

**COMMUNITY FACILITIES DISTRICT INFORMATION
AND DISCLOSURE STATEMENT FOR
SUNDANCE**

Buyer(s): _____
Lot: _____
Parcel: _____
Homebuilder: _____

Sundance Community Facilities District

This informational handout and disclosure statement has been prepared by the homebuilders in Sundance in conjunction with other land owners and developers in the Sundance community and the Town of Buckeye for the purpose of explaining the concept of Community Facilities District (CFD) financing and the basis for establishing such a district at Sundance. This handout and disclosure statement will also generally describe the ad valorem (property) tax and district assessment liability for each residential property owner in Sundance resulting from their inclusion within the District, along with the benefits that each resident will derive because of the District.

Background

The Sundance CFD is a special district formed for the purpose of financing the acquisition, construction, operation and maintenance of the public infrastructure benefiting the Sundance planned community. Specifically, the Sundance CFD will finance the acquisition, construction, operation and maintenance of various types of public infrastructure including:

- Roadways and Parking
- Water Systems
- Sewer Systems
- Parks and Open Space
- Pedestrian Walkways
- Hiking, Biking and Pedestrian Trails
- Landscaping
- Drainage Systems
- Public Lighting
- Public Buildings
- Fire Protection
- Public Safety Facilities
- Traffic Safety
- Equipment, Furnishing and Vehicles

How the Sundance CFD Works

The Sundance CFD utilizes two types of bonds to finance public infrastructure: district assessment lien bonds and general obligation bonds. District assessment lien bonds are repaid through biannual assessment payments made by the property owners within the district. General obligation bonds are repaid by ad valorem, or property taxes on the taxable property within the CFD.

District Assessments of the CFD

Assessment bonds are repaid from special assessment payments secured by a lien on each benefited lot within the assessment area. The amount of the district assessment liens may vary depending on the size of the lot within the district assessment area, the benefits estimated to be received by each such lot, the cost of the public improvements to be financed and the financing terms of the applicable district assessment bonds. **Twice a year the Sundance CFD will send you bills for the assessment payments, as well as the applicable administrative charges. These bills are different from your regular Maricopa County property tax bill, and failure to pay any installment payment will result in the foreclosure of the assessment lien and the sale of your property.**

Ad Valorem (Property) Taxes of the CFD

General obligation bonds and the Sundance CFD's operation and maintenance expenses are paid from ad valorem (or property) taxes levied against all property within the Sundance CFD. At the time this disclosure statement was prepared no general obligations bonds had been issued by the Sundance CFD, however, it is anticipated that by 2003 general obligation bonds will be sold to provide financing for additional public infrastructure. Although the specific amount and the associated financial terms of that future general obligation bond or bonds are unknown, it is anticipated that approximately \$3.00 per \$100 of assessed valuation will be added to the property tax rate to repay the general obligation bonds and \$0.30 levied to pay operation and maintenance expenses. Such adjustment to the tax rate could vary depending upon factors including the amount financed with general obligation bonds, the terms of the financing, and the assessed valuation (i.e. for tax purposes) of property within the Sundance CFD. Your share of general obligation bond payments and expenses are included as part of your regular Maricopa County property tax statement and are separately shown in addition to taxes levied by the Town of Buckeye and other governmental jurisdictions.

Benefits to Residents

All homebuyers in Sundance will benefit from the public infrastructure improvements financed by general obligation bonds of the Sundance CFD. Homeowners whose lots are assessed specifically benefit from the infrastructure financed with assessment bonds.

Additionally, if you finance the purchase of your home in Sundance with a mortgage, you should realize tax benefits due to the Sundance CFD. The ad valorem (or property) tax that repays the general obligation bonds will be a part of your property tax bill and both the principal and the interest payments are currently deductible from federal and state taxes. If the developer financed those same public improvements without a CFD, those costs would have been added to the purchase price of the home and the sales price of your home would have been greater. If all of the price increase was financed by a mortgage, only the mortgage interest expense on that incremental portion of your

larger home loan (and not the principal) for the cost of those public improvements would be deductible from federal and state taxes. Therefore, because Sundance CFD general obligation bonds were used to finance certain public improvements, the entire cost of these public improvements is currently deductible from federal and state taxes.

