$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

Closing: October 17, 2007

CLOSING INDEX

The following are to be delivered as a condition precedent to the issuance and delivery of the above-referenced bonds (the "*Bonds*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"):

FINANCING DOCUMENTS

1. (a) Agenda and minutes of District Board meeting held on September 18, 2007
   (b) Certified copy of Resolution No. 13-07, Providing for the Issuance of Bonds.

2. Indenture of Trust and Security Agreement.

3. UCC-1 Financing Statement.

4. Closing Certificate of the District.

5. Tax Certificate of the District.

6. Issuer Request for Payment of Costs of Issuance; Issuer's Request for Other Acquisition and Construction Costs.

7. Dissemination Agency Agreement of District.

8. Continuing Disclosure Undertaking of District.

9. Closing Certificate of Town of Buckeye.

10. Closing Certificate of Pulte Home Corporation.

11. Purchase Contract for Bonds; Letter of Indemnity from Pulte Home Corporation.

12. Dissemination Agency Agreement of Owner.

13. Continuing Disclosure Undertaking of Owner.

14. Request for Authentication and Delivery of Bonds.

15. Certificate and Receipt of Trustee.

16. Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public and as to Yield on the Bonds.

17. Receipt for Bonds.

18. Certificate of Underwriter re: Qualified Institutional Buyer.

19. Consent of Appraiser.

20. Specimen Bond.

21. Copy of Blanket Letter of Representations with Depository Trust Company.

22. Settlement, Delivery and Closing Procedures, including Debt Retirement Schedule.

23. Report to the Arizona Department of Revenue Regarding Issuance of the Bonds; certificate of mailing.

24. IRS Form 8038-G Information Return for Tax-Exempt Governmental Bond Issues; certificate of mailing.

25. Preliminary Official Statement dated September 21, 2007.

26. Final Official Statement dated October 5, 2007.

OPINIONS

27. Approving opinion of Gust Rosenfeld P.L.C.

28. Supplemental opinion of Gust Rosenfeld P.L.C.

29. Opinion of Counsel to Underwriter.

30. Opinions of Counsel for Pulte Home Corporation.

ASSESSMENT DOCUMENTS

31. Feasibility Report.

32. Evidence of Publication of Notice of Hearing on Feasibility Report.

33. (a) Agenda and Minutes of District Board meeting of September 4, 2007
    (b) Resolution No. 11-07 Resolution of Intention and Approving Feasibility Report & Public Hearing and
    (c) Resolution Ordering the Work No. 12-07.

34. Waiver and Development Agreement.

35. (a) Agenda and minutes of District Board meeting of September 18, 2007

(b) Resolution No. 11-07 Approving Levy of Assessment.

36. Warrant, Assessment, Return and Certified List.

37. Notice of Recording of Assessment.

38. Recorded Assessment Collection Agreement.

Executed counterparts or copies thereof, as appropriate, of the documents will be distributed to the following parties:

Festival Ranch Community Facilities District (Issuer) (3 CDs)
Town of Buckeye (1 paper, 2 CDs)
Pulte Home Corporation (Developer) (CD)
RBC Capital Markets (Underwriter) (CD)
Gust Rosenfeld P.L.C. (Bond Counsel) (CD)
Wells Fargo Bank, N.A. (Trustee Bank) (CD)
Greenberg Traurig, LLP (Underwriter Counsel) (CD)
Gallagher & Kennedy, P.A. (Owner's Counsel) (CD)

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD: PLEASE NOTE THAT THERE MAYBE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 18, 2007
AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the Regular Council meeting of September 18, 2007

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 349-6007) 72 *hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment. (TTD* 623 349-6400)

Members of the Festival Ranch Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

AGENDA

Members of the Festival Ranch Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

1. Call to order.

2. Note attendance.

3. MINUTES:
   Minutes of meeting held on September 4, 2007 presented for Board review and approval.

4. APPROVE OR RATIFY EXPENDITURES - None

5. BUSINESS:

   A. Board will consider, for possible action, adoption of Resolution No. 13-07 RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICTS NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $2,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND

DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR

7. ADJOURNMENT

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 18, 2007
MINUTES

Town Council Chambers
100 N. Apache
Buckeye, AZ 85326
Immediately following the regular Council Meeting

1. Call to order.
Vice Chairman Beard called the meeting to order at 7:45 p.m.

2. Note attendance.

Members Present:	Boardmember Garza, Boardmember Doster, Boardmember Hardesty, Boardmember May and Boardmember Rioux.
Members Absent:	Chairman Bryant.
Staff Present:	District Manager David Wilcox, District Assistant Manager Shane Dille, District Attorney Scott Ruby, District Clerk Linda Garrison, and District Deputy Clerk Lucinda Aja.

3. MINUTES:
A motion was made by Boardmember May and seconded by Boardmember Rioux to approve the Minutes of meeting held on September 4, 2007 as presented. Motion passed unanimously.

4. APPROVE OR RATIFY EXPENDITURES - None

5. BUSINESS:

A. **Resolution No. 13-07 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
A motion was made by Boardmember Hardesty and seconded by Boardmember May to adopt Resolution No. 13-07 RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICTS NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $2,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS. MOTION PASSED UNANIMOUSLY.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR –None

7. ADJOURNMENT
There being no further business to come before the Board a motion was made by Boardmember May and seconded by Boardmember Rioux to adjourn the meeting at 8:04 p.m. Motion passed unanimously.

RESOLUTION NO. 13-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICTS NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $1,784,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), AS FOLLOWS:

Section 1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, as amended (the "*Enabling Act*"), the Waiver and Development Agreement described below and Resolution No. 11-07 adopted on September 4, 2007 (the "*Resolution of Intention*"), the Board of Directors (the "*Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has formed Assessment Districts Nos. 4 and 5 (collectively, the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure and to pay costs and expenses related thereto (collectively, the "*Project*"); (ii) assess the costs and expenses of the Project upon certain benefited real property within the boundaries of the District as described in the Resolution of Intention; and (iii) issue the District's special assessment revenue bonds (the "*Bonds*") to finance the costs and expenses of the Project.

(b) Pursuant to the terms and provisions of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement recorded on September 13, 2007 with the Maricopa County, Arizona, Recorder at Docket 20071019726 (the "*Waiver Agreement*"), the owners and the persons who have an interest in all the real property to be assessed have waived, among other things, certain requirements relating to the notices, protests and hearings relating to, among other things, the formation of the Assessment District, levying of the assessments, and the time period for cash payments.

(c) The Board has caused a report of the feasibility and benefits of the Project to be prepared, such report included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the Project, a map showing, in general, the location of the Project, an estimate of the cost to construct, acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of

the area to be benefited by the Project, and a plan for financing the Project (the "*Report*"). A public hearing on the Report was held August 13, 2007, as provided by law, and, pursuant to the Enabling Act and the Resolution of Intention, the Report was ratified and approved in all respects.

(d) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 12-07 on September 4, 2007 ordering the public infrastructure projects performed as described in the Resolution of Intention.

(e) Pursuant to and in reliance upon the Waiver Agreement, the Board adopted Resolution No. 11-07 on September 4, 2007, approving the assessment diagram and the levying of an assessment against the real property in the Assessment District.

(f) Pursuant to the Enabling Act, the Waiver Agreement and Resolution No. 11-07, an assessment in the amount of $1,784,000 was authorized to be levied against the real property in the Assessment District and recorded in the Office of the Superintendent of Streets. Pursuant to the Waiver Agreement and other agreements by the Owners, the property owners waived the requirement for notices of cash demands, the opportunity to make cash payments and requested the unpaid assessments go to bond.

(g) Pursuant to the terms and provisions of the Waiver Agreement, the owners and beneficial owners of the assessed real property, among other things, approved the: (i) proceedings relating to the assessment and the Bonds, (ii) assessment and assessment diagram, (iii) assessment methodology report, (iv) method of collection and foreclosure of assessments and (v) terms of the Bonds.

(h) The District Board has determined to authorize the issuance of the Bonds described herein to provide funds for the Project and any and all of the public infrastructure purposes provided for in the Enabling Act and the General Plan of the District.

(i) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, dated as of October 1, 2007, or such later date determined as hereafter provided (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(j) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Indenture, (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated as hereinafter provided (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*"); (3) the proposed form of Continuing Disclosure Undertaking relating to the Bonds, to be dated the date of delivery thereof (the "*Undertaking*"); (4) the proposed form of Dissemination Agency Agreement by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, to be dated as of

October 1, 2007 or such later date determined as hereinafter provided (the "*Agency Agreement*"); and (5) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date of mailing thereof (the "*Preliminary Official Statement*"), and which, when revised to reflect the final pricing terms of the Bonds, will constitute the form of the Final Official Statement for the Bonds (the "*Final Official Statement*"). (The documents described in Clauses (1) through (5), inclusive, of this paragraph are hereinafter referred to, collectively, as the "*Bond Documents*").

(k) The Board hereby finds and determines that: (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the Project plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith (collectively the "*Costs*"); (2) the total Costs are less than or equal to the benefits derived from the Project; and (3) based upon the appraisals by Burke Hansen, LLC, each dated August 10, 2007, the wholesale (bulk) value of each of the assessed parcels comprising the Assessment District is at least four (4) times the principal amount of the Bonds allocated to each such assessed parcel.

Section 2. Approval of Issuance and Sale of Bonds. The Bonds are hereby authorized to be issued as a series of assessment bonds of the District to be designated "*Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007.*" The Bonds shall be issued and delivered in an aggregate principal amount of not to exceed $1,784,000, shall be in fully registered form only, shall be dated the Closing Date or such other date as provided in the Purchase Contract, shall bear interest at the rate or rates set forth in the Purchase Contract (not to exceed 10%) from their date, with such other terms as set forth in the Indenture. The costs of issuance shall not exceed the aggregate amount presented in the Report.

The principal amount maturing in any year, the interest rates applicable to each maturity, the special, optional and mandatory redemption provisions and any other final terms of the Bonds and the Bond Documents and the purchase price of the Bonds to be paid by the Underwriter for the Bonds shall be as set forth in the Indenture and the Purchase Contract and approved by the District Chairman or any other member of the Board, such approval to be evidenced by the execution and delivery of the Indenture and the Purchase Contract. Subject to the approval of the final terms of the Bonds previously referenced, the Bonds will be awarded and sold to the Underwriter in accordance with the terms of the Purchase Contract.

Section 3. Forms, Terms and Provisions, and Execution and Delivery, of Bonds. The forms, terms and provisions of the Bonds provided for in the Indenture and the Purchase Contract are approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and each is hereby authorized to execute and deliver them.

Section 4. Forms, Terms and Provisions, and Execution and Delivery, of Bond Documents and Other Agreements. The terms and provisions of the Bond Documents in substantially the forms of such documents (including the exhibits thereto) presented at this meeting, are adopted and approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officer authorized to execute the documents, which approval will be conclusively demonstrated by the execution thereof, and the District

Chairman or any member of the Board and the District Clerk or either of such officers are hereby authorized to execute and deliver the Bond Documents and the District Engineer Agreement.

Section 5. Authorization to Execute and Deliver Order to Trustee. The District Chairman or any other member of the Board is authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

Section 6. Other Actions Necessary. The District Chairman or any member of the Board, the District Clerk, the District Manager and the officers of the District, without further order of the Board, shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents (including the execution and delivery of a Letter of Representations with The Depository Trust Company with respect to the Bonds), and other documents and certificates required to be delivered in connection with the sale and delivery of the Bonds. The District Manager is hereby requested to take any and all actions necessary in connection with the execution and delivery of the Bond Documents and the sale of the Bonds.

Section 7. Distribution of Disclosure Documents. The distribution by the Underwriter of the Preliminary Official Statement is hereby authorized and approved. The Preliminary Official Statement is hereby "deemed final" as of its date for purposes of Security Exchange Commission Rule 15c2-12(b)(1). The preparation of the Final Official Statement is hereby approved, and the District Chairman of the Board is hereby authorized and directed to cause the execution and delivery of the Final Official Statement in substantially the form of the Preliminary Official Statement presented at the meeting at which this resolution was adopted, with such changes as may be acceptable to such officer of the Board, and the distribution of the Final Official Statement by the Underwriter is hereby approved.

Section 8. Assessment Levy and Procedures.

(a) An assessment in the amount of $1,784,000 was levied and recorded in the office of the Superintendent of Streets for the District against the parcels of real property comprising the real property in the Assessment District and described in the Resolution of Intention, such levy and recordation is authorized and approved. The assessment may be reduced to reflect any cash payments, any other cash payments received and any reduction in the size of the reserve fund or the costs of issuance.

(b) For each year while any Bond is outstanding, the Board shall semi-annually cause to be collected such portion of the assessment, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service on the Bonds when due. Moneys received from the collection of the assessment when collected constitute funds to pay Debt Service and shall be kept separately from other funds in the Bond Fund of the District. The amounts due pursuant to the assessment and unpaid are and shall be a first lien on the property so assessed in the Assessment District, subject only to general property taxes and prior special assessments and shall be collected as prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable or such other procedures as the Board may prescribe. Notwithstanding the foregoing, the assessments may be collected by the Maricopa County Treasurer in a similar manner and together with the collection of real

property taxes, should the Treasurer of the District so direct. In the event of nonpayment of amounts due pursuant to the assessment, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, apply, as nearly as practicable, except that neither the District nor the Town of Buckeye, Arizona (the "*Town*") is required to purchase the delinquent land at the sale if there is no other purchaser.

(c) Pursuant to A.R.S. § 48-721, the provisions and procedures pertaining to the prepayment of assessments, the payment of assessments and the reallocation and modification of assessments among the assessed parcels as development occurs, set forth in the Indenture and the Report are hereby approved and adopted.

Section 9. **No Obligation of Town**. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the Town or the State of Arizona (the "*State*") or any political subdivision of either (other than the District) or as incurring a charge upon the general credit of the Town and the State nor shall the breach of any agreement contained herein, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town and the State.

Section 10. **Appointment of Trustee, Superintendent of Streets, District Engineer, Assessment District Engineer and Dissemination Agent**.

(a) Wells Fargo Bank, N.A., is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture. The Board hereby requests the Trustee to take any and all action necessary in connection with the execution and delivery of the Bond Documents and the execution, delivery and sale of the Bonds and to perform the duties described in the Indenture.

(b) Willdan ("*Willdan*") is hereby confirmed and employed as Assessment District Engineer and Superintendent of Streets for the assessment district.

(c) RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, is hereby confirmed and appointed the dissemination agent, solely for the purposes of providing certain periodic information to the owners of the Bonds, pursuant to the terms of the Dissemination Agency Agreement.

Section 11. **Repeal of Resolution**. After any of the Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

Section 12. **Severability; Amendment**.

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

(b) This resolution may only be amended as provided by the terms of the Indenture.

Section 13. **Effective Date**. This resolution shall be effective immediately.

PASSED AND ADOPTED by the Board of Directors of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on September 18, 2007.

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

Vice Chairman, Board of Directors

ATTEST:

Clerk, Board of Directors

APPROVED AS TO FORM:

Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 13-07 was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on and that a quorum was present thereat and that the vote thereon was 4 ayes and 2 nays; 1 did not vote or were absent.

Linda Ganassi
Clerk

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

and

WELLS FARGO BANK, N.A.

as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

Dated as of October 1, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

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THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of October 1, 2007 (hereinafter referred to as this "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Maricopa County, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to Wells Fargo Bank, N.A., a national banking association with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

WITNESSETH:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"), the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on September 4, 2007, Resolution No. 11-07 (hereinafter referred to as the "*Resolution of Intention*") wherein the District formed Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 (hereinafter collectively referred to as the "*Assessment District*") and declared its intention to: (i) acquire or construct certain public infrastructure improvements; (ii) assess the costs of said improvements upon certain real property within the boundaries of the Issuer; and (iii) issue special assessment revenue bonds to finance the costs of the acquisition and construction of the public infrastructure improvements and purposes; and

WHEREAS, in the Resolution of Intention the Board declared its intent to issue special assessment revenue bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) filed with the Clerk of the Town of Buckeye, Arizona (hereinafter referred to as the "*General Plan*"); and

WHEREAS, pursuant to Resolution No. 13-07 of the Board adopted on September 18, 2007 (hereinafter referred to as the "*Bond Resolution*"), the Board has authorized the issuance and sale of not to exceed $1,784,000 aggregate principal amount of special assessment revenue bonds described herein (hereinafter referred to as the "*Bonds*") to provide funds for the public infrastructure purposes provided for in the Enabling Act, the General Plan, the Resolution of Intention and in the hereinafter described Development Agreement; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Issuer, the Town of Buckeye, Arizona, a municipality duly incorporated and validly existing under the laws of Arizona, Pulte Home Corporation, a Michigan corporation (the "Owner"), having an interest in real property within the boundaries of the Issuer, have entered into a Development, Financing Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District (Buckeye, Arizona), dated as of April 21, 2005 (hereinafter referred to as the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure; and

WHEREAS, the Issuer and the Owner (the "*Assessment Districts Nos. 4 and 5 Owner*") have entered into the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver

and Development Agreement, recorded in the Maricopa County Recorder's office on September 13, 2007, at document 2007-1019726 (hereinafter referred to as the "*Waiver Agreement*"); and

WHEREAS, in reliance upon the Waiver Agreement, the Board on September 4, 2007 has by Resolution No. 11-07 approved the assessment prepared by the Assessment District Engineer and ratified the recording of the assessment against the real property in the Assessment District, the assessment was prepared and the Superintendent of Streets has executed and the Chairman of the Board has countersigned a warrant to collect the assessment, and the assessment was recorded in the office of the Superintendent of Streets against the real property in the Assessment District on October 3, 2007; and

WHEREAS, pursuant to the Waiver Agreement, demand for payment of the assessment was waived by the Assessment District Owners of the real property against which the assessment was levied; and

WHEREAS, no partial payments of the assessments levied against the parcels within the Assessment District were made, and the warrant and assessment have been returned and the Assessment District Owners of such real property have stated their desire to allow the remaining unpaid assessments to go to bond; and

WHEREAS, Section 48-721, Arizona Revised Statutes, provides that special assessment lien bonds may be issued in an amount which shall not exceed the amount of unpaid assessments as may be shown on the certified list of unpaid assessments; and

WHEREAS, a certified list has been filed with the Clerk of the Issuer by the Treasurer of the Issuer and the Board may now cause Bonds in the principal amount of the unpaid assessments to be issued; and

WHEREAS, pursuant to the Enabling Act, the Issuer has entered into this Indenture to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of the Bonds; and

WHEREAS, the Board has by the Bond Resolution duly authorized the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things have been done which are necessary to make the Bonds, when executed by the Issuer (or, as to any Bonds issued in exchange therefor or in lieu or upon transfer thereof, authenticated and delivered by the Trustee hereunder), valid special limited obligations of the Issuer, and to constitute this Indenture a valid security agreement, collateral assignment, and contract for the security of the Bonds, in accordance with the terms thereof and of this Indenture;

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, bargain, sell, release, convey, collaterally assign, transfer, mortgage, hypothecate, pledge, set over, and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All money and investments held for the credit of the Bond Fund established with the Trustee as hereinafter described shall be to secure only the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) but excluding any money in the Rebate Fund: and

GRANTING CLAUSE SECOND

The Issuer's interest in all money and investments held for the credit of the Issuance and Expenses Fund and the Reserve Fund established with the Trustee as hereinafter described;

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, assigned, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "*Trust Estate*"), unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the holders from time to time of all the Outstanding Secured Bonds without any priority of any such Bond over any other such Bond and to secure the observance and performance of all terms, covenants, conditions, agreements and obligations of the Issuer hereunder, except as herein otherwise expressly provided;

UPON CONDITION that, if the Issuer, its successors or assigns shall well and truly pay the principal of and interest on the Outstanding Secured Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee or a Paying Agent such amounts in such form in order that none of the Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and the observance or performance of all terms, covenants, conditions, agreements and obligations hereunder, then upon the full and final payment of all such sums and amounts secured hereby, or upon such deposit, this Indenture and the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this Indenture shall be released by the Trustee in due form

at the expense of the Issuer, except only as herein provided and otherwise this Indenture to be and remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that all the Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trust hereinafter set forth, and the Issuer hereby covenants and agrees to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Bonds except as herein otherwise expressly provided, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1. Definitions. For all purposes hereof, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article, except when used in the forms set forth in Article Two, have the meanings assigned to them in this Article and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument as originally executed.

C. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

"*Acquisition and Construction Fund*" means the fund of the Issuer so defined in Section 5.3.

"*Act*" when used with respect to any Bondholder or Bondholders has the meaning stated in Section 1.2.

"*Assessment*" means the assessment or assessments and corresponding lien or liens levied on the lots and parcels of real property within the Assessment District for the purposes of securing the Bonds, as authorized by the adoption by the Board of Resolution No. 11-07 on September 4, 2007 and as evidenced by the recording of the assessment diagram and the assessment for the Assessment District with the Superintendent of Streets of the Issuer.

"*Assessment District*" means the real property in Assessment Districts Nos. 4 and 5 (including any real property which may hereafter be added and excluding any real property which may hereafter be deleted) subject to the lien of the Assessment.

"*Assessment District Engineer*" means an engineer or engineering firm employed to: (i) prepare the plans and specifications required to acquire and construct the Project; (ii) supervise and monitor the acquisition and construction of the Project to assure completion of the Project in conformity

with the final plans and specifications; and (iii) perform and carry out duties imposed on the Assessment District Engineer by this Indenture. The Assessment District Engineer may also serve as Superintendent of Streets but shall not also serve as the District Engineer. Initially, the Assessment District Engineer and Superintendent of Streets shall be Willdan.

"*Authorized Denomination*" means $1,000 of principal amount and multiple integrals thereof.

"*Beneficial Owner*" means the owner of any beneficial interest in any Book-Entry Bond as shown on the records of any Direct or Indirect Participant.

"*Board*" means the District Board of Directors of the Issuer.

"*Board Resolution*" means a resolution of the Board certified by the District Clerk to be in full force and effect on the date of such certification and delivered to the Trustee.

"*Bond Counsel*" means a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, acceptable to the Trustee and the Issuer.

"*Bond Fund*" means the fund of the Issuer so defined in Section 5.1.

"*Bond Register*" has the respective meaning stated in Section 3.4.

"*Bond Resolution*" means the Board Resolution No. 13-07adopted on September 18, 2007, which, among other things provided for the issuance of the Bonds.

"*Bondholder*" means a Holder of a Bond.

"*Bonds*" means all bonds authenticated and delivered hereunder.

"*Book-Entry Bonds*" means, initially, all Bonds and such other portion of Bonds which are hereafter designated by the Issuer as Book-Entry Bonds.

"*Business Day*" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the principal corporate trust office of the Trustee is located.

"*Closing Date*" means the date of the authentication and delivery of the Bonds to the original purchaser.

"*Code*" means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

"*Completion Date*" means the date of completion of the Project as established pursuant to Section 5.4.C.

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the acquisition and construction of the Project and all incidental expenses, including, but not limited to: (i) engineering expenses; (ii) legal expenses; (iii) printing, posting, publication and mailing expenses; (iv) fees and expenses incurred in making surveys, studies and estimates of costs; and (v) such other costs and expenses eligible for payment from the proceeds of the Bonds under the Enabling Act, including but not limited to, the Costs of Issuance not paid from proceeds of the Issuance and Expenses Fund.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, Paying Agent and registrar, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds, appraisal and charges and fees in connection with the foregoing as well as costs relating to the levy and collection of all Assessments.

"*Debt Service*" means, with reference to a specified period, collectively, (i) the scheduled payments of principal of and interest on the Bonds for such period; (ii) fees and costs of registrars, Trustees or Paying Agents or other agents necessary under this Indenture to handle the Bonds for such period; and (iii) amounts due with regard to Rebate for such period.

"*Defaulted Interest*" has the meaning stated in Section 3.7.B.

"*Development Agreement*" means that certain Development, Financing Participation and Intergovernmental Agreement No. 1 for Festival Ranch Community Facilities District (Buckeye, Arizona) dated as of April 21, 2005, by and among the Municipality, the Issuer and the Owner.

"*Direct Participant*" or "*DTC Participant*" means any broker-dealer, bank or other financial institution for which the DTC holds Book-Entry Bonds from time to time as a securities depository.

"*Disbursement Request*" means the form of Issuer Request described in Section 5.4.B.

"*District Engineer*" means an independent engineer or engineering firm or corporation employed by the Issuer to (i) supervise and monitor the performance of the Assessment District Engineer, and (ii) perform and carry out duties imposed on the District Engineer hereby. Initially, the District Engineer shall be WCS Consulting.

"*DTC*" means The Depository Trust Company, the securities depository for the Book-Entry Bonds, or any other Securities Depository (as defined in Section 3.4(H)) of the Bonds.

"*DTC Program*" means a book-entry-only system of registration of the Bonds with DTC.

"*Enabling Act*" means Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Fiscal Year*" means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

"Governmental Obligations" means only obligations set forth in paragraphs (A) and (B) of the definition of Permitted Investments, which are not subject to redemption in advance of maturity at the option of the obligor thereon, and only the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York and are held in book entry form.

"*Holder*" means, when used with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

"*Indenture*" means this instrument as originally executed or as it may from time to time be supplemented, modified, or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

"*Indirect Participant*" means any financial institution for whom any Direct Participant holds an interest in a Book-Entry Bond.

"*Interest Account*" means the account of the Issuer so defined in Section 5.1.B.(2).

"*Interest Payment Date*" means each July 1 and January 1 commencing July 1, 2008.

"*Issuance and Expenses Fund*" means the fund of the Issuer so defined in Section 5.5.

"*Issuer*" means Festival Ranch Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State.

"*Issuer Request*" means a written request signed in the name of the Issuer by either the Chairman of the Board, the District Manager, the District Clerk or a Responsible Officer of the Issuer and delivered to the Trustee.

"*Maturity*" means, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as stated therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"*Maximum Annual Debt Service*" means, at the time of computation, the greatest annual Debt Service requirements of the Bonds occurring in the then-current, or any subsequent, Fiscal Year. When computing Maximum Annual Debt Service, Bonds subject to mandatory redemption shall be treated as maturing on the date such mandatory redemption is to occur.

"*Moody's*" means Moody's Investors Service or any entity succeeding to the duties and obligations thereof.

"*Municipality*" means the Town of Buckeye, Arizona.

"*Officers' Certificate*" means a certificate signed by the District Manager of the Issuer or other Responsible Officer and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel who may (except as otherwise expressly provided herein) be counsel for the Issuer and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under the Code, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"*Original Purchaser*" means RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets.

"*Outstanding*" means, when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except, without duplication:

(1) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any Paying Agent for the Holders of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant hereto, or waived, or provision therefor satisfactory to the Trustee has been made;

(3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture:

(4) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.6; and

(5) Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or a Paying Agent with the effect specified in Section 6.2.

"*Outstanding Secured Bonds*" means, as of the date of determination, (1) all Bonds then Outstanding and (2) all Bonds, if any, alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.6 but whose ownership and enforceability by the Holder thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"*Paying Agent*" means the Trustee and any other Person authorized by the Issuer to pay the principal of and interest and premium, if any, on any Bonds on behalf of the Issuer.

"*Person*" means any individual, corporation, limited liability corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"*Permitted Investments*" means any of the following; provided, however, any of the following which require a rating and satisfy such rating requirement shall not be a Permitted Investment if the rating is subject to any "credit watch with negative implications" by S&P or "under review for possible downgrade" by Moody's or any other notice from a Rating Agency indicating a potential downgrade or withdrawal:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America:

1. *U.S. Export-Import Bank*
   Direct obligations or fully guaranteed certificates of beneficial ownership.

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

6. *Government National Mortgage Association* ("*GNMA*")
   Guaranteed mortgage-backed bonds
   Guaranteed pass-through obligations

7. *U.S. Maritime Administration*
   Guaranteed Title XI financing

8. *New Communities Debentures*
   U.S. government guaranteed debentures

9. *U.S. Public Housing Notes and Bonds*
   U.S. government guaranteed public housing notes and bonds

10. *U.S. Department of Housing and Urban Development*
    Project Notes Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. *Federal Home Loan Bank System*
   Senior debt obligations

2. *Federal Home Loan Mortgage Corporation*
   Participation Certificates and senior debt Obligations

3. *Federal National Mortgage Association ("FNMA")*
   Mortgage-backed securities and senior debt obligations

4. *Student Loan Marketing Association*
   Senior debt obligations

D. Money market funds, including mutual funds of the Trustee and any affiliate of the Trustee, registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of AAAm-G; AAAm; or AAm or better and having a rating by Moody's of "*VMIG-1*" or better.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "*AA*" or better by S&P and "*Aa*" or better by Moody's and required to be collateralized to the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A". An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement under each Rating Agency which has rated the Bonds has confirmed that the rating of such Rating Agency will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

G. Commercial paper rated, at the time of purchase, "*A-1*" or better by S&P and Moody's.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "*A-1*" or "*A*" or better by S&P and "*P-1*" by Moody's.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Issuer (buyer/lender), and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. *Repurchase Agreements must be between the Issuer and a dealer bank or securities firm*

   a. *Primary dealers* on the Federal Reserve reporting dealer list, or

   b. *Banks* rated "*A*" or above by S&P and rated "*A*" or above by Moody's.

2. *The written Repurchase Agreement contract must include the following:*

   a. *Securities which are acceptable for transfer are:*

      (1) Direct United States government, or

      (2) Federal agencies backed by the full faith and credit of the United States government

   b. *The term of the Repurchase Agreement may be up to 30 days*

   c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities)

   d. *Valuation of Collateral*

      (1) *The securities must be valued weekly, marked-to market* at current market price *plus* accrued interest

         (a) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the Repurchase Agreement plus accrued interest. If the value of securities held as collateral slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.

3. *Legal opinion which must be delivered to the municipal entity:*

   a. The Repurchase Agreement meets guidelines under state law for legal investment of public funds.

K. "*REFCORP STRIPS*" - obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient, is required to be paid from the United States Treasury, which interest obligations are stripped by the Federal Reserve Bank of New York.

L. The Local Government Investment Pool, managed by the State Treasurer.

(If any security or Permitted Investment for which a rating level is required is on "credit watch," "negative outlook," or similar status indicating a possible reduction in rating, it shall be treated as not having the rating required.)

"*Place of Payment*" means the designated corporate trust office of the Paying Agent.

"*Pledged Revenues*" means, with respect to the Bonds: (a) all money and investments in the Bond Fund; (b) the Issuer's interest in all money and investments in the Issuance and Expenses Fund and the Reserve Fund; and (c) any and all property that may, from time to time hereafter, be delivered by the Issuer or by anyone on its behalf, to the Trustee in order to be subjected to the lien and security interest hereof.

"*Predecessor Bonds*" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 3.6 in lieu of a mutilated, lost, destroyed, or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed, or stolen Bond.

"*Prepayment Account*" means the account of the Issuer so defined in Section 5.1.B.(3).

"*Principal Account*" means the account of the Issuer so defined in Section 5.1.B.(1).

"*Project*" means, collectively, the project as defined and described in the Resolution of Intention, as thereafter amended or supplemented by the Board.

"*Rating Agency*" means Moody's or S&P.

"*Rebate*" means the rebate requirement set forth in the tax certificate delivered in connection with the delivery of the Bonds.

"*Rebate Fund*" means the fund of the Issuer so defined in Section 10.19.B.

"*Record Date*" means the Regular Record Date or the Special Record Date, as applicable.

"*Redemption Date*" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms thereof and this Indenture.

"*Redemption Price*" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to this Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"*Regular Record Date*" for the interest payable on the Bonds on any Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding the month in which such Interest Payment Date occurs.

"*Reimbursed Person*" means the Person set forth in Section 5.4.B.

"*Representation Letter*" shall mean letters to, or agreements with, a depository for Book-Entry Bonds to effectuate a book entry system with respect to certain Bonds registered in the Bond Register under the nominee name of the depository.

"*Reserve Fund*" means the fund of the Issuer so defined in Section 5.7.

"*Reserve Fund Requirement*" means the lesser of: (i) ten percent (10%) of the outstanding principal amount of the Bonds; (ii) an amount equal to the Maximum Annual Debt Service; or (iii) such amount as required by the Code to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, as permitted by the Trustee pursuant to an opinion of Bond Counsel.

"*Resolution of Intention*" means District Resolution No. 11-07 adopted on September 4, 2007.

"*Responsible Officer*" means the chairman or vice chairman of the board of directors of the relevant entity, the clerk or assistant clerk of the board of directors, the chairman or vice chairman of the executive committee of said board, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller, or any other officer or authorized Person of the relevant entity customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the relevant entity to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*S&P*" means Standard & Poor's Ratings Services, A division of The McGraw-Hill Companies, Inc., or any entity succeeding to the duties and obligations thereof.

"*Special Record Date*" has the meaning stated in Section 3.7.

"*State*" means the State of Arizona.

"*Stated Maturity*" when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable, including any fixed date for a mandatory redemption.

"*Trustee*" means the Person named as the "*Trustee*" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" means such successor Trustee.

"*Trust Estate*" has the meaning stated in the *habendum* to the Granting Clauses.

Section 1.2. Acts of Bondholders.

A. Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "*Act*" of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose hereof and conclusive in favor of the Issuer and (subject to Section 8.1) the Trustee, if made in the manner provided in this Section.

B. The fact and date of the execution by any Bondholder of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of execution of any such instrument or writing and the authority of any Person executing as or on behalf of any Bondholder may also be proved in any other manner which the Trustee deems sufficient.

C. The ownership of any Bond shall be proved by the Bond Register.

D. Any request, demand, authorization, direction, notice, consent, waiver, or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer, whether or not notation of such action is made upon such Bond.

Section 1.3. Notices, etc.

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, or Act of Bondholders or other document provided or permitted hereby by any Bondholder, the Issuer, or the Trustee to be made upon, given or furnished to, or filed with,

1. the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 100 West Washington Street, 22nd Floor, Phoenix, Arizona 85003, Attn: Ms. Nancy Eatros, or at any other address furnished in writing to such Person by the Trustee, or

2. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at 1101 E. Ash Avenue, Buckeye, Arizona 85326, Attention: District Clerk; with a copy to Gust Rosenfeld P.L.C., 201 E. Washington Street, Suite 800, Phoenix, Arizona 85004-2327, Attention: Mr. Scott W. Ruby; or at any other address previously furnished in writing to such Person by the Issuer.

B. Where this Indenture provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Bondholder affected by such event, at the address of such Bondholder as it appears in the Bond Register for the Bonds. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders.

C. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.4. Form and Contents of Documents Delivered to the Trustee.

A. Whenever several matters are required to be certified by, or covered by an opinion of, any specified type of Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

B. Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that such certificate or opinion or representations are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, a Responsible Officer or Responsible Officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

C. Whenever any Person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments hereunder, they may, but need not, be consolidated and form one instrument.

D. In connection with any application or certificate or report to the Trustee, wherever it is provided herein that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of compliance by the Issuer with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

Section 1.5. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.6. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 1.7. Severability Clause. In case any provision herein or in the Bonds or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

Section 1.8. Benefits of Indenture. Nothing herein or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders of Outstanding Secured Bonds, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 1.9 Governing Law. This Indenture shall be construed in accordance with and governed by the laws of the State.

Section 1.10. Notice of Section 38-511, Arizona Revised Statutes. To the extent applicable by provision of law, the parties acknowledge that this Indenture is subject to cancellation pursuant to A.R.S. Section 38-511, the provisions of which are incorporated herein.

ARTICLE 2

FORM OF BONDS

Section 2.1. Form Generally.

A. The Bonds, including the form of Certificate of Authentication and the form of Assignment to be reproduced on each of the Bonds, shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required hereby, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Counsel) placed thereon (or attached thereto) as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

B. The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

Section 2.2. Form of Bonds. The Bonds shall be in substantially the following form:

[FORM OF BOND]

REGISTERED
No. R-___

REGISTERED
$_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF ARIZONA

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 and 5
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2007

Interest Rate	Maturity Date	Original Issue Date	CUSIP No.
____%	July 1, ____	_____, 2007	_____ ___

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS ($_____.00)

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, the "*Principal Amount*" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "*Original Issue Date*" specified above, or from the most recent "*Interest Payment Date*" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "*Indenture*"), semiannually on each January 1 and July 1, commencing July 1, 2008 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term and all other terms used herein and not defined are defined in the Indenture) payable on the Bonds shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by DTC on the date due (or in accordance with then existing arrangements between the Issuer and DTC).

If the specified date for any such payment shall not be a Business Day, then such payment may be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding

day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of October 1, 2007 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No. 13-07, adopted on September 18, 2007 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed $1,784,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring certain public infrastructure, including particularly the acquisition by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 11-07 which was adopted by the Board of the Issuer on September 4, 2007.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*"). The Assessed Property represents approximately 245.24 acres of the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

Notwithstanding any provision hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $1,000 and any $1,000 multiple in excess thereof.

The Bonds are subject to special redemption prior to maturity, in whole or, or from time to time, in part on any Interest Payment Date upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Improvements, upon direction given to the Trustee by the District, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to special optional redemption from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date, as randomly

determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events: (i)the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or (ii) the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund pursuant to the Indenture.

The Bonds are subject to optional redemption on or after July 1, 2017, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

The Bonds maturing on July 1, 2026 and July 1, 2032 will be subject to mandatory sinking fund redemption on the following redemption dates and in the following amounts upon payment of the redemption price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Bond maturing on July 1, 2026

Redemption Date (July 1)	Principal Amount
2020	$67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000
2026 (maturity)	93,000

Bond maturing on July 1, 2032

Redemption Date (July 1)	Principal Amount
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000
2032 (maturity)	129,000

Whenever Bonds of the applicable maturity are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy on a *pro rata* basis against the remaining mandatory redemption requirements for the Bonds of the applicable maturity.

Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed, at the address appearing in the Bond Register.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by DTC or a nominee thereof, this Bond may be transferred in whole but not in part only to DTC or a nominee thereof or to a successor to DTC or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being a Holder with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the timely or ultimate payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to the Holders; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the Holder.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

Neither the full faith and credit nor the general taxing power of the Issuer, the Town of Buckeye, Arizona, Maricopa County, Arizona or the State of Arizona or any political subdivision thereof is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the property assessed, subject only to the lien for general taxes and prior special assessments. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By______________________________________
Chairman

ATTEST:

____
District Clerk

Dated:___________________________

- -

Section 2.3. Form of Certificate of Authentication. Each of the Bonds shall have on the face thereof the following form:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By______________________________________
Authorized Representative

DATE:___________________________

- -

Section 2.4. Form of Assignment. Each of the Bonds shall have on the reverse thereof the following form:

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT _____
(Cust.)
Custodian for _____ (Minor)
Under Uniform Gifts/Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)

_____

_____

(Print or typewrite Social Security or other identifying number of transferee: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (Print or typewrite name of attorney) _____, attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

_____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular

ARTICLE 3

TERMS AND ISSUANCE OF THE BONDS

Section 3.1. Title and Terms. A. There shall be one series of bonds dated October 17, 2007, issued and secured hereunder entitled "*FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), ASSESSMENT DISTRICTS NOS. 4 and 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007*" (herein referred to as the *"Bonds")*.

B. The Bonds shall be issued in Authorized Denominations.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $1,784,000. The Bonds shall be mature on July 1 in the years and shall bear rates of interest per annum as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2009	$ 40,000	4.300%
2010	42,000	4.400%
2011	43,000	4.500%
2012	45,000	4.600%
2013	47,000	4.700%
2014	50,000	4.800%
2015	52,000	4.900%
2016	55,000	5.000%
2017	57,000	5.050%
2018	60,000	5.150%
2019	63,000	5.200%
2026	553,000	5.650%
2032	677,000	5.750%

D. The Bonds shall bear interest from the date of initial delivery or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 1 and July 1 commencing July 1, 2008 (herein each referred to as an *"Interest Payment Date")*.

E. The principal of or Redemption Price for the Bonds shall be payable upon surrender of the Bonds to the Paying Agent in the Place of Payment when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.7. No document of any nature whatsoever need be surrendered as a condition of payment of Book-Entry Bonds.

F. The Bonds shall not constitute a lien upon any property of the Issuer, including, without limitation, the Project or any portion thereof in respect of which such Bonds are being issued, but shall constitute a lien only on the Pledged Revenues pledged to such Bonds as set forth in this Indenture. Nothing in the Bonds or in this Indenture shall be construed as obligating the Issuer to pay the Bonds or the redemption price thereof or the interest thereon except from the Pledged Revenues pledged to the Bonds, or as pledging the full faith and credit of the Issuer, the Municipality, Maricopa County or the State or any political subdivision thereof, or as obligating the Issuer, the Municipality, Maricopa County or the State, or any of its political subdivisions, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefor.

Nothing in the Bonds or herein shall be construed as obligating the Owner, or any subsequent owner of real property within the District, any joint venture entity in the Owner or any subsequent owner of the real property within or any person affiliated with, controlling or related to, the Owner or any subsequent owner of real property with the District, or any joint venture entity in the Owner or any subsequent owner of real property within the District to pay the Bonds or the redemption price thereof or the interest thereon, except to the extent that they are obligated to pay Assessments constituting Pledged Revenues hereunder.

Section 3.2. Redemption or Purchase of Bonds. The Bonds are subject to special, optional and mandatory redemption prior to maturity in accordance with this Section 3.2 and Article Four.

A. *Special Redemption.* The Bonds will be redeemed from funds of the Issuer at the option of the Issuer in whole or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which shall consist of the principal amount of the Bonds so redeemed, without premium on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events:

(i) on or after the Completion Date of the Project, upon direction to the Trustee by the District, moneys are transferred from the Acquisition and Construction Fund to the Prepayment Account of the Bond Fund pursuant to Section 5.4.D. hereof; or

(ii) the deposit with the Trustee, for deposit to the Prepayment Account of the Bond Fund, of proceeds from any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, if and to the extent that the foreclosure sale proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

B. *Special Optional Redemption.* The Bonds will be redeemable from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events:

(i) the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or

(ii) the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund:

(a) which are in excess of the Reserve Fund Requirement, pursuant to Section 5.8.C.; or

(b) are sufficient to pay and redeem all of the Outstanding Bonds, pursuant to Section 5.8.F.

C. *Optional Redemption.* The Bonds will also be redeemable on or after July 1, 2017, at the option of the Issuer prior to the applicable maturity in whole on any date or from time to time in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium.

D. *Mandatory Redemption.* The Bonds maturing on July 1, 2026 and July 1, 2032 will be redeemed from funds of the Issuer prior to the applicable maturity on the following redemption dates and in the following amounts upon payment of the applicable Redemption Price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable Redemption Date:

Bonds maturing on July 1, 2026

Redemption Date (July 1)	Principal Amount
2020	$67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000
2026 (maturity)	93,000

Bonds maturing on July 1, 2032

Redemption Date (July 1)	Principal Amount
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000
2032 (maturity)	129,000

Whenever Bonds are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of the applicable maturity.

E. Notwithstanding the foregoing, if at any time there is money in the Prepayment Account of the Bond Fund and any of the outstanding Bonds payable from such Prepayment Account of the Bond Fund may be purchased in the open market at a net cost to the Issuer which would be less than the cost of redeeming such Bonds under the provisions of this Section, the Issuer, from time to time, may cause the Trustee to purchase so many of such Bonds as the Issuer shall designate and to pay therefor from the Prepayment Account of the Bond Fund, to the extent of the funds in such Prepayment Account. The Bonds so purchased shall be cancelled by the Trustee in accordance with the provisions of Section 3.8 hereof.

Section 3.3. Execution, Authentication, Delivery and Dating.

A. The Bonds shall be executed on behalf of the Issuer by the Chairman or Vice Chairman of the Board and attested by the District Clerk. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

B. Forthwith upon the execution and delivery hereof, the Issuer shall deliver to the Trustee the Bonds, executed by the Issuer, and the Trustee shall thereupon authenticate the Bonds and deliver the Bonds to the Persons and in the principal amounts which were designated in writing to the Trustee not less than five (5) Business Days in advance of the receipt by the Trustee of:

1. the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery of this Indenture and the authentication and delivery of the Bonds,

2. the purchase price for the Bonds specified in the Bond Resolution.

C. At any time and from time to time after the execution and delivery hereof, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided herein.

D. No Bond shall be entitled to any right or benefit hereunder, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in Section 2.3, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

E. All Bonds authenticated and delivered by the Trustee hereunder shall be dated the date of their authentication. Book-Entry Bonds may be printed, lithographed, typewritten, mimeographed, or otherwise produced.

Section 3.4. Registration, Transfer and Exchange.

A. The Issuer shall cause to be kept (at its agency for payment of the Bonds) in the Place of Payment a register (herein referred to as the *"Bond Register")* for the Bonds in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of Bonds as herein provided.

All Bonds initially will be registered so as to participate in the DTC Program. Either the Chairman of the District Board or the District Manager is authorized to execute a Representation Letter or such other documents as may be necessary for the Issuer to participate in the DTC Program. Upon initial issuance, the ownership of the Bonds held by DTC shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto, as nominee for DTC. The Issuer shall have no responsibility or obligation to Direct or Indirect Participants or Beneficial Owners for which DTC holds Bonds from time to time as a depository. Without limiting the immediately preceding sentence, the Issuer shall have no

responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Direct or Indirect Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Direct or Indirect Participant or any Person, other than a registered Holder of a Bond as shown in the Bond Register, or any notice with respect to the Bonds, or (c) the payment to any Direct or Indirect Participant or any other Person, other than a registered Holder as shown in the Bond Register, of any amount with respect to the Bonds. No Person other than a Holder as shown in the Bond Register shall receive a certificate evidencing a Bond or confirming ownership of a Book-Entry Bond.

B. Upon surrender for transfer of any Bond to a Paying Agent therefor in the Place of Payment, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same series, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

C. At the option of the Holder, Bonds may be exchanged for other Bonds, of any Authorized Denominations, and of like aggregate principal amount, upon surrender of the Bonds to a Paying Agent therefor in the Place of Payment. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive.

D. All Bonds issued and authenticated upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits hereunder and under the Bond Resolution, as the Bonds surrendered upon such transfer or exchange.

E. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed (if so required by the Trustee), or be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed, by the Holder thereof or his attorney duly authorized in writing.

F. The Trustee may require payment of a sum sufficient to cover any tax or other charges that may be imposed in connection with any transfer or exchange of Bonds.

G. Neither the Issuer nor the Trustee shall be required (1) to issue, transfer, or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds under Section 4.4 and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange any Bond to be redeemed in whole or in part pursuant to such notice.

H. (1) The Trustee and the Issuer may from time to time enter into, and discontinue, an agreement with a "clearing agency" (securities depository) other than DTC registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "*Securities Depository*"), which is the owner of the Bonds, to establish procedures with respect to the Bonds not inconsistent with the provisions of this Indenture; provided, that, notwithstanding any other provisions of this Indenture, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Bond so long as the Bonds are subject to such agreement.

(2) With respect to the Bonds registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the Issuer shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Bonds.

(3) The Issuer has entered into a Representation Letter with DTC in connection with the issuance of its bonds, including the Bonds, and while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds notwithstanding any other provisions of this Indenture to the contrary. As long as DTC is the Securities Depository with respect to the Bonds, the Trustee shall be a "DTC Direct Participant."

Section 3.5. Temporary Bonds.

A. Pending the preparation of definitive Bonds, the Issuer may execute, and upon Issuer Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed, or otherwise produced, any Authorized Denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in fully registered form, and with such appropriate insertions, omissions, substitutions, and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds.

B. If temporary Bonds are issued, the Issuer shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds to the Trustee without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of the same maturity and of Authorized Denominations. Until so exchanged, temporary Outstanding Secured Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 3.6. Mutilated, Destroyed, Lost and Stolen Bonds.

A. If (1) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Trustee such security or indemnity as may be required by it to save each of the Issuer and Trustee harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon a request of the District Manager, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same series and of like tenor and aggregate principal amount bearing a number not contemporaneously outstanding, provided, however, in case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer or the Trustee in its discretion may pay such Bond instead of issuing a new Bond. If, after the delivery of such new Bond or payment, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued or payment made presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond or payment from the Person to whom it was delivered or to when payment was made or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expenses incurred by the Issuer or the Trustee in connection therewith.

B. Upon the issuance of any new Bond under this Section, the Issuer or the Trustee may require the payment of a sum sufficient to cover any tax or other charges that may be imposed in relation thereto and any other expenses connected therewith.

C. Every new Bond issued pursuant hereto in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Bond Resolution and hereof equally and ratably with all other Outstanding Bonds.

D. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

Section 3.7. Payment of Interest on Bonds; Interest Rights Preserved.

A. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Holder as of such date, shall be paid by check payable to the order and mailed on or before the Interest Payment Date to the address of such Holder as the same appears on the Bond Register as of the Regular Record Date and such payment shall be deemed to be at the Place of Payment. Additionally, payment may also be made by wire transfer to DTC or upon twenty (20) days prior written request delivered to the Paying Agent specifying a wire transfer address in the United States of America by any owner of Bonds (other than DTC) owning an aggregate principal amount of at least $1,000,000. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Holder to the Paying Agent, any such rescission or change must be received by the Paying Agent at least twenty (20) days prior to the next applicable Interest Payment Date. No document of any nature whatsoever need be surrendered as a condition to payment of principal of and interest on Book-Entry Bonds.

B. Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as *"Defaulted Interest")* shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Holders entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not

less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of a Bond of such series at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date.

C. Subject to the foregoing provisions of this Section, each Bond delivered hereunder upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange, or substitution.

Section 3.8. Cancellation. All Bonds purchased or surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if purchased by or surrendered to the Trustee, shall be promptly canceled by it and, if surrendered to the Issuer or any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided hereby.

Section 3.9. Persons Deemed Owners. The Issuer, the Trustee, and their agents may treat the Person in whose name any Bond is registered as the owner of such bond for the purpose of receiving payment of the principal (and Redemption Price) of and interest on such Bond as provided herein and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

ARTICLE 4

REDEMPTION OF BONDS

Section 4.1. General Applicability of Article. The Bonds shall be redeemable before their Stated Maturity in accordance with Section 3.2 and this Article.

Section 4.2. Notice to Trustee. In case of redemption of all or less than all of the Outstanding Bonds, the Issuer shall, at least sixty (60) days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of the Bonds to be redeemed.

Section 4.3. Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds are to be redeemed, the particular Bonds by maturity to be redeemed shall be selected not less than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, as nearly as practicable, in a manner that results in the maintenance of level debt service payments on the Bonds. If the Book-Entry-Only System is not in effect, Bonds within a maturity shall be chosen by lot within each maturity, and the Trustee may provide for the selection for redemption of portions (in multiples of $1,000) of the principal of the Bonds. No Bond shall be redeemed if such redemption would result in the new Bond being less than the minimum Authorized Denomination.

Section 4.4. Notice of Redemption.

A. Notice of redemption shall be given by first class mail, postage prepaid, by the Trustee in the name and at the expense of the Issuer, not less than thirty (30) nor more than sixty (60) days prior to the Redemption Date, to each Holder of Bonds to be redeemed, at his address appearing in the Bond Register.

B. All notices of redemption shall include a statement as to

1. the Redemption Date,

2. the Redemption Price,

3. the principal amount of Bonds to be redeemed and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) to be redeemed,

4. that on the Redemption Date, the Redemption Price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and

5. that Bonds to be redeemed are to be surrendered for payment of the Redemption price to the Paying Agent in the Place of Payment and the address of such Paying Agent.

C. Notices of redemption shall also be sent pursuant to this Section for receipt no later than the close of business on the second Business Day prior to the mailing of such notice by (1) registered or certified mail, (2) overnight delivery service, or (3) facsimile transmission, to the following registered securities depositories registered with the Securities and Exchange Commission known to the Trustee to be then in the business of holding substantial amounts of obligations of types such as the Bonds, including:

Midwest Securities Trust Company Capital
Structured-Call Notification
440 South LaSalle Street
Chicago, Illinois 60605
Facsimile transmission: (312) 663-2343

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039; (516) 227-4190

Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, Pennsylvania 19103
Facsimile transmission: (215) 496-5058

D. Notices of redemption shall also be sent on the date of the mailing of the notice pursuant to this Section by (1) registered or certified mail, (2) overnight delivery service, or (3) electronic or facsimile transmission to two of the following services:

Moody's Municipal and Government
99 Church Street, 8th Floor
New York, New York 10007
Attention: Municipal News Reports

Standard & Poor's Called Bond Record
25 Broadway, 3rd Floor
New York, New York 10004

Financial Information, Inc.'s
Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor

Kenney Information Service's Called Bond Service
55 Bond Street, 28th Floor
New York, New York 10004

and to *www.DisclosureUSA.org* and, if for any reason, the Central Post Office no longer exists, the Trustee shall send the notices to the following national repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: 609.279.3225
Fax: 609.279.5962
www.bloomberg.com/markets/muni_contactinfo.html
E-mail: *Munis@Bloomberg.com*

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Telephone: 212.438.4595
Fax: 212.438.3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
E-mail: *nrmsir_repository@sandp.com*

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: 201.346.0701
Fax: 201.947.0107
www.dpcdata.com
E-mail: *nrmsir@dpcdata.com*

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Telephone: 212.771.6999
Fax: 212.771.7390
www.interactivedata.com
E-mail: *NRMSIR@FTID.com*

D. Neither the failure to mail any notice required by Subsection C or D hereof, nor any defect in any notice so mailed, shall affect the sufficiency of such notice or the redemption otherwise effected by such notice.

Section 4.5. Deposit of Redemption Price and Interest. On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.4 with regard to any Redemption Date relating to Section 3.2, the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Bond Fund available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.6. Bonds Payable on Redemption Date.

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest and shall cease to be governed by or receive the benefits hereof. If the Book-Entry-Only System is not in effect upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.7.

B. If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in such Bond.

Section 4.7. Bonds Redeemed in Part. If the Book-Entry-Only System is not in effect, any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of any Authorized Denomination(s) as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE 5
FUNDS

Section 5.1. Bond Fund.

A. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 Bond Fund" (herein referred to as the *"Bond Fund"*). The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.2 and 7.3.

B. The Bond Fund will be comprised of the following accounts:

1. Principal Account
2. Interest Account
3. Prepayment Account

Section 5.2. Deposits to and Application of Bond Fund.

A. The Issuer shall or shall cause, at the applicable times set forth below, immediately deposit with the Trustee and the Trustee shall deposit to the Bond Fund to the credit of the applicable accounts or sub-accounts:

1. to the Principal and Interest Accounts, as applicable, on each June 30 and December 31 or, if either such date is not a Business Day, then the first Business Day immediately preceding such date, all amounts collected by or remitted to the Issuer from the collections of the installments of principal and interest, respectively, on the Assessments, to be applied to pay the principal amount, including any mandatory redemption amount then due and the interest then due on the Bonds;

2. to the Prepayment Account to be applied pursuant to Section 3.2.B.(i), upon receipt, all amounts remitted to the Issuer as prepayments of the Assessments;

3. to the Prepayment Account, to be applied pursuant to Section 3.2.A, upon receipt, all amounts remitted to the Issuer as proceeds from any foreclosure sale of any assessed real property and not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement; and

4. such other funds as the Issuer shall, from time to time, at its option deem advisable.

B. The Trustee shall deposit to the Bond Fund to the credit of the applicable accounts:

1. to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in Section 5.4.D;

2. to the Principal and Interest Accounts, as the case may be, amounts transferred from the Reserve Fund pursuant to Section 5.8.B;

3. to the Interest Account, any amounts transferred from the Reserve Fund pursuant to Section 5.8(E) and such amounts may be held in the Interest Account to be used during the term of the Bonds to pay interest on the Bonds that is not paid from Assessments as a result of prepayment or foreclosure of any Assessments; and

4. to the Prepayment Account, any amounts transferred from the Reserve Fund pursuant to Section 5.8.C or F.

C. The Principal, Interest and Prepayment Accounts of the Bond Fund shall be applied solely to pay principal of, interest on and Redemption Price with respect to the Bonds, respectively.

Section 5.3. Acquisition and Construction Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 Acquisition and Construction Fund" (herein referred to as the *"Acquisition and Construction Fund")*. The money deposited to the Acquisition and Construction Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.4.

Section 5.4. Deposits to and Application of Acquisition and Construction Fund. The Issuer shall deposit to the Acquisition and Construction Fund the amount of Bond proceeds specified in Section 5.9 ($1,495,258). Subsequent to the Closing Date, the Trustee shall deposit in the Acquisition and Construction Fund the amounts, if any, specified in Section 5.6.

A. Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction. Upon compliance with the provisions of this Section, amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee in the amounts and to the Persons set forth in an Issuer Request.

B. The Trustee shall make payments from the Acquisition and Construction Fund only upon receipt of:

1. in every case, an Issuer Request, signed by either the Chairman of the Board, the District Manager or the District Treasurer (the "*Disbursement Request*") certifying that the work to which the payment relates has been accomplished in a manner satisfactory to the Issuer. Such certification may be based upon certificates satisfactory to it provided by such consultants as the District or the Municipality may retain with respect to the improvements or purposes to which the payment relates, or by the Assessment District Engineer and the District Engineer;

Such Disbursement Request shall also state (a) the name and address of the Person to whom the payment is to be made (who may be the Issuer, the Owner or any other Person, if the Issuer, the Owner or any such other Person is to be reimbursed for advances made or work done by it and properly chargeable against the Acquisition and Construction Fund (collectively, the "*Reimbursed Person*")); (b) the amount to be paid; (c) the obligation on account of which the payment is to be made, showing the total obligation, any amount previously paid, and the unpaid balance; (d) that the obligation was properly incurred and is a proper charge against the Acquisition and Construction Fund; (e) that the

amount requisitioned is due and unpaid or owing to the Reimbursed Person; (f) that with respect to items covered in the requisition, there are no vendors' liens, mechanics' liens, or other liens, bailment leases or condition sale contracts which must be satisfied or discharge before the payments as requisitioned therein are made, or which will not be discharged by such payment; and (g) the aggregate amount of all disbursements previously made from the Acquisition and Construction Fund;

2. in the case of payments or reimbursements due related to construction contracts, a certificate signed by the District Engineer certifying (a) such District Engineer's approval of the requisition; (b) that the obligation was properly incurred; (c) that the amount requisitioned is due and unpaid; (d) that, insofar as the payment is to be made for work, material, supplies or equipment, the work has been performed and the material, supplies or equipment have been installed as part of the Project or any portion thereof or have been delivered either at the proper site or at a proper place for fabrication and are covered by the builders' risk insurance (such certification can rely upon the opinion of an inspector or other consultant retained by the Municipality); and (e) that all work, material, supplies and equipment for which payment is to be made are, in the signer's opinion or opinion of an inspector or consultant retained by the Municipality, in accordance with the plans and specifications or duly approved change orders; and

3. in the case of payments to discharge any obligation or indebtedness of the Issuer, the proceeds of which were used for payments properly chargeable against the Acquisition and Construction Fund, any notes or other evidences of the obligation or indebtedness to be discharged, which shall thereupon be cancelled by the Trustee and returned to the issuer thereof.

C. The date of completion of the Project or any portion thereof (the "*Completion Date*") shall be evidenced to the District and the Trustee by a certificate signed by the District Engineer and the District Manager or a Responsible Officer of the Issuer stating that, except for amounts retained by the Trustee for Costs of Acquisition and Construction, or any portion thereof not then due and payable:

1. The Project or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by the Municipality) and all labor, services, materials and supplies used in the Project or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the Project or any portion thereof, as applicable, have been constructed, acquired and installed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by the Municipality), and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid.

Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Within ten (10) days following the Completion Date, the Trustee shall transfer any balance in the Acquisition and Construction Fund (except moneys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds pursuant to Section 3.2.A.(i).

D. Notwithstanding the provisions of paragraphs B and C above, the District Engineer is not responsible for the supervising and inspecting of the construction or installation of the Project or any portion thereof, unless specifically retained by the District or Municipality for such purpose, and may rely on the certificates of the inspectors and consultants retained by the District or Municipality for such purpose in making the certifications relating to satisfactory construction and installation of the work as required by this Section 5.4. At the Direction of the Trustee to the District, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund and applied pursuant to Section 3.2.A.(i).

Section 5.5. Issuance and Expenses Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 Issuance and Expenses Fund" (herein referred to as the *"Issuance and Expenses Fund")*. The money deposited to the Issuance and Expenses Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.6.

Section 5.6. Deposits to and Application of Issuance and Expenses Fund. The Issuer shall deposit to the credit of the Issuance and Expenses Fund the amount specified in Section 5.9. Upon an Issuer Request, amounts on deposit in the Issuance and Expenses Fund shall be applied to pay all Costs of Issuance identified in the Issuer Request. On July 1, 2008, the Trustee shall transfer any moneys in the Issuance and Expenses Fund to the Acquisition and Construction Fund.

Section 5.7. Reserve Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 Reserve Fund" (herein referred to as the *"Reserve Fund")*. The money deposited to the Reserve Fund, together with all investments thereof and investment profits therefrom, shall be held in trust by the Trustee and applied solely as provided in Section 5.8.

Section 5.8. Deposits to and Application of Reserve Fund.

A. The Issuer shall deposit to the Reserve Fund the amount of Bond proceeds specified in Section 5.9 hereof ($137,182).

B. On, or, if either day is not a Business Day, before June 29 and December 30 of 2008 and each year thereafter, the Trustee shall, to the extent the moneys in the Reserve Fund exceed the Reserve Fund Requirement, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1, 2009 and each May 1st of each year thereafter, to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1, 2009 and each May 1st of each year thereafter, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings (which earnings are subject to the provisions of paragraph E of this Section), and shall thereafter deposit in the Prepayment Account of the Bond Fund, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund

Requirement and apply the same pursuant to Section 3.2.B.(ii)(a). On June 1, 2031, all moneys in the Reserve Fund shall be transferred to the Bond Fund.

D. If, after a Reserve Fund withdrawal, the Reserve Fund is less than the Reserve Fund Requirement, the Issuer shall reimburse the Reserve Fund, to the extent moneys are realized, from either: (i) the proceeds from the sale of delinquent assessments, which sales are conducted in the manner described in Arizona Revised Statutes, Sections 48-601 through 48-607, inclusive, as amended from time to time, provided, however, Section 48-607 is revised to require the sales proceeds to be deposited to the Reserve Fund and neither the Issuer nor the Municipality shall be required under any circumstances to purchase, or make any payment for the purchase of the delinquent assessment and corresponding assessed parcel or lot; or (ii) from all future installment payments on the assessments, provided, however, only to the extent that such portion of such installment payments is not required for the timely payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Reserve Fund shall remain in and be part of the Reserve Fund; provided, however, if moneys in the Reserve Fund are in excess of the Reserve Fund Requirement, such excess amount attributed to investment earnings shall be transferred to the Interest Account of the Bond Fund and applied from time to time pursuant to Section 5.2.B.(4).

F. If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Section 5.9. Disposition of Proceeds of Bonds and Other Monies. Simultaneously with the initial delivery of the Bonds, the Issuer shall cause the Trustee to deposit the Bond proceeds and any and all amounts received by the Issuer from any Owner as a cash contribution as follows:

A. Issuance and Expenses Fund. An amount equal to $102,500 comprised of Bond proceeds.

B. Reserve Fund. An amount equal to $137,182, comprised of Bond proceeds.

C. Acquisition and Construction Fund. The balance remaining from the proceeds of the Bonds after the deposit described in Paragraphs A and B of this Section ($1,495,258) shall be deposited to the credit of the Acquisition and Construction Fund for the purposes described in Section 5.4.

Section 5.10. Investment of and Security for Funds.

A. Money held for the credit of the Bond Fund shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the Issuer.

B. Money held for the credit of the Acquisition and Construction Fund, Reserve Fund and Issuance and Expenses Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the Issuer.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money required hereby. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established hereunder shall be deemed at all times to be a part of such fund. Other than investment profits credited to the Reserve Fund, which shall be applied pursuant to Section 5.8.E, the interest accruing on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee may make any investment permitted by this Indenture through or with its own commercial banking or investment departments. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence or willful misconduct.

E. All investments in the Funds established under the Indenture shall be valued at fair market value by the Trustee.

Section 5.11. Reports by Trustee. As soon as possible after January 1 and July 1 of each year, the Trustee shall provide to the Issuer and upon request of counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each fund established under the Indenture.

ARTICLE 6

DEFEASANCE AND RELEASES

Section 6.1. Payment of Indebtedness; Satisfaction and Discharge of Indenture.

A. Whenever;

1. all Bonds theretofore authenticated and delivered have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

a. Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent as provided in Section 4.5;

b. Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.6, except for any such Bond which, prior to the satisfaction and discharge hereof, has been presented to the Trustee with a claim of ownership and enforceability by the Holder thereof and where enforceability has not been determined adversely against such Holder by a court of competent jurisdiction;

c. Bonds, other than those referred to in the foregoing Clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing clause (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof which have become due and payable or to the Stated Maturity or Redemption Date, as the case may be; and

d. Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Governmental Obligations or both as described in Section 6.2.

2. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer,

then, upon an Issuer Request, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer, and deliver to the Issuer or upon Issuer Request all cash, securities, and other personal property then held by it hereunder as a part of the Trust Estate.

B. In the absence of an Issuer Request as aforesaid, the payment of all Outstanding Secured Bonds shall not render this Indenture inoperative.

C. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.6 shall survive.

Section 6.2. Defeasance. Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section 6.2 either (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment,

provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then Outstanding, the Trustee shall select the Outstanding Bonds in the same manner as provided in Section 4.3 for the selection of Bonds to be redeemed.

Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (1) if made during the existence of default hereunder of which the Trustee has received written notice unless made with respect to all of the Bonds then Outstanding and (2) unless there shall be delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose shall be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

Section 6.3. Application of Deposited Money. Money or Governmental Obligations deposited with the Trustee pursuant to Section 6.2 shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Subject to the provisions of Section 4.3, such money or Governmental Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent as the Trustee may determine) to the Holders entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

ARTICLE 7

EVENTS OF DEFAULT; REMEDIES

Section 7.1. Events of Default. Each of the following is hereby defined as and shall be deemed an "Event of Default":

A. Default in the payment of the principal of any Bonds when the same shall become due and payable, whether at the Stated Maturity thereof, on a sinking fund payment date or upon proceedings for redemption;

B. Default in the payment of any installment of interest on any Bonds when the same shall become due and payable;

C. Default shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture contained (other than as referred to in subsection A or B of this Section) and such default shall continue for a period of 30 days after written notice to the Issuer and the Trustee from the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding or to the Issuer from the Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection C, no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure has been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the default shall be cured thereby.

Section 7.2. Suits for Enforcement; Mandamus.

A. The Trustee in its discretion may proceed to protect and enforce its rights and the rights of the Bondholders under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted herein or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Holders of Bonds.

B. In addition to all rights and remedies of any Holder of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or herein, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or herein.

C. Notwithstanding any provision hereof, no default hereunder shall result in an acceleration of the payment of the principal of or interest on the Bonds.

Section 7.3. Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment.

A. If:

1. default occurs in the payment of any interest on any Bond when such interest becomes due and payable, or

2. default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity,

then upon demand of the Trustee, the Issuer shall pay or cause to be paid solely from Pledged Revenues to the Trustee for the benefit of the Holders of such Bonds the amount so due and payable on the Bonds for principal (and premium, if any) and interest and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Issuer fails to pay or cause to be paid solely from Pledged Revenues such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Issuer for the amount then so due and unpaid, provided, however, such judgment shall be payable solely from Pledged Revenues.

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien hereof, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Secured Bonds, for the benefit of the Holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien hereof upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Holders of the Bonds.

Section 7.4. Application of Money Collected. Any money collected by the Trustee pursuant to this Article together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under Section 8.6;

B. Second: To the payment of the whole amount then due and unpaid upon the Outstanding Secured Bonds, for principal of and premium, if any, and interest on the Bonds and with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any), and in case such proceeds shall be insufficient to pay in full the whole amount then due and unpaid upon such Bonds, then to the payment of such principal and interest without any preference or priority, ratably according to the aggregate amount so due; and

C. Third: To the payment of the remainder, if any, to the Issuer, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Section 7.5. Trustee May File Proofs of Claim.

A. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Issuer or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

1. to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

2. to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.6.

B. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding.

Section 7.6. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims hereunder or under the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

Section 7.7. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision hereof, the Holder of any Bond shall have the right which is absolute and unconditional to receive, after payment of all amounts due to the Trustee hereunder, payment of the principal of and (subject to Section 7.11) interest on any such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date) solely from Pledged Revenues, and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder; provided, however, that no Bondholder shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal, interest or premium, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender,

impairment, waiver, or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Bondholder.

Section 7.8. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as otherwise provided herein with regard to the rights or remedies of Bondholders, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.9. Delay or Omission Not Waiver. No delay or omission of the Trustee or any Holder of any Bond to exercise any right or remedy accruing upon a default under this Article shall impair any such right or remedy or constitute a waiver of any such default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

Section 7.10. Control by Bondholders.

A. The Holders of a majority in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right (subject to providing indemnity to the Trustee)

1. to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure hereof, the sale of the Trust Estate, or otherwise: and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

a. such direction shall not be in conflict with any rule of law or this Indenture,

b. the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

c. the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and

d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

B. Before taking action pursuant to this Section, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that

indemnity, and in that case, the Issuer shall reimburse the Trustee for all of the expenses of the Trustee pursuant to Section 8.6.

Section 7.11. Waiver of Past Defaults.

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds affected thereby may, by Act of such Bondholders delivered to the Trustee and the Issuer, on behalf of the Holders of all the Bonds waive any past default hereunder and its consequences, except a default in respect of a covenant or provision hereof which under Section 9.2 hereof cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

B. Upon any such waiver, such default shall cease to exist for every purpose hereof; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.12. Undertaking for Costs. All parties hereto agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy hereunder, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of Bonds affected thereby, holding in the aggregate more than ten percent (10%) in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the Redemption Date).

Section 7.13. Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

ARTICLE 8

THE TRUSTEE

Section 8.1. Certain Duties and Responsibilities.

A. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements hereof; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements hereof.

B. No provision hereof shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

1. this Subsection shall not be construed to limit the effect of Subsection A of this Section:

2. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent;

3. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, hereunder; and

4. no provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in Section 7.10.B.

C. Whether or not therein expressly so provided, every provision hereof relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.2. Certain Rights of Trustee. Except as otherwise provided in Section 8.1 hereof:

A. the Trustee may rely and shall be protected in acting or refraining from acting upon:

1. any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, telex or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper Persons; and

2. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required hereby before the Trustee is to take or refrain from taking any action;

B. any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request, and any order or resolution of the Board may be sufficiently evidenced by a Board Resolution:

C. whenever in the administration hereof the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.19.B, an appropriate certificate of the consultant retained to calculate Rebate;

D. the Trustee may consult with legal counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

E. the Trustee shall be under no obligation to exercise any of the rights or powers vested in it hereby at the request or direction of any of the Bondholders pursuant hereto, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

F. the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document (including particularly, but not by way of limitation) Acts, Board Resolutions, Issuer Requests and Officers' Certificates, but the Trustee, in its discretion, may make such further inquiry or investigation, into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Issuer, personally or by agent or attorney; and

G. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it hereunder.

Section 8.3. Not Responsible for Recitals or Application of Proceeds. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder, or as to the validity or sufficiency hereof or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of the Bonds or the proceeds thereof.

Section 8.4. May Hold Bonds. The Trustee, any Paying Agent, the Bond Registrar, and any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

Section 8.5. Money Held in Trust. Money held by the Trustee hereunder need not be segregated from other funds except to the extent required by law or the provisions hereof. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

Section 8.6. Compensation and Reimbursement.

A. The Issuer shall

1. pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder and

2. except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement, or advance as may be attributable to the Trustee's negligence or bad faith.

B. As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien and for the payment of such compensation, expenses, reimbursements, and indemnity the Trustee shall have the right to use and apply any trust funds held by it hereunder after payment of other amounts due hereunder as provided by the terms hereof.

Section 8.7. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, and having an office in the State of Arizona. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 8.8. Resignation and Removal; Appointment of Successor.

A. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.9.

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within

thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the Issuer.

D. If at any time:

1. the Trustee shall cease to be eligible under Section 8.7 or the Issuer by Board Resolution shall request the resignation of the Trustee for any reason, or

2. the Trustee shall become incapable of acting or shall be adjudged insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then, in either such case, the Issuer by Board Resolution may remove the Trustee.

E. If the Trustee shall resign, be removed, or become incapable of acting, the Issuer, by Board Resolution, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the Issuer and the retiring Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of the Bonds. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

Section 8.9. Acceptance of Appointment by Successor.

A. Every successor Trustee shall at all times be qualified and eligible under this Article, including compliance with the provisions set forth in Section 8.7 hereof. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts, and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.6. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers, and trusts.

B. No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 8.10. Merger, Conversion, Consolidation, or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, including compliance with the provisions of Section 8.7 of this Indenture, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

ARTICLE 9

SUPPLEMENTAL INDENTURES AND AMENDMENTS TO BOND RESOLUTION

Section 9.1. Supplemental Indentures or Amendments to Bond Resolution Without Consent of Bondholders. Without the consent of the Holders of any Bonds, the Issuer, when authorized by Board Resolution, and the Trustee may from time to time enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, or the Issuer may amend the Bond Resolution for any of the following purposes:

1. to correct or amplify the description of any property at any time subject to the lien hereof, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien hereof additional property; or

2. to add to the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Bonds, as herein set forth, and additional conditions, limitations, and restrictions-thereafter to be observed; or

3. to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein, in the Bond Resolution, or the Bonds contained; or

4. to add to the covenants of the Issuer for the benefit of the Holders of all of the Bonds or, if for the benefit of the Holders, to surrender any right or power herein or in the Bond Resolution conferred upon the Issuer; or

5. to cure any ambiguity, to correct or supplement any provision herein or in the Bond Resolution which may be inconsistent with any other provision herein or in the Bond Resolution, or to make any other provisions, with respect to matters or questions arising under this Indenture or the Bond Resolution, which shall not be inconsistent with the provisions of this Indenture, the Bond Resolution, provided such action shall not adversely affect the interests of the Holders of the Bonds.

Section 9.2. Supplemental Indentures or Amendments to the Bond Resolution With Consent of Bondholders.

A. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture, by Act of such Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Bond Resolution or of modifying in any manner the rights of the Holders of the Bonds under this Indenture or the Bond Resolution; provided, however, that no such supplemental indenture or amendments to the Bond Resolution shall, without the consent of the Holder of each Outstanding Bond affected thereby

1. change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or change the Place of Payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

2. reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any such supplemental indenture or amendment to any the Bond Resolution, or the consent of Holders of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

3. modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

4. modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby.

B. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution authorizing issuance of the Bonds and any such determination shall be conclusive upon every Holder of Bonds, whether theretofore or thereafter authenticity dated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

C. It shall not be necessary for any Act of Bondholders under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to a Bond Resolution, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.3. Execution of Supplemental Indentures and Amendments to Bond Resolution. In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution permitted by this Article or the modification thereby of the trusts created hereby, the Trustee shall be entitled to receive and, subject to Section 8.1, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption of such amendment is authorized or permitted hereby. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or be governed by any amended Bond Resolution which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 9.4. Effect of Supplemental Indentures and Amendments to Bond Resolution. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part hereof for all purposes, and upon the amendment of the Bond Resolution under this Article, the Bond Resolution shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution for all purposes, and every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.5. Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution. Bonds authenticated and delivered after the execution of any supplemental indenture, amendment to the Bond Resolution pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture or amended Bond Resolution. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture or amended Bond Resolution may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE 10

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

Section 10.1. Power to Issue Bonds and Create Liens. The Issuer is duly authorized under the Enabling Act and all applicable laws of the State to issue the Bonds, to adopt and execute the Indenture and to pledge Pledged Revenues for the benefit of the Bonds. Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Bonds. The Bonds and the provisions hereof are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created hereby and all the rights of the Bondholders against all claims and demands of all other Persons whomsoever.

Section 10.2. Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on the Bonds issued hereunder shall be secured equally and ratably by a first lien on and pledge of the Pledged Revenues pledged under the Indenture; and Pledged Revenues in an amount sufficient to pay the principal or Redemption Price of and interest on the Bonds authorized by the Indenture are hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on the Bonds authorized under the Indenture, as the same become due and payable. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of the Pledged Revenues pledged to such Bonds.

THE BONDS SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, INCLUDING, WITHOUT LIMITATION, THE PROJECT OR ANY PORTION THEREOF IN RESPECT OF WHICH SUCH BONDS ARE BEING ISSUED, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES PLEDGED TO SUCH BONDS AS SET FORTH IN THIS INDENTURE. NOTHING IN THE BONDS OR IN THIS INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE ISSUER TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES PLEDGED TO THE BONDS, OR AS PLEDGING THE FULL FAITH AND CREDIT OF THE ISSUER, THE MUNICIPALITY, MARICOPA COUNTY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR AS OBLIGATING THE ISSUER, THE MUNICIPALITY, MARICOPA COUNTY OR THE STATE, OR ANY OF ITS POLITICAL SUBDIVISIONS, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

NOTHING IN THE BONDS OR IN THE INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE OWNER, OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, ANY JOINT VENTURE ENTITY IN THE OWNER OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, OR ANY PERSON AFFILIATED WITH, CONTROLLING OR RELATED TO, THE OWNER OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, OR ANY JOINT VENTURE ENTITY IN THE OWNER, OR ANY SUBSEQUENT OWNER OF REAL PROPERTY WITHIN THE DISTRICT, TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON, EXCEPT TO

THE EXTENT THAT THEY ARE OBLIGATED TO PAY ASSESSMENTS CONSTITUTING PLEDGED REVENUES UNDER THE INDENTURE.

Section 10.3. Assessments; Re-Assessments.

A. The Issuer has levied or shall levy Assessments in accordance with Arizona Revised Statute Section 48-589, and record such Assessments in the office of the Superintendent of Streets, to the extent and in an amount sufficient to pay Debt Service on all Outstanding Bonds.

B. If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Assessment when it might have done so, the Issuer shall either (a) take all necessary steps to cause a new Assessment to be made for the whole or any part of a Project or against any property benefited by said Project, or (b) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited into the Bond Fund, as applicable. In case such second Assessment shall be annulled, the Issuer shall obtain and make other Assessments until a valid Assessment shall be made.

Section 10.4. Method of Collection. The Issuer covenants to take or cause to be taken all actions required by law to collect and enforce the payment of Assessments and remit all Assessments collected to the Trustee on or before each June 30th and December 31st or, if such date is not a Business Day, then the first Business Day immediately preceding such date. Assessments shall either be collected (i) in a manner substantially similar to the provisions of Arizona Revised Statutes Section 48-600 or any successor statutes thereto; provided, however, publication of the notice shall not be required; or (ii) by the Maricopa County Treasurer as part of its regular tax bills pursuant to the terms of a Community Facilities District Assessment Collection Agreement between the District and the Maricopa County Treasurer.

Section 10.5. Delinquent Assessments. If the owner of any lot or parcel of land assessed for a Project shall be delinquent in the payment of any Assessment, then such Assessment shall be enforced pursuant to the provisions of Arizona Revised Statute Sections 48-601 through 48-607, inclusive, or any successor statute thereto, including but not limited to declaring the entire unpaid balance of such Assessment to be in default and, cause the Assessment lien on such delinquent property to be foreclosed. Notwithstanding the foregoing, neither the Issuer nor the Municipality shall be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding assessed parcel or lot.

Notwithstanding the foregoing, the Issuer may provide for collection of Assessment installments and the sale of assessed parcels or lots, in the same manner as the collection of ad valorem taxes if such collection procedures would result in the collection of assessments and the sale of assessed property in substantially the same time periods as contemplated by Arizona Revised Statutes Sections 48-601 through and including 48-607.

Section 10.6. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided herein and no contract or contracts shall be entered into or any action taken by the Trustee which will be inconsistent with the provisions hereof.

Section 10.7. Annual Budget. The Board shall make an annual budget, as required by the Enabling Act, which shall include statements and estimates of the amount to be raised to pay Debt Service on the Bonds. The Board shall file the annual statements and estimates with the Clerk of the Municipality. On or before the date set by law for certifying the annual budget of the Municipality (which shall be the third Monday in August unless the Issuer certifies to the Trustee otherwise), the Board shall adopt a budget, which shall fix the amounts to be raised by collection of assessments and the amounts to be paid by other moneys paid to the Issuer pursuant to the terms of the Development Agreement and shall cause copies of the budget to be delivered to the Municipality, any other entity or agency required by law to receive said budget and to the Trustee.

Section 10.8. Financial Statements. Not more than 180 days after the close of the Issuer's Fiscal Year, complete audited financial statements of the Issuer covering such Fiscal Year shall be certified or reported upon by an independent certified public accountant or firm of such accountants. Copies of any financial statements shall be mailed or delivered by the Issuer to any Bondholder upon such Bondholder's written request to the Issuer.

Section 10.9. Books, Records and Reports. The Issuer shall keep proper books of record and account in accordance with generally accepted accounting principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and which, together with all other books and records of the Issuer, including, without limitation, any insurance policies, relating to the Project, shall at all times be subject during regular business hours to the inspection of the Trustee. The Issuer agrees to maintain such records as are necessary to comply with and thereafter comply with the provisions of the Continuing Disclosure Undertaking executed and delivered by the Issuer in connection with the sale of the Bonds.

Section 10.10. Maintenance of Agency. The Issuer shall maintain an agency in the Place of Payment where Bonds of each series may be presented or surrendered for payment, where Bonds of each series entitled to be registered, transferred, exchanged, or converted may be presented or surrendered for registration, transfer, exchange, or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds of each series and this Indenture may be served. The Trustee is hereby, appointed as Paying Agent for such purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such agency. If at any time the Issuer shall fail to maintain such an agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the principal corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices, and demands.

Section 10.11. Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money.

A. The sums which are segregated by the Trustee or deposited with any other Paying Agent to pay the principal of or interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the Holders of such Bonds. Money so segregated or deposited and held in trust shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Holders entitled to such principal or interest, as the case may be. Money held by the Trustee or any other paying Agent for the payment of the principal of (and premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

B. The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall

1. hold all sums held by it for the payment of principal of (and premium, if any) or interest on the Bonds for the benefit of the Holders of such Bonds until such sums shall be paid to the Holders or otherwise disposed of as herein provided; and

2. at any time, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

C. The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Trustee all money held by such Paying Agent, such money to be held by the Trustee upon the same trusts as those upon which such money was held by such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

D. In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at Maturity or Redemption Date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the Holder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at Maturity or Stated Maturity, or at the Redemption Date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the Issuer, whereupon any claim of whatever nature by the Holder of such Bond arising under such Bond shall be made upon the Issuer.

Section 10.12. Employment of District Engineer and Assessment District Engineer; District Engineer's Report.

A. For the purpose of performing and carrying out the duties imposed on the Superintendent of Streets (as defined in the Resolution of Intention) by the Arizona Revised Statutes applicable to improvement districts and imposed on the District or Assessment District Engineer hereby, the Issuer may employ one or more independent engineers or engineering firms or corporations having a favorable repute for skill and experience in such work.

