

READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This report is prepared and issued by the developer of this subdivision. It is NOT prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report before you signed a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two (2) years from the date of signing.

Name of Subdivision: WaterColor
ILS31964

Name of Developer: WaterColor Development, LLC, a Florida limited liability company

Effective Date of Report: July 29, 2020

- TABLE OF CONTENTS -

	<u>Page</u>
RISKS OF BUYING LAND; WARNINGS.....	1
GENERAL INFORMATION.....	2
TITLE TO THE PROPERTY AND LAND USE.....	3
Method of Sale.....	3
Encumbrances, Mortgages, and Liens	4
Recording the Contract and Deed	4
Payments.....	4
Restrictions on the Use of Your Lot	5
Plats, Zoning, Surveying, Permits, and Environment.....	7
ROADS.....	10
Access to the Subdivision.....	10
Access Within the Subdivision	10
UTILITIES.....	12
Water.....	12
Sewer.....	13
Electricity	14
Telephone.....	14
Fuel or Other Energy Source	15
FINANCIAL INFORMATION	16
LOCAL SERVICES	17
Fire Protection.....	17
Police Protection.....	17
Schools.....	17
Hospital.....	18
Physicians and Dentists.....	18
Shopping Facilities.....	18
Mail Service	18
Public Transportation.....	18

	<u>Page</u>
RECREATIONAL FACILITIES.....	19
SUBDIVISION CHARACTERISTICS AND CLIMATE.....	24
General Topography	24
Water Coverage	24
Drainage and Fill.....	24
Flood Plain	25
Flooding and Soil Erosion	25
Nuisances	25
Hazards	26
Climate.....	26
Occupancy.....	27
ADDITIONAL INFORMATION.....	28
Property Owners Associations.....	28
Taxes	29
Violations and Litigation	29
Resale or Exchange Program	30
Equal Opportunity in Lot Sales.....	30
Listing of Lots.....	31

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

PURCHASER RECEIPT, AGENT CERTIFICATION, AND CANCELLATION PAGE

NOTE: In this Property Report, the words “you” and “your” refer to the buyer. The words “we,” “us,” and “our” refer to the developer.

RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Resale of your lot may be difficult or impossible, since you may face the competition of our own marketing program, and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact will depend upon the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality, and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met in order to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

- WARNINGS -

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION, OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

GENERAL INFORMATION

This report covers forty-one (41) lots located in the subdivision known as WaterColor in Walton County, Florida. The owner and developer is WaterColor Development, LLC, which we sometimes refer to herein as “Developer,” “we,” “our” and “us”. The Developer is developing the single-family lots covered by this property report which are collectively hereinafter referred to as the “Property.” See page 31 for a listing of these lots.

At full build out, the subdivision may include up to one thousand seventy-six (1,076) single family homes and multi-family units. The St. Joe Company, our parent company, owns other property in the vicinity of the subdivision. Plans for development of this other property continue to evolve, and the Developer is not obligated to construct these future improvements.

The Developer is selling vacant lots in the subdivision and may offer advance lot reservations and/or accept back up offers during the sales process. By purchasing a vacant lot from us, you will be responsible for contracting with a builder to construct a home on the lot. As more particularly discussed below and in the Declaration (defined below), there are architectural controls over, and set standards for, homes constructed or other improvements made on the lots covered by this Property Report.

The owner and developer of this subdivision is:

WaterColor Development, LLC
130 Richard Jackson Boulevard, Suite 200
Panama City Beach, Florida 32407
(850) 231-6400

Answers to questions and information about this subdivision may be obtained by telephoning us at the number listed above.

WATERCOLOR DEVELOPMENT, LLC IS BOUND TO CARRY OUT THE PROMISES AND OBLIGATIONS SET FORTH IN THIS PROPERTY REPORT.

TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

METHOD OF SALE

Sales Contract and Delivery of Deed

If you decide to purchase a lot, you will sign a sales contract with WaterColor Development, LLC, obligating you to pay for the lot entirely in cash (with or without obtaining your own financing) at the closing of the purchase and sale of the lot.

WaterColor Development, LLC will deliver a special warranty deed to the property to you at the closing of the purchase and sale of the lot, which under the terms of the sales contract must occur within 180 days of execution of a sales contract.

The sales contract may require you to complete construction of a home within a certain period of time.

Type of Deed

We will convey title to the lots in the subdivision by special warranty deed.

Oil, Gas and Mineral Rights

Former owners of the land comprising the subdivision or others may have reserved for themselves, their successors and assigns, rights to oil, gas, sulphur and other minerals in and under the land, along with rights of access over and use of the land to locate, remove, store, transport, and otherwise deal with such oil, gas and minerals. Therefore, the oil, gas and mineral rights to the lots in this subdivision may not belong to the purchasers of the lots. The exercise of these rights could affect use, enjoyment and value of your lot.

ENCUMBRANCES, MORTGAGES, AND LIENS

In General

None of the lots or common facilities that serve the subdivision are subject to a blanket encumbrance, mortgage or lien.

RECORDING THE CONTRACT AND DEED

Method and Purpose of Recording

Under Florida law, recording a sales contract puts third parties on notice of the fact that the lot is under contract to be sold and could protect you from the claims of subsequent purchasers or creditors claiming an interest in the lot. However, the sales contract by its terms may not be recorded. By not allowing recordation of the sales contract, we avoid creating a cloud on the title to a lot in the event that the sales contract terminates and the transaction is not completed for any reason.

The deed to your lot will be recorded. The escrow agent will be responsible for recording the deed to your lot. Under Florida law, recording a deed protects you from subsequent claims by third parties whose interest arises after the date of recording of the deed.

<p>UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.</p>
--

Title Insurance

We will deliver to you, at our cost, a title insurance commitment written by or for an insurer licensed to do business in Florida agreeing to issue to you an owner's title insurance policy on the lot. We will pay the premium on the owner's title insurance policy issued for your lot. If you are obtaining financing from a lender for the purchase of a lot, the lender may require a lender or mortgagee's policy of title insurance with appropriate endorsements. We will be responsible for paying the premium associated with the lender or mortgagee's title policy. We recommend that you have an appropriate professional assist you in interpreting title insurance policies.

PAYMENTS

Escrow

Unless otherwise provided for in your sales contract, at our discretion your earnest money deposit will be placed in an escrow account controlled by Watersound Title Agency, LLC, or Reliant 850 Title, both of which are affiliated with us. Watersound Title Agency is located at 130 Richard Jackson Boulevard, Suite 200, Panama City Beach, Florida 32407 and telephone number

(850) 231-6400. Reliant 850 Title is located at 133 S. WaterSound Parkway, WaterSound, Florida 32461. You may lose your deposit on your lot if we fail to deliver legal title to you as called for in the contract, because it may not be held in an escrow account that fully protects you.

