



VERDE RIVER CLUB UPDATE

Frequently Asked Questions

UPDATED 10/6/26

The Club has been sold several times already. To Tegavah from the original owners. To the current Private Equity Group in 2021. Were water rights studies at each of these sales? If so, does that reduce concerns about problems arising with this water rights study?

Every lender has indicated their requirement to perform an updated water rights study. Indeed with the fluidity and importance of water, particularly for golf courses, it is prudent to conduct a thorough water rights study prior to reaching a feasibility conclusion. This will be the same concern for any buyer.

What happens if the CEC needs more time for due diligence beyond the Shea deadline? Are the other potential buyers doing concurrent due diligence?

If we cannot complete due diligence in the prescribed time, we will ask the Sellers for an extension. We are unaware of whatever other due diligence is currently being conducted on behalf of other potential buyers.

How many of the CEC would be willing to run for the BOD if we were to buy?

The takeover of the HOA by the homeowners has not been addressed by the CEC as it is not specifically with our mandate. Nor has the CEC investigated potential structure of the HOA. It would seem prudent, however, for several CEC members to serve at least temporarily on the HOA board overseeing the newly acquired asset since they represent an existing level of awareness and knowledge of the Club.

Can you update the timeline with an estimate on when the decision on \$\$ needed from members would be determined? Assuming most people would need time to free up this cash. Right now the timeline from member vote to "payment due" is quite short.

Assuming the projected closing date of December 3 is maintained, it is likely that payments will be needed no later than November 16, owing to the holiday period.

In many other Trilogy communities that Shea turned over the assets to owners after their buildout without any cost to homeowners. Is this correct?

We understand that has been the case in several communities, although we are unaware of the specifics of each.

I am wondering if there is a rough count of how many golf clubs are owned by third-party owners vs. homeowner owned in Arizona?

We are not aware of the answer but will ask our consultants for some insight.

Will we know if Shea is going to drop 20% cap on social fees downward before we have to conduct the formal vote?

We have asked the developer for confirmation of when and by how much the CCR's will be modified to reflect this change. We have not yet received an answer.

Would the CEC consider hiring an independent professional negotiator experience in club acquisition to support its efforts?

No, not at this time.

Based on the current purchase projections, is the HOA capable of maintaining adequate cash flow during an economic downturn, and what financial liabilities would homeowners face under that scenario?

We are modelling a number of scenarios and will provide additional answers as they become available.

Can a homeowner pay off their portion of the debt early?

We are working on providing that capability. It is our intent to do so.



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If homeowners purchase the Club and the HOA assumes responsibility immediately, how will adequate due diligence be completed? How will reserves be funded? Given that cash flow and profitability are different concepts, what evidence is there that the Club will be financially sustainable after the acquisition?

The CEC does not intend to recommend a purchase before adequate due diligence is completed (if at all). If significant Due diligence is required beyond the closing date; the CEC will obtain Shea's agreement to delay the close until diligence is further completed.

Can you answer questions concerning the assessment based on property value and ability to pay. Some of us on fixed income do not have this kind of cash.

We are sensitive to and concerned about homeowner's ability to fund. We are working with both banks and our advisors to research the implications of homeowner's inability to pay. Making an assessment based on property value, however, is a concept the CEC is not prepared to endorse. In our modelling, all homeowners are expected to be assessed equally without regard to the market value of their property. This is similar to the current policy in place for a new homeowner joining the community for the first time. All homeowners currently pay the same social assessment regardless of their home's value.

Please explain the difference between an asset purchase and a shareholder purchase and which purchase it is.

In a "share sale" a purchaser buys the seller's interest in the property by purchasing shares of stock, a Limited Partnership interest or (in this case) an LLC membership interest. In that situation, a buyer is responsible for all of the liabilities and essentially steps into the seller's shoes. Whatever is owed the buyer will now owe. Whatever is owned, the buyer now owns. This is NOT the transaction currently being discussed.

In an "Asset sale," only assets, machinery, equipment, real estate, inventory, etc. are purchased. Accounts payable and all of the company's liabilities are left behind for the seller to sort out. They keep the cash but are also responsible for what is owed.

Is the requirement for a two-thirds affirmative vote of all lots a Shea requirement rather than a legal or governing-document requirement? If so, why is that threshold important to Shea, and would Shea be willing to adjust it in the event of a close vote?

The 2/3 "Yes" requirement is Shea's. They asked for a mandate, not simply a majority. We have received no indication at this time that Shea is willing to adjust their minimum requirements for homeowner approval.

UPDATED 9/28/26 – TOWN HALL #2 QUESTIONS/ANSWERS

Why is this 10X what homeowners in Vistancia paid?

Vistancia is a much larger (3,000+ members) older club with a public golf course. The economics which homeowners at Vistancia enjoyed were radically different than are the case at TVR.

Do you know why Shea is pushing to close so quickly?

As is often the case when one sells a home, each of the offers from outside parties interested in buying The Club had stipulated acceptance dates. Seller is trying to guard against a protracted closing process with the HOA which doesn't close causing them to miss an opportunity with another buyer.

Are we gathering RFPs from Troon, Blue Star and others as to a budget to run the club under a homeowners ownership to see what others would run it for?

Blue Star's continued management is a requirement if the HOA accepts Shea financing for a portion of the purchase. Once the loan is retired, the requirement to continue with BlueStar vanishes. Should the HOA not take Shea financing, RFPs with other operators could take place following a season's transition period.



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Why are we ruling out the idea of offering less than \$31M after our Due Diligence?

We originally offered \$25M, which was rejected. The \$31M is a discount to the highest offer Shea has received.

Usually, in these kinds of deals, the initial numbers or LOIs are just a starting ceiling. Once you dig into the paperwork and inspections, the final price almost always comes down. Is there a specific reason we can't negotiate a lower number if we find stuff during Due Diligence?

Your reasoning is correct. Items of a material nature uncovered during Due Diligence may result in a reduction in the purchase price if accepted.

For our offer, can we make sure our existing cash reserves stay with us (the new owners) instead of going to the seller?

There are no cash reserves associated with The Club as stated. There are reserves with the HOA (which has nothing to do with the Club) for roads, bridges, lakes, etc.

Finally, since Shea still has those 70 lots that aren't built yet, can we pro-rate those out and subtract that amount directly from our offer so current homeowners aren't on the hook for them?

No. As the declarant, Shea is not subject to assessments. This has been understood by all buyers from the beginning of the process.

If NDAs are terminated, are you now able to share what third party buyers are in the mix?

No. Specific details of other third party bidders are between them and the Seller. We cannot disclose what limited information we have.

Isn't Shea voting a conflict of interest?

How do the unsold lots get a vote on this?

These lots do not vote. Shea will vote them in the proportion of the full vote of homeowners.

Can you please explain how the voting will take place and identify the party responsible for auditing the results? Additionally, will witnesses from both sides of the issue, including supporters of both "Yes" and "No" votes, be present to observe the process?

An independent 3rd party voting technology company will be engaged to monitor and conduct the vote. Because the geographic dispersion of homeowners, the vote will be electronic; one vote per lot, sent to the first alphabetical name of the registered owner. There will be no physical vote, hence no "observers."

Could a smaller group of residents purchase the club should the larger vote fail?