B. The Issuer shall cause the District Engineer to: (a) supervise and inspect the Project during construction to the extent necessary for the District Engineer to provide the certifications required by Section 5.4 hereof, (b) supervise and monitor the performance of the Assessment District Engineer, and (c) make an inspection of the portions of the Project maintained by the Issuer at least once in each Fiscal Year and, on or before the first day of June in each Fiscal Year, to submit to the Board a report setting forth (i) its findings as to whether such portions of the Project maintained by the Issuer have been maintained in good repair, working order and condition, and (ii) its recommendations as to the proper maintenance, repair and operation of any of the Project maintained by the Issuer during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes.

C. The Issuer shall, for the purpose of performing and carrying out the duties contemplated by the Resolution of Intention and the other duties set forth in the definition of "Assessment District Engineer" in Section 1.1 hereof, employ an Assessment District Engineer.

Section 10.13. Project to Conform to Plans and Specifications; Changes. The Issuer will proceed to complete the Project or portion thereof for which the Bonds are being issued in accordance with the plans and specifications therefor, as such plans and specifications may be amended from time to time.

Section 10.14. Compliance Requirements. The Issuer will comply with all present and future laws, acts, rules, regulations, orders and requirements lawfully made and applicable in fact to any acquisition or construction hereby undertaken and shall obtain all necessary approvals under federal, state and local laws, acts, rules and regulations necessary for the completion of the Project or portion thereof for which the Bonds are being issued and shall complete any Project or portion thereof in conformity with such approvals, laws, rules and regulations.

Section 10.15. Fidelity Bonds. Every officer, agent or employee of the Issuer having custody or control of any of the Pledged Revenues or Bond proceeds shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent or employee at one time. The premiums on such surety bonds shall be paid by the Issuer as an expense of operation and maintenance of the applicable Project.

Section 10.16. No Loss of Lien on Pledged Revenues. The Issuer shall not do or omit to do, or suffer to be done or omit to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues, or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee.

Section 10.17. Further Assurances; Recording. The Issuer shall do, execute, acknowledge, and deliver all and every such further acts, conveyances, mortgages, financing statements, and assurances as shall be reasonably required for accomplishing the purposes hereof. The Issuer shall cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements, to be promptly recorded, registered, and filed, and to be kept recorded, registered, and filed, and, when necessary, to re-record, re-register, and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Bondholders and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

Section 10.18. Corporate Existence. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Enabling Act, the Issuer shall maintain its corporate existence under the Enabling Act.

Section 10.19. Compliance with Federal Law.

A. The Issuer recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Bonds shall have been delivered. In this connection the Issuer agrees that it shall take no action which may render the interest on any of the Bonds to be includable in gross income for federal income tax purposes. The Issuer agrees that, to the extent possible under state law, it will comply with whatever federal law is now in effect or which shall be adopted in the future which applies to the Bonds and is necessary to prevent interest on the Bonds from becoming included as gross income for purposes of calculating federal income taxes.

B. The Issuer authorizes the creation by the Trustee of a fund which is hereinafter referred to as the "*Rebate Fund*". The Issuer will comply with the rebate requirement ("*Rebate*") set forth in the certificate as to tax matters delivered in connection with the delivery of the Bonds.

C. The Chairman of the Board of the Issuer or his designee is hereby authorized to make certain truthful certifications, representations, agreements and elections as required by law and Bond Counsel to assure the purchasers and owners of the Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the Bonds being "arbitrage bonds" under Section 148 of the Code or the regulations of the United States Treasury Department currently in effect or proposed. The certifications, representations and agreements of the Issuer may be made by executing and delivering certificates and agreements required by Bond Counsel. The certificates and agreements shall constitute an agreement of the Issuer to follow covenants and requirements set forth therein which may require the Issuer to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions.

D. The Issuer further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

E. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By_____
Chairman

ATTEST:

_____
District Clerk

WELLS FARGO BANK, N.A.

By_____
Vice President

JTG:jlu 751700 10/09/07

[redacted]

FILED
ARIZONA SECRETARY OF STATE
10/17/2007 12:49 PM
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UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
Scott W. Ruby 602-257-7432

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Scott W. Ruby, Esq.
Gust Rosenfeld P.L.C.
201 E. Washington Street
Suite 800
Phoenix, Arizona 85004-2327

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Festival Ranch Community Facilites District (Town of Buckeye, Arizona)

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
100 N. Apache, Suite A	Buckeye	AZ	85326	USA

1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		muni corp	Arizona	☑ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Wells Fargo Bank, N.A.

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
100 West Washington Street, 22nd Floor	Phoenix	AZ	85003	USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
006718 - 182 Assmnt District Nos. 4 & 5

EXHIBIT A
TO UCC FINANCING STATEMENT

Debtor: FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), a municipal corporation
100 North Apache, Suite A
Buckeye, Arizona 85326

Secured Party: WELLS FARGO BANK, N.A.
Attn: Corporate Trust Services (MAC #S4101-022)
100 West Washington Street, 22nd Floor
Phoenix, Arizona 85003

Reference is made to the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*"), between the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), as Debtor (the "*Debtor*") and Wells Fargo Bank, N.A., as trustee (the "*Secured Party*") relating to the issuance by the Debtor of its $1,784,000 Assessment Districts Nos. 4 & 5 Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*"). For certain terms, denoted by initial capitals herein, the definitions of said terms are adopted as set or incorporated in the Indenture.

All of the Debtor's right, title and interest in and to the following described property:

A. All money and investments held for the credit of the Bond Fund established with the Trustee as hereinafter described shall be to secure only the payment of the principal of and interest on the Outstanding Secured Bonds but excluding any money in the Rebate Fund: and

B. All of the Debtor's interest in all money and investments held for the credit of the Issuance and Expenses Fund and the Reserve Fund established with the Secured Party as described in the Indenture; and

C. Any and all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, assigned, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties together with any cash and securities hereafter deposited or required to be deposited with the Secured Party (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "*Trust Estate*"), unto the Secured Party and its successors and assigns forever.

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CLOSING CERTIFICATE OF THE DISTRICT

We, the undersigned Chairman and Clerk of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby certify as follows:

(1) To partially finance the projects listed on *Exhibit A* hereto, we have executed $1,784,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*"), and we are the duly elected, qualified and acting officers indicated therein and authorized to execute the typewritten Bonds. We further certify that we have executed the Bonds by having our signatures affixed to the Bonds by mechanical reproduction and we hereby adopt as and for our respective signatures the respective signatures shown on the Bonds. The Bonds are dated October 17, 2007, and are in the denomination of $1,000 each or integral multiples of $1,000. The Bonds mature on July 1 in each of the years 2009 to 2019, inclusive, and on July 1, 2026 and 2032.

Special Optional Redemption. The Bonds are subject to special redemption prior to maturity, in whole or, or from time to time, in part on any Interest Payment Date upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Improvements, upon direction given to the Trustee by the District, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to special optional redemption from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events: (i) the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or (ii)the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund pursuant to the Indenture.

Optional Redemption. The Bonds will also be redeemable on or after July 1, 2017, at the option of the District in whole on any date or from time to time in part on any interest payment date as randomly determined by the Trustee upon not more than sixty (60) nor less than thirty (30) days prior notice upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed from the most recent interest payment date to the applicable redemption date without premium.

Mandatory Redemption. The Bonds will be redeemed from funds of the District prior to maturity on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent interest payment to the applicable redemption date:

Bond maturing on July 1, 2026

Redemption Date (July 1)	Principal Amount
2020	$67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000
2026 (maturity)	93,000

Bond maturing on July 1, 2032

Redemption Date (July 1)	Principal Amount
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000
2032 (maturity)	129,000

Interest is payable on January 1 and July 1 of each year during the term of each of the Bonds, commencing on July 1, 2008.

(2) We further certify that, to the best of our knowledge, information and belief:

(i) (a) That on September 18, 2007, Resolution No. 13-07 of the District Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the

District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) That the Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated October 5, 2007 (the "*Purchase Contract*"), by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*"), the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "*Indenture*") from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Dissemination Agency Agreement, dated as of October 1, 2007, by and between the District and RBC Capital Markets (the "Dissemination Agent"), and the Continuing Disclosure Undertaking, dated October 17, 2007, executed by the District (collectively, the Purchase Contract, the Indenture, the Dissemination Agency Agreement and the Continuing Disclosure Undertaking are hereafter referred to as the "*District Documents*").

(c) That the District has no rules of procedure which would invalidate or make ineffective the Resolution.

(d) That the copy of the Resolution included in the transcript of proceedings for the captioned Bonds is a true and correct copy of the Resolution.

(ii) The representations, warranties and covenants contained in the Purchase Contract for the Bonds are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof.

(iii) Except as described in the Official Statement, dated October 5, 2007 relating to the Bonds (the "*Official Statement*"), no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the collection of special assessments for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the District.

(iv) No authority or proceedings for the issuance of the Bonds, including but not limited to the Resolution, has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the undersigned persons.

(v) The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the date hereof.

(vi) The Official Statement is true, correct and complete in all material respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

DATED: October 17, 2007.

	OFFICIAL TITLE
Bobby Bryant,	Chairman, Festival Ranch Community Facilities District (Town of Buckeye, Arizona)
Linda Garrison,	Clerk, Festival Ranch Community Facilities District (Town of Buckeye, Arizona)

EXHIBIT A

LIST OF PROJECTS TO BE PARTIALLY FINANCED
WITH BOND PROCEEDS

Public Infrastructure Project	Estimated Acquisition Price
Assessment District No. 4 – K1/O1, I1/ P1	
K1/O1 - Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	$594,000
I1/P1 - Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	$690,000
Assessment District No. 5 – Festival Foothills Phase 2	
Festival Foothills Phase 2 Units 15, 17, 21, 23 - Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	$500,000
TOTAL	**$1,784,000**

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

TAX CERTIFICATE OF THE DISTRICT

The undersigned are the Chairman of the District Board and Clerk of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

This Certificate is executed for the purpose of establishing certain facts existing as of the date hereof and the reasonable expectations of the District as to future events regarding the $1,784,000 principal amount of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*"), dated October 17, 2007. The Bonds mature on July 1 in each of the years 2009 to 2019, inclusive, and on July 1, 2026 and 2032 and are subject to optional and mandatory redemption as shown on *Exhibit B* attached hereto and incorporated by reference herein.

The Bonds are authorized and issued pursuant to an Indenture of Trust and Security Agreement dated as of October 1, 2007 (the "*Indenture*") by and between the District and Wells Fargo Bank, N.A. (the "*Trustee*") and are being sold pursuant to a Purchase Contract dated October 5, 2007 (the "*Purchase Contract*") by and between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*") and an Official Statement dated October 5, 2007 (the "*Official Statement*").

This Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Bonds in order that the interest on the Bonds will be exempt from taxation under the Internal Revenue Code of 1986, as amended (the "*Code*").

The certifications, covenants and representations contained herein are made on behalf of the District for the benefit of the owners from time to time of the Bonds. We hereby certify, covenant and represent for the District the following:

ARTICLE 1
GENERAL

Section 1.1. **Authorization**. The undersigned are duly authorized officers of the District charged, with others, with the responsibility for executing and delivering this Certificate on the date hereof.

Section 1.2. **Reliance on Other Parties**. The District in making the representations in this certificate relies on the representations of the Underwriter as set forth in the

Purchase Contract and the Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public and as to Yield (the "*Underwriter's Certificate*") dated as of October 17, 2007. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the representations of the Underwriter.

Section 1.3. **Purpose of the Bonds**. The Bonds are being issued to provide funds (A) to acquire and construct certain street, water, sewer and other public improvements within the District and (B) to pay certain Issuance Costs of the Bonds.

Section 1.4. **Bond Counsel**. "*Bond Counsel*" means Gust Rosenfeld P.L.C. or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by Underwriters of municipal bonds.

Section 1.5. **Additional Definitions**. The definitions and cross-references set forth in *Exhibit A*, attached hereto, apply to this Certificate and its attachments. The terms used herein and not otherwise defined in this Certificate and its attachments shall have the same meanings as defined in Sections 103 and 141 through 150 of the Code and the Treasury Regulations promulgated thereunder.

Section 1.6. **Reasonable Expectations**. To the best of each of the undersigned's knowledge, information and belief, the expectations contained in this Certificate are reasonable. On the basis of the information contained in this Certificate and its attachments, it is not expected that the Bonds will be "arbitrage bonds" within the meaning of Section 148 of the Code.

ARTICLE 2
ISSUE DATA

Section 2.1. **Governmental Unit**. The District is a Governmental Unit.

Section 2.2. **Bond Terms**. The Bonds shall have such terms as are set forth above. The Bonds are dated October 17, 2007, and are in the denomination of $1,000 each or $1,000 integral multiples in excess thereof. Interest on the Bonds shall be payable semiannually on January 1 and July 1 of each year during the term of the Bonds, commencing on July 1, 2008.

Section 2.3. **Sources and Uses of Proceeds**. The total sources and uses of the proceeds of the Bonds are as shown on *Exhibit C*, attached hereto.

Section 2.4. **Issue Price, Sale Proceeds and Net Sale Proceeds**. The Issue Price, Sale Proceeds and Net Sale Proceeds of the Bonds are as set forth on *Exhibit D* hereto.

Section 2.5. **Single Issue**. No other obligations other than the Bonds are (a) being sold at substantially the same time (within 15 days) as the Bonds, (b) being sold pursuant to the same plan of financing as the Bonds, and (c) reasonably expected to be paid from substantially the same source of funds as the Bonds, determined without regard to guarantees from unrelated parties. Accordingly, no obligations other than those that comprise the Bonds are a part of the same issue with the Bonds.

ARTICLE 3
ARBITRAGE (NONREBATE) MATTERS

Section 3.1. Disposition of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods. As shown on *Exhibit C*, attached hereto, the following funds and accounts will be funded at Closing: Bond Fund, Acquisition and Construction Fund, Issuance and Expenses Fund and Cash Flow Stabilization Fund. A breakdown of the uses of such funds and the relevant Temporary Period, if applicable, is provided below:

(i) Underwriter's Discount. An amount of $49,060 will be retained by the Underwriter from the Issue Price otherwise paid to the District to purchase the Bonds as Underwriter's discount.

(ii) Cash Flow Stabilization Fund. An amount of $137,182 will be deposited in the Cash Flow Stabilization Fund and will be used to pay principal and interest on the Bonds in the event that insufficient money is available in the Bond Fund to pay principal and interest when due. The Cash Flow Stabilization Fund will be replenished from the collections of delinquent assessments. Any amount remaining in the Cash Flow Stabilization Fund on May 1, 2032 will be transferred to the Bond Fund.

(iii) Issuance Costs. An amount of $102,500 will be deposited in the Issuance and Expense Fund and used to pay Issuance Costs of the Bonds.

(iv) Project Costs.

(a) An amount of $1,495,258 will be deposited in the Acquisition and Construction Fund and used by the District to acquire and construct certain public street, water and sewer facilities and improvements.

(b) The District expects that the Net Sale Proceeds allocable to the Bonds will be used to pay costs of the Project within three (3) years from the date hereof and will be applied in a manner that satisfies the requirements of Section 1.148-2(e)(2) of the Treasury Regulations pertaining to the general 3-year Temporary Period for capital projects set forth below:

(1) Expenditure Test. At least eighty-five percent (85%) of the Net Sale Proceeds allocable to the Bonds will be allocated to expenditures for the Project within three (3) years from the date hereof.

(2) Time Test. The District has incurred, or within six (6) months from the date hereof will incur, binding obligations with third parties to commence, acquire or construct the Project and to expend thereon at least five percent (5%) of the Net Sale Proceeds allocable to the Bonds. The binding obligation consists, or will consist, of one or more contracts for acquisition or construction of

the Project which are not subject to contingencies which are within the District's or a Related Party's control.

(3) Due Diligence Test. Completion of the Project and the allocation of the Net Sale Proceeds allocable to the Bonds to expenditures will proceed with due diligence.

(c) The Net Sale Proceeds allocable to the Bonds deposited in the Acquisition and Construction Fund may be invested at a yield in excess of the yield of the Bonds and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder. On or after October 17, 2010, the District shall make appropriate yield reduction payments for any moneys in the Construction Fund which are allocable to the Bonds and invested at a yield in excess of the yield of the Bonds.

(d) Interest realized from investment of proceeds of the Bonds deposited in the Construction Fund may be invested in obligations without regard to yield limitation for the period ending on October 17, 2010 or, if longer, one year from the date of receipt, and shall be subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated thereunder.

Section 3.2. Bond Fund; Temporary Period.

(i) Bona Fide Debt Service Fund. The Bond Fund will be held as a bona fide debt service fund which will be used to pay the principal of and interest on the Bonds, as the same become due. It is reasonably expected that all amounts received as income from the investment of the Bond Fund will be expended to pay the principal of and interest on the Bonds within one year of the receipt thereof.

(ii) Thirteen-Month Temporary Period. Any moneys held in the Bond Fund and allocated to the Bonds, which are to be used to pay principal, interest or call premiums on the Bonds within thirteen (13) months of the receipt thereof, may be invested in obligations that bear a yield in excess of the Bonds. Any other allocable moneys in the Bond Fund may be invested in obligations that bear a yield that does not exceed the yield of the Bonds. Moneys in the Bond Fund are not subject to the arbitrage rebate requirements provided in Section 148 of the Code and the Treasury Regulations promulgated.

Section 3.3. No Other Sinking or Pledged Funds. The District has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay principal or interest on the Bonds other than the Bond Fund.

Section 3.4. No Replacement. That portion of the Bonds that is to be used to finance capital expenditures (meaning costs of a type that are properly chargeable to a capital account, or would be so chargeable with a proper election, under general federal income tax

principles) has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of such capital expenditures. Amounts received from the sale of the Bonds, and amounts derived from investment of such amounts will not replace, directly or indirectly, moneys used, directly or indirectly, to acquire investments which could legally and practically be used to finance the Project, the District having no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes. It is, therefore, not expected that amounts will replace, directly or indirectly, moneys used directly or indirectly to acquire investments which could be used for the purposes for which the Bonds are being used.

Section 3.5. **No Reimbursement**. Other than any reimbursement expenditures meeting the requirements of Section 1.150-2(d) or (f) of the Treasury Regulations, no portion of the proceeds from the sale of the Bonds and the earnings from the investment of such proceeds will be used to reimburse the District for expenditures paid by the District prior to the date hereof.

Section 3.6. **No Overissuance**. The total proceeds to be received from the sale of the Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Bonds are issued as set forth in Section 1.5 of this Certificate.

Section 3.7. **Disposition of Project; Purchase of Bonds**. The District does not expect to dispose of the Project prior to the maturity or retirement of the Bonds, except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation. The District does not intend to purchase, directly or indirectly, any portion of the Bonds in a transaction or series of transactions that would reduce the yield of the Bonds.

Section 3.8. **Investment of Proceeds**. No portion of the Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield of the Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield of the Bonds.

Section 3.9. **No Abusive Arbitrage Device**. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates to obtain a material advantage and does not overburden the tax-exempt bond market in that the District is not issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than otherwise reasonably necessary to accomplish the governmental purposes of the Bonds.

ARTICLE 4
YIELD AND YIELD LIMITATIONS

Section 4.1. **Yield**. For purposes of this Certificate and its attachments, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Hence, in general, yield means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest to be paid on an obligation and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the Issue Price of the obligation. The Underwriter certifies in the Underwriter's Certificate that the Initial Offering Price of the Bonds is $1,784,000,

which represents the price at which, together with preissuance accrued interest, at least ten percent of each maturity of the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For purposes hereof, all calculations of yield have been made on the basis of semiannual compounding using a 360-day year. The yield on the Bonds as computed by the Underwriter, is at least 5.5685%.

Section 4.2. **Continuing Nature of Yield Limits**. Once moneys are subject to the yield limits of Section 4.1 hereof, they remain yield restricted until they cease to be Gross Proceeds of the Bonds.

ARTICLE 5
ARBITRAGE REBATE REQUIREMENTS

Section 5.1. **Compliance with Rebate Requirements of the Code and Treasury Regulations**. The District will comply with the Rebate Requirements of the Code and Treasury Regulations by making or causing to be made such calculations and such payments as are necessary therefor.

Section 5.2. **Prohibited Payments; Specific Investments**. No transaction involving any Non-purpose Investment may be entered into that results in a smaller profit or a larger loss than would have resulted if such transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. Moneys to be rebated to the United States shall be invested in investments that mature on or before the expected rebate date. All investments of Gross Proceeds and any amounts in the Rebate Fund shall be bought and sold at Fair Market Value. Except for Certificates of Deposit and Guaranteed Investment Contracts purchased for their Fair Market Value (see "Fair Market Value" in *Exhibit A* attached hereto) and except for United States Treasury Obligations which are purchased directly from the United States Treasury, the District will not purchase or cause to be purchased any investment that is not of a type traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations).

Section 5.3. **Two-Year Spending Exception to Rebate Requirement**.

(a) Election to Use Actual Facts Instead of Expectations for the 75% Construction Expenditures Test. In general, in order to avail itself of the two-year rebate expenditure exception, the issuer must "reasonably expect" that at least seventy-five percent (75%) of the Available Construction Proceeds of the issue will be used for, or allocated to, Construction Expenditures. However, the issuer may elect on or before the Issuance Date to base the seventy-five percent (75%) test on "actual facts" as opposed to "reasonable expectations."

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to base the seventy-five percent (75%) Construction Expenditures test of Section 1.148-7(f) on "actual facts."

(b) Election to Use Actual Facts Instead of Expectations to Determine Available Construction Proceeds for the First Three Semiannual Expenditure Dates. In general, for purposes of determining compliance with the first three spending periods set forth in Section 5.6(B) hereof, Available Construction Proceeds include the amount of future earnings that the issuer reasonably

expected as of the Issuance Date. However, the issuer may elect on or before the Issuance Date to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

The District hereby elects pursuant to Section 1.148-7(f)(2) of the Treasury Regulations to use actual facts instead of reasonable expectations to determine Available Construction Proceeds for the first three semiannual expenditure dates.

Section 5.4. **18-Month Expenditure Exception**. Pursuant to Section 1.148-7(d)(3)(ii) of the Treasury Regulations, for purposes of determining compliance with the first two spending periods under Section 1.148-7(d)(1)(i) of the Treasury Regulations, the amount of investment earnings on the Sale Proceeds of the Bonds is reasonably expected to be $200,000.

ARTICLE 6
OTHER TAX MATTERS

Section 6.1 **Not Private Activity Bonds**. The Bonds are not Private Activity Bonds because they do not satisfy both the Private Use Test and the Private Payment or Security Test or the Private Loan Financing Test.

(i) Private Use Test. No portion of the Proceeds of the Bonds will be used to finance an output facility (within the meaning of the Code). The District will not use any of the Proceeds of the Bonds or any of the property acquired, constructed, remodeled, renovated or equipped out of the Proceeds of the Bonds or any proceeds of disposition of such property or suffer or permit such property or proceeds to be used in such a manner that (a) ten percent (10%) or more of the Proceeds of the Bonds are used directly or indirectly in any activity constituting a trade or business by entities other than state or local governmental units (except for use on the same basis as the general public), (b) five percent (5%) or more of the Proceeds of the Bonds are used as described in (a) either (i) in a manner unrelated to the governmental purpose for which the Bonds are issued or (ii) in a manner related to a governmental purpose for which the Bonds are issued, but in an amount in excess of the amount used for the governmental purpose to which such use relates.

(ii) Private Payment or Security Test. Except for special assessments on property within the assessment district described in the Resolution, the District will not cause the payment of the principal of, or interest on more than ten percent (10%) of the proceeds of the Bonds to be (under the terms of the issue or any underlying arrangement), directly or indirectly, (a) secured by any interest in (i) property used or to be used in a trade or business carried on by a person other than a state or local government unit (except for use on the same basis as the general public), or (ii) payments in respect of such property; or (b) derived from payments (whether or not the District) in respect of property, or borrowed money, used or to be used in a trade or business carried on by a person other than a state or local governmental unit (except for use on the same basis as the general public). For the purpose of this paragraph, any activity of a person other than a natural person shall be treated as a trade or business.

(iii) Private Loan Financing Test. The District will not use any of the Proceeds of the Bonds in a manner that five percent (5%) (or $5,000,000, if less) of the Proceeds of the Bonds are used directly or indirectly to make or finance loans to entities other than state or local

governmental units (other than being used to acquire or carry investments which are not being acquired for the purpose of carrying out the purpose for which the Bonds are issued or being used to finance the assessments).

Section 6.2. **Bonds Not Federally Guaranteed**. Except for the investments of the type described in the last sentence of this Section 6.2, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds of the Bonds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or invested (directly or indirectly) in federally insured deposits or accounts. The foregoing provisions shall not apply to (A) proceeds of the Bonds invested for an initial temporary period, as described in Section 148(a) of the Code, until such proceeds are needed for the purpose for which said obligations were issued, (B) investments in a bona fide debt service fund (as defined in Section 1.148-1(b) of the Treasury Regulations), (C) investments in a reasonably required reserve or replacement fund that meets the requirements of Section 148(d) of the Code, (D) investments in obligations issued by the United States Treasury, or (E) any other investments permitted under the Treasury Regulations.

Section 6.3. **Information Return**. The information contained in the Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, is true and complete to the best of the knowledge and belief of the undersigned. The District will file with the Internal Revenue Service Form 8038-G (and all other required reporting forms) within the time and in the manner prescribed by the Internal Revenue Service under Section 149(e) of the Code.

Section 6.4 **Qualified Tax-Exempt Obligations**. The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. It is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265 (b)(3)(B) of the Code) which will be issued for or by the District in calendar year 2007 will not exceed $10,000,000.

ARTICLE 7
MISCELLANEOUS

Section 7.1. **Future Events**. The District acknowledges that any changes in facts or expectations from those set forth in this certificate could give rise to different yield restrictions or rebate requirements from those set forth herein. The District shall promptly contact Bond Counsel if such changes do occur.

Section 7.2. **Permitted Changes; Opinion of Bond Counsel**. In the Resolution, the District covenanted to comply with requirements necessary in order for interest on the Bonds to remain tax exempt for federal income tax purposes under the provisions of the Code. To implement the covenants in the Resolution, the District, certifies, represents to and covenants with the owners from time to time of the Bonds comply with the provisions of this certificate unless and until it receives the opinion of Bond Counsel to the effect that continued compliance with such provision or provisions is not necessary for interest on the Bonds to remain tax exempt under the Code.

Section 7.3. **Successors and Assigns**. The terms, provisions and conditions of this Tax Certificate shall bind and inure to the benefit of the respective successors and assigns of the District.

Section 7.4. **Headings**. The headings of this Tax Certificate are inserted for convenience only and shall not be deemed to constitute a part of this Tax Certificate.

DATED: October 17, 2007

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Bobby Bryant
Chairman, Board of Directors

By Linda Ganassi
Clerk, Board of Directors

JTG:jlu 771637.2 10/09/07

EXHIBIT A

DEFINITIONS

The following terms, as used in this Exhibit A and in the Tax Certificate to which it is attached and in the other Exhibits to the Tax Certificate, have the following meanings:

"***Bona Fide Debt Service Fund***" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more bond or note issues, the portion of that fund allocable to an issue pursuant to applicable Treasury Regulations) or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues and Debt Service on an issue within each Bond Year and that is depleted at least once each Bond Year except for a reasonable carryover amount (not to exceed the greater of the earnings on the fund for the immediately preceding Bond Year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"***Bond Year***" means the annual period relevant to the application of Section 148(f) to the issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of the issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

"***Certificates of Deposit***" means an instrument that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Controlled***" or "***Controlled Group***" means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Section 1.150-1(e) of the Treasury Regulations.

"***Fair Market Value***" means, in the case of an investment, the price at which a willing buyer would purchase the investment from a willing seller. If the investment is not readily salable, the Fair Market Value shall be determined by taking into account the price at which a willing buyer would purchase the same (or a substantially similar) investment from the issuer of the investment. The price shall not be increased by brokerage commissions, administrative expenses or similar expenses. The price at which a willing buyer would purchase an investment that is traded in an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) shall generally be determined as provided in Section 20.2031-2 of the Treasury Regulations (relating to estate tax). Different guidelines exist for determining the Fair Market Value of Certificates of Deposit and Guaranteed Investment Contracts as described in subparagraphs (A) and (B), below.

(A) Certificates of Deposit. The purchase of a Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if the price at which it is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in such Certificates of Deposit. If there is no active secondary market in such Certificates of Deposit, the purchase of such Certificate of Deposit will be deemed to be an investment purchased at its Fair Market Value if (i) at least three bona fide bids are received from unrelated financial institutions, (ii) the Certificate of Deposit is purchased from the financial institution offering the highest yield, (iii) the yield on the Certificate of Deposit is not less than the yield then currently available from the provider on comparable Certificates of Deposit offered to other persons from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, and (iv) such yield is not less than the yield on reasonably comparable direct obligations of the United States. Notwithstanding anything stated previously in this subparagraph (A), the yield of a Certificate of Deposit is

not less than the highest yield that is published or posted by the provider to be currently available from the provider on comparable Certificates of Deposit offered to the public and such yield is not less than the yield on reasonably comparable direct obligations of the United States.

(B) Guaranteed Investment Contracts. A Guaranteed Investment Contract (a "GIC") will be deemed to be an investment purchased at its Fair Market Value if (i) at least three bids on the GIC from persons other than those with a material financial interest in the tax-exempt issue (e.g., underwriters) are received, (ii) the yield on the GIC purchased is at least equal to the yield offered under the highest bid received from an uninterested party, (iii) the yield on the GIC purchased is at least equal to the yield offered on reasonably comparable GICs offered to other persons, if any, from a source of funds other than Gross Proceeds of an issue of tax-exempt bonds, (iv) the price of the GIC purchased takes into account as a significant factor the issuer's expected drawdown for the funds to be invested (exclusive of float funds and reasonably required reserve or replacement funds), (v) any collateral security requirements for the GIC purchased are reasonable, based upon all facts and circumstances, and (vi) the obligor on or provider of the GIC purchased certifies as to the amount of administrative costs that are reasonably expected to be paid to third parties in connection with the GIC. For purposes of establishing the Fair Market Value of such a GIC, administrative costs of the GIC include brokerage or selling commissions paid by or on behalf of the issuer [or borrower] of the tax-exempt obligations or the obligor on or provider of the GIC, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and other similar costs or expenses. The GIC may be purchased from an obligor or provider that has a material financial interest in the tax-exempt issue only if the yield on the GIC is at least as high as the highest-yielding GIC for which a qualifying bid is made. Notwithstanding anything stated previously in this subparagraph (B), the purchase of any GIC will be at Fair Market Value if the investment contract has a term of six months or less, the GIC is traded on an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) or the yield (including administrative fees) on the GIC is more than 1/4% (.25%) below the yield on the Bonds and such GIC is not entered into for the purpose of offsetting arbitrage earned or to be earned on other investments of Gross Proceeds.

"***501(c)(3) Organization***" means an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code.

"***Governmental Unit***" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "state or local governmental unit" in Section 1.104-1(a) of the Treasury Regulations. "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"***Gross Proceeds***" means Proceeds plus Replacement Proceeds of an issue. See Section 1.148-1(b) of the Treasury Regulations.

"***Guaranteed Investment Contract***" includes (i) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (ii) any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"***Higher Yielding Investments***" means any investment property (as defined in Sections 148(b)(2) and (b)(3) of the Code) that produces a yield that (i) in the case of investment property allocable to Replacement Proceeds of an issue and investment property in a refunding escrow, is more than one thousandth of one percentage point (.00001) higher than the yield on the applicable issue, and (ii) for all other purposes of this Certificate, is more than one-eighth of one percentage point (.00125) higher than the yield on the applicable issue.

"***Issuance Costs***" means any financial, legal administrative and other fees or costs incurred in connection with the issuance of an issue, including underwriter's compensation withheld from the Issue Price. See Section 1.150-1(b) of the Treasury Regulations.

"***Issuance Date***" means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue. See Section 1.150-1(b) of the Treasury Regulations.

"***Issue Price***" has the meaning set forth in the Tax Certificate and the Underwriter's Certificates.

"***Minor Portion***" means an amount equal to the lesser of $100,000 or 5% of the Sale Proceeds of an issue. See Section 1.148-1(b) of the Treasury Regulations.

"***Non-purpose Investments***" means any investment property that is acquired with Gross proceeds as an investment and not in carrying out any governmental purpose of the issue. "Non-purpose Investments" does not include any investment that is not regarded as "investment property" or a "non-purpose investment" for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "Non-purpose Investment" within the applicable meaning of Section 148 of the Code and the Treasury Regulations promulgated thereunder.

"***Pre-Issuance Accrued Interest***" means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after the Issuance Date.

"***Private Activity Bonds***" means obligations of an issue where both the Private Business use Test and the Private Security or Payment Tests are met or where the Private Loan Financing Test is met.

(A) Private Business Use Test. Generally, an issue of bonds will meet the Private Business Use Test if more than ten percent (10%) of the proceeds of the bonds are to be used for any Private Business Use. See Section 141(b)(1) of the Code.

(B) Private Security or Payment Test. Generally, an issue of bonds will meet the Private Security or Payment Test if the payment of the principal of (or interest on) bonds representing more than ten percent (10%) of the proceeds of the issue (i) is secured by (a) any interest in property used in or for a Private Business Use or (b) payments with respect to such property or (ii) is to be derived from payments in respect of property or borrowed money used for a Private Business Use. See Section 141(b)(2) of the Code.

(C) Private Loan Financing Test. Obligations of an issue are also Private Activity Bonds if more than five percent (5%) of the proceeds (or $5 million, if less) of the issue are to be used to make or finance loans to Private Persons.

"***Private Business Use***" means any use (direct or indirect) in a trade or business carried on by any person other than a Governmental Unit. Any activity by a corporation, association, or partnership is treated as a trade or business activity.

"***Private Person***" means any natural person or any artificial person, including a corporation, partnership, trust or other entity, that is not a Governmental Unit and that is not acting solely and directly as an officer or employee of or on behalf of the issuer or another Governmental Unit.

"***Qualified Guarantee***" means any guarantee of an obligation that constitutes a "qualified guarantee" within the meaning of Section 1.148-4(f) of the Treasury Regulations.

"***Rebate Amount***" means with respect to an issue as of any date the excess of future value, as of that date, of all receipts on Non-purpose Investments acquired with Gross Proceeds of the issue over the future value, as of that date, of all payments on Non-purpose Investments acquired with Gross Proceeds of the issue, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

"***Related Party***" means in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a related person is defined in Section 144(a)(3) of the Code.

"***Replacement Proceeds***" means with respect to an issue, amounts (including any investment income but excluding any proceeds of that issue) replaced by proceeds of that issue pursuant to Section 148(a)(2) of the Code. Replacement Proceeds may include amounts held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"***Sale Proceeds***" means that portion of the Issue Price actually or constructively received by the issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest. See Section 1.148-1(b) of the Treasury Regulations.

"***Temporary Period***" means the period of time, as set forth in the Tax Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148 of the Code.

"***Transferred Proceeds***" means that portion of the proceeds of an issue (including Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of that issue is discharged with the proceeds of a refunding issue and that thereupon becomes proceeds of the refunding issue in accordance with Section 1.148-9(b) of the Treasury Regulations. Transferred Proceeds do not include Replacement Proceeds.

The terms **"bond"**, **"reasonable retainage"**, **"reasonably required reserve or replacement fund"**, **"loan"**, **"sinking fund"**, **"multipurpose issue"**, **"purpose investment"**, **"variable yield issue"** and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

EXHIBIT B

MATURITY AND REDEMPTION TERMS

Maturity Date (July 1)	Par Amount	Offering Price	Total for Maturity
2009	$ 40,000	100%	$ 40,000
2010	42,000	100%	42,000
2011	43,000	100%	43,000
2012	45,000	100%	45,000
2013	47,000	100%	47,000
2014	50,000	100%	50,000
2015	52,000	100%	52,000
2016	55,000	100%	55,000
2017	57,000	100%	57,000
2018	60,000	100%	60,000
2019	63,000	100%	63,000
2020*	67,000	100%	67,000
2021*	70,000	100%	70,000
2022*	74,000	100%	74,000
2023*	78,000	100%	78,000
2024*	83,000	100%	83,000
2025*	88,000	100%	88,000
2026	93,000	100%	93,000
2027**	98,000	100%	98,000
2028**	103,000	100%	103,000
2029**	109,000	100%	109,000
2030**	116,000	100%	116,000
2031**	122,000	100%	122,000
2032	129,000	100%	129,000

* Redemption Dates for Term Bond maturing on July 1, 2026
** Redemption Dates for Term Bond maturing on July 1, 2032

Special Optional Redemption. The Bonds are subject to special redemption prior to maturity, in whole or, or from time to time, in part on any Interest Payment Date upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Improvements, upon direction given to the Trustee by the District, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to special optional redemption from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable

redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events: (i)the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or (ii)the transfer of moneys from the Reserve Fund established for the Bonds to the Prepayment Account of the Bond Fund pursuant to the Indenture.

Optional Redemption. The Bonds will also be redeemable on or after July 1, 2017, at the option of the District in whole on any date or from time to time in part on any interest payment date as randomly determined by the Trustee upon not more than sixty (60) nor less than thirty (30) days prior notice upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed from the most recent interest payment date to the applicable redemption date without premium.

Mandatory Redemption. The Bonds will be redeemed from funds of the District prior to maturity on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent interest payment to the applicable redemption date:

Bond maturing on July 1, 2026

Redemption Date (July 1)	Principal Amount
2020	$67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000
2026 (maturity)	93,000

Bond maturing on July 1, 2032

Redemption Date (July 1)	Principal Amount
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000
2032 (maturity)	129,000

EXHIBIT C

SOURCES AND USES OF BOND PROCEEDS AND OTHER MONEYS

SOURCES	
Principal amount of Bonds	$1,784,000.00
Accrued interest	0.00
TOTAL SOURCES	$1,784,000.00
USES	
Deposit to Acquisition Fund and Construction Fund	$1,495,258.00
Deposit to the Issuance and Expenses Fund	102,500.00
Underwriter's compensation	49,060.00
Deposit to Cash Flow Stabilization Fund	137,182.00
TOTAL USES	$1,784,000.00

EXHIBIT D

Principal Amount of Bonds	$1,784,000.00
Pre-Issuance Accrued Interest	0.00
ISSUE PRICE	1,784,000.00
Less: Pre-Issuance Accrued Interest	(0.00)
SALE PROCEEDS	1,784,000.00
Less: Sale Proceeds deposited in Cash Flow Stabilization Fund	(137,182.00)
Less: Minor Portion	(89,200.00)
NET SALE PROCEEDS	$1,694,800.00

$1,784,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

ISSUER REQUEST FOR PAYMENT OF
COSTS OF ISSUANCE

Pursuant to Section 5.6 of the Indenture of Trust and Security Agreement dated as of October 1, 2007 (the "*Indenture*"), from Festival Ranch Community Facilities District (Town of Buckeye, Arizona) to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), the Trustee is hereby requested to disburse from the Issuance and Expenses Fund established in the Indenture to the persons named on *Exhibit A* hereto the respective amounts set forth thereon in payment of Costs of Issuance (as such term is defined in the Indenture), which amounts are for Costs of Issuance properly chargeable to the Issuance and Expenses Fund.

DATED: October 17, 2007.

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By_____
Chairman

JTG:jlu 771605.2 10/09/07

EXHIBIT A
Costs of Issuance

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

Bond Counsel (including expenses) -- Gust Rosenfeld P.L.C.	$35,000.00
Underwriter Counsel –Greenberg Traurig, LLP	30,000.00
Trustee – Wells Fargo Bank, N.A. (acceptance and first year annual fees)	5,000.00
Printing of Official Statement (Wold Printing)	15,000.00
Financial Advisor – Stone & Youngberg LLC	12,500.00
	$97,500.00

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

and

RBC DAIN RAUSCHER INC.,
DOING BUSINESS UNDER THE
NAME RBC CAPITAL MARKETS

DISSEMINATION AGENCY AGREEMENT

Dated as of October 1, 2007

$1,784,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment Districts Nos. 4 and 5
Special Assessment Revenue Bonds, Series 2007

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THIS DISSEMINATION AGENCY AGREEMENT, dated as of October 1, 2007 (hereinafter referred to as this "*Agreement*"), by and between Festival Ranch Community Facilities District, a community facilities district duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), and RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware and doing business under the name RBC Capital Markets (hereinafter together with its successors referred to as the "*Agent*");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of the Issuer (hereinafter referred to as the "*Board*") adopted on September 18, 2007, the Board has authorized the issuance of certain special assessment revenue bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*"); and

WHEREAS, in order to provide terms for providing for compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, with respect to the Securities, the Board has duly authorized the execution and delivery of a Continuing Disclosure Undertaking, dated the date of initial delivery of the Securities (hereinafter referred to as the "*Undertaking*"); and

WHEREAS, in order to assist the Issuer in complying with the Undertaking, the Board has determined to enter into this Agreement; and

WHEREAS, pursuant to the Enabling Act, the Issuer may enter into agreements to process the issuance of the Securities, including this Agreement;

NOW, THEREFORE, in the joint and mutual exercise of the their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

SECTION 1.01. *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms in this Agreement have the meanings assigned to them hereinabove and in the Section 1 of the Undertaking and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections," "Clauses" and other subdivisions are to the designated Articles, Sections, Clauses and other subdivisions of this instrument as originally executed.

C. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.

SECTION 1.02. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Issuer or the Agent to be made upon, given or furnished to or filed with,

1. the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at c/o Town of Buckeye, Arizona, 100 North Apache, Suite A, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to such person by the Issuer, and

2. the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to it at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Managing Director, or at any other address furnished previously in writing to such person by the Agent.

B. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 1.03. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. *Successors and Assigns.*

All covenants and agreements in this Agreement by the Issuer and the Agent shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. *Severability Clause.*

In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. *Benefits of Agreement.*

Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

SECTION 1.07. *Governing Law.*

This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SECTION 1.08. *Notice of Section 38-511, Arizona Revised Statutes, As Amended.*

The Issuer may, within three (3) years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of the Agent in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from the Agent arising as the result of this Agreement. The Agent has not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the Agent in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

SECTION 1.09. *Further Assurances; Recording.*

The Agent shall do, execute, acknowledge and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

SECTION 1.10. *Amendments.*

This Agreement may be amended by an instrument in writing executed and delivered by each of the Agent and the Issuer.

SECTION 1.11. *Termination.*

The Issuer or the Agent may terminate this Agreement by giving written notice to the other party at least thirty (30) days prior to such termination. Otherwise, this Agreement shall terminate coincident with the termination of the Undertaking. The Issuer is not required to appoint a successor to the Agent. The absence of the Agent or a successor to the Agent shall not relieve the Issuer of the responsibilities of the Issuer pursuant to the Undertaking.

SECTION 1.12. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement between the Issuer and the Agent with regard to the matters provided for herein.

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

The Agent shall compile and deliver each Annual Report to the Issuer by December 1 of each year for review by the Issuer, and the Issuer shall thereafter deliver to the Agent any revisions to each Annual Report by the next succeeding January 15 for dissemination as set forth in Section 2.03.

SECTION 2.02. *Material Events.*

A. The Issuer shall provide a written description to the Agent of the occurrence of any Listed Event which the Issuer has determined to be material as described in Section 3(b) of the Undertaking in a timely manner, signed by an appropriate representative of the Issuer. Upon the Agent becoming aware of any such Listed Event, the Agent shall promptly notify the Issuer of such Listed Event. (The Agent shall have no duty or responsibility to review the determination of the Issuer that such Listed Event is material or the written description of such Listed Event.)

B. The Agent shall disseminate Notices of Material Events as set forth in Section 2.04.

SECTION 2.03. *Dissemination of Annual Reports.*

A. The Agent shall disseminate each Annual Report to the entities, in the manner and on the dates provided in Section 2 of the Undertaking.

B. The Agent shall disseminate such information in the form delivered to the Agent by the Issuer pursuant to Section 2.01.

(Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Annual Report to the Issuer, along with a notice stating the date such Annual Report was filed and the identities of the entities with which such Annual Report was filed.

D. The Agent shall also, if necessary, file the notices required pursuant to Sections 2(a)(ii) and 2(b)(i)(B) of the Undertaking with respect to inability or failure to provide an Annual Report and change of fiscal year of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

SECTION 2.04. *Dissemination of Notices of Material Events.*

A. The Agent shall disseminate each Notice of Material Event to the entities and in the manner provided in Section 3 of the Undertaking within one (1) business day after receipt of such information by the Agent pursuant to Section 2.02.

B. The Agent shall disseminate such information in the form delivered to it by the Issuer pursuant to Section 2.02. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Notice of Material Event to the Issuer, along with a notice stating the date and the identities of the entities with which such Notice of Material Event was filed.

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 5(a) and 6(b) of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Issuer, respectively, and shall provide a copy thereof to the Issuer.

SECTION 2.06. *Duty to Update.*

One (1) business day prior to the date the Issuer is required to file information with a Repository or the Municipal Securities Rulemaking Board, as applicable, the Agent shall determine, in the manner the Agent deems appropriate, the names and addresses of the then existing Repositories and the manner and medium by which information is to be transmitted and filed with such Repository or the Municipal Securities Rulemaking Board.

SECTION 2.07. *Consequences of Default by Agent; Standard of Care.*

A. In the event of a failure of the Agent to comply with any provisions of this Agreement, the Issuer may take any action at law or in equity to enforce the obligations of the Agent hereunder.

B. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agent or matters of public record.

C. The Agent shall have only such duties as are specifically set forth in this Agreement and the Undertaking.

D. To the extent permitted by applicable law, the Issuer shall indemnify and save the Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Agent may incur arising out of or in the exercise or performance of the powers and duties of the Agent pursuant to this Agreement and the Undertaking, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Securities.

SECTION 2.08. *Additional Information.*

Nothing in this Agreement shall be deemed to prevent the Issuer from delivering any other information to the Agent, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any such information, the Issuer shall have no obligation pursuant to this Agreement to update such information or include it in any future disclosure or notice.

SECTION 2.09. *Compensation.*

The Issuer shall compensate the Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

SECTION 2.10. *Recordkeeping.*

The Agent shall maintain records of the Annual Reports and the Notices of Material Events including the names of the entities with which the same were filed and the date of filing, and copies thereof shall be available to the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

* * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Bobby Bryant, Chairman, District Board

ATTEST:

.....
Linda Garrison, District Clerk

RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS

By.....
Shawn Dralle, Managing Director

327903549.2-10/9/2007

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Bobby Bryant, Chairman, District Board

ATTEST:

.....
Linda Garrison, District Clerk

RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS

Shawn Dralle

By.....
Shawn Dralle, Managing Director

327903549.2-10/9/2007

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)*** Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Reference and Pricing Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Official Statement" shall mean the Official Statement, dated October 5, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking***.

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 1 and 2 of the Official Statement.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 4 of the Official Statement.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Limited Offering Memorandum.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the

basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMIN-***

ATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any

other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: October 17, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Bobby Bryant, Chairman, District Board

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CLOSING CERTIFICATE OF
TOWN OF BUCKEYE, ARIZONA

The undersigned, the Mayor, the Town Clerk and the Interim Town Manager of the Town of Buckeye, Arizona (the "*Town*"), acting for and on behalf of the Town, HEREBY CERTIFY as follows:

1. That they are the duly chosen, qualified and acting Mayor, Town Clerk and Interim Town Manager of the Town, respectively, and as such are familiar with the properties, affairs, books and corporate records of the Town.

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members.

3. (a) That on April 19, 2005, Resolution No. 39-05 (the "*Resolution*") of the Mayor and Council of the Town, ordering formation of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than 24 hours prior to the Meeting and that the Meeting was open to the public.

(b) That the Town has no rules of procedure which would invalidate or make ineffective the Resolution.

(c) That the Resolution has not been repealed, revoked or rescinded.

4. That, on the date hereof, the persons named below are the duly qualified and acting incumbents of the offices of the Town set forth below their respective signatures and the signatures appearing above their respective names are the genuine official signatures of said officers.

5. That, to the knowledge of the undersigned, no litigation or proceeding is pending or threatened in any court or administrative body contesting the due organization and valid existence of the Council of the Town or the Town, the titles of the Mayor and members of the Council of the Town to their respective offices or the validity, due authorization and execution of the Resolution; contesting the due organization or valid existence of the District.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the City on October 17, 2007.

TOWN OF BUCKEYE, ARIZONA

By_____
Mayor

By_____
Town Clerk

By_____
Interim Town Manager

JTG:jlu 771641.2 10/09/07

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CLOSING CERTIFICATE OF COMPANY

The undersigned, President, Vice President and Assistant Secretary, of Pulte Home Corporation, a Michigan corporation (the "*Company*"), acting for and on behalf of the Company, HEREBY CERTIFY as follows:

1. That they are duly qualified and acting for and on behalf of the Company and as such are familiar with the books and corporate records of the Company.

2. That the Company is a duly incorporated and validly existing corporation under the laws of the State of Michigan, and the Company has no proceedings pending or contemplated with a view to liquidation or dissolution.

3. The Company has the power and authority to execute and deliver the following documents (collectively, the "*Documents*") and that as executed and delivered by the duly authorized representative of the Company were approved or the execution and delivery thereof was authorized by the Company such approvals and authorizations remain in full force and effect and have not been repealed, revoked or rescinded and, except as noted below, such Documents have not been modified or amended:

(a) The Development, Financing Participation and Intergovernmental Agreement No. 1 (Festival Ranch Community Facilities District) recorded in Maricopa County, Arizona on April 22, 2005, at Docket No. 2005-1333865 (the "*Development Agreement*").

(b) The Festival Ranch Community Facilities District Waiver and Development, recorded in Maricopa County, Arizona on September 13, 2007, at Docket No. 2007-1019726; and

(c) The Letter of Indemnity dated as of October 5, 2007 from the Company to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*").

(d) The Continuing Disclosure Undertaking of the Company dated October 17, 2007.

(e) The Dissemination Agency Agreement dated as of October 1, 2007 by and between the Company and the Underwriter.

4. That the representative executing and delivering the Documents had the authority to execute and deliver the Documents.

5. That the persons named below were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the Company appearing below and the signatures appearing below are genuine official signatures of said officers.

NAME	TITLE
D. Christopher Ward	Vice President
Patricia Fairfield	Assistant Secretary

6. The Documents will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which the Company is a party or by which it or its properties are bound.

7. The consummation of the transactions contemplated by the Documents and the Development Agreement and compliance by the Company with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any material indenture, agreement or other instrument to which the Company is a party or by which the Company may be bound, which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Company taken as a whole.

8. No material consent, approval, authorization or other action by, or filing with, any federal, State or local government authority is required in connection with the execution, delivery and performance by the Company of the obligations of the Company under the Documents or to conduct the business of the Company as presently being conducted and as described in the Official Statement dated October 5, 2007 pertaining to the above-referenced Bonds (the "*Official Statement*").

9. The Company is the sole fee title owner of all of the real property that is assessed in Assessment District Nos. 4 and 5 (the "*Property*") and the Company has accepted the assessments levied against the lots and parcels comprising the Property in the amounts set forth in the assessment approved by the District governing board on September 4, 2007.

10. Except as set forth in the Official Statement, no litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the Company from consummating the transactions contemplated by the Documents.

11. That the Company is not in default in the payment of principal of or interest on any of its indebtedness for borrowed money and is not in default under any instruments

or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder and there has not occurred any material change or any development involving a prospective material change in the condition, financial or otherwise, or in the revenues or operations of the Company.

12. No litigation or administrative action or proceeding is pending or, to the knowledge of the undersigned, threatened, restraining or enjoining, or seeking to restrain or enjoin, the effectiveness or validity of any the proceedings relating to the formation of the District or Assessment District Nos. 4 and 5, the levying of the assessment, or the issuance of the Bonds or the Documents or the performance by the Company of its obligations set forth in the Documents or the conduct of the Company's business as described in the Official Statement, or contesting or questioning the proceedings and authority under which the Documents have been authorized and are delivered and executed.

13. Attached hereto as *Exhibit A* is a true, complete and correct copy of the certificate of incorporation of the Company which was in full force and effect as of October 1, 2007, and which has been in effect from that date to the date hereof and that the certificate of incorporation has not been amended.

14. Attached hereto as *Exhibit B* is a true, complete and correct copy of a Certificate of Good Standing as to the Company issued by the Arizona Corporation Commission dated October 8, 2007. Nothing has occurred since the date of the Certificate of Good Standing that would cause the Company to no longer be in good standing.

15. All of the representations and warranties of the Company made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were made as of the date hereof, and with respect to the Indemnity Letter, the representations and warranties in paragraphs 1(b) and (d) would be accurate if the reference therein to the "Preliminary Official Statement" were changed to "Official Statement".

16. The information contained in the Official Statement dated October 5, 2007 under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "SECURITY FOR AND SOURCES OF PAYMENT – Special Assessment Amounts and Land Values," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" and in Appendix C – "APPRAISAL" did not, as of its date, and does not, as of the date hereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. Additionally, in connection with our participation in the preparation of the Official Statement, we have not acquired any knowledge that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

17. The Company has reviewed the Appraisals dated August 10, 2007 of Burke Hansen, LLC ("*Appraisals*") of the Property and believes that the estimated values of the appraised properties contained in the Appraisals were not unreasonable in light of all facts and circumstances known to the Company.

18. The Company is not now insolvent, nor did the levy of the assessments against property in the District owned by the Company render such Company insolvent or incapable of the performance of any of its obligations including without limitation the Company's ability to pay future assessments against such property nor does the levy of the assessments or the current financial standing of the Company leave the Company with unreasonably small capital or assets rendering the Developer incapable of developing the development described in the Official Statement.

19. The Company certifies that all improvements financed with the Bonds will be owned by a governmental entity and available for use by the general public and that the Company will proceed with all reasonable speed to develop such improvements and the property benefited thereby and to transfer said improvements to the District after the property benefited thereby is developed.

[*Signature blocks appear on the following page.*]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on October 17, 2007.

PULTE HOME CORPORATION, a Michigan corporation

By: D. Christopher Ward
Name: D. Christopher Ward
Title: Vice President

By: Patricia M Fairfield
Name: Patricia M. Fairfield
Title: Assistant Secretary

ATTACHMENTS

Exhibit A – Articles of Incorporation
Exhibit B - Certificate of Good Standing

JTG:jlu 771642 10/04/07

EXHIBIT A

Articles of Incorporation

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Labor & Economic Growth

Lansing, Michigan

This is to Certify that the annexed copy has been compared by me with the record on file in this Department and that the same is a true copy thereof.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 8th day of October, 2007

Andrew L. Metcalf, *Director*

Bureau of Commercial Services

GOLD SEAL APPEARS ONLY ON ORIGINAL

RECEIVED

JAN 24 1995

MICHIGAN DEPT. OF COMMERCE

C&S-500

MICHIGAN DEPARTMENT OF COMMERCE -
CORPORATION AND SECURITIES BUREAU

FILED

JAN 24 1995

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective Date:

CORPORATION IDENTIFICATION NUMBER 150 148

ARTICLES OF INCORPORATION
For use by Domestic Profit Corporations

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Pulte Michigan Corporation

ARTICLE II

The purpose or purposes for which the corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Business Corporation Act of Michigan.

ARTICLE III

The total authorized capital stock is:

1. Common Shares 25,000 Par Value Per Share $0.01

   Preferred Shares 25,000 Par Value Per Share $0.01

   and/or shares without par value as follows:

2. Common Shares N/A Stated Value Per Share

   Preferred Shares N/A Stated Value Per Share

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3. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows:

Provisions Relating to Preferred Stock

The Board of Directors may cause the Corporation to issue Preferred Stock in one or more series, each series to bear a distinctive designation and to have such relative rights and preferences as shall be prescribed by resolution of the board; such resolutions, when filed, shall constitute amendments to these articles of incorporation. Without limiting the generality of the grant of authority contained in the preceding sentence, the Board of Directors is authorized to determine any or all of the following, and the shares of each series may vary from the shares of any other series in any or all of the following respects:

a. The number of shares of such series (which may subsequently be increased, except as otherwise provided by the resolutions of the Board of Directors providing for the issue of such series, or decreased to a number not less than the number of shares then outstanding) and the distinctive designation thereof;

b. The dividend rights, if any, of such series; the dividend preferences, if any, as between such series and any other class or series of stock; whether and the extent to which shares of such series shall be entitled to participate in dividends with shares of any other series or class of stock; whether and the extent to which dividends on such series shall be cumulative; and any limitations, restrictions or conditions on the payment of such dividends;

c. The time or times during which, the price or prices at which, and any other terms or conditions on which the shares of such series may be redeemed, if redeemable;

d. The rights of such series, and the preferences, if any, as between such series and any other class or series of stock, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and whether and the extent to which shares of any such series shall be entitled to participate in such event with any other class or series of stock;

e. The voting powers, if any, in addition to the voting powers prescribed by law of shares of such series, and the terms of exercise of such voting powers;

f. Whether shares of such series shall be convertible into or exchangeable for shares of any other series or class of stock, or of any series of the same class, or any other securities, and the terms and conditions, if any, applicable to such right;

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g. The terms and conditions, if any, of any purchase, retirement or sinking fund which may be provided for the shares of such series;

h. Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, in relation to stock of any other class or series thereof or of any other series of the same class, as shall not be inconsistent with law or the provisions of this Article III.

ARTICLE IV

1. The address of the registered office is:

   6400 Farmington Road, West Bloomfield, Michigan 48033

2. The mailing address of the registered office if different than above:

   N/A

3. The name of the resident agent at the registered office is:

   David Ebling

ARTICLE V

The name and address of the incorporator is as follows:

Name	Residence or Business Address
Gregory Nelson	6400 Farmington Road West Bloomfield, Michigan 48033

ARTICLE VI

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who have not consented in writing.

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ARTICLE VII

The Corporation expressly elects not to be governed by Chapter 7A of the Michigan Business Corporation Act, being Sections 775 through 784 of the Michigan Business Corporation Act.

I, the incorporator, sign my name this 22nd day of January, 1985.

Gregory Nelson

RK9q

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C&S-500 (Rev 1-84)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Jeanette M. Sermo
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller Schwartz and Cohn

Preparer's name and business telephone number:

Jeanette M. Sermo

(313) 256-7634

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended. The articles of incorporation cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of Act 284, P.A. of 1972, by one or more persons for the purpose of forming a domestic profit corporation.
4. Article I — The corporate name of a domestic profit corporation is required to contain one of the following words or abbreviations: "Corporation", "Company", "Incorporated", "Limited", "Corp.", "Co.", "Inc.", or "Ltd.".
5. Article II — State, in general terms, the character of the particular business to be carried on. Under section 202(b) of the Act, it is sufficient to state substantially, alone or without specifically enumerated purposes, that the corporation may engage in any activity within the purposes for which corporations may be organized under the Act. The Act requires, however, that educational corporations state their specific purposes.
6. Article III (2) — The Act requires the incorporators of a domestic corporation having shares without par value to submit in writing the amount of consideration proposed to be received for each share which shall be allocated to stated capital. Such stated value may be indicated either in item 2 of article III or in a written statement accompanying the articles of incorporation.
7. Article IV — A post office box may not be designated as the address of the registered office. The mailing address may differ from the address of the registered office only if a post office box address in the same city as the registered office is designated as the mailing address.
8. Article V — The Act requires one or more incorporators. The address(es) should include a street number and name (or other designation), city and state.
9. The duration of the corporation should be stated in the articles only if the duration is not perpetual.
10. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated as an additional article.
11. The articles must be signed in ink by each incorporator. The names of the incorporators as set out in article V should correspond with the signatures.
12. FEES: Filing fee $10.00

    Franchise fee — ½ mill (.0005) on each dollar of authorized capital stock, with a minimum franchise fee of $25.00

    Total minimum fees (Make remittance payable to State of Michigan) $35.00
13. Mail form and fee to:

    Michigan Department of Commerce, Corporation and Securities Bureau, Corporation Division, P.O. Box 30054, Lansing, MI 48909, Telephone: (517) 373-0493

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C&S-515 (Rev. 1-83)

MICHIGAN DEPARTMENT OF COMMERCE – CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

FEB 19 1985

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received

FEB 19 1985

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read instructions on last page before completing form)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The name of the corporation is: Pulte Michigan Corporation

2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 — 1 4 8

3. The location of its registered office is:

6400 Farmington Road, (Street Address) West Bloomfield (City), Michigan 48033 (ZIP Code)

4. Article VII of the Articles of Incorporation is hereby amended to read as follows:

Pursuant to Section 784(1)(b) of the Michigan Business Corporation Act, the Corporation expressly elects not to be governed by Chapter 7A of the Michigan Business Corporation Act, being Sections 775 through 784 of the Michigan Business Corporation Act; provided that the Corporation's Board of Directors may terminate this election in whole or in part by action of the majority of directors then in office.

5. The foregoing amendment to the Articles of Incorporation was duly adopted on the 12th day of February, 19 85, in accordance with the provisions of the Act.

This Amendment (Complete and execute either a or b below, but not both.)

a. ☐ was duly adopted by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19 _____.

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators; type or print name under each signature)

b. (Check one of the following)

☐ was duly adopted by the shareholders or members, or by the directors if it is a nonprofit corporation organized on a nonstock directorship basis, in accordance with Section 611(2) of the Act. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407 (1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☒ was duly adopted by written consent of all the shareholders or members entitled to vote in accordance with Section 407 (3) of the Act.

Signed this 12th day of February, 19 85

By Richard C. Staky
(Signature)

Richard C. Staky, Vice President
(Type or Print Name and Title)

GOLD SEAL APPEARS ONLY ON ORIGINAL

CSS-515 (Rev. 1-83)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Jeanette M. Sermo
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Telephone:
Area Code (313)
Number 256-7634

INFORMATION AND INSTRUCTIONS

1. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.

2. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic corporation.

3. Item 2 – Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.

4. Item 4 – The entire article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identified sections, only the sections being amended need be included.

5. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.

6. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.

7. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) – 1/2 mill (.0005) on each dollar of increase over highest previous authorized capital stock.

8. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, Michigan 48909
   Telephone: (517) 373-0493

CAS-A50 (Rev. 1-83)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

Date Received

APR 10 1985

FILED

APR 10 1985

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective: April 12, 1985 (close of business)

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

(Please read instructions on last page before completing form)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), and/or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporations execute the following Certificate:

1. The Plan of Merger (Consolidation) is as follows:

a. The name of each constituent corporation and its corporation identification number (CID) is:

Pulte Michigan Corporation, a Michigan corporation	1 5 0 — 1 4 8
Pulte Home Corporation, a Delaware corporation	6 1 6 — 5 2 1

b. The name of the surviving (new) corporation and its corporation identification number (CID) is:

Pulte Michigan Corporation	1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

Name of corporation	Designation and number of outstanding shares in each class or series	Indicate class or series of shares entitled to vote	Indicate class or series entitled to vote as a class
Pulte Michigan Corporation	1,000, $0.01 par value	Common	N/A
Pulte Home Corporation	23,532,576, $1.00 par value	Common	N/A

If the number of shares is subject to change prior to the effective date of the merger or consolidation, the manner in which the change may occur is as follows:

Exercise of stock options outstanding under four stock option plans of Pulte Home Corporation or conversion of Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures, due February 1, 2008, into Pulte Home Corporation's Common Stock.

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d. For each constituent nonstock corporation

(i) If it is organized on a membership basis, state (a) the name of the corporation, (b) a description of its members, and (c) the number, classification and voting rights of its members.

(ii) If it is organized on a directorship basis, state (a) the name of the corporation, (b) a description of the organization of its board, and (c) the number, classification and voting rights of its directors.

e. The terms and conditions of the proposed merger (consolidation), including the manner and basis of converting the shares of, or membership or other interests in, each constituent corporation into shares, bonds, or other securities of, or membership or other interest in, the surviving (consolidated) corporation, or into cash or other consideration, are as follows:

See Attachment 1 to this Certificate of Merger.

f. If a consolidation, the Articles of Incorporation of the consolidated corporation are attached to this certificate and are incorporated herein. If a merger, the amendments to the Articles, or a restatement of the Articles, of the surviving corporation to be effected by the merger are as follows:

See Attachment 2 to this Certificate of Merger.

g. Other provisions with respect to the merger (consolidation) are as follows:

See Attachment 3 to this Certificate of Merger.

2. (Complete for any foreign corporation only)

This merger (consolidation) is permitted by the laws of the state of Delaware, the jurisdiction under which Pulte Home Corporation (name of foreign corporation) is organized and the plan of merger (consolidation) was adopted and approved by such corporation pursuant to and in accordance with the laws of that jurisdiction.

3. (Complete only if an effective date is desired other than the date of filing)

The merger (consolidation) shall be effective on the 12th day of April, 19 85.

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4. (Complete applicable section for each constituent corporation)

a. (For domestic profit corporations only)

The plan of merger (consolidation) was approved by the unanimous consent of the incorporators of _____, which has not commenced business, has not issued any shares, and has not elected a Board of Directors. (Incorporators must sign on this page of the Certificate.)

b. (For profit corporations involved in a merger only)

The plan of merger was approved by the Board of Directors of _____, the surviving corporation, without the approval of the shareholders of that corporation in accordance with Section 704 of the Act.

c. (For profit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors of the following constituent corporations: Pulte Michigan Corporation
Pulte Home Corporation

and was approved by the shareholders of those corporations in accordance with Sections 701 to 704, or pursuant to Section 407 by written consent and written notice, if required.

d. (For nonprofit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors (i) (Complete if organized upon a stock or membership basis)

of _____ and was approved by the shareholders or members of that corporation in accordance with Sections 701 and 703(1) and (2), or pursuant to Section 407 by written consent and written notice, if required.

(ii) (Complete if organized upon a directorship basis)

of _____ in accordance with Section 703(3).

Sign this area for item 4(a).

Signed this _____ day of _____, 19____.

_____ _____

_____ _____

Sign this area for items 4(b), 4(c), or 4(d).

Signed this 29th day of March, 1985.

Pulte Michigan Corporation
(Name of Corporation)

By Richard C. Staky
(Signature)

Richard C. Staky, Vice President
(Type or Print Name and Title)

Signed this 29th day of March, 1985.

Pulte Home Corporation
(Name of Corporation)

By David Ebling
(Signature)

David Ebling, Vice President
(Type or Print Name and Title)

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ATTACHMENT 1 TO
CERTIFICATE OF MERGER

The manner of converting the Common Stock or shares of the Constituent Corporations into stock or shares of the Surviving Corporation shall be as follows:

1. Each share of the Common Stock of the par value of $1.00 of the Delaware Company issued and outstanding at the effective date of the merger, and each share held in its treasury and all rights in respect thereof shall, by virtue of the merger and without any action on the part of the holder thereof, be converted upon the merger becoming effective, into one share of Common Stock of a par value of $0.01 per share of the Surviving Corporation. Outstanding certificates representing shares of the Common Stock of the Delaware Company shall thenceforth represent the same number of shares of Common Stock of the Surviving Corporation, and the holder thereof shall have the same rights which he would have if such certificates had been issued by the Surviving Corporation. Upon the surrender of any such certificate to the Surviving Corporation at the office of its transfer agent, the transferee or any other holder of the certificate surrendered shall receive in exchange therefor a certificate or certificates of the Surviving Corporation.

2. Any stock options granted by the Delaware Company and in existence on the effective date of the merger, and any other rights to acquire or receive shares of Common Stock of the Delaware Company in existence on such date, shall remain in full force and effect and be applicable to the shares of Common Stock of the Surviving Corporation, and all options or other rights for the purchase or other acquisition of shares of the Common Stock of the Delaware Company which are outstanding immediately prior to the merger becoming effective shall continue, without impairment or alteration following the effectiveness of the merger, as outstanding options or other rights for the purchase or other acquisition of shares of Common Stock of the Surviving Corporation.

3. Any employee benefit stock plan adopted by the Delaware Company and in existence on the effective date of the merger including, but not limited to, the Pulte Home Corporation 1969 Option Plan For Key Employees, the Pulte Home Corporation 1973 Stock Option Plan, the Pulte Home Corporation 1977 Key Employees Stock Option Plan, and the Pulte Home Corporation 1983 Key Employees Stock Option Plan, shall remain in full force and effect and be applicable to shares of Common Stock of the Michigan Company.

4. The 1,000 shares of Common Stock of the Michigan Company which are presently issued and outstanding and owned and held by the Delaware Company shall, on the effective date of the merger, be cancelled and given the status of authorized and unissued shares.

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5. All shares of the Common Stock of the Michigan Company into which shares of the Delaware Company are converted shall be fully paid and non-assessable.

6. All securities which are convertible into shares of the Delaware Company's Common Stock and which are outstanding on the effective date of the merger including, but not limited to, Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures due February 1, 2008, shall continue without impairment or alteration following the effectiveness of the merger, to be convertible, according to their terms, into shares of Common Stock of the Surviving Corporation.

RK14g

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ATTACHMENT 2 TO
CERTIFICATE OF MERGER

The Articles of Incorporation of the Michigan Company shall be the Articles of Incorporation of the Surviving Corporation except that upon the effective date of the merger, Articles I and III shall be and hereby are by this Agreement of Merger amended:

1. By striking out Article I in its entirety and substituting in lieu thereof a new Article I as follows:

"ARTICLE I

The name of the corporation is Pulte Home Corporation."

2. By striking out only Sections 1 and 2 of Article III and substituting in lieu thereof new Sections 1 and 2 of Article III reading as follows:

"The total authorized capital stock is:

1.	Common Shares	40,000,000	Par Value Per Share	$0.01
	Preferred Shares	1,000,000	Par Value Per Share	$0.01

and/or shares without par value as follows:

2.	Common Shares	N/A	Stated Value Per Share	
	Preferred Shares	N/A	Stated Value Per Share	"

The Articles of Incorporation of the Michigan Company, as hereinabove amended, shall constitute the composite Articles of Incorporation of the Surviving Corporation until further amended in the manner provided by law.

RK14h

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ATTACHMENT 3 TO
CERTIFICATE OF MERGER

On the effective date of the merger as hereinafter provided, the Delaware Company and the Michigan Company shall be merged into a single corporation in accordance with the laws of the states of Delaware and Michigan, by the Delaware Company merging into the Michigan Company, which shall be the Surviving Corporation and which shall exist under the name "Pulte Home Corporation" as hereinafter provided.

Upon the merger becoming effective in accordance with the laws of the states of Michigan and Delaware:

1. The Constituent Corporations shall be a single corporation which shall be the Michigan Company as the Surviving Corporation and the separate existence of the Delaware Company shall cease except to the extent provided by the laws of the State of Delaware in the case of a corporation after its merger into another corporation.

2. The Surviving Corporation shall possess all the rights, privileges, powers, immunities and franchises of a public as well as a private nature of each of the Constituent Corporations; and all property, real, personal and mixed, including all trademarks, trademark registrations, and applications for registration of trademarks, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest of, or belonging to, or due to each of the Constituent Corporations, shall be taken and deemed to be transferred and vested in the Surviving Corporation without further act or deed; and the title to all real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert nor be in any way impaired by reason of the merger.

3. The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted to judgment as if the merger had not taken place, or the Surviving Corporation may be substituted in its place, and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the merger.

4. All corporate acts, plans, policies, contracts, approvals and authorizations of the Delaware Company, its stockholders, Board of Directors, committees elected or appointed by the Board of Directors, officers and agents, which were valid and effective immediately prior to the effective date of the merger shall be taken for all purposes as the acts, plans, policies, approvals, and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to the Delaware Company. The requirement of any stock option plan or other plan or provision of the Delaware Company involving the issuance by the Delaware Company under such plans of

GOLD SEAL APPEARS ONLY ON ORIGINAL

Common Shares of the Delaware Company to or for the account of the employees shall be satisfied by the issuance of a like number of shares of the Common Stock of the Surviving Corporation.

5. The By-Laws of the Michigan Company shall be and constitute the By-Laws of the Surviving Corporation, until the same shall thereafter be altered, amended, or repealed in accordance with applicable law, the Articles of Incorporation, and said By-Laws.

6. The directors and officers of the Delaware Company immediately prior to the merger becoming effective shall be and constitute the directors and officers of the Surviving Corporation and shall hold office until their successors shall have been chosen or appointed as provided in the By-Laws of the Surviving Corporation.

If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law is necessary or desirable to vest in the Surviving Corporation the title to any property or rights of the Delaware Company, the proper officers and directors of the Delaware Company shall execute and make all such proper assignments and assurances in law and do all things necessary or proper to vest such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement of Merger.

This Agreement of Merger shall be submitted to the stockholders of each of the Constituent Corporations as provided by law, and shall take effect and is conditioned upon, the approval or adoption thereof by the stockholders of each of the Constituent Corporations in accordance with the laws of the states of Delaware and Michigan. The effective date of the merger shall be determined by the Board of Directors of the Delaware Company. All acts and things shall be done as shall be required for accomplishing the merger under the applicable provisions of the laws of the State of Delaware and the State of Michigan.

Anything herein or elsewhere to the contrary notwithstanding, this Agreement of Merger may be abandoned by the Delaware Company by appropriate resolution of its Board of Directors at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both the Constituent Corporations. In the event of the termination and abandonment of this Agreement of Merger pursuant to the foregoing provisions of this Article VII, this Agreement of Merger shall become void and shall have no effect, without any liability on the part of either of the Constituent Corporations or the stockholders or directors or officers thereof. The Boards of Directors of the Delaware Company and the Michigan Company may modify this Agreement of Merger as they mutually agree at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both Constituent Corporations, provided that no such modification may materially adversely affect the Delaware Company's stockholders.

RK14f

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C&S-550 (Rev. 1-83)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Robert J. Krueger, Jr.
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Telephone:
Area Code (313)
Number 256-7675

INFORMATION AND INSTRUCTIONS

1. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.

2. This certificate is to be used pursuant to sections 701 through 707 of the Act for the purpose of merging or consolidating two or more domestic and/or foreign corporations and pursuant to Section 731 if the merger or consolidation involves one or more foreign corporations.

3. If more than two corporations are merging or consolidating, or the form is otherwise inadequate, the certificate may be adjusted as necessary. If additional space is required for any section, continue the section on an attachment.

4. Item 3 — This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.

5. If a domestic corporation is merging or consolidating into a foreign corporation that does not have a certificate of authority, this certificate cannot be filed until a tax clearance is received. To obtain such a clearance, contact the Tax Clearance Division, Michigan Department of Treasury, Treasury Building, Lansing, Michigan 48922, and request that the tax clearance be sent to the Corporation Division.

6. A domestic nonprofit charitable purpose corporation must obtain the consent of the Michigan Attorney General if it is merging or consolidating into a for profit corporation or a foreign nonprofit corporation that does not have a certificate of authority with Michigan. Contact the Charitable Trust Division, Michigan Attorney General, Room 670, Law Building, 525 West Ottawa, Lansing, Michigan 48913 at least 45 days before the desired effective date of the merger or consolidation.

7. This certificate must be signed in ink by the president, vice-president, chairperson, or vice-chairperson of each corporation that is merging or consolidating, unless the incorporators of a domestic profit corporation approve the merger or consolidation pursuant to sections 706 and 707 of the Act. In that event, the certificate must be signed in ink by all of the incorporators of that corporation in item 4.

8. FEES: Filing fee (Make remittance payable to State of Michigan) $50.00

   Merger — If the survivor is a domestic profit corporation whose authorized capital stock is increased, an additional fee is due equal to ½ mill (.0005) on each dollar of the increase over the previous highest authorized capital stock on which a franchise fee was paid.

   Consolidation — Franchise fees are required for the articles of incorporation of the new consolidated corporation, if it is a domestic corporation.

   Credit — If a foreign corporation authorized to transact business in this State merges or consolidates into a domestic profit corporation, the amount of franchise fees required to be paid by that domestic corporation shall be reduced by the initial or additional franchise fees paid to this State by the foreign corporation.

9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, MI 48909
   Telephone: (517) 373-0493

GOLD SEAL APPEARS ONLY ON ORIGINAL

CAS-510 (Rev. 11-85)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

APR 29 1987

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received

APR 29 1987

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read instructions and Paperwork Reduction Act notice on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982, as amended (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: Pulte Home Corporation

2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 — 1 4 8

3. The location of its registered office is:
6400 Farmington Road, (Street Address) West Bloomfield (City), Michigan 48033 (ZIP Code)

4. The Articles of Incorporation are hereby amended by adding Article VIII which reads in its entirety, as follows:

ARTICLE VIII

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of the director's fiduciary duty. However, this Article shall not eliminate or limit the liability of a director for any of the following:

(1) A breach of the director's duty of loyalty to the corporation or its shareholders.

(2) Acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law.

(3) A violation of Section 551(1) of the Michigan Business Corporation Act.

(4) A transaction from which the director derived an improper personal benefit.

(5) An act or omission occurring before the effective date of this Article.

Any repeal or modification of this Article by the shareholders of the corporation shall not adversely affect any right or protection of any director of the corporation existing at the time of, or for or with respect to, any acts or omissions occurring before such repeal or modification.

EAL APPEARS ONLY ON O INAL

5. COMPLETE SECTION (a) IF THE AMENDMENT WAS ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS OR TRUSTEES; OTHERWISE, COMPLETE SECTION (b)

a. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, 19____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19___

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators; type or print name under each signature)

b. ☒ The foregoing amendment to the Articles of Incorporation was duly adopted on the 29th day of, April, 19 87. The amendment: (check one of the following)

☒ was duly adopted in accordance with Section 611(2) of the Act by the vote of the shareholders if a profit corporation, or by the vote of the shareholders or members if a nonprofit corporation, or by the vote of the directors if a nonprofit corporation organized on a nonstock directorship basis. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by the written consent of all the directors pursuant to Section 525 of the Act and the corporation is a nonprofit corporation organized on a nonstock directorship basis.

☐ was duly adopted by the written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☐ was duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with Section 407(3) of the Act.

Signed this 29th day of April, 19 87

By _____ (Signature)

James Grossfeld, Chairperson
(Type or Print Name) (Type or Print Title)

GOLD SEAL APPEARS ONLY ON ORIGINAL

CSS-515 (Rev. 11-85)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Jeanette M. Sermo
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller Schwartz and Cohn

Preparer's name and business telephone number:

Jeanette M. Sermo

(313) 256-7634

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended, and Act 162, P.A. of 1982, as amended. The amendment cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic profit or nonprofit corporation. Do not use this form for restated articles. A nonprofit corporation is one incorporated to carry out any lawful purpose or purposes not involving pecuniary profit or gain for its directors, officers, shareholders, or members. A nonprofit corporation organized on a nonstock directorship basis, as authorized by Section 302 of the Act, may or may not have members, but if it has members, the members are not entitled to vote.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 4 — The entire article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identifiable sections, only the sections being amended need be included.
6. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
7. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators listed in Article V of the Articles of Incorporation. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) — ½ mill (.0005) on each dollar of increase over highest previous authorized capital stock.
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, MI 48909
   Telephone: (517) 373-0493

GOLD SEAL APPEARS ONLY ON ORIGINAL

C&S-520 (Rev. 12-85)

872881162 1009 ORG&FI $5.00

MICHIGAN DEPARTMENT OF COMMERCE – CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

OCT -9 1987

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received
OCT 9 1987

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic Corporations

(Please read instructions and Paperwork Reduction Act notice on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982, as amended (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The name of the corporation is: Pulte Home Corporation
2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 – 1 4 8

3. a. The address of the registered office as currently on file with the Bureau is:

6400 Farmington Road, West Bloomfield, Michigan 48033
(Street Address) (City) (ZIP Code)

b. The mailing address of the registered office if different than above is:

N/A
(P.O. Box) (City) (State) (ZIP Code)

c. The name of the resident agent as currently on file with the Bureau is:

David Ebling

4. (Complete if the address of the registered office is changed)
The address of the registered office is changed to:

33 Bloomfield Hills Parkway, Ste. 200, Bloomfield Hills, Michigan 48013
(Street Address) (City) (ZIP Code)

The mailing address of the registered office if different than above is:

N/A
(P.O. Box) (City) (State) (ZIP Code)

5. (Complete if the resident agent is changed)
The name of the successor resident agent is: Robert P. Schafer

6. The corporation further states that the address of its registered office and the address of the business office of its resident agent, as changed, are identical.
7. The above changes were authorized by resolution duly adopted by its board of directors or trustees.

Signed this 8th day of October, 19 87

By [signature] (Signature)

Richard C. Staky, Senior Vice President
(Type or Print Name) (Type or Print Title)

[redacted] ONLY ON ORIGINAL [redacted]

C&S-520 (Rev. 12-85)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Susan Morris
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended, and Act 162, P.A. of 1982, as amended. The certificate of change of registered office and/or change of resident agent cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to section 242 of the Act by domestic profit and nonprofit corporations for the purpose of changing their registered office or resident agent, or both. Changes of the registered office and/or resident agent for Foreign corporations must be made by filing an Amended Application for Certificate of Authority to Transact Business in Michigan.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 3 — The address of the registered office and the name of the resident agent must be the same as are designated in the articles of incorporation or subsequent change filed with the Bureau.
6. Item 4 — A post office box may not be designated as the address of the registered office.
7. This certificate must be signed in ink by the president, vice-president, chairperson, vice-chairperson, secretary or assistant secretary of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) ..... $ 5.00
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, Michigan 48909
   Telephone: (517) 373-0493

GOLD SEAL APPEARS ONLY ON ORIGINAL

CAS-515 (Rev. 5-87)

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

DEC 07 1987

Effective Date: December 7, 1987 at 4:23 p.m.

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read instructions and Paperwork Reduction Act notice on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982, as amended (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: Pulte Home Corporation

2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 — 1 4 8

3. The location of its registered office is:
33 Bloomfield Hills Parkway, Suite 200, Bloomfield Hills, Michigan 48033
(Street Address) (City) (ZIP Code)

4. Article III of the Articles of Incorporation is hereby amended to read as follows:

ARTICLE III

The total authorized capital stock is:

1. Common Shares 50,000 Par Value Per Share $ 0.01
   Preferred Shares N/A Par Value Per Share $ N/A

and/or shares without par value as follows:

2. Common Shares N/A Par Value Per Share $ N/A
   Preferred Shares N/A Par Value Per Share $ N/A

3. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows: N/A

The effective date of this amendment is December 7, 1987 at 4:23 p.m.

[redacted] ARS ONLY ON ORIGINAL [redacted]

5. COMPLETE SECTION (a) IF THE AMENDMENT WAS ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS OR TRUSTEES; OTHERWISE, COMPLETE SECTION (b)

a. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, 19____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this _____ day of _____, 19____

_____ _____

_____ _____

_____ _____

_____ _____

(Signatures of all incorporators; type or print name under each signature)

b. ☒ The foregoing amendment to the Articles of Incorporation was duly adopted on the 7th day of, December, 19 87. The amendment: (check one of the following)

☐ was duly adopted in accordance with Section 611(2) of the Act by the vote of the shareholders if a profit corporation, or by the vote of the shareholders or members if a nonprofit corporation, or by the vote of the directors if a nonprofit corporation organized on a nonstock directorship basis. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by the written consent of all the directors pursuant to Section 525 of the Act and the corporation is a nonprofit corporation organized on a nonstock directorship basis.