Prepayment

If an independent financial institution finances the purchase of your lot, you will need to review the financing documents to determine whether there is any penalty for prepayment of the financing.

Default

If you fail to make any payment or perform any obligation required by the sales contract prior to closing, we may terminate the sales contract by written notice to you and retain all monies that you have paid together with interest, if any. In such event, you will have no further rights under the sales contract and no further interest in the lot.

If you default in any obligation to be fulfilled after the closing, we will be entitled to all rights and remedies described in the sales contract, including the right to bring an action in court seeking money damages or a court order to require you to perform. In addition, if you fail to meet the obligations to complete construction of a dwelling on your lot, we or the Association have the right to seek any remedy available under Florida law. In any lawsuit or arbitration proceeding brought under the sales contract, the prevailing party will be entitled to recover attorneys' fees, costs and expenses actually incurred.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants have been recorded in the public records for Walton County, Florida against each lot in the subdivision prior to conveyance of such lot. The restrictive covenants are contained in the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions for WaterColor ("Declaration") recorded in Official Book 2931, Page 802 of the public records of Walton County, Florida, as it may be further amended or supplemented. WaterColor Community Association, Inc. ("Association"), a mandatory membership property owners association, is responsible for administering and enforcing the Declaration. You will automatically become a member of the Association upon taking title to a lot and will remain a member as long as you own property in the subdivision.

The restrictive covenants contained in the Declaration are described in the following paragraphs. This description only highlights some of the covenants and restrictions contained in the Declaration and should not be a substitute for your careful review of the Declaration and other documents referenced in the Declaration.

The Declaration grants architectural control over lots in the subdivision to the "Reviewer." The Reviewer shall be a Design Review Board appointed by the Association's board of directors.

The Reviewer has exclusive jurisdiction over all construction on lots in the subdivision. It has the authority to adopt design guidelines and application and review procedures (“Design Guidelines”), which must be complied with before any structure or improvement is built or placed on a lot.

You will be responsible for paying a review fee to the Reviewer upon submission of an application for architectural approval for review and approval of your plans and specifications by the Reviewer and reviews and inspections during construction. The amount of the review fee is subject to change from time to time and will be set forth in the Design Guidelines or application for architectural approval, copies of which are available from us or the Association.

The Declaration provides that the Reviewer may require construction to commence in accordance with approved plans within a specified time period. If construction does not commence within the required period, the approval will expire and you will have to reapply for approval before commencing any construction activities. Once construction commences, you must diligently pursue it to completion. All work must be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

The Declaration sets out a number of restrictions and rules regulating use of property and conduct within the subdivision and specifically the Park District at WaterColor lots, including imposing 12-month lease minimums, restrictions on business use, subdividing lots and timesharing. The Declaration authorizes the Association's board of directors and membership to adopt and modify rules, and to enforce all of the restrictions and rules by imposing sanctions on violators, including monetary fines, suspension of voting rights and rights to use common area facilities, and other sanctions described in the Declaration.

The initial rules applicable to lots in the subdivision are set out in Exhibit “C” to the Declaration and include restrictions against offensive activities and unsightly or unkempt conditions and the pursuit of hobbies that may lead to disorderly, unsightly, or unkempt conditions; prohibitions against the discharge of firearms and the discharge of hazardous materials; restrictions on pets; and restrictions on parking of vehicles, among other things.

The Declaration requires that the owner of a lot provide at least fourteen days written notice to the Association before transferring title to the owner’s lot in the subdivision. The transferring owner will remain responsible for all obligations of a lot owner until such notice is given.

The Declaration obligates the purchaser of each lot to pay to The St. Joe Community Foundation, Inc. (“Foundation”), a tax-exempt entity, a transfer fee in the amount of one-half percent (1/2%) of the gross selling price of the lot and any improvements on the lot, in order to provide funding for various programs, projects, services, and activities which, in the judgment of the Foundation's board, provide benefit to the people of the Northwest Florida region and/or the areas within and around the subdivision. Such transfer fee is due at the closing of each transfer of title to a lot, except as otherwise described in the Declaration. We will pay the fee due to the Foundation on our initial transfer of each lot to a purchaser. Thereafter upon each resale of the lot, the purchaser will be responsible for paying such fee.

A complete copy of the Declaration is available upon request.

Easements

There are or will be easements that may affect your plans for building or using your lot. All lots are subject to utility and drainage easements as shown on the recorded plat, including easements for sanitary sewer lines and gas or other pipelines.

Article 11 of the Declaration sets forth certain easements over all lots, including easements for access by public safety officers and other public servants in the performance of their duties, easements for unintentional encroachments, easements for landscaping and signage, easements for maintenance and to inspect for compliance with the Declaration and other governing documents, and easements for utilities and infrastructure to serve the subdivision. You are advised to read Article 11 of the Declaration carefully for an understanding of the nature and scope of these easements.

The Lots covered by this Property Report are not subject to any type of flood control or flowage easements except as described above.

The following lots are affected by the easements described above, as noted:

<u>Easements</u>	<u>Lots Affected</u>
5 ft Utilities and Drainage	All lots
5 ft Sanitary Sewer	All lots
5 ft Landscaping/Signage	All lots
5 ft Easements for Maintenance	All lots

PLATS, ZONING, SURVEYING, PERMITS, AND ENVIRONMENT

Plats

As of the date of this property report, the plats for Park District at WaterColor have not been approved by the Walton County Board of Commissioners or recorded. The description of lots in this Property Report is not legally adequate for the conveyance of land in Walton County, Florida. No lot will be conveyed prior to the recording of a final plat depicting such lot in the Walton County public records.

THE WALTON COUNTY BOARD OF COMMISSIONERS HAVE NOT APPROVED THE PROPOSED PLATS, AND MAY NOT ALLOW THE LAND TO BE USED FOR THE PURPOSE FOR WHICH IT IS BEING SOLD. THE PLATS MAY REQUIRE SIGNIFICANT ALTERATIONS BEFORE THEY ARE APPROVED AND RECORDED.

Zoning

All lots in the subdivision may be used for single-family residential purposes. This use conforms to local zoning requirements, if any, and the restrictive covenants pertaining to the subdivision.