Property Owner’s Tax Liability

The obligation to pay the debt service on the general obligation bonds will become the responsibility of any property owner in Sundance. Beginning in the fiscal year 2002-2003, it is anticipated that the district will levy a total CFD tax of \$3.30 per \$100.00 of assessed value to (i) provide for repayment of general obligation bonds and (ii) provide funds for operation and maintenance expenses of the Sundance CFD. The bonds will be structured with the expectation that the debt portion of the tax rate of \$3.00 will be sufficient to provide for the debt service on the general obligation bonds. However, under current law, there is no limit on what this tax rate may be. To protect the homebuyer and maintain a \$3.00 debt tax rate, the developers have contractual obligations to provide monies to maintain the \$3.00 debt tax rate until such time as monies from the \$3.00 tax levy are sufficient to provide for the debt service on the general obligation bonds.

The following diagram illustrates the additional, projected annual liability imposed by the Sundance CFD, based on varying residential values with Sundance:

	(A)	(B)	A+B
Estimated Home Price	Estimated Annual General Obligation Bonds and Expense Payment (1)	Estimated Annual District Assessment Bond(s) Payment (2)	Total Estimated Annual CFD Tax Payments (3)
\$75,000	\$203	\$348	\$551
\$100,000	\$270	\$348	\$618
\$125,000	\$338	\$348	\$686
\$150,000	\$405	\$348	\$753
\$175,000	\$473	\$348	\$821
\$200,000	\$540	\$348	\$888

Footnotes:

- (1) Represents the repayment of the Sundance CFD general obligation bonds and operation and maintenance expenses based upon a tax rate of \$3.30 per \$100 of assessed value.
- (2) Based upon district assessment lien of \$3,700 per lot. This figure does not include any bond administration charges (estimated at \$25 per year), which may be charged by the CFD and/or third party administrators, if any.

- (3) All of the taxes and charges described above are in addition to any taxes, fees and charges imposed by the other governmental jurisdictions, including the Town of Buckeye and are in addition to any assessments or fees imposed by any homeowners association.

Property Taxes in Sundance

The following table lists the various property tax rates applicable in Sundance, (based on the most recent tax bill sent by the Maricopa County Treasurer), as well as the estimated property taxes for a house with a sales price of \$100,000. The various tax rates will change from year to year.

<u>Buckeye Property Taxes</u>		
(Assumes: Home Sales Price of \$100,000, Full Cash Value of \$81, 820 and Limited Cash Value of \$75,000)		
	Sundance	
	Tax Rate	Taxes
Primary		
State and County	2.6389	\$197.92
Elementary School District	4.8806	\$366.05
High School District	2.6352	\$197.64
City/Town	0.5900	\$44.25
Total Primary	10.7447	\$805.85
Secondary		
State and County	0.6531	\$53.44
Elementary School District	1.5655	\$128.09
High School District	0.4888	\$39.99
City/Town	1.0800	\$88.37
General Obligation Bond*	3.3000	\$270.00
Total Secondary	7.0874	\$579.89
Total Tax Rate/Taxes	17.8321	\$1,385.74

* Does not include District Assessment Bond payments that will total \$348.00 per year.

Homeowner’s Acknowledgements

By signing this disclosure statement, you as a purchaser of a lot located within the Sundance CFD and the existing District Assessment Area (i) acknowledge receipt of this disclosure; (ii) agree that you have had an opportunity to review the material contained in this Disclosure and ask questions about the Sundance CFD; and (iii) acknowledge your lot is subject to an assessment lien of \$3,700 and that the lien secures the special assessments due for the District Assessment Area. The

Assessment will be paid by you, the owner of the assessed lot, in semiannual payments of the principal and interest over the term of the bond. If any semiannual payment is not paid, the Sundance CFD has the right to institute proceedings to foreclose the assessment lien and sell your lot.

Your signature below acknowledges that you have received, read and understood this document at the time you have signed our purchase contract and agree to its terms.

(Name)

(Name)

(Address)

(Address)

Date: _____, 200__

Date: _____, 200__

Billing Address if different from above:

Please return completed to:

Town of Buckeye
ATTN: District Finance Director of Sundance CFD
100 N Apache Rd; Ste A
Buckeye AZ 85326