It's highly unlikely. Shea has told us that they will engage with one of the outside purchasers were the vote to fail.

Why are we involving ourselves in this? Most of us are retired or retiring and now an investment that may bury individual homeowners

Shea has made a decision to sell The Club. The Seller has invited the homeowner to engage in the process if there is a community desire to own the Club. Homeowners have been invited to participate. An ad hoc committee of volunteers has been formed to make a recommendation to homeowners.

Regardless of the recommendation, it is the CEC's position that we must have a vote. The CC&Rs that you acknowledged when you bought into the community set forth obligations for each homeowner. Each lot will receive a vote; a 67% majority (928 "YES") votes are required to ratify a purchase for the whole community. Please vote as you see fit.

Why are we discussing hypotheticals instead of facts?

Diligence is in place to validate statements and hypothesis and turn as much into facts as possible. To allow for as much advance planning as possible, the CEC sought to involve the community sooner than late. As data points become confirmed, we will confirm them as such. Accordingly, our current discussions should be construed as the CEC wanting to involve the community in as much of the process as practical, while providing as much advance notice as practical.



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How can we develop a broad understanding across the membership of how truly catastrophic it would be to have a financial investor purchase the club? 20% dues increases every single year with absolutely zero incentive to reinvest at all in the club. This would be a total inevitability. The committee has done an amazing job but it feels like the argument of pros and cons for and against the sale haven't appropriately reflected how it could result in the demise of the club and plummeting home values. Members need to truly understand how disastrous it would be for someone else to own the club. Particularly at such a high value. If this is appropriately understood it seems like the member vote should be closer to 100% rather than 76%. Any thoughts are appreciated.

Until an outside buyer is successful and takes over, all discussion on dues increases itself are hypothetical. Our CC&Rs permit the raising of dues by up to 20%; that does not mean that a prudent buyer would do so. We are presenting the possibilities and letting the homeowners make their own assessment.

How many years did Shea ask that Blue star stays?

The LOI currently state that BlueStar will stay in place until the Shea-held financing is paid off.

Does the stated \$33 million funding need include Due Diligence, legal and closing costs, financing fees, capital reserves, and immediate repairs, or will those costs be added? How much of the \$2 million is needed for day-to-day operations, and how much would remain available for major repairs and replacements? Please provide an itemized total and the resulting financial obligation per household.

The \$33M is inclusive of deal costs, Due Diligence costs, working capital and \$1M in reserves. A detailed analysis of sources and uses of cash will be provided prior to a vote.

Will the homeowner ballot specify a maximum upfront assessment, maximum borrowing amount, and the expected annual payment obligation? If acceptable financing cannot be secured within those limits, will the transaction require another homeowner vote before proceeding?

It is the CEC's objective to provide a full financing "ladder" (breakdown) prior to any formal vote.

Exactly how much is in reserves now that we will be forfeiting?

There is nothing currently in The Club reserves.

How many lots will share the upfront assessment and ongoing debt payments, and what will Shea contribute for its unsold lots?

All of the "sold" lots (approximately 1,315) will share in the assessment and financing. Shea will contribute nothing. The CEC is evaluating how to address currently unsold lots that become members post-transaction.

You are assuming a homeowner buy is inevitable. You are putting the cart before the horse.

To the contrary. The CEC is trying to provide as much information as we can to enable each homeowner to make an informed decision. If there is not sufficient enthusiasm (as demonstrated by votes) to support a purchase, the homeowners will need to step aside and permit the Seller to do what they said they would do.

Why does Shea keep all the cash that may be in the account? Typically that is negotiated. It appears as though they are holding the cards on the value of the transaction and the fact that no cash is left. Doesn't make reasonable sense to me.

In an asset transaction it is common for cash and cash equivalents to stay with the buyer (it's often different in a "Share" transaction).

You state that club revenue will repay the \$17 million in loans. How much of that revenue comes from homeowner dues, and what dues increases are assumed? Please show the annual cash remaining after operating expenses and adequate capital reserve funding, compared with the



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principal and interest payments on both loans.

It is our hypothesis that a combination of Club dues (not HOA dues) + Club operating profits are sufficient to service the acquisition debt. Confirmation of that will form a central piece of the Due Diligence work.

Are the \$13.5 million bank loan and \$3.5 million Shea loan supported by written financing commitments, or are these preliminary targets? If either loan falls short, would the \$16 million homeowner contribution increase, and what maximum assessment will homeowners be asked to approve?

At this stage, these two commitments are in the form of "Term Sheets". It is the CEC's intention to receive commitments from each funding source prior to a vote.

Is the CEC also doing the Due Diligence for the HOA transition as well?

No. The HOA Due Diligence and transition planning will need to be assigned once we know whether a transaction is likely.

Why are we looking to tie ourselves to Shea with a loan?

Shea has offered a \$3.5M loan at below market rates to facilitate a homeowner acquisition. We are not being "forced" to accept it. The CEC has not yet finalized our recommendation but are leaving it for planning purposes.

What purpose is served by discussing our proposed debt, homeowner assessments, and financing limitations on a publicly accessible Zoom call? Has the CEC considered whether giving potential competing buyers and other outside parties access to this information could weaken our negotiating position? Why aren't these discussions restricted to verified TVR homeowners and authorized advisers?

The homeowners have an executed LOI which provides us with limited exclusivity to negotiate this transaction with Shea. While it would be desirable to have a more private platform to present, we felt that speed of information dissemination was imperative. At this point, the CEC is not concerned that public access to anything discussed thus far would be detrimental to proceeding.

Will this recording be available not only the slides?

Both the video recording and the presentation slides are on the portal.

Won't HOA dues also increase on top of all this?

The CEC has not addressed and is not involved in HOA dues/expenditures planning.

How will the Due Diligence costs be paid if we don't move forward to a PSA and close? Why weren't the members consulted on this expense?

It will likely be picked up as a Misc. Expense on the HOA operating budget. The CEC asked for and received funding from the (Shea controlled) HOA for consultants, attorneys and DD expenses. It is not unreasonable to assume that costs associated with an unsuccessful attempt to purchase the Club may be borne by the HOA in a subsequent budget year.

What are the loan Terms?

The loan terms will vary by bank. The CEC is still negotiating with several banks. Loan terms will be disclosed in a subsequent Town Hall prior to a vote.

We are estimated to close on our home by mid-November. Does this deal include us in terms of the financial investment if the homeowners are approved to purchase the club?

We will clarify that with Shea/outside counsel.

Cash flow changes every month. What happens when cash is negative in a month you fix something?

The consultants are working on a cash flow planning document to address just that type of contingency.

Why do we believe a \$2M cash reserve is enough? If the air conditioning needs to be replaced, golf course repairs....then we'd all have additional assessments



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A major component of our Due Diligence is capital equipment inspection and an analysis of the reserve requirements the purchasers will need to fund. Any changes reflected in the results of DD will be reflected in an update to the owners, as necessary.

Is November 16 the actual payment deadline? Will homeowner payments be held in escrow until closing, and what are the refund terms if the purchase fails or is delayed? Could any portion be spent on transaction costs before closing?

At the present time, November 16 seems a reasonable deadline to support a Dec. 3 close, with holidays. The deposits will be escrowed. Should the transaction not take place, the deposits will be returned.

How can we get our money back when we sell?

