

MORRISON HOMES POLICY MANUAL

ENVIRONMENTAL COMPLIANCE

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It is the policy of Morrison Homes to comply with all federal, state and local laws and regulations pertaining to the environment. All employees of Morrison Homes are required to abide by such laws and regulations and to report violations or threatened violations to their supervisors. Morrison Homes also encourages the adoption of "environmentally-friendly" practices, such as recycling of waste and use of recycled materials.

Morrison Homes is committed to avoiding undue exposure to environmental risks, particularly in connection with its acquisition of land for residential development. To mitigate such exposure, the following procedures must be followed:

- A "Phase I" environmental assessment must be performed by a qualified environmental consultant (or a recent Phase I report must be available) on all land acquired by the company.
- A biological assessment pertaining to flora, fauna and habitat should be performed by a qualified consultant when ecological considerations dictate that such a report should be obtained in connection with a land acquisition.
- All land acquisitions must be approved by the Corporate Land Expenditure Committee which will review environmental issues as part of its approval process.
- All land acquisition contracts must be reviewed by the Company's Legal Department. With some exceptions, the Company will require, at a minimum, that land sellers represent and warrant that, to the best of their knowledge, the property in question is not in violation of any environmental law and that no hazardous substance is or has been located, stored, or discharged on, under or near the property.