central	2,277	2,246	1.4	1,347,828	1,101,681	22.3	592	491	20.6
West	3,421	3,706	(7.7)	2,405,932	2,114,417	13.8	703	571	23.1
Total	8,850	9,416	(6.0)%	$ 5,511,204	$ 4,780,304	15.3 %	$ 623	$ 508	22.6 %

The number of homes closed decreased by 8.3% and 6.0%, for the three and nine months ended September 30, 2022, respectively, while home closings revenue, net increased by 11.9% and 15.3%, for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year. The decrease in the number of homes closed is primarily due to an increase in cancellations in the current year periods compared to the prior year periods. The increase in home closings revenue, net is a result of sales price appreciation which caused average selling prices to increase by 22.0% and 22.6% for the three and nine months ended September 30, 2022, respectively.

Land Closings Revenue

	Three Months Ended September 30,		
(Dollars in thousands)	2022	2021	Change
East	$ 5,732	$ 11,987	$ (6,255)
Central	599	3,186	(2,587)
West	7,894	27,055	(19,161)
Total	$ 14,225	$ 42,228	$ (28,003)

	Nine Months Ended September 30,		
(Dollars in thousands)	2022	2021	Change
East	$ 36,482	$ 27,643	$ 8,839
Central	3,265	8,718	(5,453)
West	26,904	42,813	(15,909)
Total	$ 66,651	$ 79,174	$ (12,523)

We generally purchase land and lots with the intent to build and sell homes. However, in some locations where we act as a developer, we occasionally purchase land that includes commercially zoned parcels or areas designated for school or government use, which we typically sell to commercial developers or municipalities, as applicable. We also sell residential lots or land parcels to manage our land and lot supply on larger tracts of land. Land and lot sales occur at various intervals and varying degrees of profitability. Therefore, the revenue and gross margin from land closings will fluctuate from period to period, depending upon market opportunities and our land management strategy. The land closings revenue in the East for the nine months ended September 30, 2022 was due to the sale of certain commercial assets as well as the sale of residential lots in our Florida market. In the prior year, the land closings revenue in the West for the three months ended September 30, 2021 was due to the sale of certain projects in our Oregon market while the land closings revenue for the nine months ended September 30, 2021 also includes project sales in our Washington and Arizona markets.

Amenity and Other Revenue

	Three Months Ended September 30,		
(Dollars in thousands)	**2022**	**2021**	**Change**
East	$ 5,056	$ 4,897	$ 159
Central	—	—	—
West	257	289	(32)
Corporate	3,582	796	2,786
Total	$ 8,895	$ 5,982	$ 2,913

	Nine Months Ended September 30,		
(Dollars in thousands)	**2022**	**2021**	**Change**
East	$ 16,115	$ 14,754	$ 1,361
Central	—	—	—
West	1,057	1,021	36
Corporate	39,345	1,087	38,258
Total	$ 56,517	$ 16,862	$ 39,655

Several of our communities operate amenities such as golf courses, club houses, and fitness centers. We provide club members access to the amenity facilities and other services in exchange for club dues and fees. Our Corporate region also includes the activity relating to our Build-To-Rent and Urban Form operations. The increase in amenity and other revenue in Corporate for the nine months ended September 30, 2022 is due to the sale of an asset relating to our Urban Form operations.

Home Closings Gross Margin

	Three Months Ended September 30,							
	East		**Central**		**West**		**Consolidated**	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Home closings revenue, net	$ 638,270	$ 554,995	$ 522,247	$ 398,762	$ 823,258	$ 818,738	$ 1,983,775	$ 1,772,495
Cost of home closings	460,137	428,908	381,181	320,783	596,846	647,628	1,438,164	1,397,319
Home closings gross margin	$ 178,133	$ 126,087	$ 141,066	$ 77,979	$ 226,412	$ 171,110	$ 545,611	$ 375,176
Home closings gross margin %	27.9 %	22.7 %	27.0 %	19.6 %	27.5 %	20.9 %	27.5 %	21.2 %

(Dollars in thousands)	Nine Months Ended September 30, East 2022	East 2021	Central 2022	Central 2021	West 2022	West 2021	Consolidated 2022	Consolidated 2021
Home closings revenue, net	$ 1,757,444	$ 1,564,206	$ 1,347,828	$ 1,101,681	$ 2,405,932	$ 2,114,417	$ 5,511,204	$ 4,780,304
Cost of home closings	1,287,670	1,238,056	1,016,006	888,162	1,781,072	1,712,384	4,084,748	3,838,602
Home closings gross margin	$ 469,774	$ 326,150	$ 331,822	$ 213,519	$ 624,860	$ 402,033	$ 1,426,456	$ 941,702
Home closings gross margin %	26.7 %	20.9 %	24.6 %	19.4 %	26.0 %	19.0 %	25.9 %	19.7 %

Home closings gross margin increased 630 basis points to 27.5% for the three months ended September 30, 2022, compared to 21.2% in the prior year period and 620 basis points to 25.9% for the nine months ended September 30, 2022, compared to 19.7% in the prior year period. The increases for both the three and nine months ended September 30, 2022 is a reflection of pricing power in excess of inflationary cost pressure, operational enhancements, and acquisition synergies. In addition, we strategically metered sales releases to better manage supply chain and labor constraints in the earlier part of 2022.

Financial Services

The following is a summary for the periods presented of our financial services income before income taxes as well as supplemental data:

(Dollars in thousands)	Three Months Ended September 30, 2022	2021	Change	Nine Months Ended September 30, 2022	2021	Change
Financial services revenue	$ 18,291	$ 29,721	(38.5)%	$ 71,792	$ 96,756	(25.8)%
Title services and other revenue	9,458	8,325	13.6	26,627	22,747	17.1
Total financial services revenue	27,749	38,046	(27.1)%	98,419	119,503	(17.6)%
Financial services net income from unconsolidated entities	546	1,354	(59.7)	4,799	7,225	(33.6)
Total revenue	28,295	39,400	(28.2)	103,218	126,728	(18.6)
Financial services expenses	20,395	26,202	(22.2)	66,092	76,136	(13.2)
Financial services income before income taxes	$ 7,900	$ 13,198	(40.1)%	$ 37,126	$ 50,592	(26.6)%
Total originations:						
Number of Loans	1,551	2,254	(31.2)%	4,728	6,718	(29.6)%
Principal	$ 701,323	$ 900,404	(22.1)%	$ 2,108,122	$ 2,621,103	(19.6)%

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Supplemental data:				
Average FICO score	752	752	753	751
Funded origination breakdown:				
Government (FHA,VA,USDA)	18 %	17 %	17 %	18 %
Other agency	75 %	79 %	77 %	79 %
Total agency	93 %	96 %	94 %	97 %
Non-agency	7 %	4 %	6 %	3 %
Total funded originations	100 %	100 %	100 %	100 %

Total financial services revenue decreased by 27.1% and 17.6% for the three and nine months ended September 30, 2022 compared to the same periods in the prior year, respectively. The decrease in total financial services revenue was a result of lower home mortgage originations and lower home closings during the periods.

Sales, Commissions and Other Marketing Costs

Sales, commissions and other marketing costs, as a percentage of home closings revenue, net, decreased to 4.8% from 5.5%, and to 5.1% from 5.9% for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year. The decrease was primarily driven by leverage in controllable sales and marketing costs.

General and Administrative Expenses

General and administrative expenses as a percentage of home closings revenue, net, decreased to 2.6% from 4.0% and to 3.4% from 4.2% for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year. The decrease was primarily due to the increase in home closings revenue, along with decreases in general and administrative expenses.

Net Loss/(Income) from Unconsolidated Entities

We had a net loss from unconsolidated entities of $1.2 million and net income from unconsolidated entities of $1.5 million for the three months ended September 30, 2022 and 2021, respectively. We also had a net loss of $3.0 million and net income of $9.3 million for the nine months ended September 30, 2022 and 2021, respectively. Net loss/(income) generated from unconsolidated entities is dependent on the number of joint venture investments and the stage of our investment. We recently made several new investments in unconsolidated joint ventures which have yet to yield returns.

Other Expense/(Income), Net

Other expense, net was $5.8 million for the three months ended September 30, 2022 and other income, net was $4.7 million for the nine months ended September 30, 2022. Other expense, net was $47.0 thousand and $1.1 million for the same periods in the prior year, respectively. For the three months ended September 30, 2022, other expense was primarily related to the write-off of pre-acquisition costs during the period, and for the nine months ended September 30, 2022 other income was primarily related to $14.5 million in gains on land transferred at fair value as part of investments in two new joint ventures with third parties. The gain on land transferred represents the difference between the fair value and carrying value of the land at the time of transfer.

Gain on Extinguishment of Debt, Net

Gain on extinguishment of debt, net was $71 thousand for the three months ended September 30, 2022 and 13.5 million for the nine months ended September 30, 2022. This gain is due to the Tender Offer and purchase of our 6.625% Senior Notes due 2027 which was primarily executed in June 2022 and finalized in July 2022.

Income Tax Provision

The effective tax rate for the three and nine months ended September 30, 2022 was 22.6% and 23.8%, compared to 23.5% and 23.2%, respectively, for the same periods in the prior year. For both the three and nine months ended September 30, 2022 and September 30, 2021 the effective tax rate differed from the U.S. federal statutory income tax rate primarily due to state income taxes, non-deductible executive compensation, excess tax benefits related to stock-based compensation and special deductions and credits relating to homebuilding activities.

Net Income

Net income and diluted earnings per share for the three months ended September 30, 2022 was $309.8 million and $2.72, respectively. Net income and diluted earnings per share for the three months ended September 30, 2021 was $168.1 million and $1.34, respectively. The increases in net income and diluted earnings per share from the prior year were primarily attributable to higher home closing revenue, net and higher gross margin dollars.

Liquidity and Capital Resources

Liquidity

We finance our operations through the following:

- Cash generated from operations;
- Borrowings under our Revolving Credit Facilities;
- Our various series of Senior Notes;
- Mortgage warehouse facilities;
- Project-level real estate financing (including non-recourse loans, land banking, and joint ventures); and
- Performance, payment and completion surety bonds, and letters of credit.

Cash flows for each of our communities depend on the status of the development cycle and can differ substantially from reported earnings. Early stages of development or expansion require significant cash expenditures for land acquisitions, on and off-site development, construction of model homes, general landscaping and other amenities. Because these costs are a component of our inventory and are not recognized in our statement of operations until a home closes, we incur significant cash outflows prior to recognition of earnings.

On September 28, 2022, we announced that our indirect wholly owned subsidiary, Taylor Morrison Communities, Inc. issued a notice of full redemption for the entire outstanding principal amount of the 5.875% Senior Notes due 2023 (the "2023 Notes"). The full notice of redemption states that the entire outstanding principal amount of the 2023 Notes will be redeemed on October 31, 2022 at a redemption price equal to 100.000% of the aggregate principal amount of the 2023 Notes to be redeemed plus the applicable premium (as defined in the indenture governing the 2023 Notes) and accrued and unpaid interest through the redemption date.

The table below summarizes our total cash and liquidity as of the dates indicated (in thousands):

	As of	
(Dollars in thousands)	**September 30, 2022**	**December 31, 2021**
Total cash, excluding restricted cash	$ 329,244	$ 832,821
$1 Billion Revolving Credit Facility	1,000,000	800,000
$100 Million Revolving Credit Facility	100,000	100,000
Letters of credit outstanding	(61,242)	(58,738)
$1 Billion Revolving Credit Facility borrowings outstanding	—	—
$100 Million Revolving Credit Facility borrowings outstanding	—	(31,529)
Revolving Credit Facilities availability	1,038,758	809,733
Total liquidity	$ 1,368,002	$ 1,642,554

We believe we have adequate capital resources from cash generated from operations and sufficient access to external financing sources from borrowings under our Revolving Credit Facilities to conduct our operations for the next twelve months, including the redemption of our 2023 Notes mentioned above. Beyond the next twelve months, our primary demand for funds will be for payments of our long-term debt as it becomes due, land purchases, lot development, home and amenity construction, long-term capital investments, investments in our joint ventures, and repurchases of common stock. We believe we will generate sufficient cash from our operations to meet the demands for such payments, however we may also access the capital markets to obtain additional liquidity through debt and equity offerings or refinance debt to secure capital for such long-term demands.

Cash Flow Activities

Operating Cash Flow Activities

Our net cash provided by operating activities was $460.0 million for the nine months ended September 30, 2022, compared to $103.5 million of cash used in operating activities for the nine months ended September 30, 2021. The year-over-year increase in cash provided by operating activities is primarily driven by an increase in net income and a decrease in mortgage loans held for sale as a result of fewer home mortgage originations. These increases were partially offset by a decrease in accounts payable, accrued expenses and other liabilities; an increase in real estate inventory and deposits; and an increase in customer deposits.

Investing Cash Flow Activities

Net cash used in investing activities was $18.8 million for the nine months ended September 30, 2022, compared to $43.3 million of cash used in investing activities for the nine months ended September 30, 2021. The decrease in cash used in investing activities was primarily due to an increase in capital distributions from unconsolidated entities, partially offset by increased investments in new unconsolidated entities during the period.

Financing Cash Flow Activities

Net cash used in financing activities was $947.7 million for the nine months ended September 30, 2022, compared to $12.3 million for the nine months ended September 30, 2021. The increase in cash used in financing activities was primarily due to repayments on senior notes, Revolving Credit Facilities, and mortgage warehouse facilities as well as repurchases of common stock.

Debt Instruments

For information regarding our debt instruments, including the terms governing our Senior Notes and our Credit Facilities, see Note 7 - Debt to the Unaudited Condensed Consolidated Financial Statements included in this quarterly report.

Off-Balance Sheet Arrangements as of September 30, 2022

Investments in Land Development and Homebuilding Joint Ventures or Unconsolidated Entities

We participate in strategic land development and homebuilding joint ventures with related and unrelated third parties. Our participation with these entities, in some instances, enables us to acquire land to which we could not otherwise obtain access, or could not obtain access on terms that are as favorable. Our partners in these joint ventures historically have been land owners/developers, other homebuilders and financial or strategic partners. Joint ventures with land owners/developers have given us access to sites owned or controlled by our partners. Joint ventures with other homebuilders have provided us with the ability to bid jointly with our partners for large or expensive land parcels. Joint ventures with financial partners have allowed us to combine our homebuilding expertise with access to our partners' capital. For example, in April 2022, we established a joint venture with Värde Partners ("Värde"), a leading global alternative investment firm, to develop rental properties as a part of our Build-To-Rent program. The venture includes $850 million in equity commitments, funded 60 percent by Värde and 40 percent by the Company. The venture provides Värde with the exclusive opportunity to invest in the acquisition and development of Build-To-Rent projects identified by the Company that meet the venture's investment guidelines.