Surveying

In connection with the platting of the subdivision, iron pins or other permanent monumentation will be set on the corners of each lot at our expense to mark the boundaries prior to closing on the purchase under the contract for the sale of the Lot.

Permits

Before beginning construction on a lot, you must obtain approval of the Reviewer (WaterColor Community Association, Inc., Town Architect, 133 Pine Grove Circle, Santa Rosa Beach, FL 32459), as discussed under the caption "Restrictive Covenants" above, for the proposed improvements. Before commencing construction, you must also obtain a building permit from the Walton County Building Department, 842 State Highway 20 East, Unit 110, Freeport, FL 32439 , and a national pollution discharge elimination system ("NPDES") permit from the Florida Department of Environmental Protection, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400.

The cost of a building permit varies based upon the valuation of the improvements according to the following schedule as provided by the Walton County Building Department:

TOTAL VALUATION	FEE
\$1,000.00 and less	No building permit required unless an inspection is required
\$1,001.00 to \$15,000.00	\$35.00 for the first \$7,000 plus \$5.00 for each additional thousand or fraction thereof, up to and including \$15,000.00..
\$15,001.00 to \$50,000.00	\$75.00 for the first \$15,000 plus \$4.00 for each additional thousand or fraction thereof, up to and including \$50,000.00.
\$50,001.00 to \$100,000.00	\$215.00 for the first \$50,000 plus \$3.00 for each additional thousand or fraction thereof, up to and including \$100,000.00.
\$100,001.00 to \$500,000.00	\$365.00 for the first \$100,000 plus \$2.00 for each additional thousand or fraction thereof, up to and including \$500,000.00.
\$500,001.00 and up	\$1,165.00 for the first \$500,000 plus \$1.25 for each additional thousand or fraction thereof

The cost of a NPDES permit is currently \$250.

Environment

No environmental impact study has been prepared and thus no formal determination has been made as to the possible adverse effects the subdivision may have upon the environment and

surrounding area. However, local, state and federal agencies' review of the project took environmental impact issues into account.

ROADS

Here we discuss the roads that lead to the subdivision, the roads within the subdivision, and the location of nearby communities.

ACCESS TO THE SUBDIVISION

Access to the subdivision is provided on a year-round basis by a public road designated as County Highway 30-A (“Highway 30-A”). Highway 30-A is a two lane, asphalt surface road with a wearing surface of approximately twenty-two (22) feet. Access to the subdivision is also provided on a year-round basis by a public road designated as County Road 395 (“CR 395”). CR 395 is a two lane, asphalt surface road with a wearing surface of approximately twenty-two (22) feet.

Walton County is responsible for maintaining Highway 30-A and CR 395. You will not be responsible for any costs associated with maintaining such road (except to the extent that the taxes you pay are used to fund road maintenance and improvements).

Improvements to Highway 30-A and CR 395 are not contemplated.

ACCESS WITHIN THE SUBDIVISION

Within the subdivision, legal and physical access to the lots by conventional automobile is, or will be, provided by private roads dedicated to the use of lot owners by recorded plat and pursuant to an easement set forth in the Declaration.

With the exception of the roads to access the Park District lots, all roads within the subdivision are completed and are two-lane roads within rights of way which varies in width from 18 feet to 22 feet. The surface of the two-lane roads is primarily asphalt. The Association is responsible for maintaining the roads within the subdivision so as to provide year around access to all lots within the subdivision.

We will construct, at our expense, the roads to access the Park District lots. At present, the construction status of the roads to access the Park District lots is as follows:

Lots	Estimated Starting Date of Construction (month/year)	Percentage Now Complete	Estimated* Completion Date (month/year)	Present Surface	Final Surface
Park District at WaterColor	6/2020	0%	3/2021	Dirt	Asphalt

* The previous estimated completion date of December 2020 will not be met.

-WARNING-

CURRENTLY, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE ROADS.

You will pay a share of the cost of maintaining the roads within the subdivision through the assessments you pay to the Association, which are determined annually by the Association's board of directors. The current annual general assessment imposed by the Association is set forth on the Cost Sheet of this Property Report. A portion of the assessment is for the cost of road maintenance. Assessments are based on the board's estimate of expenses that the Association expects to incur each year and may change from year to year as provided in the Declaration.

The table below identifies the distance (in miles) from the subdivision to nearby communities.

Community Name	Population (2016 estimate)	Distance over Paved Roads	Distance over Unpaved Roads	Total Distance
Destin	13,654	14 miles	N/A	14 miles
DeFuniak Springs (County Seat)	6,284	32 miles	N/A	32 miles
Panama City Beach	12,776	17 miles	N/A	17 miles

UTILITIES

Here we will discuss the availability and costs of basic utilities. The areas covered will be central water, central sewer, electricity, telephone, and fuel or other energy sources.

WATER

Water is provided to the lots within the subdivision by a central water system and water is supplied by Florida Community Services Corp. of Walton County doing business as Regional Utilities. Regional Utilities is regulated by the Florida Department of Environmental Protection. The address of Regional Utilities is 4432 U.S. Highway 98, Santa Rosa Beach, Florida 32459.

With the exception of the Park District lots, the central water distribution system within the subdivision has been completed and turned over to Regional Utilities. Regional Utilities has indicated that the capacity of the central water treatment and distribution system is sufficient to serve all the lots subject to this Statement of Record.

We will construct, at our expense the central water system to serve the Park District lots. As of the date of preparation of this Property, the status of construction is as follows:

Lots	Estimated Start Date of Construction	Estimated Percentage of Construction Complete	Estimated Service Availability Date (month/year)
Park District at WaterColor	June, 2020	0%	March, 2021*

* The previous estimated service availability date of December 2020 will not be met.

-WARNING-

CURRENTLY, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE CENTRAL WATER SYSTEM.

The water in the central system has been tested for purity and chemical content. The results showed that the water meets all standards for public water supply.

You will be required to connect to the central water system when service is available to your lot. In addition to user fees, you will be responsible for paying (i) a one-time Water Impact Fee of \$3,092.66 to The St. Joe Company to reimburse The St. Joe Company for the prepayment of water impact fees to Regional Utilities at closing of your lot (ii) a one-time Water Meter Installation Fee of \$486.75 for 5/8" meter to Regional Utilities which will be collected at the time of obtaining a building permit or at such time that the central water system becomes available, if

it becomes available after issuance of the building permit (iii) a one-time \$50.00 deposit for service to Regional Utilities which will be collected at the time of obtaining a building permit or at such time that the central water system becomes available, if it becomes available after issuance of the building permit and refunded at the cancellation of service and (iv) a one-time \$100.00 water meter deposit to Regional Utilities which will be collected at the time of obtaining a building permit or at such time that the central water system becomes available, if it becomes available after issuance of the building permit and refunded after construction is complete and meter is in workable order. All water fees are subject to change and will be billed to you at the current rate at closing as set by Regional Utilities.