We are working with our consultants to recommend several potential approaches to this.

What options will be available to homeowners who cannot produce \$10,000–\$12,000 in one payment on this timetable? Will payment arrangements and the consequences of nonpayment be clearly disclosed before the formal vote?

At present, there are no options as of yet identified. The consequences of failing to meet an assessment are covered in the community CC&Rs.

Will homeowners receive the water-rights opinion, complete reserve study, cash-flow analysis, and appraisal before the formal vote? How much review time will we have, and will that occur before the deadline to terminate the purchase and recover the deposit?

We will do our best to provide as much information as practical prior to a formal vote. If the vote does not confirm the purchase recommendation (if any), the purchase activity will terminate.

Who is the Bank? How many Banks have been talked to?

We are currently working with three banks; two in AZ, one outside of AZ. It is not appropriate to disclose the bank names until we move forward with a vote.

Why aren't we splitting out the golf course from the rec facilities? By lumping it all together you are having 900 social members subsidize the golf members. There are 900 social only members that should be the priority. If you separate out the rec facilities from the golf members the cost would be significantly less for the 900 social only members. Why aren't we separating these assets out.

The golf course belongs to the community, not the golfers. Golf members pay extra to access (i.e.: use) the course. Homeowners can use the golf course for 5 months of the year as well. The 420 golf members are first and foremost social members as well. The assets are being sold together. It is neither reasonable nor to suggest that there be multiple types of members based on use.

At one point it was mentioned that if we buy the club, Shea would immediately turn over the HOA and community to us. Is any study being done as to what that means, and what the implications of having the entire property dumped on us without Due Diligence?

Subject to an orderly transition that is still the case. It is the CEC's expectation that another committee will be formed to assist and coordinate the HOA transition.

If another entity purchases the club, is there a high probability of a one-time assessment to residents to make their funding work?

No. There is no probability.

Why are we being told a third party equity firm will be the big bad wolf? Would they really want to hurt our community? Why? Let's meet with the other investors and ask all the same questions. That's good Due Diligence

That has neither been said nor implied. We simply point out what any outside investor/purchaser **could** do, not what they would do. Homeowners are encouraged to do their own risk assessment of a dues increase (and how much that could be) in addition to the projections that such an investment might imply. It is neither our intent nor desire to speculate on the intentions of an outside owners.



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What business doesn't have audited financial statements. Crazy!

Many private companies do not prepare them. They are expensive and distracting. The CEC asked for them. We are told they do not invest and the sellers are not prepared to spend the \$ or time to prepare them.

No financial statements? That seems convenient-what is being hidden

There are financial statements. They are not audited. This is fairly common.

Explain why Shea does not submit a Class B Control Period end date NOW?

This is a question that should be directed to the Sellers.

Why wasn't this disclosed at our closing at the end of June? we would not have moved here if we knew! We are in our late 70's and came here to retire, and not to own a business.

Please refer to your sales rep, real estate agent or attorney.

I think you should poll the members now about their comfort level in continuing this process.

When do you feel the appropriate time would be to issue a straw poll asking if it still makes sense to continue spending time and money on this purchase?

A "sense of the body" is what is being measured in the current survey.

The bank is paid via cash flow but how is Shea repaid?

Shea will be paid from cash flow as well, subordinated to the bank.

Does Shea see the results of the payment poll?

Yes

Please do not glaze over that Shea has hitched the HOA transition to this sale if we buy, are you factoring the Due Diligence on that as well? We are severely underfunded in our reserves!!!!

The process surrounding the HOA turnover is a separate issue. Accelerated turnover was something that many homeowners preferred, as opposed to the mandatory turnover on the closure of the sale of the 1,384th home. Whether or not the homeowners want an accelerated HOA turnover is not something we have yet polled.

If we purchased the club, could the golf course be sold to pay down the loan?

Sale of the golf course to pay down the loan is not under consideration.

What is the cost of the Due Diligence in addition to the purchase so we are aware? We can't promise not to increase dues forever. Things cost more with time.

Thus far, the HOA has approved a Due Diligence ceiling of \$175,000. There may be additional professional fees depending on what the Due Diligence uncovers.

Is it possible to get more financial assistance from Shea? Perhaps 15 - 20% rather than just 10%.

This would help reduce the amount the homeowners would need to pay upfront

This would not materially help, as banks loan in this situation on a fixed percentage of total loans to value. An increase of a loan amount from Shea would likely result in a 1:1 reduction in debt from the bank so that total loans remain the same.

Presumptively, if we end up at 26 million, numbers would change proportionately?

Yes, but the Seller has refused to consider a lower offer.

What happened to the \$10K we had to pay at closing on our home?

These funds (\$9,000 at closing) were retained by the Club owner as was their right. 75% of the initiation fees received from new buyers are used to refund initiation fees to the homeowner seller when they depart the community.



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If Shea got a higher bid than ours, why did they not sell to them?

They still may. The price they have supplied the homeowners is lower than the highest bid. Shea has stated that it is an accommodation to the homeowners to provide an advantage to purchasing the club.

Please explain why it is appropriate for Shea to control the HOA after the members of the HOA complete this transaction.

Shea will turn over the HOA to homeowners at the same time.

Are all member of the CEC Golf Members?

No. Bromberg & Weibling are not golf members.

Third parties could have significant cost savings in economies of scale that could drive their profit. Please don't assume it's all through increased dues

Absolutely correct. However those economies would largely accrue for the benefit of the new owners, not necessarily the members.

Can a third party buyer/owner raise dues solely to provide a profit to said new owner? Do the CCRs require that dues be based on club expenses, and is profit to the owner a club expense, as club expense is defined.

Correct that dues are based on club expenses. However, the definition of reimbursable expenses is overly broad, and specifically permits financing expenses.

If we close this deal, can we then assess the 70 unsold lots for their portion of the purchase price as they are sold to new homeowners?

How the unsold lots (likely under 70 by closing date) would/should be treated post-transaction is currently the subject of analysis.

In theory, if we buy the assets, I would assume the value of our properties would likely go up. Are we going to be a nontaxable HOA still on what will be our new revenues from operating a club?

We are not able to assess swings in home value. I would suggest speaking to a realtor. The Club's operations would likely transition to a non-profit.

Would the homeowners ever have the chance to hear the "pitch" from a potential 3rd party buyer?

That would be up to Shea.

We have had third party ownership since day one and we have already been sold once in 2019. What's with all the scare tactics?

It is not our intent to use "scare tactics." We are merely pointing out what could happen, not what will happen. Shea has controlled the Club from day one but wants to sell homes. That means happy members. It is our expectation that a new owner would no longer be subject to a similar constraint.

Can you share the loan terms?

Once finalized and ready for approval/vote the terms will be shared.

I understand we don't get insight into who's bidding on the club, but can we have a general profile of them? Are they all Private Equity firms? What about other golf entities like Troon or PXG etc.? Are any of those buyers types in the mix? A PE will have a different perspective than a golf entity or other entity.

We do not know all of the bidders. We understand that all of them are experienced golf course or club operators, and virtually all are backed by private equity.

There are several private-equity backed owners and operators. Do we know who is submitting LOIs to Shea? If it is KSL Capital Partners, Invited Clubs/ClubCorp, Bain Capital, Arcis Golf, or Kemper Sports, they are good ones. Shea would make a huge mistake by not selling to a



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reputable buyer to protect the Trilogy brand and to not tarnish their name, since they are building a big development across the street.