In certain of our unconsolidated joint ventures, the joint ventures enter into loan agreements, whereby we or one of our subsidiaries will provide the joint venture lenders with customary guarantees, including completion, indemnity and environmental guarantees subject to usual non-recourse terms.

For the nine months ended, September 30, 2022 and 2021, total cash contributions to unconsolidated joint ventures were $91.8 million and $31.8 million, respectively.

Land Option Contracts and Land Banking Agreements

We are subject to the usual obligations associated with entering into contracts (including land option contracts and land banking arrangements) for the purchase, development, and sale of real estate in our routine business. We have a number of land purchase option contracts and land banking agreements, generally through cash deposits, for the right to purchase land or lots at a future point in time with predetermined terms. We do not have title to the property and the creditors of the property owner generally have no recourse to the Company. Our obligations with respect to such contracts are generally limited to the forfeiture of the related non-refundable cash deposits and/or letters of credit provided to obtain the options. At September 30, 2022 and December 31, 2021, the aggregate purchase price for land under these contracts was $1.5 billion and $1.3 billion, respectively.

Seasonality

Our business is seasonal. We have historically experienced, and in the future expect to continue to experience, variability in our results on a quarterly basis. We generally have more homes under construction, close more homes and have greater revenues and operating income in the third and fourth quarters of the year. Therefore, although new home contracts are obtained throughout the year, a higher portion of our home closings occur during the third and fourth calendar quarters. Our revenue therefore may fluctuate significantly on a quarterly basis, and we must maintain sufficient liquidity to meet short-term operating requirements. Factors expected to contribute to these fluctuations include:

- the timing of the introduction and start of construction of new projects;
- the timing of project sales;
- the timing of closings of homes, lots and parcels;
- the timing of receipt of regulatory approvals for development and construction;
- the condition of the real estate market and general economic conditions in the areas in which we operate;
- mix of homes closed;
- construction timetables;
- the cost and availability of materials and labor; and
- weather conditions in the markets in which we build.

As a result of seasonal activity, our quarterly results of operations and financial position are not necessarily representative of the results we expect for the full year.

Inflation

We and the homebuilding industry in general may be adversely affected during periods of high inflation, primarily because of higher land, financing, labor and construction material costs. In addition, higher mortgage interest rates can significantly affect the affordability of mortgage financing to prospective homebuyers. We attempt to pass through to our customers increases in our costs through increased sales prices. However, during periods of soft housing market conditions, we may not be able to offset our cost increases with higher selling prices.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates during the nine months ended September 30, 2022 compared to those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our operations are interest rate sensitive. We monitor our exposure to changes in interest rates and incur both fixed rate and variable rate debt. At September 30, 2022, approximately 95% of our debt was fixed rate and 5% was variable rate. None of our market sensitive instruments were entered into for trading purposes. For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Conversely, for variable rate debt, changes in interest rates generally do not impact the fair value of the debt instrument but may affect our future earnings and cash flows, and may also impact our variable rate borrowing costs, which principally relate to any borrowings under our Revolving Credit Facility and borrowings by TMHF under its various warehouse facilities. As of September 30, 2022, we had no outstanding borrowings under our $1 Billion Revolving Credit Facility or our $100 Million Revolving Credit Facility. We had $1.0 billion of additional availability for borrowings under the Credit Facilities including $138.8 million of additional availability for letters of credit under our $1 Billion Revolving Credit Facility as of September 30, 2022 (giving effect to $61.2 million of letters of credit outstanding as of such date).

The London Interbank Offered Rate ("LIBOR") was the primary basis for determining interest payments on borrowings under each of our warehouse facilities and our Revolving Credit Facilities. On March 5, 2021, ICE Benchmark Administration ("IBA") confirmed it would cease publication of Overnight, 1, 3, 6 and 12 month US Dollar LIBOR settings immediately following the LIBOR publication on June 30, 2023. The Alternative Reference Rates Committee, which was convened by the Federal Reserve Board and the New York Federal Reserve, has identified the Secured Overnight Financing Rate ("SOFR") as the recommended risk-free alternative rate for US Dollar LIBOR. In response to the planned discontinuation of LIBOR, our warehouse facilities agreements for facilities A, C, D, and E as well as our Revolving Credit Facilities have been restructured to begin using SOFR as the primary basis for determining interest payments. The agreement for warehouse facility B was also restructured to use the Bloomberg Short-Term Bank Yield Index ("BSBY") as the primary basis for determining interest payments. The BSBY index is a proprietary index calculated daily as a credit sensitive supplement to manage the spread between funding costs and earned interest on loans. At this time, it is not possible to predict the full effect that the anticipated discontinuance of LIBOR, or the establishment of alternative reference rates such as SOFR and BSBY, will have on us or our borrowing costs. SOFR and BSBY are relatively new reference rates and their composition and characteristics are not the same as LIBOR. Given the limited history of these rates and potential volatility as compared to other benchmark or market rates, the future performance of these rates cannot be predicted based on historical performance. The consequences of using SOFR and BSBY could include an increase in the cost of our variable rate indebtedness.

We are required to offer to purchase all of our outstanding senior unsecured notes, as described in Note 7, *Debt* to the unaudited Condensed Consolidated Financial Statements included in this quarterly report, at 101% of their aggregate principal amount plus accrued and unpaid interest upon the occurrence of specified change of control events. Other than in those circumstances, we do not have an obligation to prepay fixed rate debt prior to maturity and, as a result, we would not expect interest rate risk and changes in fair value to have a significant impact on our cash flows related to our fixed rate debt until such time as we are required to refinance, repurchase or repay such debt.

The following table sets forth principal payments by scheduled maturity and effective weighted average interest rates and estimated fair value of our debt obligations as of September 30, 2022. The interest rate for our variable rate debt represents the interest rate on our mortgage warehouse facilities. Because the mortgage warehouse facilities are secured by certain mortgage loans held for sale which are typically sold within approximately 20 - 30 days, its outstanding balance is included as a variable rate maturity in the most current period presented.

	Expected Maturity Date							
(In millions, except percentage data)	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**	**Total**	**Fair Value**
Fixed Rate Debt[1]	$ 461.3	$ 151.4	$ 416.0	$ 43.5	$ 27.2	$ 1,495.5	$ 2,594.9	$ 2,400.3
Weighted average interest rate[2]	5.0 %	3.0 %	5.2 %	3.0 %	3.0 %	5.6 %	5.2 %	
Variable Rate Debt[3]	$ 146.3	$ —	$ —	$ —	$ —	$ —	$ 146.3	$ 146.3
Weighted average interest rate	3.6 %	—	—	—	—	—	3.6 %	

(1) Fixed Rate Debt includes our 5.875% Senior Notes due 2023. As discussed in Note 7 to the unaudited Condensed Consolidated Financial Statements, these will be redeemed on October 31, 2022 and is presented in the table above with a 2022 expected maturity date.

(2) Represents the coupon rate of interest on the full principal amount of the debt.

(3) Based upon the amount of variable rate debt outstanding at September 30, 2022, and holding the variable rate debt balance constant, each 1% increase in interest rates would increase the interest incurred by us by approximately $1.5 million per year.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our principal executive officer, principal financial officer and principal accounting officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of September 30, 2022. Based on this evaluation, our principal executive officer, principal financial officer and principal accounting officer concluded that, as of September 30, 2022, the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required with respect to this item can be found in Note 13 - Commitments and Contingencies under “Legal Proceedings” in the Notes to the unaudited Condensed Consolidated Financial Statements included in this report.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in Part I, Item 1A of our Annual Report. These risk factors may materially affect our business, financial condition or results of operations. You should carefully consider the risk factors set forth in our Annual Report and the other information set forth elsewhere in this quarterly report. You should be aware that these risk factors and other information may not describe every risk facing our Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below sets forth information regarding repurchases by the Company of its Common Stock during the three months ended September 30, 2022.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)
July 1 to July 31, 2022	—	$ —	—	$ 425,000
August 1 to August 31, 2022	1,176,756	27.26	1,176,756	392,925
September 1 to September 30, 2022	3,036,500	24.02	3,036,500	320,001
Total	4,213,256		4,213,256	

On May 31, 2022, we announced that our Board of Directors had authorized the repurchase of up to $500.0 million of the Company's Common Stock through December 31, 2023. Repurchases of the Company's Common Stock under the new program will occur from time to time, if at all, in open market purchases, privately negotiated transactions or other transactions.

Any stock repurchase program is subject to prevailing market conditions and other considerations, including our liquidity, the terms of our debt instruments, statutory requirements, planned land investment and development spending, acquisition and other investment opportunities and ongoing capital requirements. The program does not require us to repurchase any specific number of shares of common stock, and the program may be suspended, extended, modified or discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 30, 2019).
3.2	Amended and Restated By-laws (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 13, 2021).
10.1*†	Amendment to Amended and Restated Employment Agreement, dated July 26, 2022, between Taylor Morrison, Inc. and Sheryl D. Palmer.
10.2*†	Amendment to Amended and Restated Employment Agreement, dated July 26, 2022, between Taylor Morrison, Inc. and Louis Steffens.
10.3*†	Amendment to Amended and Restated Employment Agreement, dated July 26, 2022, between Taylor Morrison, Inc. and Darrell C. Sherman.
10.4	Additional Facilities Assumption Agreement, dated as of September 9, 2022, by and among the Borrower, Taylor Morrison Home III Corporation, Taylor Morrison Holdings, Inc., Taylor Morrison Finance, Inc., the subsidiaries of the Borrower party thereto as guarantors, the lenders party thereto, the issuing banks party thereto and Citibank, N.A., as issuing bank and administrative agent (incorporated herein by reference to Exhibit 10.1 to Taylor Morrison Home Corporation's Current Report on Form 8-K, filed on September 13, 2022).
31.1*	Certification of Sheryl D. Palmer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
31.2*	Certification of Louis Steffens, Chief Financial Officer, pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
32.1**	Certification of Sheryl D. Palmer, Chief Executive Officer, pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
32.2**	Certification of Louis Steffens, Chief Financial Officer, pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.1*	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in inline XBRL (and contained in Exhibit 101).

* Filed herewith
** Furnished herewith
† Management contract or compensatory plan in which directors and/or executive officers are eligible to participate.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them other than for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TAYLOR MORRISON HOME CORPORATION
Registrant

DATE: October 26, 2022

/s/ Sheryl D. Palmer
Sheryl D. Palmer
Chairman of the Board of Directors and Chief Executive Officer
(Principal Executive Officer)

/s/ Louis Steffens
Louis Steffens
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Joseph Terracciano
Joseph Terracciano
Chief Accounting Officer
(Principal Accounting Officer)

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FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into by and between Taylor Morrison, Inc., a Delaware corporation (the "Company"), and **Sheryl D. Palmer** (the "Executive"), effective as of July 26, 2022.

WHEREAS, the Company and the Executive previously entered into that certain Amended and Restated Employment Agreement, effective as of October 12, 2021 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive desire to amend the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions, and conditions set forth in this Amendment, the parties hereby agree as follows, effective as of the date hereof:

1. Modification of Company Obligations upon Termination of Employment. Section 5(b) of the Employment Agreement (Termination without Cause or Resignation with Good Reason) is amended by adding a new subsection (v) that reads as follows:

> "(v) if such termination is a CIC Qualifying Termination, then the Company shall pay the Executive a prorated portion of the annual profit sharing program bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, based solely on the actual level of achievement of the applicable performance goals for such year, and payable if and when annual profit sharing program bonuses are paid to other senior executives of the Company with respect to such year;"

2. Except as set forth in this Amendment, all terms of the Employment Agreement shall remain unchanged and in full force and effect and are hereby ratified and confirmed.

3. Section 13 (Governing Law) and Section 21 (Dispute Resolution) of the Employment Agreement are incorporated by reference, *mutatis mutandis*, as though fully set forth herein.

4. This Amendment may be executed in multiple counterparts (and may be delivered by facsimile or in portable document format (.pdf)), each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been executed by the Company by its duly authorized representative, and by the Executive, as of the date first above written.

EXECUTIVE	**TAYLOR MORRISON, INC.**
/s/ Sheryl D. Palmer	By: /s/ Darrell C. Sherman
Sheryl D. Palmer	Name: Darrell Sherman
	Title: EVP, Chief Legal Officer

Exhibit 10.2

FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into by and between Taylor Morrison, Inc., a Delaware corporation (the "Company"), and **Louis Steffens** (the "Executive"), effective as of July 26, 2022.

WHEREAS, the Company and the Executive previously entered into that certain Amended and Restated Employment Agreement, effective as of October 26, 2021 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive desire to amend the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions, and conditions set forth in this Amendment, the parties hereby agree as follows, effective as of the date hereof:

1. Modification of Company Obligations upon Termination of Employment. Section 5(b) of the Employment Agreement (Termination without Cause or Resignation with Good Reason) is amended by adding a new subsection (v) that reads as follows:

> "(v) if such termination is a CIC Qualifying Termination, then the Company shall pay the Executive a prorated portion of the annual profit sharing program bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, based solely on the actual level of achievement of the applicable performance goals for such year, and payable if and when annual profit sharing program bonuses are paid to other senior executives of the Company with respect to such year;"

2. Except as set forth in this Amendment, all terms of the Employment Agreement shall remain unchanged and in full force and effect and are hereby ratified and confirmed.

3. Section 13 (Governing Law) and Section 21 (Dispute Resolution) of the Employment Agreement are incorporated by reference, *mutatis mutandis*, as though fully set forth herein.

4. This Amendment may be executed in multiple counterparts (and may be delivered by facsimile or in portable document format (.pdf)), each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been executed by the Company by its duly authorized representative, and by the Executive, as of the date first above written.

EXECUTIVE	**TAYLOR MORRISON, INC.**
/s/ Louis Steffens	By: /s/Sheryl D. Palmer
Louis Steffens	Name: Sheryl Palmer
	Title: Chairman, President & CEO

Exhibit 10.3

FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into by and between Taylor Morrison, Inc., a Delaware corporation (the "Company"), and **Darrell Sherman** (the "Executive"), effective as of July 26, 2022.