☒ was duly adopted by the written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act. Written notice to shareholders or members who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☐ was duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with Section 407(3) of the Act.

Signed this 7th day of December, 19 87

By _____ (Signature)

James Grosfeld, Chairman of the Board

(Type or Print Name) (Type or Print Title)

ARS ONLY ON ORIGINAL

CAS-515

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Susan Morris
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

INFORMATION AND INSTRUCTIONS

1. The amendment cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic profit or nonprofit corporation. Do not use this form for restated articles. A nonprofit corporation is one incorporated to carry out any lawful purpose or purposes not involving pecuniary profit or gain for its directors, officers, shareholders, or members. A nonprofit corporation organized on a nonstock directorship basis, as authorized by Section 302 of the Act, may or may not have members, but if it has members, the members are not entitled to vote.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 4 — The article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identifiable sections, only the sections being amended need be included.
6. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
7. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by all of the incorporators listed in Article V of the Articles of Incorporation. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson, or vice-chairperson of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) $10.00

   Franchise fee for profit corporations (payable only if authorized capital stock has increased) — ½ mill (.0005) on each dollar of increase over highest previous authorized capital stock.
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   6546 Mercantile Way
   Lansing, MI 48909
   Telephone: (517) 334-6302

[redacted] ONLY ON ORIGINAL

C49-550 (Rev 1-84)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

DEC 07 1987

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

Date Received
DEC 07 1987

Effective Date: December 7, 1987 at 4:22 p.m.

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

(Please read instructions and Paperwork Reduction Act notice on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), and/or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporations execute the following Certificate:

1. The Plan of Merger (Consolidation) is as follows:

a. The name of each constituent corporation and its corporation identification number (CID) is:

Pulte Home Corporation — 1 5 0 — 1 4 8

Pulte Merger Company — 2 6 3 — 9 6 2

b. The name of the surviving (new) corporation and its corporation identification number (CID) is:

Pulte Home Corporation — 1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

Name of corporation	Designation and number of outstanding shares in each class or series	Indicate class or series of shares entitled to vote	Indicate class or series entitled to vote as a class
Pulte Home Corporation	*23,839,776 shares common stock	Common	N/A
Pulte Merger Company	1,000 shares common stock	Common	N/A

If the number of shares is subject to change prior to the effective date of the merger or consolidation, the manner in which the change may occur is as follows:

*not including 2,160,000 treasury shares

[redacted]

[redacted]

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d. For each constituent nonstock corporation

(i) If it is organized on a membership basis, state (a) the name of the corporation, (b) a description of its members, and (c) the number, classification and voting rights of its members.

N/A

(ii) If it is organized on a directorship basis, state (a) the name of the corporation, (b) a description of the organization of its board, and (c) the number, classification and voting rights of its directors.

N/A

e. The terms and conditions of the proposed merger (consolidation), including the manner and basis of converting the shares of, or membership or other interests in, each constituent corporation into shares, bonds, or other securities of, or membership or other interest in, the surviving (consolidated) corporation, or into cash or other consideration, are as follows:

SEE ATTACHED EXHIBIT A

f. If a consolidation, the Articles of Incorporation of the consolidated corporation are attached to this Certificate and are incorporated herein. If a merger, the amendments to the Articles, or a restatement of the Articles, of the surviving corporation to be effected by the merger are as follows:

SEE ATTACHED EXHIBIT A

g. Other provisions with respect to the merger (consolidation) are as follows:

SEE ATTACHED EXHIBIT A

2. (Complete for any foreign corporation only)

This merger (consolidation) is permitted by the laws of the state of _____

the jurisdiction under which _____ (name of foreign corporation)

is organized and the plan of merger (consolidation) was adopted and approved by such corporation pursuant to and in accordance with the laws of that jurisdiction.

3. (Complete only if an effective date is desired other than the date of filing)

The merger (consolidation) shall be effective on the 7th day of December

19 87 at 4:22 p.m.

GOLD SEAL APPEARS ONLY ON ORIGINAL

4. (Complete applicable section for each constituent corporation)

a. (For domestic profit corporations only)

The plan of merger (consolidation) was approved by the unanimous consent of the incorporators of _____, which has not commenced business, has not issued any shares, and has not elected a Board of Directors. (Incorporators must sign on this page of the Certificate.)

b. (For profit corporations involved in a merger only)

The plan of merger was approved by the Board of Directors of _____, the surviving corporation, without the approval of the shareholders of that corporation in accordance with Section 704 of the Act.

c. (For profit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors of the following constituent corporations:

Pulte Home Corporation
Pulte Merger Company

and was approved by the shareholders of those corporations in accordance with Sections 701 to 704, or pursuant to Section 407 by written consent and written notice, if required by that section.

d. (For nonprofit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors

(i) (Complete if organized upon a stock or membership basis)

of _____ and was approved by the shareholders or members of that corporation in accordance with Sections 701 and 703(1) and (2), or pursuant to Section 407 by written consent and written notice, if required.

(ii) (Complete if organized upon a directorship basis)

of _____ in accordance with Section 703(3).

Sign this area for item 4(a).

Signed this _____ day of _____, 19____.

_____ _____

_____ _____

Sign this area for items 4(b), 4(c), or 4(d).

Signed this 4th day of December, 19 87

PULTE HOME CORPORATION
(Name of Corporation)

By _____
(Signature)

James Grosfeld, Chairman of the Board
(Type or Print Name and Title)

Signed this 4th day of December, 19 87

PULTE MERGER COMPANY
(Name of Corporation)

By _____
(Signature)

James Grosfeld, Chairman of the Board
(Type or Print Name and Title)

GOLD SEAL APPEARS ONLY ON ORIGINAL

CAS-550 (Rev. 1-84)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Susan Morris
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226

Name of person or organization remitting fees:

Honigman Miller

Schwartz and Cohn

Preparer's name and business telephone number:

Susan Morris

(313) 256-7595

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended, and Act 182, P.A. of 1982. The merger/consolidation cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This certificate is to be used pursuant to sections 701 through 707 of the Act for the purpose of merging or consolidating two or more domestic and/or foreign corporations and pursuant to Section 731 if the merger or consolidation involves one or more foreign corporations.
4. If more than two corporations are merging or consolidating, the certificate may be adjusted as necessary, or the format may be used as a guide in drafting your own certificate. If additional space is required for any section, continue the section on an attachment.
5. Item 3 — This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
6. If a domestic corporation is merging or consolidating into a foreign corporation that does not have a certificate of authority, this certificate cannot be filed until a tax clearance is received. To obtain such a clearance, contact the Tax Clearance Division, Michigan Department of Treasury, Treasury Building, Lansing, Michigan 48922, and request that the tax clearance be sent to the Corporation Division.
7. A domestic nonprofit charitable purpose corporation must obtain the consent of the Michigan Attorney General if it is merging or consolidating into a for profit corporation or a foreign nonprofit corporation that does not have a certificate of authority with Michigan. Contact the Charitable Trust Division, Michigan Attorney General, Room 670, Law Building, 525 West Ottawa, Lansing, Michigan 48913 at least 45 days before the desired effective date of the merger or consolidation.
8. This certificate must be signed in ink by the president, vice-president, chairperson, or vice-chairperson of each corporation that is merging or consolidating, unless the incorporators of a domestic profit corporation approve the merger or consolidation pursuant to sections 706 and 707 of the Act. In that event, the certificate must be signed in ink by all of the incorporators of that corporation in item 4.
9. FEES: Filing fee (Make remittance payable to State of Michigan) $50.00

   Merger — If the survivor is a domestic profit corporation whose authorized capital stock is increased, an additional fee is due equal to ½ mill (.0005) on each dollar of the increase over the previous highest authorized capital stock on which a franchise fee was paid.

   Consolidation — Franchise fees are required for the articles of incorporation of the new consolidated corporation, if it is a domestic corporation.

   Credit — If a foreign corporation authorized to transact business in this State merges or consolidates into a domestic profit corporation, the amount of franchise fees required to be paid by that domestic corporation shall be reduced by the initial or additional franchise fees paid to this State by the foreign corporation.
10. Mail form and fee to:

    Michigan Department of Commerce, Corporation and Securities Bureau, Corporation Division, P.O. Box 30054, Lansing, MI 48909, Telephone: (517) 373-0493

GOLD SEAL APPEARS ONLY ON ORIGINAL

EXHIBIT A

AGREEMENT OF MERGER
AND
PLAN OF REORGANIZATION

THIS AGREEMENT OF MERGER AND PLAN OF REORGANIZATION, dated as of October 1, 1987, among Pulte Home Corporation ("Pulte"), a Michigan corporation, PHM Corporation ("Holding"), a Michigan corporation and a wholly-owned subsidiary of Pulte, Pulte Diversified Companies, Inc. ("Subholding"), a Michigan corporation and a wholly-owned subsidiary of Holding and Pulte Merger Company ("Pulte Merger"), a Michigan corporation and a wholly-owned subsidiary of Subholding.

WITNESSETH

The parties agree as follows:

1. MERGER.

1.1 *Merger of Pulte Merger into Pulte.* At the Effective Date, as defined in Section 1.3., Pulte Merger shall be merged with and into Pulte (the "Merger"), in accordance with Chapter 7 of the Michigan Business Corporation Act (the "MBCA"), and the separate existence of Pulte Merger shall thereupon cease and Pulte shall be the surviving corporation (herein referred to, in its capacity as surviving corporation, as "Pulte Home"). The corporate existence of Pulte Home, with all its rights, privileges, powers and franchises and subject to all its debts, liabilities and duties (except to the extent otherwise provided herein), shall continue unaffected and unimpaired by the Merger, and Pulte Home shall thereupon, without further action, succeed to and be vested with all rights, privileges, powers and franchises and all property (real, personal and mixed) of Pulte Merger and shall be subject to all debts, liabilities and duties of Pulte Merger, all in accordance with the MBCA.

1.2 *Conversion of Common Stock.* At the Effective Date, each share of common stock, par value $.01 per share, of Pulte Merger issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of common stock, par value $.01 per share of Pulte Home; and each share of common stock of Pulte, par value $.01 per share ("Pulte Common Stock"), issued and outstanding or held as treasury shares immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one new share of common stock of Holding, par value $.01 per share ("Holding Common Stock"); and each certificate representing shares of Pulte Common Stock immediately prior to the Effective Date shall be deemed (subject to Section 3.2 hereof) to represent the same number of shares of Holding Common Stock. Accordingly, as of the Effective Date, Subholding, which currently owns all of the issued and outstanding shares of Pulte Merger, will own all of the issued and outstanding shares of Pulte Home and all of the current shareholders of Pulte will become the shareholders of Holding.

1.3 *Effective Date.* The Merger shall become effective immediately upon the filing of a Certificate of Merger with respect thereto in accordance with the MBCA, except that, in the event such Certificate of Merger specifies in accordance with the MBCA a date and/or time subsequent to the date and time of such filing as of which the Merger is to become effective, the Merger shall be effective on, and at, such specified subsequent date and/or time. The date and time at which the Merger becomes effective is hereinafter referred to as "Effective Date." The effective date is December 7, 1987 at 4:22 p.m.

2. ARTICLES OF INCORPORATION, BYLAWS, BOARD OF DIRECTORS AND OFFICERS OF PULTE.

2.1 *Articles of Incorporation.* On the Effective Date, the Articles of Incorporation of Pulte, as amended and in effect immediately prior to the Effective Date, shall be amended as set forth below and as so amended shall thereafter continue in full force and effect as the Articles of Incorporation of Pulte Home until further amended as provided therein or by law.

GOLD SEAL APPEARS ONLY ON ORIGINAL

(a) Article III shall be amended to read in its entirety as follows:

The total authorized capital stock is:

1.	Common Shares 50,000	Par Value Per Share $0.01
	Preferred Shares .....N/A	Par Value Per Share .....N/A

and/or shares without par value as follows:

2.	Common Shares .....N/A	Stated Value Per Share .....N/A
	Preferred Shares .....N/A	Stated Value Per Share .....N/A

3. A statement of all or any of the relative rights preferences and limitations of the shares of each class is as follows: N/A

2.2 *Bylaws.* The Bylaws of Pulte, as amended and in effect immediately prior to the Effective Date, shall continue in full force and effect as the Bylaws of Pulte Home until amended or repealed as provided therein or by law.

2.3 *Directors.* On the Effective Date, each director of Pulte immediately prior thereto shall cease to hold such office, and each director of Pulte Merger immediately prior thereto shall thereupon become a director of Pulte Home and shall thereafter hold such office for the remainder of his term of office and until his successor has been elected and qualified, or as otherwise provided in the Articles of Incorporation or the Bylaws of Pulte Home, or by law.

2.4 *Officers.* On the Effective Date, each officer of Pulte immediately prior thereto shall cease to hold such office, and each officer of Pulte Merger immediately prior thereto shall thereupon become an officer of Pulte Home and shall thereafter hold such office for the remainder of his term of office and until his successor has been elected or appointed and qualified, or as otherwise provided in the Articles of Incorporation or the Bylaws of Pulte Home, or by law.

3. STOCK OF PULTE MERGER, HOLDING AND PULTE

3.1 *Conversion of Stock and Assumption of Certain Obligations.* On the Effective Date:

(a) *Common Stock of Pulte Merger.* As noted in Section 1.2 hereof, each share of Common Stock, par value $.01 per share, of Pulte Merger issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of Common Stock, par value $.01 per share, of Pulte Home.

(b) *Common Stock of Pulte.* As noted in Section 1.2 hereof, each share of Pulte Common Stock issued and outstanding or held in its treasury immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one new share of Holding Common Stock and each certificate representing shares of Pulte Common Stock immediately prior to the Effective Date shall be deemed (subject to Section 3.2 hereof) to represent the same number of shares of Holding Common Stock.

(c) *Convertible Subordinated Debentures of Pulte Home Credit Corporation.* Each outstanding 8½% Convertible Subordinated Debenture Due 2008 ("Convertible Debentures") of Pulte Home Credit Corporation theretofore convertible into shares of Pulte Common Stock shall, after the Effective Date, be convertible into shares of Holding Common Stock at the same conversion price and on the same basis as the Convertible Debentures were convertible into shares of Pulte Common Stock immediately prior to the Effective Date.

(d) *Pulte Stock Options.* Pulte currently has outstanding, options granted under Pulte's 1969 Option Plan for Key Employees, 1973 Stock Option Plan, 1977 Key Employees Stock Option Plan and 1983 Key Employees Stock Option Plan (collectively the "Plans"). On the Effective Date, Holding will assume all of Pulte's obligations with respect to outstanding stock options under the Plans. Each Incentive Stock Option, as that term is defined in the Plans, outstanding immediately prior to the Effective Date shall be assumed in such manner so as to preserve the status of the options as "incentive stock options" within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"). The outstanding options assumed by Holding shall be exercisable upon the same terms and conditions as under such Plans and the option agreements relating thereto immediately prior to the

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Effective Date, except that upon the exercise of each such option one share of Holding Common Stock shall be issuable in lieu of each share of Pulte Common Stock issuable upon the exercise thereof immediately prior to the Effective Date. On the Effective Date, Holding shall assume all of Pulte's rights and obligations under Pulte's 1983 Key Employees Stock Option Plan (the "1983 Plan"), including the right to issue additional stock options under such Plan. (The other Plans have expired.) Accordingly, all options issued pursuant to the 1983 Plan after the Effective Date shall entitle the holder thereof to purchase shares of Holding Common Stock.

3.2 *Issuance of New Certificates.* Each holder of a certificate representing shares of Pulte Common Stock immediately prior to the Effective Date may thereafter surrender such certificate and shall be entitled, upon such surrender, to receive in exchange therefor a certificate representing the number of shares of Holding Common Stock into which such shares of Pulte Common Stock shall have been converted in accordance with Section 3.1(b) hereof. Until so surrendered, such certificate shall be deemed to evidence the ownership of such shares of Holding Common Stock and the holder of such certificate shall have and be entitled to exercise any voting and other rights with respect to, and to receive any dividends and other distributions upon, the shares of Holding Common Stock evidenced by such outstanding certificate. If any such certificate for Holding Common Stock is to be issued in a name other than that in which the surrendered certificate is registered, it shall be a condition of such exchange that the certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such exchange shall have paid any transfer and other taxes required by reason of such issuance of certificates of Holding Common Stock in a name other than that of the registered holder of the certificate surrendered, or shall have established to the satisfaction of Holding and its transfer agent that such tax has been paid or is not applicable.

3.3 *Pulte Stock Transfer Books.* On the Effective Date, the stock transfer books for the shares of Pulte Common Stock which will be converted to Holding Common Stock pursuant to Section 3.1 shall be deemed closed, and no transfer of such shares shall thereafter be made or consummated.

3.4 *Other Agreements.* On the Effective Date, Holding shall assume any obligation of Pulte to deliver or make available shares of Pulte Common Stock under any agreement or employee benefit plan, if any, not otherwise referred to in this Section 3 to which Pulte or any of its subsidiaries is a party. Any reference to Pulte Common Stock under any such agreement shall be deemed to be a reference to Holding Common Stock and one share of Holding Common Stock shall be issuable in lieu of each share of Pulte Common Stock required to be issued by any such agreement, subject to subsequent adjustment as provided in any such agreement.

4. CONDITIONS. The obligation of Pulte, Holding, Subholding and Pulte Merger to consummate the Merger is subject to the fulfillment of the following conditions:

4.1 *Shareholder Approval.* This Agreement and the Merger shall have been adopted by a majority of the issued and outstanding shares of Common Stock of each of Pulte, Holding, Subholding and Pulte Merger.

4.2 *Tax Ruling.* Pulte shall have received a ruling of the Internal Revenue Service, satisfactory in form and substance to Pulte, to the effect that the Merger constitutes a reorganization within the meaning of Section 368 of the Code, and neither gain nor loss will be recognized by Pulte, Holding, Pulte Merger or the shareholders of Pulte by reason of the consummation of such Merger; and as to such further matters relating to the tax consequences of the transactions contemplated herein as the Board of Directors of Pulte may deem advisable.

4.3. *Articles of Incorporation of Holding.* On the Effective Date, the Articles of Incorporation of Holding shall be substantially in the form set forth in Schedule I hereto.

4.4 *Listing.* The Holding Common Stock to be issued and initially reserved for issuance pursuant to the transactions contemplated herein shall have been approved for listing, upon official notice of issuance, by the New York Stock Exchange, Inc.

5. FURTHER ASSURANCES. Each party hereto agrees that from time to time on and after the Effective Date, it will execute and deliver or cause to be executed and delivered all such further assignments,

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assurances or other instruments, and shall take or cause to be taken all such further actions as may be necessary or desirable to consummate the Merger and the other transactions contemplated by this Agreement.

6. AMENDMENT, TERMINATION.

6.1 *Amendment.* At any time prior to the Effective Date, the parties hereto may by written agreement amend, modify or supplement any provision of this Agreement, provided that an amendment made subsequent to the adoption of this Agreement by the shareholders of Pulte shall not without the approval of the holders of the requisite number of shares of capital stock of Pulte, alter or change the amount or nature of the consideration to be received by the holders of Pulte Common Stock as set forth in this Agreement.

6.2 *Termination.* This Agreement may be terminated and the Merger abandoned by the Board of Directors of Pulte at any time for any reason prior to the Effective Date, whether before or after approval of this Agreement by the shareholders of Pulte and Pulte Merger.

7. GOVERNING LAW. This Agreement shall be construed under and in accordance with the laws of the State of Michigan.

8. HEADINGS. The headings set forth herein are for convenience only and shall not be used in interpreting the text of the section in which they appear.

9. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

10. COUNTERPARTS. For the convenience of the parties hereto, this Agreement may be executed in separate counterparts, each of which, when so executed, shall be deemed to be an original, and all such counterparts when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of Pulte, Holding, Subholding and Pulte Merger, pursuant to the approval and authority duly given by resolutions adopted by its respective Board of Directors, has caused this Agreement to be executed by a duly authorized officer thereof, and has further caused its respective corporate seal to be hereunto affixed, as of the date first above written.

ATTEST:

Gregory Nelson, Assistant Secretary

PULTE HOME CORPORATION

By: Robert K. Burgess

Robert K. Burgess, President

ATTEST:

Gregory Nelson, Assistant Secretary

PHM CORPORATION

By: Robert K. Burgess

Robert K. Burgess, President

ATTEST:

Gregory Nelson, Secretary

PULTE DIVERSIFIED COMPANIES, INC.

By: Richard C. Staky

Richard C. Staky, Vice President

ATTEST:

Gregory Nelson, Secretary

PULTE MERGER COMPANY

By: Richard C. Staky

Richard C. Staky, Senior Vice President

[redacted]

[redacted]

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CAS-520 (Rev 1-84)

MICHIGAN DEPARTMENT OF COMMERCE – CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

JUL 14 1993

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Date Received
JUL 07 1993

932A#3145 0707 DRG&FI $5.00

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic and Foreign Corporations

(Please read instructions and Paperwork Reduction Act notice on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The name of the corporation is: Pulte Home Corporation
2. The corporation identification number (CID) assigned by the Bureau is: 1 5 0 – 1 4 8

3. a. The address of the registered office as currently on file with the Bureau is:

33 Bloomfield Hills Parkway, Ste. 200 (Street Address) Bloomfield Hills (City), Michigan 48304 (ZIP Code)

b. The mailing address of the registered office if different than above is:

(P O Box) (City), Michigan (ZIP Code)

c. The name of the resident agent as currently on file with the Bureau is:

Robert P. Schafer

4. (Complete if the address of the registered office is changed)
The address of the registered office is changed to:

(Street Address) (City), Michigan (ZIP Code)

The mailing address of the registered office if different than above is:

(P O Box) (City), Michigan (ZIP Code)

5. (Complete if the resident agent is changed)
The name of the successor resident agent is:

John R. Stoller

6. The corporation further states that the address of its registered office and the address of the business office of its resident agent, as changed, are identical.
7. The above changes were authorized by resolution duly adopted by its board of directors or trustees.

Signed this 22nd day of June, 19 93

By (Signature)

John R. Stoller, Vice President - General Counsel
(Type or Print Name and Title)

BM

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CAS-520 (Rev. 1-84)

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

Nancy Gawthrop
Pulte Home Corporation
33 Bloomfield Hills Parkway
Suite 200
Bloomfield Hills, MI 48304

Name of person or organization remitting fees:

Pulte Home Corporation

Preparer's name and business telephone number:

Nancy Gawthrop

(313) 433-4568

INFORMATION AND INSTRUCTIONS

1. This form is issued under the authority of Act 284, P.A. of 1972, as amended, and Act 162, P.A. of 1982. The certificate of change of registered office and/or change of resident agent cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to section 242 of the Act by domestic and foreign, profit and nonprofit, corporations for the purpose of changing their registered office or resident agent, or both.
4. Item 2 — Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 3 — The address of the registered office and the name of the resident agent must be the same as are designated in the articles of incorporation or subsequent change filed with the Bureau.
6. Item 4 — A post office box may not be designated as the address of the registered office. The mailing address may differ from the address of the registered office only if a post office box address in the same city as the registered office is designated as the mailing address.
7. This certificate must be signed in ink by the president, vice-president, chairperson, vice-chairperson, secretary or assistant secretary of the corporation.
8. FEES: Filing fee (Make remittance payable to State of Michigan) ..... $ 5.00
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   Lansing, Michigan 48909
   Telephone: (517)373-0493

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BCS/CD-520 (Rev. 12/05)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES

Date Received	(FOR BUREAU USE ONLY)
	This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Tran Info:1 11986880-1 07/18/06
Chk#: 0045005402 Amt: $5.00
ID: PULTE HOMES

FILED

JUL 18 2006

Administrator
BUREAU OF COMMERCIAL SERVICES

Name: Jan M. Klym c/o Pulte Homes, Inc.

Address: 100 Bloomfield Hills Pkwy #300

City: Bloomfield Hills State: MI Zip Code: 48304

EFFECTIVE DATE:

Document will be returned to the name and address you enter above. If left blank document will be mailed to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT
For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is: PULTE HOME CORPORATION
2. The identification number assigned by the Bureau is: 150-148
3. a. The name of the resident agent on file with the Bureau is: Steven M. Cook

   b. The location of the registered office on file with the Bureau is:

   100 Bloomfield Hills Pkwy., Ste. 300 (Street Address) Bloomfield Hills (City), Michigan 48304 (ZIP Code)

   c. The mailing address of the above registered office on file with the Bureau is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: The Corporation Company

   b. The address of the registered office is:

   30600 Telegraph Road (Street Address) Bingham Farms (City), Michigan 48025 (ZIP Code)

   c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature	Type or Print Name and Title or Capacity	Date Signed
Jan M. Klym	Jan M. Klym, Asst. Secretary	7-19-06

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CCS/CD-520 (Rev. 12/05)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES

Date Received: SEP 1 9 2007

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

FILED
SEP 2 0 2007
Administrator
BUREAU OF COMMERCIAL SERVICES

EFFECTIVE DATE:

Name: Corporation Service Company, Attn: E. A. Dawson

Address: 2711 Centerville Road, Suite 400

City: Wilmington, State: DE Zip Code: 19808

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is: PULTE HOME CORPORATION
2. The identification number assigned by the Bureau is: 150148
3. a. The name of the resident agent on file with the Bureau is: The Corporation Company

   b. The location of the registered office on file with the Bureau is:

   30600 Telegraph Road, Ste. 2345 (Street Address) Bingham Farms (City), Michigan 48025 (ZIP Code)

   c. The mailing address of the above registered office on file with the Bureau is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: CSC-Lawyers Incorporating Service (Company)

   b. The address of the registered office is:

   601 Abbott Road (Street Address) East Lansing (City), Michigan 48823 (ZIP Code)

   c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature	Type or Print Name and Title or Capacity	Date Signed
Kathy L. Yetter	Kathy L. Yetter, Attorney in Fact	08/27/2007

CT/Re

GOLD SEAL APPEARS ONLY ON ORIGINAL

162018 0037

AZ CORP. COMMISSION FOR THE STATE OF AZ. DEPARTMENT

MAY 6 2 43 PM '85

F-033677-0

APPLICATION FOR AUTHORITY OF

PULTE MICHIGAN CORPORATION
(EXACT CORPORATE NAME)

TO: CORPORATION COMMISSION, STATE OF ARIZONA
P. O. Box 6019, Phoenix, Arizona 85005

Pursuant to the provisions of Sections 10-110, 10-111 and 10-118, Arizona Business Corporation Act, the undersigned corporation hereby applies for authority to transact business in your state, or files a restatement of information of new authority, and for that purpose submits the following statement:

FIRST: This application is

_____ (1) An original application pursuant to A.R.S. Sec. 10-110.

__X__ (2) An application for new authority pursuant to A.R.S. Sec. 10-118 as a result of:

__X__ (a) A change in the corporation's name to the name set forth in the second paragraph.

_____ (b) A desire to pursue in this State other or additional purposes than those set forth in the corporation's prior Application for Authority as more fully described in the eighth paragraph herein.

SECOND: The name of the corporation is PULTE HOME CORPORATION
(EXACT CORPORATE NAME)

THIRD: If the name of the corporation does not contain the word "association", "bank", "corporation", "company", "incorporated", or "limited" or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is

N/A

FOURTH: It is incorporated under the laws of Michigan

FIFTH: The date of its incorporation is January 24, 1985 and the period of its duration is Perpetual.

SIXTH: The address of its principal office in the jurisdiction in which it is incorporated is: 6400 Farmington Road
West Bloomfield, MI 48033

Fiscal Year End December 31

(ARIZ. - 1310 - 9/17/84)

SEVENTH: The address of the proposed known place of business in Arizona is:

c/o C T Corporation System, 3225 North Central Avenue, Phoenix, Maricopa County, Arizona 85012

EIGHTH: The name and address of the proposed statutory agent in Arizona is:

C T Corporation System, 3225 North Central Avenue, Phoenix, Maricopa County, Arizona 85012

NINTH: The corporation is organized for the purpose(s) of, and a brief statement of the character of the business which the corporation initially intends to conduct in Arizona is:

Residential Builder

and the transaction of all lawful business for which corporations may be incorporated under the Arizona Business Corporation Act.

TENTH: The names and respective addresses of its directors and officers are:

NAME	OFFICE	ADDRESS	DATE OF TAKING OFFICE
SEE ATTACHED RIDER			

ELEVENTH: The aggregate number of shares which it has authorized to issue itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
40,000,000	Common	--	$.01
1,000,000	Preferred	--	$.01

TWELFTH: The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
25,692,576	Common	---	$.01
None	Preferred	---	$.01

162018 0037

THIRTEENTH: The amount of its stated capital, as defined in the Arizona Business Corporation Act, is $256,925.79.

FOURTEENTH: The application is accompanied by a copy of its Articles of Incorporation and all amendments thereto, duly authenticated by the proper officer of the State or Country under the laws of which it is incorporated.

FIFTEENTH: Has any person(s) (a) serving either by election or appointment as an officer, director or trustee, incorporator of the corporation or, (b) controlling or holding 20% of the proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked?

Yes _____ No X

If your answer to the above question is "Yes", you "MUST" attach the following information, for each such corporation.

1. Name and address of the corporation.
2. Full name, including alias(es) and address(es) of each person or persons involved.
3. State(s) in which the corporation:

   (a) Was incorporated.
   (b) Has transacted business.

4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, the court or agency involved, and the file or cause number of the case.

SIXTEENTH: Under penalties of law, I declare that I will comply with the provisions of A. R. S. Sec. 10-128.01.

Under penalties of law, I declare that I have examined this application and to the best of my knowledge and belief it is true, correct and complete.

DATED: Mar 15 19 85.

FULTE HOME CORPORATION
(CORPORATE NAME)

BY: Richard C. Stasky
Vice President Richard C. Stasky

BY: Mark [illegible]
Secretary - Mark [illegible]

(ARIZ. - 1338)

STATE OF MICHIGAN)
) ss
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me this 15th day of March, 19 85, by Richard C. Staky and Mark Shaevsky
(Names of both Signing Officers)

of FULTE HOME CORPORATION
(NAME OF CORPORATION ACKNOWLEDGING)

a Michigan corporation.

Notary Seal

Cathy J. Richards
(Signature of Notary)
Comm. Expires 8 10 88

C T CORPORATION SYSTEM, having been designated to act as statutory agent, hereby consents to act in that capacity until it is removed, or submits its resignation, in accordance with the Arizona Revised Statutes.

Sharon L. Gahlau
C T CORPORATION SYSTEM

By: Asst Secretary
(Title of Office)

FILING FEE: $150.00
STATUTORY REFERENCE: A.R.S. SEC. 10-110, 10-111, 10-118.
SUBMIT ORIGINAL AND ONE OR MORE COPIES TOGETHER WITH ORIGINAL CERTIFICATE OF DISCLOSURE.

162018 0037

OFFICERS AND DIRECTORS OF PULTE HOME CORPORATION

NAMES	OFFICE	ADDRESSES
James Grosfeld	Chairman of the Board and Member of the Office of Chief Executive	
William J. Pulte	Chairman of the Executive Committee and Member of the Office of Chief Executive	ALL AT:
C. Howard Johnson	President and Member of the Office of Chief Executive	6400 Farmington Rd. West Bloomfield, Michigan 48033
Glen W. Barnard	Senior Vice President	
Robert K. Burgess	Senior Vice President/ Administration	
Richard C. Staky	Vice President-Finance Chief Financial Officer and Assistant Secretary/ Director	
David Ebling	Vice President, Controller, Asst. Secretary and Asst. Treasurer/Director	
Mark P. Layton	Vice President-Manufacturing	
Bryan G. Noreen	Treasurer	
Mark Shaevsky	Secretary	
Gregory Nelson	Director	

STATE OF ARIZONA

CORPORATION COMMISSION

I hereby certify this to be a true and complete copy of the document filed in this office and admitted to record in File No. F0033677-0

Executive Director

Dated: 10-10-07 By: [illegible]

1 4 J J 0 4 0 0 1 3

F-033672 0

AZ. CORP. COMMISSION
FOR THE STATE OF AZ.
DELIVERED

MAR 18 3 59 PM '85

FILED BY [signature]
DATE FILED 3/21
TERM
DATE TIME

APPLICATION FOR AUTHORITY OF

PULTE MICHIGAN CORPORATION
(EXACT CORPORATE NAME)

TO: CORPORATION COMMISSION, STATE OF ARIZONA
P. O. Box 6019, Phoenix, Arizona 85005

Pursuant to the provisions of Sections 10-110, 10-111 and 10-118, Arizona Business Corporation Act, the undersigned corporation hereby applies for authority to transact business in your state, or files a restatement of information of new authority, and for that purpose submits the following statement:

FIRST: This application is

X (1) An original application pursuant to A.R.S. Sec. 10-110.

_____ (2) An application for new authority pursuant to A.R.S. Sec. 10-118 as a result of:

_____ (a) A change in the corporation's name to the name set forth in the second paragraph.

_____ (b) A desire to pursue in this State other or additional purposes than those set forth in the corporation's prior Application for Authority as more fully described in the eighth paragraph herein.

SECOND: The name of the corporation is PULTE MICHIGAN CORPORATION ohTN.
(EXACT CORPORATE NAME)

THIRD: If the name of the corporation does not contain the word "association", "bank", "corporation", "company", "incorporated", or "limited" or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is

N/A

FOURTH: It is incorporated under the laws of Michigan

FIFTH: The date of its incorporation is January 24, 1985 and the period of its duration is perpetual.

SIXTH: The address of its principal office in the jurisdiction in which it is incorporated is: 6400 Farmington Road
West Bloomfield, MI 48033

Fiscal Year End December 31

(ARIZ. - 1338 - 9/17/84)

SEVENTH: The address of the proposed known place of business in Arizona is:

c/o C T Corporation System, 3225 North Central Avenue, Phoenix, Maricopa County, Arizona 85012

EIGHTH: The name and address of the proposed statutory agent in Arizona is:

C T Corporation System, 3225 North Central Avenue, Phoenix, Maricopa County, Arizona 85012

NINTH: The corporation is organized for the purpose(s) of, and a brief statement of the character of the business which the corporation initially intends to conduct in Arizona is:

Residential Builder.

and the transaction of all lawful business for which corporations may be incorporated under the Arizona Business Corporation Act.

TENTH: The names and respective addresses of its directors and officers are:

NAME	OFFICE	ADDRESS	DATE OF TAKING OFFICE
	SEE ATTACHED RIDER		

ELEVENTH: The aggregate number of shares which it has authorized to issue itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
25,000	Common	—	$ .01
25,000	Preferred	—	$ .01

TWELFTH: The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
1,000	Common	—	$ .01

1 4 3 0 4 0 0 1 3

OFFICERS AND DIRECTORS OF PULTE MICHIGAN CORPORATION

NAMES	OFFICE	ADDRESSES
James Grosfeld	Chairman of the Board and Member of the Office of Chief Executive	
William J. Pulte	Chairman of the Executive Committee and Member of the Office of Chief Executive	ALL AT:
C. Howard Johnson	President and Member of the Office of Chief Executive	6400 Farmington Road West Bloomfield, Michigan 48033
Glen W. Barnard	Senior Vice President	
Robert K. Burgess	Senior Vice President/ Administration	
Richard C. Staky	Vice President-Finance Chief Financial Officer and Assistant Secretary Director	
David Ebling	Vice President, Controller, Asst. Secretary and Asst. Treasurer/Director	
Mark P. Layton	Vice President-Manufacturing	
Bryan C. Noreen	Treasurer	
Mark Shaevsky	Secretary	
Gregory Nelson	Director	

1 4 3 0 0 4 0 0 1 3

THIRTEENTH: The amount of its stated capital, as defined in the Arizona Business Corporation Act, is $ 1,000.

FOURTEENTH: The application is accompanied by a copy of its articles of incorporation and all amendments thereto, duly authenticated by the proper officer of the State or Country under the laws of which it is incorporated.

FIFTEENTH: Has any person(s) (a) serving either by election or appointment as an officer, director or trustee, incorporator of the corporation or, (b) controlling or holding 20% of the proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked?

Yes _____ No X

If your answer to the above question is "Yes", you "MUST" attach the following information, for each such corporation.

1. Name and address of the corporation.
2. Full name, including alias(es) and address(es) of each person or persons involved.
3. State(s) in which the corporation:
   (a) Was incorporated.
   (b) Was transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, the court or agency involved, and the file or cause number of the case.

SIXTEENTH: Under penalties of law, I declare that I will comply with the provisions of A. R. S. Sec. 10-128.01.

Under penalties of law, I declare that I have examined this application and to the best of my knowledge and belief it is true, correct and complete.

DATED: March 4 1985.

PULTE MICHIGAN CORPORATION
(CORPORATE NAME)

BY: Richard C. Staky
Vice President - Richard C. Staky

BY: Mark Shaevsky
Secretary - Mark Shaevsky

(ARIZ. - 1338)

STATE OF MICHIGAN)
) ss
COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me this 4th day of March, 19 85, by Richard C. Staky and Mark Shaevsky
(Names of both Signing Officers)

of PULTE MICHIGAN CORPORATION
(NAME OF CORPORATION ACKNOWLEDGING)

a Michigan corporation.

Marcella M. Sutak
(Signature of Notary)

Notary Seal

MARCELLA M. SUTAK
Notary Public, Wayne County, Michigan
My Commission Expires December 21, 1987

C T CORPORATION SYSTEM, having been designated to act as statutory agent, hereby consents to act in that capacity until it is removed, or submits its resignation, in accordance with the Arizona Revised Statutes.

Sharon L. Gahlan
C T CORPORATION SYSTEM

By: Asst Secretary
(Title of Office)

FILING FEE: $150.00
STATUTORY REFERENCE: A.R.S. SEC. 10-110, 10-111, 10-118.
SUBMIT ORIGINAL AND ONE OR MORE COPIES TOGETHER WITH ORIGINAL CERTIFICATE OF DISCLOSURE.

(ARIZ. - 1338)

STATE OF ARIZONA

CORPORATION COMMISSION

I hereby certify this to be a true and complete copy of the document filed in this office and admitted to record in File No. F0033627-0.

Executive Director

Dated: 10-10-07 By: [illegible]

162018 0037

MERGER

PULTE HOME CORPORATION F-021359-9

MERGED INTO

PULTE MICHIGAN CORPORATION F-033677-0

and changed the name in merger to

PULTE HOME CORPORATION

AZ. CORP. COMMISSION
FOR THE STATE OF AZ.
DELIVERED
MAY 6 1985
[illegible] 5-10-85

effective 5-10-85

162018 0037

CAS 550 (Rev. 1/83)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)

FILED

APR 10 1985

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Effective: April 12, 1985 (close of business)

Date Received

APR 10 1985

CERTIFICATE OF MERGER/CONSOLIDATION

For use by Domestic or Foreign Corporations

(Please read instructions on last page before completing form)

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended (profit corporations), and/or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporations execute the following Certificate:

1. The Plan of Merger (Consolidation) is as follows:

a. The name of each constituent corporation and its corporation identification number (CID) is:

Pulte Michigan Corporation, a Michigan corporation 1 5 0 — 1 4 8

Pulte Home Corporation, a Delaware corporation F-021359-9 6 1 6 — 5 2 1

b. The name of the surviving (new) corporation and its corporation identification number (CID) is:

Pulte Michigan Corporation SURV F-033677-0 1 5 0 — 1 4 8

c. For each constituent stock corporation, state:

Name of corporation	Designation and number of outstanding shares in each class or series	Indicate class or series of shares entitled to vote	Indicate class or series entitled to vote as a class
Pulte Michigan Corporation	1,000, $0.01 par value	Common	N/A
Pulte Home Corporation	23,532,576, $1.00 par value	Common	N/A

If the number of shares is subject to change prior to the effective date of the merger or consolidation, the manner in which the change may occur is as follows:

Exercise of stock options outstanding under four stock option plans of Pulte Home Corporation or conversion of Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures, due February 1, 2008, into Pulte Home Corporation's Common Stock.

162018 0037

d. For each constituent nonstock corporation

(i) if it is organized on a membership basis, state (a) the name of the corporation, (b) a description of its members, and (c) the number, classification and voting rights of its members

(ii) if it is organized on a directorship basis, state (a) the name of the corporation, (b) a description of the organization of its board, and (c) the number, classification and voting rights of its directors.

e. The terms and conditions of the proposed merger (consolidation), including the manner and basis of converting the shares of, or membership or other interests in, each constituent corporation into shares, bonds, or other securities of, or membership or other interest in, the surviving (consolidated) corporation, or into cash or other consideration, are as follows:

See Attachment 1 to this Certificate of Merger.

f. If a consolidation, the Articles of Incorporation of the consolidated corporation are attached to this certificate and are incorporated herein. If a merger, the amendments to the Articles, or a restatement of the Articles, of the surviving corporation to be effected by the merger are as follows:

See Attachment 2 to this Certificate of Merger.

g. Other provisions with respect to the merger (consolidation) are as follows:

See Attachment 3 to this Certificate of Merger.

2 (Complete for any foreign corporation only)

This merger (consolidation) is permitted by the laws of the state of Delaware, the jurisdiction under which Pulte Home Corporation (name of foreign corporation) is organized and the plan of merger (consolidation) was adopted and approved by such corporation pursuant to and in accordance with the laws of that jurisdiction.

3 (Complete only if an effective date is desired other than the date of filing)

The merger (consolidation) shall be effective on the 12th day of April, 19 85.

162018 0037

4 (Complete applicable section for each constituent corporation)

a. (For domestic profit corporations only)

The plan of merger (consolidation) was approved by the unanimous consent of the incorporators of _____, which has not commenced business, has not issued any shares, and has not elected a Board of Directors. (Incorporators must sign on this page of the Certificate.)

b. (For profit corporations involved in a merger only)

The plan of merger was approved by the Board of Directors of _____, the surviving corporation, without the approval of the shareholders of that corporation in accordance with Section 704 of the Act.

c. (For profit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors of the following constituent corporations: Pulte Michigan Corporation
Pulte Home Corporation

and was approved by the shareholders of those corporations in accordance with Sections 701 to 704, or pursuant to Section 407 by written consent and written notice, if required.

d. (For nonprofit corporations only)

The plan of merger or consolidation was adopted by the Board of Directors (i) (Complete if organized upon a stock or membership basis)

of _____ and was approved by the shareholders or members of that corporation in accordance with Sections 701 and 703(1) and (2), or pursuant to Section 407 by written consent and written notice, if required.

(ii) (Complete if organized upon a directorship basis)

of _____ in accordance with Section 703(3).

Sign this area for item 4(a).

Signed this _____ day of _____, 19 ____.

_____ _____

_____ _____

Sign this area for items 4(b), 4(c), or 4(d).

Signed this 27th day of March, 1985

Pulte Michigan Corporation
(Name of Corporation)

By _____
(Signature)

Richard C. Staky, Vice President
(Type or Print Name and Title)

Signed this 27th day of March, 1985

Pulte Home Corporation
(Name of Corporation)

By _____
(Signature)

[illegible], Vice President
(Type or Print Name and Title)

ATTACHMENT 1 TO CERTIFICATE OF MERGER

The manner of converting the Common Stock or shares of the Constituent Corporations into stock or shares of the Surviving Corporation shall be as follows:

1. Each share of the Common Stock of the par value of $1.00 of the Delaware Company issued and outstanding at the effective date of the merger, and each share held in its treasury and all rights in respect thereof shall, by virtue of the merger and without any action on the part of the holder thereof, be converted upon the merger becoming effective, into one share of Common Stock of a par value of $0.01 per share of the Surviving Corporation. Outstanding certificates representing shares of the Common Stock of the Delaware Company shall thenceforth represent the same number of shares of Common Stock of the Surviving Corporation, and the holder thereof shall have the same rights which he would have if such certificates had been issued by the Surviving Corporation. Upon the surrender of any such certificate to the Surviving Corporation at the office of its transfer agent, the transferee or any other holder of the certificate surrendered shall receive in exchange therefor a certificate or certificates of the Surviving Corporation.

2. Any stock options granted by the Delaware Company and in existence on the effective date of the merger, and any other rights to acquire or receive shares of Common Stock of the Delaware Company in existence on such date, shall remain in full force and effect and be applicable to the shares of Common Stock of the Surviving Corporation, and all options or other rights for the purchase or other acquisition of shares of the Common Stock of the Delaware Company which are outstanding immediately prior to the merger becoming effective shall continue, without impairment or alteration following the effectiveness of the merger, as outstanding options or other rights for the purchase or other acquisition of shares of Common Stock of the Surviving Corporation.

3. Any employee benefit stock plan adopted by the Delaware Company and in existence on the effective date of the merger including, but not limited to, the Pulte Home Corporation 1969 Option Plan For Key Employees, the Pulte Home Corporation 1973 Stock Option Plan, the Pulte Home Corporation 1977 Key Employees Stock Option Plan, and the Pulte Home Corporation 1983 Key Employees Stock Option Plan, shall remain in full force and effect and be applicable to shares of Common Stock of the Michigan Company.

4. The 1,000 shares of Common Stock of the Michigan Company which are presently issued and outstanding and owned and held by the Delaware Company shall, on the effective date of the merger, be cancelled and given the status of authorized and unissued shares.

5. All shares of the Common Stock of the Michigan Company into which shares of the Delaware Company are converted shall be fully paid and non-assessable.

6. All securities which are convertible into shares of the Delaware Company's Common Stock and which are outstanding on the effective date of the merger including, but not limited to, Pulte Home Credit Corporation's 8-1/2% Convertible Subordinated Debentures due February 1, 2008, shall continue without impairment or alteration following the effectiveness of the merger, to be convertible, according to their terms, into shares of Common Stock of the Surviving Corporation.

RK14g

ATTACHMENT 2 TO
CERTIFICATE OF MERGER

The Articles of Incorporation of the Michigan Company shall be the Articles of Incorporation of the Surviving Corporation except that upon the effective date of the merger, Articles I and III shall be and hereby are by this Agreement of Merger amended:

1. By striking out Article I in its entirety and substituting in lieu thereof a new Article I as follows:

"ARTICLE I

The name of the corporation is Pulte Home Corporation."

2. By striking out only Sections 1 and 2 of Article III and substituting in lieu thereof new Sections 1 and 2 of Article III reading as follows:

"The total authorized capital stock is:

1.	Common Shares	40,000,000	Par Value Per Share	$0.01
	Preferred Shares	1,000,000	Par Value Per Share	$0.01

and/or shares without par value as follows:

2.	Common Shares	N/A	Stated Value Per Share	
	Preferred Shares	N/A	Stated Value Per Share	"

The Articles of Incorporation of the Michigan Company, as hereinabove amended, shall constitute the composite Articles of Incorporation of the Surviving Corporation until further amended in the manner provided by law.

RK14h

ATTACHMENT 3 TO
CERTIFICATE OF MERGER

On the effective date of the merger as hereinafter provided, the Delaware Company and the Michigan Company shall be merged into a single corporation in accordance with the laws of the states of Delaware and Michigan, by the Delaware Company merging into the Michigan Company, which shall be the Surviving Corporation and which shall exist under the name "Pulte Home Corporation" as hereinafter provided.

Upon the merger becoming effective in accordance with the laws of the states of Michigan and Delaware:

1. The Constituent Corporations shall be a single corporation which shall be the Michigan Company as the Surviving Corporation and the separate existence of the Delaware Company shall cease except to the extent provided by the laws of the State of Delaware in the case of a corporation after its merger into another corporation.

2. The Surviving Corporation shall possess all the rights, privileges, powers, immunities and franchises of a public as well as a private nature of each of the Constituent Corporations and all property, real, personal and mixed, including all trademarks, trademark registrations, and applications for registration of trademarks, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest of, or belonging to, or due to each of the Constituent Corporations, shall be taken and deemed to be transferred and vested in the Surviving Corporation without further act or deed; and the title to all real estate, or any interest therein, vested in either of the Constituent Corporations shall not revert nor be in any way impaired by reason of the merger.

3. The Surviving Corporation shall be responsible and liable for all liabilities and obligations of each of the Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted to judgment as if the merger had not taken place, or the Surviving Corporation may be substituted in its place, and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the merger.

4. All corporate acts, plans, policies, contracts, approvals and authorizations of the Delaware Company, its stockholders, Board of Directors, committees elected or appointed by the Board of Directors, officers and agents, which were valid and effective immediately prior to the effective date of the merger shall be taken for all purposes as the acts, plans, policies, approvals, and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to the Delaware Company. The requirement of any stock option plan or other plan or provision of the Delaware Company involving the issuance by the Delaware Company under such plans of

Common Shares of the Delaware Company to or for the account of the employees shall be satisfied by the issuance of a like number of shares of the Common Stock of the Surviving Corporation.

5. The By-Laws of the Michigan Company shall be and constitute the By-Laws of the Surviving Corporation, until the same shall thereafter be altered, amended, or repealed in accordance with applicable law, the Articles of Incorporation, and said By-Laws.

6. The directors and officers of the Delaware Company immediately prior to the merger becoming effective shall be and constitute the directors and officers of the Surviving Corporation and shall hold office until their successors shall have been chosen or appointed as provided in the By-Laws of the Surviving Corporation.

If at any time the Surviving Corporation shall consider or be advised that any further assignment or assurance in law is necessary or desirable to vest in the Surviving Corporation the title to any property or rights of the Delaware Company, the proper officers and directors of the Delaware Company shall execute and make all such proper assignments and assurances in law and do all things necessary or proper to vest such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement of Merger.

This Agreement of Merger shall be submitted to the stockholders of each of the Constituent Corporations as provided by law, and shall take effect and is conditioned upon, the approval or adoption thereof by the stockholders of each of the Constituent Corporations in accordance with the laws of the states of Delaware and Michigan. The effective date of the merger shall be determined by the Board of Directors of the Delaware Company. All acts and things shall be done as shall be required for accomplishing the merger under the applicable provisions of the laws of the State of Delaware and the State of Michigan.

Anything herein or elsewhere to the contrary notwithstanding, this Agreement of Merger may be abandoned by the Delaware Company by appropriate resolution of its Board of Directors at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both the Constituent Corporations. In the event of the termination and abandonment of this Agreement of Merger pursuant to the foregoing provisions of this Article VII, this Agreement of Merger shall become void and shall have no effect, without any liability on the part of either of the Constituent Corporations or the stockholders or directors or officers thereof. The Boards of Directors of the Delaware Company and the Michigan Company may modify this Agreement of Merger as they mutually agree at any time prior to the merger becoming effective, notwithstanding approval of the Agreement of Merger by the stockholders of both Constituent Corporations, provided that no such modification may materially adversely affect the Delaware Company's stockholders.

RK14f

162018 0037

EXHIBIT

(Summary of amendment to Articles

of Incorporation of a foreign corporation.)

PULTE MICHIGAN CORPORATION, a corporation organized under the laws of the State of Michigan amended its Articles of Incorporation for the following purpose:

(Here set forth a statement explaining the amendment(s) to the Articles of Incorporation.)

Merger merging PULTE HOME CORPORATION, a Delaware corporation into PULTE MICHIGAN CORPORATION, a Michigan corporation. By the terms of the merger the name of the surviving corporation is changed to PULTE HOME CORPORATION and the authorized capital is increased to 40,000,000 shares common par value $.01 and $1,000,000 shares Preferred par value $.01.

Richard C. Staky title Vice President

(Signature of Officer)

Richard C. Staky

(ARIZ. - 299 - 8/28/80)

STATE OF ARIZONA

CORPORATION COMMISSION

I hereby certify this to be a true and complete copy of the document filed in this office and admitted to record in File No. F0033677-0

Executive Director

Dated: 10-10-07 By: Jeanette M Brantley

Articles of
Merger dated
12-31-87 is not
legiable

EXHIBIT B

Certificate of Good Standing

UNITED STATES OF AMERICA

The State of Michigan

Michigan Department of Labor & Economic Growth

Lansing, Michigan

This is to Certify That

PULTE HOME CORPORATION

a Michigan profit corporation was validly incorporated on January 24, 1985, and said corporation is validly in existence under the laws of this state.

This certificate is issued pursuant to the provisions of 1972 PA 284, as amended, to attest to the fact that the corporation is in good standing in Michigan as of this date and is duly authorized to transact business and for no other purpose.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 8th day of October, 2007.

Andrew L. Metcalf, Director

Bureau of Commercial Services

GOLD SEAL APPEARS ONLY ON ORIGINAL

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

PULTE HOME CORPORATION

a foreign corporation organized under the laws of Michigan did obtain authority to transact business in the State of Arizona on the 21st day of March 1985.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 10th Day of October, 2007, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

Executive Director

By

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

PURCHASE CONTRACT

October 5, 2007

District Board
Festival Ranch Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"), acting on its own behalf and not as fiduciary or agent in any respect, offers to enter into the following agreement (this "Contract") with Festival Ranch Community Facilities District (the "Issuer"), which, upon the Issuer's written acceptance of such offer, will be binding upon the Issuer and upon the Underwriter. Such offer is made subject to the Issuer's written acceptance hereof on or before 5:00 p.m., Mountain Standard Time, on the date indicated above, and, if not so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in the following agreement shall have the same meanings set forth in the Official Statement (as hereinafter defined).

In addition to acceptance of this Contract by the District as provided hereinabove, the obligations of the Underwriter under this Contract shall be conditioned on the execution and delivery of the Indemnity Letter, dated the date hereof (the "Indemnity Letter"), by Pulte Home Corporation ("the Owner") as the Attachment.

1. Purchase and Sale of the Bonds. (a) Subject to the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter here-

by agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its capacity as an underwriter for its own account.

(b) The principal amount, dated date, maturities, redemption provisions and interest rates per annum with respect to the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the resolution adopted by the Board of the Issuer on September 18, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of October 1, 2007 (the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "Trustee").

(c) The purchase price for the Bonds shall be $1,734,940. The underwriting discount is $49,060.

2. Public Offering. The Underwriter is making a public offering of all of the Bonds at prices not to exceed the public offering prices set forth on the inside front cover of the Official Statement (as hereinafter defined) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell portions of the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement.

3. The Official Statement.

(a) The Preliminary Official Statement, dated September 21, 2007 (the "Preliminary Official Statement"), of the Issuer relating to the Bonds has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Official Statement is hereby deemed "final" by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(b) The Issuer hereby authorizes the preparation of the Official Statement, to be dated even date herewith (the "Official Statement"), of the Issuer relating to the Bonds and the use of the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the

Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer shall notify the Underwriter (and provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement shall comply with law. If such notification shall be subsequent to the Closing Date (as hereinafter defined), the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, hereby represents and warrants to, and the Issuer hereby covenants with, as applicable, the Underwriter that:

(a) The Issuer is a community facilities district of the State of Arizona (the "State"), duly created, organized and existing under the laws of the State, specifically

Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended and supplemented (the "Act"), and has full legal right, power and authority under the Act, and at the Closing Date shall have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Contract, the Bond Resolution, the Indenture, a written undertaking by the Issuer to provide certain continuing disclosure for the benefit of certain beneficial owners of the Bonds as required under paragraph (b)(5) of the Rule in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Official Statement with such changes as may be agreed in writing by the Underwriter (the "Undertaking"), the Dissemination Agency Agreement, to be dated as of October 1, 2007 (the "Agency Agreement"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement Pertaining to Assessment Districts Nos. 4 and 5, dated September 4, 2007, and recorded on September 13, 2007, at File 2007-0108318 of the Maricopa County Recorder (the "Waiver Agreement") by and between the Issuer and the Owner and as consented to by certain other interested parties, the Letter of Representations, to be dated the Closing Date (the "Letter"), by and between the Issuer and The Depository Trust Company ("DTC") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Bond Resolution, the Indenture, the Undertaking, the Agency Agreement, the Waiver Agreement, the Letter and the other documents referred to in this clause (i) being hereinafter referred to as the "Issuer Documents"); (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein; (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement and (iv) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement), and the Issuer has complied, and shall on the Closing Date be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Preliminary Official Statement and the Issuer Documents and any and all such

other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement and the Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the Issuer Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the selling of the Bonds to the Underwriter, (ii) has been duly and validly adopted by the Issuer and (iii) is in full force and effect;

(c) The Issuer Documents shall constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Contract, shall constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and upon the issuance, authentication and delivery of the Bonds as aforesaid and the Indenture shall provide, for the benefit of the registered owners, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein;

(d) The Issuer is not in breach of or default in any respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a breach of or default under any constitutional provision, statute, administrative rule or regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its

property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement;

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy or collection of the Special Assessments (as such term is defined in the Preliminary Official Statement) from which principal of and interest on the Bonds are to be paid pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or, when finalized, the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) The Preliminary Official Statement did not and, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement, as so supplemented or amended, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer shall apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and the Indenture and shall not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds;

(l) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and shall advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension

of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial information regarding the Issuer in the Preliminary Official Statement fairly presents, and in the Official Statement shall fairly present, the financial position and results of the Issuer as of the dates and for the periods therein set forth, and, prior to the Closing, there shall be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer;

(n) The Issuer is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and except as disclosed in the Official Statement, the Issuer is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the Issuer Documents and the Bonds;

(o) Prior to the Closing Date, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter and

(p) The officers and officials of the Issuer executing the Official Statement, the Issuer Documents and the Bonds and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered on the Closing Date have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate signed by any officer or official of the Issuer authorized to do so in connection with the transactions contemplated by this Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing. (a) At 9:00 a.m., Mountain Standard Time, on October 17, 2007, or on such other date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "Closing Date"), the Issuer shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter shall, subject to the terms and conditions hereof, accept such

delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Contract by a certified or bank cashiers check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of DTC in New York City, New York, or, if by the means of a "Fast Automated Securities Transfer," with the Trustee. The Bonds shall be printed or lithographed, shall be prepared and delivered as fully registered bonds, one Bond for the full amount maturing on each maturity date, and shall be registered in the name of "Cede & Co." and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purpose of inspection in New York City, New York, at DTC.

6. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and of the Owner contained in the Indemnity Letter and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer of its obligations hereunder and by the Owner of its obligations pursuant to the Indemnity Letter, both as of the date hereof and on the Closing Date. Accordingly, the Underwriter's obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and by the Owner of its obligations pursuant to the Indemnity Letter and under such documents and instruments on or prior to the Closing Date and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and of the Owner contained in the Indemnity Letter shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all covenants and agreements required by this Contract to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required to

be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) On the Closing Date, all official action of the Issuer relating to the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) Prior to or on the Closing Date, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered, and the Trustee shall have duly authenticated, the Bonds;

(f) Prior to or on the Closing Date, no "event of default" shall have occurred or be existing under this Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Contract;

(g) Prior to or on the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the Owner, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) Prior to or on the Closing Date, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) Prior to or on the Closing Date, all steps to be taken and all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) Prior to or on the Closing Date, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following opinions, letter, consent, certificate and other documents:

(1) An unqualified approving opinion of Gust Rosenfeld P.L.C., Bond Counsel, as to the Bonds, dated the Closing Date, addressed to the Issuer and sub-

stantially in the form included in the Official Statement;

(2) the supplemental opinion of such counsel, as Bond Counsel and Counsel to the Issuer, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit A;

(3) the opinion of Gallagher & Kennedy, PC, Counsel to the Owner, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit B;

(4) An opinion of Greenberg Traurig, LLP, Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit C;

(5) A consent of Burke Hansen, Inc., dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit D;

(6) A certificate from the Owner, dated the Closing Date, signed by an authorized official of the Owner and in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties contained in the Indemnity Letter and in the documents executed by the Owner in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(7) A certificate or certificates of the Issuer, dated the Closing Date, signed by an authorized official or officials of the Issuer and in form and substance satisfactory to the Underwriter, in which such official, to the best of his knowledge, information and belief, states:

(i) That the representations and warranties contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(ii) That, except as described in the Official Statement, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the Issuer of the provisions of the Issuer Documents or the levy and collection of the Special Assessments for payment of the Bonds; (B) in

any way contesting or affecting the authority for, or the validity of, this Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the Issuer;

(iii) That no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signors;

(iv) That the Issuer has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied prior to or on the Closing Date and

(v) That the Official Statement was, as of its date, and will be, as of the Closing Date, true, correct and complete in all material respects and did not, as of its date, and does not, as of the Closing Date, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(8) A specimen of the Bonds;

(9) A certified copy of the Bond Resolution;

(10) A counterpart original of the Official Statement manually executed on behalf of the Issuer by the Chairman of the District Board;

(11) A non-arbitrage certificate of the Issuer, in form and substance satisfactory to Bond Counsel;

(12) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance Pursuant To A.R.S. § 35-301(B) (Arizona Department of Revenue) for the Bonds;

(13) An executed copy of each of the Issuer Documents as well as of a separate undertaking and dissemination agency agreement in similar form and for

the same purposes with respect to the Owner as the Undertaking and the Agency Agreement, in the case of such undertaking in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Official Statement with such changes as may be agreed in writing by the Underwriter and

(14) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or Counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy on the Closing Date, or prior to such date, of the representations and warranties of the Issuer and the Owner and the due performance or satisfaction by the Issuer and the Owner of all agreements and covenants then to be performed and all conditions then to be satisfied by the Issuer and the Owner.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer and the Owner shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Contract and the Closing Date, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered or

an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress, an order, decree or injunction issued by any court of competent jurisdiction or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Bond Resolution or the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereon) upon trading securities generally by any governmental authority or any national securities exchange or a general banking moratorium declared by federal, State of New York or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general

character of the Bonds, any material restrictions not now in force or increase materially those now in force with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), for the validity or enforceability of the Special Assessments to pay principal of and interest on the Bonds;

(g) any event occurring or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer or the Owner;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay or cause to be paid from the proceeds of the sale of the Bonds, the expenses incident to the performance of its obligations hereunder, including but not limited to (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds, the Preliminary Official Statement, the Official Statement and the Issuer Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions

contemplated hereby; (2) the fees and disbursements of the Trustee in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel and Counsel to the Underwriter in connection with the issuance of the Bonds; (4) the fees and disbursements of any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby and (5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Underwriter in connection with the issuance and sale of the Bonds.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by them in connection with the public offering of the Bonds.

(c) If this Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Contract, or if for any reason the Issuer shall be unable to perform its obligations under this Contract, the Issuer will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Contract or the offering contemplated hereunder.

9. (a) Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same to the address set forth on the first page of this Contract, and any notice or other communication to be given to the Underwriter pursuant to this Contract may be given by delivering the same in writing to RBC Capital Markets, Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Ms. Shawn Dralle, Managing Director.

(b) Parties in Interest. This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuers representations, warranties, covenants and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Contract and (iii) any termination of this Contract.

(c) Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

(d) Choice of Law. This Contract shall be governed by and construed in accordance with the law of the State.

(e) Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

(f) Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

(g) Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

(h) Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not

presently aware of any violation of such Section which would adversely affect the enforceability of this Contract and covenants that it shall take no action which would result in a violation of such Section.

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC DAIN RAUSCHER INC.

By.....
Shawn Dralle, Managing Director

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Levi Beard, Vice Chairman, District Board

ATTEST:

.....
Linda Garrison, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD, P.L.C., Attorney for the District

By.....

327903492v4 7/31/2007

SCHEDULE

Dated Date: Date of Initial Authentication and Delivery

Aggregate Principal Amount: $1,784,000

Interest Payment Dates: July 1, 2008, and January 1 and July 1 thereafter

Maturity Schedule:

Maturity Date (July 1)	Principal Amount	Per Annum Interest Rate
2009	$ 40,000	4.30%
2010	42,000	4.40
2011	43,000	4.50
2012	45,000	4.60
2013	47,000	4.70
2014	50,000	4.80
2015	52,000	4.90
2016	55,000	5.00
2017	57,000	5.05
2018	60,000	5.15
2019	63,000	5.20
2026	553,000	5.65
2032	677,000	5.75

Redemption Provisions:

Special Redemption. The Bonds will be redeemed from funds of the Issuer at the option of the Issuer in whole or, from time to time, in part on any Interest Payment Date (as such term is defined in the Official Statement), as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure (as such term is defined in the Official Statement), upon direction given to the Trustee by the District, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the Issuer at the option of the Issuer in whole on any date or, from time to time, in part on any Interest Payment Date, as randomly determined by the Trustee within the applicable maturity, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the Issuer, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement (as such term is defined in the Bond Resolution) as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 2017, at the option of the Issuer prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

Mandatory (Sinking Fund) Redemption. The Bonds maturing on July 1 of the following years will be redeemed from funds of the Issuer prior to the applicable maturity on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date:

Redemption Date (July 1)	Principal Amount
Bonds Maturing in 2026	
2020	$67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000

Redemption Date (July 1)	Principal Amount
Bonds Maturing in 2032	
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000

Whenever Bonds of such maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of such maturity.

EXHIBIT A

[LETTERHEAD OF GUST ROSENFELD P.L.C.]

[Closing Date]

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

WE HAVE ACTED as Bond Counsel to Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer") in connection with the issuance this date by the Issuer of bonds designated its Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, in the aggregate principal amount of $1,784,000 (hereinafter referred to as the "Bonds") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the "Waiver Agreement" as such term is defined in the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on September 18, 2007 (hereinafter referred to as the "Resolution"), and an Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"); (ii) are the subject of an Official Statement, dated October 5, 2007 (hereinafter referred to as the "Official Statement") and (iii) are being sold pursuant to a Purchase Contract, dated October 5, 2007 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

(i) An executed copy of the Waiver Agreement;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Official Statement;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) An executed copy of the Indenture;

(vi) An executed copy of a Letter of Representations, dated even date herewith (hereinafter referred to as the "Letter"), by and between the Issuer and The Depository Trust Company;

(vii) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to as the "Undertaking"), from the Issuer;

(viii) An executed copy of a Dissemination Agency Agreement, dated as of October 1, 2007 (hereinafter referred to as the "Agreement" and, collectively with the Indenture, the Purchase Contract, the Waiver Agreement, the Letter and the Undertaking, as the "District Documents"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, representations of the "Owner" (as such terms is defined in the Official Statement, provided in the Waiver Agreement), opinions (including particularly, but not by way of limitation, opinions of counsel to the Owner, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original

copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Owner relating to the Official Statement and the District Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District Documents, and the Bonds, (c) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated September 21, 2007 (the "Preliminary Official Statement"), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Official Statement, the Resolution, the District Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under, the District Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of

the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the District Documents and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The Issuer has duly (a) adopted the Resolution, (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents and the Bonds and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such assessments have been perfected pursuant to applicable law and as described in the Official Statement. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Bond Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement) or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the Issuer which question the right of

the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Bond Resolution, the District Documents or the Bonds.

7. The information contained in the Official Statement on the cover thereof, under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "LITIGATION," "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it relates to compliance with previous undertakings) and "RELATIONSHIPS AMONG PARTIES" (solely as it relates to Bond Counsel) therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix G - "CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS" thereto, insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or

marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

EXHIBIT B

[LETTERHEAD OF GALLAGHER & KENNEDY, PC]

[Closing Date]

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

We have acted as special counsel to Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the transactions provided for by the documents referred to herein in connection with the issuance and sale of the captioned Bonds sold pursuant to a Purchase Contract, dated October 5, 2007 (hereinafter referred to as the "Purchase Contract"), by and between RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter") and Festival Ranch Community Facilities District (hereinafter referred to as the "District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

In this connection, we have reviewed the following documents, each of which is dated as of the date hereof unless otherwise indicated (the "Documents"):

1. Purchase Contract;

2. Official Statement, dated October 5, 2007, issued by the District;

3. Continuing Disclosure Undertaking, dated even date herewith (the "Undertaking") from Owner;

4. Dissemination Agency Agreement dated as of October 1, 2007 (the "Agency Agreement") by and between Owner and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets;

5. Waiver Agreement dated ....., 20...;

6. Owner Indemnity Letter of even date with the Purchase Contract (the "Indemnity Letter");

7. [insert organizational documents of Owner];

8. [insert authorizing resolutions of Owner];

9. [insert good standing certificate(s) of Owner]; and

10. Certificate of the ..... of the Owner issued in favor of the undersigned (the "Owner's Certificate").

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies;

(c) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Documents with regard to the parties to those agreements, other than Owner, and that the transactions contemplated by the Documents were fully authorized by the District and are in compliance with all laws, rules or regulations governing the District;

(d) That all of the parties to the Documents (other than Owner) have obtained all necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Documents by such parties and to the consummation of the Transaction (as such term is hereinafter defined) by such parties;

(e) That the Documents constitute an integrated agreement between the parties to those agreements with respect to the matters contained therein and that the same constitute and evidence all of the agreements and understandings between the parties thereto with respect to the matters contained therein and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Documents;

(f) That Owner owns good and indefeasible interests in the real and personal property described in the Documents which are purported to be owned by it;

(g) That all parties to the Documents will enforce their respective rights thereunder in circumstances and in a manner which are commercially reasonable and in accordance with applicable law;

(h) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents; and

(i) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the Transaction or any of the property within the District.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is out opinion that:

1. The Owner is a limited liability company, duly organized and validly existing under the laws of the State of Arizona and duly authorized to transact business in the State of Arizona and has full power and authority to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Indemnity Letter, the Waiver Agreement, the Undertaking and the Agency Agreement (hereinafter referred to as, collectively, the "Owner Documents").

2. The Owner has taken all actions necessary to be taken by it or in its behalf to authorize (i) the execution, delivery and performance by the Owner of the Owner Documents and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. The Owner Documents have been duly and validly authorized, executed and delivered by the Owner and the same are in

full force and effect as of the date hereof and are the valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms.

4. The execution and delivery by the Owner of the Owner Documents and the consummation of the transactions contemplated thereby (a) do not and will not result in a violation of any provision of, or in default under, the organizational documents of the Owner or (b) to our knowledge, (i) any agreement or other instrument to which the Owner is a party or by which it or its properties are bound or (ii) conflict with any statute, rule, regulation, judgment, order or other governmental action or decree to which the Owner or its properties are subject which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

5. To our knowledge, all material actions necessary to be taken by the Owner have been taken, and no additional material approval, authorization, consent or other order of the Owner or any other public board or body that has jurisdiction over the Owner is legally required to allow the Owner to execute and deliver and consummate the transactions contemplated by the Owner Documents or to conduct the business of the Owner as presently being conducted and as described in the Official Statement, except for such actions, approvals, authorizations, consents and orders that the Owner would expect to obtain in the ordinary course of its business, provided that no opinion is hereby expressed as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

6. To our knowledge, the Owner is not in violation of any provision of, or in default under, its organizational documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

7. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Owner is a party or of which any property of the Owner is subject, except as described in the Official Statement, which, if determined adversely to the Owner would individually or in the aggregate (i) have a material adverse effect on the financial condition or results of operations of the Owner and its affiliates considered as a whole, (ii) materially and

adversely affect the validity or the enforceability of the Owner Documents, (iii) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Owner Documents or (iv) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Owner.

8. To our knowledge, the information contained in the Official Statement under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" and in Appendix C - "APPRAISAL" thereto taken as a whole does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review of the Official Statement, we have not undertaken to determine independently the accuracy, completeness or fairness of the other statements contained therein, except as and to the extent provided in this paragraph, and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such review, nothing has come to our attention to lead us to believe that the Official Statement (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

The phrase "to our knowledge" means the actual knowledge of all of the attorneys in this firm, including attorneys having knowledge as a result of a review of documents referenced in the sections of the Official Statement described in numbered paragraph 8 hereinabove and attorneys having knowledge as a result of conferences with officers and other representatives of the Owner, at which conferences the information and related matters were discussed; provided, however, that with respect to numbered paragraph 8 hereinabove, such knowledge is limited to those attorneys of the firm who have worked on the transactions contemplated by the Owner Documents. Where statements in this opinion are qualified by the term "material" or "materially," those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to the Owner or its business, assets, or financial condition that are entirely those of the Owner and its officers, after having been advised by us as to the legal effect and consequences of such matters.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Owner Documents may be limited by bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, moratorium, arrangement, or laws or court decisions affecting the enforcement of creditors' rights generally.

(ii) Enforceability of certain rights and remedies in the Owner Documents may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State court or a Federal District Court for the State of Arizona. The opinion on enforceability is limited to enforcement in courts in the State of Arizona.

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Owner Documents may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Owner Documents if the other party(ies) act in good faith and in a commercially reasonable manner in accordance with the requirements of applicable law, except for the economic consequences of any procedural delay.

(iv) The qualification that any matter stated in general terms herein shall be limited by any less general or any more specific statement on such matter as may also be contained herein; and

(v) The qualification that in rendering the opinions set forth herein, we do not purport to express any opinion on the financial capability or condition of Owner or its financial ability to perform under the Documents.

We are expressing no opinion as to:

(a) The enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or willful misconduct of any party or the failure of any party to act in a commercially reasonable manner;

(b) The enforceability of any indemnity or contribution provision with respect to any claims or other matters relating to

or arising under federal or state securities laws, as they may be held to violate public policy;

(c) Except with respect to Opinion No. 8, the applicability or effect of any registration or qualification with respect to the federal securities law or the securities laws or Blue Sky laws of any state;

(d) The title or the priority of any lien or security interest created by the Owner Documents or with respect to the Bonds; and

(e) The applicability or effect, if any, if any building codes or zoning ordinances or the laws or regulations of any municipality.

We are qualified to practice law only in the State of Arizona and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and [the corporate law of the State of Delaware - if applicable]. With respect to such law, our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. We do not render any opinion with respect to any matters other than those expressly set forth above.

The opinions contained herein are solely for the benefit of the addressee. Accordingly, it may not be relied upon by, filed with or furnished or delivered to or quoted in any manner to any other person or entity, or referred to in any financial statement, report or related document, without, in each instance, our prior written consent.

Furthermore, we hereby consent to the references made to this firm in the Official Statement.

Respectfully submitted,

EXHIBIT C

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated October 5, 2007 (the "Purchase Contract"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its $1,784,000 Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (hereinafter referred to as the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Official Statement relating to the Bonds (hereinafter referred to as the "Official Statement"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Official Statement. That assistance involved, among other things, inquiries concerning various legal and related matters, our review of certain corporate records, documents and proceedings and our participation in discussions with your representatives and other persons involved in the preparation of information for the Official Statement and representatives of the District and the Owners and

Stonebridge (as such terms are defined in the Official Statement) concerning the contents of the Official Statement and related matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement, on the basis of the information which was developed in the course of our performance of the services referred to hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Official Statement, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which such statements were made, not misleading. Reference in this paragraph to the Official Statement does not include the information contained in the Official Statement under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE" and "LAND DEVELOPMENT," "THE OWNER," therein and Appendix C - "APPRAISAL" thereto nor the financial information or other technical or statistical data included in the Official Statement or its Appendices, as to all of which we express no opinion.

Respectfully submitted,

EXHIBIT D

CONSENT OF BURKE HANSEN, INC.

Burke Hansen, LLC hereby consents to the inclusion in the Official Statement related to the sale of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 of the Appraisals prepared by Burke Hansen, LLC and addressed to Town of Buckeye, Arizona/Festival Ranch Community Facilities District, dated August 10, 2007, and further represents and warrants that such Appraisals are true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Appraisals has occurred since the date of such Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

BURKE HANSEN, LLC

By.....

Dated: [Closing Date]

ATTACHMENT

OWNER INDEMNITY LETTER
FOR
$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2007

October 5, 2007

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: $1,784,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

This Indemnity Letter is delivered by Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in order to induce RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter") and Festival Ranch Community Facilities District (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

1. In consideration of the execution and delivery of the Purchase Contract, the Owner represents and warrants to the Underwriter and the District that:

(a) The Owner is a limited liability company duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Official Statement, the information in the Preliminary Official Statement under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" and in Appendix C - "APPRAISAL" thereto, taken as a whole, is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter, the Waiver Agreement, the Continuing Disclosure Undertaking, dated of even date with the initial issuance and delivery of the Bonds or the Dissemination Agency Agreement, dated as of October 1, 2007, by and between the Owner and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as, collectively, the "Owner Documents") nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Owner or conflicts with or results in a breach by the Owner of any of the terms, conditions or provisions of, or constitute a default by the Owner under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Owner is a party or by which it is bound or to which any of the property or assets of the Owner is subject, or any law or any order, rule or regulation applicable to the Owner of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Owner or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Owner under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, lia-

bilities or conditions (financial or otherwise) of the Owner taken as a whole.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Owner, threatened against the Owner wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Owner, or which would materially and adversely affect the properties (taken as a whole) of the Owner, taken as a whole, and which has not been disclosed in the Preliminary Official Statement as of its date, (ii) materially adversely affect the transactions contemplated by the Purchase Contract or the Owner Documents or (iii) adversely affect the validity or enforceability of the Owner Documents against the Owner.

(e) The Owner has the full power and authority to execute and deliver the Owner Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Owner Documents, and the Owner Documents have been duly authorized by the Owner and, when executed will constitute valid, binding and enforceable obligations of the Owner except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Owner of the transactions contemplated by the Purchase Contract and the Owner Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other action by the Town or the District.

2. To the extent permitted by law, the Owner shall indemnify and hold harmless the Underwriter and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the Underwriter and any such person being herein called an "Underwriter Indemnified Party") and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the District within the meaning of the Securities Act of 1933, as amended

(the District and any such person being herein called a "District Indemnified Party" and, together with each Underwriter Indemnified Party, the "Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Underwriter Indemnified Parties, but joint or several as to the District Indemnified Parties, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the information identified in Section 1(b) above in the Official Statement or any amendment or supplement thereto, taken as a whole, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Official Statement and (ii) with respect to a District Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened to the extent arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Owner (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owner, notify the Owner in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of the Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Owner, but the omission to notify the Owner of any such action shall not relieve the Owner from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owner of the commencement thereof, the Owner may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel reasonably satisfactory to such Indemnified Party and the Owner (it being understood that, except as hereinafter provided, the Owner shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owner to such Indemnified Party of an election so to assume the defenses thereof, the Owner will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by

such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until the Owner assumes the defense of any such action at the request of such Indemnified Party, the Owner shall have the right to participate at its own expense in the defense of any such action. If the Owner shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Owner (in which case the Owner shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owner.

3. All of the representations, warranties, and agreements of the Owner contained in the Owner Documents shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, any controlling person referred to in paragraph 2 hereof or the Owner or (ii) delivery of and payment for the Bonds.

4. This letter is solely for the benefit of the Underwriter and the District and its successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. The Owner hereby consents to the references made to the Owner in the Official Statement.

Respectfully submitted,

PULTE HOME CORPORATION, a Michigan corporation

By.....

Printed Name.....Rich Gollard.....

Title:...Atty.-In-Fact.....

PULTE HOME CORPORATION

and

RBC DAIN RAUSCHER INC.,
DOING BUSINESS UNDER THE
NAME RBC CAPITAL MARKETS

DISSEMINATION AGENCY AGREEMENT

Dated as of October 1, 2007

$1,784,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment Districts Nos. 4 and 5
Special Assessment Revenue Bonds, Series 2007

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* * *

THIS DISSEMINATION AGENCY AGREEMENT, dated as of October 1, 2007 (hereinafter referred to as this "*Agreement*"), by and between Pulte Home Corporation, a corporation duly incorporated and validly existing pursuant to the laws of the State of Michigan (hereinafter together with its successors referred to as the "*Owner*"), and RBC Dain Rauscher Inc., a corporation duly incorporated and validly existing pursuant to the laws of the State of Delaware and doing business under the name RBC Capital Markets (hereinafter together with its successors referred to as the "*Agent*");

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution of the district board of Festival Ranch Community Facilities District (hereinafter referred to as the "*Board*") adopted on September 18, 2007, the Board has authorized the issuance of certain special assessment bonds (hereinafter referred to as the "*Securities*") to provide funds for certain public infrastructure purposes provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended; and

WHEREAS, in order to provide terms for providing for compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, with respect to the Securities, the Owner has duly authorized the execution and delivery of a Continuing Disclosure Undertaking, dated the date of initial delivery of the Securities (hereinafter referred to as the "*Undertaking*"); and

WHEREAS, in order to assist the Owner in complying with the Undertaking, the Owner has determined to enter into this Agreement;

NOW, THEREFORE, in the joint and mutual exercise of the their powers, and in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree that:

ARTICLE ONE

SECTION 1.01. *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms in this Agreement have the meanings assigned to them hereinabove and in Section 1 of the Undertaking and include the plural as well as the singular.

B. All references in this instrument to designated "Articles," "Sections," "Clauses" and other subdivisions are to the designated Articles, Sections, Clauses and other subdivisions of this instrument as originally executed.

C. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.

SECTION 1.02. *Notices, etc.*

A. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Owner or the Agent to be made upon, given or furnished to or filed with,

1. the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Owner addressed to it at Suite 100, 15111 North Pima Road, Scottsdale, Arizona 85260, Attention: Area Counsel - Arizona, or at any other address furnished previously in writing to such person by the Owner, and

2. the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to it at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Managing Director, or at any other address furnished previously in writing to such person by the Agent.

Any copy or notice provided by this Agreement to be given or furnished to the Issuer by the Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, 100 North Apache, Suite A, Buckeye, Arizona 85326, Attention: District Clerk, or at any other address furnished previously in writing to the Owner by the Issuer.

B. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 1.03. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.04. *Successors and Assigns.*

All covenants and agreements in this Agreement by the Owner and the Agent shall bind their successors and assigns, whether so expressed or not.

SECTION 1.05. *Severability Clause.*

In case any provision in this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

SECTION 1.06. *Benefits of Agreement.*

Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

SECTION 1.07. *Governing Law.*

This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

SECTION 1.08. *Further Assurances; Recording.*

The Agent shall do, execute, acknowledge and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

SECTION 1.09. *Amendments.*

This Agreement may be amended by an instrument in writing executed and delivered by each of the Owner and the Agent.

SECTION 1.10. *Termination.*

The Owner or the Agent may terminate this Agreement by giving written notice to the other party at least thirty (30) days prior to such termination. Otherwise, this Agreement shall terminate coincident with the termination of the Undertaking. The Owner is not required to appoint a successor to the Agent. The absence of the Agent or a successor to the Agent shall not relieve the Owner of the responsibilities of the Owner pursuant to the Undertaking.

SECTION 1.11. *Integration.*

This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement between the Owner and the Agent with regard to the matters provided for herein.

* * *

ARTICLE TWO

SECTION 2.01. *Annual Reports.*

The Agent shall compile and deliver each Annual Report to the Owner by April 1 of each year for review by the Owner, and the Owner shall thereafter deliver to the Agent any revisions to each Annual Report by the next succeeding June 15 for dissemination as set forth in Section 2.03.

SECTION 2.02. *Material Events.*

A. The Owner shall provide a written description to the Agent of the occurrence of any Material Event in a timely manner, signed by an appropriate representative of the Owner. Upon the Agent becoming aware of any Material Event, the Agent shall promptly notify the Owner of such Material Event. (The Agent shall have no duty or responsibility to review the written description of such Material Event.)

B. The Agent shall disseminate Notices of Material Events as set forth in Section 2.04.

SECTION 2.03. *Dissemination of Annual Reports.*

A. The Agent shall disseminate each Annual Report to the entities, in the manner and on the dates provided in Section 2 of the Undertaking.

B. The Agent shall disseminate such information in the form delivered to the Agent by the Owner pursuant to Section 2.01. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Annual Report to the Owner and the Issuer, along with a notice stating the date and the identities of the entities with which such Annual Report was filed.