We do not know all of those that have submitted bids. It is likely that many of the firms mentioned in your question are in the mix.

Bringing this question back (on the topic of the \$24K vs. \$12K): If homeowners agree to buy does everyone have to abide by the same payment structure (financing + assessment) or can we choose to pay a one time assessment? Or, is that also subject to final vote (i.e., majority will dictate whether we use financing and pay the \$12k OR one-time \$24K)?

It would be the CEC's intent to provide for a lump sum assessment payment or a financing option as outlined.

Did Shea offer the loan to keep BlueStar as the operator for 3-5 years and BlueStar Landscaping for both the HOA and golf course?

Shea offered the loan at below market rates. The homeowners are free to take the loan or not. If it is used, BlueStar is required to be in place as security for Shea's loan (operational integrity). The golf course maintenance is handled by the golf course, not BlueStar. The landscaping in the community (handled by BlueStar) is associated with the HOA, not the Club. A decision on who provides this service is for the HOA to decide.

What is the collateral for the Shea loan?

This will be negotiated if the loan is used. In any case, Shea will be subordinated to the senior lender (a bank).

Can you comment further on the Water Rights issue being required by a potential lender? Will we be able to acquire the information regardless of purchase decisions?

Water rights seem to be the #1 concern of every lender. We have commissioned an independent study as requested by the banks. We see no reason why this could not be shared with homeowners.

FAQs POSTED 9.21.26

I am hearing a lot of concern from fellow residents regarding their fears of the possibility of an unplanned surprise large assessment at some point in the future, if the community purchases the club assets.

Since the assets in question are not residential, are independent of our actual homes, have a market value that can be easily determined and can be sold without effecting our own homeownership; would it be legally possible for the HOA to establish a 'Line of Credit' that could be used for an unplanned large expenditure? This is something that corporations do all the time. This should eliminate the concern for a large one-time assessment, since the needed funds could then be repaid over a longer period of time.

My concern is that people are equating the possibility of a surprise large assessment with horror stories that they have heard from condo owners who cannot find long term solutions for when their building has quick cash needs.

If the homeowners vote to authorize the HOA to move forward with negotiations to acquire the club it is entirely possible that the new HOA board, once transitioned from Declarant control, can enact certain types of liquidity instruments in addition to (or in place of) homeowner assessments. The CEC is sensitive to the risk of any potential large, unplanned assessments. That is one of the aspects of a potential transaction that due diligence will try to identify.

If an LOI has been submitted by the CEC on behalf of Homeowners, are we able to see exactly what was submitted? If not, why not?

At this time, the CEC has no plans to release correspondence or copies of documents submitted to the club owners. The CEC is bound by Non-Disclosure and Confidentiality Agreements which strictly regulate



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the distribution of working documents outside of the seller, CEC or counsel. If documents forming part of the negotiation were made available to homeowners, there would be no control over who they might be forwarded to, including other bidders. The CEC (and counsel) are negotiating with the sellers as summarized in the formation mandate from the HOA. Additional information will be provided once actionable decisions are required.

Are the attorneys representing/doing work for the Homeowners/CEC/GGA also functioning as attorneys for Shea, as on its face it would be a conflict of interest.

None of the legal professionals used by the CEC are also working for Shea. Legal and professional fees are funded by the Seller-controlled HOA, but there are no representation conflicts.

Do you see any room for negotiation on the \$31M purchase price?

At the present time, the CEC is proceeding with the \$31M valuation as discussed. Due diligence and/or a change of market conditions (i.e., interest from other bidders) may result in a change to valuation, but we do not contemplate a reduction at this time.

The financial model presented to the Community seems to have included a \$2M capitalization cost, but it seems not to have included transaction and closing costs. Is this correct? If so, what might they be estimated to be and how would this affect the assessment if the HOA acquires the Club/Golf Course? Below is a list of typical transaction/closing costs. These are generic and not all may apply to this specific transaction.

Legal fees — purchase agreement, LOI, financing documents, entity/governance structure, CCR and membership-rights review, title issues, contracts, employment matters, and closing.

Financial and accounting due diligence — validation of revenue, expenses, cash flow, working capital, reserves, liabilities, tax issues, and quality of earnings.

Appraisal/valuation work — independent valuation of the golf course, clubhouse, restaurant, fitness/spa, pools, courts and other assets.

Property and physical due diligence — inspections, engineering reports, building condition assessments, golf-course infrastructure, irrigation systems, roofs, HVAC, pools, equipment, deferred maintenance, etc.

Environmental review — particularly important for a golf course because of chemicals, fuel storage, water issues and historical land use.

Title, escrow and recording costs — title insurance, escrow fees, recording fees and related closing expenses.

Financing costs — bank origination fees, lender legal fees, appraisal requirements, commitment fees and possibly other loan-closing costs. These are in addition to the interest homeowners would ultimately pay.

Consultant fees — GGA and any other acquisition, golf-management, operational or financial consultants.

Insurance and risk review — determining coverage requirements and sometimes paying deposits or premiums at closing.

Tax and regulatory work — tax advice, transfer-related taxes or fees if applicable, and any regulatory filings.

Transition costs — payroll conversion, IT/accounting systems, vendor-contract transfers, licensing, banking, HR and other costs needed to take over operations.

Much (but not all) of these costs will be included in the final Due Diligence costs and/or will be added to



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the cost of financing (if any). Depending on the final form of Purchase and Sale Agreement (PSA), the seller may pay for a portion of these costs (which we will not know until we are in the negotiation phase, should we get that far). Many of the transition fees will be eliminated or reduced as a component of Blue Star remaining as Club Manager, since many systems will simply continue as present.

All transition, deal costs and acquisition costs will be summarized for the homeowners should we get to a vote. It is likely that the funds required to finalize the transaction will exceed the purchase price to Shea.

My experience indicates that a full engineering-grade condition assessment of all structures, major systems, and the golf course could cost up to \$140K and could take up to six weeks to complete. Since we only have \$60K available to complete all of the due diligence tasks, will we really know what our capital liability will likely be for systems replacement and architectural/structural repairs before signing the purchase agreement? Since this could be a substantial expense, I recommend negotiating with Shea to get a \$5M capital reserve fund as a condition for our purchase to protect us.

The initial \$60K budget was designed to cover only preliminary work to get us through the acceptance of the non-binding LOI. Should the HOA proceed to the next step (and the non-binding LOI be accepted, providing exclusivity), the CEC will ask for additional Due Diligence funding to complete the DD process. That will likely exceed \$170,000.

While we agree that a \$5M capital reserve would be optimal, there is little likelihood of that happening. The amount of required capital reserves at closing (if any) will be determined by the results of the Due Diligence study associated with Capital Assets.

Since Shea is voting on the 70 unsold lots in the same ratio as the general vote, will the required number of votes for the HOA to purchase the Club be 67% of 1,385 lots, which equates to 928 YES votes. Notwithstanding what the CCRs state, it still doesn't seem fair that Shea gets to vote on the purchase of the Club by the HOA; however, they do not have to contribute funds at the same amount as each homeowner. There should be a pay-to-play requirement for this transaction.