WHEREAS, the Company and the Executive previously entered into that certain Amended and Restated Employment Agreement, effective as of October 12, 2021 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive desire to amend the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions, and conditions set forth in this Amendment, the parties hereby agree as follows, effective as of the date hereof:

1. Modification of Company Obligations upon Termination of Employment. Section 5(b) of the Employment Agreement (Termination without Cause or Resignation with Good Reason) is amended by adding a new subsection (v) that reads as follows:

> "(v) if such termination is a CIC Qualifying Termination, then the Company shall pay the Executive a prorated portion of the annual profit sharing program bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, based solely on the actual level of achievement of the applicable performance goals for such year, and payable if and when annual profit sharing program bonuses are paid to other senior executives of the Company with respect to such year;"

2. Except as set forth in this Amendment, all terms of the Employment Agreement shall remain unchanged and in full force and effect and are hereby ratified and confirmed.

3. Section 13 (Governing Law) and Section 21 (Dispute Resolution) of the Employment Agreement are incorporated by reference, *mutatis mutandis*, as though fully set forth herein.

4. This Amendment may be executed in multiple counterparts (and may be delivered by facsimile or in portable document format (.pdf)), each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Amendment has been executed by the Company by its duly authorized representative, and by the Executive, as of the date first above written.

EXECUTIVE	**TAYLOR MORRISON, INC.**
/s/ Darrell C. Sherman	By: /s/Sheryl D. Palmer
Darrell Sherman	Name: Sheryl Palmer
	Title: Chairman, President & CEO

EXHIBIT 31.1

CEO CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES – OXLEY ACT OF 2002

I, Sheryl D. Palmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2022 of Taylor Morrison Home Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2022

By: /s/ Sheryl D. Palmer
Sheryl D. Palmer
Chairman of the Board of Directors and Chief Executive Officer
Taylor Morrison Home Corporation

EXHIBIT 31.2

**CFO CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES – OXLEY ACT OF 2002**

I, Louis Steffens, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2022 of Taylor Morrison Home Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2022

By: /s/ Louis Steffens

Louis Steffens
Executive Vice President and Chief Financial Officer
Taylor Morrison Home Corporation

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Taylor Morrison Home Corporation (the “Company”) for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sheryl D. Palmer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 26, 2022

/s/ Sheryl D. Palmer

Sheryl D. Palmer
Chairman of the Board of Directors and Chief Executive Officer
Taylor Morrison Home Corporation

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Taylor Morrison Home Corporation (the “Company”) for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Louis Steffens, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 26, 2022

/s/ Louis Steffens
Louis Steffens
Executive Vice President and Chief Financial Officer
Taylor Morrison Home Corporation

APPENDICES

APPENDIX B

General Obligation Bond Programming

Verdin Community Facilities District
(City of Phoenix, Arizona)
Appendix B: Estimated Sources and Uses of Funds

Estimated $63,765,000 Phased General Obligation Bonding Program								
	Series 2025	**Series 2027**	**Series 2029**	**Series 2031**	**Series 2033**	**Series 2035**	**Series 2040**	**Total**
SOURCES OF FUNDS								
Par Amount of Bonds	$7,640,000	$9,520,000	$10,365,000	$10,230,000	$9,145,000	$6,115,000	$10,750,000	$63,765,000
Total Sources	$7,640,000	$9,520,000	$10,365,000	$10,230,000	$9,145,000	$6,115,000	$10,750,000	$63,765,000
USES OF FUNDS								
Deposit to Project Acquisition Fund	$7,155,400	$9,014,200	$9,877,225	$9,746,950	$8,699,925	$5,775,975	$10,302,500	**$60,322,175**
Capitalized Interest on the Bonds	54,000							54,000
Costs of Issuance (a)	430,600	505,800	487,775	483,050	445,075	339,025	447,500	3,388,825
Total Uses	$7,640,000	$9,520,000	$10,365,000	$10,230,000	$9,145,000	$6,115,000	$10,750,000	$63,765,000

(a) Costs of issuance include estimates for the following: bond counsel, underwriter's discount, underwriter's counsel, financial advisor, preliminary and limited offering memorandum printing, trustee and trustee counsel and miscellaneous costs.

APPENDICES

APPENDIX C

Detailed General Obligation Bond

Verdin Community Facilities District

(City of Phoenix, Arizona)

Appendix C: Detailed Bond Program

Scenario 1: $3.85 Tax Rate

$63,765,000

Fiscal Year (7/15)	Estimated Net Assessed Limited Property Valuation from Residential Absorptions	Estimated Net Assessed Limited Property Valuation w/Growth (1)	% Change	**$7,640,000** General Obligation Bonds Series 2025 Dated: 10/1/2025 **Rate:**	**5.00%**	**$9,520,000** General Obligation Bonds Series 2027 Dated: 7/1/2027 **Rate:**	**5.00%**	**$10,365,000** General Obligation Bonds Series 2029 Dated: 7/1/2029 **Rate:**	**5.00%**	**$10,230,000** General Obligation Bonds Series 2031 Dated: 7/1/2031 **Rate:**	**5.00%**	**$9,145,000** General Obligation Bonds Series 2033 Dated: 7/1/2033 **Rate:**	**5.00%**	**$6,115,000** General Obligation Bonds Series 2035 Dated: 7/1/2035 **Rate:**	**5.00%**	**$10,750,000** General Obligation Bonds Series 2040 Dated: 7/1/2040 **Rate:**	**5.00%**	Total **Combined** Debt Service	Combined **Debt** Tax Rate (4)	District Revenues at $3.85 Tax Rate & **95%** Collections (4)	Estimated Revenue **(Shortfall)/** Excess
				Principal	Interest (2)(3)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)				
2024																					
2025	-	-																-		-	-
2026	$6,302,335	$6,302,335			$232,500													$232,500		$230,508	($1,992)
2027	12,604,671	19,096,076	N/A	$315,000	382,000													697,000	$3.84	$698,439	1,439
2028	12,604,671	32,273,630	69.01%	255,000	366,250	$80,000	$476,000											1,177,250	3.84	1,180,408	3,158
2029	12,604,671	45,846,509	42.06%	295,000	353,500	555,000	472,000											1,675,500	3.85	1,676,836	1,336
2030	12,604,671	59,826,575	30.49%	285,000	338,750	360,000	444,250	$240,000	$518,250									2,186,250	3.85	2,188,157	1,907
2031	12,604,671	74,226,044	24.07%	315,000	324,500	380,000	426,250	760,000	506,250									2,712,000	3.85	2,714,818	2,818
2032	12,604,671	89,057,496	19.98%	325,000	308,750	365,000	407,250	390,000	468,250	$480,000	$511,500							3,255,750	3.85	3,257,278	1,528
2033	8,778,246	100,507,466	12.86%	350,000	292,500	405,000	389,000	400,000	448,750	900,000	487,500							3,672,750	3.85	3,676,061	3,311
2034		103,522,690	3.00%	345,000	275,000	405,000	368,750	365,000	428,750	335,000	442,500	$360,000	$457,250					3,782,250	3.85	3,786,342	4,092
2035		106,628,371	3.00%	365,000	257,750	425,000	348,500	385,000	410,500	345,000	425,750	495,000	439,250					3,896,750	3.85	3,899,933	3,183
2036		109,827,222	3.00%	380,000	239,500	445,000	327,250	375,000	391,250	300,000	408,500	175,000	414,500	$250,000	$305,750			4,011,750	3.85	4,016,931	5,181
2037		113,122,039	3.00%	400,000	220,500	470,000	305,000	415,000	372,500	335,000	393,500	200,000	405,750	325,000	293,250			4,135,500	3.85	4,137,439	1,939
2038		116,515,700	3.00%	420,000	200,500	490,000	281,500	435,000	351,750	405,000	376,750	235,000	395,750	390,000	277,000			4,258,250	3.85	4,261,562	3,312
2039		120,011,171	3.00%	440,000	179,500	515,000	257,000	470,000	330,000	425,000	356,500	300,000	384,000	470,000	257,500			4,384,500	3.85	4,389,409	4,909
2040		123,611,506	3.00%	465,000	157,500	545,000	231,250	490,000	306,500	445,000	335,250	425,000	369,000	515,000	234,000			4,518,500	3.85	4,521,091	2,591
2041		127,319,851	3.00%	485,000	134,250	570,000	204,000	515,000	282,000	445,000	313,000	415,000	347,750	200,000	208,250		$537,500	4,656,750	3.85	4,656,724	(26)
2042		131,139,447	3.00%	510,000	110,000	625,000	175,500	575,000	256,250	525,000	290,750	445,000	327,000	200,000	198,250	$20,000	537,500	4,795,250	3.85	4,796,425	1,175
2043		135,073,630	3.00%	535,000	84,500	500,000	144,250	470,000	227,500	400,000	264,500	300,000	304,750	210,000	188,250	775,000	536,500	4,940,250	3.85	4,940,318	68
2044		139,125,839	3.00%	565,000	57,750	525,000	119,250	600,000	204,000	400,000	244,500	300,000	289,750	225,000	177,750	825,000	497,750	5,030,750	3.81	5,088,528	57,778
2045		143,299,614	3.00%	590,000	29,500	600,000	93,000	630,000	174,000	450,000	224,500	300,000	274,750	235,000	166,500	825,000	456,500	5,048,750	3.71	5,241,183	192,433
2046		147,598,603	3.00%			600,000	63,000	660,000	142,500	560,000	202,000	545,000	259,750	245,000	154,750	825,000	415,250	4,672,250	3.33	5,398,419	726,169
2047		152,026,561	3.00%			660,000	33,000	695,000	109,500	630,000	174,000	570,000	232,500	260,000	142,500	825,000	374,000	4,705,500	3.26	5,560,371	854,871
2048		156,587,358	3.00%					730,000	74,750	660,000	142,500	600,000	204,000	270,000	129,500	825,000	332,750	3,968,500	2.67	5,727,183	1,758,683
2049		161,284,978	3.00%					765,000	38,250	695,000	109,500	630,000	174,000	285,000	116,000	825,000	291,500	3,929,250	2.56	5,898,998	1,969,748
2050		166,123,528	3.00%							730,000	74,750	660,000	142,500	300,000	101,750	825,000	250,250	3,084,250	1.95	6,075,968	2,991,718
2051		171,107,234	3.00%							765,000	38,250	695,000	109,500	315,000	86,750	825,000	209,000	3,043,500	1.87	6,258,247	3,214,747
2052		176,240,451	3.00%									730,000	74,750	330,000	71,000	825,000	167,750	2,198,500	1.31	6,445,994	4,247,494
2053		181,527,664	3.00%									765,000	38,250	345,000	54,500	825,000	126,500	2,154,250	1.25	6,639,374	4,485,124
2054		186,973,494	3.00%											365,000	37,250	825,000	85,250	1,312,500	0.74	6,838,556	5,526,056
2055		192,582,699	3.00%											380,000	19,000	880,000	44,000	1,323,000	0.72	7,043,712	5,720,712
				$7,640,000	$4,545,000	$9,520,000	$5,566,000	$10,365,000	$6,041,500	$10,230,000	$5,816,000	$9,145,000	$5,644,750	$6,115,000	$3,219,500	$10,750,000	$4,862,000	$99,459,750			

(1) Estimated assessed value based only on proposed residential absorptions, as provided by the Developer and does not include land owned by the Developer. Assumes 3.00% annual growth on existing Net Assessed Limited Property Valuation (NALPV). Residential absorptions assumed to occur at an estimated 80.0% of market value.

(2) Interest rates estimated at 6.0% for all future bond issuances.

(3) A portion of the bond proceeds are used to pay capitalized interest on the bonds.

(4) Debt tax rate of estimated $3.85 and assumes a tax collection rate 95% (i.e. 5% delinquency).

APPENDIX D

Residential Absorption

Verdin Community Facilities District
(City of Phoenix, Arizona)

Appendix D-1: Residential Absorptions (1)
(As of 08-15-2022)

Residential Home Assumptions	
Starting Avg. Home $	N/A
On the Rolls at:	80%
Assessment Ratio:	10%

General Assumptions	
Delinquency Rate:	95%
Debt Tax Rate:	$3.85
Existing NALPV Growth:	3.00%

First Home Closing	Jan-25

Residential Homes (1)

Fiscal Year	Homes Added (Fiscal Year)	Homes (Cumulative)	Annual Home Price Inflation Rate	Average Home Price	Absorption NALPV
2025	87	87	(2)		
2026	174	261	(2)	(2)	$6,302,335
2027	174	435	(2)	(2)	12,604,671
2028	174	609	(2)	(2)	12,604,671
2029	174	783	(2)	(2)	12,604,671
2030	174	957	(2)	(2)	12,604,671
2031	174	1,131	(2)	(2)	12,604,671
2032	119	1,250	(2)	(2)	12,604,671
2033					8,778,246
	1,250				

(1) Estimated home absorptions are based on home closings in a fiscal year (7/1 - 6/30). The related values of the absorptions are included in the tax rolls in the fiscal year following the home closing at 80% for residential homes. All estimates contained in these schedules including absorptions, home prices and annual growth percentages are estimates provided by the Developer.

(2) See detailed pricing and absorptions on Appendix D-2 and Appendix D-3 for specific information regarding assumed home values and closing rates. We have assumed average values for purposes of this model.