SEWER

Sewage disposal for lots in the subdivision is or will be handled by a central sewer collection and treatment system. With the exception of the Park District lots, the central sewer collection system has been completed for all lots in the subdivision and we have installed sewer mains in front of, or adjacent to, each lot in the subdivision to allow the house constructed on the lot to be connected to the treatment plant owned and operated by Regional Utilities. The address of Regional Utilities is 4432 U.S. Highway 98, Santa Rosa Beach, Florida 32459.

The portion of the central sewer collection system which is complete has been turned over to Regional Utilities for operation and maintenance. Regional Utilities is regulated by the Florida Department of Environmental Protection. Regional Utilities has indicated that its sewage treatment system has the capacity to serve all of the lots listed in this Statement of Record.

We will construct, at our expense the central sewer system to serve the Park District lots. As of the date of preparation of this Property, the status of construction is as follows:

Lots	Estimated Start Date of Construction	Estimated Percentage of Construction Complete	Estimated Service Availability Date (month/year)
Park District at WaterColor	June, 2020	0%	March, 2021*

* The previous estimated service availability date of December 2020 will not be met.

-WARNING-

CURRENTLY, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE CENTRAL SEWER SYSTEM.

You will be required to connect to the central sewer system when service is available to your lot. In addition to user fees, you will be responsible for paying a one-time Sewer Impact Fee

of \$4,824.54 to The St. Joe Company to reimburse The St. Joe Company for the prepayment of sewer impact fees to Regional Utilities and a one-time \$50.00 deposit for service to Regional Utilities which will be collected at the time of obtaining a building permit or at such time that the central sewer system becomes available, if it becomes available after issuance of the building permit and refunded at the cancellation of service. All sewer fees are subject to change and will be billed to you at the current rate at closing as set by Regional Utilities.

ELECTRICITY

Electricity is provided to the subdivision by Choctawhatchee Electric Cooperative, Inc. (CHELCO), a publicly regulated utility, whose address is Post Office Box 512, DeFuniak Springs, Florida 32435-0512. With the exception of the Park District lots, underground primary electrical service lines have been extended to a point in front of or adjacent to each lot. CHELCO will operate and maintain the electrical system.

We are responsible for any construction costs associated with extending the primary electrical service lines to the service point in front of or adjacent to your lot. The status of construction of the electrical service lines for Park District lots is as follows:

Lots	Estimated Start Date of Construction	Estimated Percentage of Construction Complete	Estimated Service Availability Date (month/year)
Park District at WaterColor	January 2021	0%	March 2021*

* The previous estimated service availability date of December 2020 will not be met

-WARNING-

CURRENTLY, NO FUNDS HAVE BEEN SET ASIDE IN AN ESCROW OR TRUST ACCOUNT AND THERE ARE NO OTHER FINANCIAL ARRANGEMENTS TO ASSURE COMPLETION OF THE CENTRAL SEWER SYSTEM.

In addition to user fees you will be responsible for paying a deposit of \$150.00 for services which is refundable at the termination of services plus a \$5.00 membership fee both payable to CHELCO.

TELEPHONE

Telephone service will be available from Century Link whose address is 650 Denton Boulevard, Fort Walton Beach, Florida 32547. With the exception of the Park District lots,

telephone service lines have been extended to all lots in the subdivision. The status of construction of the telephone service lines to serve the Park District lots is as follows:

Lots	Estimated Start Date of Construction	Estimated Percentage of Construction Complete	Estimated Service Availability Date (month/year)
Park District at WaterColor	January, 2021	0%	March, 2021*

* The previous estimated service availability date of December 2020 will not be met.

You will not be responsible for any construction costs associated with extending the telephone service lines to the service point in front of or adjacent to your lot. However, you will be responsible for paying a connection fee of \$53.00 to Century Link to connect phone service to the dwelling on your lot.

FUEL OR OTHER ENERGY SOURCE

Gas service is available from Okaloosa Gas District, whose address is Post Office Box 548, Valparaiso, Florida 32580-0548. Upon request from lot owner, Okaloosa Gas District will extend gas service lines to each lot.

You will not be responsible for any construction costs associated with extending the gas service lines to the service point in front of or adjacent to your lot. However, in addition to user fees you will be responsible for paying a connection fee of \$600.00 to Okaloosa Gas District to connect natural gas service to the dwelling on your lot, a \$30.00 service fee, plus a \$35.00 deposit which deposit is refundable at cancellation of services.

FINANCIAL INFORMATION

The developer's sole member is St. Joe Development, LLC, a wholly owned subsidiary of The St. Joe Company. A copy of the most current audited financial statement for the period ending December 31, 2019 and an unaudited copy of the quarterly Form 10Q for the period ending March 31, 2020, as excerpted from filings with the U.S. Securities and Exchange Commission for The St. Joe Company is available from us upon request. In addition, The St. Joe Company has executed an Unconditional Guaranty to perform and fulfill the obligations of the Developer.

LOCAL SERVICES

In this topic, we will discuss the availability of fire and public protection and the location of schools, medical care, shopping facilities, mail services and public transportation.

FIRE PROTECTION

South Walton Fire District's (SWFD's) WaterColor Fire Department, whose address is 2109 South County Hwy 395, Santa Rosa Beach, FL 32459, provides fire protection services to the subdivision on a year round basis from a station adjacent to the subdivision. The SWFD is allowed to use fire hydrants along the road right-of-ways. You will be responsible for paying a one-time Impact Fee to the to South Walton Fire District.

POLICE PROTECTION

The Walton County Sheriff's Department, located at 133 Sheriff's Drive, Santa Rosa Beach, Florida 32459 provides police protection services to the subdivision. The Sheriff's Office is located approximately 6 miles from the subdivision.

SCHOOLS

Van R. Butler Elementary School (grades Pre-K through 6) is located at 6694 West County Highway 30-A, Santa Rosa Beach, Florida, approximately 9 miles from the subdivision.

Bay Elementary School (grades Pre-K through 5) is located at 118 Gilmore Street, Santa Rosa Beach, Florida 32459, approximately 5 miles from the subdivision.

Dune Lake Elementary School (grades K-5) is located at 6565 US Highway 98 East Santa Rosa Beach, FL 32459, approximately 9 miles from the subdivision, is scheduled to open for the 2019/2020 school year.