We have to follow the CC&Rs which prohibit Declarant lots from assessment. Shea has indicated that they will vote in direct proportion to the homeowner votes (some wonder why they wouldn't just vote all lots "YES" since they are selling). Equally controversial is the requirement that a non-vote be counted as a "NO" vote. Many are opposed to that policy. It has been set by the Declarant since the process began.

FAQs POSTED ON 9.14.26

When we purchased here, we paid \$9000 to Shea as a capital improvement fund. Contract was to give back 75% if we sold the house. Is this outside this club purchase? Or is this money lost in any transaction of the club?

If the HOA acquires the Club, we do not see this policy changing for existing homeowners. We have no insight as to what an outside owner might do.

In a homeowner purchase scenario, how would we insure that the HOA and or homeowners are not at risk from any homeowner that might default on the loan if they utilized financing?

The committee is currently evaluating the specifics and provisions of any financing scenario. Current thinking is that the HOA would retain whatever rights they currently have were a homeowner to default on HOA dues obligations.

Does the developer "Shea" or someone else have any allocated "developer votes" in this process?

Shea has indicated that they will vote the "unsold lots" in the same ratio as the general vote. For example, if the community "voted" 80% "YES" and there are 70 unsold lots, then Shea would vote 56 "YES" and 14 "NO".



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If a third party makes changes that are unacceptable to the community, is it correct that once the HOA handover by Shea is done that the community could in fact change the CC&R's and eliminate the requirement to pay social dues?

No, that is not a realistic possibility. Any third party will want protection prior to completing a purchase.

My question centers around how this may possibly be structured as we become equity stakeholders in the club. (1) If we agree to invest another \$24,000 into the Verde river community, how do we recoup that 10 years down the road or whenever we may sell our home? (2) as a Golf member, it is concerning that Shea can just walk away from any responsibility of my initiation fee. I understand that there are roughly 30 Golf members that have left the community and are still awaiting their 75% reimbursement for their initiation fee. How we handle that in this buyout would be an important point in my opinion. Thanks again for all of your hard work and expertise.

(1) The CEC is currently analyzing various exit scenarios should the homeowners vote to proceed with a transaction. How that works will be communicated to the homeowners prior to any vote. (2) The reimbursement mechanism for current golf members is self-funded through the sale of memberships (new and resale). We do not have any insight into potential changes should the Golf Memberships transfer to a new owner.

If we purchased and put another \$20+K into buying the assets, any thoughts on how that might impact property values? I am thinking positively!

Details surrounding how homeowners would recoup their "buy-in" amounts are still being developed. It is an important point.

It appears we may be entering the due diligence period with Shea based on the straw poll results. It is critical that homeowners have the opportunity to review a full engineering-grade condition assessment for every major system and a ten-year capital reserve study prepared by an independent, credentialed firm. Will the CEC be able to provide these in a timely manner?

The condition assessment should include, as a minimum, the following major systems: Irrigation system, HVAC systems, roofs, exterior walls, pool mechanical systems, kitchen equipment, technology systems, electrical systems, plumbing systems, parking lot, fitness equipment, golf maintenance equipment fleet, and golf cart fleet.

The ten-year capital reserve study should include: Year-by-year capital needs, replacement timelines, cost estimates with inflation, vendor quotes for major replacements (where possible), and funding requirements.

GGA has been retained to provide advisory and Due Diligence services according to a specific set of terms of reference. We cannot comment at this time on the individual output components of their work. The output is designed to guide the committee in a go/no-go decision in formulating a recommendation to the community. It is unlikely, however, that we will be able to provide a detailed analysis of each of the asset categories described for individual homeowner review.

If the HOA purchases the Club, what is the possibility that the public cannot eat at Needle Rock, play at our golf course, and hold weddings and banquets at our facilities? Is there an IRS restriction, since we are a non-profit residential community association, which requires income to come from members and not the general public? Also, are there other restrictions, such as, our private, non-equity club status, operational control, and zoning and land use constraints that prohibit the general public from using our facilities? If this is true, how will this affect the revenue projections for the Club?

Policy decisions and changes to current operating policies will be determined by the HOA, through whatever governing mechanism is established to give direction to the Club's contract manager. That is what "member control" is all about. The HOA can set/modify/revisit its own policies if it acquires the Club.

I have a question regarding governance by the Homeowner Board once it is conveyed by the Declarant Board. If the homeowners purchase the Club, will there be a combined Board to manage



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both the HOA assets and the Club assets, or will there be separate member-led Boards? What authority will the Club Board have regarding approving the annual budget, increasing social dues, and implementing special assessments? When does a 67% homeowner vote need to be done regarding budget approval, social dues increase approval and implementing special assessments?

A pro-forma governance structure will be worked out and recommended prior to making a recommendation to the homeowners. As the HOA would be acquiring the Club, it is likely that the new, homeowner-controlled board would appoint a sub-committee to deal with Club policies and the contract manager. The HOA board would control budgets, procedures and management reporting.

Did either CBRE or Shea pre-qualify all the private equity firms who submitted an LOI? At the time the homeowners are asked to vote on the purchase of the Club, will we know which company Shea will negotiate with next if the homeowners don't produce the 67% vote? It is important to know that Shea would sell to a reputable firm who has the financial capacity to operate our Club and maintain the positive lifestyle and Trilogy brand.

We have been advised that all bidders were pre-qualified, at least financially. It is unlikely that homeowners will know who Shea is negotiating with/attempting to sell to until after the vote, if then.

Have the CEC and their consultants reviewed the 13-Year Probable Financial Illustration posted to Will Hopkins' private Facebook page? Above and beyond the initial purchase price of \$31M, the document also includes closing costs, a transaction allowance, and a \$4.5M initial capital reserve. It also includes an additional capital assessment of \$5,700 per household to fund all the anticipated equipment replacements and architectural/structural upgrades within the first ten years of ownership. The realistic cost per homeowner could approach \$33,875 without financing and \$40,039 with financing. These numbers are significantly higher than the \$24,000 number first presented in the Zoom meeting. We look forward to reviewing a similar document prepared by the CEC.

The CEC is aware that there have been a number of models prepared and/or analysis performed by engaged members of the community. We have not reviewed them but may elect to make our consultants aware of various POVs and work performed within the community.

My question relates to the golf initiation fee that we paid initially. Is there any information on changes to the structure of the initiation fee? Specifically, will the new owner have the ability to increase the initiation fee that a golf member previously paid. Or will the membership rights be maintained at the initiation price originally paid.

We have no information on what a prospective outside buyer will do. As it relates to new members, an outside buyer will likely have significant flexibility to set new policies in place around new memberships.

We should ask for more information from Trilogy La Quinta. They had several third part owners who took the golf course and restaurant into bankruptcy. The Home Owners then voted by approximately 87% (\$13200 Assessment) to purchase both and have Blue Star manage. That was 3 years ago. Their HOA are voted in members of the community who will have actual experience on the pros and cons of this process, We lived in the La Quinta community for 12 years and the Third Party ownership was a major issue for the Home Owners during that period especially for the golf course, restaurant and property prices.

The CEC is in touch with several La Quinta HOA members and will take the experience there under careful advisement.

How will Shea-owned unsold lots be treated on a buy-in?

The CEC is working through this. Per the CC&Rs, the developer is exempt from any assessments while the lots are unsold.