D. The Agent shall also, if necessary, file the notices required pursuant to Sections 2(a)(ii) and 2(b)(i)(B) of the Undertaking with respect to inability or failure to provide an Annual Report and change of fiscal year of the Owner, respectively, and shall provide a copy thereof to the Owner and the Issuer.

SECTION 2.04. *Dissemination of Notices of Material Events.*

A. The Agent shall disseminate each Notice of Material Event to the entities and in the manner provided in Section 3 of the Undertaking within one (1) business day after receipt of such information by the Agent pursuant to Section 2.02.

B. The Agent shall disseminate such information in the form delivered to the Agent by the Owner pursuant to Section 2.02. (Any information furnished by the Agent hereunder for such purpose may contain a legend to such effect.)

C. The Agent shall promptly provide a copy of each Notice of Material Event to the Owner and the Issuer, along with a notice stating the date and the identities of the entities with which such Notice of Material Event was filed.

SECTION 2.05. *Dissemination of Other Notices.*

The Agent shall file the notices required pursuant to Section 5 and 6(b) of the Undertaking with respect to termination of the Undertaking and changes in accounting principles of the Owner, respectively, and shall provide a copy thereof to the Owner and the Issuer.

SECTION 2.06. *Duty to Update.*

One (1) business day prior to the date the Owner is required to file information with a Repository or the Municipal Securities Rulemaking Board, as applicable, the Agent shall determine, in the manner the Agent deems appropriate, the names and addresses of the then existing, applicable Repositories and the manner and medium by which information is to be transmitted and filed with such Repository or the Municipal Securities Rulemaking Board.

SECTION 2.07. *Consequences of Default by Agent; Standard of Care.*

A. In the event of a failure of the Agent to comply with any provisions of this Agreement, the Owner may take any action at law or in equity to enforce the obligations of the Agent hereunder.

B. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agent or matters of public record.

C. The Agent shall have only such duties as are specifically set forth in this Agreement and the Undertaking.

D. To the extent permitted by applicable law, the Owner shall indemnify and save the Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Agent may incur arising out of or in the exercise or performance of the powers and duties of the Agent pursuant to this Agreement and the Undertaking, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Agent and payment of the Securities.

SECTION 2.08. *Additional Information.*

Nothing in this Agreement shall be deemed to prevent the Owner from delivering any other information to the Agent, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Agreement. If the Owner chooses to include any such information, the Owner shall have no obligation pursuant to this Agreement to update such information or include it in any future disclosure or notice.

SECTION 2.09. *Compensation.*

The Owner shall compensate the Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

SECTION 2.10. *Recordkeeping.*

The Agent shall maintain records of the Annual Reports and the Notices of Material Events including the names of the entities with which the same were filed and the date of filing, and copies thereof shall be available to the Owner and the Issuer upon reasonable request and the payment of reasonable copying and delivery charges.

* * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

PULTE HOME CORPORATION, a Michigan corporation

By.....

Printed Name: Rich Gallagher

Title: Atty. In Fact

RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS

By.....
Shawn Dralle, Managing Director

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and to be effective as of the day and year first above written, which date shall be deemed the date hereof for all purposes.

PULTE HOME CORPORATION, a Michigan corporation

By.....

Printed Name:.....

Title:.....

RBC DAIN RAUSCHER INC., DOING BUSINESS UNDER THE NAME RBC CAPITAL MARKETS

By.....Shawn Dralle.....
Shawn Dralle, Managing Director

327903558.1-10/9/2007

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Owner pursuant to, and as described in, Section 2.

"Assessment Area" shall have meaning provided thereto in the Official Statement.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78768-4667
Fax: (512) 476-6403
http://www.disclosure USA.org

"Dissemination Agent" shall mean any agent which has executed a dissemination agency agreement with the Owner and the successors and assigns of such agent.

"Issuer" shall mean Festival Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Material Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)*** Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Reference and Pricing Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Owner pursuant to, and as described in, Section 3.

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the

time in question, that the unpaid portions of the Special Assessments levied against such land owned by such owner equals or exceeds twenty percent (20%) of the total principal amount of the Securities then outstanding.

"Official Statement" shall mean the Official Statement, dated October 5, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Official Statement.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN JULY 1 OF EACH YEAR, COMMENCING JULY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

(ii) ***IF THE OWNER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information with respect to (I) single family lot closings and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner,

(II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales and land development (including particularly the status of completion of the items included under the heading "THE OTHER INFRASTRUCTURE in the Official Statement"), (IV) any conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding five percent (5%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed) and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Official Statement.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied thereagainst in an amount equal to or exceeding twenty percent (20%) of the principal

amount of the Securities then outstanding (including identity of the entity and location of property conveyed).

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Owner file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Owner may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the

names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 13. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: October 17, 2007

PULTE HOME CORPORATION, a Michigan corporation

By.....

Printed Name: Rich Gallo

Title: Atty-In-Fact

327903538.1-10/11/2007

$1,784,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

REQUEST AND AUTHORIZATION
TO THE TRUSTEE TO
AUTHENTICATE AND DELIVER THE BONDS

TO: Wells Fargo Bank, N.A., as Trustee
Phoenix, Arizona

With reference to the issue of the above-captioned Bonds (the "*Bonds*"), and pursuant to Section 3.3 of the Indenture of Trust and Security Agreement dated as of October 1, 2007 (the "*Indenture*"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") and Wells Fargo Bank, N.A., as Trustee (the "*Trustee*"), the Issuer has caused the Bonds to be delivered to you for authentication and delivery to, or on the order of, RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*") against payment therefor, all in accordance with the following instructions:

1. You are hereby directed to authenticate the Bonds which are in the form of a single registered bond for each mandatory redemption amount and maturity in the aggregate principal amount of $1,784,000 to purchasers executing and delivering to you the investor letter in the form set forth in the Indenture.

2. You are to deliver the Bonds to, or on the order of, said Underwriter upon receipt by you, and in a form satisfactory to you, of payment for the account of the Issuer of $1,784,000 (representing the par amount of the Bonds less Underwriter's compensation of $49,060) for a total of $1,734,940, being the amount received for the Bonds.

3. Upon receipt of the amounts described in 2 above, you shall disburse the proceeds in the manner set forth in Section 5.9 of the Indenture.

Dated: October 17, 2007

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Bobby Bryant
Chairman

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CERTIFICATE AND RECEIPT OF TRUSTEE

The undersigned, an authorize representative of Wells Fargo Bank, N.A., as trustee (the "*Trustee*") under the Indenture of Trust and Security Agreement dated as of October 1, 2007 (the "*Indenture*"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the Trustee hereby certifies that:

1. The Trustee is existing under and by virtue of the laws of the United States of America and is duly qualified to do bank and trust business in the State of Arizona, and in all jurisdictions where the nature of its operations as contemplated by the Indenture legally requires such qualification and has the corporate power to take all action required or permitted of it under the Indenture and the above-referenced Bonds.

2. By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture, and the authentication and delivery by it of the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the Indenture and the Bonds.

3. To the best knowledge of the undersigned, there is no litigation against the Trustee pending or threatened in any court nor is there any proceeding, inquiry or investigation affecting the Trustee before or by any public board or body, either pending or overtly threatened, calling into question the Trustee's role or the performance of its role, in the transactions contemplated by the Bonds and the Indenture.

4. Pursuant to the provisions of the Indenture, the Trustee has authenticated $1,784,000 principal amount of the Bonds, in the form of registered Bonds maturing on July 1, 2009 through 2019 and July 1, 2026 and 2032.

5. The Trustee delivered the Bonds so authenticated on the date hereof to, or to the order of, RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "*Underwriter*") registered in the name of purchasers who execute and deliver the investor letter in the form set forth in the Indenture.

6. The Trustee received from the Underwriter, as the purchaser of the Bonds, the sum of $1,784,000 (representing the par amount of the Bonds less Underwriter's compensation of $49,060) for a total of $1,734,940, and deposited the following amounts to the funds created by the Indenture in accordance with the terms thereof:

FUND OR ACCOUNT	AMOUNT
Reserve Fund	$ 137,182.00
Issuance and Expense Fund	102,500.00
Acquisition and Construction Fund	1,495,258.00
Total:	$1,734,940.00

7. Attached hereto as *Exhibit A* is a true, complete and correct copy of a resolution of the Trustee demonstrating the authority of the undersigned to act on behalf of the Trustee. Said resolution was in effect on the date or dates that the said officer acted and it remains in full force and effect on the date hereof.

8. The Bond was authenticated by one of the persons indicated on *Exhibit B* which is attached hereto, who held, at the time of such authentication, and now hold the offices indicated on *Exhibit B* and were and are duly authorized to authenticate the Bonds and execute all documents relating to the Bonds on behalf of the Trustee.

9. The signatures appearing on *Exhibit B* are the true and lawful signatures of the persons listed thereon, and that the signatures appearing on the Bond constitutes the true and lawful signature of the signer described in paragraph 8 hereof.

Dated: October 17, 2007

WELLS FARGO BANK, N.A.

By: Nancy L Eaton
Its: Vice President

JTG:jlu 771650.2 10/09/07

Exhibit A

WELLS FARGO BANK, NATIONAL ASSOCIATION
ASSISTANT SECRETARY'S CERTIFICATE

I, Paula N. Boemer, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

> **RESOLVED**, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;
>
> ***
>
> C. Signing Officers
>
> **FURTHER RESOLVED**, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:
>
> ***
>
> Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Brenda Black	Vice President	
Jeffrey B. Kassels	Vice President	
Kathleen Jakubowicz	Vice President	
Mark Petrasso	Vice President	
Nancy Eatros	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this day

_____.

Paula N. Boemer
Assistant Secretary

Exhibit B

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Brenda Black	Vice President	
Jeffrey B. Kassels	Vice President	
Kathleen Jakubowicz	Vice President	
Mark Petrasso	Vice President	
Nancy Eatros	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this day

_____.

Paula N. Boemer
Assistant Secretary

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CERTIFICATE OF PURCHASER REGARDING THE INITIAL OFFERING PRICE OF THE BONDS TO THE PUBLIC AND AS TO YIELD

The undersigned (the "*Purchaser*") understands that for purposes of the arbitrage restrictions and other requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations (collectively, the "*Code*"), it is necessary for the issuer to determine the "yield" on the captioned bonds (the "*Bonds*") in order to be in a position to take steps to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code. The term "yield" in this context means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest on the issue produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. In determining the yield on the Bonds, aggregate issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) are reasonably expected to be sold. Accordingly, the issuer and bond counsel need to be informed by the Purchaser as to the initial offering price of the Bonds to the public.

For purposes of this certificate, we have assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to our actual knowledge, have an arrangement with Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") or the Underwriter.

To the extent that we provided the Issuer and bond counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Bonds, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Bonds under the Code, and bond counsel may rely on the foregoing representations in rendering their opinion on the exclusion from federal gross income of the interest on the Bonds; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Code.

Therefore, the Purchaser certifies that a bona fide public offering of the Bonds for purposes of the Code has been made and the initial offering price of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Purchasers or wholesalers) at which a substantial amount of the Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) were reasonably expected to be sold as of October 5, 2007, is as follows:

Maturity Date (July 1)	Par Amount	Offering Price	Total for Maturity
2009	$ 40,000	100%	$ 40,000
2010	42,000	100%	42,000
2011	43,000	100%	43,000
2012	45,000	100%	45,000
2013	47,000	100%	47,000
2014	50,000	100%	50,000
2015	52,000	100%	52,000
2016	55,000	100%	55,000
2017	57,000	100%	57,000
2018	60,000	100%	60,000
2019	63,000	100%	63,000
2020*	67,000	100%	67,000
2021*	70,000	100%	70,000
2022*	74,000	100%	74,000
2023*	78,000	100%	78,000
2024*	83,000	100%	83,000
2025*	88,000	100%	88,000
2026	93,000	100%	93,000
2027**	98,000	100%	98,000
2028**	103,000	100%	103,000
2029**	109,000	100%	109,000
2030**	116,000	100%	116,000
2031**	122,000	100%	122,000
2032	129,000	100%	129,000

* Redemption Dates for Term Bond maturing on July 1, 2026
** Redemption Dates for Term Bond maturing on July 1, 2032

To the knowledge of the Purchaser, the Bonds were sold at prices that willing buyers would purchase such investments from willing sellers in bona fide, arms-length transactions.

Based upon the purchase price so certified, the undersigned hereby certifies that the yield on the Bonds is 5.5685%.

DATED: October 17, 2007.

RBC DAIN RAUSCHER INC.

By Shawn Brady

JTG:jlu 771654.1 10/09/07

$1,784,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

RECEIPT FOR BONDS

On behalf of the purchasers of the $1,784,000 principal amount Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

DATED: October 17, 2007

RBC DAIN RAUSCHER INC.

By Shawn Drake
Its MANAGING DIRECTOR

$1,784,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CERTIFICATE OF UNDERWRITER RE:
QUALIFIED INSTITUTIONAL BUYER

The undersigned, on behalf of RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, underwriter of the above-referenced Bonds (the "*Underwriter*"), certifies and agrees as follows:

1. The Underwriter is purchasing all of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bonds being in the original aggregate principal amount of $1,784,000 and has executed and delivered an investor letter to the Trustee as required by the investor letter attached to the Bonds.

2. The Underwriter assumes all responsibility for complying with any applicable federal and state securities laws in such regard.

3. The Underwriter acknowledges that it is a "qualified institutional buyer" as defined in Rule 144A of the general rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, or an "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission.

4. The Underwriter reoffered and sold the Bonds: (i) in authorized denominations of $*1,000* or more, (ii) to not more than thirty-five (35) persons, and (iii) only to persons who are "qualified institutional buyers" as defined in Rule 144A of the general rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, or "accredited investors" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who, the Underwriter believes, meet the requirements and understand the conditions set forth in the investor letter attached to the Bonds.

5. The undersigned understands that the Bonds: (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, (v) are not likely to be readily marketable, and (vi) are exempt from the terms and provisions of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934.

Dated: October 17, 2007

RBC DAIN RAUSCHER INC.

By Shawn Drake
Its MANAGING DIRECTOR

JTG:jlu 771657.2 10/09/07

$1,784,000
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

CONSENT OF APPRAISER

The undersigned is the authorized representative of Burke Hansen, LLC (the "*Appraiser*") and on behalf of the Appraiser hereby consents to the inclusion in the Official Statement related to the sale of Festival Ranch Community Facilities District (Town of Buckeye, Arizona), Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007 of the Appraisals prepared by the Appraiser and addressed to Festival Ranch Community Facilities District (Town of Buckeye, Arizona) each dated August 10, 2007 and further represents and warrants that such Appraisal are true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event affecting such Appraisals has occurred since the date of the final Official Statement which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

DATED: October 17, 2007.

BURKE HANSEN, LLC

By_____
Its V-P

JTG:jlu 771658.2 10/09/07

REGISTERED
No. R-___

REGISTERED
$_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF ARIZONA

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 and 5
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2007

Interest Rate	Maturity Date	Original Issue Date	CUSIP No.
____%	July 1, ____	_____, 2007	_____

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS ($_____.00)

Festival Ranch Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, the "*Principal Amount*" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "*Original Issue Date*" specified above, or from the most recent "*Interest Payment Date*" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity (as such term is deemed in the hereinafter described "*Indenture*"), semiannually on each January 1 and July 1, commencing July 1, 2008 (each an "*Interest Payment Date*") at the per annum "Interest Rate" specified above.

As provided in the Indenture, the interest, principal and Redemption Price (as such term and all other terms used herein and not defined are defined in the Indenture) payable on the Bonds shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by DTC on the date due (or in accordance with then existing arrangements between the Issuer and DTC).

If the specified date for any such payment shall not be a Business Day, then such payment may be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the Place of Payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding day, except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant to an Indenture of Trust and Security Agreement, dated as of October 1, 2007 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (herein referred to as the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Holders of the Bonds, the Trustee, and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All

SPECIMEN BOND

Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to Resolution No. 13-07, adopted on September 18, 2007 (herein referred to as the "*Bond Resolution*"), the Board of the Issuer authorized the issuance and sale of not to exceed $1,784,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring certain public infrastructure, including particularly the acquisition by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. 11-07 which was adopted by the Board of the Issuer on September 4, 2007.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from special assessments (the "*Assessments*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*"). The Assessed Property represents approximately 246.24 acres of the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Indenture for the payment of the Bonds and can be used for no other purpose.

Notwithstanding any provision hereof or of the Bond Resolution, however, the Indenture may be released and the obligation of the Issuer to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Governmental Obligations sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in the denominations of $1,000 and any $1,000 multiple in excess thereof.

The Bonds are subject to special redemption prior to maturity, in whole or, or from time to time, in part on any Interest Payment Date upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Improvements upon the direction of the District to the Trustee, amounts are transferred from the Acquisition and Construction Fund for such purpose, and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds will be redeemable from funds of the Issuer at the option of the Issuer in whole on any date or from time to time in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable Redemption Price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date, without premium, if and to the extent moneys are received by the Issuer and held by the Trustee as a result of any one or more of the following events: (i)the prepayment of any Assessment, if any, by the owner of any assessed real property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund; or (ii)the transfer of moneys from the Cash Flow Stabilization Fund established for the Bonds to the Prepayment Account of the Bond Fund pursuant to the Indenture:

The Bonds are subject to optional redemption on or after July 1, 2017, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

The Bonds maturing on July 1, 2026 and July 1, 2032 will be subject to mandatory sinking fund redemption on the following redemption dates and in the following amounts upon payment of the redemption price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Bond maturing on July 1, 2026

Redemption Date (July 1)	Principal Amount
2020	$67,000
2021	70,000
2022	74,000
2023	78,000

SPECIMEN BOND

Redemption Date (July 1)	Principal Amount
2024	83,000
2025	88,000
2026 (maturity)	93,000

Bond maturing on July 1, 2032

Redemption Date (July 1)	Principal Amount
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000
2032 (maturity)	129,000

Whenever Bonds of the applicable maturity are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the Issuer to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy on a *pro rata* basis against the remaining mandatory redemption requirements for the Bonds of the applicable maturity.

Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed, at the address appearing in the Bond Register.

The Bonds shall initially be issued as a single fully-registered bond in each Stated Maturity and so long as the ownership of the Bonds is maintained in book-entry form by DTC or a nominee thereof, this Bond may be transferred in whole but not in part only to DTC or a nominee thereof or to a successor to DTC or its nominee.

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being a Holder with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the timely or ultimate payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to the Holders; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the Holder.

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Bond Resolution and the Indenture at any time by the Issuer with the consent of the Holders of a majority in principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Place of Payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

SPECIMEN BOND

As provided in the Indenture and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Place of Payment.

The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Trustee, and any agent of either of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Trustee, and any such agent shall be affected by notice to the contrary.

Neither the full faith and credit nor the general taxing power of the Issuer, the Town of Buckeye, Arizona, Maricopa County, Arizona or the State of Arizona or any political subdivision thereof is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Trustee, by manual signature, this Bond shall not be entitled to any benefit under the hereinafter described Bond Resolution or the Indenture or be valid or obligatory for any purpose.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the property assessed, subject only to the lien for general taxes and prior special assessments. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By_____
Chairman

ATTEST:

_____
District Clerk

Dated: October 17, 2007

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Indenture.

WELLS FARGO BANK, N.A., as Trustee

By_____
Authorized Representative

DATE: October 17, 2007

SPECIMEN BOND

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT _____
(Cust.)
Custodian for _____ (Minor)
Under Uniform Gifts/Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)

_____

_____

(Print or typewrite Social Security or other identifying number of transferee: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (Print or typewrite name of attorney) _____, attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

_____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular

SPECIMEN BOND

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
[Name of Issuer]

October 18, 2005
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: Denise Russo

DTCC

The Depository Trust & Clearing Corporation

Very truly yours,

Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
(Issuer)

By: C E Reynolds
(Authorized Officer's Signature)

Carroll Reynolds
(Print Name)

100 N. Apache, Suite A
(Street Address)

Buckeye, Arizona USA 85326
(City) (State) (Country) (Zip Code)

(602) 386-4691
(Phone Number)

creynolds@buckeyeaz.gov
(E-mail Address)

[2/02]

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

RBC Capital Markets

** FINAL **

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

Issue:	$1,784,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007
Bonds Dated:	Date of Delivery (October 17, 2007)
Interest Payment Dates:	January 1 and July 1 of each year, commencing July 1, 2008.
Ratings:	Not Rated
Maturity Dates, Principal Amounts, Interest Rates:	See Exhibit A
Base CUSIP Number:	315599
Pre-Closing:	**Tuesday, October 16, 2007** 3:00 P.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street, 8th Floor Phoenix, Arizona 85004 Scott Ruby, Esq. Phone: (602) 257-7432 Fax: (602) 340-1538
Closing:	**Wednesday, October 17, 2007** 8:00 A.M. (Arizona Time) Gust Rosenfeld P.L.C. 201 East Washington Street, 8th Floor Phoenix, Arizona 85004 Scott Ruby, Esq. Phone: (602) 257-7432 Fax:(602) 340-1538
Participants:	See Exhibit B
Registration & Authentication:	Gust Rosenfeld P.L.C. will deliver the Bonds to Wells Fargo Bank, N.A. (Nancy Eatros) for registration and authentication. After the Bonds have been registered and authenticated, Wells Fargo Bank, N.A. will verify registration instructions with The Depository Trust Company in preparation of a F.A.S.T. closing.

Settlement Instructions:

Par Value of Bonds	$1,784,000.00
Less: Underwriter's Discount	(49,060.00)
Purchase Price of the Bonds	$1,734,940.00

Flow of Funds:

SOURCES OF FUNDS

On the morning of closing, RBC Capital Markets will wire transfer **$1,734,940.00**, representing the purchase price of the Bonds to:

Wells Fargo Bank, N.A.
ABA Number #: 121000248
Trust Clearing Account #: 00010-38-377
For Credit to: Festival Ranch CFD 07
Account Number: 22551002
Attention: Nancy Eatros, (602) 378-2337
Mark Petrasso (602) 378-4631

USES OF FUNDS

$1,495,258.00 will be deposited to the Acquisition and Construction Fund and used to pay the costs of acquisition and construction of infrastructure.

$102,500.00 will be deposited to the Issuance and Expenses Fund to pay the costs of issuance.

$137,182.00 will be deposited to the Reserve Fund.

After notice has been given by Bond Counsel of the completed transfer of funds, and all documentation is in order, the Bonds will be released to RBC Capital Markets via The Depository Trust Company Closing Desk (212) 855-3752, 53, 54, 56, through Ethan Gray (312) 559-1602.

EXHIBIT A

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

Dated: October 17, 2007 Delivery: October 17, 2007

Date	Principal (a)	Coupon	Interest	Total P+I (b)	Fiscal Year Debt Service (b)	CUSIP# (315599)
10/17/2007						
01/01/2008			$0.00	$0.00		
07/01/2008			68,365.86	68,365.86	$68,365.86	
01/01/2009			48,448.25	48,448.25		
07/01/2009	$40,000.00	4.30%	48,448.25	88,448.25	136,896.50	BJ8
01/01/2010			47,588.25	47,588.25		
07/01/2010	42,000.00	4.40%	47,588.25	89,588.25	137,176.50	BK5
01/01/2011			46,664.25	46,664.25		
07/01/2011	43,000.00	4.50%	46,664.25	89,664.25	136,328.50	BL3
01/01/2012			45,696.75	45,696.75		
07/01/2012	45,000.00	4.60%	45,696.75	90,696.75	136,393.50	BM1
01/01/2013			44,661.75	44,661.75		
07/01/2013	47,000.00	4.70%	44,661.75	91,661.75	136,323.50	BN9
01/01/2014			43,557.25	43,557.25		
07/01/2014	50,000.00	4.80%	43,557.25	93,557.25	137,114.50	BP4
01/01/2015			42,357.25	42,357.25		
07/01/2015	52,000.00	4.90%	42,357.25	94,357.25	136,714.50	BQ2
01/01/2016			41,083.25	41,083.25		
07/01/2016	55,000.00	5.00%	41,083.25	96,083.25	137,166.50	BR0
01/01/2017			39,708.25	39,708.25		
07/01/2017	57,000.00	5.05%	39,708.25	96,708.25	136,416.50	BS8
01/01/2018			38,269.00	38,269.00		
07/01/2018	60,000.00	5.15%	38,269.00	98,269.00	136,538.00	BT6
01/01/2019			36,724.00	36,724.00		
07/01/2019	63,000.00	5.20%	36,724.00	99,724.00	136,448.00	BU3
01/01/2020			35,086.00	35,086.00		
07/01/2020	67,000.00 (c)	5.65%	35,086.00	102,086.00	137,172.00	BX7
01/01/2021			33,193.25	33,193.25		
07/01/2021	70,000.00 (c)	5.65%	33,193.25	103,193.25	136,386.50	BX7
01/01/2022			31,215.75	31,215.75		
07/01/2022	74,000.00 (c)	5.65%	31,215.75	105,215.75	136,431.50	BX7
01/01/2023			29,125.25	29,125.25		
07/01/2023	78,000.00 (c)	5.65%	29,125.25	107,125.25	136,250.50	BX7
01/01/2024			26,921.75	26,921.75		
07/01/2024	83,000.00 (c)	5.65%	26,921.75	109,921.75	136,843.50	BX7
01/01/2025			24,577.00	24,577.00		
07/01/2025	88,000.00 (c)	5.65%	24,577.00	112,577.00	137,154.00	BX7
01/01/2026			22,091.00	22,091.00		
07/01/2026	93,000.00	5.65%	22,091.00	115,091.00	137,182.00	BX7
01/01/2027			19,463.75	19,463.75		
07/01/2027	98,000.00 (d)	5.75%	19,463.75	117,463.75	136,927.50	BY5
01/01/2028			16,646.25	16,646.25		
07/01/2028	103,000.00 (d)	5.75%	16,646.25	119,646.25	136,292.50	BY5
01/01/2029			13,685.00	13,685.00		
07/01/2029	109,000.00 (d)	5.75%	13,685.00	122,685.00	136,370.00	BY5
01/01/2030			10,551.25	10,551.25		
07/01/2030	116,000.00 (d)	5.75%	10,551.25	126,551.25	137,102.50	BY5
01/01/2031			7,216.25	7,216.25		
07/01/2031	122,000.00 (d)	5.75%	7,216.25	129,216.25	136,432.50	BY5
01/01/2032			3,708.75	3,708.75		
07/01/2032	129,000.00	5.75%	3,708.75	132,708.75	136,417.50	BY5
	$1,784,000.00		$1,564,844.86	$3,348,844.86	$3,348,844.86	

(a) The Bonds are subject to optional redemption on July 1, 2017 at a redemption price of 100%.
(b) Not inclusive of $137,182.00 Debt Service Reserve Fund.
(c) Represents mandatory sinking fund amounts for term bond due July 1, 2026.
(d) Represents mandatory sinking fund amounts for term bond due July 1, 2032.

RBC Capital Markets

EXHIBIT B

DISTRIBUTION LIST

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 & 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

ISSUER

Festival Ranch Community Facilities District
(Town of Buckeye)
100 Apache
Suite A
Buckeye, Arizona 85326
FAX: (623) 386-7832

Jeanine Guy
Interim District Manager
(623) 386-4691
E-mail: jguy@buckeyeaz.gov

Doug Allen
District Finance Director
(623) 386-4691
E-mail: dallen@buckeyeaz.gov

Gil Villegas
Assistant Finance Director
(623) 386-4691
E-mail: gvillegas@buckeyeaz.gov

Kim Sandstrom
CFD Accountant I
(623) 386-4691
E-mail: ksandstrom@buckeyeaz.gov

LANDOWNER

Pulte Home Corporation
15111 North Pima Road
Suite 100
Scottsdale, Arizona 85260

Hans Koppenhoefer
Manager of Planning & Entitlement
(480) 314-7969
E-mail: hans.koppenhoefer@pulte.com

Jimmy Phillips
Director of Finance
(480) 314-7917
E-mail: james.phillips@pulte.com

Nancy Barnes
(480) 314-7948
E-mail: nancy.barnes@pulte.com

LANDOWNER'S COUNSEL

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016
FAX: (602) 257-9459

Dana Belknap, Esq.
(602) 530-8348
E-mail: dsb@gknet.com

Steve Lawrence
(602) 530-8077
E-mail: stl@gknet.com

BOND COUNSEL

Gust Rosenfeld P.L.C.
201 East Washington Street
Suite 800
Phoenix, Arizona 85004
FAX: (602) 340-1538

Scott Ruby, Esq.
(602) 257-7432
E-mail: sruby@gustlaw.com

James Giel
(602) 257-7495
E-mail: jgiel@gustlaw.com

Gwyne Henning
(602) 257-7447
E-mail: ghenning@gustlaw.com

Joan L. Uibelhoer
(602) 257-7435
E-mail: juibelhoer@gustlaw.com

APPRAISER

Burke Hansen, LLC
2700 North Central Avenue
9th Floor
Phoenix, Arizona 85004
FAX: (602) 253-4862

Steve Niebling
(602) 257-1451
E-mail: sniebling@burkehansen.com

UNDERWRITER

RBC Capital Markets
2398 East Camelback Road
Suite 700
Phoenix, Arizona 85016
FAX: (602) 381-5380

Shawn Dralle
(602) 381-5362
E-mail: shawn.dralle@rbccm.com

Phong Pham
(602) 381-5370
E-mail: phong.pham@rbccm.com

UNDERWRITER'S COUNSEL

Greenberg Traurig, LLP
2375 East Camelback Road
Suite 700
Phoenix, Arizona 85016
FAX: (602) 445-8100

Michael Cafiso, Esq.
(602) 445-8452
E-mail: cafisom@gtlaw.com

TRUSTEE

Wells Fargo Bank, N.A.
Wells Fargo Plaza
MAC4101-22E
100 West Washington Street
22nd Floor
Phoenix, Arizona 85003
FAX: (602) 378-2333

Nancy Eatros
(602) 378-2337
E-mail: nancy.l.eatros@wellsfargo.com

Mark Petrasso
(602) 378-4631
E-mail: mark.d.petrasso@wellsfargo.com

DISTRICT FINANCIAL ADVISOR

Stone & Youngberg LLC
2375 East Camelback Road
5th Floor
Phoenix, Arizona 85016
FAX: (602) 387-4035

Mark Reader
(602) 794-4011
E-mail: mreader@syllc.com

Lauren Foote
(602) 794-4004
E-mail: lfoote@syllc.com

Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)	
2. Issue Name/title: Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007	
3. Dated date: October 17, 2007 Closing Date: October 17, 2007	4. Par Amount: $1,784,000
5. Overall Interest Rate (TIC or NIC): 5.780521% (NIC)	6. Type of Bond or Security: community facilities district special assessment
7. Repayment sources: property owner assessments	
8. Total amount outstanding: $1,784,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $1,784,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: **For general obligation bonds:** a. Secondary net assessed value: N/A
b. Original Issue Discount (-) $0.00	b. Debt limit percentage: N/A
c. Premium Amount (+) $0.00	c. Total debt limit: N/A
d. Original Issue Price (=) $1,784,000.00	12. Available debt limit: N/A
e. Underwriter Compensation (discount) (-) $49,060.00	13. Total amount authorized: N/A
f. Net Proceeds (=) $1,734,940.00	
14. Remaining authorized amount: N/A	15. If voter authorized, election dates: N/A

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

Signature

10/17/07
Date

Title, address and phone number

Douglas Allen, District Treasurer
Festival Ranch Community Facilities District
1101 E. Ash Avenue
Buckeye, Arizona 85326
623-386-4691

Trustee name, address and phone number

Wells Fargo Bank, N.A.
MAC4101-22E
100 W. Washington St.
22nd Floor
Phoenix, Arizona 85003
602-378-2337

Political Subdivision Contact Name, address and phone number

Treasurer
Festival Ranch Community Facilities District
1101 E. Ash Avenue
Buckeye, Arizona 85326
623-386-4691

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention: OERA, 9th floor
1600 W. Monroe
Phoenix, AZ 85007

JTG:jlu 771661.2 10/09/07

Arizona Department of Revenue
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a-10b+10c-10e=10f.

Name of Issue **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICTS NOS. 4 AND 5, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007**

Par Amount: $1,784,000 Date Closed: October 17, 2007

Mandatory Redemption Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2009	$ 40,000	4.300%	4.300%	$ 40,000	$0.00
2010	42,000	4.400%	4.400%	42,000	0.00
2011	43,000	4.500%	4.500%	43,000	0.00
2012	45,000	4.600%	4.600%	45,000	0.00
2013	47,000	4.700%	4.700%	47,000	0.00
2014	50,000	4.800%	4.800%	50,000	0.00
2015	52,000	4.900%	4.900%	52,000	0.00
2016	55,000	5.000%	5.000%	55,000	0.00
2017	57,000	5.050%	5.050%	57,000	0.00
2018	60,000	5.150%	5.150%	60,000	0.00
2019	63,000	5.200%	5.200%	63,000	0.00
2020*	67,000	5.650%	5.650%	67,000	0.00
2021*	70,000	5.650%	5.650%	70,000	0.00
2022*	74,000	5.650%	5.650%	74,000	0.00
2023*	78,000	5.650%	5.650%	78,000	0.00
2024*	83,000	5.650%	5.650%	83,000	0.00
2025*	88,000	5.650%	5.650%	88,000	0.00
2026	93,000	5.650%	5.650%	93,000	0.00
2027**	98,000	5.750%	5.750%	98,000	0.00
2028**	103,000	5.750%	5.750%	103,000	0.00
2029**	109,000	5.750%	5.750%	109,000	0.00
2030**	116,000	5.750%	5.750%	116,000	0.00
2031**	122,000	5.750%	5.750%	122,000	0.00
2032	129,000	5.750%	5.750%	129,000	0.00
TOTAL	**$1,784,000**	**N/A**	**N/A**	**$1,784,000**	0.00
10e Underwriter discount and/or Placement Agent Fee, if any				$49,060	
10f Net Proceeds (as shown on issuance form)				$1,734,940	

* Redemption Dates for Term Bond Maturing on July 1, 2026

** Redemption Dates for Term Bond Maturing on July 1, 2032

Name of Issue: **FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ASSESSMENT DISTRICTS NOS. 4 AND 5, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007**

Costs of Issuance

Underwriter fees	$49,060.00
Bond counsel fee	35,000.00
Underwriter counsel fee	30,000.00
Financial advisor fees	12,500.00
Trustee fees	5,000.00
Official statement printing	15,000.00
Miscellaneous	5,000.00
TOTAL	$151,560.00

EXHIBIT A

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

Dated: October 17, 2007 Delivery: October 17, 2007

Date	Principal (a)	Coupon	Interest	Total P+I (b)	Fiscal Year Debt Service (b)	CUSIP# (315599)
10/17/2007						
01/01/2008			$0.00	$0.00		
07/01/2008			68,365.86	68,365.86	$68,365.86	
01/01/2009			48,448.25	48,448.25		
07/01/2009	$40,000.00	4.30%	48,448.25	88,448.25	136,896.50	BJ8
01/01/2010			47,588.25	47,588.25		
07/01/2010	42,000.00	4.40%	47,588.25	89,588.25	137,176.50	BK5
01/01/2011			46,664.25	46,664.25		
07/01/2011	43,000.00	4.50%	46,664.25	89,664.25	136,328.50	BL3
01/01/2012			45,696.75	45,696.75		
07/01/2012	45,000.00	4.60%	45,696.75	90,696.75	136,393.50	BM1
01/01/2013			44,661.75	44,661.75		
07/01/2013	47,000.00	4.70%	44,661.75	91,661.75	136,323.50	BN9
01/01/2014			43,557.25	43,557.25		
07/01/2014	50,000.00	4.80%	43,557.25	93,557.25	137,114.50	BP4
01/01/2015			42,357.25	42,357.25		
07/01/2015	52,000.00	4.90%	42,357.25	94,357.25	136,714.50	BQ2
01/01/2016			41,083.25	41,083.25		
07/01/2016	55,000.00	5.00%	41,083.25	96,083.25	137,166.50	BR0
01/01/2017			39,708.25	39,708.25		
07/01/2017	57,000.00	5.05%	39,708.25	96,708.25	136,416.50	BS8
01/01/2018			38,269.00	38,269.00		
07/01/2018	60,000.00	5.15%	38,269.00	98,269.00	136,538.00	BT6
01/01/2019			36,724.00	36,724.00		
07/01/2019	63,000.00	5.20%	36,724.00	99,724.00	136,448.00	BU3
01/01/2020			35,086.00	35,086.00		
07/01/2020	67,000.00 (c)	5.65%	35,086.00	102,086.00	137,172.00	BX7
01/01/2021			33,193.25	33,193.25		
07/01/2021	70,000.00 (c)	5.65%	33,193.25	103,193.25	136,386.50	BX7
01/01/2022			31,215.75	31,215.75		
07/01/2022	74,000.00 (c)	5.65%	31,215.75	105,215.75	136,431.50	BX7
01/01/2023			29,125.25	29,125.25		
07/01/2023	78,000.00 (c)	5.65%	29,125.25	107,125.25	136,250.50	BX7
01/01/2024			26,921.75	26,921.75		
07/01/2024	83,000.00 (c)	5.65%	26,921.75	109,921.75	136,843.50	BX7
01/01/2025			24,577.00	24,577.00		
07/01/2025	88,000.00 (c)	5.65%	24,577.00	112,577.00	137,154.00	BX7
01/01/2026			22,091.00	22,091.00		
07/01/2026	93,000.00	5.65%	22,091.00	115,091.00	137,182.00	BX7
01/01/2027			19,463.75	19,463.75		
07/01/2027	98,000.00 (d)	5.75%	19,463.75	117,463.75	136,927.50	BY5
01/01/2028			16,646.25	16,646.25		
07/01/2028	103,000.00 (d)	5.75%	16,646.25	119,646.25	136,292.50	BY5
01/01/2029			13,685.00	13,685.00		
07/01/2029	109,000.00 (d)	5.75%	13,685.00	122,685.00	136,370.00	BY5
01/01/2030			10,551.25	10,551.25		
07/01/2030	116,000.00 (d)	5.75%	10,551.25	126,551.25	137,102.50	BY5
01/01/2031			7,216.25	7,216.25		
07/01/2031	122,000.00 (d)	5.75%	7,216.25	129,216.25	136,432.50	BY5
01/01/2032			3,708.75	3,708.75		
07/01/2032	129,000.00	5.75%	3,708.75	132,708.75	136,417.50	BY5
	$1,784,000.00		$1,564,844.86	$3,348,844.86	$3,348,844.86	

(a) The Bonds are subject to optional redemption on July 1, 2017 at a redemption price of 100%.
(b) Not inclusive of $137,182.00 Debt Service Reserve Fund.
(c) Represents mandatory sinking fund amounts for term bond due July 1, 2026.
(d) Represents mandatory sinking fund amounts for term bond due July 1, 2032.

RBC Capital Markets

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1	Issuer's name **Festival Ranch Community Facilities District (Town of Buckeye, Arizona)**	2	Issuer's employer identification number **35 : 2264191**
3	Number and street (or P.O. box if mail is not delivered to street address) **1101 E. Ash Avenue** — Room/suite: **A**	4	Report number **3 03**
5	City, town, or post office, state, and ZIP code **Buckeye, Arizona 85326**	6	Date of issue **October 17, 2007**
7	Name of issue **Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007**	8	CUSIP number **315599 B45**
9	Name and title of officer or legal representative whom the IRS may call for more information **Douglas Allen, Treasurer**	10	Telephone number of officer or legal representative **(623) 386-4691**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☑ Other. Describe ▶ **Public Infrastructure: Roads, Utilities, Drainage,**	18	**1,784,000**
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	**July 1, 2032**	**$ 1,784,000**	**$ 1,784,000**	**15.6** years	**5.5685** %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,784,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	151,560		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	137,182		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	288,742
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,495,258

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Signature of issuer's authorized representative — Date: **October 17, 2007**

▶ Type or print name and title: **Doug Allen, Treasurer** — Douglas Allen, Treasurer

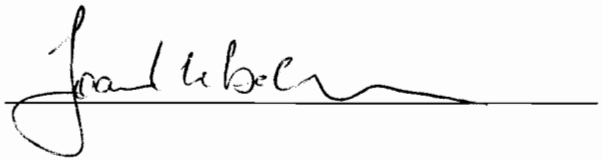
For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

$1,784,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2007

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned bond issue addressed to the Arizona Department of Revenue, Econometrics Section, 1600 West Monroe, 9th Floor, Phoenix, Arizona 85007, on November 1, 2007.



Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: Festival Ranch Community Facilities District (Town of Buckeye, Arizona)

2 Issuer's employer identification number: 35 : 2264191

3 Number and street (or P.O. box if mail is not delivered to street address): 1101 E. Ash Avenue

Room/suite: A

4 Report number: 3 03

5 City, town, or post office, state, and ZIP code: Buckeye, Arizona 85326

6 Date of issue: October 17, 2007

7 Name of issue: Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

8 CUSIP number: 315599 B45

9 Name and title of officer or legal representative whom the IRS may call for more information: Douglas Allen, Treasurer

10 Telephone number of officer or legal representative: (623) 386-4691

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☑ Other. Describe ▶ Public Infrastructure: Roads, Utilities, Drainage,	18	1,784,000
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 1, 2032	$ 1,784,000	$ 1,784,000	15.6 years	5.5685 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,784,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	151,560		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	137,182		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	288,742
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,495,258

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: October 17, 2007 — Type or print name and title: Doug Allen, Treasurer

Douglas Allen, Treasurer

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

EXHIBIT A

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

Dated: October 17, 2007 Delivery: October 17, 2007

Date	Principal (a)	Coupon	Interest	Total P+I (b)	Fiscal Year Debt Service (b)	CUSIP# (315599)
10/17/2007						
01/01/2008			$0.00	$0.00		
07/01/2008			68,365.86	68,365.86	$68,365.86	
01/01/2009			48,448.25	48,448.25		
07/01/2009	$40,000.00	4.30%	48,448.25	88,448.25	136,896.50	BJ8
01/01/2010			47,588.25	47,588.25		
07/01/2010	42,000.00	4.40%	47,588.25	89,588.25	137,176.50	BK5
01/01/2011			46,664.25	46,664.25		
07/01/2011	43,000.00	4.50%	46,664.25	89,664.25	136,328.50	BL3
01/01/2012			45,696.75	45,696.75		
07/01/2012	45,000.00	4.60%	45,696.75	90,696.75	136,393.50	BM1
01/01/2013			44,661.75	44,661.75		
07/01/2013	47,000.00	4.70%	44,661.75	91,661.75	136,323.50	BN9
01/01/2014			43,557.25	43,557.25		
07/01/2014	50,000.00	4.80%	43,557.25	93,557.25	137,114.50	BP4
01/01/2015			42,357.25	42,357.25		
07/01/2015	52,000.00	4.90%	42,357.25	94,357.25	136,714.50	BQ2
01/01/2016			41,083.25	41,083.25		
07/01/2016	55,000.00	5.00%	41,083.25	96,083.25	137,166.50	BR0
01/01/2017			39,708.25	39,708.25		
07/01/2017	57,000.00	5.05%	39,708.25	96,708.25	136,416.50	BS8
01/01/2018			38,269.00	38,269.00		
07/01/2018	60,000.00	5.15%	38,269.00	98,269.00	136,538.00	BT6
01/01/2019			36,724.00	36,724.00		
07/01/2019	63,000.00	5.20%	36,724.00	99,724.00	136,448.00	BU3
01/01/2020			35,086.00	35,086.00		
07/01/2020	67,000.00 (c)	5.65%	35,086.00	102,086.00	137,172.00	BX7
01/01/2021			33,193.25	33,193.25		
07/01/2021	70,000.00 (c)	5.65%	33,193.25	103,193.25	136,386.50	BX7
01/01/2022			31,215.75	31,215.75		
07/01/2022	74,000.00 (c)	5.65%	31,215.75	105,215.75	136,431.50	BX7
01/01/2023			29,125.25	29,125.25		
07/01/2023	78,000.00 (c)	5.65%	29,125.25	107,125.25	136,250.50	BX7
01/01/2024			26,921.75	26,921.75		
07/01/2024	83,000.00 (c)	5.65%	26,921.75	109,921.75	136,843.50	BX7
01/01/2025			24,577.00	24,577.00		
07/01/2025	88,000.00 (c)	5.65%	24,577.00	112,577.00	137,154.00	BX7
01/01/2026			22,091.00	22,091.00		
07/01/2026	93,000.00	5.65%	22,091.00	115,091.00	137,182.00	BX7
01/01/2027			19,463.75	19,463.75		
07/01/2027	98,000.00 (d)	5.75%	19,463.75	117,463.75	136,927.50	BY5
01/01/2028			16,646.25	16,646.25		
07/01/2028	103,000.00 (d)	5.75%	16,646.25	119,646.25	136,292.50	BY5
01/01/2029			13,685.00	13,685.00		
07/01/2029	109,000.00 (d)	5.75%	13,685.00	122,685.00	136,370.00	BY5
01/01/2030			10,551.25	10,551.25		
07/01/2030	116,000.00 (d)	5.75%	10,551.25	126,551.25	137,102.50	BY5
01/01/2031			7,216.25	7,216.25		
07/01/2031	122,000.00 (d)	5.75%	7,216.25	129,216.25	136,432.50	BY5
01/01/2032			3,708.75	3,708.75		
07/01/2032	129,000.00	5.75%	3,708.75	132,708.75	136,417.50	BY5
	$1,784,000.00		$1,564,844.86	$3,348,844.86	$3,348,844.86	

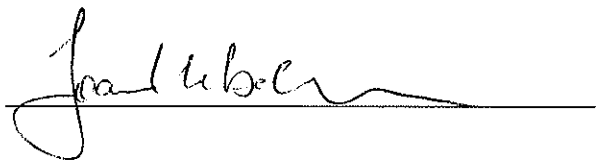
(a) The Bonds are subject to optional redemption on July 1, 2017 at a redemption price of 100%.
(b) Not inclusive of $137,182.00 Debt Service Reserve Fund.
(c) Represents mandatory sinking fund amounts for term bond due July 1, 2026.
(d) Represents mandatory sinking fund amounts for term bond due July 1, 2032.

RBC Capital Markets

$1,784,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2007

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned bond issue addressed to the Arizona Department of Revenue, Econometrics Section, 1600 West Monroe, 9th Floor, Phoenix, Arizona 85007, on November 1, 2007.



Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1	Issuer's name: Festival Ranch Community Facilities District (Town of Buckeye, Arizona)	2	Issuer's employer identification number: 35 : 2264191
3	Number and street (or P.O. box if mail is not delivered to street address): 1101 E. Ash Avenue	Room/suite: A	4 Report number: 3 03
5	City, town, or post office, state, and ZIP code: Buckeye, Arizona 85326	6	Date of issue: October 17, 2007
7	Name of issue: Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007	8	CUSIP number: 315599 B45
9	Name and title of officer or legal representative whom the IRS may call for more information: Douglas Allen, Treasurer	10	Telephone number of officer or legal representative: (623) 386-4691

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☑ Other. Describe ▶ Public Infrastructure: Roads, Utilities, Drainage,	18	1,784,000
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	July 1, 2032	$ 1,784,000	$ 1,784,000	15.6 years	5.5685 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,784,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	151,560		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	137,182		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	288,742
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,495,258

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years
33 Enter the last date on which the refunded bonds will be called ▶ _____
34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶ _____		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ [signature] October 17, 2007 ▶ Doug Allen, Treasurer
Signature of issuer's authorized representative — Date — Type or print name and title: Douglas Allen, Treasurer

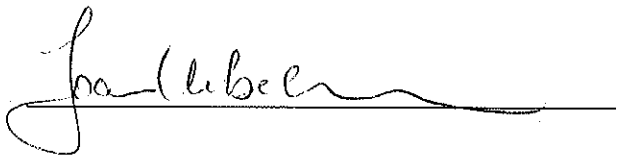
For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

$1,784,000
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
SPECIAL ASSESSMENT REVENUE BONDS
SERIES 2007

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned bond issue addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on November 1, 2007.



This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2007

NEW ISSUE - BOOK-ENTRY ONLY FORM **NOT RATED**

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "TAX EXEMPTION" herein.

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and, in that regard, will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by or on behalf of the District in calendar year 2007 will not exceed $10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

$1,784,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2007

DATED: Date of Initial Delivery **DUE: July 1, as shown on the inside front cover**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds") will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $1,000 of principal amount due on a specified maturity date or integral multiples in excess thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 1 and July 1 of each year, commencing July 1, 2008. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

See Inside Front Cover for Maturity Schedule

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and will be issued pursuant to a resolution of the District Board of Festival Ranch Community Facilities District (the "District") and an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007, from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on certain parcels of land within the District in accordance with a method of apportionment established by the District Board of the District and agreed to by the landowners of such parcels for the costs of certain public infrastructure, each of which assessments constitute a first lien on the parcel against which it is assessed and levied, subject only to general property taxes and prior special assessments. ***(THERE ARE SUCH TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.")*** The lien for such assessments will not be extinguished as a result of enforcement of the lien for general property taxes. Any such parcel will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such parcel and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. **SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.**

THE BONDS WILL BE SUBJECT TO SPECIAL, SPECIAL OPTIONAL, OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING "THE BONDS - REDEMPTION PROVISIONS." PLEASE NOTE SPECIFICALLY THAT PURSUANT TO SUCH SPECIAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES THE BONDS ARE SUBJECT TO REDEMPTION ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds and to fund a reserve fund for the payment of debt service on the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS THAT EACH PROSPECTIVE INVESTOR SHOULD CONSIDER PRIOR TO INVESTING. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE DESCRIBED SPECIAL ASSESSMENTS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Gallagher & Kennedy, PC, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about October 17, 2007.*

RBC CAPITAL MARKETS

_____, 2007

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*Subject to change.

MATURITY SCHEDULE*

Year (July 1)	Principal Amount	Rate	Price or Yield
2008	$23,000	%	%
2009	35,000		
2010	37,000		
2011	39,000		
2012	41,000		
2013	44,000		
2014	46,000		
2015	49,000		
2016	52,000		
2017	55,000		
2018	59,000		
2019	62,000		
2020	66,000		
2021	70,000		

$416,000 ____% Term Bond Due July 1, 2026 - Price ___%
$690,000 ____% Term Bond Due July 1, 2032 - Price ___%

*Subject to change.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

District Board

Bobby Bryant, Chairman
Levi Beard, Vice Chairman
W. Robert Doster, Board Member
Robert Garza, Board Member
David Hardesty, Board Member
Elaine May, Board Member
David Rioux, Board Member

District Staff

David Wilcox, District Manager
Doug Allen, C.P.A., District Treasurer
Linda Garrison, District Clerk

Trustee

Wells Fargo Bank, N.A.
Phoenix, Arizona

Appraiser

Burke Hansen, LLC
Phoenix, Arizona

District Financial Consultant

Stone & Youngberg LLC
Phoenix, Arizona

This Official Statement, which includes the cover page and the Appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the Indenture, the security for the Bonds, the District, the development of land within the District and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution, the Indenture, the Appraisal and other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"), at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION, AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS, OR THAT THEY WILL BE REALIZED. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN, SINCE THE DATE OF THIS OFFICIAL STATEMENT.

THE DISTRICT AND THE OWNER HAVE COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS OFFICIAL STATEMENT UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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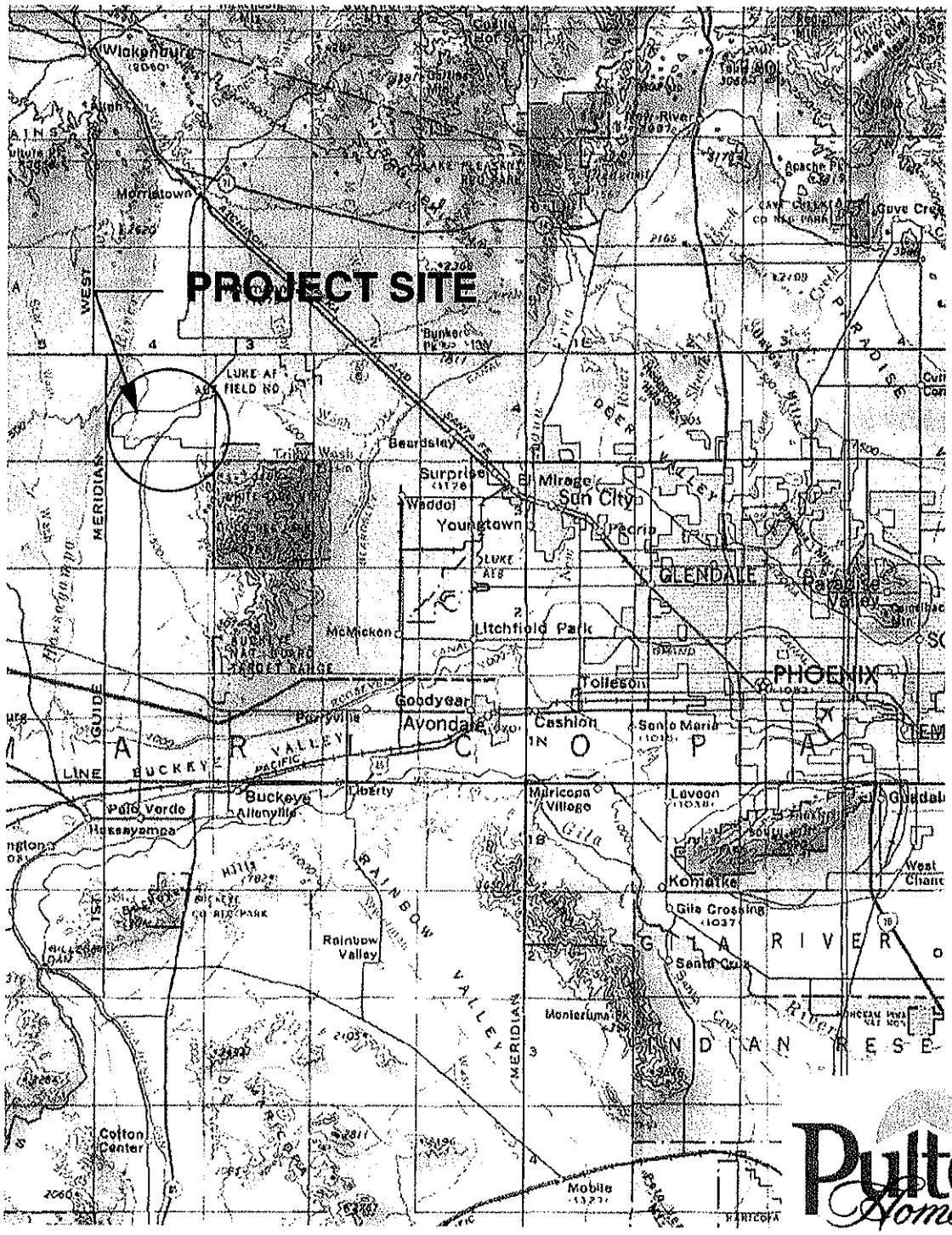
MAP SHOWING LOCATION OF FESTIVAL RANCH WITHIN METROPOLITAN PHOENIX AREA

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1



SCALE : NONE

LOCATION MAP

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

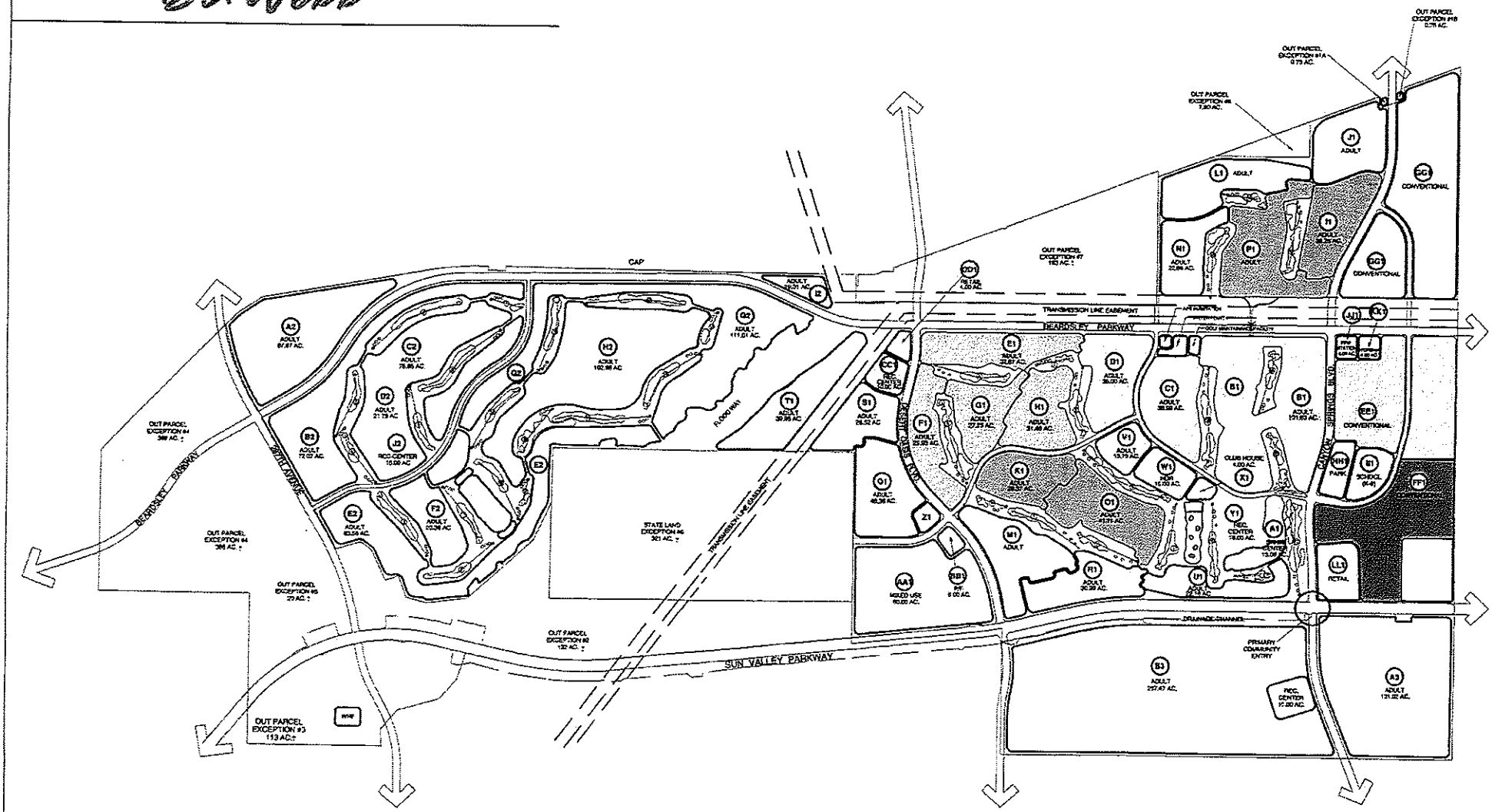
JOB NO.	FIGURE
680001-01	1

DATE:- Sep. 26, 2005
TIME:- 15:46:31
FILE:- n:\680001\exhibits\land\vesh-01.dgn

MAP SHOWING LOCATION OF ASSESSMENT DISTRICTS NOS. 1, 2, 3, 4 AND 5 IN THE CONTEXT OF THE DISTRICT

FESTIVAL RANCH

Del Webb™



FESTIVAL RANCH CFD
SPECIAL ASSESSMENT AREAS

LEGEND

- SA#1
- SA#2
- SA#3
- SA#4
- SA#5

N.T.S.

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COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE
4350 NORTH 32ND STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

$1,784,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,

SERIES 2007

This Official Statement, which includes the cover page and the appendices hereto (this "Official Statement"), provides certain information concerning the issuance of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of $1,784,000.* **Certain capitalized terms not defined in the text of this Official Statement are defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

THE DISTRICT AND THE ASSESSMENT AREA

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and in response to a petition by Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan (the "Owner" or "Pulte"), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on January 2, 2005, which formed Festival Ranch Community Facilities District (the "District"). See Appendix A hereto for certain information about the Town and the information under the heading "THE OWNER" for specific information about Pulte.

The District encompasses approximately 4,015 acres within the Town and is located approximately forty-two (42) miles northwest of downtown Phoenix, Arizona. See the map at page (ii) with respect to the location of the District.

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of Arizona and a municipal corporation for certain purposes of the laws of the State of Arizona (the "State"). Except as otherwise provided in the Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the Town. The Town Council serves as the District Board of the District (the "Board"), and the Town Manager of the Town currently serves as the District Manager.

Among other things, the District is intended, pursuant to a series of development agreements among the Town, the Owner and the District, to provide the vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT."

On September 4, 2007, the Board adopted a resolution approving a feasibility study relating to the financing of a portion of the costs of certain of such public infrastructure (collectively, the "Public Infrastructure") to be acquired by the District and thereafter transferred to the Town. See "THE PUBLIC INFRASTRUCTURE." Also, on September 4, 2007, the Board also adopted a resolution declaring its intent to acquire the Public Infrastructure and to pay the costs thereof and levying special

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*Subject to change.

assessments (collectively, the "Special Assessments" and individually as the Special Assessments relate to a particular parcel in the hereinafter defined Assessment Area, a "Special Assessment") on certain non-governmentally owned parcels of land within the District (such parcels collectively referred to herein as the "Assessment Area" and individually, including as hereafter reapportioned, an "Assessment Parcel").

The Assessment Area is composed of two areas, four of the parcels within the first phase of development in the District comprising part of any age-restricted master planned community known as "Sun City Festival" ("Assessment District No. 4") and four of the five residential planning phases of Phase II of such development, comprising a non-age restricted master planned community known as "Festival Foothills" ("Assessment District No. 5"). The two Assessment Districts amount to approximately 245.24 assessable acres in the District which lie generally in the southeast portion of the District and currently are expected to represent 892 residential lots, all of which have been finally established by the approval of final plats by the Town. See "LAND DEVELOPMENT - The Assessment Area" and, particularly, Table 4 thereunder as well as the map at page (iii) with respect to the location of the Assessment Area.

THE BONDS

Authorization and Purpose

The Bonds are authorized pursuant to the Act and will be issued, sold and delivered pursuant to a resolution adopted by the Board on September 18, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "Indenture"), from the District to the Trustee. See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure and costs of issuance relating to the Bonds and (ii) to fund a reserve fund. (See "SOURCES AND APPLICATION OF FUNDS.")

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest as set forth on the inside front cover page of this Official Statement.

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2008 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("DTC"), in the book-entry-only form described herein in amounts of $1,000 of principal amount due on a specified maturity date and integral multiples in excess thereof. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Special Redemption. The Bonds will be redeemed from funds of the District at the option of the District in whole or, from time to time, in part on any Interest Payment Date, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest

Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, but in no event later than July 1, 2010,* amounts are transferred from the Acquisition and Construction Fund for such purpose and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the District at the option of the District in whole on any date or, from time to time, in part on any Interest Payment Date, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the District, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

*Optional Redemption.** The Bonds will also be redeemable, on or after July 1, 2017, at the option of the District prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

*Mandatory (Sinking Fund) Redemption.** The Bonds maturing in the following years will be redeemed from funds of the District prior to the applicable maturity on the following redemption dates and in the following (sinking fund) amounts, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date:

Redemption Date (July 1)		Principal Amount
	2026	
2022		$ 74,000
2023		78,000
2024		83,000
2025		88,000
	2032	
2027		$ 99,000
2028		105,000
2029		111,000
2030		118,000
2031		125,000

Whenever Bonds of such maturities are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the District to the Trustee for cancellation, the principal amount of the Bonds

*Subject to change.

so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of such maturity.

Notice of Redemption. Notice of redemption in advance of maturity will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such portion of the Bonds under the Indenture.

DEBT SERVICE FOR THE BONDS

Set forth below is the debt service requirements for the Bonds.

Year Ending (July 1)	Principal*	Interest(c)	Total Annual Debt Service Requirements*
2008	$ 23,000	$ 75,523	$ 98,523
2009	35,000	105,660	140,660
2010	37,000	103,560	140,560
2011	39,000	101,340	140,340
2012	41,000	99,000	140,000
2013	44,000	96,540	140,540
2014	46,000	93,900	139,900
2015	49,000	91,140	140,140
2016	52,000	88,200	140,200
2017	55,000	85,080	140,080
2018	59,000	81,780	140,780
2019	62,000	78,240	140,240
2020	66,000	74,520	140,520
2021	70,000	70,560	140,560
2022(a)	74,000	66,360	140,360
2023(a)	78,000	61,920	139,920
2024(a)	83,000	57,240	140,240
2025(a)	88,000	52,260	140,260
2026	93,000	46,980	139,980
2027(b)	99,000	41,400	140,400
2028(b)	105,000	35,460	140,460
2029(b)	111,000	29,160	140,160
2030(b)	118,000	22,500	140,500
2031(b)	125,000	15,420	140,420
2032	132,000	7,920	139,920
Total	$1,784,000	$1,681,663	$3,465,663

Prepared by the Underwriter.

*Subject to change.

(a) Mandatory redemption requirement for the term bond maturing in 2026.
(b) Mandatory redemption requirement for the term bond maturing in 2032.
(c) Interest is estimated at 6.00% per annum.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Bond Fund and Special Assessments

The Bonds will be payable solely from and secured by a special, separate fund established pursuant to the Bond Resolution and maintained by the District (the "Bond Fund") which will

contain the installment payments collected with respect to the Special Assessments levied on the land in the Assessment Area. (The remaining land in the District does not represent security for the Bonds.) The Bonds will, under certain circumstances, also be payable from amounts available from time to time in the hereinafter described "Reserve Fund." The Board has levied the Special Assessments on the parcels of land comprising the Assessment Area based on the benefit determined by the Board to be received by such land from the Public Infrastructure. **Pursuant to an agreement to be entered into between the District and the Treasurer of Maricopa County (the "Treasurer"), the District may, in each year, determine to have some or all of that year's installment payments collected with respect to the Special Assessments collected by the Treasurer as part of, and pursuant to the procedures for collection of, general property taxes. (See: "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES - Introduction.") In the event of nonpayment of a current year installment that is collected by the Treasurer, such installment will no longer be collected under the Foreclosure Process as defined and described below but will instead be collected in the same manner as general property taxes. However, it is the intent of the District to collect the remaining installments of that assessment pursuant to the Foreclosure Process. Collection of a delinquent installment by the Treasurer may result in a delay in the ultimate collection of such installment.**

The Special Assessments are a first lien on the property assessed subject only to, notwithstanding any such agreement with the Treasurer, general property taxes and prior special assessments. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.")** ***Failure to pay such taxes and subsequent foreclosure of the related lien does not extinguish a Special Assessment though. Neither the current owners nor any subsequent owners of any Assessed Parcel will be obligated to pay the Special Assessments or the Bonds, and the assets of the current owners or any subsequent owners, other than the Assessed Parcels, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Parcels. The Special Assessments are not cross defaulted.)***

In the event of nonpayment of amounts due with respect to a Special Assessment, the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended (the "Foreclosure Process"), apply, as nearly as practicable, **except that neither the District nor the Town is required to purchase the Assessed Parcels subject to delinquency at the sale even if there is no other purchaser. SEE, "Foreclosure Process" and "RISK FACTORS - NON-PAYMENT OF ASSESSMENTS."** Any Assessed Parcel will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such Assessed Parcel and, if sold, the proceeds thereof deposited in the Bond Fund or to replenish the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and the enforcement of remedies against delinquent Special Assessments (including the Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT BUT WILL BE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE RESERVE FUND.

Reserve Fund

As indicated in "SOURCES AND APPLICATIONS OF FUNDS," $140,780* of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. The amount in the Reserve Fund shall be not more than the lesser of ten percent (10%) of the outstanding principal amount of the Bonds or an amount equal to the maximum debt service payments due on the Bonds in any Fiscal Year as determined in either case from time to time (the "Maximum Reserve Fund Requirement"). All income from investments of the Reserve Fund will be transferred to the "Interest Account" of the Bond Fund and used to pay semiannual interest on the Bonds.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the "Principal or Interest Accounts" of the Bond Fund as is necessary to make timely payments of principal or interest or both on the Bonds. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) from all future installments on the Special Assessments provided, however, that no payments shall be made to the Reserve Fund which will prejudice the punctual payment of principal and interest on the Bonds.

Whenever the amount in the Reserve Fund equals or exceeds the aggregate of all outstanding principal of, interest accrued or to accrue on the Bonds, the excess amount in the Reserve Fund may be transferred to the Bond Fund to pay principal and interest on the Bonds when due either at maturity or prior redemption.

Foreclosure Process

The Foreclosure Process is provided by the Bond Resolution which provides that certain sections of the "General Public Improvements and Improvement Bonds Law" of the Arizona Revised Statutes are applicable. Appendix G includes portions of certain sections of such law. Generally, a representative of the District is required, within twenty days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due by him, and the corresponding Assessed Parcel upon which the Special Assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of ten days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the representative is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all the Assessed Parcels on which an installment of the Special Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the representative is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the representative has mailed such notice. The time of sale shall not be less than five days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

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*Subject to change.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the Assessed Parcel advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each Assessed Parcel separately assessed shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the Assessed Parcel of land and then and there pay the amount of the Special Assessment, penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the Town or the Owner are required to purchase delinquent land at any sale, even if there is no other purchaser.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The maximum amounts of the Special Assessments have been established by a methodology established by the District Assessment Engineer and levied by the Board, based on the benefit to be received by the respective parcels. The Owner has agreed to the amounts of the Special Assessments pursuant to a waiver agreement applicable to the Assessment Area which runs with the Assessment Area. The Special Assessments have been levied on the Assessment Area and against the parcels indicated in Table 4, as further described herein under the section "LAND DEVELOPMENT."

Appraisal Values. Appraisals of the land in the Assessment Area, dated August 10, 2007 (collectively, the "Appraisal"), were performed by Burke Hansen, LLC, Phoenix, Arizona (the "Appraiser"), at the request of the District for the purpose of determining the value of the Assessment Area as security for the Special Assessments. (There are two separate appraisals - one for Assessment District No. 4 and another for Assessment District No. 5 as indicated on the map at page (iii) and described in Table 4.) The discussion of the Appraisal contained herein is expanded and supplemented by the Appraisal which is attached to this Official Statement as Appendix C hereto. **THE APPRAISAL SHOULD BE READ IN ITS ENTIRETY TOGETHER WITH THIS OFFICIAL STATEMENT.**

Subject to the terms and conditions thereof, the Appraisal provides the "wholesale bulk values" which are the "as is values" using a "modified cost approach." (Please review carefully the explanation of these terms provided in the Appraisal.) The Assessment Area had an overall value to assessment ratio of not less than 24.86* to 1 as of such date. The value to assessment ratio of each individual parcel is different though; the ratio and the value are computed on a parcel by parcel basis in Table 4 herein.

Details of the Special Assessment liens for each of the parcels, the appraised value and value-to-assessment ratio are set forth in Table 4. **SEE, "RISK FACTORS" PARTICULARLY "- FAILURE OR INABILITY TO COMPLETE PROPOSED DEVELOPMENT" AND "- COMPLETION OF THE PUBLIC INFRASTRUCTURE AND THE OTHER INFRASTRUCTURE."**

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*Subject to change.

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. SEE "RISK FACTORS" PARTICULARLY "- APPRAISED VALUES."

Full Cash Values. **Pulte estimates that the "full cash value" for tax year 2007-2008 as determined by the County Assessor of Maricopa County, Arizona (the "Assessor"), for the property within the Assessment Area is $100 per acre, much less than the total of the values shown in the Appraisal.** (Estimated "full cash value" is the total market value as determined by the Assessor.)

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued or levied in the future by other governmental entities or political subdivisions, including but not limited to the Town, Maricopa County, Arizona (the "County"), school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or the Assessment Area. To the extent such indebtedness is payable from general property taxes or taxes are levied for other purposes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Special Assessments. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Special Assessments. See "Other Debt of the District." Currently, there are no prior special assessment liens in the Assessment Area. **SEE, ALSO, "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES" FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Taxes levied against the assessed limited property value are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. With the exception of personal property (other than permanently affixed mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily by using either the limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value or the limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the maximum allowable tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The two percent limitation does

not apply to primary taxes levied on behalf of school districts. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school districts by providing additional State aid.

Taxes levied against the assessed value are referred to as secondary taxes, which are used for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale as hereinafter described. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness and Taxes

Overlapping, general obligation, bonded indebtedness and tax levies for other purposes with respect to land in the Assessment Area, the lien for which is paramount and superior to that of the Bonds is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per $100 of assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the Assessment Area was derived from information obtained from the Assessor. The District has authorized the issuance of up to $175,000,000 principal amount of general obligation bonds of which $2,330,000 has been sold and issued. The District and Pulte intend to continue to sell and issue such debt in the future if property values within the District, and subsequent property tax revenues, are sufficient to support the debt service

related to such debt at a tax rate not expected to exceed $3.00 per $100 of assessed valuation, but which would, if necessary, be unlimited as to rate and amount. See "Overlapping, Superior, General Obligation Bonded Indebtedness of the District and Maintenance and Operation Tax."

TABLE 1

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District(b)		2007-2008 Combined Tax Rate Per $100 Assessed(c)
			Approx. Percent	Net Amount	
State of Arizona	$71,852,630,420	None	0.00%	None	$0.0000
Maricopa County(e)	49,534,573,831	None	0.00	None	1.4958(d)
Maricopa County Community College District(f)	49,534,573,831	$557,390,000	0.01%	$ 55,739	0.9760
Western Maricopa Education Center	17,648,505,706	None	0.03%	0	0.0500
Wickenburg Unified School District No. 9	165,889,499	20,000,000	3.68%	736,000	6.3518
Town of Buckeye(g)	369,230,204	310,000	1.65%	5,115	1.1421
The District	6,102,478	2,305,000	100.00	2,305,000	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$3,101,854	$13.3157

(a) This table does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust. This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which ten cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total

of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona legislation. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) Proportion applicable to the District is computed on the ratio of secondary assessed valuation for 2007-2008. Because the Assessment Area only encompasses the area shown on the map on page (iii) which is a smaller area than the area of the District, these amounts are greater than what actually overlaps the Assessment Area. If the secondary assessed value within the District increases at a faster rate the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase.

(c) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which, in some cases, is based on the primary assessed valuation of the jurisdiction.

(d) The County's tax rate includes the $0.1000 tax rate of the Central Arizona Water Conservation District, the $0.1533 tax rate of the Maricopa County Flood Control District, the $0.0391 tax rate of the County Free Library, the $0.0935 tax rate of the Maricopa County Health Care District, the $0.0053 tax rate of the County Fire District contribution and the $1.1046 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.

(e) Does not include Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of $4,295,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $173,670,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of $47,230,000.

(f) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,300,000.

(g) Does not include obligations of the Town outstanding in the following aggregate principal amounts:

Miller Road ID Bonds	$ 3,325,000
Excise Tax Revenue Obligations	28,480,000

Source: Individual jurisdictions and miscellaneous other sources.

Overlapping, Superior, General Obligation, Bonded Indebtedness and Maintenance and Operations Tax of the District

Pursuant to an election held on May 25, 2005, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $175,000,000 in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness for the District could be authorized by elections in the future. The District has authority to issue, in accordance with the procedures set forth in the Act, such bonds payable from *ad valorem* property taxes levied on property within the District without limit as to rate or amount. $2,330,000 principal amount of such bonds have been sold and issued. It is expected that an additional amount of such bonds will be sold in the third quarter of next year. The District also levies a secondary *ad valorem* property tax of $.30 per $100 of secondary assessed valuation for administrative, operational and maintenance costs of the District is also being levied. The lien for such taxes would be superior and paramount to that for the Special Assessments with respect to the Bonds. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES."**

Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness and Taxes

As noted hereinabove, the District has no control over the amount of additional debt payable from taxes or tax levies for other purposes on all or a portion of the property within the District that may be issued or levied in the future by other political subdivisions, including but not limited to the Town, the County, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness or tax levies for other purposes could be authorized for such overlapping jurisdictions in the future. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonded debt available for future issuance:

TABLE 2
AUTHORIZED BUT UNISSUED
GENERAL OBLIGATION BONDS

Maricopa Community College District	$521,093,000

Source: Individual jurisdictions.

Other Debt of the District

The District issued Assessment District No. 1 Special Assessment Revenue Bonds, Series 2005 (the "Series 2005 Assessment Bonds") in aggregate principal amount of $1,448,000 on November 17, 2005, to finance the costs to acquire a portion of the first phase of public infrastructure for development of land in the District. Approximately 153.2 acres of land within the District (the "First Assessment Area ") are assessed to pay debt service on the Series 2005 Assessment Bonds. The public infrastructure was composed of more than 34,000 linear feet of local roadways in the First Assessment Area which cost more than $4,600,000 and were completed in June 2007. (See the map at page (iii) for the location of the First Assessment Area.) The total cost of such public infrastructure was greater than the amount available from proceeds of the sale of the Series 2005 Assessment Bonds; the balance of the cost of the Public Infrastructure has been paid by the Owner. All of the infrastructure financed with the above described bonds has been or will be dedicated to the Town.

The District also issued Assessment Districts Nos. 2 and 3 Special Assessment Revenue Bonds, Series 2007 (the "Series 2007 Assessment Bonds") in aggregate principal amount of $1,868,000 on April 4, 2007, to finance the costs to acquire another portion of the first phase of public infrastructure for development of land in the District. Approximately 275.8 acres of land within the District (the "Second and Third Assessment Area") are assessed to pay debt service on the Series 2007 Assessment Bonds. The public infrastructure was composed of more than 42,000 linear feet of local roadways in the Second and Third Assessment Area which are expected to cost more than $4,700,000 and to all be completed by July 2008. (See the map at page (iii) for the location of the Second and Third Assessment Areas.) The total estimated cost of such public infrastructure is greater than the amount to be available from proceeds of the sale of the Series 2007 Assessment Bonds; the balance of the cost of the public infrastructure will be paid by the Owner. All of the infrastructure financed with the above described bonds has been or will be dedicated to the Town.

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future. The term "special assessments" as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows:

TABLE 3

SOURCES OF FUNDS	
Par Amount of Bonds	$_____
TOTAL SOURCES	$_____
USES OF FUNDS	
Payment of Costs of Issuance (including Underwriter's Discount)	$
Deposit to Debt Service Reserve Fund	
Deposit to Acquisition and Construction Fund	_____
TOTAL USES	$_____

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The Public Infrastructure is composed of approximately 43,605 linear feet of local roadways in the Assessment Area which are expected to cost more than $4,500,000 and to all be completed by September 2009. *These costs are estimated and, once contracted for, subject to change orders and unforeseen events. Completion dates are also estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.* The total estimated cost of the Public Infrastructure is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the Public Infrastructure will be paid by the Owner. See "LAND DEVELOPMENT - In General."

The Public Infrastructure has been or will be publicly bid in compliance with the process required by State law and the District. The Public Infrastructure will be constructed and completed by the Owner and then acquired by the District and transferred to the Town upon completion. Proceeds of the sale of the Bonds will be used by the District to acquire the Public Infrastructure.

THE OTHER INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Certain other infrastructure (collectively, the "Other Infrastructure") is being constructed in connection with the development of the Assessment Area and the construction of homes therein as described hereinbelow. None of the Other Infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by the Owner. See "THE OWNER."

Water Reclamation Facility

The District will be serviced by an ultimate 3.0 million gallon per day water reclamation facility which, ultimately, will be owned and operated by the Town. This facility will be constructed in three phases of 1.0 million gallons of capacity each. All necessary permits and approvals for the construction of the first phase (1.0 million gallons per day capacity) have been secured. These include a MAG 208 Amendment (4.0 million gallons per day capacity), County Environmental Services Approval to Construct, Town approved construction drawings, United States Army Corps of Engineers 404 permit, AZPDES discharge permit and dust control permit. The first phase of the water reclamation facility is anticipated to service approximately 4,000 homes within the District including the Assessment Area. Current development plans would require construction of the second phase (an additional 1.0 million gallons per day capacity) in 2012.

Pulte entered into a construction contract for the first phase of the water reclamation facility in the amount of $8,643,000. Construction commenced in September 2005 and was substantially completed in October 2006. The approval to commence operations was also received from Maricopa County Environmental Services on September 26, 2006. Stipulations of the approval require "vault and haul" operations until the facility is receiving influent quantities sufficient to support the biological treatment process. The primary effluent discharge method will be re-use for irrigation purposes on the golf courses.

Water Production Campus

The District will be serviced by two water production campuses which, ultimately, will be owned and operated by the Town. The first water production campus which will serve the Assessment Area will be located at the southeast corner of Desert Vista Boulevard and Beardsley Parkway. Within this water production campus will be 2.4 million gallons of storage (constructed in two phases of 1.2 million gallons), a well and booster pumps. It is anticipated that four groundwater wells will ultimately be constructed. To date, two groundwater wells have been constructed and equipped with a third well proposed to be drilled by the end of 2009. Construction of the fourth well will be dependent on the production rate of the third well as to timing. All permits and approvals have been secured including County Environmental Services Approval to Construct, United States Army Corps of Engineers 404 permit, Town construction drawing approval, AZPDES stormwater discharge permit and dust control permits.

Pulte has entered into a construction contract for the first portion of the water production campus in the amount of $5,275,000. Construction commenced in September 2005 and was substantially completed in July 2006.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. In order to plat, subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply (a "Certificate") from the Arizona Department of Water Resources ("ADWR"). Obtaining Certificates requires, among other things, a hydrology study supporting determinations that sufficient water of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR. The Town has agreed to take all reasonable steps to assist the Owner in connection with applications for Certificates for portions of such area and entering into such contracts as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to applicable Arizona law which are required in order for the area to qualify as "member land" under applicable Arizona law. The assured water supply designation can be terminated or modified by ADWR should circumstances warrant.

The District lies within the Lower Hassayampa Groundwater Sub-Basin. Property within the District is expected to be served primarily from groundwater from the Lower Hassayampa Groundwater Sub-Basin.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out demands for the development. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and three golf courses.

The Analysis is used in support of applications for the Certificates. With respect to the property covered by the Analysis, two Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year and included the property within the First Assessment Area, the Second and Third Assessment Area and the Assessment Area. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year.

Based upon the foregoing, approximately 35 percent (4,292 lots of 12,226 total lots) of the lots within the District have received the necessary Certificates. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place. Failure to maintain sufficient supplies may prevent further development in the Lower Hassayampa Groundwater Sub-Basin from obtaining the necessary Certificates. ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificate issued November 23, 2004, for 3,473 lots, at least one lot has been sold. Loss of, or inability to obtain, necessary Certificates may have adverse effects. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

Other

Electrical service for the District is provided by Arizona Public Service Company. Telephone and television cable services are provided by Qwest. Cable service is provided by Cox Communication.

The District is located in the Wickenburg Unified School District. School facilities are planned within the non-"age restricted" communities, and the first is anticipated to be open to student enrollment in the 2007/2008 school year. Such school is currently under construction and is anticipated to be completed in January 2008. The site has been donated by the Owner to such District. All plans for proposed schools are subject to change, and neither the responsibility nor within the control of the Owner. Construction starts for other schools are dependent upon growth within Festival Ranch and the surrounding communities.