Verdin Community Facilities District
(City of Phoenix)
Appendix D-2: Detailed Pricing Provided by Homebuilder

Encore Collection

Plan	Size	Mix	Base Price	Closing Price				
Sterling Lite	1,840	20%	$677,990	$739,113				
Newton	2,040	20%	$694,990	$757,586				
Sapphire IV	2,238	20%	712,990	777,145				
Hudson II	2,445	20%	727,990	793,444				
Hudson IV MG	2,532	20%	733,990	799,963	**Total Units**	**Pace**	**Months Supply**	**Years Supply**
Average	**2,219**	**100%**	**$709,590**	**$773,450**	**430**	**5/mo**	86	7.17

Venture II Collection

Plan	Size	Mix	Base Price	Closing Price				
Palomino II	2,274	25%	$765,990	$844,505				
Apaloosa II	2,467	25%	785,990	866,429				
Mustang II	2,647	25%	799,990	881,776				
Shire	2,870	25%	816,990	900,412	**Total Units**	**Pace**	**Months Supply**	**Years Supply**
Average	**2,565**	**100%**	**$792,240**	**$873,281**	**342**	**4/mo**	85.5	7.13

45' Almeria w/RV Series & 60' Summitt Series

Plan	Size	Mix	Base Price	Closing Price				
45RM1 RV	2,175	8.3%	$800,990	$900,681				
45RM2 RV	2,379	8.3%	810,990	911,836				
45RM3 RV	2,587	8.3%	825,990	928,568				
45RM4 RV	3,079	8.3%	860,990	967,608				
45RM5 RV	3,461	8.3%	883,990	993,264				
45RM6 RV	3,493	8.3%	889,990	999,957				
Crestone II	3,130	8.3%	892,990	1,003,303				
Aspen II	3,253	8.3%	902,990	1,014,458				
Olympus II	3,258	8.3%	908,990	1,021,150				
Olympus III MG	3,324	8.3%	911,990	1,024,497				
Avana IV	3,537	8.3%	925,990	1,040,113				
Telluride II	3,759	8.3%	942,990	1,059,076	**Total Units**	**Pace**	**Months Supply**	**Years Supply**
Average	**3,120**	**100%**	**$879,907**	**$988,709**	**297**	**3.5**	84.9	7.07

Capstone Collection

Plan	Size	Mix	Base Price	Closing Price				
Aurora	3,301	25%	$967,990	$1,107,983				
Horizon	3,533	25%	992,990	1,136,350				
Telluride	3,928	25%	1,021,990	1,169,256				
Sierra	4,370	25%	1,052,990	1,204,431	**Total Units**	**Pace**	**Months Supply**	**Years Supply**
Average	**3,783**	**100%**	**$1,008,990**	**$1,154,505**	**181**	**2.1/mo**	86.2	7.18

First Home Closings for all series: **Jan-25**

Verdin Community Facilities District
(City of Phoenix)
Appendix D-3: Preliminary Absorption Run Rate

Encore Collection

FY Ended	Monthly run rate	Annual run rate	Closes FY	Hits the Rolls FY	Average Home Price (Closing)	Total Value (FCV)	Assumed on go on the rolls at:	Assessment Ratio	Assessed Value
Jul-25	5	30	FY 2025	FY 2026	$773,450	$23,203,500	80%	10%	$1,856,280
Jul-26	5	60	FY 2026	FY 2027	773,450	46,407,000	80%	10%	3,712,560
Jul-27	5	60	FY 2027	FY 2028	773,450	46,407,000	80%	10%	3,712,560
Jul-28	5	60	FY 2028	FY 2029	773,450	46,407,000	80%	10%	3,712,560
Jul-29	5	60	FY 2029	FY 2030	773,450	46,407,000	80%	10%	3,712,560
Jul-30	5	60	FY 2030	FY 2031	773,450	46,407,000	80%	10%	3,712,560
Jul-31	5	60	FY 2031	FY 2032	773,450	46,407,000	80%	10%	3,712,560
Jul-32	5	40	FY 2032	FY 2033	773,450	30,938,000	80%	10%	2,475,040
Total		430							

Venture II Collection

FY Ended	Monthly run rate	Annual run rate	Closes FY	Hits the Rolls FY	Average Home Price (Closing)	Total Value (FCV)	Assumed on go on the rolls at:	Assessment Ratio	Assessed Value
Jul-25	4	24	FY 2025	FY 2026	$873,281	$20,958,744	80%	10%	$1,676,700
Jul-26	4	48	FY 2026	FY 2027	873,281	41,917,488	80%	10%	3,353,399
Jul-27	4	48	FY 2027	FY 2028	873,281	41,917,488	80%	10%	3,353,399
Jul-28	4	48	FY 2028	FY 2029	873,281	41,917,488	80%	10%	3,353,399
Jul-29	4	48	FY 2029	FY 2030	873,281	41,917,488	80%	10%	3,353,399
Jul-30	4	48	FY 2030	FY 2031	873,281	41,917,488	80%	10%	3,353,399
Jul-31	4	48	FY 2031	FY 2032	873,281	41,917,488	80%	10%	3,353,399
Jul-32	4	30	FY 2032	FY 2033	873,281	26,198,430	80%	10%	2,095,874
Total		342							

45' Almeria w/RV Series & 60" Summitt Series

FY Ended	Monthly run rate	Annual run rate	Closes FY	Hits the Rolls FY	Average Home Price (Closing)	Total Value (FCV)	Assumed on go on the rolls at:	Assessment Ratio	Assessed Value
Jul-25	3.5	21	FY 2025	FY 2026	$988,709	$20,762,889	80%	10%	$1,661,031
Jul-26	3.5	42	FY 2026	FY 2027	988,709	41,525,778	80%	10%	3,322,062
Jul-27	3.5	42	FY 2027	FY 2028	988,709	41,525,778	80%	10%	3,322,062
Jul-28	3.5	42	FY 2028	FY 2029	988,709	41,525,778	80%	10%	3,322,062
Jul-29	3.5	42	FY 2029	FY 2030	988,709	41,525,778	80%	10%	3,322,062
Jul-30	3.5	42	FY 2030	FY 2031	988,709	41,525,778	80%	10%	3,322,062
Jul-31	3.5	42	FY 2031	FY 2032	988,709	41,525,778	80%	10%	3,322,062
Jul-32	3.5	24	FY 2032	FY 2033	988,709	23,729,016	80%	10%	1,898,321
Total		297							

Capstone Collection

FY Ended	Monthly run rate	Annual run rate	Closes FY	Hits the Rolls FY	Average Home Price (Closing)	Total Value (FCV)	Assumed on go on the rolls at:	Assessment Ratio	Assessed Value
Jul-25	2	12	FY 2025	FY 2026	$1,154,505	$13,854,060	80%	10%	$1,108,325
Jul-26	2	24	FY 2026	FY 2027	1,154,505	27,708,120	80%	10%	2,216,650
Jul-27	2	24	FY 2027	FY 2028	1,154,505	27,708,120	80%	10%	2,216,650
Jul-28	2	24	FY 2028	FY 2029	1,154,505	27,708,120	80%	10%	2,216,650
Jul-29	2	24	FY 2029	FY 2030	1,154,505	27,708,120	80%	10%	2,216,650
Jul-30	2	24	FY 2030	FY 2031	1,154,505	27,708,120	80%	10%	2,216,650
Jul-31	2	24	FY 2031	FY 2032	1,154,505	27,708,120	80%	10%	2,216,650
Jul-32	2	25	FY 2032	FY 2033	1,154,505	28,862,625	80%	10%	2,309,010
Total		181							

First Home Closings for all series: **Jan-25**

GAMMAGE & BURNHAM, PLC
ATTORNEYS AT LAW
TWO NORTH CENTRAL AVENUE
15TH FLOOR
PHOENIX, ARIZONA 85004

TELEPHONE (602) 256-0566
FACSIMILE (602) 256-4475

WRITER'S DIRECT LINE
(602) 256-4456

February 7, 2023

Taylor Morrison/Arizona, Inc.
Mr. Robert Johnson
Vice President of Land Planning and Development
4900 N. Scottsdale Road, Suite 2200
Scottsdale, Arizona 85251

Dear Robert:

This letter is being provided as part of the Final Submittal for the formation of the Verdin Community Facilities District (the "District"). Pursuant to the City of Phoenix Community Facilities Districts ("CFD") Financial Policy and Process Guidelines dated April 18, 2018, Gammage & Burnham is providing a statement of representation to Taylor Morrison/Arizona, Inc. confirming that the formation of the District and the implementation of any proposed financing plan will meet all the requirements of Federal and State law.

In providing this representation, we have reviewed A.R.S. §§ 48-701 through 728 and such other laws as we deem applicable. We have also reviewed the Formal Submittal materials for formation of the District, February 7, 2023p. Based upon the materials prepared to date, we represent to the City that the formation of the District will meet all the requirements of Federal and State law. The District will be subject to a future CFD Development Agreement that will contain detailed provisions regarding the operation and management of the District. The CFD Development Agreement will be subject to review and approval by Taylor Morrison's counsel and counsel for the City of Phoenix for compliance with Federal and State law.

Sincerely,

GAMMAGE & BURNHAM

By
Susan E. Demmitt

APPENDIX F

Formation Petition

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
VERDIN COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF MARICOPA) ss.
CITY OF PHOENIX)

THE UNDERSIGNED OWNER AND INTEREST HOLDER (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by the attached parcels, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Mayor and Council of the City of Phoenix, Arizona (hereinafter referred to as the "City"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Verdin Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District,

III.

The District to contain an area of approximately 473.25 acres of land, more or less, wholly within the corporate boundaries of the City and to be composed of the land included in the legal description provided in Exhibit A hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem property taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

The District to be governed by a board of directors of the District that consists of the members of the governing body of the City, ex officio,

VII.

Before the Resolution is adopted, the Clerk of the City to accept the filing of a "general plan" (as such term is defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District, and

VIII.

The City to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District; that public convenience and necessity require the adoption of the Resolution; and that the City shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the City may, on receipt of this Petition, adopt the Resolution to

declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully requests that this Petition be properly filed as provided by law; that the City adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Mayor and Council of the City shall deem proper and necessary.

[signatures on following pages]

RESPECTFULLY SUBMITTED this 1 day of February, 2023.

MACEWEN RANCH, LLC, an Arizona limited liability company

By:
Craig Mallery, its Manager

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ~~SANTA CRUZ~~ VP.)
Santa Clara

On February 01, 2023 before me, Vikal Patel, Notary Public, personally appeared Craig Mallery, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instruction the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature:

VIKAL PATEL
COMM. #2340947
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My Comm. Exp. Feb. 2, 2025

RESPECTFULLY SUBMITTED this 1st day of February, 2023.

TAYLOR MORRISON/ARIZONA, INC.,
an Arizona corporation

By: ______________________
Name: Robert Johnson
Its: Vice President, Land Development

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 1st day of February, 2023, by Robert Johnson, the Vice President, Land Development of TAYLOR MORRISON/ARIZONA, INC., an Arizona corporation, on behalf of the company.

Kimberly St. John
Notary Public

KIMBERLY ST. JOHN
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
COMMISSION # 580047
MY COMMISSION EXPIRES
APRIL 06, 2024

ATTACHMENT:

EXHIBIT A - Legal Description of Proposed CFD

EXHIBIT A

VERDIN
BOUNDARY
LEGAL DESCRIPTION

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;
EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
2,501.66 TO THE POINT OF BEGINNING;

THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MIDSECTION
LINE OF SAID SECTION 22;
THENCE NORTH 00° 28' 49" EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 141.23 FEET TO
THE EAST-WEST MID-SECTION LINE OF SAID SECTION 22;
THENCE NORTH 89° 48' 35" EAST, ALONG SAID MID-SECTION, LINE A DISTANCE OF 2,641.83 FEET TO
THE EAST QUARTER CORNER OF SAID SECTION 22;
THENCE SOUTH 00° 20' 16" WEST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
150.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 2:

THE NORTH HALF OF SECTION 27, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER
BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH
HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER
OF SECTION 27).

EXCEPT ALL MINERALS IN SAID LAND AS RESERVED TO THE UNITED STATES IN PATENT; AND
EXCEPTING ALL URANIUM, THORIUM, OR OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE
PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF

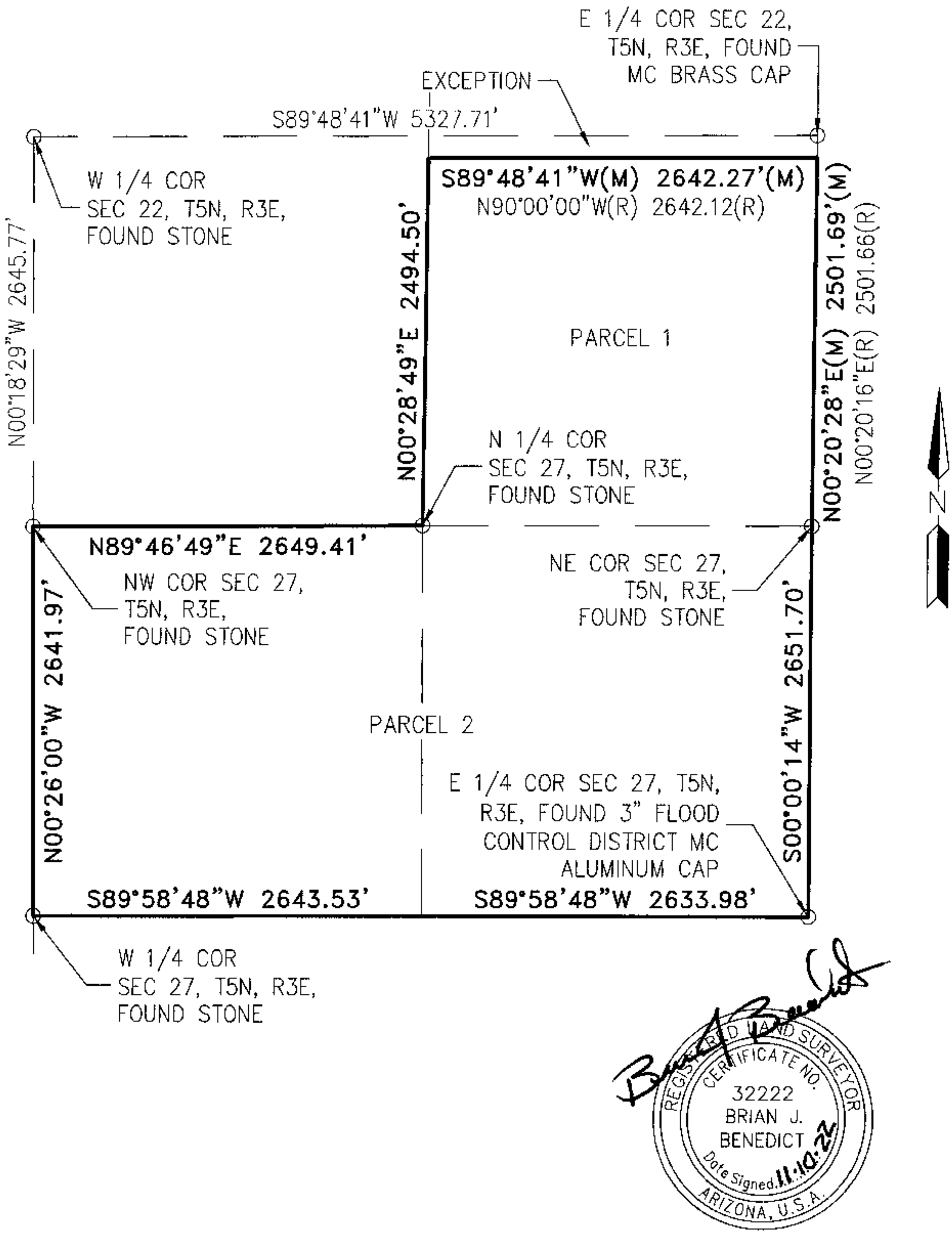
COMMERCIAL VALUE PURSUANT TO THE PROVISIONS OF THE ACT OF AUGUST 1, 1946 (60 STAT. 755),
AS SET FORTH IN THE PATENT ON SAID LAND. (AFFECTS THE SOUTHWEST QUARTER OF THE
NORTHWEST QUARTER OF SECTION 27).