As previously stated, a NON-vote is a NO vote. The results of our survey are misleading. For whatever the reason, had we been voting to purchase the club, there would have been 447 NON-



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votes making the final tally:

715 YES responses; 670 NO responses

Clearly, this is not a mandate and is far short of the 67% approval threshold required to pass. In addition, in order to collect on an assessment, we must make some provision for a lien to be placed on all Shea owned properties not sold by the time a formal vote is taken. How is it that we are including 70 unsold Shea owned properties in our tally? This too must be considered to accurately account for homeowner owned inventory actually casting a vote to purchase the Club and be assessed.

The purpose of the survey was to gauge overall homeowner sentiment to determine if we should move forward on a non-binding basis. Given the shortness of time and the date of the survey, the CEC determined to evaluate only actual votes cast to get a sense from the community before moving forward. Any formal vote on the issue will follow the vote characteristics we've already stated.

So in this morning's CEC update, the CEC defined their post-vote priorities to include, and using their own words, to "negotiate potential purchase terms". That is absolutely outside of the scope described for the advisory vote, and skips appropriate member information, interaction and direction. This is inappropriate. No negotiations should occur without further engagement with the members and their concurrence.

The terms being discussed will form the basis for a revision to the non-binding LOI, which normally serves as a road map to finalize a Purchase & Sale Agreement.

What board resolution or written charter authorizes the CEC's activities?

The Shea-controlled HOA board authorized the existence and formation of the ad-hoc Club Evaluation Committee to represent the homeowner community, independent of Shea.

Who approves offers, counter offers and material changes in terms?

Currently the CEC is controlling the non-binding LOI process and is suggesting changes to the document.

Who is counsel's client, and how are homeowner interests protected while Shea controls the HOA?

Counsel is currently representing the ad hoc committee on behalf of the homeowners.

How can residents influence priorities before a final proposal reaches a vote?

Through questions submitted to the portal and upcoming town hall meetings, once scheduled.

FAQs POSTED ON 9.3.26

NOTE TO OUR FELLOW HOMEOWNERS

The Club Evaluation Committee ("CEC") is continuing its evaluation of the potential acquisition of The Verde River Golf & Social Club ("The Club") and wanted to provide homeowners with an update on the current status and process.

Following Friday's homeowner information meeting, the CEC will launch a **non-binding straw poll** to understand the level of community support for continuing to pursue the acquisition. The results will help determine whether the CEC moves forward with additional due diligence and a formal homeowner vote.

These FAQs are intended to answer questions we have received and anticipate from homeowners. We will continue to update them as additional information becomes available.

We cannot respond individually on this site to every question. When a question raises an issue not already addressed, we will add or update the FAQs as appropriate.

THE VERDE RIVER GOLF & SOCIAL CLUB

What exactly is The Verde River Golf & Social Club, and what is included?

The Club includes the 18-hole golf course, pro shop, cart barn and golf support facilities; Eddy's and



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Needle Rock restaurants; meeting and activity rooms; fitness center and spa; marketplace retail area; tennis, pickleball, bocce and other recreational facilities; pools; and the furniture, fixtures and equipment (“FF&E”) necessary to support Club operations. The transaction is also expected to include the existing Sales Office. The Club facilities sit on approximately 190 acres.

Who currently owns The Club?

The Club is currently owned by entities affiliated with Shea and Verde Partners.

Who operates The Club?

BlueStar Resort & Golf currently manages Club operations under a management agreement with the Club owners. Senior Club management are BlueStar employees, with certain costs reimbursed by the Club under the management agreement.

What types of Club memberships are there?

Membership generally falls into two categories:

Social Members: Under the current governing documents, homeowners are required to maintain Social Membership. An initiation fee is paid when a home is purchased, and Social Membership dues are billed quarterly. Social Members have access to Club amenities, including limited golf access for an additional fee.

Golf Members: Homeowners may elect to become Proprietary or Seasonal Golf Members, providing broader golf privileges. Golf Members pay separate initiation fees, membership dues and other applicable charges. As of July 31, 2026, there were approximately 420 golf memberships.

How does The Club currently pay for its operations?

Club revenue comes from Social Membership dues and initiation fees, Golf Membership dues and initiation fees, food and beverage sales, golf fees, cart rentals, banquet activity and other Club-related revenue.

Social Membership dues are included separately on homeowners’ quarterly billing statements. Golf Membership dues and other Club charges are billed separately through Club accounts.

Who determines what homeowners pay each year?

Club Management, in conjunction with the Club owners, develops an annual operating budget and establishes the membership fees necessary to support Club operations. The CEC is confirming with its advisers the specific rights and limitations contained in the governing documents regarding future Social Membership fees.

As a Club member, do I currently have a say in how The Club operates?

Homeowners currently do not have formal control over Club operations. Shea controls the HOA and is the managing owner of The Club.

The Club Advisory Group and Golf Advisory Group provide homeowner input and recommendations to Club Management, but these groups do not have formal decision-making or voting authority.

What is being sold?

The proposed sale includes The Club, its underlying real estate and associated assets.

It does not include HOA-owned or controlled streets, bridges, sidewalks, gates, gatehouse and other non-Club common areas, which remain part of the HOA.

Why is The Club being sold now?

Shea and its partner have determined this is an appropriate time to market The Club for sale. CBRE, the broker representing the sellers, has indicated there is significant interest from prospective buyers.

When could a sale occur?

We have been told the sellers would like to complete a transaction by approximately November 30, 2026.



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That timing remains subject to due diligence, negotiation, homeowner approval if required and completion of definitive agreements.

Has this happened at other Trilogy communities?

The CEC has looked at two transactions with some similarities.

Trilogy at Vistancia: The HOA purchased the golf course and V's Restaurant from Shea in 2022. Vistancia is an older and larger community with more than 3,000 homes, and its golf course is public. CEC members spoke directly with Vistancia HOA leadership, who described the outcome from the homeowners' perspective as positive.

The Polo Club in La Quinta: The Club was sold to a private owner rather than the homeowners. That ownership subsequently experienced financial difficulties. Shea assumed interim control and subsequently re-sold The Club to the HOA.

YOUR HOMEOWNERS ASSOCIATION

What is the Verde River HOA?

The HOA is responsible for streets, sidewalks, pathways, common areas, landscaping, security, gates, the gatehouse and other non-Club aspects of the community.

The HOA establishes an annual operating budget and capital reserves and assesses homeowners for these expenses. HOA assessments and Club Social Membership dues are separate obligations, even though both currently appear on the same quarterly billing statement.

Who is required to belong to the HOA?

Every lot owner is a member of the HOA. HOA membership attaches to the lot and applies equally to golfers and non-golfers.

Who currently controls the HOA?

Shea currently controls the HOA. Homeowners do not currently have representation on the HOA Board.

The HOA has contracted with Associated Asset Management to provide professional community management services.

Do homeowners currently have a say in how the HOA is run?

Not currently.

Will control of the HOA eventually transfer to homeowners?

Yes. Under the governing documents, control of the HOA will eventually transfer from Shea to homeowners.

The HOA will turn over to the homeowners upon the closing of the 1,384th home sale.

When is HOA turnover currently expected?