The District receives primary vehicular access from Sun Valley Parkway. Provisions for arterial and collection vehicular access (including that financed with Series 2005 Assessment Bonds and the Series 2007 Assessment Bonds) provides necessary additional access. The Owner anticipates spending more than $28,000,000 for arterial and collector roads (including related landscaping), $8,000,000 for sewer trunk and collector lines and $11,000,000 for water distribution lines and facilities within the District. Completed improvements included in such costs are the following: 111,170 lineal feet of trunk sewer from the water reclamation facility and within the first area of development of the District have been installed, 132,067 lineal feet of water supply and distribution lines have been installed within such area of development, storm drain, paving and concrete on Canyon Springs Boulevard from Sun Valley Parkway to Beardsley Parkway, on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway and on Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard have been installed. The Owner has received construction drawing approval for Beardsley Parkway from the east property line to Desert Oasis Boulevard from the Town. Construction of these roadways will be necessary to provide safe vehicular access within the District. Construction will take place between January 2007 and June 2010. The Owner has publicly bid the improvements outlined above and anticipates that certain of such improvements will be the subject of future bond offerings by the District.

Mass grading operations have been completed on approximately 1,284 acres. Additionally, the Owner has completed the installation of sewer, water, storm drain, concrete, paving, dry utilities and street lights within the model complex, serving 24 lots. Nine models, and a 12,000 square foot sales center are complete and in operation. The 18-hole Copper Canyon Golf Course, a 31,000 square foot recreation center, a 15,000 square foot restaurant/clubhouse/cart barn and related recreational amenities are complete. Installation of sewer, water, storm drain, concrete, paving and dry utilities within the first area of development of the District, which will serve 1,537 lots, is substantially complete. The Owner received certificates of occupancy and closing of homes began in October 2006.

The Owner has provided a temporary police and fire facility at the southeast corner of Beardsley Parkway and Canyon Springs Boulevard. This facility is operational. Ultimately, the Town police and fire departments will be housed in a permanent facility located at the southwest corner of Desert Oasis Boulevard and Mountain Ridge Boulevard. Timing of construction of the permanent facility will be determined by market conditions and absorption in Festival Ranch.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In General

The Assessment Area is part of the District. The District consists of approximately 4,015 acres which are being developed as part of a larger, approximately 10,281 acre mixed use, master-planned community known as "Festival Ranch." Festival Ranch is planned to include ultimately, among other uses, approximately 24,176 residential units and approximately 7,187,410 square feet of mixed commercial and multi-family use. The residential units within Assessment District No. 4 will be developed as part of a 2,951-acre, "age restricted" community, planned for 7,200 dwelling units; the residential units within Assessment District No. 5 are not age restricted and includes 357 acres, planned for 1,350 residential dwelling units. (Only the Assessment Area, and not the remaining area in the District, represents security for the Bonds. See the map at page (iii) for the location of the Assessment Area.) The major components of the infrastructure necessary for development of the Assessment Area are described under the headings "THE PUBLIC INFRASTRUCTURE" and "THE OTHER INFRASTRUCTURE."

Located approximately forty (40) miles northwest of downtown Phoenix, Arizona, primarily north of Interstate 10, the land within the boundaries of the District is located in the northern portion of the Town, and fee title interest under certain purchase agreements was acquired by the Owner in 2004. All of the property in the Assessment Area is owned by the Owner. See "THE OWNER." The District is the subject of a Community Master Plan ("CMP") adopted by the Town in October of 2000. An Area Plan for Festival Ranch was adopted by the Town in June of 1997.

Festival Ranch is also the subject of a Development Agreement, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of the Owner to develop the property as provided in and subject to the conditions of such agreement. (The Land Development Agreement has been modified by way of a single recorded amendment.) The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things Town services, reimbursements to the Owner for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement, as amended, also addresses the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. The Owner is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the District.

Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes in the Assessment Area and as described more fully below, the homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and other infrastructure.

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements (including the Public Infrastructure), necessary to deliver fully finished lots. The single family residences will be constructed by the Owner on lots ranging in size from 4,945 to 8,800 square feet; homes will be base priced from $160,000 to over $370,000.

The Assessment Area

The Assessment Area is shown on the map at page (iii) and includes approximately 245.24 acres of assessable area. Final zoning for all lands within the Assessment Area has been obtained and is consistent with the Owner's current development plans for such lands; all such lands are also subject to final plats. As of the date of the Appraisal, new homes were under construction in Assessment District No. 4, while grading had been completed, but installation of on-site infrastructure not started in Assessment District No. 5. While the lot sizes vary within each parcel in the Assessment Area, there are eight sizes/types of lots: 43 feet x 115 feet, 46 feet x 110 feet, 48 feet x 115 feet, 58 feet x 115 feet, 60 feet x 110 feet, 68 feet x 115 feet, 70 feet x 110 feet and 80 feet x 110 feet. It is currently planned that, upon completion, the Assessment Area will include the following uses described in Table 4, affected by the corresponding Special Assessments:

TABLE 4

Parcel (a)	Assessable Acreage	Estimated Single Family Home Lots (b)	Assessment Per Lot(c)*	Estimated Appraised Value Per Lot(c)	Assessment Per Assessed Parcel*	Estimated Appraised Value Per Assessed Parcel	Per Assessed Parcel Value to Lien*
			Assessment District No. 4				
I-1	36.34	152	$2,000	$47,000	$304,000	$6,787,000	22.33:1
K-1	28.36	126	2,000	57,000	252,000	6,823,000	27.08:1
O-1	40.31	171	2,000	70,000	342,000	11,371,000	33.25:1
P-1	81.07	193	2,000	56,000	386,000	10,268,000	26.60:1
			Assessment District No. 5				
Festival Foothills:							
Unit 15	19.35	85	2,000	23,000	170,000	1,857,000	10.92:1
Unit 17	14.70	71	2,000	26,000	142,000	1,754,000	12.35:1
Unit 21	12.75	33	2,000	42,000	66,000	1,317,000	19.95:1
Unit 23	12.36	61	2,000	34,000	122,000	1,970,000	16.15:1
TOTAL	245.24	892			$1,784,000	$42,147,000	

*Estimate, subject to change.

(a) The Assessment Area is depicted on the map at page (iii).
(b) Lots relate to single family, residential lots.
(c) "Per Lot" figures are derived by dividing the "Estimated Single Family Home Lots" into the "Assessment Per Assessed Parcel" and the "Estimated Appraised Value Per Assessed Parcel" as reported in the latter case in the Appraisal. Actual developed lots may vary from the number of lots approved in final plats. See Appendix C.

Although the assessed amount to be allocated to each lot is currently anticipated to be $2,000, such amount is based on the number of Estimated Single Family Home Lots indicated above, which may change based on the results of the final plat approval process of the Town. If the number of Estimated Lots changes after the Bonds are issued, the Manager of the District may, but is not required to,

re-allocate the Assessment on a pro-rata basis to all of the lots which would result in a special assessment per lot other than $2,000.

Table 5 reflects the projected 2009 and 2010 sale of lots by the Owner in the Assessment Area.

TABLE 5

Calendar Year	Estimated Single-Family Lot Closings	
	Assessment District No. 4	Assessment District No. 5
2009	305	139
2010	337	111

The Owner may sell parcels (or portions thereof) to other subsequent owners. There can be no guarantee that the Owner or any subsequent owners will have the financial capabilities to complete development discussed in this section of the Official Statement on any land so acquired. There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Moreover, as the ownership of the parcels is subject to change, the development plans may not be continued by the subsequent owner if the parcels are sold, however development by any subsequent owner will be subject to the policies and requirements of the Town. The projections above are also subject to the timely completion of the Public Infrastructure and the Other Infrastructure. The amounts due with respect to the Special Assessments are not personal obligations of the Owners or of any subsequent landowners; the Bonds are secured solely by the Special Assessments.

THE OWNER

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Pulte, a Michigan corporation, is a wholly-owned subsidiary of Pulte Homes, Inc., a Michigan corporation, which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). Pulte Homes is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the

offices of the NYSE at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. None of the District, Bond Counsel, the Underwriter nor Counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described hereinbelow.

Construction of houses on the remaining lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in Festival Ranch, which may render the sale of such homes difficult or unattractive; acts or war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies. (Certain approvals needed in the future for the development must come from the Town, over which the District has no control.)

The residential development business, particularly with respect to communities such as Festival Ranch, is highly competitive in the Phoenix metropolitan area. The business of merchant builders building in the District will face competition from a number of competitors in the Town and other developments throughout the Phoenix metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market. As has been widely reported, there has been a general slowdown in the single family housing sector in the Phoenix metropolitan area over the past 12 to 18 months, and decreased absorption rates associated with such slowdown could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem

property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE OWNER AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE ASSESSMENT AREA IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

The land in the Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within the Assessment Area will likely reduce the diversity of ownership on land within the Assessment Area.

Development, including the phase of the development plan for the Assessment Area, requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Owner.

Failure or Inability to Complete Proposed Development

The development of each phase of Festival Ranch (including the phase in which the Assessment Area is included) will be staged so that a particular phase will not be developed all at once. The financing for development of Festival Ranch as a whole will be provided by funds provided by the Owner and other sources. The availability of funding for the completion of Festival Ranch will depend upon the demand for residential lots or units within Festival Ranch and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Festival Ranch, or, if obtained, will be in an amount sufficient to complete development of Festival Ranch. If satisfactory funding is unavailable, the Owner may be required to delay or suspend completion of the development of the balance of Festival Ranch.

Public and private on-site and off-site improvements may increase the public and private debt for which the land within the District including the Assessment Area is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "Direct and Overlapping Indebtedness."

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District (including in the Assessment Area) is not yet complete. See "THE OTHER INFRASTRUCTURE." The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described hereinabove. If cost overruns result in delay of construction, or if other delays are experienced, sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District.

Availability of Utilities

Water and sewer service to the District will be provided by the Town as described under the heading "THE OTHER INFRASTRUCTURE." Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District, including the Assessment Area. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed.

Direct and Overlapping Indebtedness and Taxes

The ability of an owner of land within the Assessment Area to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.") The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the special assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessment. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of estimating the "wholesale bulk values" which are "as is values" using a "modified cost approach" or a "sales comparison approach"[???], *as applicable, of the fee simple interest of each of the parcels that comprise the Assessment Area as described herein under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Special Assessments and Land Values -- Appraisal Values." As described in complete detail in the Appraisal, the basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots - a subdivision of finished residential lots. The "as if complete" value is estimated using "static analysis" and "yield analysis" (discounted cash flow). The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development cost and incurred profit. Other approaches were not utilized for the Appraisal to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population.)*

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any parcel become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such

delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments levied against the Assessment Area within the District be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established a Reserve Fund in the amount of the Maximum Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See "SECURITY FOR THE BONDS - Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment on a portion of the Assessment Area, the amount received by the District from the sale of such portion of the Assessment Area, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against property subject to assessment during the pendency of bankruptcy. Such assessment might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect assessments on a property of a taxpayer within the District. Proceeds to pay such assessments come only from the property owner or from a sale of the lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of liens against the real property of a bankrupt taxpayer, the judicial or

administrative foreclosure of a lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "lien sale investors" may be reluctant to purchase liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any owner of property in the Assessment Area, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the District, the Underwriter nor their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any such owner, nor have they assumed responsibility for the same.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Depletion of Reserve Fund

Failure of the owners of assessed property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Environmental Matters

Festival Ranch, including the phase of the development plan which represents the real estate development in the Assessment Area, will be subject to risks arising out of environmental, archeological, biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Festival Ranch resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archeological artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports).

The development of the property within the Assessment Area is in the early phases of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Owner anticipates that there may be significant changes to the agreements and contracts summarized in this

Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the Assessment Area and the District; however, the Owner does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections

Included in this Official Statement are various projections for lot closings, completion dates, completion costs and other items. The projections for lot closings, completion dates, completion costs and other items are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Owner believes to be significant and which the Owner cannot control may also exist. There are usually differences between projections for lot closings, completion dates, completion costs and other items and actual lot closings, completion dates, completion costs and other items, because the lot closings, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Offering Memorandum can be achieved.

LITIGATION

At the time of delivery and payment for the Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the Indenture, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or

enforceability of the Bonds, the Resolution, the Indenture, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds will be excluded from gross income for federal income tax purposes and will be exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "tentative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The tentative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's AMTI is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (75%) of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Under existing federal tax law, if the Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and, in that regard, will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by or on behalf of the District in calendar year 2007 will not exceed $10,000,000.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. **See "RISK FACTORS."**

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See "TAX EXEMPTION" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of Appendix B hereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Owner by its counsel, Gallagher & Kennedy, PC. **See "RELATIONSHIPS AMONG PARTIES."**

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an

aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, less Underwriter's compensation of $_____). The prices or yields set forth on the inside front cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Owner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District and the Owner with a "Central Post Office" for distribution to each "Nationally Recognized Municipal Securities Information Repository" and with the appropriate "State Information Depository," if any. The Notices of Material Events will be filed by the District and the Owner with the same entities as well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events, and the circumstances under which subsequent landowners of land now owned by the Owner will enter into an undertaking to provide continuing disclosure, are set forth herein under the caption Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes forms of undertakings which will be executed by the Owner and the District, respectively, with respect to the Bonds. The District has no obligation to enforce the obligations of the Owner (or subsequent landowners of land now owned by the Owner) under their respective Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). Should the District or the Owner not comply with such covenants, they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, the State Information Depository, if any, and the Municipal Securities Rulemaking Board or to a Central Post Office. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District and the Owner have been and are in material compliance with continuing disclosure undertakings previously entered into by them for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the underwriter in other transactions underwritten by the Underwriter and by Stone & Youngberg LLC, financial consultant to the District (the "Financial Consultant") and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

The Underwriter and the Financial Consultant have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Consultant have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Official Statement has been approved, executed and delivered by the District.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By .....
Chairman, District Board

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APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately thirty (30) miles from downtown Phoenix, Arizona ("Phoenix"), approximately four (4) miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation of 888 feet above sea level. The Town has approximately 650 square miles in the planning area. The following table illustrates population statistics for the Town, the County and the State.

Population Statistics
Town of Buckeye, Maricopa County
and the State of Arizona

Years	Town of Buckeye	Maricopa County	State of Arizona
2006*	31,745	3,792,675	6,305,210
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399
1960 Census	2,286	663,510	1,302,161

*Estimate as of July 1, 2006.

Source: Arizona Department of Economic Security, Population Statistics Unit, U.S. Department of Commerce, Bureau of the Census and Maricopa Association of Governments.

Transportation

State Highway 85, connecting the Town with Phoenix, runs north to south just west of downtown Buckeye. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor and six (6) council members are elected at large to two-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations.

The Town provides a portion of its residents with water and sewer services; electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is provided by Qwest Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately twenty (20) miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

Area Unemployment Averages

Calendar Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2007	4.5%(a)	3.8%(b)	3.3%(b)	4.2%(b)
2006	4.6	4.1	3.5	4.5
2005	5.1	4.6	4.0	5.1
2004	5.5	4.9	4.4	5.6
2003	6.0	5.7	5.2	6.6
2002	5.8	6.1	5.6	7.1

(a) Data through June 2007.
(b) Data through May 2007.

Source: Arizona Department of Economic Security, Bureau of Statistical Information and Research Analysis, Labor Force Statistical Unit.

Major Employers
Town of Buckeye, Arizona and Surrounding Area

Employer	Product/Service	Approximate Number of Employees
Palo Verde Nuclear Plant	Energy Plant	2,500
Lewis Prison Complex	State Prison	1,155
Wal-Mart Distribution Center	Retail Warehouse	1,120
Town of Buckeye	Government	480
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	300
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	250
Juvenile Department of Corrections	Detainment Facility	180
Hickman's Egg Ranch	Agriculture	165

Source: *2006 Arizona Industrial Directory* and *2006 Arizona Services Directory*, publications of the Greater Phoenix Fact Book, the Greater Phoenix Chamber of Commerce, the Town of Buckeye and an individual employee survey.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	2002	2003	2004	2005	2006	2007(a)
Mining and Construction	$ 125,700	$ 128,900	$ 140,900	$ 163,200	$ 184,000	$ 186,400
Manufacturing	135,000	128,300	129,000	133,100	136,700	135,500
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,400	371,100	379,900
Information	39,100	37,200	34,300	33,000	32,600	31,300
Financial Activities	130,400	132,900	137,700	146,000	153,100	157,100
Professional and Business Services	250,300	255,600	270,800	293,400	317,400	330,500
Educational and Health Services	149,600	156,700	169,600	180,000	191,100	197,200
Leisure and Hospitality	150,500	152,900	158,300	166,600	176,800	186,800
Other Services	60,400	61,300	62,900	64,700	71,400	75,200
Government	197,100	200,600	204,500	208,800	213,300	223,100
Total	$1,557,100	$1,575,900	$1,641,200	$1,743,200	$1,847,500	$1,903,000

(a) Data through May 2007.

Source: Arizona Department of Economic Security, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Town of Buckeye
Sales Tax Collections

Budget Year	Amount
2005-06	$16,474,433
2004-05	8,402,231
2003-04	3,856,654
2002-03	2,486,828
2001-02	1,676,502

Source: Arizona Department of Revenue.

Educational Facilities

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Banking

The financial needs of the Town are served by two banks. The following table illustrates the total dollars on deposit for Maricopa County for the fiscal year ending June 30 of each year.

Maricopa County
Bank Deposits
($ in millions)

Year	Amount
2006	$54,926
2005	51,138
2004	42,872
2003	38,776
2002	33,040

Source: Federal Deposit Insurance Corporation.

Construction

The following tables illustrate a building permit summary for residential and non-residential construction and new housing permits for Buckeye.

Town of Buckeye
Value of Building Permits
($ in 000's)

Calendar Year	Residential	Commercial & Industrial	Other	Total
2007(a)	$ 85,504	$ 621	$ 8,826	$ 94,951
2006	298,868	473	13,921	313,262
2005(b)	597,407	4,089	12,422	613,918
2004	394,647	1,516	10,070	406,233
2003(b)	68,411	--	--	68,411
2002(b)	10,895	--	--	10,895

(a) Data through first quarter of 2007.
(b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

Town of Buckeye
New Housing Starts

Calendar Year	Housing Permits
2007(a)	613
2006	2,582
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100

(a) Data through first quarter of 2007.
(b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GUST ROSENFELD P.L.C.]

[Closing Date]

District Board
Festival Ranch Community Facilities District

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $1,784,000* aggregate principal amount of Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, dated the date hereof (the "Bonds"), issued by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") initiated under Resolution of Intention No. .....

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. ....., passed and adopted by the District Board on September 18, 2007 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

---

*Subject to change.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District, from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, National Association. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and to the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

APPENDIX C

APPRAISAL

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SUMMARY APPRAISAL REPORT OF

FESTIVAL RANCH ASSESSMENT AREA NO. 4

Four Residential Planning Areas Within Sun City Festival,
An Active Adult Master Planned Community
In Buckeye, Arizona

DATE OF VALUATION

August 1, 2007

DATE OF REPORT

August 10, 2007

PREPARED FOR

Festival Ranch Community Facilities District
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona 85004

PREPARED BY

BURKE HANSEN, LLC
1601 North 7th Street, Suite 200
Phoenix, Arizona 85006

Burke Hansen, LLC File No. 7978N

Burke Hansen, LLC
Real Estate Valuation & Consulting

August 10, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PLANNING AREAS WITHIN SUN CITY FESTIVAL, AN ACTIVE ADULT MASTER PLANNED COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 7978N)

Dear Mr. Ruby:

We have inspected the above-captioned properties in connection with preparing the attached Summary Appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four planning areas referenced above which are specifically identified below.

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

Within this letter the term "subject" or "subject property" includes all four of the planning areas listed above.

The wholesale value reflects the value of the subject property in the condition as of the date of valuation (August 1, 2007). As of the date of valuation, all four parcels were finished graded with supporting infrastructure (sewer, water, utilities, roads, etc.) in the process of being installed. The first home closings for these four parcels are projected to occur in 2009.

Each of the four planning areas has been engineered and final platted for residential development. Final plats for each of the four parcels for each of the four planning areas have been approved by the Town of Buckeye; however, a final plat for Planning Areas I-1/P-1 has not been recorded in the Maricopa County Recorders Office.

1601 North 7TH Street ♦ Suite 200r ♦ Phoenix, Arizona 85006 ♦ Tel. (602) 257-1451 ♦ 800-966-2186 ♦ FAX (602) 253-4862

The values addressed in this appraisal are the "as is" value of each of the planning areas, .i.e., the value of the property in its condition as of the date of valuation. The value estimates for each parcel reflect a wholesale (bulk) value of final platted residential lots within each planning area. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots – a subdivision of finished residential lots. The "as if complete" value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

The appraisal has been prepared at the request of Festival Ranch Community Facilities District, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The subject property was inspected on August 1, 2007 and the wholesale value of each parcel, as of August 1, 2007, subject to the hypothetical conditions stated in the attached report, has been concluded as follows:

<u>WHOLESALE (BULK) "AS IS" MARKET VALUE</u>

PLANNING AREA I-1
SEVEN MILLION ONE HUNDRED FORTY-FOUR THOUSAND DOLLARS
$7,144,000

PLANNING AREA K-1
SIX MILLION ONE HUNDRED EIGHTY-TWO THOUSAND DOLLARS
$7,182,000

PLANNING AREA O-1
ELEVEN MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS
$11,970,000

PLANNING AREA P-1
TEN MILLION EIGHT HUNDRED EIGHT THOUSAND DOLLARS
$10,808,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 4. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's four planning area be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

PARCEL I-1		**PARCEL P-1**	
Wholesale (Bulk) Value	$7,144,000	Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($357,000)	Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000	Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL K-1		**PARCEL O-1**	
Wholesale (Bulk) Value	$7,182,000	Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($359,000)	Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000	Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

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9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or

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detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

19. In order to provide the conclusions and opinions articulated in this valuation report, the appraiser(s) must rely upon the full extent of the investigation and analysis derived for this assignment. Consequently, the use of this intellectual work is controlled through copyright, for all portions other than those that have referenced sources and/or credits. Use of any copyrighted portion of this report, by anyone who does not have written permission from a duly authorized agent of Burke Hansen, LLC will be construed to be "willfully" perpetrated. As an infringement, any such unauthorized use will be subject to statutory as well as punitive damages and attorney's fees, as are available to the copyright owner in court actions.

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EXECUTIVE SUMMARY

Description of the Property: The four planning areas within Festival Ranch Community Facilities District Assessment Area No. 4 comprise a portion of the first development phase of Sun City Festival, an active adult master planned community in Buckeye, Arizona.

Location: North side of Sun Valley Parkway west of Canyon Springs Boulevard, Buckeye, Arizona

Property Size: 186.08± net acres (net land area is the aggregate land area of the 642 lots)
642 final platted and engineered residential lots

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

Property Rights Appraised: Fee Simple Estate

Zoning: All four planning areas are zoned for single family residential development

Highest and Best Use: Development with residential subdivisions within an age-restricted master planned community

Date of Valuation: August 1, 2007 (Final date of property inspection)

Date of Appraisal: August 10, 2007

Wholesale (Bulk) Value Conclusions:

Planning Area I-1	$7,144,000	$47,000 per lot
Planning Area K-1	$7,182,000	$57,000 per lot
Planning Area O-1	$11,970,000	$70,000 per lot
Planning Area P-1	$10,808,000	$56,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

PARCEL I-1	
Wholesale (Bulk) Value	$7,144,000
Less: Admin. Fee (5%)	($357,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000
PARCEL K-1	
Wholesale (Bulk) Value	$7,182,000
Less: Admin. Fee (5%)	($359,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000
PARCEL P-1	
Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL O-1	
Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

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Sun City Festival Conceptual Plan

ADDENDA

SUN CITY FESTIVAL PLAT MAPS (I-1, K-1, O-1 AND P-1)
APPRAISERS' QUALIFICATIONS

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INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Summary Appraisal is four planning areas within the first phase of Sun City Festival, a 3,100-acre active adult community within the boundaries of the Town of Buckeye, Arizona. The Sun City Festival community comprises a total of 3,100 acres planned for 7,210 residential dwelling units. Most of this community lies on the north side of the Sun Valley Parkway between the alignments of 259th and 291st avenues and although Sun City Festival lies within the town limits of Buckeye, its location is closer to "downtown" Surprise than it is to "downtown" Buckeye. This relationship is illustrated on Exhibit 1, a map of northwestern Maricopa County. A January 2006 black and white aerial photograph overlaid with the community master plan is included as Exhibit 2.

The four planning area which are the subject of this appraisal represent an expansion of the first phase of development of the Sun City Festival community. The community opened for sales in July 2006.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the subject's four planning areas, which are more specifically identified in Table 1.

TABLE NO. 1

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

As indicated in Table 1, all four planning areas are designated for residential use. The location of the subject's four planning areas within Sun City Festival is illustrated on Exhibit 3.

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EXHIBIT NO. 1
Location Map

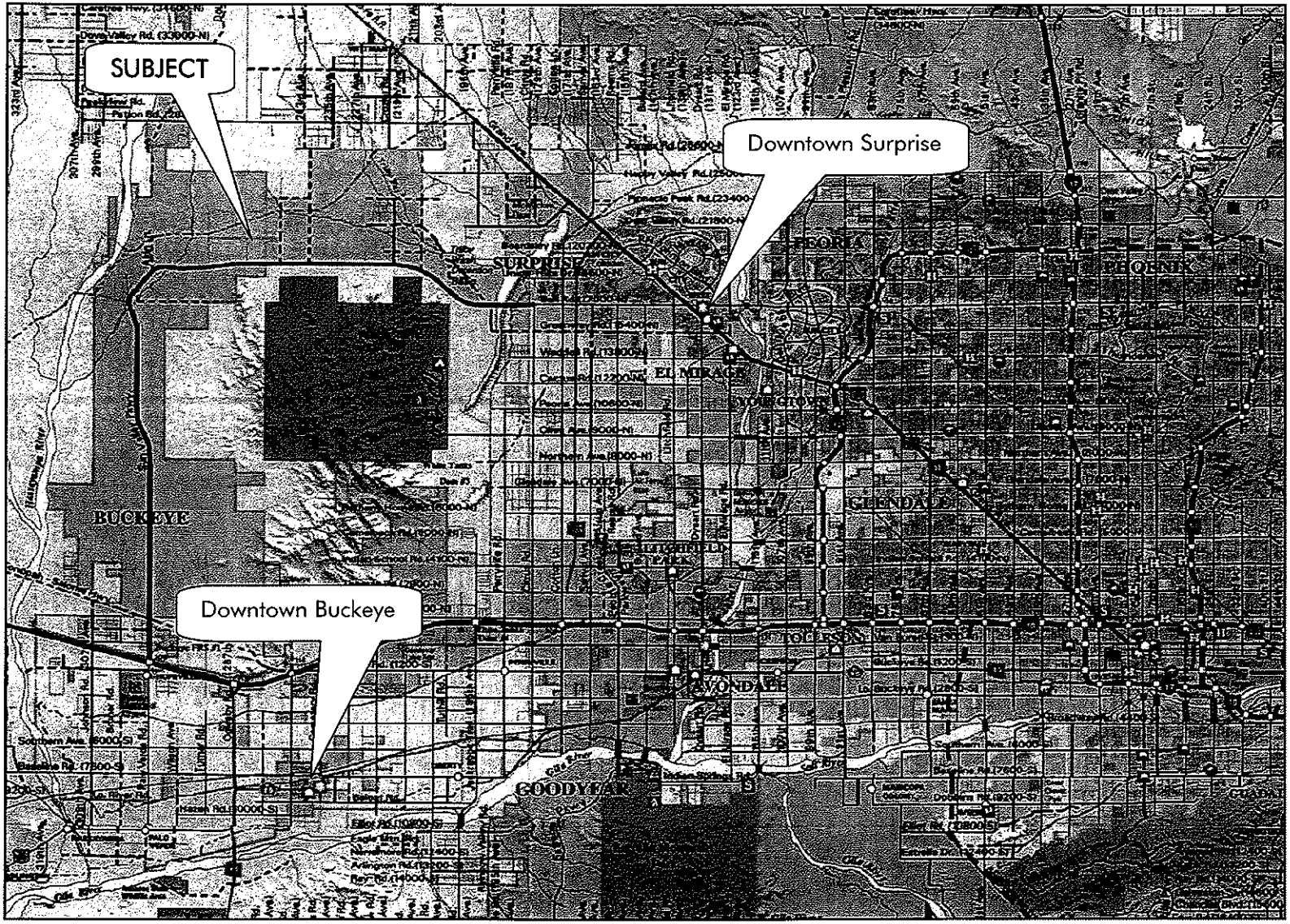

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EXHIBIT NO. 2

Sun City Festival Black/White Aerial (January 2007)

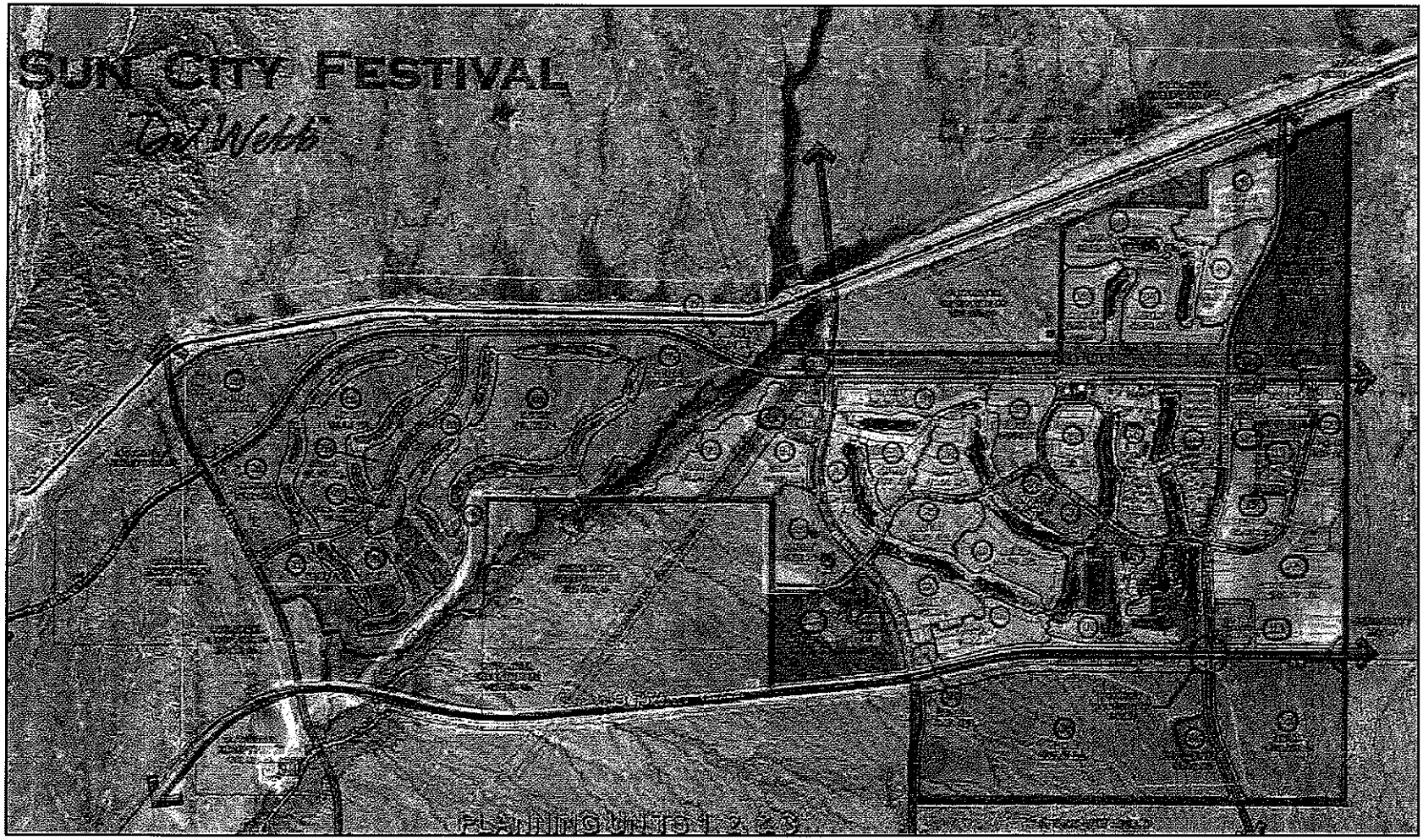

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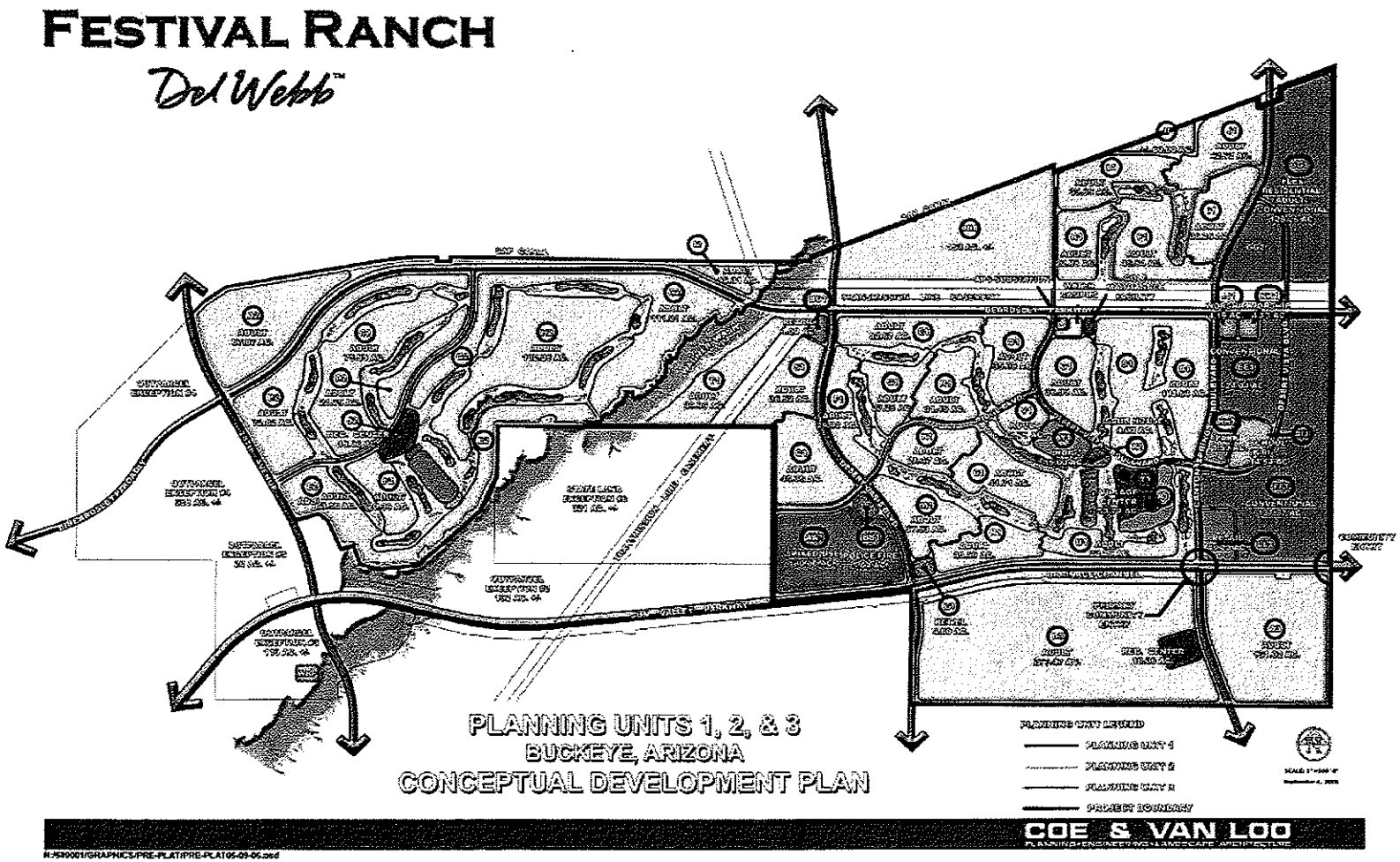
EXHIBIT NO. 3
Sun City Festival Master Plan Map



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INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Festival Ranch Communities Facilities District, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will also be for dissemination as part of a financing package for Festival Ranch Communities Facilities District.

DATE OF THE REPORT

The report was prepared during July and August 2007 and completed on August 10, 2007.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of August 1, 2007, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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The four residential planning areas are being appraised in their "as is" condition, i.e., condition at the time of final inspection – August 1, 2007. All four parcels have received final residential subdivision plat approval from the Town of Buckeye, though the plat for two of the planning areas has yet to be recorded. Additionally, grading of the property has been completed and installation of underground utilities has commenced. Therefore, the value estimates for each parcel reflect their wholesale (bulk) value of platted and engineered residential lots with minimal infrastructure completion. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The timeline for development of the subject property is detailed in Table 2.

TABLE NO. 2

SUN CITY FESTIVAL CONSTRUCTION SCHEDULE

Date	Construction Event
July 2005	Construction begins (clearing, grading, wells, WP, WRF)
October 2005	Backbone infrastructure (arterial & collector streets - water, sewer, paving, etc.)/Sales Center starts
February 2006	Model Home Construction (A-1)
June 2006	Production homes start (B-1,C-1,D-1)
July 2006	Sales Center/Model Complex Open
August 2006	On-site construction starts (E-1,F-1,G-1,H-1)
October 2006	First Home Closings (B-1,C-1,D-1) Water, sewer line installation (E-1,F-1,G-1,H-1)
November 2006	Dry utility installation (E-1,F-1,G-1,H-1)
May 2007	Production homes start (E-1,F-1,G-1,H-1)
July 2007	Installation of infrastructure begins (I-1, K-1, O-1, P-1)
October 2007	Home closings (E-1,F-1,G-1,H-1)
January 2007	Production homes start (K-1, O-1)
March 2007	Production homes start (I-1, P-1)
May 2007	First home closings (K-1, O-1)
July 2007	First home closings (I-1, P-1)

As of the date of appraisal, new homes are under construction in the first phase, the model home center is open and over 340 homes have closed with new home owners. With the community, the golf clubhouse, recreation center and golf course have been completed. Community infrastructure including water and sewer lines and dry utilities has been completed in Parcels A-1,

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B-1, C-1, D-1, E-1, F-1, H-1 and W-1. Canyon Springs Boulevard from Sun Valley Parkway is fully improved to Beardsley Road, though it is only rough graded north of Beardsley Road. Monument signs along Sun Valley Parkway have also been completed and a new convenience market with gas pump island and car wash is under construction at the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the four subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions during July and August with the most recent inspection taking place on August 1, 2007.
- Information regarding Sun City Festival (land planning, entitlements and construction) was provided by Pulte Homes, Inc., 15111 North Pima Road, Suite 100, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.
- Additional data for the subject parcels were obtained the Town of Buckeye Planning and Zoning Department, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).
- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University as well as information supplied by local newspapers, etc.
- The "as is" value of the subject property is concluded using the Modified Cost Approach. The basis or starting point of the modified cost approach is the subject's hypothetical "as if complete," which is concluded by the Income Approach, more specifically through the use of static and yield analyses. The hypothetical "as if complete" value is the value of the proposed residential lots in a finished lot condition.

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From this figure, on and off-site development costs and entrepreneurial profit are subtracted to derive the underlying vacant land value. Any expended development costs and incurred profit are then added back which results in the "as is" value.

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

> Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.
>
> Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

Some infrastructure required to support the development of the four subject parcels has been completed as of the date of valuation; however, the majority of the work will be completed after the date of valuation.

Special Assessment No. 4 specifically relates to in-tract street improvements i.e., installation of underground utilities sewer, water, curb, gutters and paving, within Parcels I-1, K-1, O-1 and P-1. Table 3 summarizes the street improvements to be acquired by the District through the sale of assessment bonds.

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TABLE NO. 3

FESTIVAL RANCH CFD - ASSESSMENT AREA NO.4 INFRASTRUCTURE COSTS

Planning Area	No. Of Lots	Street Improvements Costs	Street Names	Linear Feet	Estimated Date of Completion
K1/O1	297	$1,436,085	Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Ln., Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary	16,118	January-09
Totals	642	$3,128,475		29,795	

The location of Assessment Area No.4 is illustrated on Exhibit 4, a copy of the Sun City Festival master plan map.

Hypothetical Conditions

No hypothetical conditions are included in estimating the "as is" value of the four subject properties.

Special Appraisal Instructions

The subject property is being appraised as part of the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the value of each of the subject's four parcels be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. ***The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; it reflects a special instruction from the client.***

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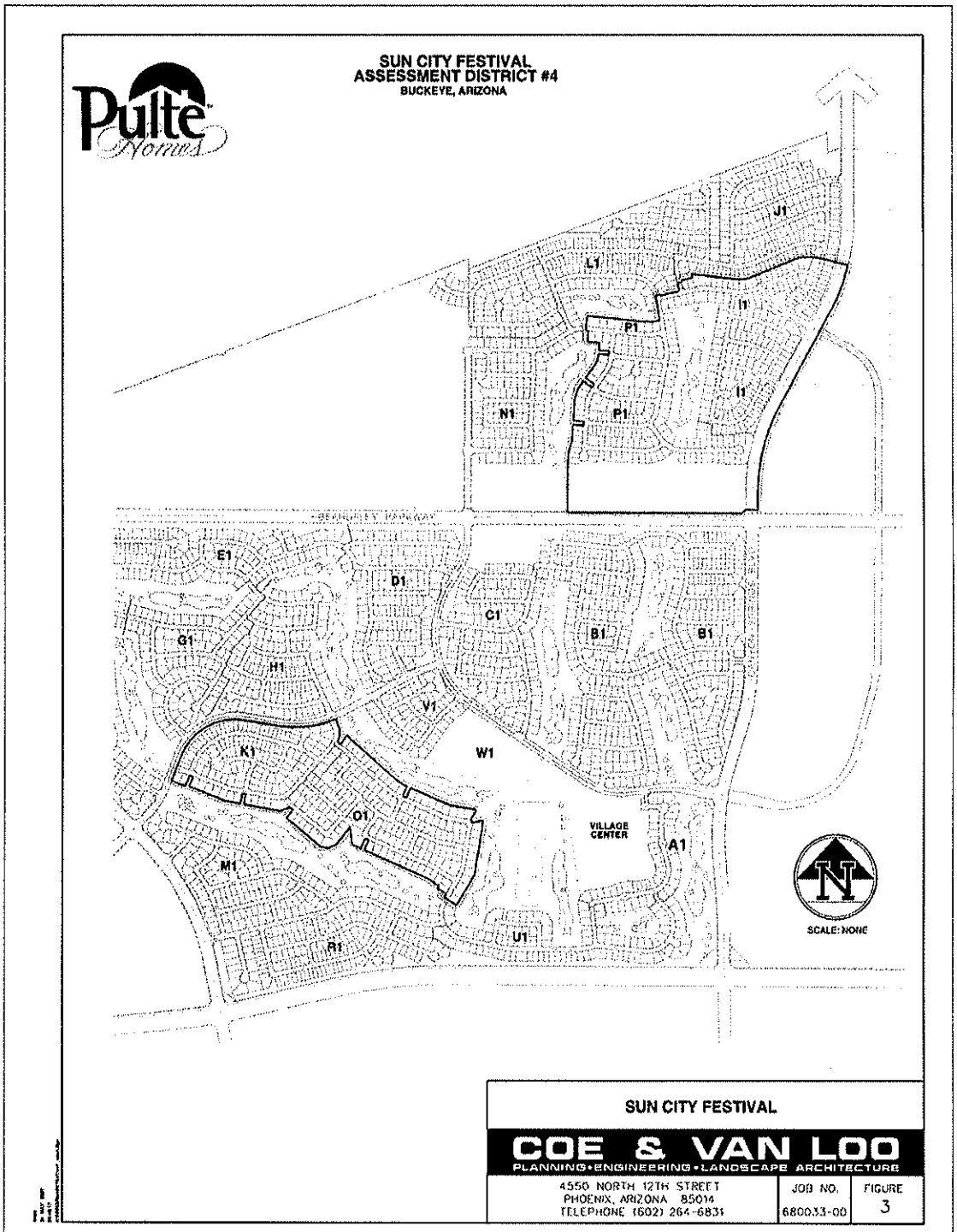
EXHIBIT NO. 4

Sun City Festival Assessment Area No. 4 Map



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PROPERTY OWNERSHIP

The majority of the land which comprises approximately 3,100 acres of Sun City Festival was acquired by Pulte Homes Corporation from 10,000 West L.L.C. (The Lyle Anderson Company) in May 2004 for a recorded purchase price of $33,818,541.85. According to sources familiar with the transaction, the purchase contract also includes deferred compensation due to the seller in the amount of 2.25% of the sales price of each dwelling unit sold by Pulte Homes.

The subject's 186.06 acres are contained within this purchase. Therefore, the owner of record in the Treasurer's Office is Pulte Homes Corporation, 15111 North Pima Road, Scottsdale, Arizona. No other sales involving the subject property were discovered during a search of public records for the past three years.

LEGAL DESCRIPTION OF THE FOUR SUBJECT PARCELS

The four subject parcels are within Sections 23, 24, 25 and 26, Township 4 North, Range 4 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. Since all of the parcels have been final platted, more detailed legal descriptions define individual residential lots. The detailed legal descriptions for these lots are summarized in Table 4.

TABLE NO. 4

LEGAL DESCRIPTIONS	
Parcel K-1:	Lots 1 thru 40, 163 thru 167, and 217 thru 297 inclusive, of Sun City Festival – Parcels K1 & O1. Maricopa County Recorder Book 921 Page 11
Parcel O-1:	Lots 41 thru 162, and 168 thru 216 inclusive, of Sun City Festival – Parcels K1 & O1. Maricopa County Recorder Book 921 Page 11
Parcel I-1:	Lots 161 thru 177, and 202 thru 336, inclusive, of Sun City Festival – Parcels P1 & I1. (Approved but unrecorded)
Parcel P-1:	Lots 1 thru 160, 178 thru 201 and 337 thru 345, inclusive, of Sun City Festival – Parcels P1 & I1. (Approved but unrecorded)

The Maricopa County Assessor's Office also identifies the subject properties as portions of Tax Parcel Nos. 503-84-022, 503-84-023, and 503-85-511 through 807.

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CITY AND REGIONAL DATA

Subject's location in the northwestern part of Metropolitan Phoenix is illustrated on Exhibit 5 and its relationship to the other communities comprising Metropolitan Phoenix is indicated on Exhibit 6. The overall economic condition of the City of Buckeye, along with all of Metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The following discussion addresses Metropolitan Phoenix, which includes the City of Buckeye. The economic well being of Buckeye is tied directly to the economic fortunes of Metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,710 (Carefree) to 1,505,265 (Phoenix). Buckeye is one of the smallest communities in Metropolitan Phoenix with only a population of 31,745 people. Because of the subject's proximity to Surprise, it is also relevant to note a population in Surprise of 98,140 people.

Table 5 is a list of the 16 communities having populations in excess of 10,000 people as of July 1, 2006.

TABLE NO. 5

City	2006 Population
Avondale	72,210
Buckeye	**31,745**
Chandler	235,450
El Mirage	32,605
Fountain Hills	24,990
Gilbert	185,030
Glendale	234,540
Goodyear	49,720
Mesa	451,360
Paradise Valley	14,000
Peoria	145,120
Phoenix	1,505,265
Queen Creek	18,770
Scottsdale	237,120
Surprise	**98,140**
Tempe	165,890

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EXHIBIT NO. 5
Location Map

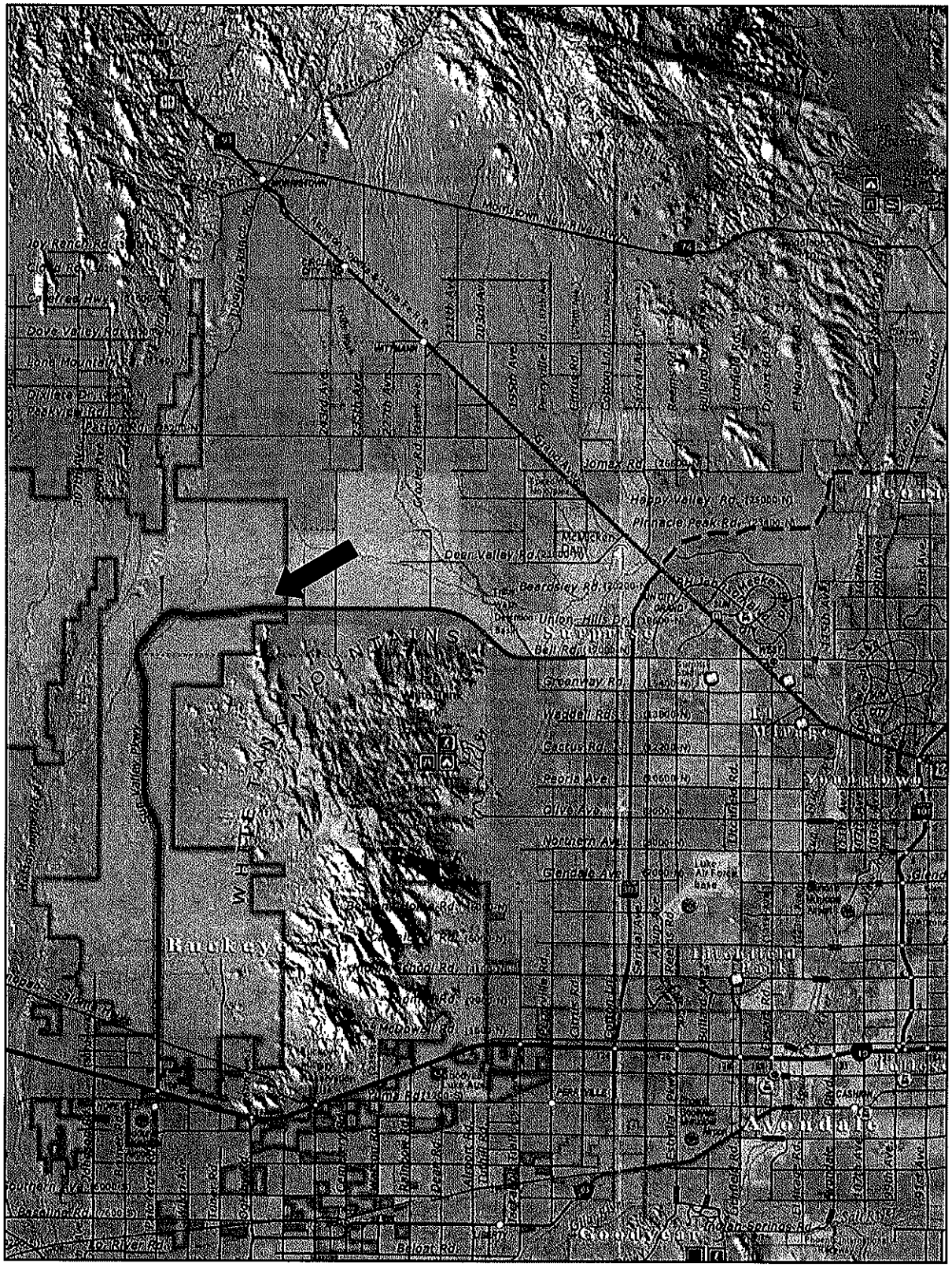

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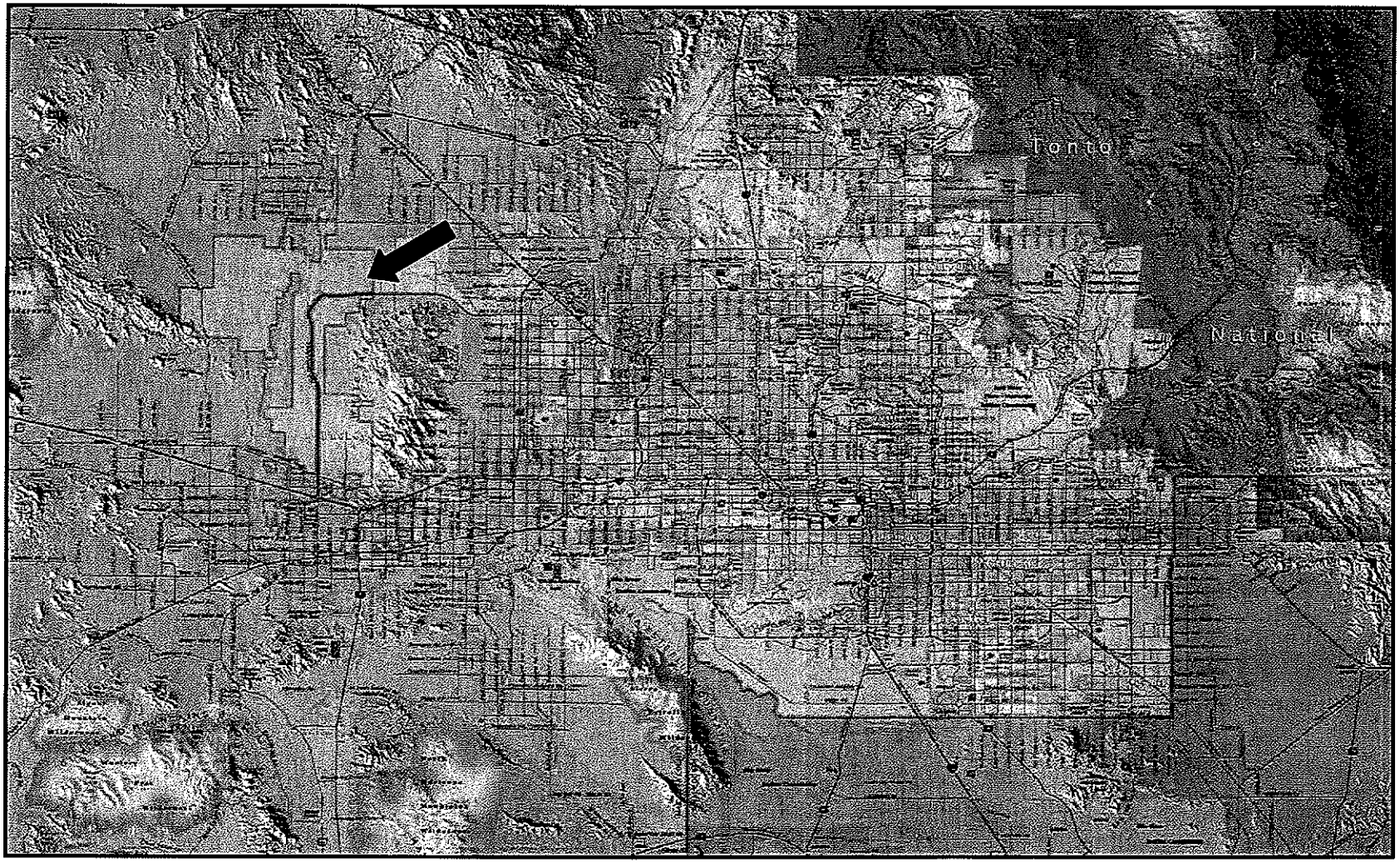
EXHIBIT NO. 6
Metropolitan Phoenix Map



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There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The population of the City of Phoenix is significant at more than 1.5 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with approximately 450,000 people.

Table 6 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1997.

TABLE NO. 6

City	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chandler	160,165	169,000	176,970	186,875	194,390	208,450	220,705	231,785	235,450
*Growth	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%	5.9%	5.0%	1.6%
Gilbert	91,290	100,850	108,745	122,360	133,640	151,290	164,685	178,000	185,030
*Growth	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%	8.9%	8.1%	4.0%
Glendale	196,820	208,095	211,555	224,970	227,495	230,610	233,330	236,030	243,540
*Growth	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%	1.2%	1.2%	3.2%
Mesa	361,895	374,560	388,185	414,075	427,550	434,215	447,130	452,355	451,360
*Growth	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%	3.0%	1.2%	0.0%
Peoria	89,930	101,235	108,295	117,200	122,655	126,410	132,300	137,285	145,125
*Growth	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%	4.7%	3.8%	5.7%
Phoenix	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670	1,416,055	1,452,825	1,505,265
*Growth	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%	2.0%	2.6%	3.6%
Scottsdale	195,495	204,660	207,145	209,960	214,090	217,555	221,130	223,835	237,120
*Growth	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%	1.6%	1.2%	5.9%
Tempe	159,220	161,995	162,000	159,435	159,425	159,615	160,820	160,735	165,890
*Growth	1.0%	1.7%	0.0%	-1.6%	0.0%	0.1%	0.1%	0.0%	3.2%
Other	330,575	350,306	378,905	412,475	451,330	481,060	528,020	575,695	623,895
*Growth	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%	9.8%	9.0%	8.4%
Maricopa Co.	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875	3,524,175	3,648,545	3,792,675
	3.1%	3.8%	2.7%	6.7%	3.3%	3.1%	3.7%	3.5%	4.0%

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has varied during the past few years, approximately 1.7 million people are employed in Metropolitan Phoenix. Table 7 provides an employment summary for the past 7 years.

TABLE NO. 7

METROPOLITAN PHOENIX EMPLOYMENT 2000-2006

Employment Sector	2000	2001	2002	2003	2004	2005	2006
Manufacturing	161,100	150,300	135,000	128,300	129,000	132,200	132,900
Mining & Construction	125,700	127,800	125,700	128,900	140,900	163,100	184,600
Trade, Transportion, Utilities	321,400	318,200	319,000	321,500	333,200	354,500	373,800
Information	42,000	41,300	39,100	37,200	34,300	32,900	32,100
Financial Activities	126,300	128,800	130,400	132,900	137,700	145,600	151,100
Services	606,200	604,500	610,800	626,500	661,600	706,100	751,600
Government	195,700	188,600	197,100	200,600	204,500	208,800	212,400
Total	1,578,400	1,559,500	1,557,100	1,575,900	1,641,200	1,743,200	1,838,500
Job Growth	53,300	(18,900)	(2,400)	18,800	65,300	102,000	95,300
% Job Growth	3.49%	-1.20%	-0.15%	1.21%	4.14%	6.21%	5.47%

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Though the pace may slow, local economists are forecasting continued employment growth in Metropolitan Phoenix through 2007.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. The residential market has reported more than 30,000 new housing permits each year for the past seven years. A summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past seven years is summarized in Table 8.

Until recently, the housing sector had been, by far, the strongest real estate sector for the past decade. During 2004 single family permits hit an all-time high of 48,136 new home permits. Though 2005 permits lagged 2004, the 43,256 permits continued to show the strength of the residential market. However, in late 2005 the single family housing market began to slow. This slowdown continued through 2006 as evident in the decline in single family permits to 27,976 (lowest level since 1995).

Permit activity in 2006 was 25% below permit activity for 2005 and over 30% below the record activity of 2004. Homebuilders have curtailed new home construction as they work through their standing inventories which resulted from speculative housing starts and failed contracts (which have increased significantly) in 2005 and 2006. Starting in early 2007, the oversupplied new housing market suffered another setback as turmoil in mortgage market surfaced. Revelations of problems in the subprime mortgage sector have resulted in tightened lending requirements which in turn has limited to pool of potential new home buyers.

As a result of the market performance of 2006 and the first half of 2007, many housing market analysts are revising their forecasts for the remainder of 2007 and pushing the target for market recovery into 2009.

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TABLE NO. 8

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2007

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*
2004 Q2	13,638	91.1%	678	4.6%	647	4.3%	14,963	18.1%*
2004-Q3	14,113	86.8%	759	4.7%	1,390	8.5%	16,262	30.9%*
2004-Q4	10,339	81.4%	493	3.9%	1,871	14.7%	12,703	2.4%*
2004	48,136	86.4%	2,597	4.7%	4,997	8.9%	55,730	20.2%*
2005-Q1	10,356	86.4%	1,421	11.4%	319	2.6%	12,096	2.4%
2005-Q2	12,013	88.0%	833	6.1%	811	5.9%	13,657	-8.7%
2005-Q3	11,577	83.1%	1,063	7.6%	1,297	9.3%	13,937	-14.3%
2005-Q4	9,310	82.1%	1,209	10.7%	823	7.3%	11,342	-10.7
2005	43,256	84.8%	4,526	8.9%	3,250	6.4%	51,032	-9.2%
2006-Q1	8,716	75.1%	1,621	14.0%	1,266	10.9%	11,603	-4.1%*
2006-Q2	8,884	74.9%	1,709	14.4%	1,267	10.7%	11,860	-13.1%*
2006-Q3	5,968	64.9%	2,172	23.6%	1,043	11.5%	9,183	-34.1%*
2006-Q4	4,408	81.0%	685	12.6%	346	6.4%	5,439	-52.0%*
2006	27,976	73.4%	6,187	16.3%	3,922	10.3%	38,085	-25.4%*
2007-Q1	7,017	63.0%	2,353	21.1%	1,778	15.9%	11,148	-3.9%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

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METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the second quarter 2007. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

At the end of the second quarter 2007, total office space in Metropolitan Phoenix totaled 66.3 million square feet with 1.2 million square feet of new space completed during the quarter. Additionally, 3.4 million square feet of office product were under construction at the end of the second quarter 2007.

Notable completions during this quarter include The Park at San Tan (220,000 square feet) and Pinnacle in Kierland (210,000 square feet). Notable completions for 2006 are McDowell Mountain Business Park – Building A (128,000 square feet) and Promenade Parkview Corporate Center (100,000 square feet), Pima Center Building 3A (135,000 square feet), Westgate City Center-Building E West (100,000 square feet) and Westgate City Center-Building G East (100,000 square feet). New office space under construction includes Max at Kierland (257,000 square feet), Raintree Corporate Center Phase IV (176,000 square feet) and McDowell Mountain Business Park – Building B (128,000 square feet), Papago Gateway Center (250,000 square feet), The Plaza at Grace Court – Phase VI (150,000 square feet), The Plaza at Grace Court – Phase IV (150,000 square feet) and 91 Glendale-Building 2 (100,000 square feet).

During the second quarter 2007, vacancy increased from 11.9% to 13% as a result of an increase in inventory of more than 1 million square feet while less than 400,000 square feet of space were absorbed. Net absorption during the quarter was 383,100 square feet, which was slightly above the absorption of 379,014 square feet for the first quarter 2007. By comparison, net absorption was below the second quarter 2006 net absorption of 556,378. Of the 383,100 square feet absorbed in the quarter, 244,481 square feet, or more than 50% was Class A space with Class B accounting for another 132,482 square feet and Class C another 6,611 square feet.

The tightening supply of existing office space and the increased construction costs of new office space pushed the average asking rate to $25.60 per square foot from $22.68 per square foot at the same time last year. Rates for new class A space are $28.12 per square foot and class B rents are an average of $22.82 per square foot. Although vacancy has increased slightly, it

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appears that the market remains in the favor of landlords; however, if new construction continues to outpace absorption, the market may see a shift toward tenants.

METROPOLITAN PHOENIX RETAIL MARKET

The Metropolitan Phoenix retail market slowed slightly during the second quarter 2007. However, population growth and new housing continue to drive the market. Total retail inventory is 130.3 million square feet in 942 centers (including regional malls.) the overall vacancy of 5.46%, which is a slight increase over the 4.99% rate of the same quarter last year. Because of continued low vacancy, new construction and increasing land prices, rental rates for retail space remain strong.

Net absorption in the second quarter was 740,553 square feet. By comparison, this is below the absorption of 2.7 million square feet occurred in the first quarter 2007. An additional 12.4 million square feet were under construction at the end of the second quarter 2007. Retail centers totaling more than 27.0 million square feet are being planned for delivery over the next several years.

The growth of the Metropolitan Phoenix market in terms of population and employment continues to fuel development throughout the marketplace. The strong residential market of the past few years has created tremendous opportunities for new retail developments in areas which were previously not served. These new developments include grocery anchored neighborhood centers as well as larger regional shopping centers along newly developed transportation corridors.

METROPOLITAN PHOENIX INDUSTRIAL MARKET

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001; however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. At the end of the fourth quarter 2004, the vacancy rate stood at 8.53%, or slightly below the rate of 8.60% at the end of the previous quarter. This trend continued through 2006 with a year end vacancy rate of 6.27%.

At the end of the second quarter 2007, vacancy in Metropolitan Phoenix stood at 7.63%, slightly higher than the 7.37% rate at the end of the first quarter. The increase in vacancy resulted from

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more than 3.8 million square feet of new industrial space being added, while only 3.1 million square feet were absorbed. Notable transactions during the quarter included Home Depot occupying 376,000 square feet and Pilkinton North America occupying 203,000 square feet. Notable move outs for the quarter include Drug Plastics and Glass (100,000 square feet) and Pepsi (95,649 square feet).

During the second quarter, 3.8 million square feet of new space was delivered and another 10.8 million square feet were under construction. Of the 10.8 million square feet currently under construction, 3.9 million is accounted for in six distribution warehouses.

METROPOLITAN PHOENIX MULTI-FAMILY MARKET

Multi-family residential building permits for the past seven years are summarized in Table 9.

TABLE NO. 9

MULTI-FAMILY PERMITS

Year	Multi-Family Permits
2000	8,009
2001	7,201
2002	5,607
2003	4,836
2004	4,997
2005	3,250
2006	3,922
2007-1Q	1,778

Since 2000, the level of new apartment construction has been steadily declining as the market shifted from apartment development to condominium construction. As the first quarter 2007 permit figure indicate, new construction appears to be shifting back toward apartments as a result of high occupancy, increasing rents and a limited supply of new apartment units.

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over the 10-year period 1996-2005, with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country. Phoenix is now the fifth largest city in the nation, having recently surpassed Philadelphia.

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Although the residential market appears to be slowing from its record growth over the past two years, the overall economy of Metropolitan Phoenix remains strong with new job growth, a low unemployment rate and continued strong in-migration. While the Metropolitan Phoenix economy continues to be heavily influenced by the real estate sector, efforts in recent years to diversify its economy appear to be paying dividends as new employers are being attracted to the area. The technology and biosciences sectors have been strong contributors to the growth of the economy.

NEIGHBORHOOD DESCRIPTION

While the subject property lies within the town limits of Buckeye, proximity of the City of Surprise is much closer. The downtown area of Buckeye is some 19 miles south of subject's Sun Valley Parkway frontage, while Surprise is less than 10 miles to the east. In Surprise, Pulte Homes has recently sold out its Sun City Grand community, a 9,800-lot community oriented around four golf courses. Sun City Grand is the third extension of the Sun City product line in northwestern Maricopa County. The first Sun City project, which is four miles east of Sun City Grand, was developed in the 1960s. Its success fueled the development of Sun City West, which lies between Sun City and Sun City Grand. The location of these three communities is illustrated on Exhibit 7.

In May 2004, Pulte Homes acquired 3,100 acres from the Lyle Anderson Company for the development of a new active adult community to be called Sun City Festival. The subject's 186 acres are a part of the second phase of development of this new community. At build out, this community will have a total of 7,210 homes, two golf courses and numerous other amenities.

Subject's immediate location along the north side of Sun Valley Parkway at the alignment of 259th Avenue is in an area of sparse development. Development to date has been limited almost exclusively to small ranchette properties. Speculation and land planning is taking place around the Sun City Festival project and future development of the area is anticipated. The greatest challenge to new development in the area is the lack of infrastructure, i.e., any new community must develop entirely new infrastructure to support residential development – sewer, water, power, roads, etc. The first future developments will most likely approach the subject property from Surprise on the east, as this area is closer to the path of development.

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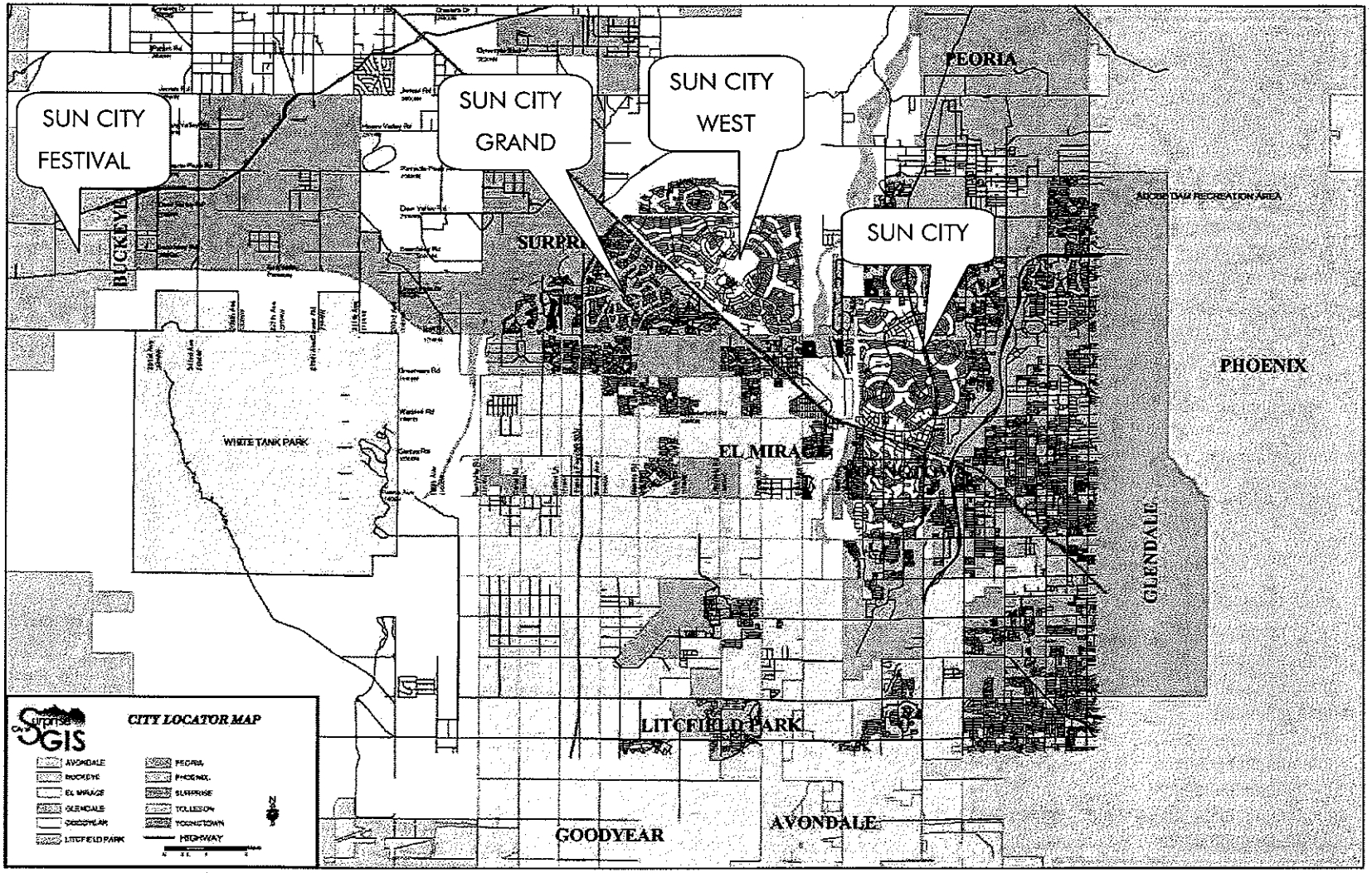
EXHIBIT NO. 7
Sun City/Sun City West/Sun City Grand Location Map



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Significant new residential development is currently taking place 10 miles east of the subject at Surprise Farms. The only notable project in Buckeye north of Interstate 10 is Tartesso (11 miles south of the subject property at the southwest corner of Sun Valley Parkway and Indian School Road. Exhibit 8 is a map of the residential development within the City of Surprise. Subject's eastern boundary is at the far left hand side of this exhibit. It is also important to note that while not illustrated on the exhibit, a large community called Surprise Foothills is being planned just to the east of the subject.

The first phase of development within Tartesso began in early 2005 with pre-sales starting in the fall of 2005. The first phase of development is on 1,290 acres and consists of 3,400 dwelling units. Development of Tartesso was hindered (delayed) by the need to construct all infrastructure to support the community. The five builders active in the first phase of Tartesso report strong market acceptance of this community which is the only active planned community in Buckeye on the north side of Interstate 10.

The development of Festival Ranch at the north end of the Sun Valley Parkway and Tartesso on the south end of the Sun Valley Parkway are providing the catalyst for additional development along the parkway. In the late 1990s, as a result of tremendous residential growth throughout Metropolitan Phoenix, interest in the Sun Valley area began to rise again. A number of the large land holdings were acquired by real estate developers and additional assemblages started to place. As a result, the Sun Valley area has a number of large planned areas being readied for master plan community development. Table 10 summarizes a number of the new Sun Valley communities.

TABLE NO. 10

PLANNED SUN VALLEY COMMUNITIES

Community	Size (Acres)	Dwelling Units
Tartesso	9,000	9,600
Festival Ranch	10,105	29,000
Douglas Ranch	33,810	90,000
Sun Valley South	11,200	29,000
Sun Valley	13,200	34,000
Belmont	19,800	90,000

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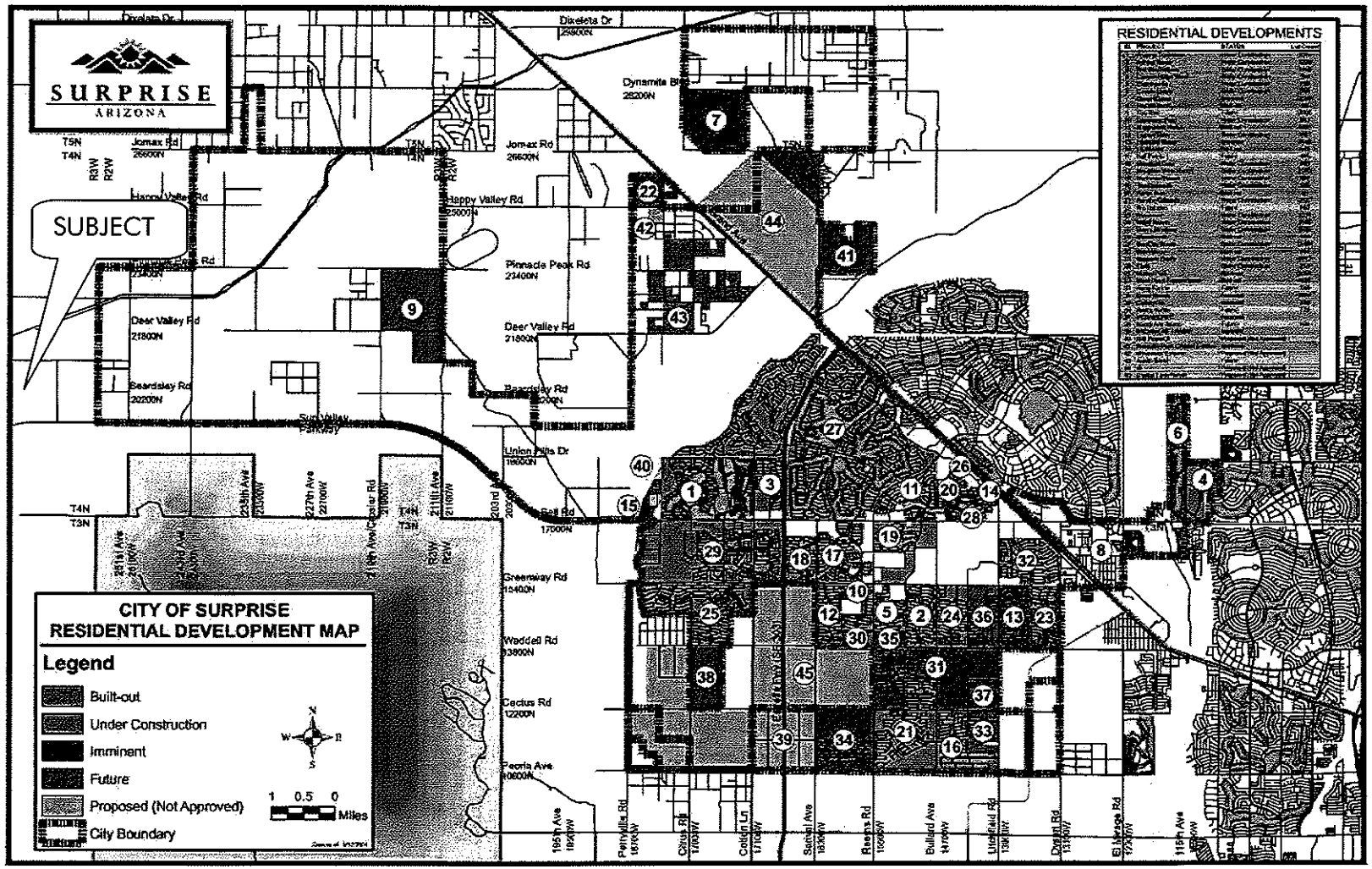
EXHIBIT NO. 8
Surprise Residential Development Map



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The six large communities summarized account for more than 280,000 new dwelling units. The location of these communities is illustrated on Exhibit 9.

RESIDENTIAL DEVELOPMENT

To date there have been no significant developments in the proximity of the subject property, however, it is noteworthy to mention the proximity of subject to the three existing Sun City communities as the subject will be the initial phase of the next extension of the Sun City product series.

COMMERCIAL DEVELOPMENT

There are currently no commercial developments within reasonable proximity of the subject property. The closest retail development is at the intersection of Bell Road and Estrella Parkway in Surprise. An Albertsons store is open at the northwest corner of this intersection and a new Safeway store recently opened just west of the southwest corner of this intersection. Additional retail opportunities are available further east in Surprise. The most significant retail development is found at the intersection of Bell Road and Grand Avenue.

Grading is currently underway for a new convenience store with gas pumps at the immediate northeast corner of Sun Valley Parkway and Canyon Springs Boulevard as part of the larger Festival Marketplace Shopping Center which include a Fry's grocery store. A site plan of the project and renderings of the center are included as Exhibits 10 and 11.

EMPLOYMENT

There are no significant employers in the subject's immediate area.

COMMUNITY SERVICES

There are no community services in the immediate area. As demand warrants, public schools will be constructed to serve the expanding population base. Fire and police protection will be provided by the Town of Buckeye due to the fact the subject lies within the town limits of Buckeye. Temporary fire and police facilities will be developed in the first phase of Sun City Festival to serve the community.

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EXHIBIT NO. 9
Sun Valley Communities Map

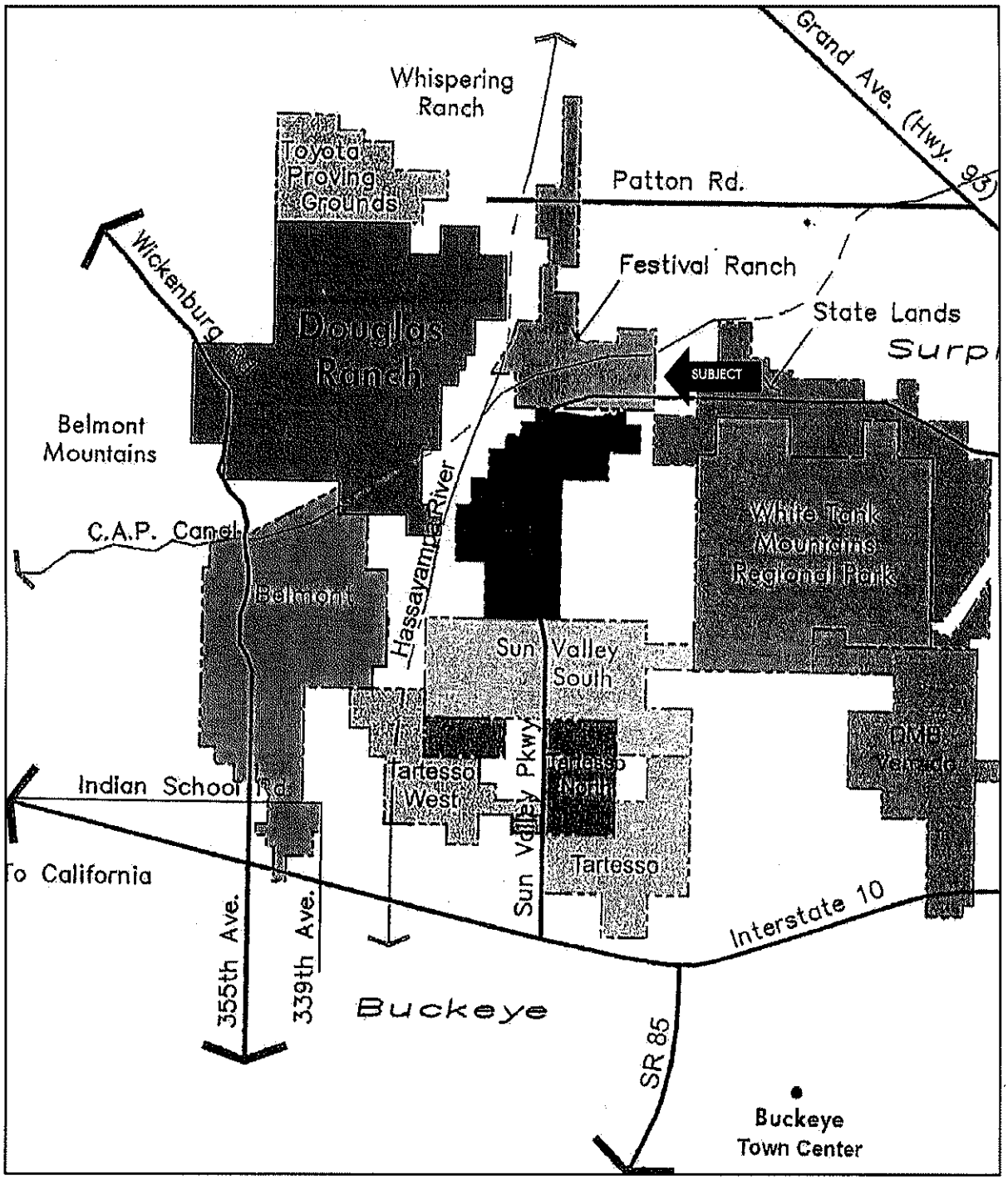

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EXHIBIT NO. 10

Festival Marketplace Site Plan

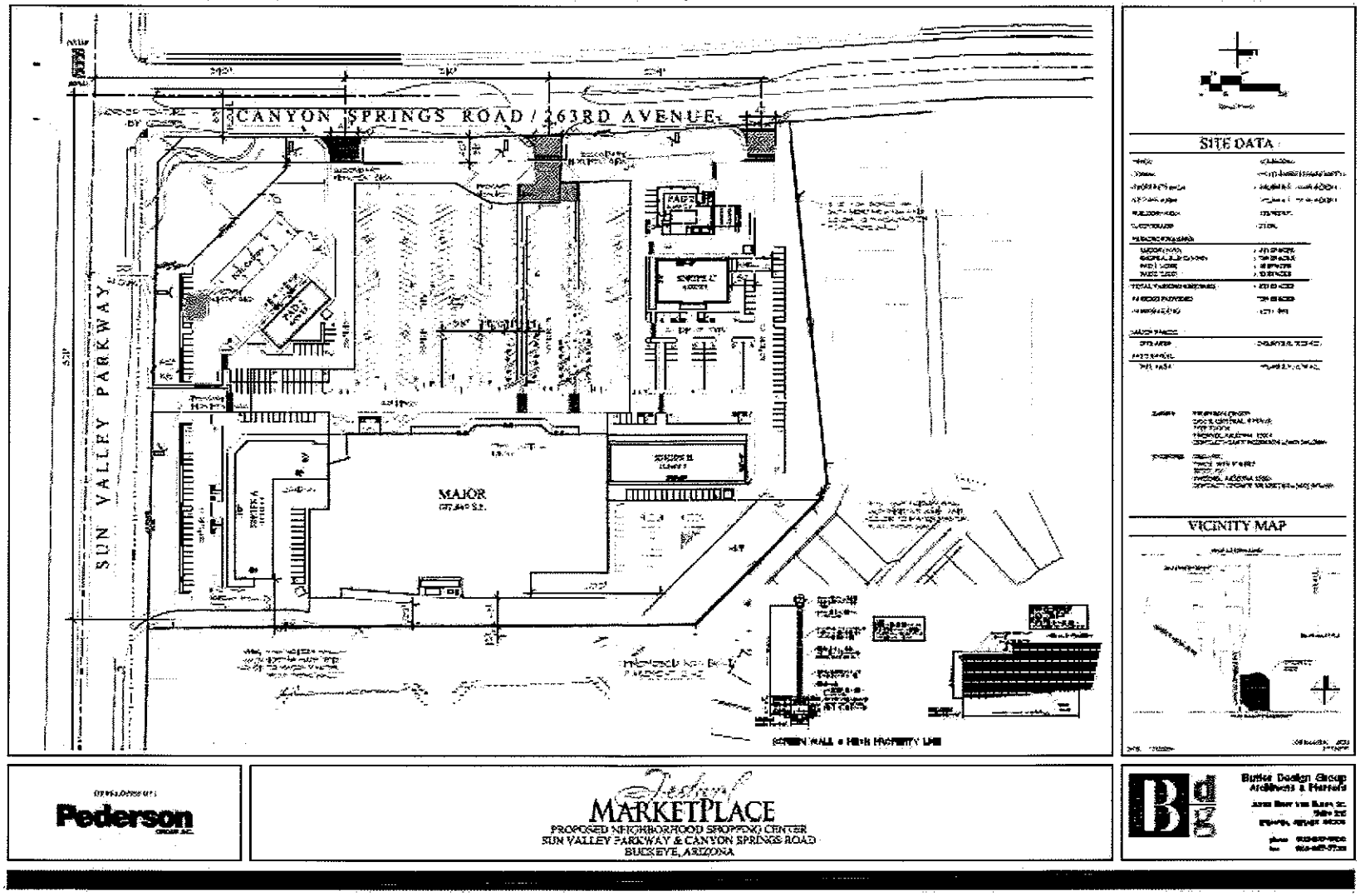

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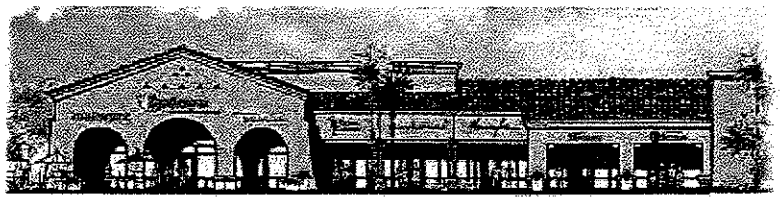
EXHIBIT NO. 11

Festival Marketplace Renderings

OVERALL ELEVATION

MAJOR A - ENLARGED ELEVATION



SHOPS B - ENLARGED ELEVATION

SHOPS A - ENLARGED ELEVATION

SOUTH SHOPS A - ENLARGED ELEVATION

Pederson GROUP INC.