Emerald Coast Middle School (grades 6 through 8) is located at 6694 West County Highway 30-A, Santa Rosa Beach, Florida 32459, approximately 9 miles from the subdivision.

Seaside School (grades 6 through 8) 10 Smolian Circle, Santa Rosa Beach, Florida 32459, within a half mile from the subdivision.

Seacoast Collegiate High School (grades 9 through 12) 109 Greenway Trail, Santa Rosa Beach, Florida 32459, approximately 6 miles from the subdivision.

South Walton High School (grades 9 through 12) is located at 645 Greenway Trail, Santa Rosa Beach, Florida 32459, approximately 5 miles from the subdivision.

Magnet Innovation Center at St. Joe Watersound (STEAM High School, grades 9 through 12) is located at 133 S. WaterSound Parkway, Watersound, FL 32461, approximately 10 miles from the subdivision.

School bus transportation will be available to each school from within the subdivision. Walton County bus routes can be found at the following:

<http://www.walton.k12.fl.us/departments/transportation/index.aspx>

HOSPITAL

The nearest hospital to the subdivision is Sacred Heart Memorial Hospital, located at 7800 West U.S. Highway 98, Destin, Florida, approximately 13 miles from the subdivision.

Ambulance service is available through South Walton Fire District, which provides ambulance service and EMS service for all of Walton County.

PHYSICIANS AND DENTISTS

The nearest physician's office is located in Santa Rosa Beach, Florida 4.62 miles from the subdivision and the nearest dentist's office is located in Santa Rosa Beach, Florida, approximately 3 miles from the subdivision.

SHOPPING FACILITIES

Shopping facilities are available in or adjacent to the subdivision.

MAIL SERVICE

The United States Postal Service will provide mail service to a central location in the subdivision.

PUBLIC TRANSPORTATION

There is no public transportation available within the subdivision or to nearby towns.

PARK DISTRICT AT WATERCOLOR RECREATIONAL FACILITIES

Facility	Percentage of Construction Now Complete	Estimated Date of Start of Construction (month/year)	Estimated Date Available for Use (month/year)	Financial Assurance of Completion?	What is Buyer's Annual Cost or is it part of HOA Assessment?
Park District Community Pool	0%	June 2021	May ² 2022	None	Part of Base Assessment ¹

¹ See discussion below regarding "Maintaining the Facilities" for discussion of assessment.

² The previous estimated availability date of October 2021 for the Park District Community Pool will not be met.

The developer will construct the above Park District Community Pool at no cost to lot owners for use by all WaterColor subdivision lot owners. Previously completed facilities (the "Community Recreational Facilities") include the following:

COMMUNITY RECREATIONAL FACILITIES

Facility	General Description	Buyer's Annual Cost or Assessment
WaterColor Beach Club Pool ²	The WaterColor Beach Club swimming pool is located on Goldenrod Circle. The facility includes both swimming pool and wading pools. The facility is complete and generally open for use March through December.	Part of Base Assessment ¹
WaterColor Beach Club Grille ²	The Beach Club Grille is located off Goldenrod Circle and is a seasonal dining facility. It includes a full service dining area with separate bar area with indoor and outdoor tables for dining. Owner shall be responsible for any personal charges incurred. The facility is complete and generally open for use March through December.	Part of Base Assessment ¹
Marina Pool	The Marina Pool is located off WaterColor Boulevard West. The facility includes men's and women's locker rooms with changing areas and restrooms. The swimming pool is approximately 2,000 square feet. The pool deck surrounding the swimming pool is approximately 5,800 square feet. The facility is complete and open for business on a year-round basis.	Part of Base Assessment ¹

Camp WaterColor	Camp WaterColor is located off Spartina Circle and includes the Butterfly, Caterpillar and Lazy Lizzard pools, a children’s activity area, a playground and basketball court. The facility is complete and may be open for seasonal use.	Part of Base Assessment ¹
The Canteen Restaurant and Bar at Camp WaterColor	The Canteen is located within Camp WaterColor and includes an outdoor dining area with separate bar area. Owner shall be responsible for any personal charges incurred. The facility is complete and may be open for seasonal use.	Part of Base Assessment ¹
Phase III Community Pool and Park	The Phase III Community Pool and Park are located in Sand Hill Park on Sand Hill Circle. The Park includes restroom facilities, swimming pool and recreational park. The swimming pool is approximately 2,300 square feet. The pool deck is approximately 8,000 square feet. The recreational park area includes manicured grass areas combined with native plant areas.	Part of Base Assessment ¹
Phase IV Community Pool and Park	The Phase IV Community Pool and Park (commonly referred to as Dragonfly Park) are located off East Royal Fern Way. The Park includes restroom facilities, swimming pool and recreational park. The swimming pool is approximately 2,300 square feet. The pool deck is approximately 4,500 square feet. The recreational park includes manicured grass areas combined with native plant areas.	Part of Base Assessment ¹
Tennis Center	The Tennis Center is located off Western Lake Drive within the subdivision. The Center has five (5) har-tru courts, including one stadium court for tournaments. Three (3) of the tennis courts are lit for night play. All courts are completed and available for use on a reservation basis. A fee may be charged for use, and owner shall be responsible for any fees and personal charges incurred.	Part of Base Assessment ¹
Beach Access/Boardwalks	3 boardwalks provide beach access over the dunes for all community members.	Part of Base Assessment ¹
Western Lake or Boathouse Dock	The dock is located on Western Lake north of and adjacent to the Boathouse and includes some wet slips for canoes and kayaks.	Part of Base Assessment ¹

Nature Trails and Parks	There are several miles of nature trails throughout WaterColor. In addition to nature trails, there are many common area parks throughout WaterColor. Some of the parks include Cerulean Park, Crimson Park, Viridian Park, along with many unnamed parks. The parks may include fountains, manicured grass areas and/or native plant area. All parks are complete and available for use on a year-round basis.	Part of Base Assessment ¹
-------------------------	---	--------------------------------------

¹ See discussion below regarding “Maintaining the Facilities” for discussion of assessment.

² The WaterColor Beach Club, owned by WaterColor Community Association, Inc., is currently undergoing a renovation to expand the number of swimming pools and its food and beverage operations. As of the date of preparation of this property report, one (1) pool is open and available for use with limited food and beverage services.

With the exception of the Park District facilities and a portion of the Association’s WaterColor Beach Club expansion facilities, the above listed Community Recreational Facilities are complete and are available for use by the lot owner. Although not prohibited from doing so, we do not intend to construct any additional recreational facilities beyond the contemplated Park District facilities for use by lot owners.