As of July 31, we understand approximately 70 homes had not yet been placed under contract. Based on current information, normal HOA turnover is estimated to occur sometime between late 2027 and mid-2028.

THE CLUB SALE PROCESS

Who can buy The Club?

The owners have retained CBRE to market The Club. CBRE is responsible for managing the sale process, providing information to qualified prospective buyers and assisting the sellers in evaluating potential transactions.

Potential buyers could include the Verde River HOA or third-party private club owners and operators.

Are other buyers interested?

CBRE has informed the CEC that there is significant interest from qualified third-party buyers and that prospective buyers have toured The Club.



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The CEC does not know the identity of all potential buyers.

Do homeowners have a say in who buys The Club if the HOA does not purchase it?

No. Homeowners do not have approval rights over a sale by the current owners to a third party.

What is the Club Evaluation Committee (“CEC”)?

The HOA formed a six-member Club Evaluation Committee comprised of existing Verde River homeowners to independently evaluate whether homeowner ownership of The Club should be pursued.

The CEC's responsibility is to gather information, conduct due diligence with professional advisers, evaluate the potential financial and operational implications and ultimately make a recommendation to homeowners.

Who serves on the CEC?

All CEC members are Verde River homeowners volunteering their time.

Dennis Weibling – Co-Chair

Private equity, finance and transaction evaluation.

Brandy Maranian – Co-Chair

Operations, mergers and acquisitions, corporate governance and former Club Advisory Group member.

Mark Bromberg

Restaurant, club and hospitality operations; former Club Advisory Group member.

Mike Ulvestad

Mergers and acquisitions and transaction structuring.

Jim Nunns

Golf operations, construction and infrastructure.

Joe Castriano

Finance, tax planning and business analysis.

Collectively, the committee brings experience in finance, M&A, hospitality, golf operations, corporate leadership and governance.

What is the CEC's mandate?

The CEC's mandate is to objectively evaluate the potential acquisition and make a recommendation to homeowners.

This includes evaluating the financial and operational implications, identifying potential risks and benefits, communicating with homeowners and providing opportunities for homeowners to ask questions and provide input.

Has the CEC already decided that homeowners should buy The Club?

No. The CEC has not completed its analysis and has not made a recommendation to buy or not buy The Club.

How is the CEC evaluating a transaction of this complexity?

CEC members bring significant experience in finance, M&A, operations and governance, but we are not experts in every asset under consideration.

At the CEC's recommendation, the HOA retained GGA Partners to provide independent expertise and due diligence. The CEC is also working with experienced transaction counsel to advise on the LOI and any potential purchase agreement.

The combined consultant and legal budget is currently capped at \$60,000. We recognize that these are homeowner funds and are working to control costs while obtaining the information necessary for the community to make an informed decision.



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If the full \$60,000 is spent, the equivalent cost across 1,385 lots would be approximately \$43 per lot.

What is the current status of the sale process?

The CEC has submitted a non-binding Letter of Intent ("LOI"), which has been received by Shea.

The LOI allows the community to remain in the sale process while the CEC and its advisers continue due diligence and evaluate the financial and operational implications of a potential purchase.

Submission and reception by Shea of the LOI does **not** mean the community has agreed to purchase The Club.

Does the submitted LOI obligate homeowners to buy The Club?

No.

The LOI is non-binding. It allows the CEC to continue evaluating the opportunity without committing homeowners to complete a purchase.

Any transaction requiring homeowner approval will be presented to the community before the HOA becomes obligated to complete the purchase.

POSSIBLE OUTCOMES

NO SALE

Could Shea ultimately decide not to sell The Club?

Yes. Until a transaction closes, there is always the possibility that no sale occurs.

Based on the buyer interest communicated to the CEC, however, a sale appears likely.

THE HOMEOWNERS, THROUGH THE HOA, BUY THE CLUB

How can homeowners buy The Club if we don't currently control the HOA?

This is one potential benefit of a homeowner purchase.

As part of discussions regarding a potential transaction, Shea has indicated a willingness to transition effective control of the HOA to homeowners at closing, subject to certain temporary requirements while Shea completes the remaining home sales.

If completed as contemplated, homeowners could gain control of both The Club and the HOA substantially earlier than currently anticipated.

How will we know whether the purchase price is fair?

The CEC is evaluating the proposed price using Club financial performance, historical and projected capital requirements, comparable transactions, financing alternatives and advice from GGA and other professional advisers.

Ultimately, the market for The Club is also an important factor because other qualified buyers are participating in the sale process.

The CEC will provide its assessment of the economics before asking homeowners to make a decision.

How can homeowners ask questions and provide input?

The CEC has established **TVRClubUpdate.com** as the central source for information regarding the potential acquisition.

The portal will contain CEC updates, FAQs, homeowner questions and other relevant materials. The CEC will also conduct Zoom meetings, surveys and other homeowner outreach throughout the process.



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Frequently Asked Questions

Following Friday's homeowner information meeting, the CEC will launch a **non-binding straw poll** to gauge community support for continuing to pursue the acquisition. The poll will close **Monday at 5:00 p.m. PT.**

Homeowners are strongly encouraged to participate so the CEC has a clear understanding of community sentiment before determining next steps.

Will BlueStar continue to manage The Club if homeowners purchase it?

That decision has not been made.

BlueStar currently manages The Club on behalf of its owners. If homeowners acquire The Club, the HOA would determine the appropriate management structure going forward.

At Trilogy Vistancia, BlueStar managed the golf operation before the HOA purchase and continues to manage it today under homeowner ownership.

Who would run the HOA and oversee The Club if homeowners purchase it?

That has not yet been determined.

Any governance and management structure would need to provide appropriate oversight of both HOA and Club operations. Details would be developed and communicated before homeowners are asked to approve a transaction.

What happens to existing Club management and employees?

It is too early to know. The outcome will depend on who ultimately owns The Club and the management structure selected by that owner.

A THIRD PARTY BUYS THE CLUB

What type of third party could buy The Club?

There are national and regional golf club owners and operators actively acquiring clubs throughout Arizona and the country.

The CEC does not know the identity of all prospective buyers and does not want to speculate.

What if an individual homeowner or other investor wants to buy The Club?

CBRE is managing the sale process on behalf of the owners. Any interested qualified buyer would need to contact CBRE directly.

Why should homeowners care if a third party buys The Club?

A third-party buyer would determine how to operate The Club within the requirements of the governing documents and any agreements associated with the sale.

Shea's current interests include completing the sale of the remaining homes within Verde River. A third-party owner would likely evaluate Club operations, pricing and capital investments based in part on its own financial objectives.

This does not mean those changes would necessarily be negative, but ownership would be outside homeowner control.

If a third party buys The Club, are homeowners responsible for future Club capital expenditures?

The third-party owner would generally be responsible for its own Club capital investment.

The CEC cannot predict the level of investment a new owner would make, whether capital improvements would be increased or deferred, or how those decisions could affect Club pricing and operations.

Will the Trilogy name change if a third party buys The Club?

The Club is being sold, not the Verde River community itself.



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Our current understanding is that the Trilogy name would remain associated with the community consistent with arrangements Shea has made in other communities.

Can we be assured that all current amenities will remain if a third party buys The Club?

No. The CEC cannot guarantee how a future owner would operate or invest in The Club beyond any requirements contained in the governing documents or transaction agreements.