The above described parcel contains a computed area of 20,614,608 sq. ft. (473.246 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No: 1784
Date: November 2022

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
32222
BRIAN J.
BENEDICT
Date Signed 11-10-22
ARIZONA, U.S.A.



PROJ.NO.:	1784	VERDIN BOUNDARY PHOENIX, ARIZONA	HILGARTWILSON 2141 E. HIGHLAND AVE., STE. 250 PHOENIX, AZ 85016 P: 602.490.0535 / F: 602.368.2436
DATE:	NOV 2022		
SCALE:	N.T.S.		
DRAWN BY:	GS	EXHIBIT	
CHECKED BY:	BJB		

U:\1700\1784\SURVEY\DOCS\LEGAL\1784-ALTA BNDY EXHIBIT.dwg 11/10/2022 11:25 AM

APPENDIX G

Ownership Verification

INFORMATION

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the Policy

The Company will give you a sample of the Policy form, if you ask.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions..

THIS INFORMATION IS NOT PART OF THE TITLE INSURANCE COMMITMENT.

COMMITMENT FOR TITLE INSURANCE

ISSUED BY

First American Title Insurance Company
through its Division

First American Title Insurance Company

TABLE OF CONTENTS

YOU SHOULD READ THE COMMITMENT VERY CAREFULLY
If you have any questions about the Commitment, contact:

First American Title Insurance Company National Commercial Services
2425 E. Camelback Road, Suite 300, Phoenix, AZ 85016

AGREEMENT TO ISSUE POLICY

We agree to issue a policy to you according to the terms of this Commitment. When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within six months after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligation under the Commitment is limited by the following:

The Provisions in Schedule A
The Requirements
The Exceptions in Schedule B - Parts 1 and 2
The Conditions

This Commitment is not valid without SCHEDULE A and Parts 1 and 2 of SCHEDULE B.

SCHEDULE B - EXCEPTIONS

Any Policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

Part One: (for use with 2006 ALTA policies)

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 which 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 heretofore or hereafter furnished, imposed by law and not shown by the public records.

Part One: (for use with 1992 and prior ALTA policies)

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 by making inquiry of 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 aforementioned matters excepted are shown by the public records.

6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

Part One of Schedule B will be eliminated from any A.L.T.A. Extended Coverage Policy, A.L.T.A. Plain Language Policy and policies with EAGLE Protection added. However, the same or similar exception may be made in Schedule B of those policies in conformity with Schedule B, Part Two of this Commitment.

REQUIREMENTS
(Standard)

The following requirements must be met:

(a) Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.

(b) Pay us the premiums, fees and charges for the policy.

(c) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.

(d) You must tell us in writing the name of anyone not referred to in this commitment who will get interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

(Continued on Requirements Page)

CONDITIONS

1. DEFINITIONS

(a) "Mortgage" means mortgage, deed of trust or other security instrument.

(b) "Public Records" means title records that give constructive notice of matters affecting the title according to the state law where the land is located.

2. LATER DEFECTS

The Exceptions in Schedule B may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attached between the Commitment Date and the date on which all of the Requirements are met. We shall have no liability to you because of this amendment.

3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

comply with the Requirements
or
eliminate with our written consent any Exceptions shown in Schedule B

We shall not be liable for more than the Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claims, whether or not based on negligence, which you may have against us concerning the title to the land must be based on this Commitment and is subject to its terms

First American Title Insurance Company National Commercial Services

The First American Corporation

PRIVACY POLICY

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from public records or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our web site at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial services providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products and services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

APPENDIX E

Counsel Representation

First American Title Insurance Company
National Commercial Services

SCHEDULE A

Sixth Amended

ESCROW/CLOSING INQUIRIES should be directed to your Escrow Officer: **Tom Anzaldua at (602)567-8100**

Effective Date: **October 20, 2022** at 7:30 a.m.

1. Policy or (Policies) to be issued:

   ALTA 2006 Extended Owner's Policy for $1.00

   Proposed Insured:
   Taylor Morrison/Arizona, Inc., an Arizona corporation

2. The estate or interest in the land described or referred to in this commitment and covered herein is fee simple and title thereto is at the effective date hereof vested in:

   MacEwan Ranch, LLC, an Arizona limited liability company

3. Title to the estate or interest in the land upon issuance of the policy shall be vested in:

5. The land referred to in this Commitment is located in Maricopa County, AZ and is described as:

SEE EXHIBIT "A" ATTACHED HEREIN

Title officer: Daniel Figueroa @ (602)567-8120/X_dfigueroa@firstam.com.

Pages 1 through 5 of this document consist of the Title Insurance Commitment contract and our Privacy Policy.

EXHIBIT "A"

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;

THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF 2,501.66 TO THE POINT OF BEGINNING;

THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22;

THENCE NORTH 00° 28' 49" EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 141.23 FEET TO THE EAST-WEST MID-SECTION LINE OF SAID SECTION 22;

THENCE NORTH 89° 48' 35" EAST, ALONG SAID MID-SECTION, LINE A DISTANCE OF 2,641.83 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 22;

THENCE SOUTH 00° 20' 16" WEST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 2:

THE NORTH HALF OF SECTION 27, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 27).

EXCEPT ALL MINERALS IN SAID LAND AS RESERVED TO THE UNITED STATES IN PATENT; AND

EXCEPTING ALL URANIUM, THORIUM, OR OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF COMMERCIAL VALUE PURSUANT TO THE PROVISIONS OF THE ACT OF AUGUST 1, 1946 (60 STAT. 755), AS SET FORTH IN THE PATENT ON SAID LAND. (AFFECTS THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 27).

First American Title Insurance Company
National Commercial Services

SCHEDULE B
Sixth Amended

PART TWO:

1. This item has been intentionally deleted.

2. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof.

3. The right to enter upon said land and prospect for and remove all coal, oil, gas, minerals or other substances, as reserved in the Patent to said land.

   (Affects Parcel No. 2)

4. The right to enter upon said land and prospect for and remove all uranium, thorium, or other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value pursuant to the provisions of the Act of August 1, 1946 (60 Stat. 755), as set forth in the Patent on said land.

   (Affects Parcel No. 2)

5. The terms and provisions contained in the document entitled "Development Agreement" recorded November 16, 2009 as 2009-1052204 of Official Records.

   (Affects Parcel Nos. 1 and 2)

6. This item has been intentionally deleted.

7. This item has been intentionally deleted.

8. This item has been intentionally deleted.

9. This item has been intentionally deleted.

10. Water rights, claims or title to water, whether or not shown by the public records.

11. The terms and provisions contained in the document entitled "Waiver of Claims For Diminution in Value of Property Under Proposition 207 (A.R.S. 12-1131 et seq.)" recorded October 20, 2022 as 2022-0789666 of Official Records.

    (Affects All Parcels)

End of Schedule B

First American Title Insurance Company
National Commercial Services

Sixth Amended

REQUIREMENTS:

12. Compliance with A.R.S. 11-480 relative to all documents to be recorded in connection herewith. See note at end of this section for details.

13. All of 2022 taxes are paid in full.

NOTE: Taxes are assessed in the total amount of $26.74 for the year 2022 under Assessor's Parcel No. 211-26-002 6.

(Affects Portion of Parcel No. 2)

NOTE: Taxes are assessed in the total amount of $26.74 for the year 2022 under Assessor's Parcel No. 211-26-003 3.

(Affects Portion of Parcel No. 2)

NOTE: Taxes are assessed in the total amount of $53.52 for the year 2022 under Assessor's Parcel No. 211-26-004 1.

(Affects Portion of Parcel No. 2)

NOTE: Taxes are assessed in the total amount of $106.98 for the year 2022 under Assessor's Parcel No. 211-26-005 8.

(Affects Portion of Parcel No. 2)

NOTE: Taxes are assessed in the total amount of $101.66 for the year 2022 under Assessor's Parcel No. 211-77-001A 1.

(Affects Parcel No. 1)

14. We find no outstanding voluntary liens of record affecting subject property. Disclosure should be made concerning the existence of any unrecorded lien or other indebtedness which could give rise to any possible security interest in the subject property.

15. Furnish Plat of Survey of the subject property by a Registered Land Surveyor in accordance with the "Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys" which became effective February 23, 2016. Said Plat of survey shall include the required certification and, at a minimum, also have shown thereon Items 1, 8, 11, 16, 17, and 19 from Table A thereof. If zoning assurances are requested, Items 7(a), 7(b), 7(c) and 9 from Table A and information regarding the usage of the property must be included.

NOTE: If a Zoning Endorsement is requested, Items 7(a), 7(b) and 7(c) of Table A will also be required. If "parking" is to be added to the endorsement, the number and type of parking spaces must be shown on the survey. Property use information must also be provided to First American Title Insurance Company.

REQUIREMENT SATISFIED

16. Furnish copies of any existing leases affecting the within described property and insertion of said leases in Schedule B of the Policy of Title Insurance.

17. Furnish a copy of the Articles of Organization, stamped "filed" by the Arizona Corporation Commission; a fully executed copy of the Operating Agreement, and any amendments thereto; and a list of the current members of MacEwen Ranch, LLC, a limited liability company.

18. Furnish the names of parties to be insured herein and disposition of any matters disclosed thereby.

REQUIREMENT SATISFIED

19. **DELETED INTENTIONALLY**

20. Record Warranty Deed from MacEwan Ranch, LLC, an Arizona limited liability company to Buyer(s).

    NOTE: If this will be <u>other</u> than a Cash Transaction, notify the title department prior to close and additional requirements will be made.

21. Such further requirements as may be necessary after completion of the above.

22. Return to title department for final recheck before recording.

    NOTE: In connection with Arizona Revised Statutes 11-480, as of January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:
    a. Print must be ten-point type or larger.
    b. A margin of two inches at the top of the first page for recording and return address information and margins of one-half inch along other borders of every page.
    c. Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

    DISCLOSURE NOTE: In the event any Affidavit required pursuant to A.R.S. 33-422 has been, or will be, recorded pertaining to the land, such Affidavit is not reflected in this Commitment nor will it be shown in any policy to be issued in connection with this Commitment. The statute applies only to unsubdivided land in an unincorporated area of a county.

NOTE: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

End of Requirements

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

I, Natalie Gruner, the duly appointed and qualified Special Deputy City Clerk of the City of Phoenix, County of Maricopa, State of Arizona, do hereby certify and attest the attached to be a true and correct copy of the City of Phoenix Resolution No. 22114 titled "A RESOLUTION DECLARING THE INTENT TO FORM AND ORDERING FORMATION OF THE VERDIN CENTRAL COMMUNITY FACILITIES DISTRICT OF THE CITY OF PHOENIX." Approved on the 19th day of April, 2023 on record in the office of the City Clerk.

IN WITNESS WHEREOF, I hereunto set my hand and caused the official seal of the City of Phoenix to be affixed hereunto this 27th day of June, 2023.

SPECIAL DEPUTY CITY CLERK

RESOLUTION 22114

A RESOLUTION DECLARING THE INTENT TO FORM AND ORDERING FORMATION OF THE VERDIN CENTRAL COMMUNITY FACILITIES DISTRICT OF THE CITY OF PHOENIX.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PHOENIX as follows:

SECTION 1. FINDINGS.

(a) On February 1, 2023, there was presented to the Mayor and Council of the City of Phoenix, Arizona ("City"), a petition ("Petition") to form the Verdin Community Facilities District, signed by the entities which, on the date hereof, are the owners of all real property to be in the community facilities district (collectively, the "Petitioners"), the formation of which is petitioned for in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act") and a completed application ("Application") for formation of a district by petitioners Taylor Morrison/Arizona, Inc. (Taylor Morrison).

(b) The Petitioners have requested the following:

I. The name of the community facilities district of which formation is prayed pursuant to the Petition to be "Verdin Community Facilities District" (the "District"); and

II. The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived, or restricted pursuant to agreements separately approved by the City to be entered into by and among Taylor Morrison, the City, and the District; and

III. The District to contain an area of approximately 473.25 acres of land, more or less, wholly within the corporate boundaries of the City and to be composed of the land included in the parcels described in the Exhibit to the Petition, which is represented to be all the land to be included within the boundaries of the District (the "Property"); and

IV. The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the City; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act; and

V. The District to be governed by a board of directors of the District that consists of the members of the Mayor and Council of the City, ex officio, such directors to be appointed initially by the Mayor and Council of the City as identified in the Application (the "First Appointed Members") and on the expiration of the term of an additional appointed director, the Mayor and Council of the City to appoint a person according to the process for designating a director for a term of office as prescribed in the Application and if a vacancy occurs on the board of directors because of death, resignation or inability of either of the additional appointed members to discharge the duties of director, the Mayor and Council of the City to appoint a person according to the process for designating a person to fill a vacancy on the board of directors of the board as prescribed in the Application; and

VI. The City Clerk of the City to accept the filing of a "General Plan for the Proposed Verdin Community Facilities District" for the District in the form provided in the Application, setting out a general description of the improvements for which the District is proposed to be formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed, or acquired by the District (the "General Plan"); and

VII. The City to determine that public convenience and necessity require the adoption of this Resolution.

(c) The Petitioners further attested and declared that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, the Property is owned by the Petitioners or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to the Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District; that public convenience and necessity require the adoption of the Resolution; and that the City shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

(d) Petition be properly filed as provided by law; that the City adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Mayor and Council of the City shall deem proper and necessary.

SECTION 2. MATTERS NOTICED BY THE CITY.

(a) The Petitioners seek formation of the District to exercise the powers and functions set forth in the Act as such powers and functions are modified, waived or restricted pursuant to agreements to be entered into by and among the City, the District, and Taylor Morrison.

(b) The General Plan and the Application have been filed with the City Clerk of the City.

(c) The Petition, the Application, and all necessary supporting materials have been filed with the City, and the showings in the Petition are each noticed by the City and are hereby incorporated at this place as if set forth herein in whole.

(d) The purposes for which organization of the District is sought are as described in the Petition and are purposes for which a district created pursuant to the Act may be lawfully formed.

(e) The public convenience and necessity require us to adopt this Resolution.

SECTION 3. GRANTING OF PETITION; FORMATION OF DISTRICT.