Maintaining the Facilities

The Association is responsible for the operation and maintenance of the Community Recreational Facilities and upon completion of construction, the Park District Recreational Facilities. The annual Base Assessment against each lot contains each lot's pro rata share of the estimated cost to maintain, operate, and insure all common areas within the subdivision, including any recreational facilities. However, use fees for the Tennis Center and/or any personal charges incurred at the food and beverage locations are the responsibility of the owner or guest incurring such fees.

Transfer of the Facilities

With the exception of the Park District Community Pool, we have conveyed the Community Recreational Facilities to the Association in October 2013 by quitclaim deed, free and clear of all monetary liens and encumbrances, at no cost to the Association or its members.

The Association assumes full responsibility for the costs of ownership, operation, and maintenance of any recreational facilities conveyed to it. Such costs may increase the responsibilities of the Association and its board of directors and could result in an increase in future assessments or special assessments payable by lot owners to the Association.

Permits

With the exception of the Park District Community Pool, we have completed all previously planned recreational facilities for the subdivision. We may but are not obligated to build additional recreational facilities. All permits were properly obtained to build the previously constructed

recreational facilities; we have not obtained any permits for future recreational facilities. The Florida Department of Environmental Protection, Walton County Building Department, and the Walton County Health Department must authorize any such proposed improvements. The required construction and use permits for future recreational facilities within the subdivision have not been obtained, and therefore there is no assurance that there will be future recreational facilities or that the lot owners will be able to use the facilities.

Who May Use the Facilities

Upon completion of construction, the Park District Community Pool will be operated by the Association and available for use by WaterColor lot owners and owner’s accompanied guests only.

The Community Recreational Facilities previously constructed within the subdivision and currently in operation by the Association are available for use by lot owners, their family members, and temporary guests. In addition, the Declaration authorizes the guests of WaterColor Inn to use the Community Recreational Facilities. Any other permitted use of the Community Recreational Facilities may be subject to charges in such amounts as the Association may establish and impose from time to time.

Subject to any imposed minimum lease terms, if a lot owner leases or rents out his property in the subdivision, the owner's rights to use the Park District Community Pool or Community Recreational Facilities, as applicable, will be deemed to have been assigned to the tenant for the period of the lease or rental. Further, the Declaration authorizes WaterColor Development, LLC, its affiliates and guests the right to use all Recreational Facilities under certain situations more specifically set forth in the Declaration.

Private Amenities

There are or may be additional recreational facilities within the subdivision or in the immediate vicinity of the subdivision that will be privately owned and operated by persons or entities other than the Association (“Private Amenities”). The operation, use of, and access to such Private Amenities is not guaranteed and is subject to such terms and conditions and payment of such fees as the owner and operator of such facilities may establish from time to time. Any or all of such additional facilities may be operated as a private club for members and their guests. Membership in any such club may be subject to application, approval and availability, and payment of such initiation fees, dues and other charges as the owner/operator of the facility may establish and change in its sole discretion.

Following are Private Amenities that, as of the date of the Property Report, owners have access to (or as in the case of the private Camp Creek Golf Club, Shark’s Tooth Golf Club and WaterSound Beach Club, owners are currently eligible to apply for Club Membership):

Boathouse	The Boathouse is located off WaterColor Boulevard West directly on Western Lake in the subdivision. This facility includes dry slips for canoe and kayak storage. The canoes and kayaks are available for use on the lake.
-----------	--

	A fee may be charged for use of boats. Owner shall be responsible for any fees and personal charges incurred.
Camp Creek Golf Club	Camp Creek Golf Club is located 6 miles east of the subdivision and is a private 18-hole golf club. Membership is limited and subject to rules, regulations, fees and dues more specifically set forth in the membership documents.
Shark's Tooth Golf Club	Shark's Tooth Golf Club is a private 18-hole golf club located 12 miles east of the subdivision. Membership is limited and subject to rules, regulations, fees and dues more specifically set forth in the membership documents.
WaterSound Beach Club	The WaterSound Beach Club is a private club located approximated 5 miles east of the subdivision. This facility has multiple pools, pool decks, restaurants, bars, locker rooms, tennis courts and beach access. Membership is limited and subject to rules, regulations, fees and dues more specifically set forth in the membership documents.

VARIOUS RECREATIONAL FACILITIES IN OR NEAR THE SUBDIVISION MAY BE OWNED AND OPERATED BY PERSONS OTHER THAN THE ASSOCIATION. THERE IS NO GUARANTEE THAT ANY SUCH FACILITIES WILL BE AVAILABLE FOR USE BY LOT OWNERS. ANY OR ALL OF SUCH FACILITIES MAY BE OPERATED AS A PRIVATE CLUB FOR MEMBERS AND THEIR GUESTS. THERE IS NO ASSURANCE THAT YOU WILL BE ACCEPTED FOR MEMBERSHIP IN ANY SUCH PRIVATE CLUB IF YOU APPLY. IF ACCEPTED, THE COSTS OF SUCH A MEMBERSHIP MAY BE SUBSTANTIAL AND ARE IN ADDITION TO THE PURCHASE PRICE OF YOUR LOT. NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU CANNOT OBTAIN A MEMBERSHIP. SINCE THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY YOUR INABILITY OR FAILURE TO OBTAIN A MEMBERSHIP, YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE OF A LOT IF IT IS BASED UPON YOUR PRESUMED ABILITY TO OBTAIN A MEMBERSHIP IN ANY PRIVATE CLUB AND TO USE ITS RECREATIONAL FACILITIES.

SUBDIVISION CHARACTERISTICS AND CLIMATE

In this section, we will discuss the basic terrain of the subdivision, the climate of the region, and any nuisances or hazards affecting the subdivision.

GENERAL TOPOGRAPHY

The general topography of the subdivision is flat with little or no slope. The subdivision extends from sea level at the Gulf of Mexico, across the beach and dune system and into the gulf coastal lowlands, all situated in the geologic feature called the Coastal Plain. The beach system is characterized as highly variable and erosional depending upon season and extreme storms. The upland features consist largely of highly permeable sands. The property within the subdivision is wooded. Approximately fifty percent (50%) of the 499 acres in the subdivision are or will be lakes, natural areas, developed parkland or common open areas.

We are not aware of any rock outcroppings, unstable or expansive soil conditions, or other conditions that would necessitate the use of special construction techniques to build on or use any lot listed in this Property Report. There are no steep slopes. The majority of the site has elevations from 10 feet to 18 feet, based on the National Geodetic Vertical Datum system.