Festival MARKETPLACE
PROPOSED NEIGHBORHOOD SHOPPING CENTER
SUN VALLEY PARKWAY & CANYON SPRINGS ROAD
BUCKEYE, ARIZONA

WEST ELEVATIONS

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While a number of physicians' offices and urgent care facilities are located in Surprise, the most significant medical development is Del E. Webb Memorial Hospital is at the northeast corner of Grand Avenue and Meeker Boulevard in Sun City West. This is a full service facility providing specialty services for the older population base of the Sun City communities as well as traditional hospital services for the increasing population of the surrounding Surprise area. Boswell Memorial Hospital is a second facility serving the area. It is within the original Sun City community near Grand Avenue and 99th Avenue. The focus of this facility is geriatric medicine.

Though no final agreements have been executed, negotiations with Sun Health for the development of medical facilities for the community have taken place.

INFRASTRUCTURE

Because much of the area is undeveloped desert acreage, the infrastructure is limited. Pulte Homes is responsible for the construction of the majority of the infrastructure. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed, the infrastructure of the town will increase. Sewer service for Festival Ranch is provided by a wastewater treatment plant constructed on the south side of the Sun Valley Parkway just west of the existing Sun City Festival development. This facility through expansions will serve all of Pulte's projects as well as the larger planned Festival Ranch community.

ACCESS

The most significant and only traffic artery is Sun Valley Parkway. Sun Valley Parkway is a four-lane divided road way which connects Interstate 10 in Buckeye with Surprise. The parkway follows the western and north slopes of the White Tank Mountain, which have historically represented the western boundary of Metropolitan Phoenix.

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The Sun Valley Parkway provides the subject property and surrounding area with convenient access to Surprise and its many services. As development pushes further toward the west from Surprise, additional arterials will be developed.

Within the project, the Canyon Springs Boulevard, which has been fully improved to Beardsley Road, is the most significant arterial. It provides access and entry to both the Sun City Festival and Festival Foothills communities. It is a four-lane arterial separated by a landscaped median.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

Only sparse development has taken place in the subject's immediate area; however that will change significantly with the development of the subject property and balance of the 3,100 acres within Pulte's Festival Ranch community. Given the topography of the area along the Sun Valley Parkway, the fact a number of properties have entitlements, the desire for large scale developments and access via the Sun Valley Parkway, development along the corridor should show an increase in the next five years.

Overall the outlook for the subject's immediate area is for the development of numerous large-scale master planned communities with the first being Festival Ranch.

DESCRIPTION OF THE SUBJECT PROPERTIES

As noted on Page 1, the subject of this report includes four planning area within the first phase of development of Sun City Festival, a 3,100-acre active adult community within the Town of Buckeye in northwestern Maricopa County, Arizona. The four planning areas comprise a net land area of 186.06 acres, which is the aggregate land area of the 642 single family residential lots including open space and streets. The four subject properties have been platted and engineered with approved final plats from the Town of Buckeye, though the plat for Parcel I-1/P-1 has not been recorded. On the date of final inspection, August 1, 2007, all finish grading was complete and installation of on-site infrastructure (sewer, water and dry utilities) was underway for Parcels K-1 and O-1. Grading work on Parcels I-1 and P-1 was in the process of being completed.

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Table 11 provides a brief summary of the four planning area within the first phase of Sun City Festival. The location of the subject's four planning areas is illustrated on Exhibit 12, a conceptual plan for the entire Sun City Festival community.

TABLE NO. 11

DESCRIPTION OF PLANNING AREAS

Parcel No.	Description	Size and Number of Lots
I-1	This parcel is on the north side of Beardsley Parkway on the west side of Canyon Springs Boulevard. This parcel also fronts along hole 17 of the Copper Canyon golf course and has 17 lots of golf lots. It is final platted for 48 lots of 46' width, 60 lots of 60' width, 38 lots of 70' width and 6 lots of 80' width.	36.34 net acres 152 lots
K-1	This parcel is just off the south side of Mountain Ridge Boulevard east of Desert Oasis Boulevard. It also has frontage along holes 3 and 4 of the Copper Canyon golf course. This parcel has 15 lots with golf course frontage. It is final platted for 126 lots with 59 lots of 46' width, 22 lots of 60' width, 38 lots of 70' width and 7 lots of 80' width.	28.36 net acres 126 lots
O-1	This parcel is situated south of Mountain Ridge Boulevard east of Desert Oasis Boulevard. It has 57 golf lots along holes 2 and 3. It is final platted for 171 lots with 64 lots of 60' width, 75 lots of 70' width and 32 lots of 80' width.	40.31 net acres 171 lots
P-1	This parcel is located just north of Beardsley Parkway west of Canyon Springs Boulevard. This parcel has 62 lots with golf course frontage along holes 15, 16 and 17. It is final platted for 193 lots with 29 lots of 46' width, 84 lots of 60' width, 46 lots of 70' width and 34 lots of 80' width.	81.1 net acres 193 lots

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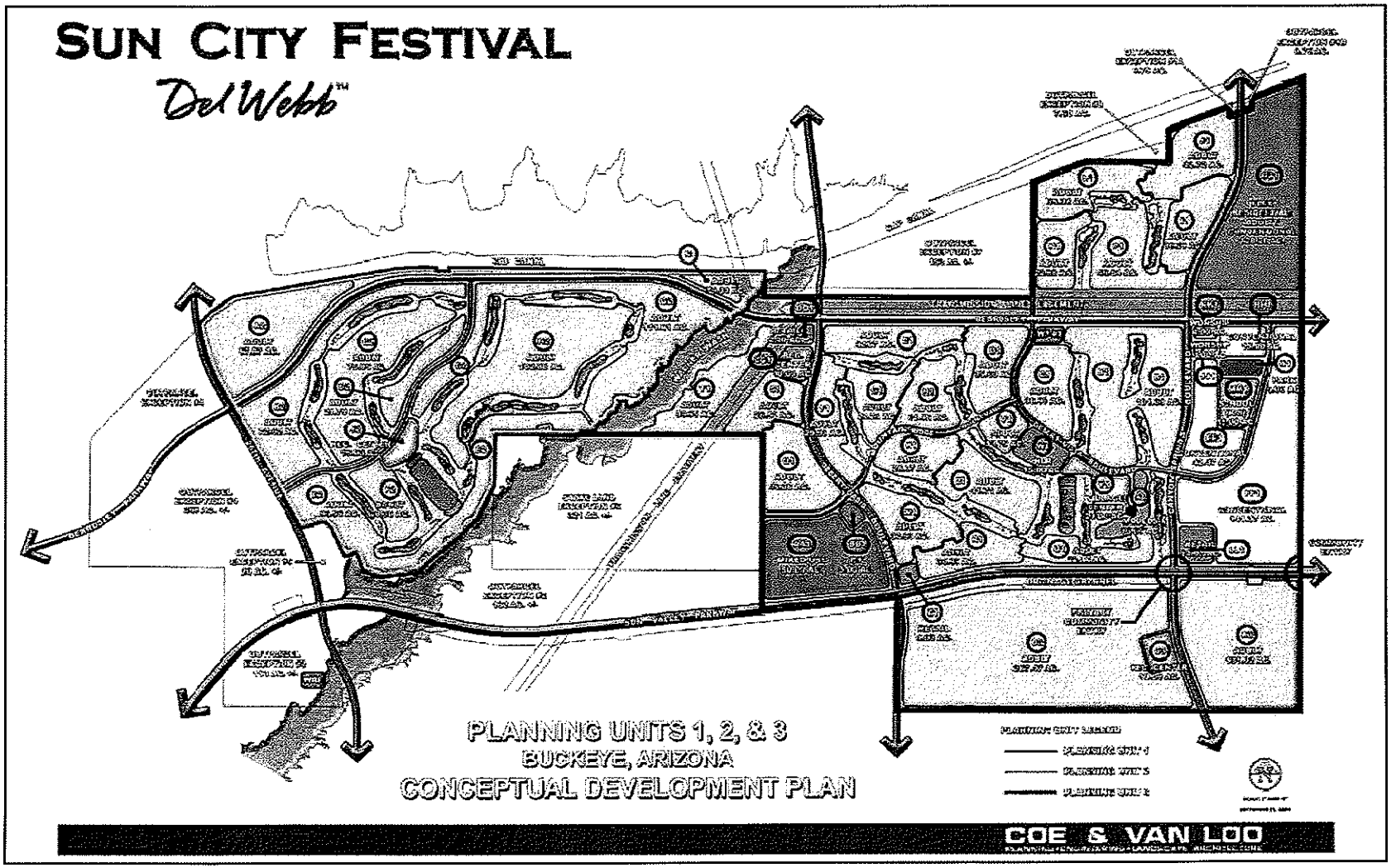
EXHIBIT NO. 12
Sun City Festival Conceptual Plan



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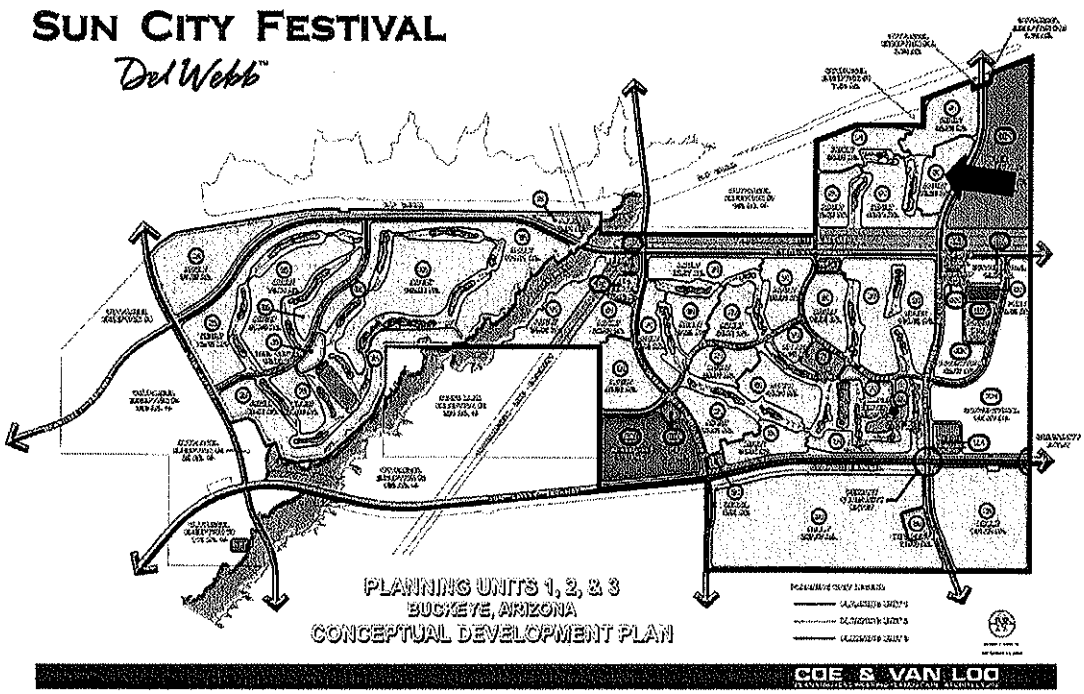

Subject Parcel:	I-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	36.34 net acres
Total Number of Lots:	152
Lot Size:	

Lot Width	No. of Lots	% of Total
46′	48	32
60′	60	39
70′	38	25
80′	6	4
Total	152	100%

Premium Lots:	17 golf frontage lots
Comments:	This parcel has been final platted (Unrecorded).

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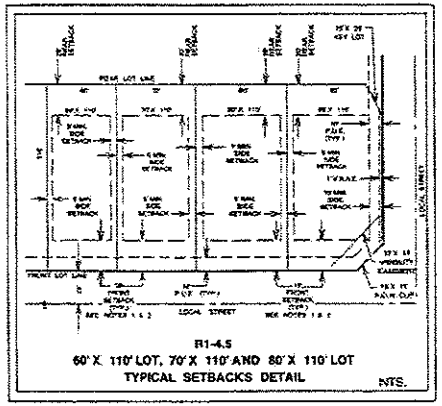

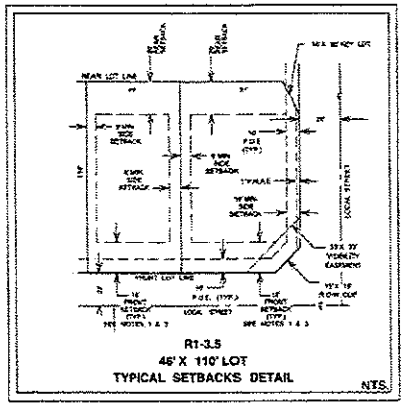

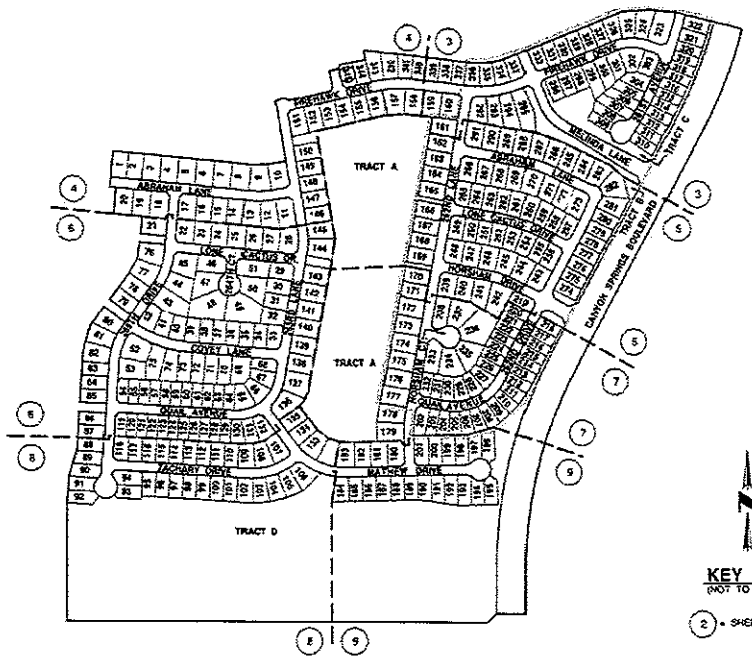

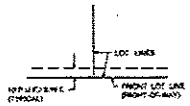

TYPICAL PUBLIC UTILITY EASEMENT DETAIL
NOT TO SCALE

SHEET 2 OF 10

SEE SHEET 1 FOR LEGEND

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

COE & VAN LOO
CONSULTANTS, INC.
4025 N. 40TH STREET
PHOENIX, AZ 85018
(602) 244-8871

SUN CITY FESTIVAL • PARCELS F1 & I1 • FINAL PLAT • CVL JOB# 640033-01

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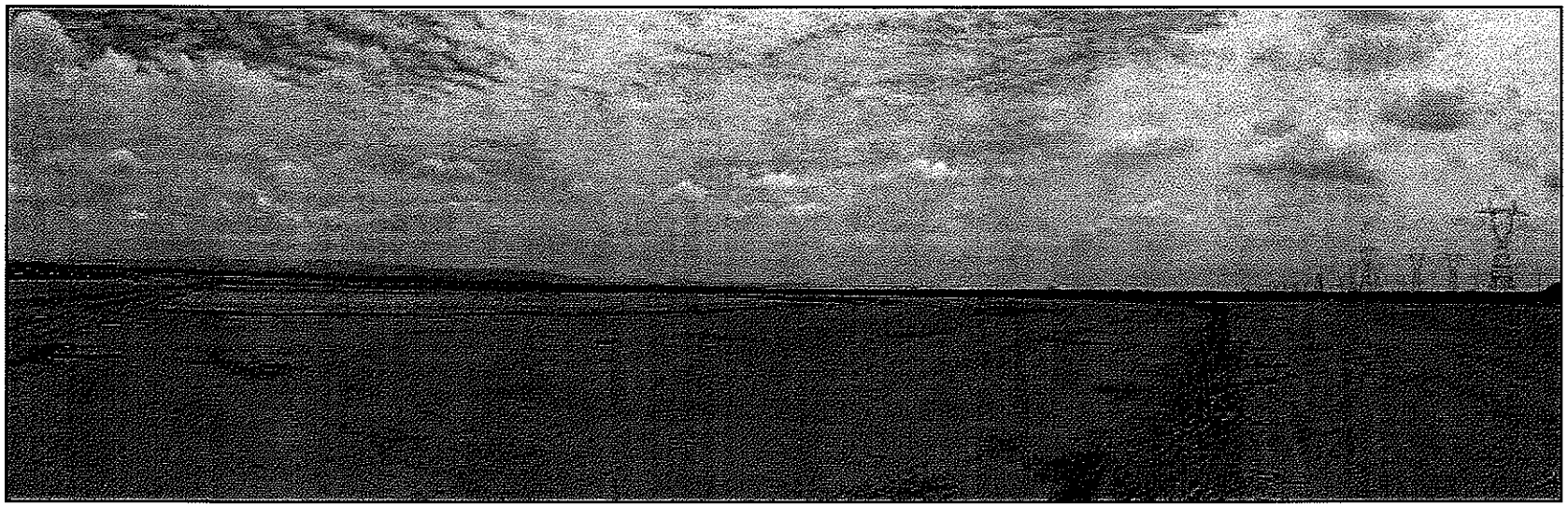

LOOKING NORTH-NORTHEASTERLY ACROSS PARCEL I-1

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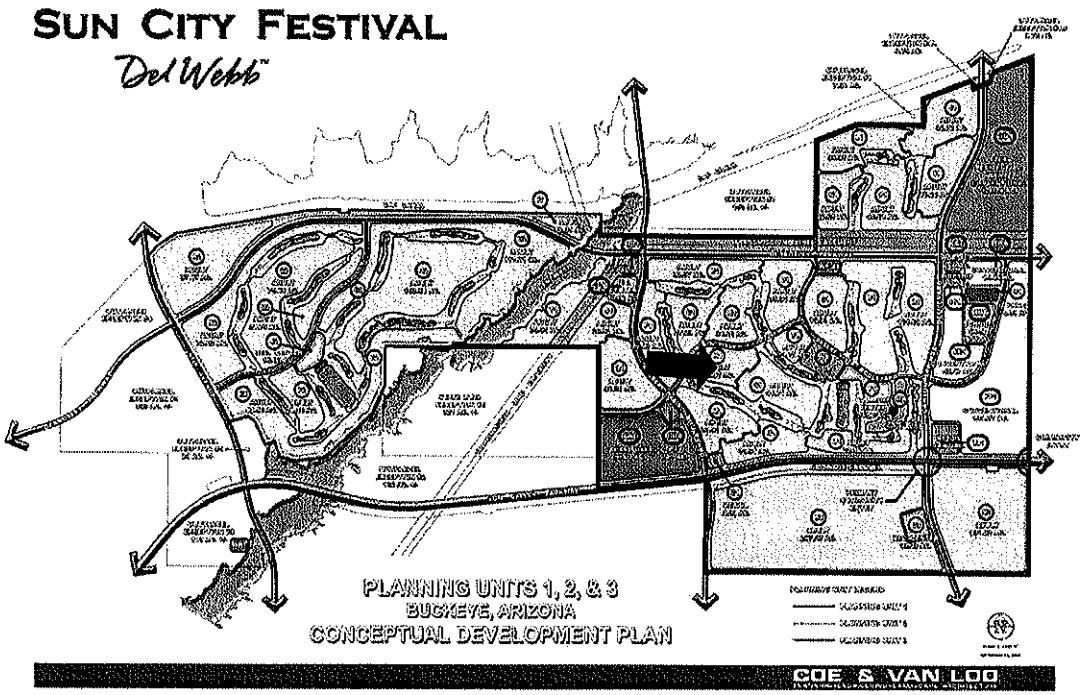

Subject Parcel:	K-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	28.36 net acres
Total Number of Lots:	126
Lot Size:	

Lot Width	No. of Lots	% of Total
46′	59	47
60′	22	17
70′	38	30
80′	7	6
Total	126	100%

Premium Lots:	15 golf frontage lots
Comments:	This parcel has been final platted.

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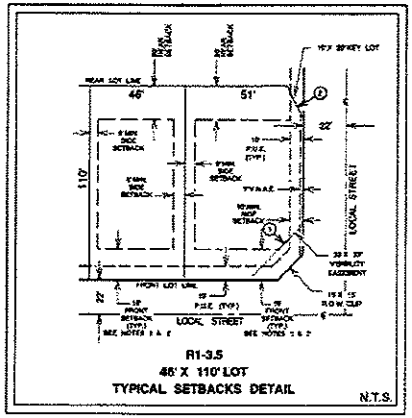


NOTES: 1) 16' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX BLDG. HEIGHT - 30'

2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK. 50% MAX LOT COVERAGE

3) ANY OBJECT, WALL STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO TREES ARE TO BE INSTALLED WITHIN 8' OF ANY FIRE HYDRANT. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E., P.U.E., R/W, OR WITHIN 4' OF THE BACK OF CURB. ANY VEGETATION INCLUDING TREES, SHRUBS, BUSHES OR GROUND COVER MAY BE REMOVED FOR ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1) ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE WHEN APPLICABLE.

2) AN EFFORT SHALL BE MADE TO PRESERVE ALL NATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SITE WHEN LANDSCAPING PLAN IS IMPLEMENTED.

3) ALL PRELIMINARY PLAT STIPULATIONS (APPLICATION #PD04-011) NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.

4) PRIOR TO FINAL PLAT RECORDATION, ALL IMPROVEMENT PLANS INCLUDING FINAL LANDSCAPING, IRRIGATION AND LIGHTING PLANS, ETC. SHALL BE REVIEWED AND APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.

5) PRIOR TO FINAL PLAT RECORDATION THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.

6) MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.

7) SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISION AS NECESSARY TO COMPLY WITH PLANNING APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.

8) ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.

9) ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) BIKEWAYS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY.

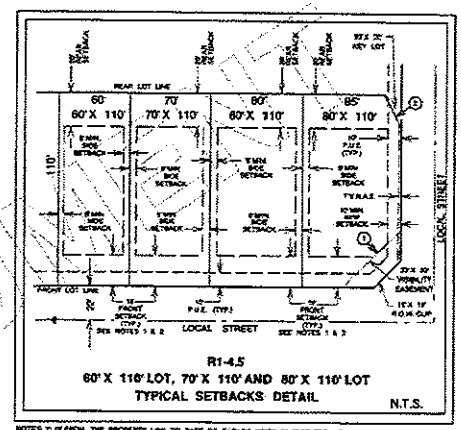
10) THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ONSITE IMPROVEMENTS.

11) ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE AND SHALL CORRESPOND WITH THE MARICOPA COUNTY GRID ALIGNMENT.

12) IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.

13) THE DEVELOPER OF THE PROPERTY IS REQUIRED TO COMPLETE, AT THEIR SOLE EXPENSE, ALL PUBLIC INFRASTRUCTURE NECESSARY TO SERVE THE PROPERTY, INCLUDING BUT NOT LIMITED TO WATER AND SEWER SERVICE. IN CONNECTION WITH PROVIDING THE NECESSARY INFRASTRUCTURE, THE DEVELOPER OF THE PROPERTY SHALL ENTER INTO A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT WITH THE TOWN AND PROVIDE FINANCIAL GUARANTEES AS REQUIRED BY THE TOWN CODE PRIOR TO RECORDING ANY FINAL PLAT FOR THE PROJECT.

14) THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THAT SITE IS DEVELOPED.



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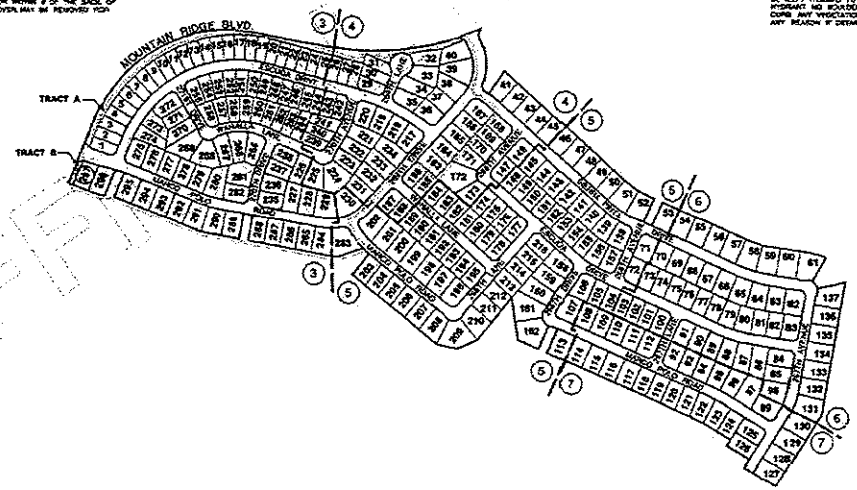

BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103
04/12/07 01:12 PM

KEY MAP
(NOT TO SCALE)
(2) - SHEET NUMBER

SEE SHEET 1 FOR LEGAL

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS K1 & O1 - FINAL PLAT - C.V.L. JOB# 660033-01

UNOFFICIAL DOCUMENT

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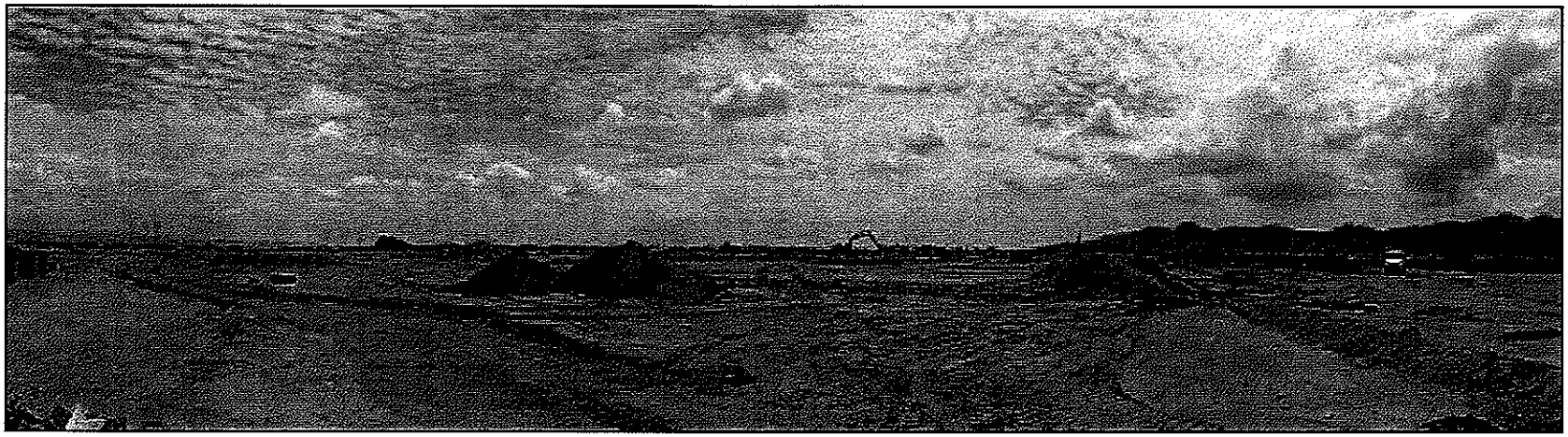

LOOKING EAST-SOUTHEAST ACROSS PARCEL K-1

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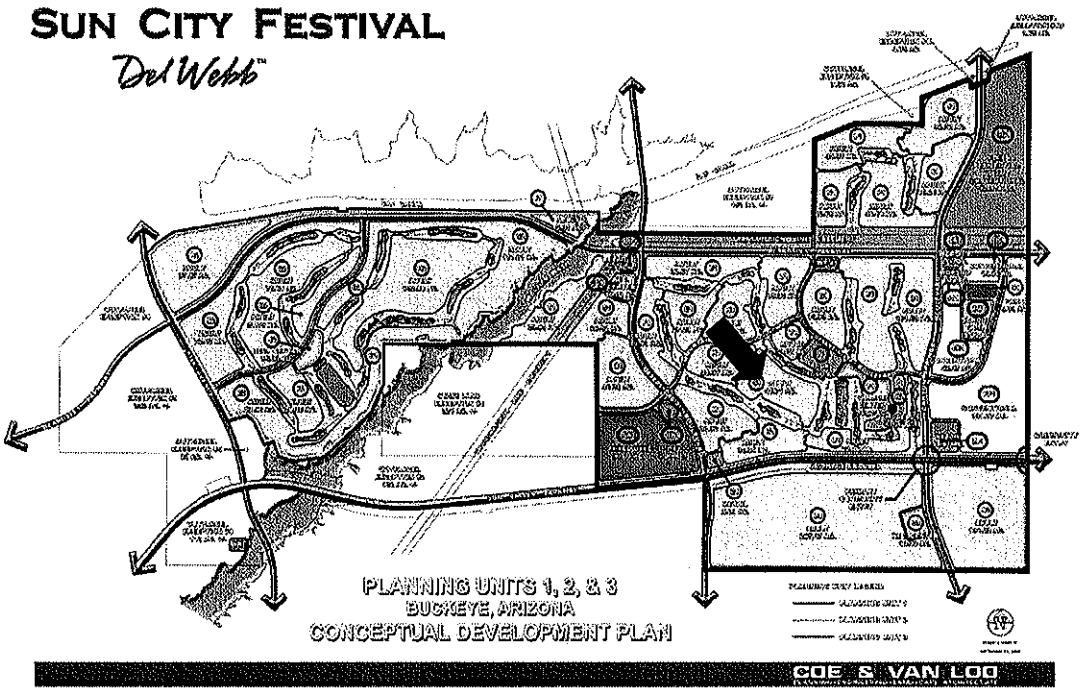

Subject Parcel:	O-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	40.31 net acres
Total Number of Lots:	171

Lot Size:

Lot Width	No. of Lots	% of Total
46′	0	0
60′	64	37
70′	75	44
80′	32	19
Total	171	100%

Premium Lots:	57 golf frontage lots
Comments:	This parcel has been final platted.

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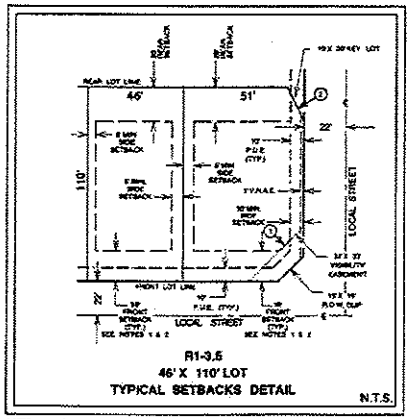


TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1) ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE WHEN APPLICABLE.

2) AN EFFORT SHALL BE MADE TO PRESERVE ALL MATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SITE WHEN LANDSCAPING PLAN IS IMPLEMENTED.

3) ALL PRELIMINARY PLAT STIPULATIONS (APPROVED NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.

4) PRIOR TO FINAL PLAT RECORDATION, ALL IMPROVEMENT PLANS INCLUDING FINAL LANDSCAPING, IRRIGATION AND LIGHTING PLANS, ETC. SHALL BE REVIEWED AND APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.

5) PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.

6) MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.

7) SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.

8) ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.

9) ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY.

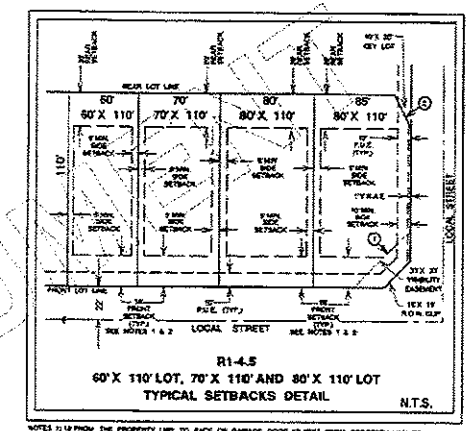
10) THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS.

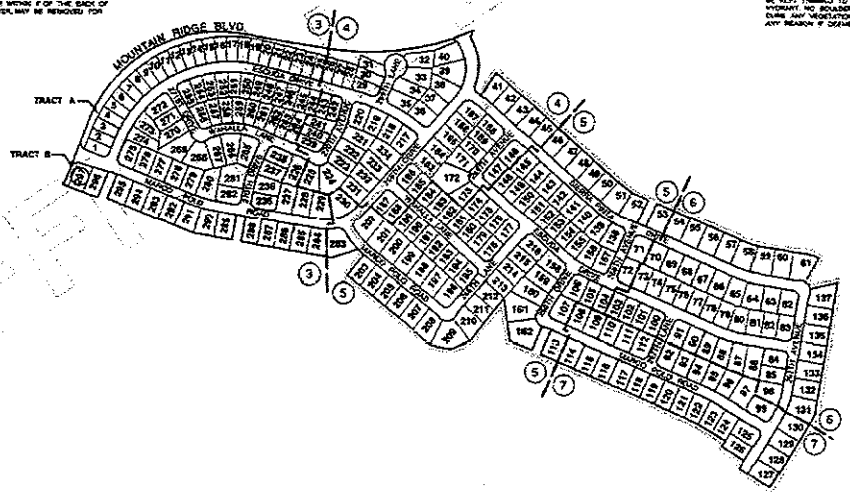
11) ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE AND SHALL CORRESPOND WITH THE MARICOPA COUNTY GRID ALIGNMENT.

12) IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ENTERGRATED SIGNAL COST OF $200,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.

13) THE DEVELOPER OF THE PROPERTY IS REQUIRED TO COMPLETE, AT THEIR SOLE EXPENSE, ALL PUBLIC INFRASTRUCTURE NECESSARY TO SERVE THE PROPERTY, INCLUDING BUT NOT LIMITED TO WATER AND SEWER SERVICE. IN CONNECTION WITH PROVIDING THE NECESSARY INFRASTRUCTURE, THE DEVELOPER OF THE PROPERTY SHALL ENTER INTO A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT WITH THE TOWN AND PROVIDE FINANCIAL GUARANTEES AS REQUIRED BY THE TOWN CODE PRIOR TO RECORDING ANY FINAL PLAT ON THE PROJECT.

14) THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL NOW THAT THE SITE IS DEVELOPED.





BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
RALEIGH HUDGINS
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11/13/07
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KEY MAP
(NOT TO SCALE)

SEE SHEET 1 FOR LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS K1 & O1 - FINAL PLAT - C.V.L. JOB# 5600-01

UNOFFICIAL DOCUMENT

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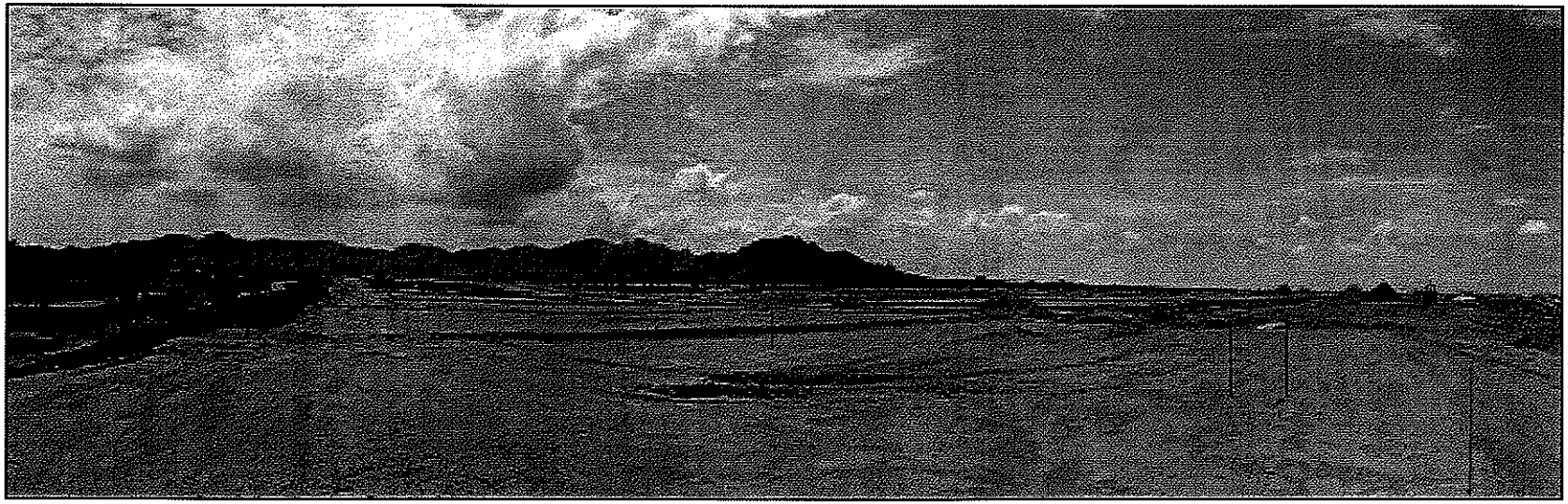

LOOKING SOUTH ACROSS PARCEL O-1

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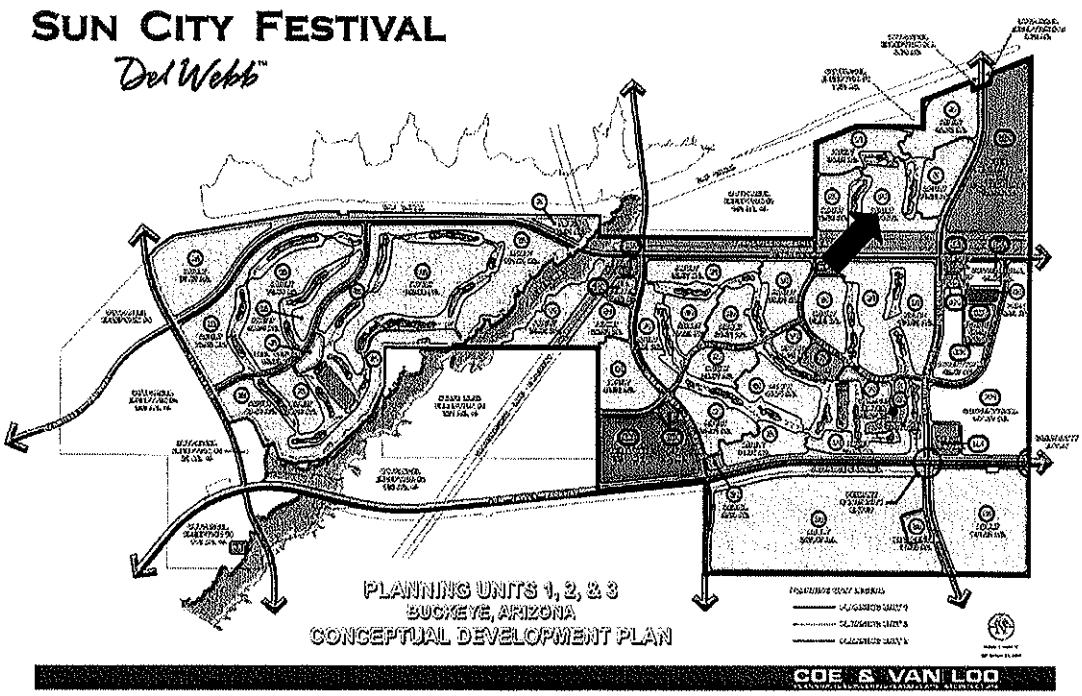

Subject Parcel:	P-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	81.07 net acres
Total Number of Lots:	193

Lot Size:

Lot Width	No. of Lots	% of Total
46′	29	15
60′	84	44
70′	46	24
80′	34	18
Total	193	100%

Premium Lots:	62 golf frontage lots
Comments:	This parcel has been final platted (Unrecorded).

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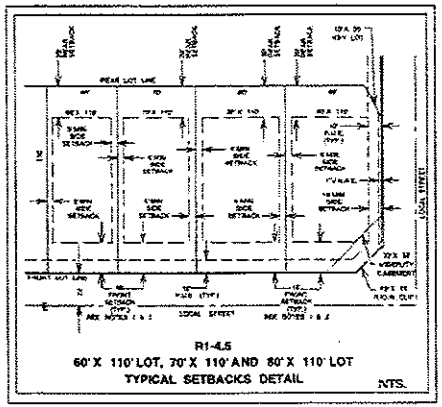

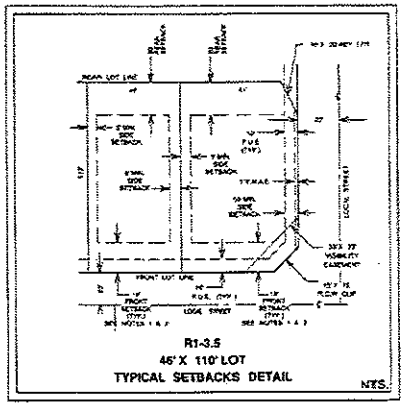

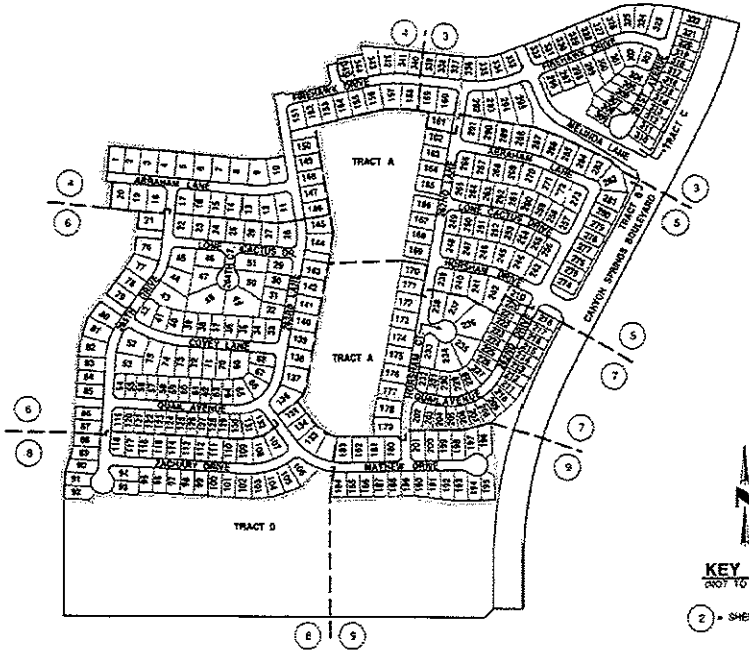

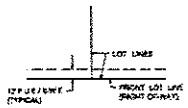

SHEET 2 OF 10

COE & VAN LOO

SEE SHEET 1 FOR LEGEND

SEE SHEET 1 FOR LOT AREA TABLE, LEGAL DESCRIPTION, SAND CURVE TABLE

SUN CITY FESTIVAL - PARCELS P1 & 11 - FINAL PLAT - CIVIL JOB# 080033-01

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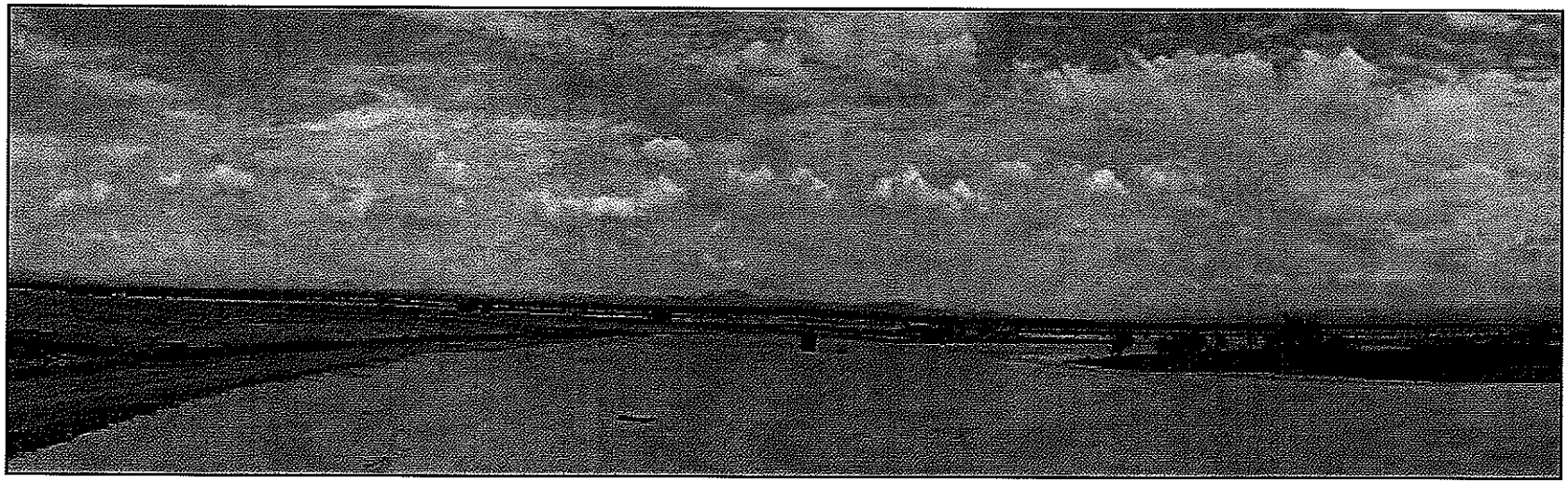

LOOKING NORTH-NORTHWESTERLY ACROSS PARCEL P-1

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GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

The subject is generally level with some moderate sloping toward the southwest. While there are cost advantages in developing level land when compared to the costs connected with developing a similarly sized parcel with varying topography, the level land project does not provide the opportunity to develop lot premiums typically associated with a project with varying topography.

Soil

A soil report was not provided in connection with this assignment; however, soil testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the four subject parcels discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	Southwest Gas
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. A 404 permit from the Army Corps of Engineers has been issued for the development of the subject site. A 404 Permit addresses various environmental impacts, the most notable being drainage issues.

Required retention within each of the subject's four planning areas will be handled through retention areas or open space (golf course) within each parcel. The location of these retention areas is shown on the individual subdivision plats.

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Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the four subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed; however, it was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the four subject parcels. It is specifically noted that high voltage power lines bisect the Sun City Festival community between Beardsley Road and Parcels I-1 and P-1.

Assessed Valuation and Real Estate Taxes

Because the subject property consists of four parcels which have yet to be fully improved, the current assessments are based upon their unimproved condition. However, as the Maricopa County Assessor's Office becomes aware of the change in land use status, each individual lot within the four residential parcels will be assessed as an improved residential lot. Real estate taxes for finished lots are estimated at $350.

Special Assessments

The purpose of this appraisal is to address the market value of the four subject parcels for the purpose of placing a special assessment on these properties to reimburse the developer for the cost of qualified public improvements. An assessment in the amount of approximately $2,000 per lot will be placed upon the subject's 642 lots. The assessment will cover a potion of the costs of in-tract street improvements. An annual assessment payment of $150 is estimated.

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RESIDENTIAL MARKET ANALYSIS

In order to better analyze the financial feasibility and marketability of residential uses within the subject development and an approximate absorption time table, a detailed discussion and analysis of the residential market conditions for Metropolitan Phoenix (largest residential market most proximate to the subject property) as well as the subject's more immediate market area is provided.

METROPOLITAN PHOENIX OVERVIEW

Permit Activity

The Metropolitan Phoenix housing market has just finished its 15th year of a strong recovery that started in 1991 after 6 years of steady declines in permit activity. Table 12 summarizes the residential permit activity for Metropolitan Phoenix between 1985 and first quarter 2007.

TABLE NO. 12

RESIDENTIAL BUILDING PERMITS
Phoenix Metropolitan Area

	Single Family		Townhouse		Multifamily		Total
Year	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.
1985	19,432	38.7	6,617	13.2	24,113	48.1	50,162
1986	20,052	47.9	5,516	13.2	16,327	39.0	41,895
1987	15,944	58.0	3,123	11.4	8,427	30.7	27,494
1988	13,843	67.1	1,317	6.4	5,457	26.7	20,617
1989	11,194	82.8	625	4.6	1,701	12.6	13,520
1990	10,633	81.9	449	3.5	1,891	14.6	12,973
1991	13,510	91.9	485	3.3	710	4.8	14,705
1992	18,328	91.1	566	2.8	1,234	6.1	20,128
1993	21,896	90.5	607	2.5	1,799	7.4	24,302
1994	26,626	78.7	1,212	3.6	6,015	5.6	33,853
1995	26,824	73.7	1,599	4.4	7,991	21.9	36,414
1996	28,157	73.8	1,456	3.8	8,533	22.4	38,146
1997	29,124	74.5	2,174	5.6	7,799	19.9	39,097
1998	33,811	78.2	1,525	3.5	7,877	18.2	43,213
1999	33,252	78.3	1,454	3.4	7,759	18.3	42,465
2000	32,494	76.0	2,218	5.2	8,009	18.8	42,737
2001	32,867	78.5	1,801	4.3	7,201	17.2	41,869
2002	34,312	82.9	1,467	3.5	5,607	13.6	41,386
2003	39,652	85.5	1,894	4.1	4,836	10.4	46,382
2004	48,136	86.4	2,597	4.7	4,997	8.9	55,730
2005	43,256	84.8	4,526	8.9	3,250	6.4	51,032
2006	27,976	73.4	6,187	16.3	3,922	10.3	38,085
2007-1Q	7,017	63.0	2,353	21.1	1,778	15.9	11,148

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

As shown in Table 12, total permit activity had been particularly strong during the late 1990s through the first half of the 2000s with 2004 the strongest in the past two decades. However,

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market weakness at the end of 2005 has continued through 2006 and first half of 2007 with residential permits off more than 25% from pervious years.

Mortgage Rates

A primary reason a recovery in the market is forecast is the fact 30-year mortgage interest rates have been below 9% since 1991, primarily ranging between 7% and 8% over the past 5 years with recent rates falling to as low as 6%. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%. The spread between a 30-year fixed mortgage rate (5.38%) and the federal discount rate (2.00%) now stands at 3.38%, which is slightly less than the 4.2% average of the last 10 years. Nevertheless, even if a small hike in rates occurs, it will not seriously dampen market activity. However, if rates climb above 9%, new home affordability will decline and a significant number of first-time buyers may no longer qualify. Although interest rates began climbing during the summer of 2004, rates declined in the first half of 2005 before climbing to 6.25% at the end of the year. Mortgage rates during 2006 have reached as high as 6.78% though the national average rate reported by Freddie Mac at the end of December 2006 was 6.18%.

New and Resale Housing Market

According to the Arizona Real Estate Center at the W.P. Carey School of Business at Arizona State University, a total of 43,356 new homes were authorized in 2005, which is just off the record pace of 48,136 homes during 2004. The median sales price of new single-family, detached homes in 2005 averaged $251,795, which is 29% higher than the 2004 median of $195,000. Between 2003 and 2004 the median new home price rose 12.5%. During 2005, there were a total of 42,550 new single-family, detached home sales compared to 38,285 sales in 2004 and 32,700 sales in 2003.

Figures just released for 2006 indicate single family residential building permits of 27,976, which represents a 35% decrease from the 43,256 permit issued during the previous year and the lowest level of permits since 1997. Though townhome and multifamily permits increased during 2006, there increase could not offset the dramatic reduction in single family permits. During 2006 the median home price rose to $306,355 from $251,795, which further eroded housing affordability. Though the 2006 median new home price was 306,355 this figure was below the

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$313,774 median price record during the second quarter of 2006. Median prices declined from the second quarter record.

The Arizona Real Estate Center also reports 67,030 sales of existing homes throughout Metropolitan Phoenix during 2006. By comparison, 110,835 sales of existing homes took place during 2005and 102,115 resales in 2004. The reduction in the sales rate resulted from a stalemate in the marketplace between buyers and sellers. Buyers in the market during 2006 were looking for bargains while sellers were hoping to hold onto appreciation recorded during 2005.

During 2006, the market backed down from the record levels of 2004 and 2005. Homebuilders slowed construction to unload existing inventory before committing to new deliveries. As existing inventories continue to decrease the level of new construction activity should slowly return, though the pace will be lower than the record levels of 2004 and 2005.

Housing Affordability

Historically, there appears to be fairly significant degree of correlation between the affordability of single-family housing and interest rates. Table 13 provides a comparison of these two items for new and resale homes. The affordability index is defined in terms of the median-income household; an index of 100 indicates that a median-income household is able to qualify for a median-priced home.

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TABLE NO. 13

SINGLE-FAMILY AFFORDABILITY ANALYSIS
Metropolitan Phoenix

		Resale Homes		New Homes	
Year	Effective Interest Rate	Median Sales Price	Affordability Index	Median Sales Price	Affordability Index
1988	10.8%	$77,197	95	$103,950	72
1989	11.0%	$77,932	98	$105,850	72
1990	10.5%	$79,237	105	$109,300	76
1991	9.4%	$80,383	117	$107,500	87
1992	8.6%	$83,060	125	$108,800	95
1993	7.4%	$83,715	144	$112,500	108
1994	8.5%	$87,230	129	$124,475	90
1995	8.1%	$91,070	133	$127,600	94
1996	7.9%	$96,890	132	$130,800	98
1997	7.5%	$105,245	130	$136,220	101
1998	6.9%	$113,427	132	$139,073	107
1999	7.3%	$120,440	120	$146,645	99
2000	7.9%	$128,512	109	$150,790	92
2001	6.9%	$136,005	115	$156,450	100
2002	6.4%	$144,900	124	$159,990	113
2003	5.7%	$155,000	126	$173,235	113
2004	5.7%	$174,815	114	$195,000	102
2005	5.7%	$240,500	84	$251,795	80
2006	6.3%	$260,600	74	$306,355	63
2007-1Q	6.0%	$262,570	76	$296,425	67

Source: Arizona Real Estate Center, College of Business, Arizona State University

Single-family market share has tended to increase as the affordability of new single-family homes is improved. In particular, according to Arizona State University, during the high inflationary (and high interest rate) period from 1983 through 1986, the affordability index averaged roughly 64 and single-family building permit market share averaged (weighted) 58%. During the next 5 years (1987-1991), as interest rates declined, the affordability index increased to an average of about 76 and the single-family market share of permitting increased to a weighted average of roughly 76%. More recently (2001-2004), the affordability index increased above 100 to a high of 113, and as expected, single-family market share increased further. In 2004 and most notably 2005, the affordability index has fallen. Median prices for both resale and new homes jumped dramatically in 2005. The median price of a resale home increased 37.5% during 2005, while the median price of a new home increased 29.1%. Even with interest rates below 6.50%, housing affordability in the Metropolitan Phoenix market has diminished. In terms of pricing, it appears the market peaked in the second quarter of 2006 as median home price fell from $313,774 to $310,000 in the third quarter and $305,000 in the fourth quarter. The decline has continued into the first quarter 2007 as the median new home price fell below $300,000.

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COMPETITIVE MARKET AREA

The subject property is part of an age-restricted, active adult community known as Sun City Festival. It is the latest extension of the Sun City communities which have been developed in northwestern Maricopa County since the 1960s. Del Webb, the pioneer of adult communities, developed Sun City in the 1960's. Its success was followed by Sun City West, which is directly west of Sun City. More recently Sun City Grand was developed in the City of Surprise (which is just west of Sun City West. This community has recently sold-out and the subject's Sun City Festival community is being created for the latest extension of the Sun City brand.

Active adult communities are large master-planned communities, usually including 500 or more dwellings, which cater to the senior population. At least one person in each household must be over a minimum age (typically 55 to 62 years). Active adult communities differ from other master-planned residential communities primarily because of their attention to centralized amenities that cater to a more leisure-oriented buyer. Typical recreational amenities include golf courses, tennis courts, swimming pools, and hiking paths. Large recreation centers offer racquetball courts, exercise equipment, billiard and card rooms, theaters, libraries, and multi-purpose rooms for crafts and hobbies. Another distinctive characteristic of an active adult community is the high percentage of primary home buyers. In contrast, a typical resort-oriented development (not age-restricted) that has a much higher percentage of second home purchasers.

The typical home buyers within an active adult community are long time home owners who have amassed substantial equity in their urban homes. Selling their homes and converting this equity to cash and then purchasing a new home for much less can be very appealing. As a result, upwards of 75% of the homes sold in active adult communities are all cash transactions.

The success of active adult communities is directly dependent upon the aging of the general population. A steadily increasing portion of the United States population is living past age 65. Numbering 36.2 million (2005 estimate), this segment represents approximately 12.4% of the total population or about one in every eight Americans. Advances made in medical science in the areas of heart disease, strokes, and cancer, better medical care, improved diet, and increasing interest in physical fitness are allowing a larger percentage of the population to live into their 80's, 90's and beyond. Thus, the functional age of retirees is declining in comparison to chronological age. Since 1900, the average life expectancy at birth has lengthened more than 60%, from 48 years to almost 77 years today. Those over age 85 now constitute the fastest

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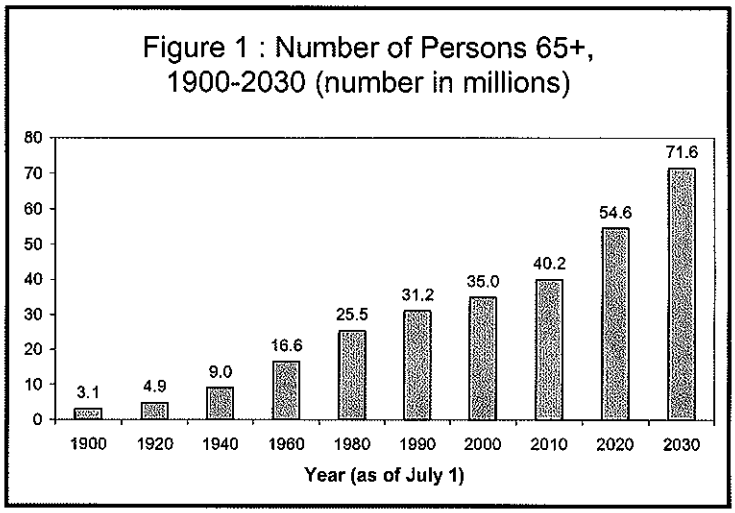
growing age segment in the United States, with women outliving men by steadily widening margins.

The senior population will continue to grow significantly in the future. This growth slowed somewhat during the 1990's because of the relatively small number of babies born during the Great Depression of the 1930's. But the senior population will burgeon between the years 2011 and 2030 when the "baby boom" generation reaches age 65. In fact, by 2030 there will be over 70 million seniors, more than twice their number in 2000, increasing the elderly segment of the population from its current 12.4% to 20%. Beginning in 2011, the population 65 and over will grow faster than the total population in every single state. The chart below summarizes this projected growth.



Within the state of Arizona, the July 1, 2006 population estimate (U.S. Census) for seniors age 65+ was 765,061 persons, which represented about 13.0% of the state's total population. Projections through the year 2025 are presented in Table 14.

TABLE NO. 14

POPULATION PROJECTIONS – AGE 65+
Arizona vs. United States*

	July 1, 2000	July 1, 2005	July 1, 2010	July 1, 2015	July 1, 2020	July 1, 2025
Arizona	668	765	922	1,181	1,521	1,940
United States	34,992	36,696	40,244	46,791	54,632	63,524
Arizona % of U.S.	1.9%	2.08%	2.29%	2.52%	2.78%	3.05%

* Numbers in thousands.

Source: U.S. Census Bureau

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Unlike many areas of the country, the majority of Arizona's population growth is attributed to net migration into the state, rather than net natural increase. A combination of elements including a warm climate, growing economy, and abundant recreation and retirement opportunities will continue to draw newcomers to the state. A primary element in population projections is the expectation of a continuing inflow of retirees to Arizona from various parts of the country. Currently, Arizona is among the top 10 states in terms of senior population growth and the influx of retirees is expected to continue well into the future.

Metropolitan Phoenix Retirement Housing

The subject's Sun City Festival community is located in far northwestern Metropolitan Phoenix approximately 12 miles west of Sun City Grand. While retirement developments are spread throughout Metropolitan Phoenix and new communities are being developed south of the Metropolitan Phoenix area in Pinal County, northwestern Metropolitan Phoenix was the birthplace of age-restricted development with the original Sun City development in the 1960s. Since the original development, two additional Sun City communities have been developed just to west of Sun City. Some small age-restricted communities including Arizona Tradition by D.R. Horton and Corta Bella by Pulte Homes have been developed in this area. Table 15 included on the following page summarizes the larger active adult projects in Maricopa County (Metropolitan Phoenix).

Three new communities, Sun City Festival, Sun City Anthem at Merrill Ranch and Sun Lakes, have increased the total inventory of active adult lots by more than 19,000; however not all of these lots have been developed. These three communities will be built-out over the next ten to fifteen years.

The active adult marketplace in Metropolitan Phoenix is very active although its inventory has been diminishing. As a result, new communities such as the subject's Sun City Festival are being developed further from the center of Metropolitan Phoenix in previously undeveloped areas. For instance, the majority of new competition will come from projects being developed in Pinal County (south of Phoenix and north of Tucson).

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TABLE NO. 15

LARGE ACTIVE METROPOLITAN PHOENIX AGE-RESTRICTED COMMUNITIES

Project	Developer	Location	Date Open	Planned Units	Sold Units	Unsold Units	Average Price	Average Sq.Ft.	Avg. Price Sq.Ft.	Min. Lot Size
Sunland Sprngs Village	Farnsworth	Southeast	12/97	3,027	1,303	1,724	$ 253,704	1,575	$ 161.08	3,862
Sun City Anthem - Merrill Ranch	Pulte Homes	Southeast	04/06	4,217	254	3,963	$ 270,218	1,921	$ 140.67	7,360
Trilogy @ Power Ranch	Shea Homes	Southeast	01/03	2,056	1,908	148	$ 339,000	1,886	$ 179.75	5,967
Solera @ Johnson Ranch	Del Webb	Southeast	07/06	726	569	157	$ 231,089	1,625	$ 142.21	5,060
Province - Maricopa	Engle Homes	Southeast	10/03	2,220	857	1,363	$ 259,105	1,922	$ 134.81	6,388
Mission Royale	Meritage Homes	Southeast	01/03	1,292	637	655	$ 220,267	1,594	$ 138.19	5,350
Pebblecreek	Robson	Southwest	01/00	6,232	3,787	2,445	$ 413,183	2,222	$ 185.95	6,665
Sundance	Meritage	Southwest	01/02	1,102	646	456	$ 222,773	1,702	$ 130.89	5,500
Arizona Traditions	D.R. Horton	Northwest	02/96	1,772	1,652	120	$ 227,563	1,672	$ 136.10	4,713
Corte Bella	Pulte Homes	Northwest	03/03	1,649	1,648	1	$ 369,051	2,406	$ 153.39	8,625
Trilogy @ Vistancia	Shea Homes	Northwest	02/04	2,400	1,352	1,048	$ 360,245	2,141	$ 168.26	6,900
Sun City Festival	Pulte Homes	Northwest	04/06	7,210	235	6,975	$ 311,932	$ 2,128	$ 146.58	5,060
Totals/Average				26,693	14,613	12,080	$ 289,844	1,900	$ 151.49	6,000

Source: Meyer's Group / Hanley Wood 07/07

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Table 16 summarizes a number of the new communities being planned throughout the Metropolitan Phoenix and Pinal County areas.

TABLE NO. 16

FUTURE METROPOLITAN PHOENIX AGE-RESTRICTED COMMUNITIES

Project	Developer	Location	Acres	Planned Units
Province at Estrella Mountain Ranch	Engle Homes	Southwest	500	1,500
Encanterra (Pinal Co. - Queen Creek)	Shea Homes	Southeast	740	2,500
Trilogy @ Avalea (Pinal Co. - Maricopc	Shea Homes	Southeast	1,965	6,000
Totals			3,205	10,000

As indicated in the table above, much of the new development is taking place south of Maricopa County in Pinal County, which is approximately 17 miles south of the southern boundary of Metropolitan Phoenix. Besides Sun City Festival, the only new project under construction in Metropolitan Phoenix is Province at Estrella by Engle Homes in Goodyear. With large amounts of available land along the Sun Valley Parkway, it would not be surprising to see announcements of one or more communities along the corridor within the next five to ten years. For example, Douglas Ranch is a 33,000-acre planned community adjacent west of Sun City Festival. At 33,000 acre, a portion of the property could support a large active adult development.

Sun City Festival Proposed Housing Product

Pulte Homes is offering four product series within Sun City Festival: Cottages, Classics, Premieres and Estates. Table 17 summarizes the proposed series mix for the entire 7,210 units planned for Sun City Festival.

TABLE NO. 17

SUN CITY FESTIVAL SERIES MIX

Lot Width	No. Of Lots	% Of Total
Cottages	1,166	14%
Classics	2,491	33%
Premieres	2,680	40%
Estates	873	12%
Total	7,210	100%

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With the exception of Parcel O-1, all product series are offered within each of the four subject properties (the Cottages series are not offered in Parcel O-1). The housing product at Sun City Festival is the new generation of product previously offered at Sun City Grand. Table 18 summarizes the four product types being offered at Sun City Festival.

TABLE NO. 18

SUN CITY FESTIVAL BASE HOME PRICING

Series	Sq,Ft. Range	Base Home Price Range
Cottages	1,373-1,494	$208,900-$224,900
Classics	1,612-1,816	$246,900-$261,900
Premieres	1,960-2,323	$296,900-$327,900
Estates	2,528-2,849	$365,900-$385,900

Projecting an absorption of product for the subject community is dependent upon several key issues: supply/demand elements; quality of the community; base home pricing (perceived value); and location. Regarding the supply/demand element, it is a general consensus that the existing inventory in Metropolitan Phoenix is considered to be in a demand/supply balance, bordering on a somewhat oversupplied condition by market standards. When referencing retirement communities, their absorption rates tend to be relatively high and typically less affected by economic conditions (which can significantly affect general housing market conditions). Without periodic new additions to supply, demand would soon outpace supply as the retirement segment of the population will continue to grow at a significant rate. It is presumed demand will escalate significantly during the next decade as the population ages.

The quality of the Sun City Festival community is considered above average for the targeted market. The amenity package of sports clubs and facilities, hiking, biking, golf and clubhouse/community centers are consistent with trends in the age-restricted community segment of the market. The size of the proposed project, overall planning/layout, location at the base of the White Tank Mountains (which provide recreational opportunities as well as mountain views) and architectural design of the homes is considered good and appropriate. A fairly wide range of consumers should find the subject community desirable.

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One of the most influential factors affecting absorption in an active adult community is base home pricing. Price sensitivity can occur in certain segments of the retiree market for a variety of reasons ranging from living on a fixed income to deciding to travel more and spend less money on a house. The broad range of product pricing should provide potential buyers with a wide enough spectrum to meet the varying price points of potential purchasers. According to market statistics provided by Hanley Wood, the first sales of Sun City Grand took place in October 1996 with the last sale during the first quarter 2006. A total of 9,551 homes were sold during this 9 year period. During its lifecycle, Sun City Grand sold just over 1,000 homes per year (250 homes per quarter).

Sun City Festival opened its model home center in the July 2006 and began offering homes for sale in its first three subdivisions. Subsequently, four additional planning areas have been opened for sales. Since the July 2006 opening more 576 new homes have been sold, this indicates an absorption rate of 48 homes per month. Of these 576 sales, 434 homes have closed escrow. Within the first seven planning areas there are a total of 1,200 lots of which 576 have been sold which leaves a balance of approximately 600 lots, or a year's supply based upon the current absorption level.

Absorption levels of other active-adult communities in the Maricopa County market have ranged from about 300 to 1,000 sales per year (based upon average absorption rates per series and assuming 2 to 4 product series per community), with the most successful typically absorbing at 500 to 800 sales per year (or above). In our opinion an absorption level for the subject property should stabilize within a range of 500 to 700 sales per year and could reach higher rates as the population base of "baby boomers" expands into the retirement segment of the market and the Sun City Festival community matures.

Future Potential Supply

Regarding future potential supply of retirement communities believed directly competitive to the subject community, to the best of our knowledge, there are no new master-planned retirement communities planned in northwestern Maricopa County (Metropolitan Phoenix). Based upon Hanley Wood market data, there are fewer than 1,100 units in active projects in the northwest quadrant of Metropolitan Phoenix.

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With a diminishing supply of available units and an increasing supply of potential consumers, the subject property should gain a significant share of the consumers looking for the active adult lifestyle in the Sun City area.

CONCLUDING REMARKS - RESIDENTIAL MARKET ANALYSIS

After almost two years of record growth in the residential sector, the Metropolitan Phoenix market is beginning to experience a slowdown. Continued population and employment growth in the area, coupled with relatively attractive mortgage interest rates and low housing prices fueled the record or near-record new home and resale home sales every year since 1998. While contraction in the market is anticipated through the remainder of 2007, the market should rebound as long as the population continues to grow, mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

Real estate markets typically appear to react slowly because many decisions (i.e., buy, sell, lease, expand, etc.) can be postponed for various periods of time. Specifically addressing the residential housing market, analysts suggest the primary reason the residential marketplace has not faltered significantly this year is low mortgage interest rates. Historically, over the past 30 years, the average Mortgage Qualification Ratio has been a multiple of three times income. Today, borrowers can qualify for a mortgage equal to almost four times their income.

In general, it is our opinion that the marketplace will continue to require new housing developments, especially well-planned communities, to keep pace with demand. This will remain true as long as mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

With regard to retirement communities, Arizona continues to draw potential residents from not only local, but regional and national marketplaces. There are several large and well known communities in the metropolitan Phoenix and Tucson areas which have been very successful in marketing and selling homes. Without exception, these communities offer a primary amenity such as golf and other community assets such as main gathering/social facilities (i.e. auditoriums, libraries, health spas, etc.). These communities demonstrate increasing levels of demand in response to the increasing size of the population segment served by them.

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The typical homebuyers within an active adult community are long time homeowners who have amassed substantial equity in their urban homes. Selling their homes and converting this equity to cash and then purchasing a new home for much less can be very appealing. As a result, upwards of 75% of the homes sold in active adult communities are all cash transactions. What this suggests is that mortgage interest rates do not significantly impact the absorption in active adult communities.

The existing inventory within active adult communities in the area suggests a balanced condition overall. With limited direct competition, the subject property should gain a significant share of the consumers looking for the active adult lifestyle in northwestern quadrant of Metropolitan Phoenix (the Sun City area).

HIGHEST AND BEST USE

The four subject parcels comprise a portion of the first phase of Sun City Festival a 3,100-acre master planned community. At built-out, this community will have approximately 7,210 dwelling units which will be constructed around two golf courses and numerous other community amenities. Sun City Festival is the latest extension of the Sun City product line which began in the 1960s with the original Sun City community developed by Del Webb. Since the original development, two more communities have successfully followed along the Sun City product line. Sun City West was the next to be developed and the most recent development was Sun City Grand which has sold-out.

The four subject properties have all been final platted and engineered for residential development with a mix of lots sizes with widths from 46 to 80 feet. These lots will accommodate four home product series being offered by Pulte Homes. Final plats for each parcel have been approved by the Town of Buckeye although the plat for Parcel I-1/P-1 has not been recorded.

In addressing the highest and best use of the subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;

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- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

Because all four parcels are designated for single family residential development, the following analysis addresses their residential development potential.

LEGALLY PERMISSIBLE

The single-family use described above for the four subject parcels reflects the zoning currently in place, which is consistent with the Buckeye General Development Plan. The residential development of the subject parcels represents a legally conforming use under current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within a larger property containing 3,100 acres. The size of each, while probably reflecting some physical constraints tied to roadways and easements, are more accurately the results of a general layout design to maximize the physical layout and net efficiency of each parcel. The number of lots, their width and depth, has been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Final plats have been prepared and approved for all four subject parcels. It is concluded the residential use designated for the subject parcels is physically possible.

FINANCIALLY FEASIBLE

Pulte Homes is developing an age-restricted community of 7,210 units on 3,100 acres. Sun City Festival is the latest expansion or extension of the Sun City communities which first opened in the 1960s. Since the original Sun City development, two expansions have also been developed. Sun City West was developed adjacent west of Sun City and more recently Sun City Grand was developed just west of Sun City West. The Sun City Festival community looks to piggy-back on the success of these three communities. New inventory is needed as Sun City Grand project is now sold out.

Being only a few miles west of the Sun City communities, the new Sun City Festival should effectively compete within the active adult segment of the residential market. As discussed

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previously in the Residential Market Analysis section, the inventory of age-restrict lots is rapidly diminishing at a time when demand for new units is forecast to grow as the population of persons 55 or above significantly increases.

MAXIMALLY PRODUCTIVE

The subject properties are located within a larger proposed residential community in which significant planning and development has already taken place. In order to development a project of the magnitude of a Sun City community, considerable planning and expense is incurred prior to on-site construction. For instance, the property must be secured, entitled, permits and development agreements must be attained to secure the necessary infrastructure. In the case of the subject property this has occurred. In fact, final plats have been completed for each of the four subject parcels. Due to this fact, there is very little flexibility in terms of the development options now that the legal, physical and financial criteria have been met. It is our opinion that development of the subject properties with their proposed uses is their maximally productive use.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the four subject parcels is for the single-family development proposed which represents a portion of the initial development phase of Sun City Festival, an age-restricted community.

THE VALUATION DISCUSSION

As noted on page 1, the purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject parcels as of the date of valuation, i.e., "as is" value. In the case of the four subject properties, all four parcels have approved final plats for residential development. The four parcels have also been finish graded; however, installation of on-site infrastructure has only recently commenced on Parcel K-1 and O-1.

Given the nature of the subject properties, i.e., four final platted and engineered subdivisions within an age-restricted community, the traditional valuation approaches (Cost, Income and Sales Comparison) are not well suited for analysis of the subjects' wholesale value. Therefore, the modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of

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the subject property. The hypothetical "as if complete" market value is predicated upon the assumption the proposed residential lots are completed, i.e., the lots comprise a subdivision of finished residential lots. The "as if complete" value is estimated using the Income Approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant infrastructure costs front-load to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on- and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

MODIFIED COST APPROACH – RESIDUAL ANALYSIS

The "as is" value of the subject's four parcels is estimated using the Modified Cost Approach. A modified (or residual) cost approach appears to be the most reasonable valuation approach given the scarcity of comparable sales of bulk final platted and engineered lots within an age-restricted development. The methodology of the modified cost approach presumes that a prudent investor would pay no more for a property than the cost of obtaining a site and building comparable improvements with similar design and utility. This approach also tests the financial feasibility of the proposed subject development. There are three major steps involved in this approach: (1) form an opinion of the hypothetical market value of the property, i.e., as finished residential lots; (2) estimate and deduct all lot development costs as well as applicable entrepreneurial profit; and 3) add back any lot development costs incurred to date as well as any earned entrepreneurial profit.

FINISHED LOT VALUE OPINION

The first step in the residual valuation process is to estimate the finished lot value on an "as if compete" basis for each of the four subject properties. The Income Approach is the methodology by which the hypothetical finished lot values are estimated. Because subdivision development

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differs from other types of income producing property, the Income Approach for analyzing subdivision development include two alternative valuation techniques: a static residual model and yield analysis.

The static residual analysis solves for finished lot value by subtracting all costs (including profit) from the anticipated revenues generated from home sale and lot premiums. Profit margins, which are usually expressed as a percentage of gross sales, are readily available from the market for this type of analysis. Surveys of merchant builders indicate that the time value of money and risks are considered in the profit margin. However, static profit margins can vary significantly dependent upon the product being built (i.e. entry-level vs. luxury), the expected level of market competition, the influence of pent-up demand, fluctuating interest rates and borrowing costs, the amount of lot inventory carried by the builder and its physical status (raw land vs. improved lots), the form of lot inventory acquisition (rolling option vs. bulk purchase of improved lots vs. development of raw land), and most importantly the length of the holding period. If all other things are equal, a project with a sellout period of four years will warrant a greater profit than a project with a two year sellout period.

Given the variability of static profit margins, it is also very important in subdivision valuation to analyze the timing of the expected cash flows that the project will generate. This form of dynamic analysis, which is otherwise known as yield analysis, helps to serve as a secondary independent valuation technique, but more importantly, it tests the reasonableness of the profit margin chosen in the static residual analysis. If acquisition, development, and/or construction financing is considered, the yield analysis is very useful in that the rate of return can be divided between the debt and equity components.

Static Residual Analysis

The static residual analysis begins by estimating all sources of revenues from which all costs of production, including profit, are subtracted. The residual number is therefore considered the finished lot value. In regards to the subject property, finished lot value is synonymous with the hypothetical "as if complete" market value.

Base Home Revenue Projections

Pulte Homes is marketing its four product series within Parcels B-1, C-1 and D-1 and recently opened additional lots in E-1, F-1, G-1 and H-1. The same product will be offered in these

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planning areas will also be offered in the subject's four planning areas. Pricing data for the four product series are summarized in Table 19.

TABLE NO. 19

SUN CITY FESTIVAL BASE HOME PRICING		
Series	Sq,Ft. Range	Base Home Price Range
Cottages	1,373-1,494	$208,900-$224,900
Classics	1,612-1,816	$246,900-$261,900
Premieres	1,960-2,323	$296,900-$327,900
Estates	2,528-2,849	$365,900-$385,900

As indicated above, the four product series average between 1,400 and 2,850 square feet with base pricing between $203,900 and $379,900. For comparison, pricing information was obtained from Trilogy at Vistancia and Corte Bella. Pricing information for Trilogy at Vistancia is summarized in Table 20, while pricing data for Corte Bella is summarized in Table 21.

TABLE NO. 20

TRILOGY AT VISTANCIA		
Series	Sq,Ft. Range	Base Home Price Range
Natural Collection	1,314-1,813	$252,800-$283,900
Veritas Collection	1,867-2,334	$319,700-$363,800
Vita Collection	2,450-3,096	$429,100-$496,800

TABLE NO. 21

CORTE BELLA		
Series	Sq,Ft. Range	Base Home Price Range
Presidio Collection	1,352-1,904	$263,400-$295,400
Catalina Collection	2,070-2,560	$334,400-$368,400
Miramar Collection	2,785-3,027	$433,900-$445,900

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Overall pricing within these two communities are higher than the pricing of Sun City Festival which is most likely due to the fact that these are established communities with a number of years of sales history.

Given the success of the Sun City projects and the fact the developer's projected pricing is competitive with other communities in the area, the developer's base pricing is used to estimate base home pricing revenue. The projected revenue from base home pricing is summarized in Table 22, which provides a breakdown of revenues by planning area.

TABLE NO. 22

SUN CITY FESTIVAL REVENUE PROJECTION BY PLANNING AREA

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Base Sales Price	Avg. Price/ Sq.Ft.	Base Revenue Per Product
I-1								
	Cottages	46'	48	32%	1,433	$ 216,900	$ 151.36	$ 10,411,200
	Classics	60'	60	39%	1,714	$ 254,400	$ 148.42	$ 15,264,000
	Premieres	70'	38	25%	2,126	$ 312,600	$ 147.04	$ 11,878,800
	Estates	80'	6	4%	2,688	$ 375,900	$ 139.84	$ 2,255,400
			152	100%		$ 261,904		$ 39,809,400
K-1								
	Cottages	46'	59	47%	1,433	$ 216,900	$ 151.36	$ 12,797,100
	Classics	60'	22	17%	1,714	$ 254,400	$ 148.42	$ 5,596,800
	Premieres	70'	38	30%	2,126	$ 312,600	$ 147.04	$ 11,878,800
	Estates	80'	7	6%	2,688	$ 375,900	$ 139.84	$ 2,631,300
		Total	126	100%		$ 261,143		$ 32,904,000
O-1								
	Cottages	46'	0	0%	1,433	$ 216,900	$ 151.36	$ -
	Classics	60'	64	37%	1,714	$ 254,400	$ 148.42	$ 16,281,600
	Premieres	70'	75	44%	2,126	$ 312,600	$ 147.04	$ 23,445,000
	Estates	80'	32	19%	2,688	$ 375,900	$ 139.84	$ 12,028,800
		Total	171	100%		$ 302,663		$ 51,755,400
P-1								
	Cottages	46'	29	15%	1,433	$ 216,900	$ 151.36	$ 6,290,100
	Classics	60'	84	44%	1,714	$ 254,400	$ 148.42	$ 21,369,600
	Premieres	70'	46	24%	2,126	$ 312,600	$ 147.04	$ 14,379,600
	Estates	80'	34	18%	2,688	$ 375,900	$ 139.84	$ 12,780,600
		Total	193	100%		$ 284,041		$ 54,819,900

Lot Premium Revenue Projection

Lot premium revenue can be generated from a variety of sources including golf course frontage, open space, cul-de-sac lots, corner lots, and city/mountain views. Of particular importance to the valuation of the subject property are those lots which will front along the golf course. Of the

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subject's 642 lots, 151, or 24% of the lots have frontage along a portion of the Copper Canyon golf course. Table 23 summarizes the lot premiums by planning area.