The Petition attached hereto as Exhibit A and made a part hereof for all purposes, is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to the restrictions and modifications set forth in the Petition, with jurisdiction over the Property and that, as the Petition is signed by the owners of the Property and there are not now, and shall not be within 50 days preceding the first anticipated election of the District, residents on the Property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary. Neither the District nor its board of directors shall make any commitments or incur any liabilities, nor shall the District be liable to any party for the payment of any amounts, until a Development Agreement has been executed and delivered by all parties and the insurance required by the Development Agreement for the District itself and the board of directors of the District is in place as determined by the District Manager or his designee. The formation of the District shall not constitute an inducement for any party to incur obligations by or on behalf of the District or the City.

SECTION 4. DISTRICT BOARD AND OFFICERS. The District shall be governed by a "District Board" comprised of the members of the Mayor and Council of the City, ex officio, and the First Appointed Members. The "Chairperson of the District Board" and the "Vice Chairperson of the District Board" shall be determined at the first meeting of the board of directors of the District, and the City Clerk of the City shall be the "District Clerk"; the City Treasurer of the City shall be the "District Treasurer"; the City Manager of the City shall be the "District Manager" and the City Attorney of the City shall be the "District Counsel." The first meeting of the board of directors of the District shall not be held until the Development Agreement has been executed and delivered by all parties and the insurance required by the Development Agreement for the District itself and the board of directors of the District is in place as determined by the District Manager.

SECTION 5. DISTRICT BOUNDARIES AND MAP. The District boundaries are as described in metes and bounds in the Exhibit to the Petition. A map showing the District boundaries is hereby ordered to be drawn and provided by the District Manager.

SECTION 6. DISSEMINATION OF THIS RESOLUTION. The Petitioners shall cause a copy of this Resolution to be delivered to the County Assessor and the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State of Arizona.

SECTION 7. NO LIABILITY OF OR FOR THE CITY. Neither the City nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly, or morally liable or obligated for the costs of the public infrastructure contemplated by the General Plan, nor for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the City, the State of Arizona, or any political subdivision of either (other than the District) shall be pledged therefor.

PASSED AND ADOPTED by the Council of the City of Phoenix this 19th day of April, 2023.

MAYOR

ATTEST:

Denise Archibald, City Clerk

APPROVED AS TO FORM:
Julie M. Kriegh, City Attorney

By: Jennifer Vega
Jennifer Vega
P ml

REVIEWED BY:

Jeffrey Barton, City Manager

PML:am:**(LF23-0701)**:4-19-23:2368313_1.doc

ATTACHMENT A

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
VERDIN COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF MARICOPA) ss.
CITY OF PHOENIX)

THE UNDERSIGNED OWNER AND INTEREST HOLDER (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by the attached parcels, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Mayor and Council of the City of Phoenix, Arizona (hereinafter referred to as the "City"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Verdin Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District,

III.

The District to contain an area of approximately 473.25 acres of land, more or less, wholly within the corporate boundaries of the City and to be composed of the land included in the legal description provided in Exhibit A hereto, which is made a part hereof for all purposes,

22114

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem property taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

The District to be governed by a board of directors of the District that consists of the members of the governing body of the City, ex officio,

VII.

Before the Resolution is adopted, the Clerk of the City to accept the filing of a "general plan" (as such term is defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District, and

VIII.

The City to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District; that public convenience and necessity require the adoption of the Resolution; and that the City shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the City may, on receipt of this Petition, adopt the Resolution to

declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully requests that this Petition be properly filed as provided by law; that the City adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Mayor and Council of the City shall deem proper and necessary.

[signatures on following pages]

RESPECTFULLY SUBMITTED this 1 day of February, 2023.

MACEWEN RANCH, LLC, an Arizona limited liability company

By: [signature]
Craig Mallery, its Manager

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ~~SANTA CRUZ~~ VP.)
Santa Clara

On February 01, 2023 before me, Vikal Patel, notary Public personally appeared Craig Mallery, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies); and that by his/her/their signature(s) on the instruction the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. ______________________
Signature: [signature]

VIKAL PATEL
COMM. #2340947
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My Comm. Exp. Feb. 7, 2025

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22114

RESPECTFULLY SUBMITTED this 1st day of February, 2023.

TAYLOR MORRISON/ARIZONA, INC.,
an Arizona corporation

By: ____________________
Name: Robert Johnson
Its: Vice President, Land Development

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 1st day of February, 2023, by Robert Johnson, the Vice President, Land Development of TAYLOR MORRISON/ARIZONA, INC., an Arizona corporation, on behalf of the company.

____
Notary Public

KIMBERLY ST. JOHN
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
COMMISSION # 580047
MY COMMISSION EXPIRES
APRIL 08, 2024

ATTACHMENT:

EXHIBIT A - Legal Description of Proposed CFD

EXHIBIT A

VERDIN
BOUNDARY
LEGAL DESCRIPTION

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;
EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
2,501.66 TO THE POINT OF BEGINNING;

THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MIDSECTION
LINE OF SAID SECTION 22;
THENCE NORTH 00° 28' 49" EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 141.23 FEET TO
THE EAST-WEST MID-SECTION LINE OF SAID SECTION 22;
THENCE NORTH 89° 48' 35" EAST, ALONG SAID MID-SECTION, LINE A DISTANCE OF 2,641.83 FEET TO
THE EAST QUARTER CORNER OF SAID SECTION 22;
THENCE SOUTH 00° 20' 16" WEST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
150.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 2:

THE NORTH HALF OF SECTION 27, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER
BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH
HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER
OF SECTION 27).

EXCEPT ALL MINERALS IN SAID LAND AS RESERVED TO THE UNITED STATES IN PATENT; AND
EXCEPTING ALL URANIUM, THORIUM, OR OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE
PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF

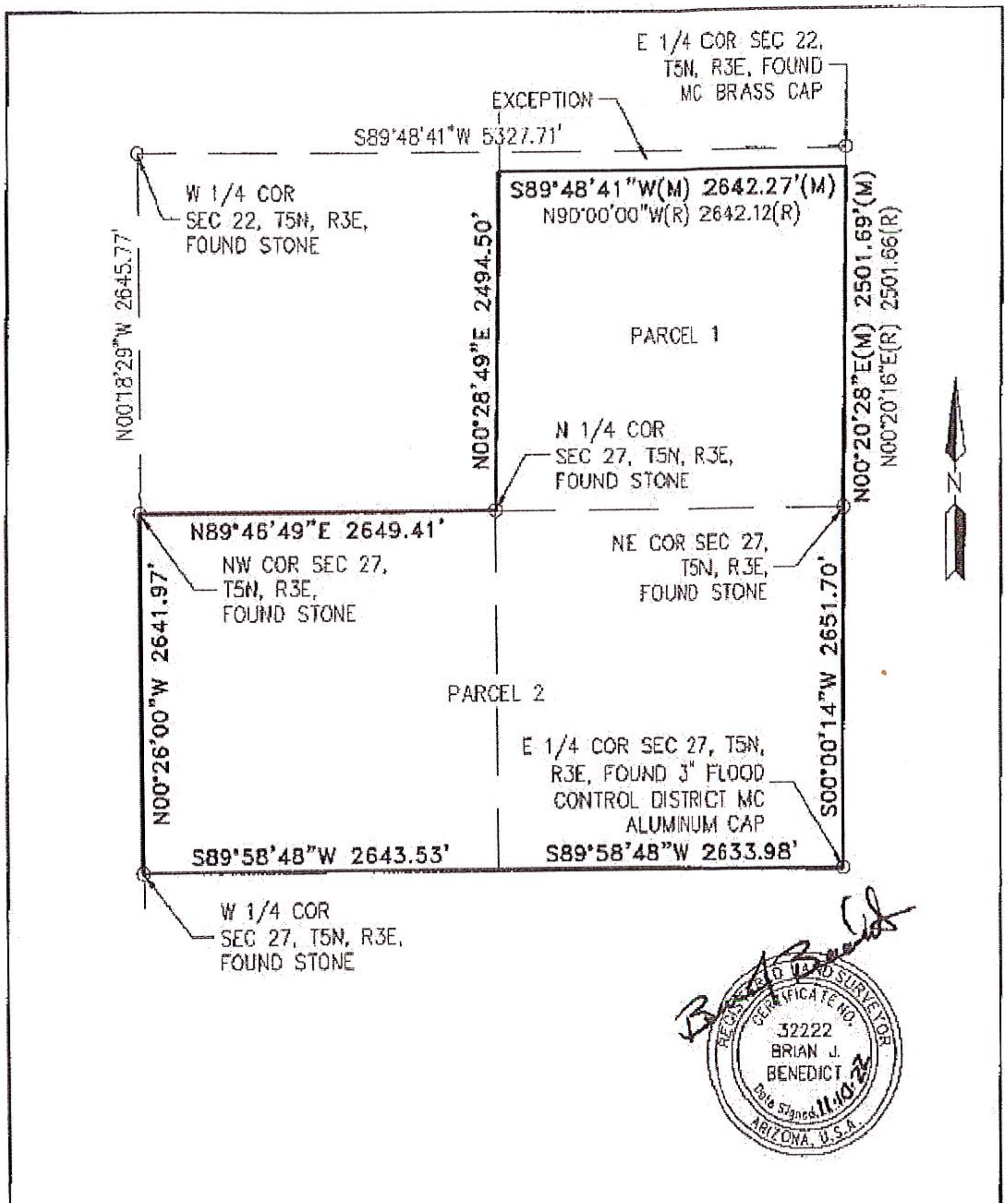
COMMERCIAL VALUE PURSUANT TO THE PROVISIONS OF THE ACT OF AUGUST 1, 1946 (60 STAT. 755),
AS SET FORTH IN THE PATENT ON SAID LAND. (AFFECTS THE SOUTHWEST QUARTER OF THE
NORTHWEST QUARTER OF SECTION 27).

The above described parcel contains a computed area of 20,614,608 sq. ft. (473.246 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No: 1784
Date: November 2022

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
32222
BRIAN J.
BENEDICT
Date Signed 11-16-22
ARIZONA, U.S.A.



PROJ.NO.:	1784	VERDIN BOUNDARY PHOENIX, ARIZONA	HILGARTWILSON 2141 E. HIGHLAND AVE., STE. 250 PHOENIX, AZ 85016 P: 602.490.0535 / F: 602.368.2436
DATE:	NOV 2022		
SCALE:	N.T.S.		
DRAWN BY:	GS	EXHIBIT	
CHECKED BY:	BJB		

U:\1700\1784\SURVEY\DOCS\LEGAL\1784-ALTA BNDY EXHIBIT.dwg 11/10/2022 11:29 AM

22114

Resolution to Form #22114

Official Records of Maricopa County Recorder
STEPHEN RICHER
20230473831 09/11/2023 12:59
ELECTRONIC RECORDING
RES22114-17-1-1--

RESOLUTION 22114

A RESOLUTION DECLARING THE INTENT TO FORM AND ORDERING FORMATION OF THE VERDIN CENTRAL COMMUNITY FACILITIES DISTRICT OF THE CITY OF PHOENIX.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PHOENIX as follows:

SECTION 1. FINDINGS.

(a) On February 1, 2023, there was presented to the Mayor and Council of the City of Phoenix, Arizona ("City"), a petition ("Petition") to form the Verdin Community Facilities District, signed by the entities which, on the date hereof, are the owners of all real property to be in the community facilities district (collectively, the "Petitioners"), the formation of which is petitioned for in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act") and a completed application ("Application") for formation of a district by petitioners Taylor Morrison/Arizona, Inc. (Taylor Morrison).

(b) The Petitioners have requested the following:

I. The name of the community facilities district of which formation is prayed pursuant to the Petition to be "Verdin Community Facilities District" (the "District"); and

II. The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived, or restricted pursuant to agreements separately approved by the City to be entered into by and among Taylor Morrison, the City, and the District; and

III. The District to contain an area of approximately 473.25 acres of land, more or less, wholly within the corporate boundaries of the City and to be composed of the land included in the parcels described in the Exhibit to the Petition, which is represented to be all the land to be included within the boundaries of the District (the "Property"); and

IV. The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the City; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act; and

V. The District to be governed by a board of directors of the District that consists of the members of the Mayor and Council of the City, ex officio, such directors to be appointed initially by the Mayor and Council of the City as identified in the Application (the "First Appointed Members") and on the expiration of the term of an additional appointed director, the Mayor and Council of the City to appoint a person according to the process for designating a director for a term of office as prescribed in the Application and if a vacancy occurs on the board of directors because of death, resignation or inability of either of the additional appointed members to discharge the duties of director, the Mayor and Council of the City to appoint a person according to the process for designating a person to fill a vacancy on the board of directors of the board as prescribed in the Application; and

VI. The City Clerk of the City to accept the filing of a "General Plan for the Proposed Verdin Community Facilities District" for the District in the form provided in the Application, setting out a general description of the improvements for which the District is proposed to be formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed, or acquired by the District (the "General Plan"); and

VII. The City to determine that public convenience and necessity require the adoption of this Resolution.

(c) The Petitioners further attested and declared that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, the Property is owned by the Petitioners or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to the Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District; that public convenience and necessity require the adoption of the Resolution; and that the City shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

(d) Petition be properly filed as provided by law; that the City adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Mayor and Council of the City shall deem proper and necessary.

SECTION 2. <u>MATTERS NOTICED BY THE CITY.</u>

(a) The Petitioners seek formation of the District to exercise the powers and functions set forth in the Act as such powers and functions are modified, waived or restricted pursuant to agreements to be entered into by and among the City, the District, and Taylor Morrison.

(b) The General Plan and the Application have been filed with the City Clerk of the City.

(c) The Petition, the Application, and all necessary supporting materials have been filed with the City, and the showings in the Petition are each noticed by the City and are hereby incorporated at this place as if set forth herein in whole.

(d) The purposes for which organization of the District is sought are as described in the Petition and are purposes for which a district created pursuant to the Act may be lawfully formed.

(e) The public convenience and necessity require us to adopt this Resolution.

SECTION 3. <u>GRANTING OF PETITION; FORMATION OF DISTRICT.</u> The Petition attached hereto as <u>Exhibit A</u> and made a part hereof for all purposes, is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to the restrictions and modifications set forth in the Petition, with jurisdiction over the Property and that, as the Petition is signed by the owners of the Property and there are not now, and shall not be within 50 days preceding the first anticipated election of the District, residents on the Property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary. Neither the District nor its board of directors shall make any commitments or incur any liabilities, nor shall the District be liable to any party for the payment of any amounts, until a Development Agreement has been executed and delivered by all parties and the insurance required by the Development Agreement for the District itself and the board of directors of the District is in place as determined by the District Manager or his designee. The formation of the District shall not constitute an inducement for any party to incur obligations by or on behalf of the District or the City.