WATER COVERAGE

Generally, none of the lots listed in this Property Report are covered by water at any time; however, portions of some lots may, at times, have some standing water due to high ground water conditions or seasonal rains, generally occurring in September and occasionally occurring after heavy winter/spring rains. Moreover, storm surges from tropical storms or hurricanes may result in standing water. This condition does not materially affect the ability to use the lot for residential purposes and no correction of this condition is necessary. Lots may have groundwater levels at or just below existing ground elevation. Although this condition does not materially affect the ability to use these lots for residential purposes, you are responsible for determining the groundwater level of your lot and taking the appropriate measure in design and construction of your home.

Many of the lots planned for the subdivision will border some type of wetland under the jurisdiction of the U.S. Army Corps of Engineers and/or the Florida Department of Environmental Protection. Jurisdictional wetlands are defined by their hydrology, soil types, or plant life. Some lots in the subdivision are planned to be configured so that a portion of the lot extends into a jurisdictional wetland, although there will be sufficient upland area available on each lot for a building site.

DRAINAGE AND FILL

All lots listed in this Property Report may require some degree of fill prior to being used for the purpose for which they are sold. You will be responsible for obtaining and providing such

fill on your lot. The costs will vary by lot size and by lot grade; costs are estimated to range from \$2,500 to \$25,000 per lot.

FLOOD PLAIN

All lots listed in this Property Report are located within Flood Zone “X or Flood Zone “A”, as appropriate. Flood insurance is available and may be required by a lender in connection with financing of improvements to affected lots. The maximum amount of insurance coverage available through the National Flood Insurance Program is \$350,000.00 (\$100,000 for personal property and \$250,000 for structures). The estimated cost of flood insurance is approximately \$645.00 per year per \$350,000 of insured value.

FLOODING AND SOIL EROSION

Erosion control during construction is designed to protect and preserve uplands, wetland buffers and wetlands. Our site contractor will obtain the required National Pollution Discharge Elimination System (NPDES) permit to develop the lots covered by this Property Report. As a lot owner, you will be required to provide an erosion control plan and obtain the necessary NPDES permit for the construction of your home.

NUISANCES

We are not aware of any land uses in the vicinity of the subdivision that may adversely affect the subdivision other than smoke from prescribed burning of forest undergrowth and timbering activities. Natural marshes and wildlife in the vicinity of the subdivision could also constitute a nuisance.

Noxious Smoke

Land managers set carefully controlled fires to reduce hazardous accumulation of vegetation (fuel), improve wildlife habitat, stimulate herbaceous growth, and maintain healthy ecosystems. These prescribed burning activities produce smoke, ash and embers that may drift across and settle on your lot and property, produce an unpleasant smell, and may require that windows be kept closed during such burning activities.

Marshes

The subdivision is located in the vicinity of a number of wetlands and marshes.

Wildlife

The subdivision contains a number of manmade, natural and environmentally sensitive areas that may serve as habitats for a variety of native plants and wildlife, including insects, venomous and non-venomous snakes and other reptiles, alligators, and other animals, some of which may pose hazards to persons or pets coming in contact with them.

HAZARDS

We are not aware of proposed plans for construction that may create a nuisance or safety hazard or adversely affect the subdivision other than the noise and dust customarily associated with homebuilding and construction necessary to the development of the subdivision.

The area is subject to natural hazards in the form of tornadoes, hurricanes, forest fires, and brush fires. Peak tornado months in Florida are May, June, and July; however, tornadoes may occur at any time. Florida has approximately 52 tornadoes each year, resulting in potentially two deaths. Based on historical frequency, the hurricane risk in the Walton County region is 22% to 27% annually.

There is a rating system for fire hazard. The Insurance Services Office rates the South Walton Fire District a "5" on a scale of "1 to 10," with "1" being the highest or best rating for public protection and "10" being the lowest or worst.

There are many oil drilling rigs into the Gulf of Mexico. Future oil spills from drilling rigs may affect your use and enjoyment of the Gulf of Mexico and your property value. While some lots in this subdivision are adjacent to Western Lake, the lots covered by this property report do not front the Gulf of Mexico.

CLIMATE

The average temperature ranges for the area in which the subdivision is located are as follows:

	Summer (<u>Jun/Jul</u>)	Winter (<u>Dec/Jan</u>)
High	95°	62°
Low	68°	39°
Mean	80°	52°

The average annual rainfall in the subdivision is 57.7 inches. There is no measurable snowfall in the area in which the subdivision is located.

OCCUPANCY

Approximately thirty-eight (38) homes and two (2) multifamily residences in the subdivision are occupied on a full time basis as of the date of this Property Report. There are eight hundred seventy-six (876) single family homes constructed and fourteen (14) under construction at this time. In addition, there are approximately 106 multifamily residences and 11 fractional residences (88 interests) completed at this time. It should be noted that the subdivision is located in a resort and vacation region and many of the homes and multifamily residences are occupied on a part time basis as second homes.

ADDITIONAL INFORMATION

In this section, we will discuss the property owners association, your liability for real estate taxes and assessments levied against subdivision lots, matters pertaining to the resale of the lots, equal opportunity in lot sales, and the listing of lots within the subdivision.

PROPERTY OWNERS ASSOCIATION

There is a property owners' association for the subdivision. WaterColor Community Association, Inc. ("Association") has been organized as a Florida corporation not-for-profit to serve as the property owner's association for the lots within WaterColor, as authorized by the Declaration.

Class "A" Members now elect the board of directors and officers of the Association. Class "A" Members are all Owners of lots except Class "B" Members. Class "B" Members, collectively, shall be the Declarant and any Affiliate of Declarant which owns a lot. These and other rights are discussed in the Declaration, which you should read in its entirety.

Membership in the Association is mandatory for every residential lot owner in the subdivision, including us. You will automatically become a member of the Association upon taking title to a lot and will remain a member of the Association as long as you own property in the subdivision. If title to a lot is held in joint names, all owners of such lot share privileges and responsibilities of such membership.

You will be required to pay assessments to the Association in accordance with the Declaration. The current annual "Base Assessment" imposed by the Association set forth on the Cost Sheet of this Property Report. Assessments are determined annually by the Association's board of directors and are subject to change in accordance with the Declaration and By-Laws of the Association. Those documents also prescribe the method for assessing special fees and additional assessments, if any. Additional fees are payable to the Association or other entities upon each transfer of title to a lot, as disclosed earlier in this Property Report under the heading entitled "Restrictive Covenants." During the Class "B" Control Period, the Declarant may pay any assessments levied against lots it owns, in the same manner as any other owner, or it may choose to pay assessments by funding any operational expenses incurred by the Association in excess of the assessments receivable by the Association's other members plus any other income of the association.