TABLE NO. 23

PREMIUM GOLF COURSE LOTS			
Planning Area	No. Of Lots	No. Of Premium Lots	% Of Total Lots
I-1	152	17	11%
K-1	126	15	12%
O-1	171	57	33%
P-1	193	62	32%
Total	642	151	24%

As indicated in the table above, more than 30% of the lots in Parcels O-1 and P-1 have golf course frontage, while Parcels I-1 and K-1 have only slightly more than 10% of their lots with golf course frontage.

Golf premiums vary greatly due to a number of factors including size of lot (amount of frontage), location along hole, topography, water features, etc. Given the variation in golf lot premiums, an average lot premium of $40,000 has been estimated. Based upon a $40,000 lot premium, total lot premium revenue is estimated at $6,040,000, or an average of $9,400 per lot based upon 642 total lots. Table 24 summarizes the lot premium projections.

TABLE NO. 24

LOT PREMIUM REVENUE					
Planning Area	Total Lots	Prem. Lots	Lot Premium	Lot Premium Revenue	Avg. Lot Premium
I-1	152	17	$ 40,000	$ 680,000	$ 4,474
K-1	126	15	$ 40,000	$ 600,000	$ 4,762
O-1	171	57	$ 40,000	$ 2,280,000	$ 13,333
P-1	193	62	$ 40,000	$ 2,480,000	$ 12,850
Total	642	151	$ 40,000	$ 6,040,000	$ 9,408

Direct Home Construction Costs

Direct home construction costs are the physical materials required to construct the proposed residence and the associated labor costs. This is sometimes referred to as the "sticks and brick" of construction. Direct construction costs provided by the developer are summarized in Table 25.

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TABLE NO. 25

SUN CITY FESTIVAL DIRECT HOME CONSTRUCTION COSTS BY SERIES						
Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
Cottages	46'	136	21%	1,433	$ 85,663	$ 59.78
Classics	60'	230	36%	1,714	$ 100,305	$ 58.52
Permieres	70'	197	31%	2,126	$ 126,480	$ 59.49
Estates	80'	79	12%	2,688	$ 149,133	$ 55.48
Totals/Average		642	100%	1,901	$ 111,244	$ 58.53

Construction costs for all types of real estate have seen tremendous increases over the past few years as demand for building materials increased. In addition to the base construction costs (sticks and bricks), permits and other impact fees must be added. Table 26 summarizes the total cost of construction by product series.

TABLE NO. 26

SUN CITY FESTIVAL HOME CONSTRUCTION COSTS BY SERIES								
Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Sq.Ft.	Sticks & Bricks Const. Cost	Permits & Fees	Total Const. Cost	Avg. Cost/ Sq.Ft.
Cottages	46'	136	21%	1,433	$ 85,663	$ 24,349	$ 110,012	$ 76.77
Classics	60'	230	36%	1,714	$ 100,305	$ 27,007	$ 127,312	$ 74.28
Permieres	70'	197	31%	2,126	$ 126,480	$ 30,960	$ 157,440	$ 74.05
Estates	80'	79	12%	2,688	$ 149,133	$ 35,758	$ 184,891	$ 68.78
Totals/Average		642	100%	1,901	$ 111,244	28,734	$ 139,977	$ 73.64

The home construction cost figures in Table 26 are incorporated in the cost analysis for each of the four subject parcels. The construction costs for each planning area are summarized in Table 27 at the top of the following page.

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TABLE NO. 27

SUN CITY FESTIVAL DIRECT HOME CONSTRUCTION COSTS BY PLANNING AREA

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
I-1							
	Cottages	46'	48	32%	1,433	$ 85,663	$ 59.78
	Classics	60'	60	39%	1,714	$ 100,305	$ 58.52
	Permieres	70'	38	25%	2,126	$ 126,480	$ 59.49
	Estates	80'	6	4%	2,688	$ 149,133	$ 55.48
			152	100%	1,767	$ 104,152	$ 58.95
K-1							
	Cottages	46'	59	47%	1,433	$ 85,663	$ 59.78
	Classics	60'	22	17%	1,714	$ 100,305	$ 58.52
	Permieres	70'	38	30%	2,126	$ 126,480	$ 59.49
	Estates	80'	7	6%	2,688	$ 149,133	$ 55.48
		Total	126	100%	1,761	$ 104,056	$ 59.10
O-1							
	Cottages	46'	0	0%	1,433	$ 85,663	$ 59.78
	Classics	60'	64	37%	1,714	$ 100,305	$ 58.52
	Permieres	70'	75	44%	2,126	$ 126,480	$ 59.49
	Estates	80'	32	19%	2,688	$ 149,133	$ 55.48
		Total	171	100%	2,077	$ 120,923	$ 58.22
P-1							
	Cottages	46'	29	15%	1,433	$ 85,663	$ 59.78
	Classics	60'	84	44%	1,714	$ 100,305	$ 58.52
	Permieres	70'	46	24%	2,126	$ 126,480	$ 59.49
	Estates	80'	34	18%	2,688	$ 149,133	$ 55.48
		Total	193	100%	1,942	$ 112,945	$ 58.17

Indirect Home Construction Costs

These costs are those that are directly related to the construction of a specific home, however these cost are not typically for construction materials or the associated construction labor. Indirect costs generally include such items are sales commissions, sales tax, closing costs, concessions (discounts/incentives), customer service (warranty) and other miscellaneous expenses.

Sales Commissions and Sales Tax

In production housing, if no other sales commissions are payable, sale commissions are typically paid at 1.5% to 2.5% of the base home sale price to the in-house sales personnel. For co-brokerage situations, 1.5% to 2.5% is paid to the in-house sales personnel and 3.0% to 3.5% to outside salespersons. Average in-house sales commission and co-brokerage sales commission

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expenses are estimated to average 1.5% and 0.6% of total revenues, respectively. This assumes in-house commissions of 1.5% and co-broke commissions of 3.0% with 80% of all sales occurring as in-house sales. This is typical of an age-restricted community with substantial marketing efforts and significant sales center/model home complexes.

Sales tax generally ranges between 2.5% and 5.5% of base home sale price, depending upon the municipality and structure of the development/homebuilding entity. For this analysis, an average of 3.5% is utilized.

Warranty and Closing Costs

Warranty and closing costs are typically quoted on a per unit basis and not as a percentage of sales revenues. These costs are variable in the sense that they are dependent upon home price and quality. However, within a price and quality bracket, they are fairly consistent. Generally, closing costs range between 0.25% and 1.0% per home and warranty costs are about the same except in the higher-end home quality transactions. In these circumstances, warranty costs can be double the closing cost figures. Closing costs are estimated at $1,250 per home and warranty costs are estimated at 1.5% of base home price.

Miscellaneous (Contingency) Costs

Miscellaneous costs (contingency) can vary greatly depending upon the location of the property and quality of the construction materials. On average, this expense is usually 0.25% to 1% of base home revenues. For this analysis, we will use 0.75%.

Sales Concessions (Discounts/Incentives)

Sales concessions are the most volatile expense item since they are a reflection of changing market conditions. Instead of lowering home prices if the market slows down, most homebuilders offer discounts/incentives to lure home buyers. In some instances, sale concessions can be material, while no concessions can be the norm in other circumstances. Typical sale concessions range from none to some discounting of options/upgrades and lot premiums. In our opinion, it appears the marketplace is likely to offer some sort of incentive to buyers. A discount or incentive of 2% of the base home price is projected.

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Project Costs

These costs are those that are not directly related to the construction or sale of a specific home (unit), but are general costs associated with the operational aspects of the project. Most builders generally include an allowance for construction overhead (on-site supervision), marketing and advertising (not related to sales commissions or incentives), and administrative and overhead items within this category of expenses.

Construction Overhead

Construction overhead relates to direct supervision of the actual homebuilding operations on-site, as well as the cost to construct or lease temporary construction trailers, lease and maintain construction equipment, and purchase certain construction materials not previously identified in the direct home construction discussion. This cost is generally 1% to 3% of total revenues. For this analysis, we have estimated a ratio of 1.5% of base home revenues.

Sales and Marketing

Advertising and promotion is generally 1% to 3% of base home revenues, depending upon the size and quality of the project and whether or not it is located in a master-planned community which may involve a joint marketing campaign with other builders. Most of the advertising expense for a typical subdivision is associated with signage, brochures, and newspaper ads. The four subject properties comprises a much larger development which is different than the typical residential subdivision. Significant up-front sales and marketing expenses are associated with the promotion of a new age-restricted community. For instance, age-restricted communities typically include more elaborate model home and sales center complexes. Additional, expenditures for television, national magazine and newspaper advertisements can typically be associated with the start-up of a new community. Because the subject property represents the initial offerings within the community, additional expenditures, over and above the stabilized marketing budget, is considered appropriate. For this analysis, a sales and marketing expense of 3% of base home revenues.

Administrative and Overhead

Within the administrative and overhead category, there are numerous smaller expense items which collectively become quite sizable. These include: model operational costs (including model lease, maintenance, utilities, security, hostess, office supplies, telephone, computer and furniture leases, etc.), sales office construction, liability insurance, and appraisal, legal and

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accounting fees. Combined, these expenses can amount to as much as 4% of gross revenues, but are generally nearer mid-range. Because of the unique nature of the subject community (age-restricted), it is our opinion the administrative/overhead expense category should be at the higher end of the range, say 3% of base home revenues, to account for the specialized expertise required in successfully maintaining the operation of such a community.

In some instances, homebuilders will include an additional expense category labeled management fee, corporate overhead, or builder's fee. These are not generally project related costs, but instead are typically home-office expenses and executive salaries allocated to individual projects instead for accounting purposes. In most cases, these cost items are deducted from total profits at the corporate level, and as such we will not make any special category withholding for this purpose.

Holding Costs

These items are not directly related to the construction or sale of any residences within the subdivision, but instead are the necessary expenses to maintain lot inventory. Mainly, this category of expenses involve real estate taxes, special assessments (improvement district, bonds, special taxes, etc.) and homeowner's association subsidies.

Real Estate Taxes

As previously discussed in the Site Description section of the report, real estate taxes for the subject lots are believed to average $350 per lot per year.

Special Taxes (Assessments)

The subject property is being appraised in connection with the establishment of assessment to pay a portion of the cost of providing residential streets. Projections are for an assessment in the amount of $2,000 per lot. Based upon an assessment of $2,000, an annual assessment payment would likely equate to approximately $150.

Homeowner's Association Fees (Subsidies)

The homeowner's association subsidy for the subject lots that remain in the builder's inventory are estimated to be $85 per month per lot or $1,020 per annum.

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The reader should understand that as time goes on and lots are sold, these holding costs are reduced accordingly, but also appreciate on an absolute basis.

Financing

Financing for acquisition of the raw land, development of improved lots, and construction of the homes is an integral part of any subdivision valuation, and certainly is an important aspect of homebuilding. However, because most lending institutions do not like to base underwriting decisions on the leveraged aspect of subdivision development, financing expenses are usually ignored in the static residual analysis, with an "all cash" development scheme adopted as standard. Instead, the cost of financing is recognized in the builder's profit margin: if the builder is providing all working capital, then the builder's yield (profit) should increase accordingly.

In reality though, very few homebuilders have the financial capacity to completely develop a subdivision without external funds. Through yield analysis performed on numerous other subdivision appraisals where financing costs are considered as a cost of production, they have consistently averaged between 2% and 4% of gross revenues. Nevertheless, if the profit margin selected in the static residual analysis properly reflects this "opportunity cost" savings, then performing the analysis on an "all cash basis" is not inappropriate or misleading.

Homebuilder Profit Margin

Profit in subdivision analysis can merely be stated as the residual cash flow to the developer/builder after all costs of production have been paid, including debt and equity contribution (preferred returns). The amount of profit expected from any particular subdivision is based on the perceived risk associated with the development, and must be sufficient to attract investment. Profit is site specific with a number of factors to consider. These include but are not limited to the following:

- Difficulty of the entitlement process
- Physical status of the property (raw/finished/partially finished)
- Price range of the proposed units
- Construction/absorption period
- Location
- Amenities such as golf course orientation or views
- Future competition
- Sources of financing and cost

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We have surveyed successful homebuilders in the Phoenix area market over the past several years, including Centex Homes, Engle Homes, Pulte Homes, KB Homes, Capital Pacific Homes, Maracay Homes, Trend Homes, etc. These builders have indicated that a profit margin ranging between 8% and 15% of gross revenues is deemed acceptable. However, this profit is typically based on the total sale price of a home, inclusive of options which have a high mark-up built into these upgrades. The generally accepted profit range without considering upgrades is currently between 5% and 12%. The low-end of this range is typically associated with entry-level and first move-up housing product, while the high-end of the range is typically associated with second move-up and higher quality housing product. This profit range is also reflective of a leveraged development scheme, not an "all cash basis." Thus, the aforementioned 2% to 4% financing cost for a typical subdivision needs to be added to the 5% to 12% range for an "all cash basis" acceptable profit rate.

An appropriate builder profit margin is dependent upon two primary factors; sellout/construction period and base home price range. It is generally believed that builders with shorter sell-out and construction periods accept (receive) lower static profit margins for a couple of reasons: first, there are fewer lots over which to spread fixed building costs, limiting the profit margin somewhat; and secondly, because of the shorter timeframe, holding, construction, and market risks are perceived as slightly lower.

The second significant factor affecting builder profit is the base home price range studied, because in general, builder profit margins tend to increase as home prices increase. This is due to the increased costs/risks associated with constructing and selling more expensive homes, burdens a builder must account for in higher profit margins. The average base home price concluded for the subject's proposed product series fall between $216,900 and $375,900, however, when weighted by the proposed unit mix in each planning area a narrower range between $261,000 and $302,000 is indicated. With such a narrow range, the same builder profit range is used amongst the four planning areas.

Based upon the two main factors influencing builder profit, a range between 12.0% and 16.0% is concluded.

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Conclusion – Static Residual Analysis

Based upon the previously stated assumptions, Static Residual Analysis Summaries for the subject four planning areas are included after Table 28, which is a valuation matrix for the four planning areas.

TABLE NO. 28

SUMMARY OF STATIC RESIDUAL ANALYSES				
Planning Area	Static Residual Analysis Value Range Per Unit			
I-1	$	71,717	$	82,194
K-1	$	71,596	$	82,042
O-1	$	90,912	$	103,018
P-1	$	86,022	$	97,383

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TABLE NO. 29

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA I-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 261,904	98.32%	$ 39,809,400
Lot Premiums	$ 4,474	1.68%	$ 680,000
Total Revenue	$ 266,378	100.00%	$ 40,489,400
Unit Costs			
Direct Home Construction Costs	$ 104,152	39.77%	$ 15,831,162
Discounts (Incentives)	$ 5,238	2.00%	$ 796,188
Sales Commissions (In-house)	$ 3,929	1.50%	$ 597,141
Sales Commissions (Co-broke)	$ 1,964	0.75%	$ 298,571
Sales Tax	$ 9,167	3.50%	$ 1,393,329
Warranty	$ 3,929	1.50%	$ 597,141
Closing Costs	$ 1,250	0.48%	$ 190,000
Contingency	$ 1,964	0.75%	$ 298,571
Total Unit Costs	$ 131,593	50.24%	$ 20,002,102
Project Costs			
Construction Overhead	$ 3,929	1.50%	$ 597,141
Marketing & Advertising	$ 7,857	3.00%	$ 1,194,282
Administrative & Overhead	$ 7,857	3.00%	$ 1,194,282
Total Project Costs	$ 19,643	7.50%	$ 2,985,705
Holding Costs			
Real Estate Taxes	$ 350	0.13%	$ 53,200
Special Taxes (Assessments)	$ 150	0.06%	$ 22,800
HOA Fees (Subsidies)	$ 1,020	0.39%	$ 155,040
Total Holding Cost	$ 1,520	0.58%	$ 231,040
Builder Profit Margin @ 12.0%	$ 31,428	12.00%	$ 4,777,128
Residual Finished Lot Value @ 12.0%	$ 82,194	29.67%	$ 12,493,425
Builder Profit Margin @ 16.0%	$ 41,905	16.00%	$ 6,369,504
Residual Finished Lot Value @ 16.0%	$ 71,717	25.67%	$ 10,901,049

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TABLE NO. 30

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA K-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 261,143	98.21%	$ 32,904,000
Lot Premiums	$ 4,762	1.79%	$ 600,000
Total Revenue	$ 265,905	100.00%	$ 33,504,000
Unit Costs			
Direct Home Construction Costs	$ 104,056	39.85%	$ 13,110,998
Discounts (Incentives)	$ 5,223	2.00%	$ 658,080
Sales Commissions (In-house)	$ 3,917	1.50%	$ 493,560
Sales Commissions (Co-broke)	$ 1,959	0.75%	$ 246,780
Sales Tax	$ 9,140	3.50%	$ 1,151,640
Warranty	$ 3,917	1.50%	$ 493,560
Closing Costs	$ 1,250	0.48%	$ 157,500
Contingency	$ 1,959	0.75%	$ 246,780
Total Unit Costs	$ 131,420	50.32%	$ 16,558,898
Project Costs			
Construction Overhead	$ 3,917	1.50%	$ 493,560
Marketing & Advertising	$ 7,834	3.00%	$ 987,120
Administrative & Overhead	$ 7,834	3.00%	$ 987,120
Total Project Costs	$ 19,586	7.50%	$ 2,467,800
Holding Costs			
Real Estate Taxes	$ 350	0.13%	$ 44,100
Special Taxes (Assessments)	$ 150	0.06%	$ 18,900
HOA Fees (Subsidies)	$ 1,020	0.39%	$ 128,520
Total Holding Cost	$ 1,520	0.58%	$ 191,520
Builder Profit Margin @ 12.0%	$ 31,337	12.00%	$ 3,948,480
Residual Finished Lot Value @ 12.0%	$ 82,042	29.59%	$ 10,337,302
Builder Profit Margin @ 16.0%	$ 41,783	16.00%	$ 5,264,640
Residual Finished Lot Value @ 16.0%	$ 71,596	25.59%	$ 9,021,142

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TABLE NO. 31

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA O-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 302,663	95.78%	$ 51,755,400
Lot Premiums	$ 13,333	4.22%	$ 2,280,000
Total Revenue	$ 315,996	100.00%	$ 54,035,400
Unit Costs			
Direct Home Construction Costs	$ 120,923	39.95%	$ 20,677,776
Discounts (Incentives)	$ 6,053	2.00%	$ 1,035,108
Sales Commissions (In-house)	$ 4,540	1.50%	$ 776,331
Sales Commissions (Co-broke)	$ 2,270	0.75%	$ 388,166
Sales Tax	$ 10,593	3.50%	$ 1,811,439
Warranty	$ 4,540	1.50%	$ 776,331
Closing Costs	$ 1,250	0.41%	$ 213,750
Contingency	$ 2,270	0.75%	$ 388,166
Total Unit Costs	$ 152,439	50.37%	$ 26,067,066
Project Costs			
Construction Overhead	$ 4,540	1.50%	$ 776,331
Marketing & Advertising	$ 9,080	3.00%	$ 1,552,662
Administrative & Overhead	$ 9,080	3.00%	$ 1,552,662
Total Project Costs	$ 22,700	7.50%	$ 3,881,655
Holding Costs			
Real Estate Taxes	$ 350	0.12%	$ 59,850
Special Taxes (Assessments)	$ 150	0.05%	$ 25,650
HOA Fees (Subsidies)	$ 1,020	0.34%	$ 174,420
Total Holding Cost	$ 1,520	0.50%	$ 259,920
Builder Profit Margin @ 12.0%	$ 36,320	12.00%	$ 6,210,648
Residual Finished Lot Value @ 12.0%	$ 103,018	29.63%	$ 17,616,111
Builder Profit Margin @ 16.0%	$ 48,426	16.00%	$ 8,280,864
Residual Finished Lot Value @ 16.0%	$ 90,912	25.63%	$ 15,545,895

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TABLE NO. 32

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA P-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 284,041	95.67%	$ 54,819,900
Lot Premiums	$ 12,850	4.33%	$ 2,480,000
Total Revenue	$ 296,891	100.00%	$ 57,299,900
Unit Costs			
Direct Home Construction Costs	$ 112,945	39.76%	$ 21,798,449
Discounts (Incentives)	$ 5,681	2.00%	$ 1,096,398
Sales Commissions (In-house)	$ 4,261	1.50%	$ 822,299
Sales Commissions (Co-broke)	$ 2,130	0.75%	$ 411,149
Sales Tax	$ 9,941	3.50%	$ 1,918,697
Warranty	$ 4,261	1.50%	$ 822,299
Closing Costs	$ 1,250	0.44%	$ 241,250
Contingency	$ 2,130	0.75%	$ 411,149
Total Unit Costs	$ 142,599	50.20%	$ 27,521,689
Project Costs			
Construction Overhead	$ 4,261	1.50%	$ 822,299
Marketing & Advertising	$ 8,521	3.00%	$ 1,644,597
Administrative & Overhead	$ 8,521	3.00%	$ 1,644,597
Total Project Costs	$ 21,303	7.50%	$ 4,111,493
Holding Costs			
Real Estate Taxes	$ 350	0.12%	$ 67,550
Special Taxes (Assessments)	$ 150	0.05%	$ 28,950
HOA Fees (Subsidies)	$ 1,020	0.36%	$ 196,860
Total Holding Cost	$ 1,520	0.54%	$ 293,360
Builder Profit Margin @ 12.0%	$ 34,085	12.00%	$ 6,578,388
Residual Finished Lot Value @ 12.0%	$ 97,383	29.76%	$ 18,794,971
Builder Profit Margin @ 16.0%	$ 45,447	16.00%	$ 8,771,184
Residual Finished Lot Value @ 16.0%	$ 86,022	25.76%	$ 16,602,175

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YIELD ANALYSIS

Timing of Sales Revenues and Home Construction

The projected sell-out periods for the subject units are predicated upon historical sales data from other age-restricted communities, particularly Sun City Grand – the predecessor to Sun City Festival, and discussions in the Residential Market Analysis section of this report. The following assumptions are made regarding absorption:

- In the first year of analysis, 600 sales are projected and held stable for the sellout of the subject units;
- No differentiation is made between product series – sales are based upon a average of all product series; and

An annual absorption rate for Sun City Festival is estimated at 600 homes, or 150 units per quarter. With overall absorption established at 150 units, each planning area will receive its proportionate share of units. Additionally, consideration must also be given the 700 lots released in Parcels B-1, C-1 and D-1 which are currently being marketed. Another consideration is the fact the subject lots will not be available until next year when the necessary on-site are completed. To date, Sun City Festival has been selling new homes at a rate of 144 homes per quarter. Subject's projected absorption of 72 lots per quarter for the four new planning area considers the fact there will be existing inventory which will present competition for the new lots.

Home Construction Sequence

Because the subject lots are assumed to be finished, home contract sales are projected to begin in the first month of the analysis, with construction starts of these contracts to begin in the same quarter they are signed. According to the developer, the current estimated home construction time frame is about five months. The escrow closings of the contracted sales within the first quarter therefore begin to occur in the second quarter, and so on until the last closing occurs in the last quarter of the cash flows. As there is no way to project which lots and when particular lots will sell, the average home price (including average lot premium) are utilized over the entire absorption period.

Future Retail Values

Based on historic changes in the base plan pricing in other age-restricted communities, an average annual appreciation rate of 3% to 9% is generally reasonable to expect. In light of current market conditions, an annual increase of 4% is forecast over the sell-out period.

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Holding Cost Escalation Factor

Based upon a study of historic direct home construction costs in other age-restricted communities and current market conditions, we estimate that all expenses will increase about 3.0% annually during the sell-out period.

Homebuilder Profit Margin

It is important to distinguish between profit margins in a static residual analysis and line item profit in yield analysis. Market participants confirm that profit utilized in static residual analysis takes into consideration the time value of money; i.e. they require more profit for a project with a longer construction/absorption period compared to a project that they can construct and sellout within two years. Since the time value of money is accounted for in the discount rate, the utilization of the same profit in the yield analysis as in the static residual analysis actually penalizes the value. Since few merchant builders perform yield analysis when making land purchase decisions, market supported line item profit figures and discount rates for yield analysis are virtually non-existent. Also, from a technical standpoint, one can question the appropriateness of treating profit as a line item expense in a yield analysis. In reality, profit is the residual cash flow received after all parties are paid, including debt and equity investors.

Project Discount Rate

The project discount rate, yield rate, or internal rate of return (IRR), is the rate of return on the total unleveraged investment in a development, including both equity and debt. It is based on risk, liquidity and management burden and is the rate that would attract a prudent investor. Although the actual rate of return on an investment cannot be calculated until the investment is sold, an investor may consider a target yield rate for the investment prior to or during ownership. This rate considers the influence or the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demand for mortgage funds, availability of tax shelters, etc.

Analysts have attempted to apply rates of return typically utilized for income producing properties in subdivision analysis. However, subdivisions are constructed to sell not to produce a recurring income. A subdivision cash flow is a series of reversions, whereby the asset is continuously disposed of until there is nothing left at the end of the holding period. Further, subdivision

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discount rates include both entrepreneurial profit and return on equity as opposed to income property rates which do not include entrepreneurial profit. Because the cash flow characteristics differ from those of income property, the application of "income property" rates is inappropriate to subdivision analysis.

Interviews and discussions with real estate professionals and investors who are experienced with multi parcel subdivision development (both commercial and residential) indicate that such properties are mostly evaluated on a total return basis. Currently, total returns ranging from approximately 15% to 40% (inclusive of entrepreneurial profit) are required depending on the size of the property, its improvement status, the expected holding (sell-out) period, holding costs, risk, etc. According to investment companies active in this particular region (including Hearthstone Advisors, Saybrook Community Capital, Prudential Homebuilding Investors, Stardust Development, Communities Southwest, Acacia Capital Corporation, and GMAC-RFC), homebuilding operations as well as land development or "land banking" operations generally require return rates between 15% and 25%.

Further support for a range of discount rates was obtained from the Korpacz *Real Estate Investor Survey, Fourth Quarter 2006 published by PricewaterhouseCoopers*. On a semi-annual basis, the Korpacz report includes survey information related to the land development market. While most of the data are directed toward the commercial land development market, some information regarding the residential land development market can be extracted from the data. Korpacz's surveyed participants include industrial, retail, office and single-family developers. Discount rates for all land development property types ranged from 10% to 25% with the highest concentration of responses between 15% and 25%.

Based on the foregoing and after considering the retirement nature of the subject community, the sell-out and construction periods of the subject units, and entry to mid level home pricing, it is our opinion IRRs (project yields) between 20% and 25% would be most appropriate for each product series. Thus, we have utilized a 20% to 25% discount rate range for these analyses.

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Conclusion – Yield Analysis

Using the estimates and assumptions discussed above, we have performed cash flow analyses for each of the subject's four planning areas. The results of the cash flow analyses are summarized in Table 33. The individual cash flows for each planning area are on the following pages.

TABLE NO. 33

SUMMARY OF YIELD ANALYSES

Planning Area	Yield Analysis Value Range Per Unit	
I-1	$ 80,729	$ 87,193
K-1	$ 83,666	$ 89,667
O-1	$ 96,738	$ 104,978
P-1	$ 88,507	$ 96,633

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TABLE NO. 34

PLANNING AREA I-1

Summary of Input Items

Retail Acre Analysis

No. of Lots =	152
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$261,904
Average Lot Premium =	$4,474
Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 104,152
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	8	152
Beginning Lot Inventory	152	152	134	116	98	80	62	44	26	8	
Ending Lot Inventory	152	134	116	98	80	62	44	26	8	0	
Avg. Lot Inventory During Period	152	143	125	107	89	71	53	35	17	4	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	Totals
Revenue											
Income From Lot Sales	$ -	$ 4,761,414	$ 4,809,028	$ 4,857,118	$ 4,905,689	$ 4,954,746	$ 5,004,294	$ 5,054,337	$ 5,104,880	$ 2,246,372	$ 41,697,878
Income from Lot Premiums	$ -	$ 81,332	$ 82,145	$ 82,966	$ 83,796	$ 84,634	$ 85,480	$ 86,335	$ 87,198	$ 38,371	$ 712,258
Total Revenue	$ -	$ 4,842,745	$ 4,891,173	$ 4,940,085	$ 4,989,485	$ 5,039,380	$ 5,089,774	$ 5,140,672	$ 5,192,078	$ 2,284,743	$ 42,410,136
Unit Costs											
Direct Home Construction Costs	$ 1,874,743	$ 1,888,803	$ 1,902,969	$ 1,917,242	$ 1,931,621	$ 1,946,108	$ 1,960,704	$ 1,975,409	$ 884,544	$ -	$ 16,282,144
Discounts (Incentives)	$ -	$ 95,228	$ 96,181	$ 97,142	$ 98,114	$ 99,095	$ 100,086	$ 101,087	$ 102,098	$ 44,927	$ 833,958
Sales Commissions (In-house)	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Sales Commissions (Co-broke)	$ -	$ 35,711	$ 36,068	$ 36,428	$ 36,793	$ 37,161	$ 37,532	$ 37,908	$ 38,287	$ 16,848	$ 312,734
Sales Tax	$ -	$ 166,649	$ 168,316	$ 169,999	$ 171,699	$ 173,416	$ 175,150	$ 176,902	$ 178,671	$ 78,623	$ 1,459,426
Warranty	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 10,857	$ 199,842
Contingency	$ -	$ 36,321	$ 36,684	$ 37,051	$ 37,421	$ 37,795	$ 38,173	$ 38,555	$ 38,941	$ 17,136	$ 318,076
Total Unit Costs	$ 1,874,743	$ 2,388,565	$ 2,407,671	$ 2,426,932	$ 2,446,350	$ 2,465,926	$ 2,485,660	$ 2,505,556	$ 1,419,932	$ 235,782	$ 20,657,117
Project Costs											
Construction Overhead	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Marketing & Advertising	$ -	$ 142,842	$ 144,271	$ 145,714	$ 147,171	$ 148,642	$ 150,129	$ 151,630	$ 153,146	$ 67,391	$ 1,250,936
Administrative & Overhead	$ -	$ 142,842	$ 144,271	$ 145,714	$ 147,171	$ 148,642	$ 150,129	$ 151,630	$ 153,146	$ 67,391	$ 1,250,936
Total Project Costs	$ -	$ 357,106	$ 360,677	$ 364,284	$ 367,927	$ 371,606	$ 375,322	$ 379,075	$ 382,866	$ 168,478	$ 3,127,341
Holding Costs											
Real Estate Taxes	$ 13,500	$ 12,796	$ 11,269	$ 9,719	$ 8,145	$ 6,546	$ 4,923	$ 3,276	$ 1,603	$ 380	$ 72,157
Special Taxes (Assessments)	$ 5,786	$ 5,484	$ 4,830	$ 4,165	$ 3,491	$ 2,805	$ 2,110	$ 1,404	$ 687	$ 163	$ 30,924
HOA Fees (Subsidies)	$ 39,344	$ 37,292	$ 32,842	$ 28,324	$ 23,736	$ 19,077	$ 14,348	$ 9,546	$ 4,671	$ 1,107	$ 210,286
Total Holding Costs	$ 58,630	$ 55,572	$ 48,941	$ 42,208	$ 35,371	$ 28,429	$ 21,381	$ 14,225	$ 6,961	$ 1,650	$ 313,367
Total Costs	$ 1,933,373	$ 2,801,243	$ 2,817,289	$ 2,833,424	$ 2,849,648	$ 2,865,960	$ 2,882,362	$ 2,898,856	$ 1,809,759	$ 405,910	$ 24,097,824
Cash Flow Before Profit	$ (1,933,373)	$ 2,041,503	$ 2,073,884	$ 2,106,661	$ 2,139,838	$ 2,173,420	$ 2,207,411	$ 2,241,816	$ 3,382,319	$ 1,878,833	$ 18,312,311

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$13,253,336	$87,193
22.50%	$12,760,301	$83,884
25.00%	$12,270,762	$80,729

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TABLE NO. 35

PLANNING AREA K-1

Summary of Input Items

Retail Acre Analysis

No. of Lots =	126
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$261,143
Average Lot Premium =	$4,762
Annual Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 104,056
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	126
Beginning Lot Inventory	126	126	108	90	72	54	36	18	
Ending Lot Inventory	126	108	90	72	54	36	18	0	
Avg. Lot Inventory During Period	126	117	99	81	63	45	27	9	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Revenue									
Income From Lot Sales	$ -	$ 4,747,577	$ 4,795,053	$ 4,843,003	$ 4,891,433	$ 4,940,348	$ 4,989,751	$ 5,039,649	$ 34,246,815
Income from Lot Premiums	$ -	$ 86,571	$ 87,437	$ 88,312	$ 89,195	$ 90,087	$ 90,987	$ 91,897	$ 624,486
Total Revenue	$ -	$ 4,834,149	$ 4,882,490	$ 4,931,315	$ 4,980,628	$ 5,030,434	$ 5,080,739	$ 5,131,546	$ 34,871,301
Unit Costs									
Direct Home Construction Costs	$ 1,873,000	$ 1,887,047	$ 1,901,200	$ 1,915,459	$ 1,929,825	$ 1,944,299	$ 1,958,881	$ -	$ 13,409,711
Discounts (Incentives)	$ -	$ 94,952	$ 95,901	$ 96,860	$ 97,829	$ 98,807	$ 99,795	$ 100,793	$ 684,936
Sales Commissions (In-house)	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Sales Commissions (Co-broke)	$ -	$ 35,607	$ 35,963	$ 36,323	$ 36,686	$ 37,053	$ 37,423	$ 37,797	$ 256,851
Sales Tax	$ -	$ 166,165	$ 167,827	$ 169,505	$ 171,200	$ 172,912	$ 174,641	$ 176,388	$ 1,198,639
Warranty	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,246	$ 164,921
Contingency	$ -	$ 36,256	$ 36,619	$ 36,985	$ 37,355	$ 37,728	$ 38,106	$ 38,487	$ 261,535
Total Unit Costs	$ 1,873,000	$ 2,385,464	$ 2,404,544	$ 2,423,778	$ 2,443,169	$ 2,462,717	$ 2,482,424	$ 528,900	$ 17,003,996
Project Costs									
Construction Overhead	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Marketing & Advertising	$ -	$ 142,427	$ 143,852	$ 145,290	$ 146,743	$ 148,210	$ 149,693	$ 151,189	$ 1,027,404
Administrative & Overhead	$ -	$ 142,427	$ 143,852	$ 145,290	$ 146,743	$ 148,210	$ 149,693	$ 151,189	$ 1,027,404
Total Project Costs	$ -	$ 356,068	$ 359,629	$ 363,225	$ 366,858	$ 370,526	$ 374,231	$ 377,974	$ 2,568,511
Holding Costs									
Real Estate Taxes	$ 11,191	$ 10,470	$ 8,925	$ 7,357	$ 5,765	$ 4,149	$ 2,508	$ 849	$ 51,214
Special Taxes (Assessments)	$ 4,796	$ 4,487	$ 3,825	$ 3,153	$ 2,471	$ 1,778	$ 1,075	$ 364	$ 21,949
HOA Fees (Subsidies)	$ 32,614	$ 30,511	$ 26,011	$ 21,441	$ 16,802	$ 12,091	$ 7,309	$ 2,473	$ 149,252
Total Holding Costs	$ 48,601	$ 45,468	$ 38,761	$ 31,952	$ 25,038	$ 18,018	$ 10,892	$ 3,685	$ 222,415
Total Costs	$ 1,921,601	$ 2,787,000	$ 2,802,934	$ 2,818,955	$ 2,835,064	$ 2,851,262	$ 2,867,548	$ 910,559	$ 19,794,923
Cash Flow Before Profit	$ (1,921,601)	$ 2,047,148	$ 2,079,556	$ 2,112,360	$ 2,145,564	$ 2,179,173	$ 2,213,191	$ 4,220,987	$ 15,076,378

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$11,298,012	$89,667
22.50%	$10,911,951	$86,603
25.00%	$10,541,930	$83,666

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TABLE NO. 36

PLANNING AREA O-1

Summary of Input Items
Retail Acre Analysis

No. of Lots =	171
Quarterly Lot Sales Rate =	18.00

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	18	9	171
Beginning Lot Inventory	171	171	153	135	117	99	81	63	45	27	9	
Ending Lot Inventory	171	153	135	117	99	81	63	45	27	9	0	
Avg. Lot Inventory During Period	171	162	144	126	108	90	72	54	36	18	4.5	

DISCOUNTED CASH FLOW ANALYSIS

		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
	Revenue												
Average Home Sales Price = $302,663	Income From Lot Sales	$ -	$ 5,502,416	$ 5,557,440	$ 5,613,015	$ 5,669,145	$ 5,725,836	$ 5,783,095	$ 5,840,926	$ 5,899,335	$ 5,958,328	$ 2,920,483	$ 54,469,999
Average Lot Premium = $13,333	Income from Lot Premiums	$ -	$ 242,400	$ 244,824	$ 247,272	$ 249,745	$ 252,242	$ 254,765	$ 257,312	$ 259,886	$ 262,484	$ 128,656	$ 2,399,587
Price Escalation Factor = 4%	***Total Revenue***	$ -	$ 5,744,816	$ 5,802,264	$ 5,860,287	$ 5,918,890	$ 5,978,079	$ 6,037,860	$ 6,098,236	$ 6,159,221	$ 6,220,813	$ 3,049,139	$ 56,869,586
	Unit Costs												
Direct Home Construction Costs = $ 120,923	Direct Home Construction Costs	$ 2,176,608	$ 2,192,933	$ 2,209,380	$ 2,225,950	$ 2,242,645	$ 2,259,464	$ 2,276,410	$ 2,293,482	$ 2,310,685	$ 1,164,007	$ -	$ 21,351,565
Discounts (Incentives) = 2.00%	Discounts (Incentives)	$ -	$ 110,048	$ 111,149	$ 112,260	$ 113,383	$ 114,517	$ 115,662	$ 116,819	$ 117,987	$ 119,167	$ 58,499	$ 1,089,400
Sales Commissions (In-house) = 1.50%	Sales Commissions (In-house)	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Sales Commissions (Co-broke) = 0.75%	Sales Commissions (Co-broke)	$ -	$ 41,268	$ 41,681	$ 42,098	$ 42,519	$ 42,944	$ 43,373	$ 43,807	$ 44,245	$ 44,687	$ 21,903	$ 408,525
Sales Tax = 3.50%	Sales Tax	$ -	$ 192,585	$ 194,510	$ 196,456	$ 198,420	$ 200,404	$ 202,408	$ 204,432	$ 206,477	$ 208,541	$ 102,216	$ 1,906,450
Warranty = 1.50%	Warranty	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Closing Costs = $ 1,250	Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 24,427	$ 11,250	$ 224,663
Contingency = 0.75%	Contingency	$ -	$ 43,086	$ 43,517	$ 43,952	$ 44,392	$ 44,836	$ 45,284	$ 45,737	$ 46,194	$ 46,656	$ 22,868	$ 426,522
	Total Unit Costs	$ 2,176,608	$ 2,768,002	$ 2,790,142	$ 2,812,462	$ 2,834,964	$ 2,857,648	$ 2,880,517	$ 2,903,571	$ 2,926,819	$ 1,786,236	$ 304,251	$ 27,041,225
Cost Inflation Factor = 3%													
	Project Costs												
Construction Overhead = 1.50%	Construction Overhead	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Marketing & Advertising = 3.00%	Marketing & Advertising	$ -	$ 165,072	$ 166,723	$ 168,390	$ 170,074	$ 171,775	$ 173,493	$ 175,228	$ 176,980	$ 178,750	$ 87,614	$ 1,634,100
Administrative & Overhead = 3.00%	Administrative & Overhead	$ -	$ 165,072	$ 166,723	$ 168,390	$ 170,074	$ 171,775	$ 173,493	$ 175,228	$ 176,980	$ 178,750	$ 87,614	$ 1,634,100
	Total Project Costs	$ -	$ 412,681	$ 416,808	$ 420,976	$ 425,186	$ 429,438	$ 433,732	$ 438,069	$ 442,450	$ 446,875	$ 219,035	$ 4,085,250
Holding Costs =	***Holding Costs***												
Real Estate Taxes = $ 350	Real Estate Taxes	$ 15,188	$ 14,496	$ 12,982	$ 11,445	$ 9,883	$ 8,298	$ 6,688	$ 5,054	$ 3,394	$ 1,710	$ 394	$ 89,532
Special Taxes (Assessments) = $ 150	Special Taxes (Assessments)	$ 6,509	$ 6,213	$ 5,564	$ 4,905	$ 4,236	$ 3,556	$ 2,866	$ 2,166	$ 1,455	$ 733	$ 169	$ 38,371
HOA Fees (Subsidies) = $ 1,020	HOA Fees (Subsidies)	$ 44,262	$ 42,246	$ 37,834	$ 33,353	$ 28,803	$ 24,182	$ 19,491	$ 14,728	$ 9,892	$ 4,983	$ 1,148	$ 260,922
	Total Holding Costs	$ 65,958	$ 62,956	$ 56,380	$ 49,703	$ 42,922	$ 36,036	$ 29,045	$ 21,947	$ 14,741	$ 7,426	$ 1,710	$ 388,825
	Total Costs	$ 2,242,566	$ 3,243,639	$ 3,263,331	$ 3,283,141	$ 3,303,071	$ 3,323,122	$ 3,343,294	$ 3,363,588	$ 3,384,004	$ 2,240,537	$ 525,006	$ 31,515,299
	Cash Flow Before Profit	$ (2,242,566)	$ 2,501,177	$ 2,538,934	$ 2,577,146	$ 2,615,818	$ 2,654,957	$ 2,694,566	$ 2,734,650	$ 2,775,216	$ 3,980,276	$ 2,524,113	$ 25,354,287

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$17,951,213	$104,978
22.50%	$17,228,553	$100,752
25.00%	$16,542,139	596,738

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TABLE NO. 37

Summary of Input Items
Retail Acre Analysis

No. of Lots =	193
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$284,041
Average Lot Premium =	$12,850
Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 112,945
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

PLANNING AREA P-1

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	18	18	13	193
Beginning Lot Inventory	193	193	175	157	139	121	103	85	67	49	31	13	
Ending Lot Inventory	193	175	157	139	121	103	85	67	49	31	13	0	
Avg. Lot Inventory During Period	193	184	166	148	130	112	94	76	58	40	22	6.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Revenue													
Income From Lot Sales	$ -	$ 5,163,864	$ 5,215,503	$ 5,267,658	$ 5,320,334	$ 5,373,538	$ 5,427,273	$ 5,481,546	$ 5,536,361	$ 5,591,725	$ 5,647,642	$ 3,958,894	$ 57,984,339
Income from Lot Premiums	$ -	$ 233,608	$ 235,944	$ 238,304	$ 240,687	$ 243,094	$ 245,525	$ 247,980	$ 250,460	$ 252,964	$ 255,494	$ 179,097	$ 2,623,156
Total Revenue	$ -	$ 5,397,472	$ 5,451,447	$ 5,505,962	$ 5,561,021	$ 5,616,631	$ 5,672,798	$ 5,729,526	$ 5,786,821	$ 5,844,689	$ 5,903,136	$ 4,137,991	$ 60,607,495
Unit Costs													
Direct Home Construction Costs	$ 2,033,016	$ 2,048,264	$ 2,063,626	$ 2,079,103	$ 2,094,696	$ 2,110,406	$ 2,126,234	$ 2,142,181	$ 2,158,247	$ 2,174,434	$ 1,582,203	$ -	$ 22,612,410
Discounts (Incentives)	$ -	$ 103,277	$ 104,310	$ 105,353	$ 106,407	$ 107,471	$ 108,545	$ 109,631	$ 110,727	$ 111,834	$ 112,953	$ 79,178	$ 1,159,687
Sales Commissions (In-house)	$ -	$ 77,458	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Sales Commissions (Co-broke)	$ -	$ 38,729	$ 39,116	$ 39,507	$ 39,903	$ 40,302	$ 40,705	$ 41,112	$ 41,523	$ 41,938	$ 42,357	$ 29,692	$ 434,883
Sales Tax	$ -	$ 180,735	$ 182,543	$ 184,368	$ 186,212	$ 188,074	$ 189,955	$ 191,854	$ 193,773	$ 195,710	$ 197,667	$ 138,561	$ 2,029,452
Warranty	$ -	$ 77,458	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 24,427	$ 22,500	$ 16,250	$ 252,168
Contingency	$ -	$ 40,481	$ 40,866	$ 41,295	$ 41,708	$ 42,125	$ 42,546	$ 42,971	$ 43,401	$ 43,835	$ 44,274	$ 31,035	$ 454,556
Total Unit Costs	$ 2,033,016	$ 2,589,412	$ 2,610,128	$ 2,631,012	$ 2,652,066	$ 2,673,291	$ 2,694,689	$ 2,715,261	$ 2,738,008	$ 2,759,931	$ 2,171,383	$ 413,483	$ 28,682,681
Project Costs													
Construction Overhead	$ -	$ 77,458	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Marketing & Advertising	$ -	$ 154,916	$ 156,465	$ 158,030	$ 159,610	$ 161,206	$ 162,818	$ 164,446	$ 166,091	$ 167,752	$ 169,429	$ 118,767	$ 1,739,530
Administrative & Overhead	$ -	$ 154,916	$ 156,465	$ 158,030	$ 159,610	$ 161,206	$ 162,818	$ 164,446	$ 166,091	$ 167,752	$ 169,429	$ 118,767	$ 1,739,530
Total Project Costs	$ -	$ 387,290	$ 391,163	$ 395,074	$ 399,025	$ 403,015	$ 407,045	$ 411,116	$ 415,227	$ 419,379	$ 423,573	$ 296,917	$ 4,348,825
Holding Costs													
Real Estate Taxes	$ 17,142	$ 16,465	$ 14,966	$ 13,443	$ 11,897	$ 10,326	$ 8,732	$ 7,113	$ 5,469	$ 3,800	$ 1,925	$ 569	$ 111,845
Special Taxes (Assessments)	$ 7,346	$ 7,055	$ 6,414	$ 5,761	$ 5,099	$ 4,426	$ 3,742	$ 3,048	$ 2,344	$ 1,628	$ 825	$ 244	$ 47,933
HOA Fees (Subsidies)	$ 49,956	$ 47,984	$ 43,614	$ 39,177	$ 34,670	$ 30,094	$ 25,447	$ 20,728	$ 15,937	$ 11,074	$ 5,610	$ 1,658	$ 325,947
Total Holding Costs	$ 74,444	$ 71,505	$ 64,994	$ 58,381	$ 51,665	$ 44,845	$ 37,920	$ 30,889	$ 23,750	$ 16,502	$ 8,360	$ 2,470	$ 485,726
Total Costs	$ 2,107,460	$ 3,048,207	$ 3,066,285	$ 3,084,468	$ 3,102,756	$ 3,121,152	$ 3,139,655	$ 3,158,265	$ 3,176,985	$ 3,195,813	$ 2,603,317	$ 712,870	$ 33,517,232
Cash Flow Before Profit	$ (2,107,460)	$ 2,349,265	$ 2,385,163	$ 2,421,494	$ 2,458,265	$ 2,495,479	$ 2,533,143	$ 2,571,260	$ 2,609,836	$ 2,648,876	$ 3,299,820	$ 3,425,121	$ 27,090,263

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$18,650,254	$96,633
22.50%	$17,844,251	$92,457
25.00%	$17,081,941	$88,507

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FINISHED LOT VALUE CONCLUSION

The two income approach analyses preformed above indicate a tight range of finished lots values for each of the subject's four planning areas. The finished lot value conclusions for each planning area are summarized in Table 38.

TABLE NO. 38

SUMMARY OF "FINISHED LOT" CONCLUSIONS				
Planning Area/Analysis	Value Range Per Unit			
I-1				
Static Analysis	$	71,717	$	82,194
Yield Analysis	$	80,729	$	87,193
K-1				
Static Analysis	$	71,596	$	82,042
Yield Analysis	$	83,666	$	89,667
O-1				
Static Analysis	$	90,912	$	103,018
Yield Analysis	$	96,738	$	104,978
P-1				
Static Analysis	$	86,022	$	97,383
Yield Analysis	$	88,507	$	96,633

The variation in the finished lots values summarized in Table 38 reflect differences in unit mix, differences in the portion of premium lots per planning area and discounting periods. For example, the yield analyses for Parcels O-1 and P-1 are longer than I-1 and K-1 due to their larger lot counts. Based upon the static and yield analyses for each planning area, individual per lot values "as if complete" are concluded. Table 39 summarized the "as if complete" lot values.

TABLE NO. 39

"FINISHED LOT" VALUE CONCLUSIONS		
Planning Area	Finished Lot Value	
I-1	$	80,000
K-1	$	82,000
O-1	$	100,000
P-1	$	92,000

The finished lot valuation conclusions provide the basis for concluding the "as is" value of the subject's four planning areas.

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ESTIMATED COST NEW OF IMPROVEMENTS

There are two methods for deriving a cost new: reproduction cost or replacement cost. While either of these costs would be appropriate for the base in estimating cost new, it is our opinion that the most appropriate for this assignment is the replacement cost. Replacement cost is defined as:

> The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised using modern materials and current standards, design, and layout.[1]

Replacement cost new is composed of three separate groups: direct costs, indirect costs and entrepreneurial profit. These components are defined as follows:

Direct Costs:	Expenditures for the labor and materials used in the construction improvements (also called "hard costs").[2]
Indirect Costs:	Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. (also called "soft costs").[3]
Entrepreneurial Profit:	A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.[4]

It should be noted that, for this assignment, contractor's overhead and profit is considered to be sole and separate from entrepreneurial profit.

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[1] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 244.

[2] *Ibid.*, p. 83.

[3] *Ibid.*, p. 145.

[4] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 96.

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Direct/Indirect Costs

Development costs for both community infrastructure and on-site (in-tract) lot development have been provided by the developer.

Infrastructure Costs

According to Pulte Homes' infrastructure budget, total off-site costs for the 7,210 lot community are estimated at approximately $195,000,000, or an average of $27,000 per lot across all 7,210 lots. However, Pulte utilizes a allocation method which spreads the off-site costs on an upward sliding scale, i.e., the larger lots are allocated a larger portion of the off-site costs. Table 40 summarizes the off-site costs per unit based upon the four home product series.

TABLE NO. 40

TOTAL OFF-SITE DEVELOPMENT COSTS

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	1,166	$ 17,829	$ 20,788,614
Classics	2,491	$ 21,895	$ 54,540,445
Premieres	2,680	$ 31,919	$ 85,542,920
Estates	873	$ 39,201	$ 34,222,473
Totals	7,210		$ 195,094,452
Per Lot Average			$ 27,059
Rounded			$ 27,000

Source: Pulte Homes, Inc.

Per lot costs of $27,600 are higher than most standard subdivision development costs; however, higher development costs are not uncommon in a multi-phased development, particularly an age-restricted community. The off-site development costs attributable to each of the four subject parcels are summarized in Table 41. Based upon the mix of product series, off-site development costs range from $23,800 to $29,500 per lot.

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TABLE NO. 41

OFF-SITE DEVELOPMENT COSTS PARCEL I-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	48	$	17,829	$	855,792
Classics	60	$	21,895	$	1,313,700
Premieres	38	$	31,919	$	1,212,922
Estates	6	$	39,201	$	235,206
Totals	152			$	3,617,620
Per Lot Average				$	23,800
Rounded				$	23,800

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL K-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	59	$	17,829	$	1,051,911
Classics	22	$	21,895	$	481,690
Premieres	38	$	31,919	$	1,212,922
Estates	7	$	39,201	$	274,407
Totals	126			$	3,020,930
Per Lot Average				$	23,976
Rounded				$	24,000

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL O-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	-	$	17,829	$	-
Classics	64	$	21,895	$	1,401,280
Premieres	75	$	31,919	$	2,393,925
Estates	32	$	39,201	$	1,254,432
Totals	171			$	5,049,637
Per Lot Average				$	29,530
Rounded				$	29,500

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL P-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	29	$	17,829	$	517,041
Classics	84	$	21,895	$	1,839,180
Premieres	46	$	31,919	$	1,468,274
Estates	34	$	39,201	$	1,332,834
Totals	193			$	5,157,329
Per Lot Average				$	26,722
Rounded				$	26,700

Source: Pulte Homes, Inc.

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Lot Development Costs (In-tract)

Pulte Homes has provided lot development costs broken down by product series. Lot development cost vary from approximately $12,900 to $22,500 per lot depending upon the size of lot. These costs are summarized in Table 42.

TABLE NO. 42

ON-SITE DEVELOPMENT COSTS

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	136	$ 12,913	$ 1,756,168
Classics	230	$ 16,843	$ 3,873,890
Premieres	197	$ 19,650	$ 3,871,050
Estates	79	$ 22,457	$ 1,774,103
Totals	642		$ 11,275,211
Per Lot Average			$ 17,563
Rounded			$ 17,600

Source: Pulte Homes, Inc.

Total lot development costs are $11,275,000, or an average of $17,600 per lot. Lot improvement costs include finish grading, water and sewer, dry utilities, concrete curbing and asphalt paving. Subject's average lot development cost of $17,600 is consistent with lot development costs report by other residential developers constructing large scale planned communities. Given the experience of the developer, the developer's estimation of on-site development costs is utilized in the modified cost approach analysis.

Given the differences in unit mix among the four subject parcels, on-site development costs have been calculated for each planning area. Table 43 summarizes the on-site development costs which range from $16,200 to $19,100 per lot.

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TABLE NO. 43

ON-SITE DEVELOPMENT COSTS PARCEL I-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	48	$	12,913	$	619,824
Classics	60	$	16,843	$	1,010,580
Premieres	38	$	19,650	$	746,700
Estates	6	$	22,457	$	134,742
Totals	152			$	2,511,846
Per Lot Average				$	16,525
Rounded				$	16,500

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL K-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	59	$	12,913	$	761,867
Classics	22	$	16,843	$	370,546
Premieres	38	$	19,650	$	746,700
Estates	7	$	22,457	$	157,199
Totals	126			$	2,036,312
Per Lot Average				$	16,161
Rounded				$	16,200

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL O-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	-	$	12,913	$	-
Classics	64	$	16,843	$	1,077,952
Premieres	75	$	19,650	$	1,473,750
Estates	32	$	22,457	$	718,624
Totals	171			$	3,270,326
Per Lot Average				$	19,125
Rounded				$	19,100

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL P-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	29	$	12,913	$	374,477
Classics	84	$	16,843	$	1,414,812
Premieres	46	$	19,650	$	903,900
Estates	34	$	22,457	$	763,538
Totals	193			$	3,456,727
Per Lot Average				$	17,911
Rounded				$	17,900

Source: Pulte Homes, Inc.

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Entrepreneurial Profit

It is logical to assume that an investor or developer would require an entrepreneurial profit over and above the cost to acquire the property and holding costs. Entrepreneurial profit pertinent to the development of finished subdivision lots is separate from homebuilder's profit, but in a reasonably balanced marketplace, should reflect a similar prorata share of costs (land plus development costs). If the marketplace is significantly undersupplied, an argument can be made that lot development can capture a higher percentage of profits because there are typically several homebuilders competing for the right to purchase the lots.

Homebuilder profits are typically within the range of 9% to 15% of base home. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

Referring back to the static residual analysis in the Income Capitalization Approach section, a homebuilder profit range of 12% to 16% of base home price is concluded to be reasonable for the subject units. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

For the purposes of this report, we have utilized a development profit range of 12% to 16% (as a percentage of lot development costs and land value). This range encompasses the homebuilder static profit range utilized in the Income Capitalization Approach as well as what in our opinion is reasonable to expect to reflect a current "as if vacant" opinion of value. Table 44 on the following page provides a range of "as if vacant" lot values based the development cost estimations and profit assumptions.

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TABLE NO. 44

PARCEL I-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$80,000	$80,000	$80,000
Less: Development costs	(16,500)	(16,500)	(16,500)
Less: Infrastructure costs	(23,800)	(23,800)	(23,800)
Less: Profit Margin (Rounded)	($8,571)	($9,825)	($11,034)
Raw Lot Value ("As if vacant")	$31,129	$29,875	$28,666

PARCEL K-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$82,000	$82,000	$82,000
Less: Development costs	(16,200)	(16,200)	(16,200)
Less: Infrastructure costs	(24,000)	(24,000)	(24,000)
Less: Profit Margin (Rounded)	($8,786)	($10,070)	($11,310)
Raw Lot Value ("As if vacant")	$33,014	$31,730	$30,490

PARCEL O-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$100,000	$100,000	$100,000
Less: Development costs	(19,100)	(19,100)	(19,100)
Less: Infrastructure costs	(29,500)	(29,500)	(29,500)
Less: Profit Margin (Rounded)	($10,714)	($12,281)	($13,793)
Raw Lot Value ("As if vacant")	$40,686	$39,119	$37,607

PARCEL P-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$92,000	$92,000	$92,000
Less: Development costs	(17,900)	(17,900)	(17,900)
Less: Infrastructure costs	(26,700)	(26,700)	(26,700)
Less: Profit Margin (Rounded)	($9,857)	($11,298)	($12,690)
Raw Lot Value ("As if vacant")	$37,543	$36,102	$34,710

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"AS IS" VALUE CONCLUSION – PARCEL I-1

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will occur after the date of valuation, significant planning and engineering expenses have been incurred. For purposes of this analysis, incurred development costs are estimated at 35% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 35% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 45.

TABLE NO. 45

PARCEL I-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$80,000	$80,000	$80,000
Less: Development costs	(16,500)	(16,500)	(16,500)
Less: Infrastructure costs	(23,800)	(23,800)	(23,800)
Less: Profit Margin (Rounded)	($8,571)	($9,825)	($11,034)
Raw Lot Value	$31,129	$29,875	$28,666
Plus: Incurred development costs (1)	$14,105	$14,105	$14,105
Plus: Earned Profit (2)	$3,000	$3,439	$3,862
"As Is" Lot Value	$48,234	$47,419	$46,633
Rounded	**$48,000**	**$47,000**	**$47,000**

(1) Incurred development costs (final plat with some finish grading) estimated at 35%
(2) Incurred profit is estimated at 35% of total profit

Within this rather narrow range, a single value estimate of $47,000 per lot, or $7,144,000 is estimated ($47,000 x 152 lots).

"AS IS" VALUE CONCLUSION – PARCEL K-1

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will

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occur after the date of valuation, significant planning and engineering expenses have been incurred. In terms of both off-site and on-site development, Parcel K-1 (and Parcel O-1) are further along in the development process than are Parcels I-1 and P-1. For instance the collector road which runs along the north side of Parcels K-1 and O-1 has been completed with all underground utilities and asphalt paving. On-site development has also commenced with the installation of underground water lines. Therefore, incurred development costs are estimated at 50% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 50% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 46.

TABLE NO. 46

PARCEL K-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$82,000	$82,000	$82,000
Less: Development costs	(16,200)	(16,200)	(16,200)
Less: Infrastructure costs	(24,000)	(24,000)	(24,000)
Less: Profit Margin (Rounded)	($8,786)	($10,070)	($11,310)
Raw Lot Value	$33,014	$31,730	$30,490
Plus: Incurred development costs (1)	$20,100	$20,100	$20,100
Plus: Earned Profit (2)	$4,393	$5,035	$5,655
"As Is" Lot Value	$57,507	$56,865	$56,245
Rounded	**$58,000**	**$57,000**	**$56,000**

(1) Incurred development costs (final plat with commencement of utility install) estimated at 50%
(2) Incurred profit is estimated at 50% of total profit

Within this range, a single value estimate of $57,000 per lot, or $7,182,000 is estimated ($57,000 x 126 lots).

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"AS IS" VALUE CONCLUSION – PARCEL O-1

The current condition of Parcel O-1 is similar to Parcel K-1. All utilities are available to the property and installation of on-site infrastructure has recently commenced. Therefore, incurred development costs are estimated at 50% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 50% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 47.

TABLE NO. 47

PARCEL O-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$100,000	$100,000	$100,000
Less: Development costs	(19,100)	(19,100)	(19,100)
Less: Infrastructure costs	(29,500)	(29,500)	(29,500)
Less: Profit Margin (Rounded)	($10,714)	($12,281)	($13,793)
Raw Lot Value	$40,686	$39,119	$37,607
Plus: Incurred development costs (1)	$24,300	$24,300	$24,300
Plus: Earned Profit (2)	$5,357	$6,140	$6,897
"As Is" Lot Value	$70,343	$69,560	$68,803
Rounded	**$70,000**	**$70,000**	**$69,000**

(1) Incurred development costs (final plat with commencement of utility install) estimated at 50%
(2) Incurred profit is estimated at 50% of total profit

Within this rather narrow range, a single value estimate of $70,000 per lot, or $11,970,000 is estimated ($70,000 x 171 lots).

"AS IS" VALUE CONCLUSION – PARCEL P-1

The condition of Parcel P-1 is most similar to Parcel I-1. Both of these parcels are located in the northern part of the community which lies north of Beardsley Road. To date, Canyon Springs Boulevard (the main artery in the community) has only been extended to Beardsley Road. The

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road north of Beardsley has only been rough graded and no infrastructure has been installed. For purposes of this analysis, incurred development costs are estimated at 35% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 35% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 48.

TABLE NO. 48

PARCEL P-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$92,000	$92,000	$92,000
Less: Development costs	(17,900)	(17,900)	(17,900)
Less: Infrastructure costs	(26,700)	(26,700)	(26,700)
Less: Profit Margin (Rounded)	($9,857)	($11,298)	($12,690)
Raw Lot Value	$37,543	$36,102	$34,710
Plus: Incurred development costs (1)	$15,610	$15,610	$15,610
Plus: Earned Profit (2)	$3,450	$3,954	$4,441
"As Is" Lot Value	$56,603	$55,666	$54,762
Rounded	**$57,000**	**$56,000**	**$55,000**

(1) Incurred development costs (final plat with some finish grading) estimated at 35%

(2) Incurred profit is estimated at 35% of total profit

Within this range, a single value estimate of $56,000 per lot, or $10,808,000 is estimated ($56,000 x 193 lots).

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FINAL VALUE CONCLUSIONS

The value of each of the four subject parcels were concluded using the modified cost approach, or residual analysis. Within this analysis, the value of each parcel was effectively "backed" into from the finished home product. Construction costs, development cost and projected profits were subtracted from the final product to arrive at the "as if vacant" value of a raw residential lot within each planning area. At this point any incurred development costs and earned profit were added back to derive the "as is" value of each of the four subject parcels. Based upon the modified cost approach analyses, the following "as is" wholesale market values are estimated, as of August 1, 2007:

WHOLESALE (BULK) " AS IS" MARKET VALUE

PLANNING AREA I-1
SEVEN MILLION ONE HUNDRED FORTY-FOUR THOUSAND DOLLARS
$7,144,000

PLANNING AREA K-1
SIX MILLION ONE HUNDRED EIGHTY-TWO THOUSAND DOLLARS
$7,182,000

PLANNING AREA O-1
ELEVEN MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS
$11,970,000

PLANNING AREA P-1
TEN MILLION EIGHT HUNDRED EIGHT THOUSAND DOLLARS
$10,808,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 4. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's four planning area be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

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ESTIMATED WHOLESALE (BULK) MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

PARCEL I-1	
Wholesale (Bulk) Value	$7,144,000
Less: Admin. Fee (5%)	($357,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000
PARCEL K-1	
Wholesale (Bulk) Value	$7,182,000
Less: Admin. Fee (5%)	($359,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000
PARCEL P-1	
Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL O-1	
Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

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ADDENDA

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SUN CITY FESTIVAL PLAT MAPS (I-1, K-1, O-1 & P-1)

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NOTES

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. [illegible]
6. [illegible]
7. [illegible]
8. [illegible]
9. [illegible]
10. [illegible]
11. [illegible]
12. [illegible]
13. [illegible]

CERTIFICATIONS

[illegible]

BY: ______________________
TOWN ENGINEER

[illegible]

BY: ______________________
COMMUNITY DEVELOPMENT DIRECTOR

[illegible]

BY: ______________ ATTEST: ______________
MAYOR TOWN CLERK

CONSENT OF LIENHOLDERS

[illegible]

BY: ______________________

NAME: ______________________ DATE

ITS: ______________________

[illegible]

BY: ______________________ DATE

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

[illegible]

FINAL PLAT OF

"SUN CITY FESTIVAL PARCELS P1 & I1"

A SUBDIVISION LOCATED IN A PORTION OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

LEGEND

[illegible]

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

[illegible]

MY COMMISSION EXPIRES NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

[illegible]

MY COMMISSION EXPIRES NOTARY PUBLIC

ACKNOWLEDGMENT

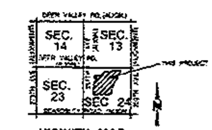
STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

[illegible]

MY COMMISSION EXPIRES NOTARY PUBLIC

BASIS OF BEARING

[illegible] NORTHEAST QUARTER OF SECTION 24, [illegible] RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, [illegible] HAVING A BEARING OF [illegible]



VICINITY MAP

NOT TO SCALE

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

[illegible]

MY COMMISSION EXPIRES NOTARY PUBLIC

FLOOD ZONE CERTIFICATION

[illegible]

TRACT INFORMATION TABLE

TRACT NO.	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE \ GOLF COURSE \ RETENTION	[illegible] AC
TRACT B	LANDSCAPE \ DRAINAGE \ P.U.E.	[illegible] AC
TRACT C	LANDSCAPE \ DRAINAGE \ P.U.E.	[illegible] AC
TRACT D	LANDSCAPE [illegible] EASEMENTS \ P.U.E.	[illegible] AC
	TOTAL	[illegible] AC

DEDICATION

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

[illegible]

BY: PULTE HOME CORPORATION, A MICHIGAN CORPORATION

BY: ______________ DATE ______________

ITS: ______________

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

[illegible]

SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION

BY: ______________________ DATE

ITS: ______________________

[illegible] WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY

BY: ______________________ DATE

ITS: ______________________

CERTIFICATIONS

[illegible]

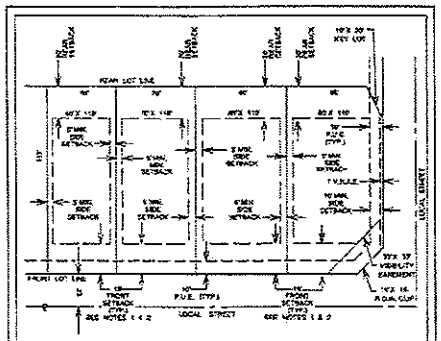
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL & KEY MAP

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

GROSS AREA = 126.064 AC.
NET AREA = 117.426 AC.

SHEET 1 OF 10

COE & VAN LOO
CONSULTANTS, INC.

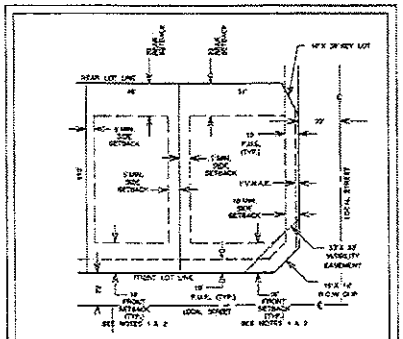


R1-4.5
60' X 110' LOT, 70' X 110' AND 80' X 110' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTES: 1) 18 FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE MAX. BLDG. HEIGHT - 30'

2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK MAX. MAX LOT COVERAGE

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7' NO BOULDERS ARE TO BE INSTALLED IN THE V.U.A.E., P.U.E., R.W., OR WITHIN 2' OF THE BACK OF CURB.

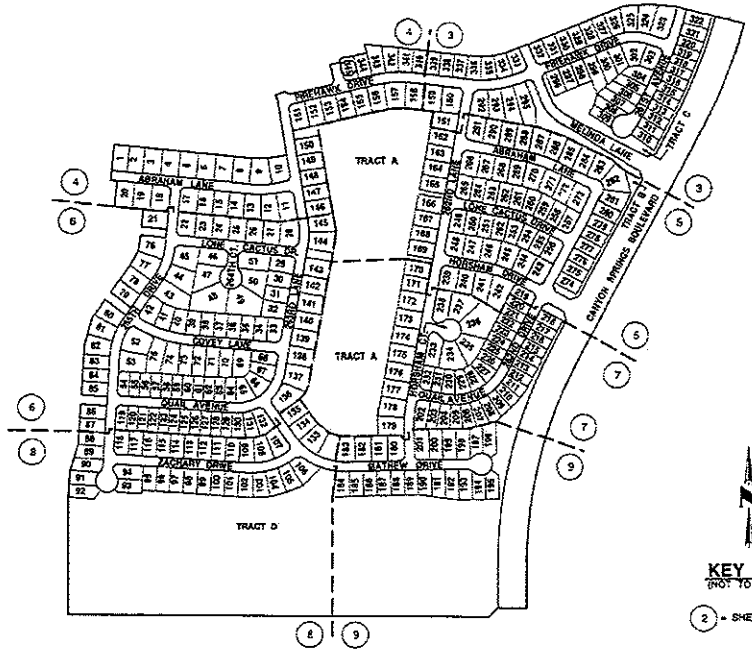


R1-3.5
46' X 110' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTES: 1) 18 FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE MAX. BLDG. HEIGHT - 30'

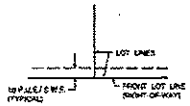
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK MAX. MAX LOT COVERAGE

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7' NO BOULDERS ARE TO BE INSTALLED IN THE V.U.A.E., P.U.E., R.W., OR WITHIN 2' OF THE BACK OF CURB.



KEY MAP
(NOT TO SCALE)

2 = SHEET NUMBER



TYPICAL PUBLIC UTILITY
EASEMENT DETAIL
(NOT TO SCALE)

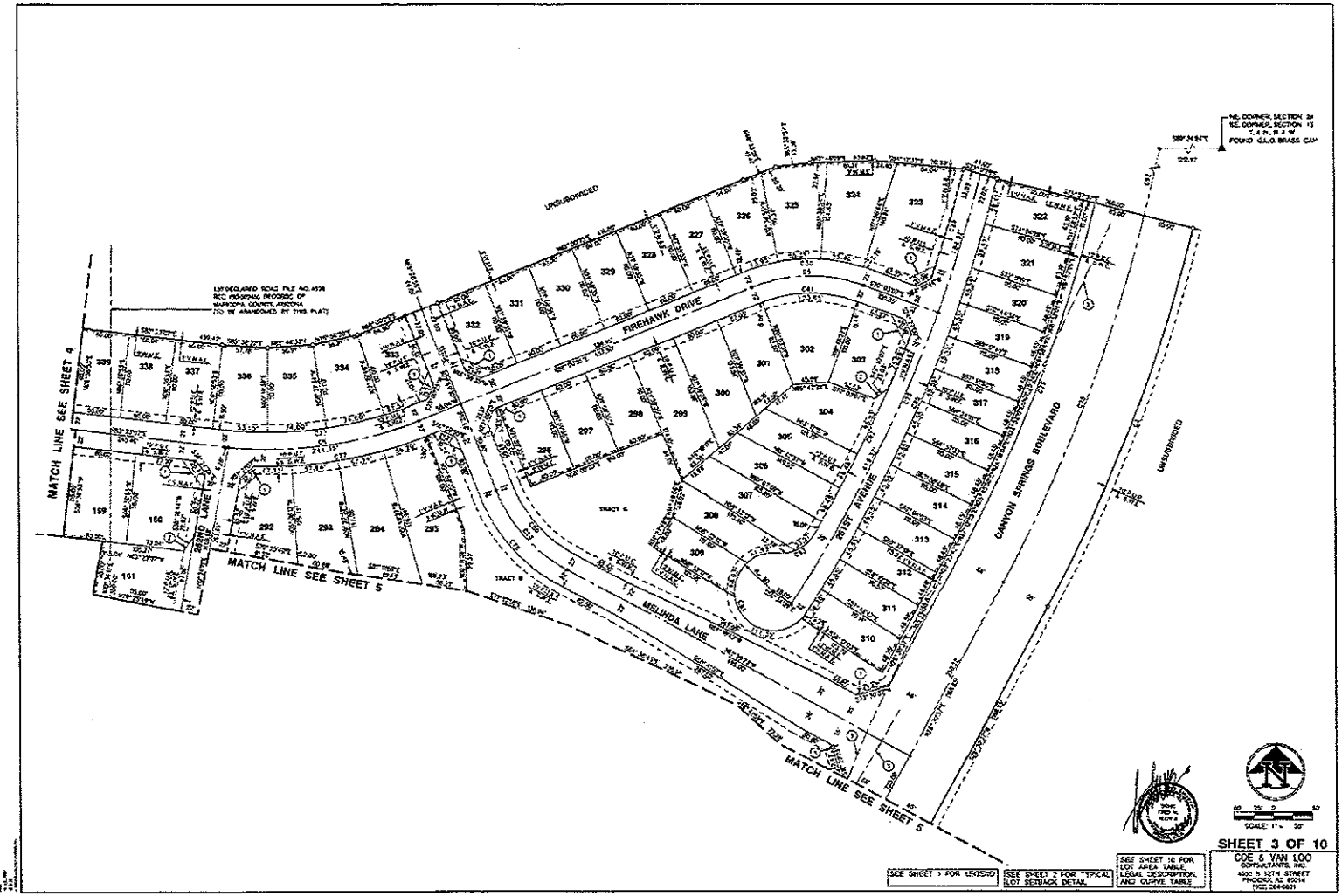
SHEET 2 OF 10

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SEE SHEET 1 FOR LEGEND

CDE & VAN LOO
CONSULTANTS, INC.
4650 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS 9 & 11 - FINAL PLAT - C.V.L. JOB# 680023-01



SEE SHEET 1 FOR LEGEND

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

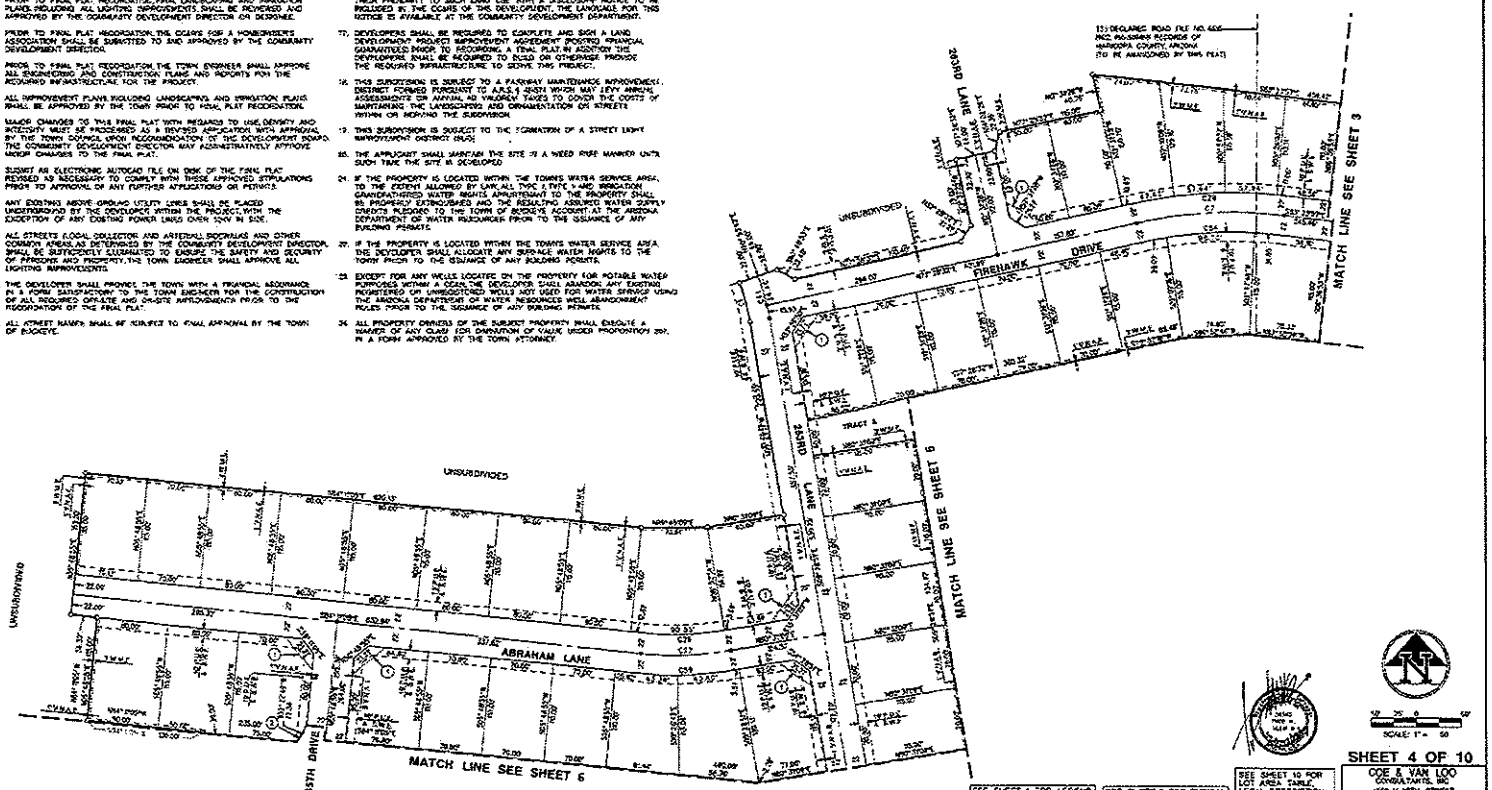
SHEET 3 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & J1 - FINAL PLAT - C.V.L. JOB #880225-01

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1. ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE, WHERE APPLICABLE.
2. IF APPLICABLE, AN EFFORT SHALL BE MADE TO PRESERVE ALL NATIVE DESERT LANDSCAPING THROUGH TRANSPLANTING TO A NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO THE SITE WHEN A LANDSCAPING PLAN IS IMPLEMENTED. FORMAL TRANSPLANTING GUIDELINES ARE AVAILABLE FROM THE COMMUNITY DEVELOPMENT DEPARTMENT.
3. ALL PRELIMINARY PLAT STIPULATIONS (APPLICATION AND PROCEDURE) PREVIOUSLY ADDRESSED OR NOT MONITORED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.
4. PRIOR TO FINAL PLAT RECORDATION, FINAL LANDSCAPING AND IRRIGATION PLANS, INCLUDING ALL LIGHTING IMPROVEMENTS, SHALL BE REVIEWED AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.
5. PRIOR TO FINAL PLAT RECORDATION, THE DOCS FOR A HOMEOWNER'S ASSOCIATION SHALL BE SUBMITTED TO AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR.
6. PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE ACCEPTED INFRASTRUCTURE FOR THE PROJECT.
7. ALL IMPROVEMENT PLANS INCLUDING LANDSCAPING AND IRRIGATION PLANS SHALL BE APPROVED BY THE TOWN PRIOR TO FINAL PLAT RECORDATION.
8. MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.
9. SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.
10. ANY EXISTING ABOVE-GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.
11. ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS, AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY. THE TOWN ENGINEER SHALL APPROVE ALL LIGHTING IMPROVEMENTS.
12. THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS PRIOR TO THE RECORDATION OF THE FINAL PLAT.
13. ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE.
14. IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.
15. IF THIS PROPERTY IS WITHIN THE VICINITY OF AGRICULTURAL OR FARM LAND USES, EACH HOMEBUYER IN THIS DEVELOPMENT SHALL RECEIVE NOTICE OF THEIR PROXIMITY TO SUCH USES WITH A DISCLOSURE NOTICE TO BE INCLUDED IN THE DOCS OF THE DEVELOPMENT. THE LANGUAGE FOR THIS NOTICE IS AVAILABLE AT THE COMMUNITY DEVELOPMENT DEPARTMENT.
16. IF THIS PROPERTY IS WITHIN THE VICINITY OF AN EQUESTRIAN FACILITY, EACH HOMEBUYER IN THIS DEVELOPMENT SHALL RECEIVE NOTICE OF THEIR PROXIMITY TO SUCH LAND USE WITH A DISCLOSURE NOTICE TO BE INCLUDED IN THE DOCS OF THE DEVELOPMENT. THE LANGUAGE FOR THIS NOTICE IS AVAILABLE AT THE COMMUNITY DEVELOPMENT DEPARTMENT.
17. DEVELOPERS SHALL BE REQUIRED TO COMPLETE AND SIGN A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT (POSTED FINANCIAL GUARANTEES) PRIOR TO RECORDING A FINAL PLAT. IN ADDITION THE DEVELOPERS SHALL BE REQUIRED TO BUILD OR OTHERWISE PROVIDE THE REQUIRED INFRASTRUCTURE TO SERVE THIS PROJECT.
18. THIS SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT FORMED PURSUANT TO A.R.S. § 48-574 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR ADJACENT TO THE SUBDIVISION.
19. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID).
20. THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.
21. IF THE PROPERTY IS LOCATED WITHIN THE TOWNS WATER SERVICE AREA, TO THE EXTENT ALLOWED BY LAW, ALL TYPE 1 AND TYPE 2 AND IRRIGATION GRANDFATHERED WATER RIGHTS APPURTENANT TO THE PROPERTY SHALL BE PROPERLY EXTINGUISHED AND THE RESULTING ASSURED WATER SUPPLY CREDITS RECORDED TO THE TOWN OF BUCKEYE ACCOUNT AT THE ARIZONA DEPARTMENT OF WATER RESOURCES PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
22. IF THE PROPERTY IS LOCATED WITHIN THE TOWNS WATER SERVICE AREA THE DEVELOPER SHALL ALLOCATE ANY SURFACE WATER RIGHTS TO THE TOWN PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
23. EXCEPT FOR ANY WELLS LOCATED ON THE PROPERTY FOR POTABLE WATER PURPOSES WITHIN A CCR, THE DEVELOPER SHALL ABANDON ANY EXISTING INVENTORIED OR UNINVENTORIED WELLS NOT USED FOR WATER SERVICE USING THE ARIZONA DEPARTMENT OF WATER RESOURCES WELL ABANDONMENT RULES PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
24. ALL PROPERTY OWNERS OF THE SUBJECT PROPERTY SHALL EXECUTE A WAIVER OF ANY CLAIM FOR DIMINUTION OF VALUE UNDER PROPOSITION 207, IN A FORM APPROVED BY THE TOWN ATTORNEY.