SECTION 4. DISTRICT BOARD AND OFFICERS. The District shall be governed by a "District Board" comprised of the members of the Mayor and Council of the City, ex officio, and the First Appointed Members. The "Chairperson of the District Board" and the "Vice Chairperson of the District Board" shall be determined at the first meeting of the board of directors of the District, and the City Clerk of the City shall be the "District Clerk"; the City Treasurer of the City shall be the "District Treasurer"; the City Manager of the City shall be the "District Manager" and the City Attorney of the City shall be the "District Counsel." The first meeting of the board of directors of the District shall not be held until the Development Agreement has been executed and delivered by all parties and the insurance required by the Development Agreement for the District itself and the board of directors of the District is in place as determined by the District Manager.

SECTION 5. DISTRICT BOUNDARIES AND MAP. The District boundaries are as described in metes and bounds in the Exhibit to the Petition. A map showing the District boundaries is hereby ordered to be drawn and provided by the District Manager.

SECTION 6. DISSEMINATION OF THIS RESOLUTION. The Petitioners shall cause a copy of this Resolution to be delivered to the County Assessor and the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State of Arizona.

SECTION 7. NO LIABILITY OF OR FOR THE CITY. Neither the City nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly, or morally liable or obligated for the costs of the public infrastructure contemplated by the General Plan, nor for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the City, the State of Arizona, or any political subdivision of either (other than the District) shall be pledged therefor.

PASSED AND ADOPTED by the Council of the City of Phoenix this 19th day of April, 2023.

MAYOR

ATTEST:

Denise Archibald, City Clerk

APPROVED AS TO FORM:
Julie M. Kriegh, City Attorney

By: Jennifer Vega

Jennifer Vega

P ml

REVIEWED BY:

Jeffrey Barton, City Manager

PML:am:**(LF23-0701)**:4-19-23:2368313_1.doc

ATTACHMENT A

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
VERDIN COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF MARICOPA) ss.
CITY OF PHOENIX)

THE UNDERSIGNED OWNER AND INTEREST HOLDER (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by the attached parcels, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Mayor and Council of the City of Phoenix, Arizona (hereinafter referred to as the "City"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Verdin Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District,

III.

The District to contain an area of approximately 473.25 acres of land, more or less, wholly within the corporate boundaries of the City and to be composed of the land included in the legal description provided in Exhibit A hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem property taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

The District to be governed by a board of directors of the District that consists of the members of the governing body of the City, ex officio,

VII.

Before the Resolution is adopted, the Clerk of the City to accept the filing of a "general plan" (as such term is defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District, and

VIII.

The City to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the City and the District; that public convenience and necessity require the adoption of the Resolution; and that the City shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the City may, on receipt of this Petition, adopt the Resolution to

declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully requests that this Petition be properly filed as provided by law; that the City adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Mayor and Council of the City shall deem proper and necessary.

[signatures on following pages]

RESPECTFULLY SUBMITTED this 1 day of February, 2023.

MACEWEN RANCH, LLC, an Arizona limited liability company

By: [signature]
Craig Mallery, its Manager

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ~~SANTA CRUZ~~ VP)
Santa Clara

On February 01, 2023 before me, Vikal Patel, Notary Public, personally appeared Craig Mallery, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature: [signature]

VIKAL PATEL
COMM. #2340947
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My Comm. Exp. Feb. 2, 2025

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RESPECTFULLY SUBMITTED this 1st day of February, 2023.

TAYLOR MORRISON/ARIZONA, INC.,
an Arizona corporation

By: ______________________
Name: Robert Johnson
Its: Vice President, Land Development

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 1st day of February, 2023, by Robert Johnson, the Vice President, Land Development of TAYLOR MORRISON/ARIZONA, INC., an Arizona corporation, on behalf of the company.

____
Notary Public

KIMBERLY ST. JOHN
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
COMMISSION # 580047
MY COMMISSION EXPIRES
APRIL 05, 2024

ATTACHMENT:

EXHIBIT A - Legal Description of Proposed CFD

EXHIBIT A

VERDIN
BOUNDARY
LEGAL DESCRIPTION

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;
EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
2,501.66 TO THE POINT OF BEGINNING;

THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MIDSECTION
LINE OF SAID SECTION 22;
THENCE NORTH 00° 28' 49" EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 141.23 FEET TO
THE EAST-WEST MID-SECTION LINE OF SAID SECTION 22;
THENCE NORTH 89° 48' 35" EAST, ALONG SAID MID-SECTION, LINE A DISTANCE OF 2,641.83 FEET TO
THE EAST QUARTER CORNER OF SAID SECTION 22;
THENCE SOUTH 00° 20' 16" WEST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
150.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 2:

THE NORTH HALF OF SECTION 27, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND SALT RIVER
BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH
HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER
OF SECTION 27).

EXCEPT ALL MINERALS IN SAID LAND AS RESERVED TO THE UNITED STATES IN PATENT; AND
EXCEPTING ALL URANIUM, THORIUM, OR OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE
PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF

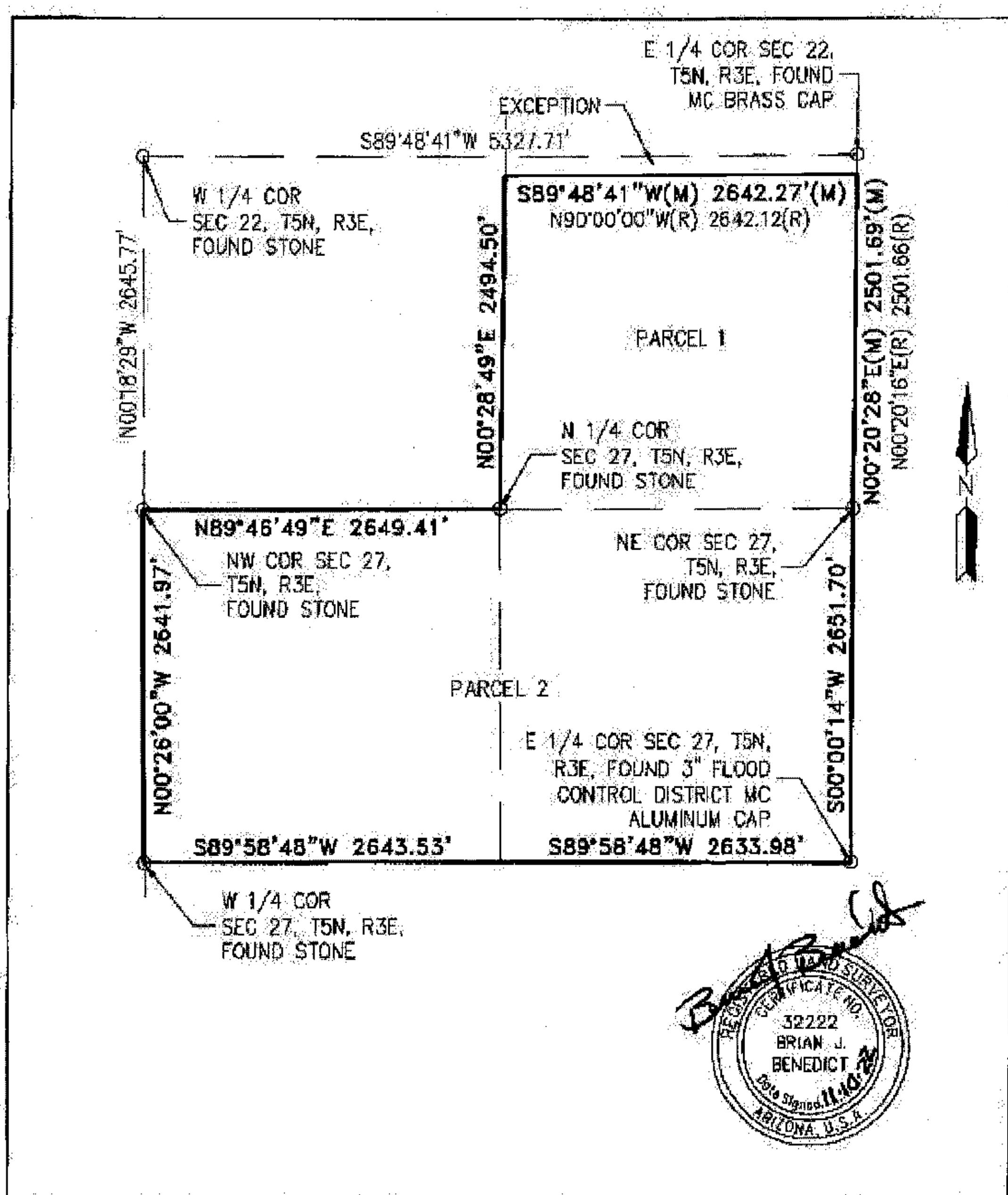
COMMERCIAL VALUE PURSUANT TO THE PROVISIONS OF THE ACT OF AUGUST 1, 1946 (60 STAT. 755),
AS SET FORTH IN THE PATENT ON SAID LAND. (AFFECTS THE SOUTHWEST QUARTER OF THE
NORTHWEST QUARTER OF SECTION 27).

The above described parcel contains a computed area of 20,614,608 sq. ft. (473.246 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No: 1784
Date: November 2022

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
32222
BRIAN J.
BENEDICT
Date Signed 11-10-22
ARIZONA, U.S.A.



PROJ.NO.:	1784	VERDIN BOUNDARY PHOENIX, ARIZONA	HILGARTWILSON 2141 E. HIGHLAND AVE., STE. 250 PHOENIX, AZ 85016 P: 602.490.0535 / F: 602.368.2436
DATE:	NOV 2022		
SCALE:	N.T.S.		
DRAWN BY:	GS	EXHIBIT	
CHECKED BY:	BJB		

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22114

Developemnt Agreement
S-49611

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

I, Natalie Gruner, the duly appointed and qualified Special Deputy City Clerk of the City of Phoenix, County of Maricopa, State of Arizona, do hereby certify and attest the attached to be a true and correct copy of the City of Phoenix Ordinance S-49611 titled "AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE-PARTY DEVELOPMENT AGREEMENT AND INTERGOVERNMENTAL AGREEMENT WITH TAYLOR MORRISON/ARIZONA, INC., MACEWEN RANCH, LLC, AND THE VERDIN COMMUNITY FACILITIES DISTRICT TO CONSTRUCT, FINANCE, OPERATE, AND MAINTAIN PUBLIC WATER, SEWER, ROADWAY, DRAINAGE, AND TRAIL FACILITIES NECESSARY TO SERVE THE VERDIN DEVELOPMENT, AND FOR ADMINISTRATION OF THE DISTRICT; AND FURTHER AUTHORIZING THE CITY TREASURER TO ACCEPT, AND THE CITY CONTROLLER TO DISBURSEALL FUNDS FOR PURPOSES OF THIS ORDINANCE." Approved on the 19th day of April, 2023 on record in the office of the City Clerk.

IN WITNESS WHEREOF, I hereunto set my hand and caused the official seal of the City of Phoenix to be affixed hereunto this 15th day of September, 2023.

PHOENIX, ARIZONA · INCORPORATED FEB. 25, 1881

SPECIAL DEPUTY CITY CLERK

ORDINANCE S-49611

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE-PARTY DEVELOPMENT AGREEMENT AND INTERGOVERNMENTAL AGREEMENT WITH TAYLOR MORRISON/ARIZONA, INC., MACEWEN RANCH, LLC, AND THE VERDIN COMMUNITY FACILITIES DISTRICT TO CONSTRUCT, FINANCE, OPERATE, AND MAINTAIN PUBLIC WATER, SEWER, ROADWAY, DRAINAGE, AND TRAIL FACILITIES NECESSARY TO SERVE THE VERDIN DEVELOPMENT, AND FOR ADMINISTRATION OF THE DISTRICT; AND FURTHER AUTHORIZING THE CITY TREASURER TO ACCEPT, AND THE CITY CONTROLLER TO DISBURSE ALL FUNDS FOR PURPOSES OF THIS ORDINANCE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PHOENIX as follows:

SECTION 1. The City Manager, or his designee, is authorized to negotiate and enter into a three-party development agreement and intergovernmental agreement (CFD DA) or other agreements as necessary, among the City of Phoenix, Taylor Morrison/Arizona, Inc., and MacEwen Ranch, LLC, (collectively, Developer), or its City approved designee, and the to-be-formed Verdin Community Facilities District (District) outlining the parties' participation to construction, finance, operate, and maintain certain public water, sewer, roadway, drainage, and trail facilities necessary to serve the Verdin development, and for administration of the District. If authorized, by City Council, and subsequently approved by the District Board, the CFD DA and other related agreements would, at a minimum, address the following:

- The Developer, at its sole risk, is to design and construct to City standards, and dedicate to the City all public facilities necessary to serve the Verdin development.
- The City shall accept ownership of the facilities upon completion to the City's satisfaction.
- The District Board shall consist of the Mayor and City Council.
- The District may retain independent advisors, attorneys, bond counsel, engineers or other professionals at the district's expense.
- The District shall be granted bond authorization of eighty million dollars ($80,000,000). Bonds are to be issued with a term not to exceed 25 years.
- The Developer shall be reimbursed no more than seventy-two million ($72,000,000). To qualify for reimbursement the Developer must, among other considerations, remain in compliance with public procurement rules pursuant to Arizona Revised Statutes (A.R.S.) title 34.
- The District Board shall have the sole and absolute discretion to issue and/or approve the sale of District bonds or levy District taxes, and the District shall not be obligated to issue or continue to issue any District bonds or levies.
- District bonds shall be issued in separate series over time when the assessed value of the property within the District is sufficient to support bond debt service given a target tax rate of three dollars and eighty-five cents ($3.85) per one hundred dollars ($100) of net assessed limited property valuation, or at such time as Taylor Morrison provides collateral in amounts and type acceptable to the District Board. For purposes of the foregoing, all property in the District owner by the Developer, or any entity owned and controlled by the Developer, shall be assigned the last certified assessed value such property had when categorized as "vacant" for purposes of net assessed limited property valuation.
- Expenses incurred to issue bonds shall be included as part of each bond series and repaid with bond proceeds.
- The City and the District shall have no obligation for costs incurred by the Developer in excess of available bond proceeds after sale, unless otherwise agreed to by the parties prior to any encumbrances. For example, the Developer and City may enter into a separate Water and/or Sewer Repayment Agreement. However, any and all costs that are the subject of a Repayment Agreement are not eligible for reimbursement by the District.