The Association is responsible for management, operation, and maintenance of the common properties; administering and enforcing the Declaration, the architectural and design standards, and other governing documents referenced in the Declaration; making and amending rules in accordance with the Declaration, and making or contracting for repairs, additions, and improvements to the common properties. It is also authorized, but not obligated, to contract for or provide services and facilities for the benefit of property owners and their lots, which might include such things as cable television service, security services, and landscape maintenance services, among other things.

In order to carry out these functions, the Association is authorized to adopt budgets and levy assessments against the property owners and their lots; open bank accounts, deposit funds received on behalf of the Association into such accounts, and use such funds to operate the Association; purchase equipment, supplies, and materials to be used by such personnel; and take specific enforcement action, including assessing monetary fines, suspending the right to vote and use common properties, suspending services, exercising self-help, and bringing suit in court to enforce the governing documents. The Association has a duty to maintain books and records and to make them available to the members and their mortgagees.

Design control over the subdivision is vested in the Declarant for as long as Declarant or an Affiliate owns any portion of the subdivision. Thereafter, or earlier if we delegate or relinquish such right, the Design Review Board, appointed by the Association's board of directors, will exercise architectural control in accordance with the Declaration. However, we reserve the right to continue to review and approve all plans for initial construction of improvements in the subdivision.

There are no functions or services that we currently provide at no charge for which the Association may be required to assume responsibility in the future.

The current level of assessments, fees, charges, or other income should provide the capability for the Association to meet its present, or planned, financial obligations including operating costs, maintenance and repair costs and reserves for replacement. In the event the current levels do not meet Association's needs, we will fund the operating deficit during the Class "B" Control Period to the extent required by the Declaration and the Association's By-Laws.

TAXES

You will be obligated to pay real property taxes on the lot after title to the lot is transferred to you. Real property taxes on the lot will be assessed by and paid to Walton County Tax Collector. Annual taxes on an unimproved lot after sale to a purchaser are calculated by multiplying the purchase price of the lot by the millage rate established by Walton County (9.9310 mills in 2019). Estimated taxes on an unimproved lot after sale to a purchaser are estimated to be approximately \$3,500.00 to \$15,200.00, based on the 2019 millage rate and offering prices in effect as of the date of this Property Report.

There are currently no special taxes or tax assessments that affect the subdivision.

VIOLATIONS AND LITIGATION

On lands that are not part of the subdivision or in any way related to the subdivision, some of The St. Joe Company's past and present real property, particularly properties used in connection with previous transportation and paper mill operations, were involved in the storage, use or disposal of hazardous substances that have contaminated and may in the future contaminate the environment. The St. Joe Company may bear liability for this contamination and for the costs of cleaning up a site or sites which involve hazardous substances.

The St. Joe Company believes that there is currently no pending litigation that would have a material adverse impact on our financial condition or our ability to transfer title of a WaterColor lot to a purchaser or to complete promised facilities.

RESALE OR EXCHANGE PROGRAM

Restrictions on the use of your lot have been discussed above in the section of this Property Report entitled "Restrictions on the Use of Your Lot." Those restrictions that might hinder the lot owner in the resale of lots within the subdivision include the architectural approval and control provisions and restrictions that limit the placement of signs within the subdivision. Resale signs are also prohibited.

As of the date of this Property Report, we have no program to assist you in the resale of your lot.

We do not have any provision to allow you to exchange one lot for another.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We will not directly or indirectly discriminate against you on the basis of race, color, religion, sex, national origin, familial status or handicap in any of the following general areas: lot marketing and advertising, rendering of lot services, and in requiring terms and conditions in lot sales and leases. Furthermore, we will not indicate a preference for or a rejection of any particular group in our advertising, in our rendering of services to lots, in requiring terms and conditions on lot sales and leases, or in any other manner.

LISTING OF LOTS

Below is a listing of the forty-one (41) lots currently covered by this Property Report and intended for sale in the subdivision, as indicated on the referenced plats.

LISTING OF LOTS	
Plat Reference	Lots Numbered
Preliminary Plat for Park District at Watercolor	Lots 1-41

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

In addition to the purchase price of your lot, there are other expenditures that must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities. All costs are subject to change.

	Sales Price
Cash Price of Lot	\$ _____
Finance Charge	\$ _____
Total	\$ _____

Estimated One-Time Charges

1. Water Impact Fee	\$ 3,092.66
2. Water connection/meter installation fee	\$ 486.75
3. Sewer Impact Fee.....	\$ 4,824.54
4. CHELCO (Electric) Membership fee	\$ 5.00
5. Telephone service installation charge	\$ 53.00
6. Design review fees	\$ _____
7. Natural Gas line and service connection fee.....	\$ 630.00
8. South Walton Fire Impact Fee	\$ _____
9. Other (identify)	\$ _____

Total of estimated sales price and one-time charges \$ _____

Estimated Monthly/Annual charge
(exclusive of utility use fees)

1. Taxes -- Average unimproved lot after sale to purchaser	\$ _____
2. 2020 Annual Dues and assessments	\$ 4,080.00

The information contained in this Property Report is an accurate description of our subdivision and development plans.

WaterColor Development, LLC,
a Florida limited liability company

By: Bridget Precise
Bridget Precise
President

As its: Authorized Representative

RECEIPT, AGENT CERTIFICATION, AND CANCELLATION PAGE

PURCHASER RECEIPT

Important -- Read Carefully

Name of Subdivision: WaterColor

OILSR Number: 31964

Effective Date of Report: July 29, 2020

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____

_____ Date: _____

Street Address: _____

City _____ State _____ Zip _____

If any representations are made to you which are contrary to those in the report, please notify:

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____

Name of Salesperson: _____

Signature: _____ Date: _____

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: WaterColor

Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

RECEIPT, AGENT CERTIFICATION, AND CANCELLATION PAGE

PURCHASER RECEIPT

Important -- Read Carefully

Name of Subdivision: WaterColor

OILSR Number: 31964

Effective Date of Report: July 29, 2020

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____

_____ Date: _____

Street Address: _____

City _____ State _____ Zip _____

If any representations are made to you which are contrary to those in the report, please notify:

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____

Name of Salesperson: _____

Signature: _____ Date: _____

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: WaterColor

Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____