Could a third-party owner open Club facilities to the general public?

The CEC has asked legal counsel to confirm what restrictions, if any, apply to public access under the governing documents and any agreements associated with the sale.

If a third party buys The Club, do homeowners get control of the HOA now?

No.

Under the current structure, if The Club is sold to a third party, Shea would continue to control the HOA until the normal turnover requirements are satisfied.

FINANCIAL CONSIDERATIONS

IF THE HOA BUYS

How would homeowners pay for a potential purchase?

The final cost will depend on the purchase price, available financing and the structure ultimately recommended to homeowners.

The CEC is talking with financing organizations to evaluate alternatives that could allow homeowners to pay either in cash or finance some or all of their individual obligation over time.

Preliminary discussions with lenders have been encouraging, but no financing commitment has been made and any financing would be subject to lender due diligence and final terms.

Before homeowners are asked to vote, the CEC intends to provide the estimated cost per lot and available payment alternatives.

Does TVR become an “equity club” if homeowners purchase it?

Not necessarily.

The ownership, membership and financing structure has not yet been determined. Details would be provided before homeowners are asked to approve a purchase.

When we sell our homes, we currently receive a portion of our initial Club fees back. Would that continue?

The CEC is evaluating how existing membership deposits and refund obligations would be treated under a homeowner purchase. We will provide additional information when that analysis is complete.

If homeowners decide to buy, when would I have to pay?

No payment is required at this stage.

Before any homeowner vote, the CEC intends to provide the estimated cost per lot, available payment alternatives and expected timing of any payment obligation.

IF A THIRD PARTY BUYS

Do our governing documents restrict what a third-party Club owner can do?

There are provisions in the governing documents and other agreements that may affect Club operations, but they do not give homeowners broad control over a third-party-owned Club.



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The CEC and legal counsel are reviewing these provisions to better understand what protections would remain following a sale.

Is there a limit to how much our dues can increase?

Different rules may apply to HOA assessments, Social Membership dues, Golf Membership dues and other Club charges.

Arizona law and the governing documents contain certain limitations on HOA assessment increases, but those limitations should not be assumed to apply equally to every Club-related charge.

The CEC is working with legal counsel to clarify these distinctions and will update this FAQ.

What could happen to Eddy's, Needle Rock, Barrel Masters and other amenities under a new owner?

Those decisions would generally be made by the new Club owner, subject to any restrictions contained in the governing documents or transaction agreements.

The CEC cannot speculate about what a future owner might change.

INFORMATION AND HOMEOWNER PARTICIPATION

How can homeowners stay informed?

The CEC has established **TVRClubUpdate.com** as the central source for information.

The portal will include CEC communications, FAQs, homeowner questions and other relevant materials. We will also continue to communicate by email and through MyTrilogyLife.

Will there be homeowner meetings and Q&A sessions?

Yes.

The CEC will conduct Zoom meetings and other information sessions as the process progresses. Recordings and relevant materials will be posted to the portal when available.

Can homeowners review the financial records and other materials being reviewed by the CEC?

The CEC and its advisers have access to financial documents and other information necessary to evaluate the transaction.

Some of those materials are subject to Non-Disclosure Agreements ("NDAs") and confidentiality restrictions and therefore cannot be distributed directly to individual homeowners.

The CEC will provide homeowners with the relevant conclusions and financial implications needed to evaluate any recommendation.

HOMEOWNER INPUT AND APPROVAL PROCESS

What is the purpose of the straw poll?

The straw poll being launched Friday is intended to give the CEC an early indication of whether there is sufficient homeowner support to continue pursuing the acquisition.

It is **non-binding and is not the formal vote to purchase The Club**.

The results will help determine whether the CEC continues the process toward a formal homeowner vote.

Will the straw poll determine whether the CEC moves forward?

The results will be an important factor in determining next steps.

If the poll indicates sufficient community support, the CEC will continue its due diligence and prepare the information needed for a formal homeowner vote. If there is not sufficient support, the CEC will reassess whether it makes sense to continue pursuing the acquisition.



VERDE RIVER CLUB UPDATE

Frequently Asked Questions

When will the straw poll take place?

The straw poll will be launched immediately following Friday's homeowner information meeting and will close **Monday at 5:00 p.m. PT.**

GGA Partners will distribute the poll, with one response per household.

Will homeowners receive information before being asked to make a formal decision?

Yes.

If the process continues beyond the straw poll, the CEC intends to provide homeowners with the information necessary to understand its recommendation, the estimated financial impact, key risks and benefits, and available financing alternatives before any formal vote.

The portal, email communications, Zoom meetings and FAQs will be used to distribute that information.

Will there be a formal homeowner vote?

That will depend in part on the results of the straw poll.

The straw poll is not a formal vote and does not commit homeowners to a purchase. Its purpose is to determine whether there is sufficient community support for the CEC to continue pursuing the acquisition and move toward a formal homeowner vote.

If the results support moving forward, the CEC will continue its due diligence and prepare the information needed for a formal homeowner vote.

Will the formal vote be independently administered?

Yes. The CEC intends for any formal homeowner vote to be administered by an independent third party.

How many votes would be required in a formal vote?

The CEC's current understanding is that approval would require 67% of the 1,385 home sites, or 928 affirmative votes.

Legal counsel is confirming the precise voting requirement under the governing documents before any formal vote is conducted.

Who would be eligible to vote?

Each eligible home site is entitled to one vote, regardless of whether the home is owned by an individual, couple, family or trust.

If my spouse and I disagree, do we each get one-half vote?

No. Each home site receives one vote.

What happens if someone owns more than one home in Verde River?

Each eligible home site receives one vote. An owner of three eligible homes, for example, would have three votes.

How will Shea-owned unsold lots be treated in a formal vote?

The CEC is working with Shea and legal counsel to confirm the treatment of Shea-owned lots in any formal vote and will provide that information before voting begins.

The CEC is separately evaluating how Shea-owned lots would be treated for purposes of funding any potential purchase.

Can prospective homeowners who are under contract but have not yet closed vote?

This is being confirmed with legal counsel.

What happens if I don't vote in a formal vote?

If 928 affirmative votes are required, a homeowner who does not vote does not contribute toward that threshold. As a practical matter, failing to vote would therefore have the same effect on the outcome as voting NO.



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For that reason, the CEC strongly encourages every homeowner to participate.

If homeowners approve the acquisition and I personally vote against it, am I still bound by the community's decision?

Yes. If the required homeowner approval is obtained and the transaction proceeds, the resulting HOA obligations would apply to all applicable homeowners in accordance with the governing documents.

WE ARE ALL IN THIS TOGETHER

The CEC was formed to evaluate a complex opportunity on behalf of our community. Committee members are homeowners just like you and are volunteering substantial time to understand the financial, operational and legal implications.

Our goal is not to persuade homeowners to reach a predetermined conclusion. It is to determine whether homeowner ownership represents an opportunity worth pursuing or one we should decline, and to provide the community with the information necessary to make that decision.

Friday's straw poll is an important first step in that process. We encourage every household to participate so the CEC has a clear understanding of community sentiment before deciding whether to move toward a formal vote.

Each lot has one vote, and whatever the ultimate outcome, we will make this decision as a community.

We will continue to share information as it becomes available.

The Club Evaluation Committee