- The District shall levy up to a thirty cent ($0.30) ad valorum tax for Operation and Maintenance (O&M) costs in accordance with A.R.S. 48-701. If, at any time, the O&M tax revenue is insufficient to cover expenses, including City staff costs for administering District activities, the Developer shall agree to cover the shortfall such that there is no negative fiscal impact on general City operations. The developer has further agreed to address, in separate development agreements, certain rate revenue shortfalls (e.g. sewer rates) necessary to mitigate negative fiscal impacts on City enterprise operations (e.g. sewer lift station and force mains) associated with serving the Verdin development.

SECTION 2. The City Treasurer is authorized to accept, and the City Controller is authorized to disburse, all funds for the purposes of this ordinance.

PASSED by the City Council of the City of Phoenix this 19th day of April, 2023.

MAYOR

ATTEST:

Denise Archibald, City Clerk

PHOENIX, ARIZONA · INCORPORATED FEB. 25, 1881

APPROVED AS TO FORM:
Julie M. Kriegh, City Attorney

By: Jennifer Vega

Jennifer Vega PML

REVIEWED BY:

Jeffrey Barton, City Manager

PML:am:**(LF23-0702)**:4-19-23:2371972_1.doc

County Assessor Certificate

Eddie Cook
Maricopa County Assessor

301 W. Jefferson St.
Phoenix, Arizona 85003
602-506-3406
mcassessor.maricopa.gov

ASSESSOR'S CERTIFICATE

I, the undersigned Maricopa County Assessor, hereby certify that the persons or entities listed on *Exhibit A* attached hereto are the owners of the real property within the proposed Verdin Community Facilities District (City of Phoenix, Arizona) as shown on the official assessment roll for state and county taxes and are the owners of the corresponding tax parcels listed in *Exhibit A* herewith and are copies of records that are current as of the execution of this certificate.

Owners

Name: MacEwan Ranch LLC, An Arizona Limited Liability Company

Dated: October 10, 2023.

MARICOPA COUNTY ASSESSOR

Dawn Marie Buckland

Exhibit A

Parcel No.	Owner Name	Recording No.	Date of Recording
211-77-001A	MacEwan Ranch LLC	20160102993	2/18/2016
211-26-005	MacEwan Ranch LLC	20160102993	2/18/2016
211-26-004	MacEwan Ranch LLC	20160102994	2/19/2016
211-26-003	MacEwan Ranch LLC	20160102995	2/20/2016
211-26-002	MacEwan Ranch LLC	20160102996	2/21/2016

County Recorder Certificate

CERTIFICATION

I, **STEPHEN RICHER**, County Recorder in and for Maricopa County, State of Arizona, hereby certify that as of September 13, 2023, according to the general register of voters maintained by the Maricopa County Recorder, there are zero (0) qualified electors residing in the area of the proposed Verdin Community Facilities District.

Witness my hand and seal this 15th day of **SEPTEMBER**, **2023**.

STEPHEN RICHER
MARICOPA COUNTY RECORDER

By: ______________________________
Rey Valenzuela
Director of Elections
Deputy County Recorder

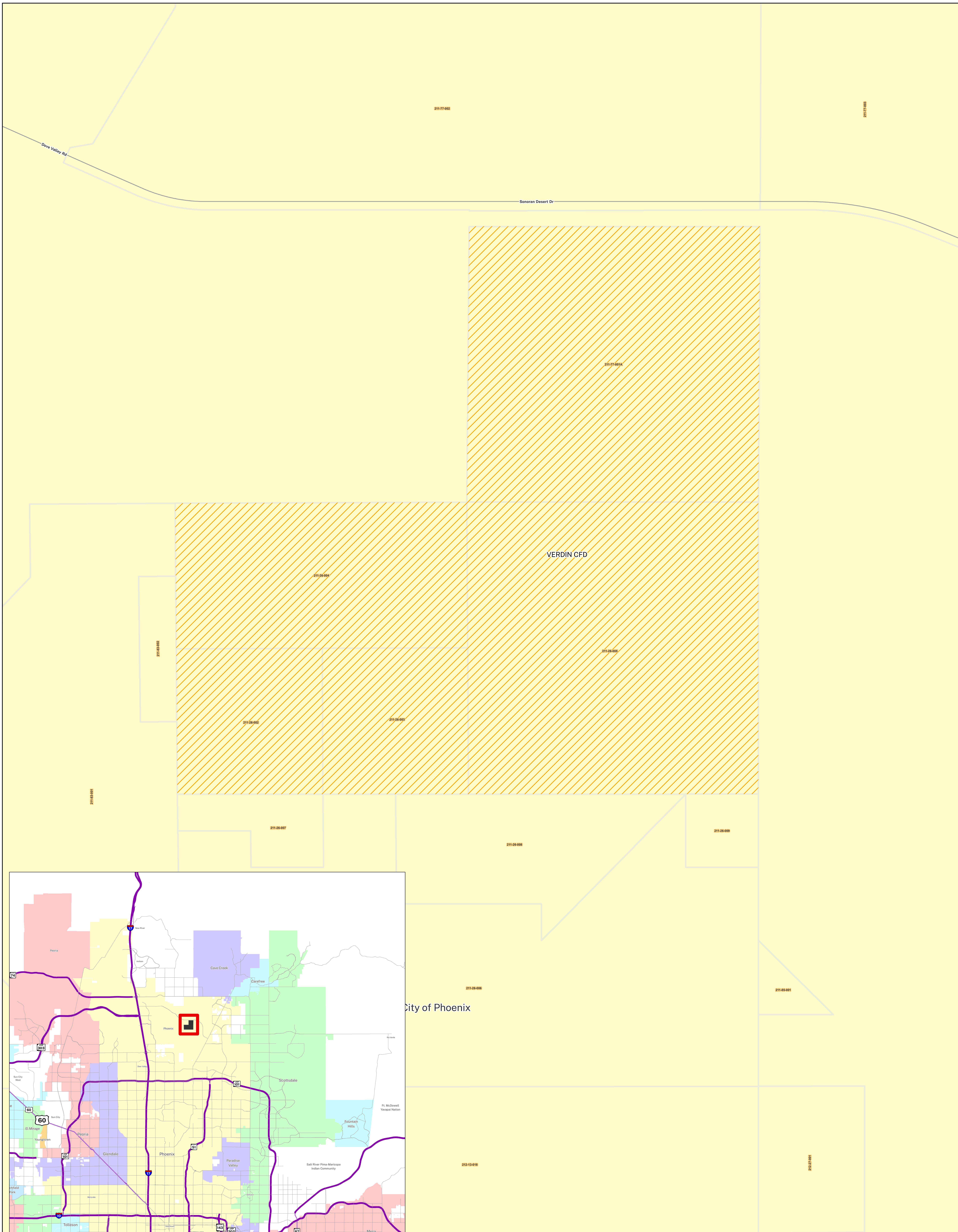
2023-000005

Office of the Recorder
Maricopa County, Arizona

Report Date: September 13, 2023
Area: Verdin Community Facilities District

VoterID	FirstName	LastName	Status	Address	Unit	City	ZipCode	ADDRESSTYPE	MailingAddress	MailCity	MailState	MailingZip

TotalVoters
0



New District Boundary
Parcels

Verdin CFD

City of Phoenix| Maricopa County, Arizona

RECORDER'S OFFICE and ELECTIONS
MARICOPA COUNTY

0 250 500 Feet

Created On: September 13, 2023

EXHIBIT A

VERDIN
BOUNDARY
LEGAL DESCRIPTION

PARCEL NO. 1:

THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;
EXCEPT THAT PORTION OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 3 EAST, MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 22;
THENCE NORTH 00° 20' 16" EAST, ALONG THE EAST LINE OF SAID SECTION 22, A DISTANCE OF
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THENCE NORTH 90° 00' 00" WEST, A DISTANCE OF 2,642.12 FEET TO THE NORTH-SOUTH MIDSECTION
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EXCEPT ALL THE COAL AND OTHER MINERALS, AS RESERVED IN THE PATENT. (AFFECTS THE NORTH
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Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No: 1784
Date: November 2022

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
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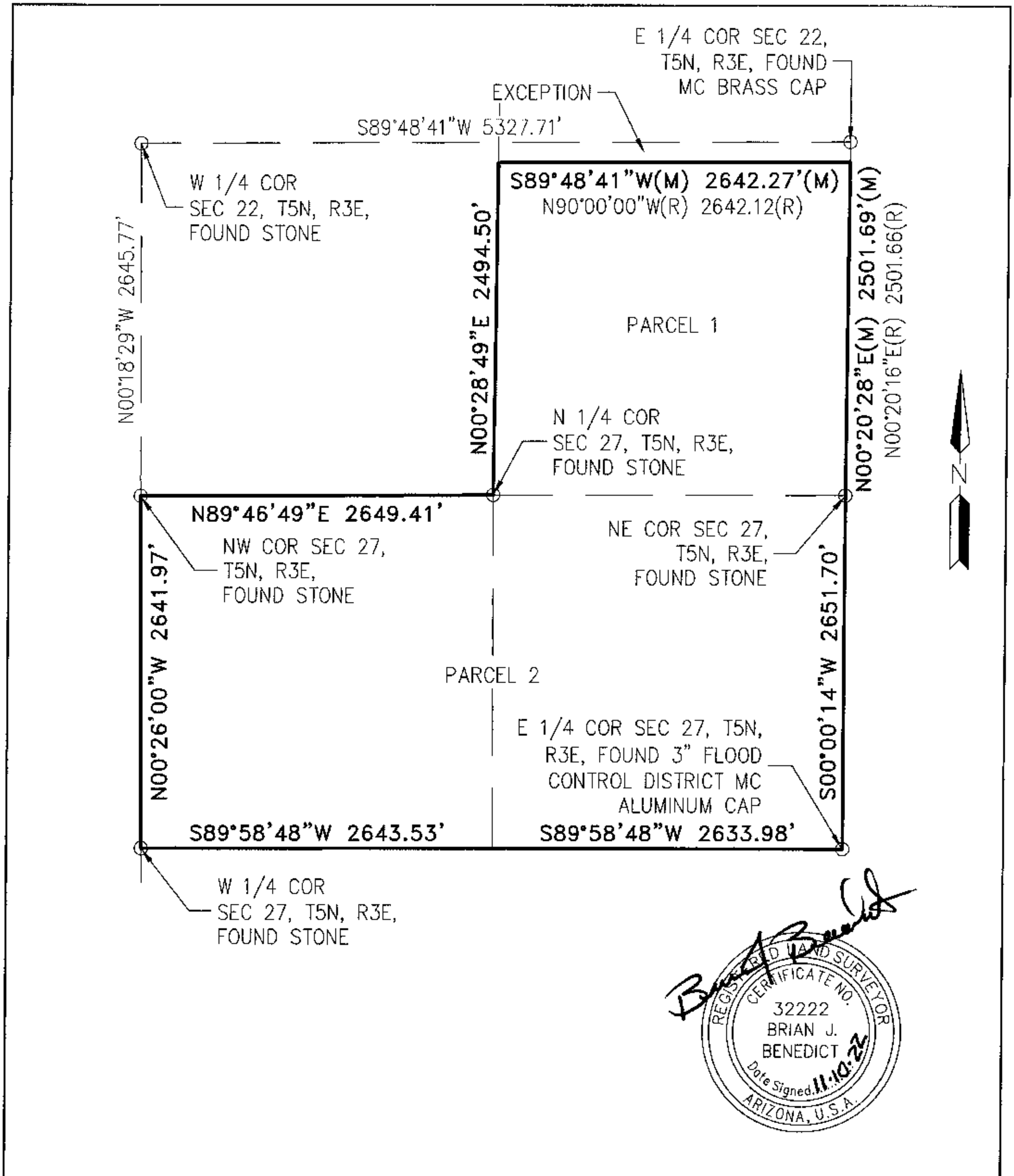

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MARICOPA COUNTY RECORDER
NON-COMMERCIAL PURPOSE
Public Record Request

Request is hereby made to ☑ inspect or ☐ reproduce the following public record(s):
(Indicate document name, page numbers, address and permit number where applicable. Attach 8.5" x 11" sheet if needed.)

Certification that no qualified resident electors reside in a proposed community facilities district for property at parcels 211-26-002, 211-26-003, 211-26-004, 211-26- 005, and 211-77-001A.

Pursuant to A.R.S. §39-121.03, the record(s) are requested for the following purpose:
Verification of resident electors to comply with the formation of a community facilities district.

and the record(s) *(check one)*

☒ Will not be used for a commercial purpose: *Commercial Purpose* is defined as: "the use of a public record for the purpose of sale or resale or for the purpose of producing a document containing all or part of the copy, printout or photograph for sale or the obtaining of names and addresses from such public record for the purpose of solicitation or the sale of such names and addresses to another for the purpose of solicitation or for any purpose in which the purchaser can reasonably anticipate the receipt of monetary gain from the direct or indirect use of such public records."

☐ Will be used for the following commercial purpose (certified statement meeting requirements listed below must accompany application. Use Commercial Purpose Record Request Form):

I certify that all information provided is true and correct under penalty of perjury. I agree to pay the fee or deposit of $ ________ for these records. I agree not to hold Maricopa County liable for any inaccurate or incomplete information I may receive.

David Neal
Applicant Signature

9-11-23
Date

<u>Contact Information *(please print)*:</u>

Name: David Neal

Address: 200 W Washington

Phone #: 602-534-7031 Email Address: david.neal@phoenix.gov

A person who obtains public records for a commercial purpose without indicating the commercial purpose or who obtains a public record for a noncommercial purpose and uses or knowingly allows the uses of such public record for a commercial purpose or who obtains a public record for a commercial purpose and uses or knowingly allows the use of such public record for a different commercial purpose or who obtains a public record from anyone other than the custodian of such records and uses them for a commercial purpose shall in addition to other penalties be liable to the state or the political subdivision from which the public record was obtained for damages **in the amount of three times the amount which would have been charged** for the public record had the commercial purpose been stated plus costs and reasonable attorneys' fees or shall be liable to the state or the political subdivision for the amount of **three times the actual damages** if it can be shown that the public record would not have been provided had the commercial purpose of actual use been stated at the time of obtaining the records.

DISCLAIMER – INDEMNIFICATION

Requester understands and agrees that Maricopa County does not guarantee the accuracy of the data and information requested and hereby expressly disclaims any responsibility for the truth, lack of truth, validity, invalidity, accuracy, inaccuracy of any said data and information. Requester/Purchaser accepts responsibility for Requester/Purchaser's unauthorized use or transmission of any such data or information in its actual or altered form.