SEE SHEET 1 FOR LEGEND

SEE SHEET 3 FOR TYPICAL LOT SETBACK DETAIL

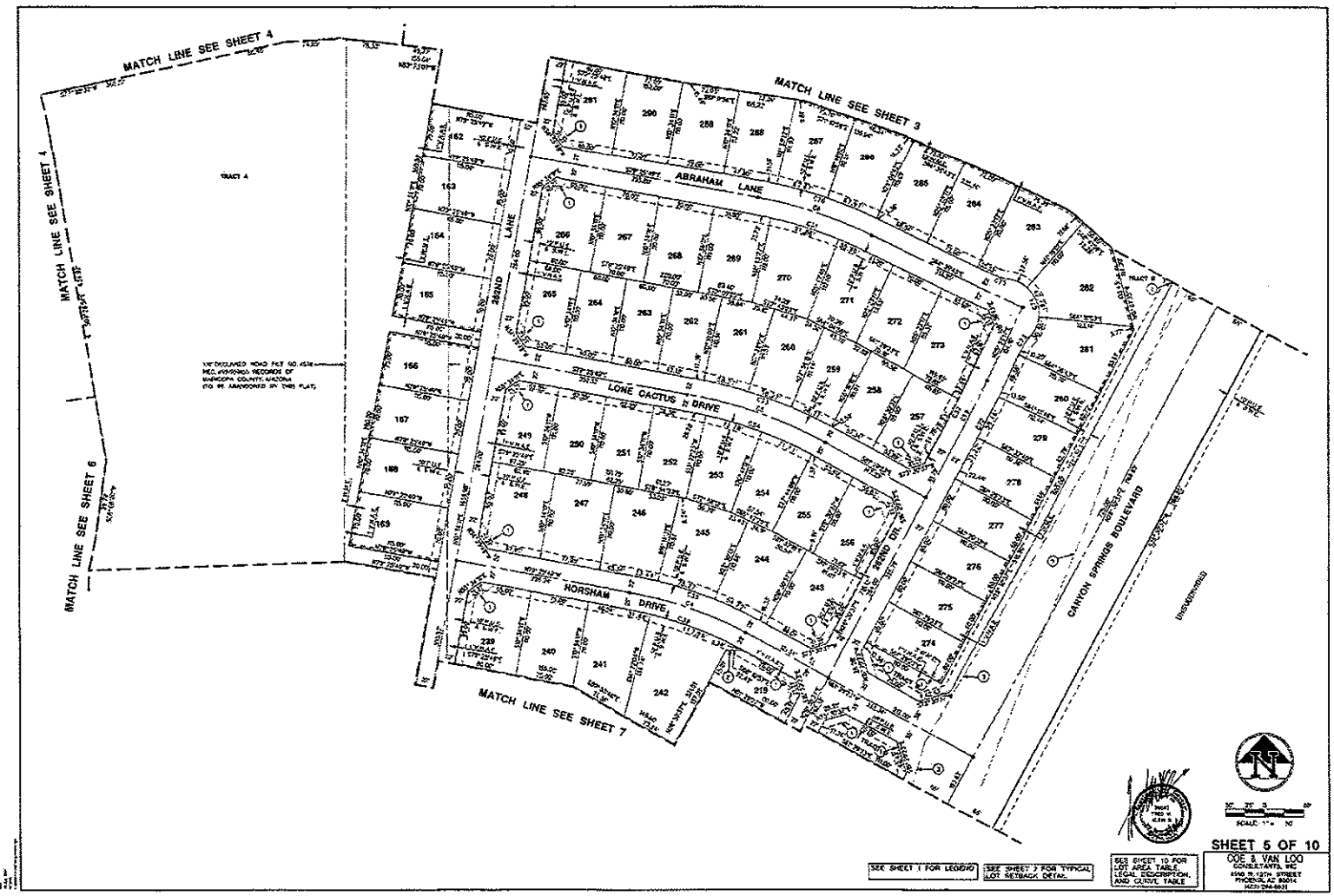
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SCALE: 1" = 50'

SHEET 4 OF 10

COE & VAN LOO CONSULTANTS, INC
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & H - FINAL PLAT - C.V.L. JOB #99023-01



SEE SHEET 1 FOR LEGEND

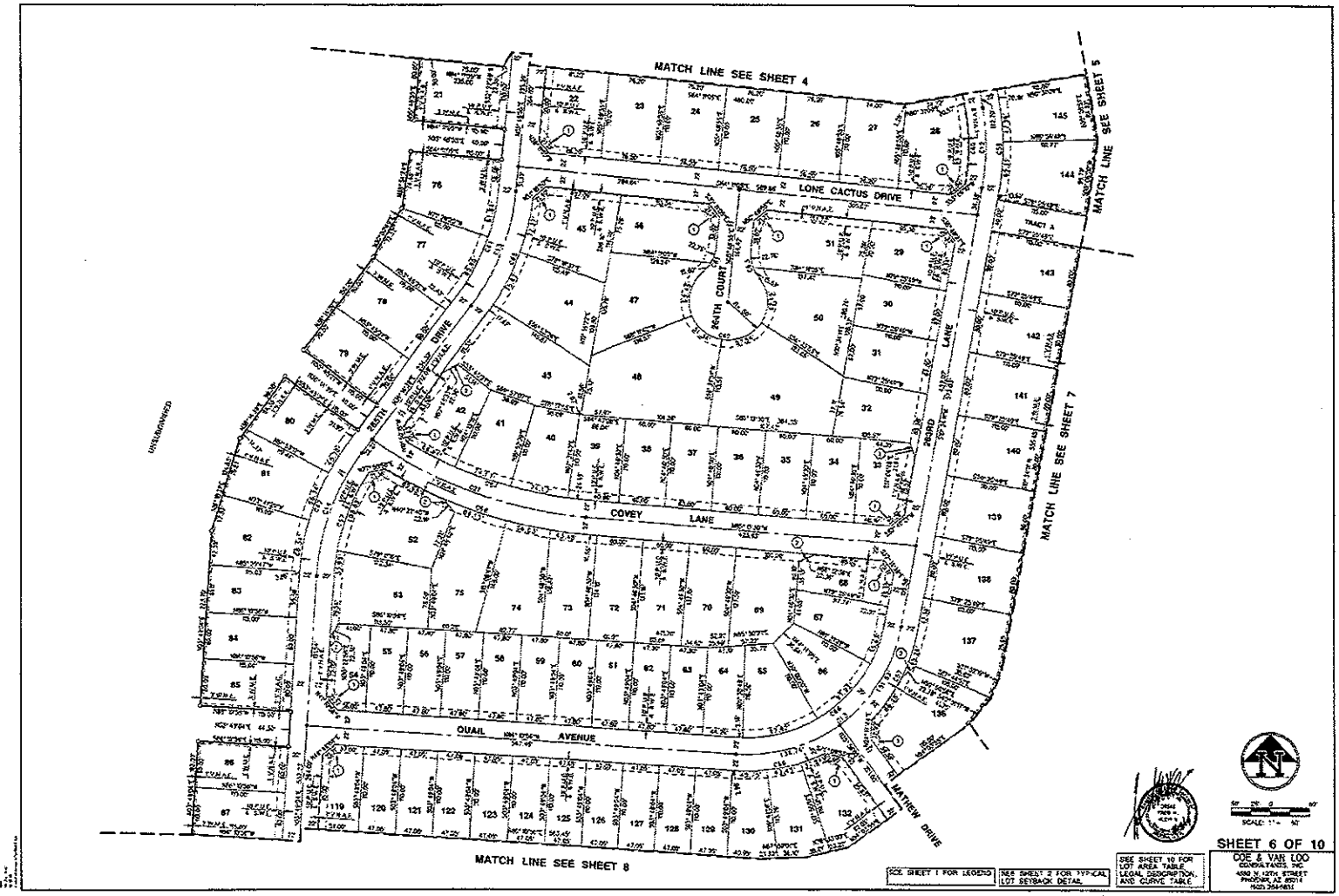
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

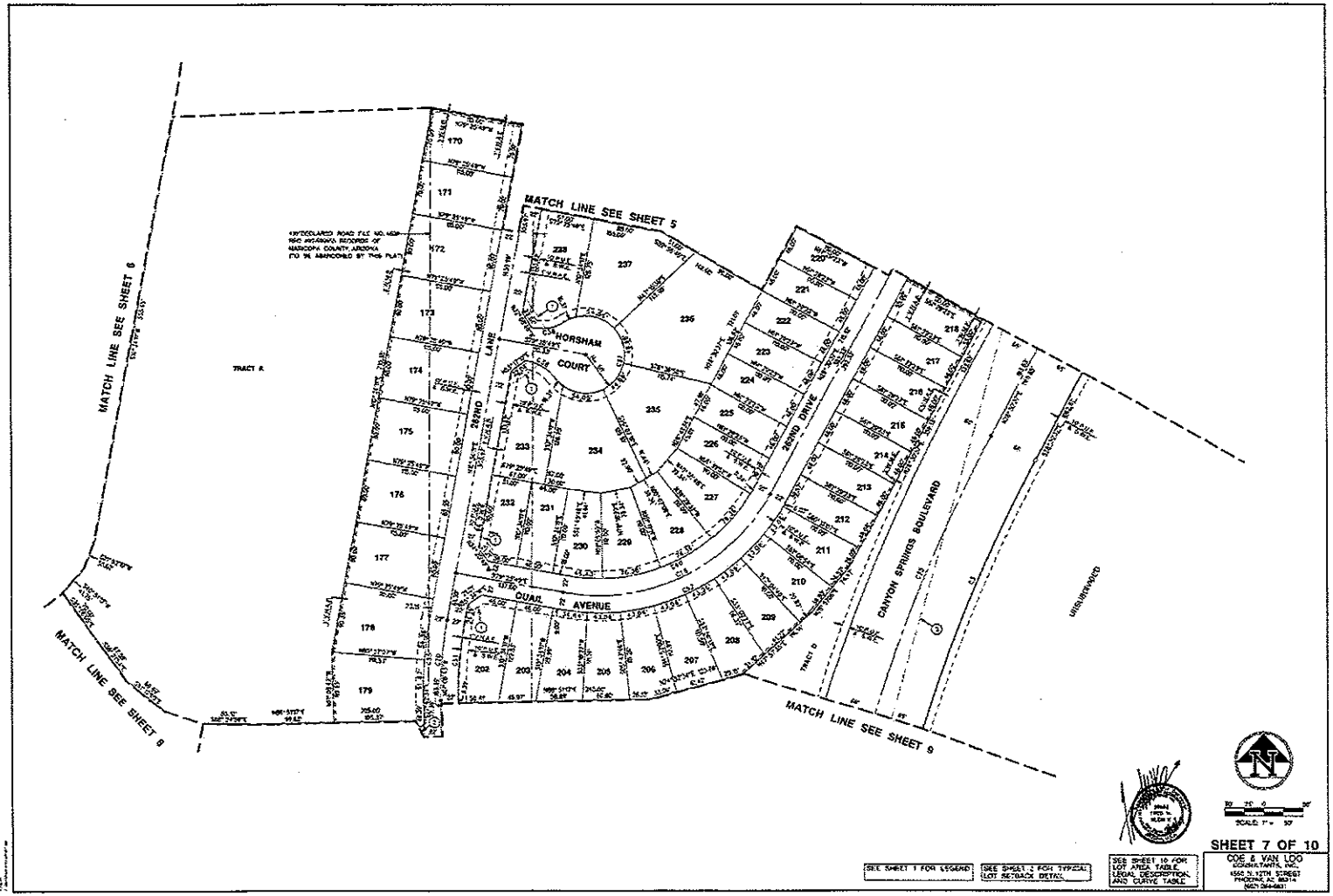
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 5 OF 10

COE & VAN LOO CONSULTANTS, INC
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & I1 - FINAL PLAT - CIVIL JOB #580233-01


MATCH LINE SEE SHEET 4
MATCH LINE SEE SHEET 5
MATCH LINE SEE SHEET 7
MATCH LINE SEE SHEET 8
LONE CACTUS DRIVE
COVEY LANE
QUAIL AVENUE
MATHEW DRIVE
26TH COURT
26TH DRIVE
26RD LANE
TRACT A
UNSUBDIVIDED
SCALE: 1" = 50'
SHEET 6 OF 10
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
SUN CITY FESTIVAL - PARCELS P1 & P2 - FINAL PLAT - C.V.L. JOB #660033-01



SEE SHEET 1 FOR LEGEND

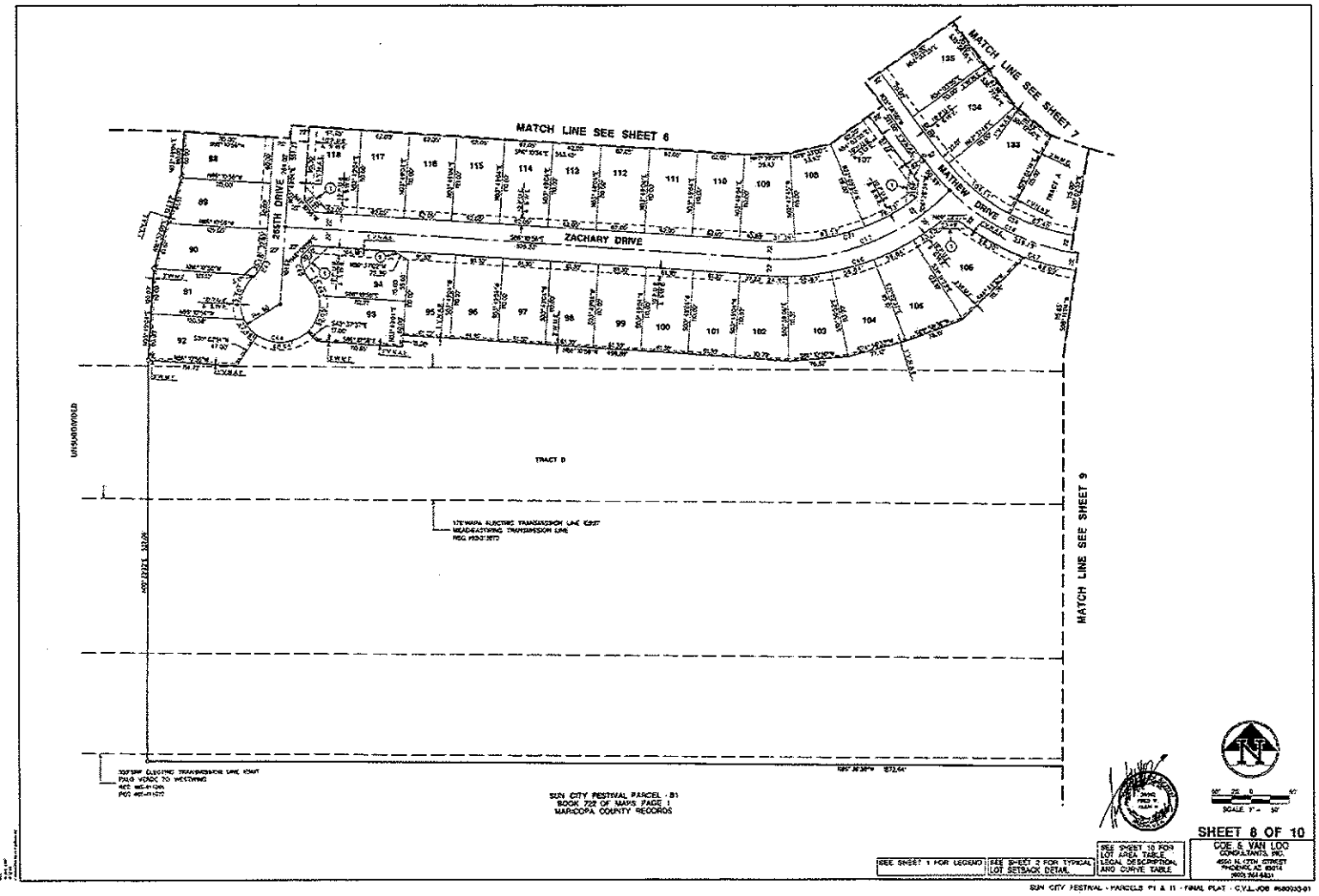
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

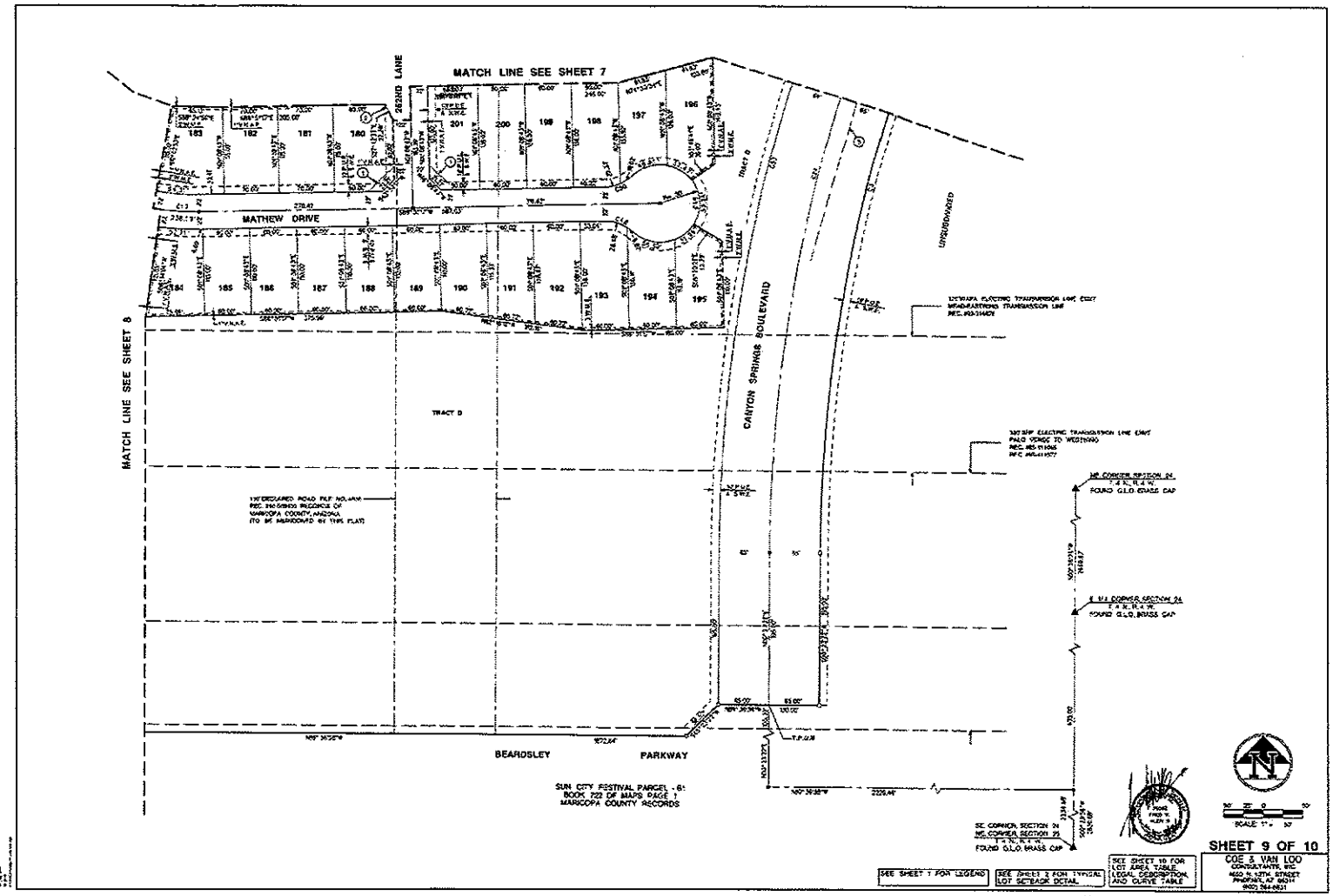
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SHEET 7 OF 10

SUN CITY FESTIVAL - PARCELS 21 & 11 - FINAL PLAT - C.V.L. JOB #92003-01



SUN CITY FESTIVAL - PARCELS P1 & P2 - FINAL PLAT - C.V.L. JOB #680033-01


MATCH LINE SEE SHEET 7
MATCH LINE SEE SHEET 8
262ND LANE
MATHEW DRIVE
TRACT D
CANYON SPRINGS BOULEVARD
UNSUBDIVIDED
BEARDSLEY
PARKWAY
SUN CITY FESTIVAL PARCEL - 61
BOOK 722 OF MAPS PAGE 1
MARICOPA COUNTY RECORDS
SE CORNER SECTION 24
SE CORNER SECTION 25
FOUND G.L.O. BRASS CAP
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
SHEET 9 OF 10
COE & VAN LOO
CONSULTANTS, INC.
SUN CITY FESTIVAL - PARCELS P1 & P1 - FINAL PLAT - C.V.L. JOB

CURVE TABLE

PC.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD BEARING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL DESCRIPTION

THAT PART OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE G.L.O. BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 24, FROM WHICH THE G.L.O. BRASS CAP MARKING THE SOUTHEAST CORNER OF SAID SECTION 24 BEARS SOUTH 00°[illegible] WEST, A DISTANCE OF 2639.44 FEET;

THENCE SOUTH 00°[illegible] WEST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER, A DISTANCE OF 409.08 FEET;

THENCE NORTH 89°[illegible] WEST, DEPARTING SAID EAST LINE, A DISTANCE OF 2,226.46 FEET TO THE POINT OF INTERSECTION FOR THE MONUMENT LINES OF BEARDSLEY PARKWAY AND CANYON SPRINGS BOULEVARD AS SHOWN ON THE FINAL PLAT OF "SUN CITY FESTIVAL - PARCEL B1" RECORDED IN BOOK 7[illegible] OF MAPS, PAGE 1, MARICOPA COUNTY RECORDS;

THENCE NORTH 00°[illegible] EAST, ALONG SAID MONUMENT LINE FOR CANYON SPRINGS BOULEVARD, A DISTANCE OF 105.00 FEET TO A POINT ON THE NORTHERLY BOUNDARY LINE FOR "SUN CITY FESTIVAL - PARCEL B1" AND THE TRUE POINT OF BEGINNING;

THENCE ALONG SAID NORTHERLY BOUNDARY LINES THE FOLLOWING COURSES:

THENCE NORTH 89°[illegible] WEST, A DISTANCE OF 65.00 FEET;
THENCE SOUTH 45°[illegible] WEST, A DISTANCE OF 56.57 FEET;
THENCE NORTH 89°[illegible] WEST, A DISTANCE OF 1,972.64 FEET;

THENCE NORTH 00°[illegible] EAST, DEPARTING SAID NORTHERLY BOUNDARY LINE, A DISTANCE OF 682.36 FEET;

THENCE NORTH 00°[illegible] EAST, A DISTANCE OF 120.00 FEET;
THENCE NORTH 15°[illegible] EAST, A DISTANCE OF 129.22 FEET;
THENCE NORTH 01°[illegible] EAST, A DISTANCE OF 140.00 FEET;
THENCE SOUTH 8[illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH 05°[illegible] EAST, A DISTANCE OF 44.20 FEET;
THENCE NORTH 8[illegible] WEST, A DISTANCE OF 116.00 FEET;
THENCE NORTH 0[illegible] EAST, A DISTANCE OF 223.70 FEET;
THENCE NORTH 1[illegible] EAST, A DISTANCE OF 124.63 FEET;
THENCE NORTH 2[illegible] EAST, A DISTANCE OF 96.70 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 40.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 150.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 72.30 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 74.45 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 40.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 60.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 130.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 26.32 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 133.00 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 600.13 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 73.61 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 65.00 FEET;

THENCE NORTH [illegible] WEST, A DISTANCE OF 309.36 FEET TO THE BEGINNING OF A TANGENT CURVE OF 278.00 FOOT RADIUS, CONCAVE SOUTHWESTERLY;

THENCE NORTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF [illegible], A DISTANCE OF 46.70 FEET;

THENCE NORTH [illegible] EAST, A DISTANCE OF 44.00 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 27.40 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 150.40 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 21.21 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 73.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 44.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 22.36 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 43.76 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 160.42 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 52.78 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 54.91 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 56.91 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 64.90 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 44.01 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 419.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 48.41 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 43.38 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 53.87 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 112.88 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 44.08 FEET;

THENCE SOUTH [illegible] EAST, A DISTANCE OF 280.00 FEET TO A POINT ON A 2,055.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH [illegible] WEST;

THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF [illegible], A DISTANCE OF 521.42 FEET;

THENCE SOUTH [illegible] WEST, A DISTANCE OF 1,168.45 FEET TO THE BEGINNING OF A TANGENT CURVE OF 1,935.00 FOOT RADIUS, CONCAVE SOUTHEASTERLY;

THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 28°07'[illegible], A DISTANCE OF 949.69 FEET;

THENCE SOUTH 00°[illegible] WEST, A DISTANCE OF 105.00 FEET TO A POINT ON SAID NORTHERLY BOUNDARY LINE OF "SUN CITY FESTIVAL - PARCEL B1";

THENCE NORTH 89°[illegible] WEST, ALONG SAID NORTHERLY BOUNDARY LINE, A DISTANCE OF 55.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 136.064 ACRES, MORE OR LESS.

MISCLOSURE: ONE PART IN [illegible]

NORTH ERROR= 0.00[illegible]
EAST ERROR= 0.000

LOT TABLE

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]
TOTAL	[illegible]

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SHEET 10 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & P[illegible] - FINAL PLAT - CVL JOB #[illegible]

FINAL PLAT OF

"SUN CITY FESTIVAL PARCELS K1 & O1"

A SUBDIVISION LOCATED IN THE SOUTH HALF OF SECTION 23, THE NORTHWEST QUARTER OF SECTION 25, AND THE NORTH HALF OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES

1. THE RIGHT-OF-WAY WHICH ARE SHOWN HEREON ARE DEDICATED TO THE PUBLIC TO CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN AND USE AS A PUBLIC STREET THEREON.
2. THE PUBLIC UTILITY EASEMENTS (P.U.E.) WHICH ARE SHOWN HEREON ARE CONVEYED TO THE PUBLIC TO LOCATE, CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN AND USE CITY UTILITY LINES IN ON AND UNDER SUCH EASEMENTS.
3. THE LAND DESCRIBED IN THIS PLAT IS LOCATED WITHIN THE TOWN OF BUCKEYE SERVICE AREA. CERTIFICATE OF ASSURED 100 YEAR WATER SUPPLY NO. 07-401100.0000 UNDER A.R.S. 45-577, HAS BEEN SUBMITTED FOR DESIGNED LAND WITHIN THE PLAT. THE TOWN OF BUCKEYE IS NOT A CERTIFICATED ASSURED 100 YEAR WATER SUPPLY AREA.
4. ALL NEW OR RELOCATED UTILITIES ARE TO BE INSTALLED UNDERGROUND EXCEPT 69 KV ELECTRIC LINES ACCEPTED BY THE ARIZONA CORPORATION COMMISSION GENERAL ORDER O-48.
5. CONSTRUCTION WITHIN PUBLIC UTILITY EASEMENTS SHALL BE LIMITED TO 6FT PUBLIC UTILITIES, LANDSCAPING, MAILBOXES, WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING.
6. ANY PERSON OR ENTITY USING THE ROAD, RIGHT-OF-WAY, PUBLIC UTILITY EASEMENTS OR TRACTS HEREBY CREATED SHALL REPAIR ANY PAVING OR LANDSCAPING ITEM THAT IS DAMAGED OR DESTROYED BY SUCH USE.
7. THE MAINTENANCE OF LANDSCAPE AREAS WITHIN THE PUBLIC RIGHT-OF-WAY TO THE BACK OF CURB SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION OR ABUTTING PROPERTY OWNER IN ACCORDANCE WITH THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "SUN CITY FESTIVAL" PREVIOUSLY RECORDED AS INSTRUMENT NO 2006-0783082 AND ANY SUPPLEMENTAL DECLARATIONS RECORDED PURSUANT THERETO (COLLECTIVELY THE "C.C. & R'S").
8. THE WALL MAINTENANCE EASEMENT SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION.
9. NO STRUCTURES OR VEGETATION OF ANY KIND THAT WOULD IMPEDE THE FLOW OF WATER THROUGH THE EASEMENTS MAY BE CONSTRUCTED OR PLANTED OR OTHERWISE PLACED TO REMAIN WITHIN DRAINAGE EASEMENTS UNLESS APPROVED BY THE TOWN OF BUCKEYE TOWN ENGINEER.
10. ALL SETBACKS SHALL CONFORM WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN (E.M.P.) APPROVED BY THE TOWN OF BUCKEYE, SEPTEMBER 2006 AND ALL AMENDMENT THERETO.
11. ALL LOTS SHALL CONFORM WITH DEVELOPMENT OPTION 5 OF THE SUN CITY FESTIVAL COMMUNITY MASTER PLAN. LOTS 1 THROUGH 236, 240 THROUGH 373, AND 375 THROUGH 710 SHALL BE DEVELOPED UNDER THE M-1.5 ZONING DISTRICT. LOTS 1 THROUGH 31, 101 THROUGH 154, AND 375 THROUGH 710 SHALL BE DEVELOPED UNDER THE M-1.5 ZONING DISTRICT, SINGLE FAMILY CATEGORY. SEE DETAILS ON SHEET 2.
12. 1/2" LONG X 12" REBAR SHALL BE SET AT ALL LOT, PARCEL AND TRACT CORNERS AT COMPLETION OF MASS GRADING.
13. AN EASEMENT FOR THE EXCLUSIVE USE OF WATER SYSTEM SERVICE PROVIDED WITHIN OR ANY COMBINATION THEREOF. ONLY GROUND COVER AND BUSHES ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT AREAS. NO TREES ARE ALLOWED.
14. THE SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT, AND FORMED PURSUANT TO A.R.S. 48-574 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND DRAINAGEWAYS ON STREETS WITHIN OR SERVING THE SUBDIVISION.
(MD 2006-17)
15. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID) (SLID 2006-19)

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THIS 18TH DAY OF APRIL, 2007, BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA.

BY: _____ TOWN ENGINEER

THIS PLAT APPROVED BY THE PLANNING DIRECTOR OF BUCKEYE, ARIZONA THIS 23RD DAY OF MARCH, 2007.

BY: _____ PLANNING DIRECTOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA THIS 19TH DAY OF FEBRUARY, 2007.

BY: _____ MAYOR ATTEST: _____ TOWN CLERK

CONSENT OF LIENHOLDERS

KNOW ALL MEN BY THESE PRESENTS

THE UNDERSIGNED AS BENEFICIARIES UNDER THAT CERTAIN DEED OF TRUST RECORDED MAY 8, 2004 AS INSTRUMENT NO 04-0448486 OF THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, HEREBY CONSENT TO AND JOIN IN THAT CERTAIN "SUN CITY FESTIVAL PARCELS K1 & O1", AND AGREE THAT SUCH PLAT AND THE EASEMENTS SHOWN THEREON SHALL BE SUPERIOR TO, AND HAVE PRIORITY OVER, THE ABOVE DESCRIBED DEED OF TRUST.

15000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY

BY: FESTIVAL HOLDINGS, INC., A DELAWARE CORPORATION, ITS MANAGER

BY: _____ March 20, 2007
NAME: David J. Domenico, Jr. DATE
ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: _____ March 20, 2007
JOSEPH P. HEANTON DATE
ITS AUTHORIZED AGENT

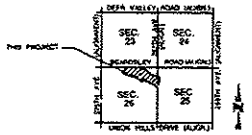
LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED BEFORE, OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OR PARCEL CREATED BEFORE OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS TRIGGERED TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE COMPLETED TO TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE INCLUDED IN PHASES. A PROSPECTIVE BUYER OF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THE PLAT SHOULD REQUIRE THE SELLER TO PROVIDE A WRITTEN RELEASE OF THIS LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY SIGNED BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER being PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS, SUCH AS LANDSCAPING AND PUBLIC LOT ITEMS THAT ARE IN PROGRESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOMEBUILDER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE BUYER PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.

LEGEND

- INDICATES SECTION CORNER - ROUND BRASS CAP IN HANDHOLE UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - FOUND 1/2" IRON BAR UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THE SUBDIVISION - FOUND BRASS CAP UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - SET 1/2" IRON BAR UNLESS OTHERWISE NOTED
- INDICATES INTERSECTIONS OF MAJOR & COLLECTOR STREETS - SET 1/2" IRON BAR WITH ALUMINUM CAP STAMPED "RLS 16189" ON MARICOPA STD DET. 100-1, TYPE "B" UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - SET BRASS CAP WITH CONNECTION OF JOB #99 MARICOPA STD DET. 100-1, TYPE "B" UNLESS OTHERWISE NOTED
- INDICATES CENTER LINE MONUMENTATION - SET BRASS CAP FLUSH WITH CONNECTION OF JOB #99 MARICOPA STD DET. 100-1, TYPE "B" UNLESS OTHERWISE NOTED

C1	— INDICATES CURVE NUMBER
V.N.A.E.	— INDICATES VEHICULAR NON-ACCESS EASEMENT
T.P.O.B.	— INDICATES TRUE POINT OF BEGINNING
P.U.E. & S.W.E.	— INDICATES PUBLIC UTILITY EASEMENT AND SIDEWALK EASEMENT
W.M.E.	— INDICATES WALL MAINTENANCE EASEMENT
T.O.B.	— INDICATES TOWN OF BUCKEYE
M.C.H.D.	— INDICATES MARICOPA COUNTY HIGHWAY DEPARTMENT
A.P.S.	— ARIZONA PUBLIC SERVICE
1	— INDICATES BRIEF VISIBILITY EASEMENT. "SEE LOT SETBACK DETAIL, SHT. 2"
2	— INDICATES KEY LOT. SEE LOT SETBACK DETAIL, SHT. 2
3	— INDICATES ABOVE DISTANCE LINE. "SEE LOT SETBACK DETAIL, SHT. 2"
O.L.C.	— CORNELL EAST OFFICE
F.E.M.A.	— FEDERAL EMERGENCY MANAGEMENT AGENCY
MIN.	— MINIMUM
TYP.	— TYPICAL
R.O.W.	— RIGHT OF WAY
H.H.	— HANDHOLE
BLDG.	— BUILDING
MAX.	— MAXIMUM



VICINITY MAP
(NOT TO SCALE)

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 2nd DAY OF April, 2007, BY Scott Wright THE Vice President OF SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NONPROFIT ORGANIZATION, FOR AND ON BEHALF THEREOF.

May 21, 2007 MY COMMISSION EXPIRES

Jacqueline Boswell NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

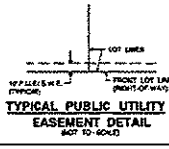
THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 20TH DAY OF March, 2007, BY David J. Domenico, Jr. THE Vice President OF 15000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, ON BEHALF OF THE COMPANY.

May 4, 2009 MY COMMISSION EXPIRES

Debra Vowell NOTARY PUBLIC

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, HAVING A BEARING OF N00°03'01"E.



TYPICAL PUBLIC UTILITY EASEMENT DETAIL
(NOT TO SCALE)

TRACT INFORMATION TABLE

TRACT/LOT	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE / DRAINAGE / PUE	1.395 AC
TRACT B	LANDSCAPE / DRAINAGE / PUE	0.850 AC
	TOTAL	2.245 AC

FLOOD ZONE CERTIFICATION

THE MARICOPA COUNTY, ARIZONA AND INCORPORATED AREAS FLOOD INSURANCE RATE MAP (FIRM) NUMBER 4 OF 4 DATED FEB. 2005, INDICATES THAT THE SITE FALLS WITHIN ZONE X (SHADED) RESPECTIVELY. ZONE X (SHADED) IS DEFINED BY FEMA AS:
AREAS OF 500-YEAR FLOOD; AREAS OF 100-YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN ONE (1) FOOT OR WITH DRAINAGE AREAS LESS THAN ONE (1) SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM THE 100 YEAR FLOOD.

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 2nd DAY OF April, 2007, BY Scott Wright THE Vice President OF PULTE HOME CORPORATION, A MICHIGAN CORPORATION, FOR AND ON BEHALF THEREOF.

May 21, 2007 MY COMMISSION EXPIRES

Jacqueline Boswell NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

ON THIS 20TH DAY OF March, 2007, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED JOSEPH P. HEANTON, WHO ACKNOWLEDGED HIMSELF TO BE THE AUTHORIZED AGENT OF THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, AND BEING AUTHORIZED TO DO SO, ON BEHALF OF SAID ENTITY, EXECUTED THE FOREGOING INSTRUMENT.

May 4, 2009 MY COMMISSION EXPIRES

Debra Vowell NOTARY PUBLIC

BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007 - 0540133
04/05/07 11:12:00

DEDICATION

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF "SUN CITY FESTIVAL PARCELS K1 & O1", LOCATED IN THE SOUTH HALF OF SECTION 23, THE NORTHWEST QUARTER OF SECTION 25 AND THE NORTH HALF OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN PLATTED HEREON, AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF "SUN CITY FESTIVAL PARCELS K1 & O1", AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT, STREET AND EASEMENT CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER LETTER OR NAME THAT IS GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OF EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE SUN CITY FESTIVAL COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE AMENDMENT, FUNDING, ACQUISITION AND INTERGOVERNMENTAL AGREEMENT NO. 1, DATED AS OF APRIL 21, 2006 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AT 2006-0878800 ON APRIL 28, 2006.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY DEDICATES TO THE PUBLIC FOR USE AS SUCH THE STREETS AND EASEMENTS AS SHOWN HEREON AND INCLUDED IN THE ABOVE DESCRIBED PREMISES.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY GRANTS TO THE TOWN OF BUCKEYE (THE "TOWN") A NON EXCLUSIVE EASEMENT OVER SHOWN PORTIONS OF THE PROPERTY DESIGNATED AS TRACTS "A" AND "B" FOR PURPOSES OF ACCESSING, MAINTAINING, REPAIRING AND REPLACING ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY. THE IRRIGATION SYSTEM INCLUDES ITS WATER DELIVERY DEFINITION AS THE TERM IS DEFINED IN THE TOWN'S SUBDIVISION ORDINANCE, SUBJECT TO THE PROVISIONS OF THE PROPERTY OWNERS'(S) CONVEYANCE AREAS TOWN'S SUBDIVISION ORDINANCE. THE TOWN'S ACCEPTANCE OF THE PROPERTY OWNERS'(S) CONVEYANCE AREAS TOWN'S SUBDIVISION ORDINANCE IS NO WAY ABROGATES THE PULTE HOME CORPORATION FROM ITS OBLIGATION TO MAINTAIN REPAIR AND REPLACE ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO THE LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS.

THE TOWN IS HEREBY GIVEN AN EASEMENT FOR MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS ON TRACTS "A" AND "B". THIS EASEMENT MAY BE EXERCISED BY THE TOWN OF BUCKEYE AT ANY SUCH TIME WHEN THE PROPERTY OWNERS'(S) ASSOCIATION FAILS TO MEET AND PROVIDE THE REQUIRED MAINTENANCE AND OPERATION OF LANDSCAPING, DRAINAGE AND RETENTION AREAS AS LONG AS THE PROPERTY OWNER'S ASSOCIATION IS IN EXISTENCE, IT IS RESPONSIBLE FOR PERFORMING ALL MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS REGARDLESS OF THE DEDICATION OF THE EASEMENT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OF EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE SUN CITY FESTIVAL COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE AMENDMENT, FUNDING, ACQUISITION AND INTERGOVERNMENTAL AGREEMENT NO. 1, DATED AS OF APRIL 21, 2006 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AT 2006-0878800 ON APRIL 28, 2006.

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NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OF EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE SUN CITY FESTIVAL COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE AMENDMENT, FUNDING, ACQUISITION AND INTERGOVERNMENTAL AGREEMENT NO. 1, DATED AS OF APRIL 21, 2006 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AT 2006-0878800 ON APRIL 28, 2006.

EASEMENTS ARE DEDICATED AS SHOWN ON THIS PLAT.

TRACTS "A" AND "B" ARE HEREBY DECLARED AS COMMON AREAS FOR THE PURPOSES SHOWN, AND FOR THE USE AND ENJOYMENT OF THE LOT OWNERS AS MORE FULLY SET FORTH IN THE DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS FOR "SUN CITY FESTIVAL" TO BE HEREAFTER RECORDED, AND WILL BE OWNED AND MAINTAINED BY THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION, THE TRACTS THAT WILL NOT BE CONVEYED TO THE TOWN OF BUCKEYE AND ALL COMMON PROPERTY SHALL BE APPROVED BY THE TOWN OF BUCKEYE AND SHALL BE CONVEYED BY WARRANTY FOR SPECIAL WARRANTY DEED TO THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION. DWELLING UNITS SHALL NOT BE CONSTRUCTED ON SAID TRACTS.

BY THE EXECUTION OF THIS PLAT, THE TOWN HEREBY TERMINATES AND REVOKES THE ROADWAY DEDICATION PREVIOUSLY RECORDED AS INSTRUMENT NO. 89-0439440, RECORDS OF MARICOPA COUNTY, ARIZONA, AND RELINQUISHES ANY RIGHT TO ESTABLISH OPEN OR DEDICATE A ROADWAY PURSUANT TO SUCH DEDICATION OVER ANY PORTION OF THE PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THIS PLAT.

IN WITNESS WHEREOF

PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE ACCEPTED AND THE SAME TO BE ATTESTED BY LINE AND SEAL OF THE UNDERSIGNED OFFICER THEREUNTO DULY AUTHORIZED THIS 2nd DAY OF April, 2007.

BY: PULTE HOME CORPORATION, A MICHIGAN CORPORATION

BY: _____ DATE: 4-2-07
ITS: Attorney-in-fact

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS

THE UNDERSIGNED DULY AUTHORIZED OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, AND 15000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, AND THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, HEREBY RATIFIES THE RECORDATION OF THIS PLAT FOR "SUN CITY FESTIVAL PARCELS K1 & O1", AND ACKNOWLEDGES THE RESPONSIBILITIES SET FORTH THEREIN.

SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION

BY: _____ March April 2, 2007
ITS: Vice President DATE

15000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY

BY: _____ March 20, 2007
ITS: Vice President DATE

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT

BY: _____ March 20, 2007
JOSEPH P. HEANTON DATE
ITS AUTHORIZED AGENT

CERTIFICATION

I, FRED W. KLEIN III, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA; THAT THIS PLAT, CONSISTING OF 8 SHEETS, CORRECTLY REPRESENTS A BOUNDARY SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF JANUARY, 2006; THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN; THAT ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AS SHOWN; THAT THEIR POSITIONS ARE CORRECTLY SHOWN; AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

FRED W. KLEIN III
REGISTERED LAND SURVEYOR (RLS)
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, ARIZONA 85014
(602) 264-6831

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL & KEY MAP

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

GROSS AREA = 69.572 AC.
NET AREA = 68.672 AC.

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SHEET 1 OF 8

(229.07)

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1) ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE WHEN APPLICABLE.

2) AN EFFORT SHALL BE MADE TO PRESERVE ALL MATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SITE WHEN LANDSCAPING PLAN IS IMPLEMENTED.

3) ALL PRELIMINARY PLAT STIPULATIONS (APPLICATION #PT05-00-107 PREVIOUSLY ADDRESSED (OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.

4) PRIOR TO FINAL PLAT RECORDATION ALL IMPROVEMENT PLANS INCLUDING FINAL LANDSCAPING, IRRIGATION AND LIGHTING PLANS, ETC. SHALL BE REVIEWED AND APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.

5) PRIOR TO FINAL PLAT RECORDATION THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.

6) MAJOR CHANGES TO THIS FINAL PLAT, WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.

7) SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.

8) ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.

9) ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY.

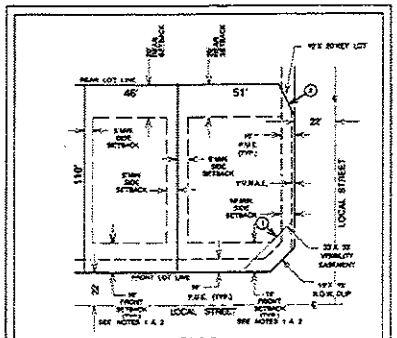
10) THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS.

11) ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE AND SHALL CORRESPOND WITH THE MARICOPA COUNTY GRID ALIGNMENT.

12) IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LONG BASED ON AN ESTIMATED SIGNAL COST OF $200,000 EACH AND BASED ON AN ANALYSIS AS COMPUTED BY THE TOWN ENGINEER.

13) THE DEVELOPER OF THE PROPERTY IS REQUIRED TO, COMPLETE AT THEIR SOLE EXPENSE, ALL PUBLIC INFRASTRUCTURE NECESSARY TO SERVE THE PROPERTY, INCLUDING BUT NOT LIMITED TO WATER AND SEWER SERVICE. IN CONNECTION WITH PROVIDING THE NECESSARY INFRASTRUCTURE, THE DEVELOPER OF SAIL PROPERTY SHALL ENTER INTO A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT WITH THE TOWN AND PROVIDE FINANCIAL GUARANTEES AS REQUIRED BY THE TOWN CODE PRIOR TO RECORDING ANY FINAL PLAT ON THE PROJECT.

14) THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.

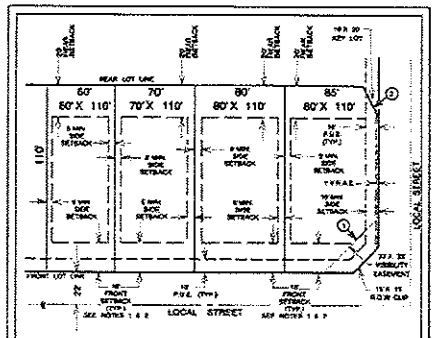


R1-3.5
46' X 110' LOT
TYPICAL SETBACKS DETAIL
N.T.S.

NOTES 1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX. BLDG. HEIGHT - 30'

2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK AND MAX LOT COVERAGE

3) ANY OBJECT, WALL STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO TREES ARE TO BE INSTALLED WITHIN 8' OF ANY FIRE HYDRANT. NO BOULDERS ARE TO BE INSTALLED IN THE U.N.A.E./U.E. FOR OR WITHIN 4' OF THE BACK OF CURB. ANY VEGETATION INCLUDING TREES, SHRUBS, BUSHES OR GROUND COVER MAY BE REMOVED FOR ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.

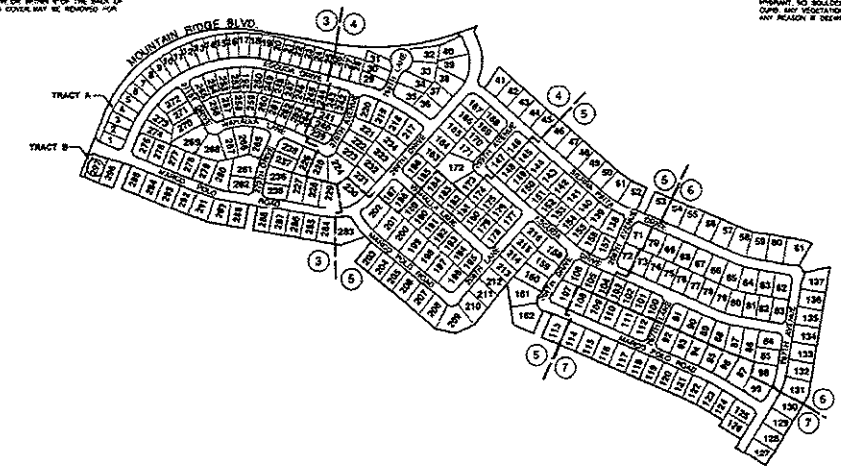


R1-4.5
60' X 110' LOT, 70' X 110' AND 80' X 110' LOT
TYPICAL SETBACKS DETAIL
N.T.S.

NOTES 1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX. BLDG. HEIGHT - 30'

2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK AND MAX LOT COVERAGE

3) ANY OBJECT, WALL STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO TREES ARE TO BE INSTALLED WITHIN 8' OF ANY FIRE HYDRANT. NO BOULDERS ARE TO BE INSTALLED IN THE U.N.A.E./U.E. FOR OR WITHIN 4' OF THE BACK OF CURB. ANY VEGETATION INCLUDING TREES, SHRUBS, BUSHES OR GROUND COVER MAY BE REMOVED FOR ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.



BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103
04/05/07
8:00 AM

KEY MAP
(NOT TO SCALE)

(7) - PARCEL NUMBER

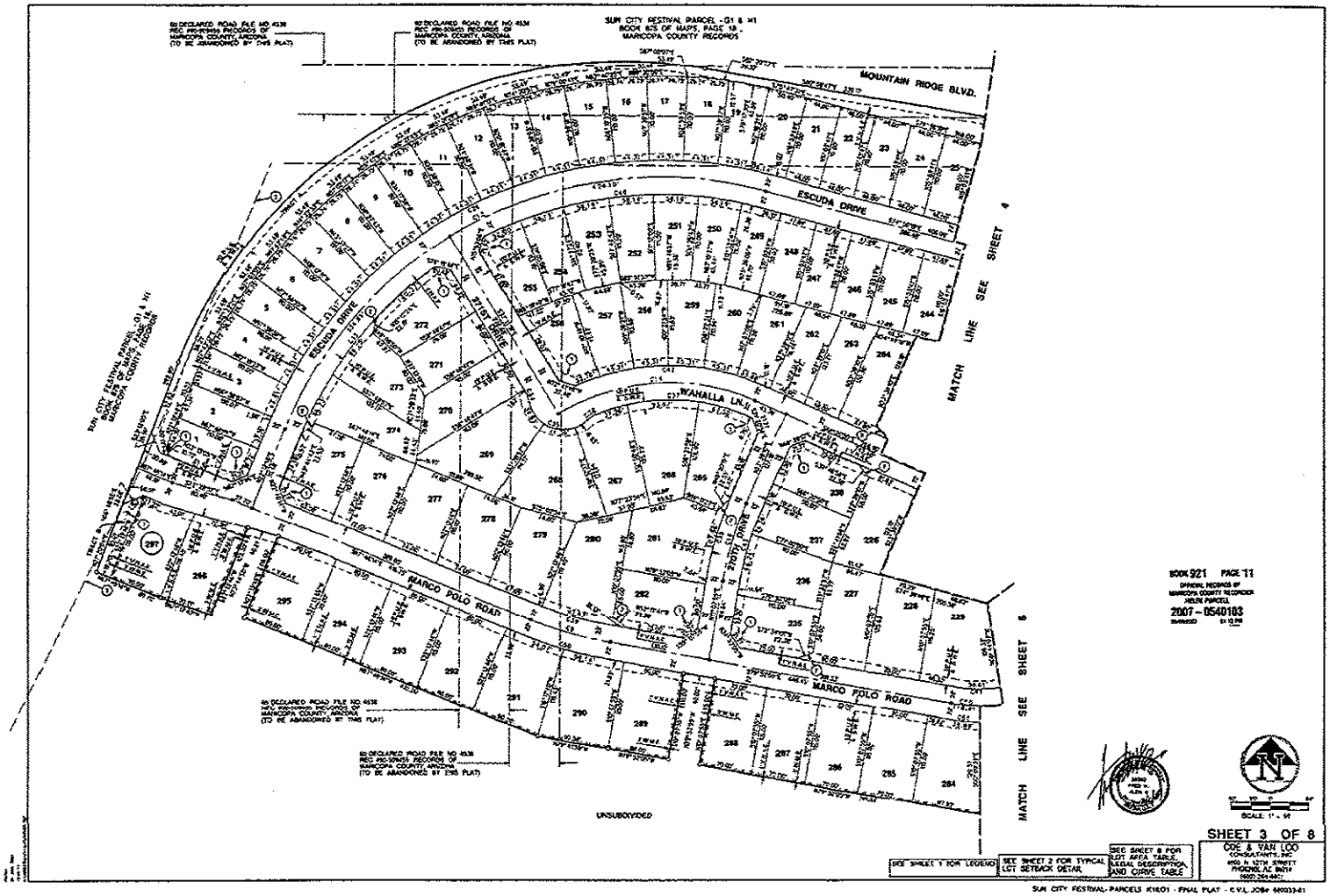
SEE SHEET 1 FOR LEGEND

SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

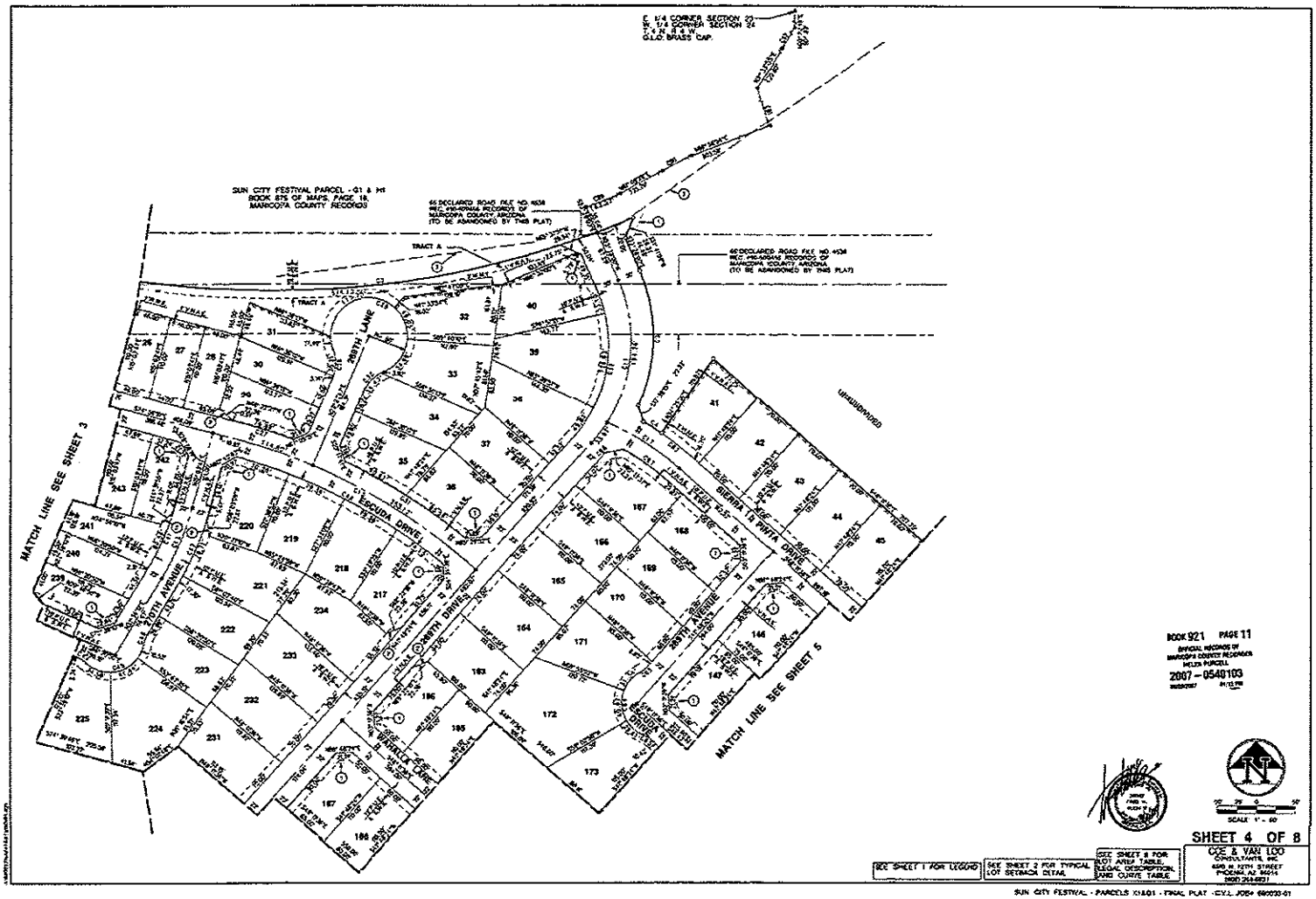
SHEET 2 OF 8

CDS & VAN LOO CONSULTANTS, INC.
1500 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

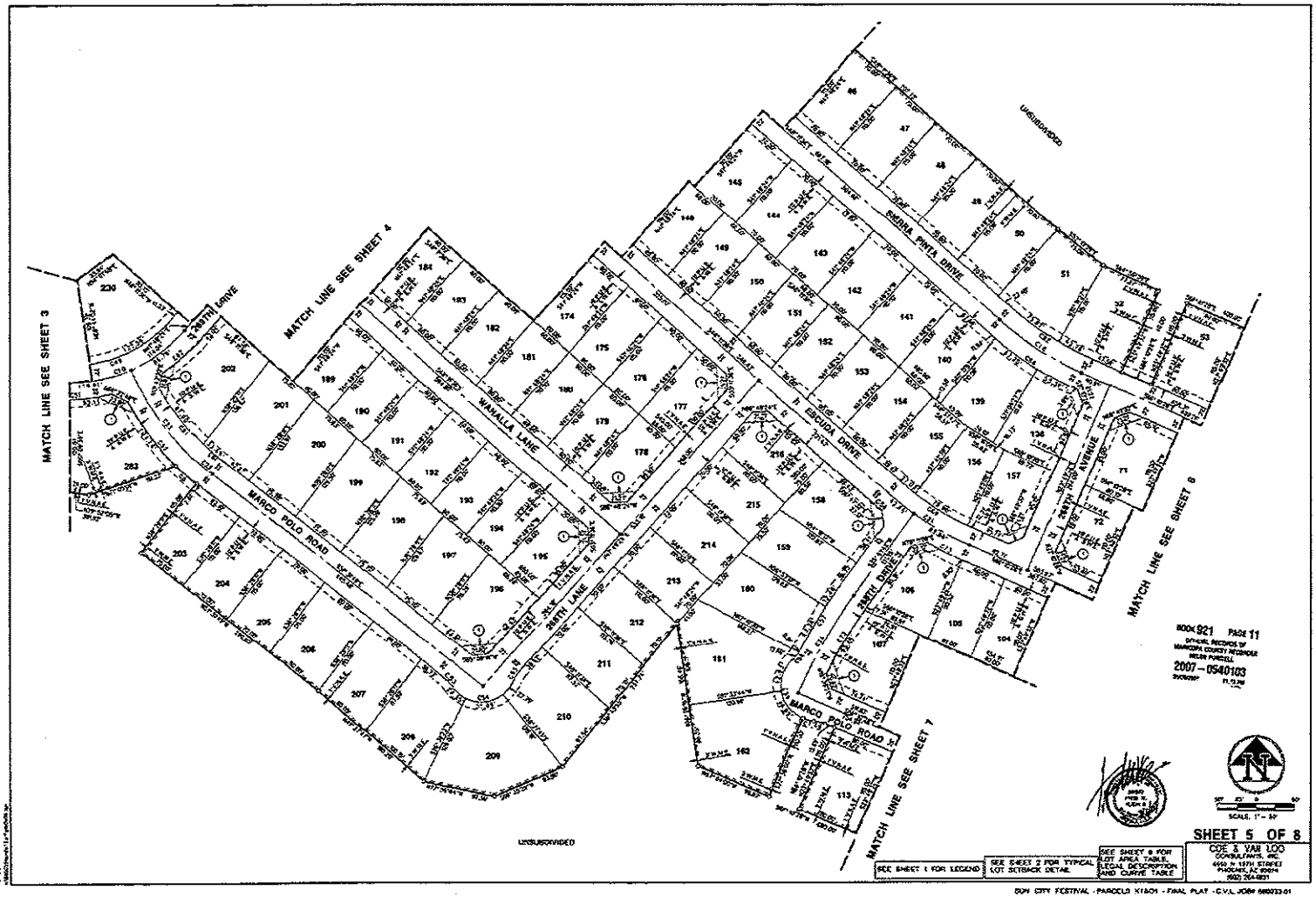
SUN CITY FESTIVAL - PARCELS K1 & K1 - FINAL PLAT - C.V.L. JOB# 98003-01

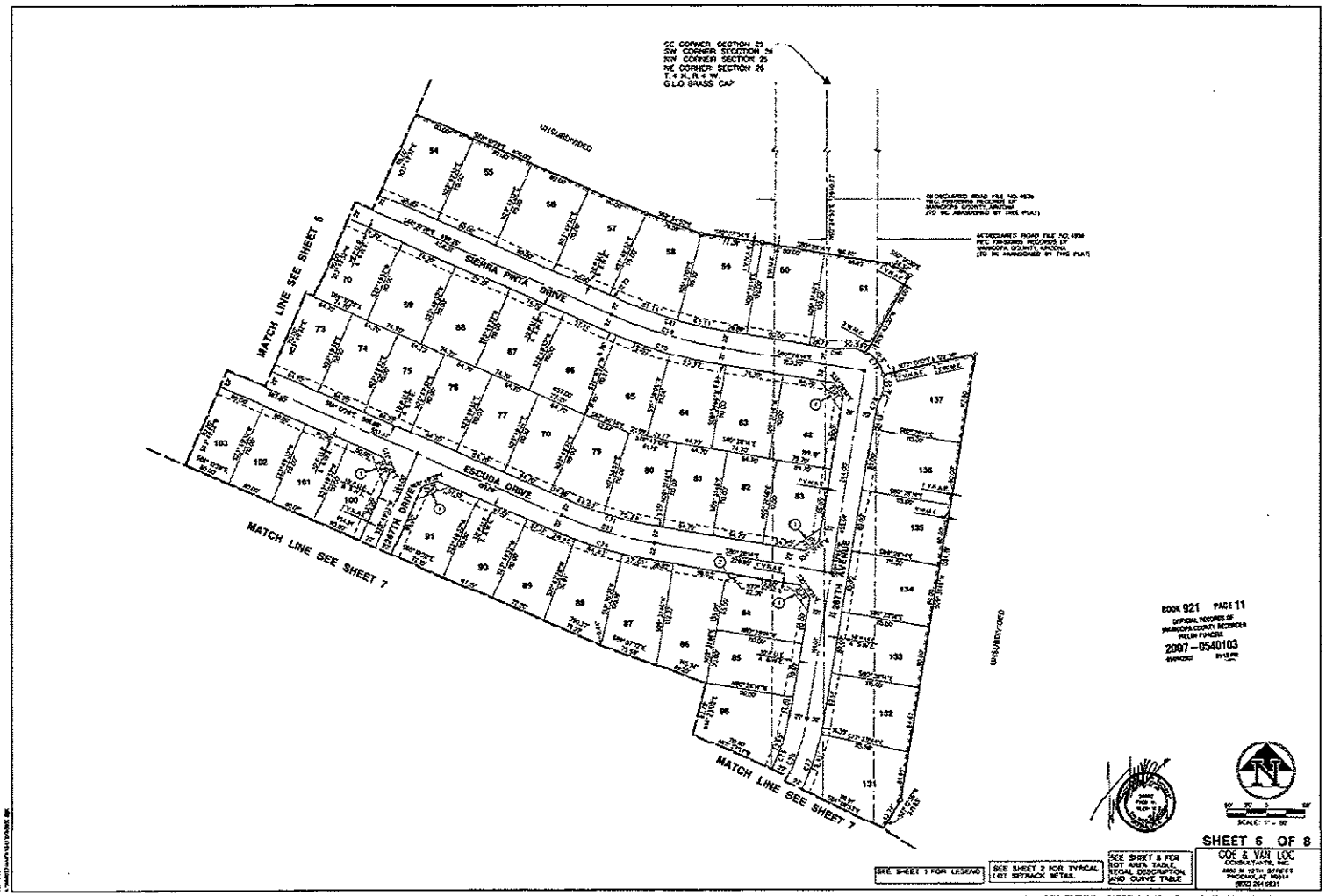


SUN CITY FESTIVAL- PARCELS K1&D1 - FINAL PLAT - C.V.L. JOB# 660033-01

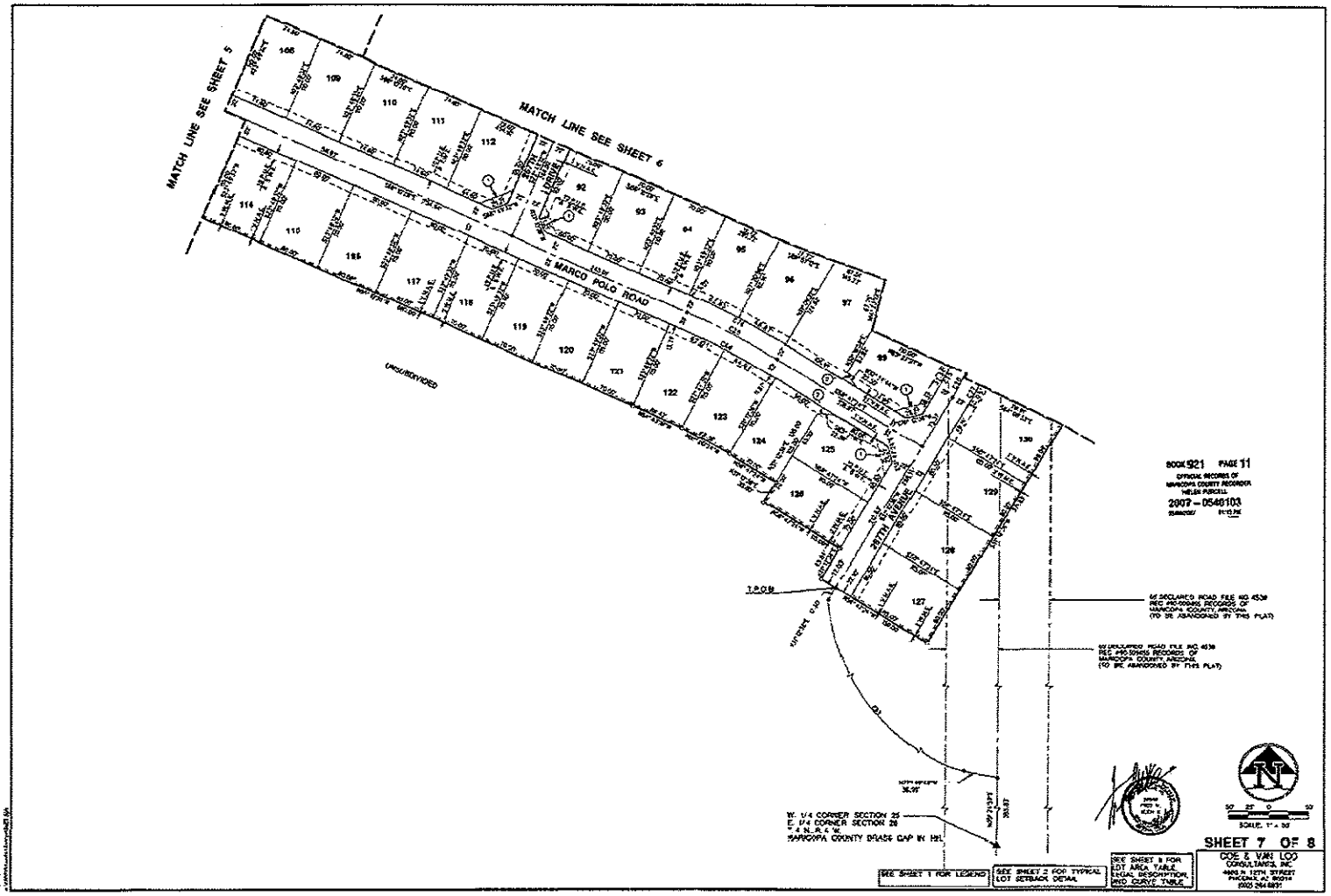


SUN CITY FESTIVAL - PARCELS G1&G1 - FINAL PLAT - CVL JOB# 690033-01


MATCH LINE SEE SHEET 3
MATCH LINE SEE SHEET 4
MATCH LINE SEE SHEET 6
MATCH LINE SEE SHEET 7
MARCO POLO ROAD
WAHALLA LANE
SIERRA PINTA DRIVE
ESCUDA DRIVE
268TH LANE
268TH DRIVE
268TH AVENUE
UNSUBDIVIDED
BOOK 921 PAGE 11
2007-0540103
SCALE, 1" = 50'
SHEET 5 OF 8
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION AND CURVE TABLE
COE & VAN LOO CONSULTANTS, INC.
DON CITY FESTIVAL - PARCELS X1&01 - FINAL PLAT - C.V.L. JOB# 080033-01



SE CORNER SECTION 25
SW CORNER SECTION 26
NW CORNER SECTION 25
NE CORNER SECTION 26
T.4 N., R.4 W.
G.L.O. BRASS CAP
UNSUBDIVIDED
MATCH LINE SEE SHEET 6
MATCH LINE SEE SHEET 7
SIERRA PINTA DRIVE
ESCUDA DRIVE
287TH DRIVE
287TH AVENUE
BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103
SCALE: 1" = 60'
SHEET 6 OF 8
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 8 FOR LOT AREA TABLE, REGAL DESCRIPTION, AND CURVE TABLE
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-9831
SUN CITY FESTIVAL - PARCELS K1A01 - FINAL PLAT - C.V.L. JOB# 46602301



SUN CITY FESTIVAL - PARCELS X1&X1 - FINAL PLAT - C.V.L. JOB# 680033-01

CURVE TABLE

NO.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD BEARING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL DESCRIPTION

THAT PART OF THE SOUTH HALF OF SECTION 23, THE NORTHWEST QUARTER OF SECTION 25, THE NORTH HALF OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

[illegible]

LOT TABLE

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]
TOTAL	[illegible]

BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
2007-0540103

SEE SHEET 1 FOR LEGEND

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

SHEET 8 OF 8

COE & VAN LOO CONSULTANTS, INC.

APPRAISER'S QUALIFICATIONS

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FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

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STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute

BUSINESS EXPERIENCE

2001 to Present, Senior Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

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SUMMARY APPRAISAL REPORT OF

FESTIVAL RANCH ASSESSMENT AREA NO. 5

Four Residential Planning Areas Within Festival Foothills,
A Planned Single Family Residential Community
In Buckeye, Arizona

DATE OF VALUATION

August 1, 2007

DATE OF REPORT

August 10, 2007

PREPARED FOR

Festival Ranch Community Facilities District
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona 85004

PREPARED BY

BURKE HANSEN, LLC
1601 North 7th Street, Suite 200
Phoenix, Arizona 85006

Burke Hansen, LLC File No. 7979N

Burke Hansen, LLC
Real Estate Valuation & Consulting

August 10, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PLANNING AREAS WITHIN FESTIVAL FOOTHILLS, A PLANNED SINGLE FAMILY RESIDENTIAL COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 7979N)

Dear Mr. Ruby:

We have inspected the above-captioned properties in connection with preparing the attached Summary Appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four planning areas referenced above which are specifically identified below.

SUMMARY OF FESTIVAL FOOTHILLS PHASE II

Unit No.	Net Acres	No of Lots	Lot Size	Units Per Net Acre
15	19.35	85	43'x115'	4.39
17	14.70	71	48'x115'	4.83
21	12.75	33	68'x115'	2.59
23	12.36	61	58'x115'	4.94
Total	59.16	250		4.23

These four residential planning units include four of the five planning areas in Phase II of Festival Foothills. These planning units include four lot widths (43' to 68'), which are planned for development with four corresponding product series of single family homes. Homes will range from 1,230 to 4,068 square feet. Current base pricing of these product series in Phase I range between $149,900 and $289,900.

The four planning areas have been platted and engineered for single family residential development and the Town of Buckeye has approved final plats for all four units. On July 31, 2007, the final plat for Phase II was recorded with the Maricopa County Recorder.

The initial construction of the community commenced in March 2006 with the clearing and grading of the entire first phase. Installation of the backbone infrastructure (sewer and water lines and dry utilities) was completed for the first phase in early 2007 and the community opened for sales in April 2007.

As noted, the land for the second phase was also graded in March 2006 and at the time of inspection (August 1, 2007), backbone infrastructure installation had recently commenced.

The values addressed in this appraisal are the "as is" value of each of the planning areas, i.e., the value of the property in its condition as of the date of valuation. The value estimates for each parcel reflects a **wholesale (bulk) value** of final platted residential lots within each of the seven subject parcels. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots – a subdivision of finished residential lots. The "as if complete" value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property.

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

This appraisal has been prepared at the request of Festival Ranch Community Facilities District, c/o Mr. Scott Ruby, Gust Rosenfeld, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of Market Value, which is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006, and Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), adopted for purposes of this report is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The subject property was last inspected on August 1, 2007 and the wholesale value of each parcel, as of August 1, 2007, has been concluded as follows:

<u>WHOLESALE (BULK) "AS IS" MARKET VALUE</u>

Unit 15
ONE MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
$1,955,000

Unit 17
ONE MILLION EIGHT HUNDRED FORTY-SIX THOUSAND DOLLARS
$1,846,000

Unit 21
ONE MILLION THREE HUNDRED EIGHTY-SIX THOUSAND DOLLARS
$1,386,000

Unit 23
TWO MILLION SEVENTY-FOUR THOUSAND DOLLARS
$2,074,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's seven planning areas be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) "AS IS" MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

Unit 15		**Unit 21**	
Wholesale (Bulk) Value	$1,955,000	Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($98,000)	Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000	Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 17		**Unit 23**	
Wholesale (Bulk) Value	$1,846,000	Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($92,000)	Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000	Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.
8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

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9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or

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detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

19. In order to provide the conclusions and opinions articulated in this valuation report, the appraiser(s) must rely upon the full extent of the investigation and analysis derived for this assignment. Consequently, the use of this intellectual work is controlled through copyright, for all portions other than those that have referenced sources and/or credits. Use of any copyrighted portion of this report, by anyone who does not have written permission from a duly authorized agent of Burke Hansen, LLC will be construed to be "willfully" perpetrated. As an infringement, any such unauthorized use will be subject to statutory as well as punitive damages and attorney's fees, as are available to the copyright owner in court actions.

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EXECUTIVE SUMMARY

Description of the Property: Four single-family residential subdivisions within Phase II of Festival Foothills, a single family residential community within Festival Ranch in Buckeye, Arizona. Pulte Homes is also under development with Sun City Festival, an age-restricted community.

Location: North of the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard in Buckeye, Arizona

Property Size: 59.16 net acres

UNIT SUMMARY

Unit No.	Net Acres
1	19.35
3	14.70
5	12.75
13	12.36
Total	59.16

Property Rights Appraised: Fee Simple Estate

Zoning: All four planning areas are zoned for single-family residential development

Highest and Best Use: Development with residential subdivisions within a master planned community

Date of Valuation: August 1, 2007 (Final date of property inspection)

Date of Appraisal: August 10, 2007

Wholesale (Bulk) Value Conclusions:

Unit 15	$1,955,000	$23,000 per lot
Unit 17	$1,846,000	$26,000 per lot
Unit 21	$1,386,000	$42,000 per lot
Unit 23	$2,074,000	$34,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

Unit 15	
Wholesale (Bulk) Value	$1,955,000
Less: Admin. Fee (5%)*	($98,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000
Unit 17	
Wholesale (Bulk) Value	$1,846,000
Less: Admin. Fee (5%)*	($92,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000
Unit 21	
Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 23	
Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

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INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Summary Appraisal is four planning areas within Phase II of Festival Foothills, a 258-acre conventional housing community in north Buckeye, Arizona. Festival Foothills is adjacent east of the first phase of Sun City Festival, an age-restricted community. Festival Foothills and Sun City Festival encompass approximately 3,100 acres of the 10,000 acre Festival Ranch planned community. Pulte Homes is developer of both Festival Foothills and Sun City Festival. The location of subject within larger 10,000 acre Festival Ranch community is illustrated on Exhibit 1. Its location with respect to Sun City Festival is illustrated on Exhibit 2.

The four subject parcels represent four of the five residentially planned parcels within Phase II of Festival Foothills; Unit 19 is not a part of this appraisal.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the subject's four planning areas, which are more specifically identified in Table 1.

TABLE NO. 1

SUMMARY OF FESTIVAL FOOTHILLS PHASE II

Unit No.	Net Acres	No of Lots	Lot Size	Units Per Net Acre
15	19.35	85	43'x115'	4.39
17	14.70	71	48'x115'	4.83
21	12.75	33	68'x115'	2.59
23	12.36	61	58'x115'	4.94
Total	59.16	250		4.23

The location of the four planning areas within Festival Foothills is illustrated on Exhibit 3, a copy of the master plan map for Festival Foothills.

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EXHIBIT NO. 1
Festival Ranch Location Map

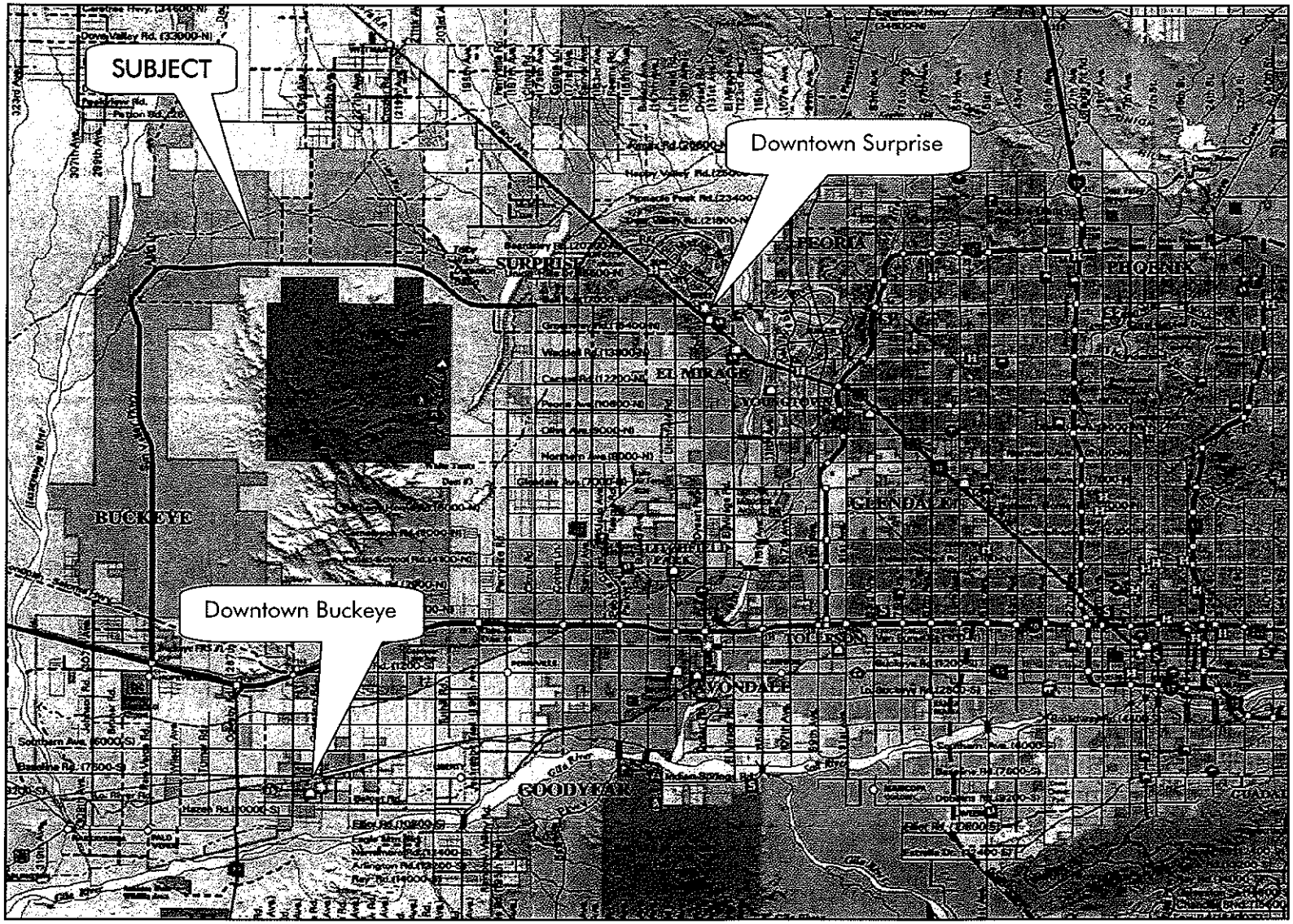

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EXHIBIT NO. 2

Conceptual Map of Sun City Festival and Festival Foothills

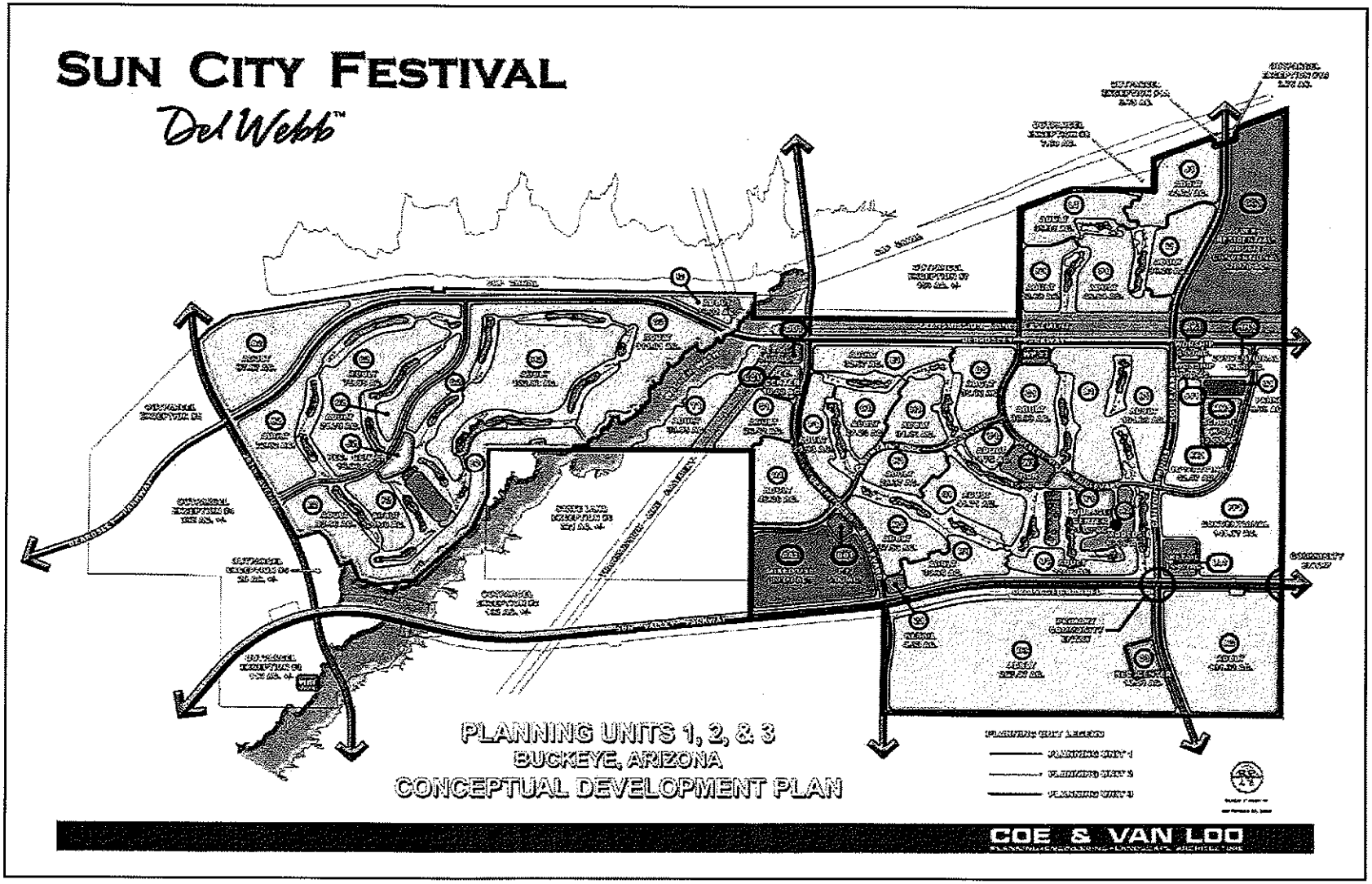

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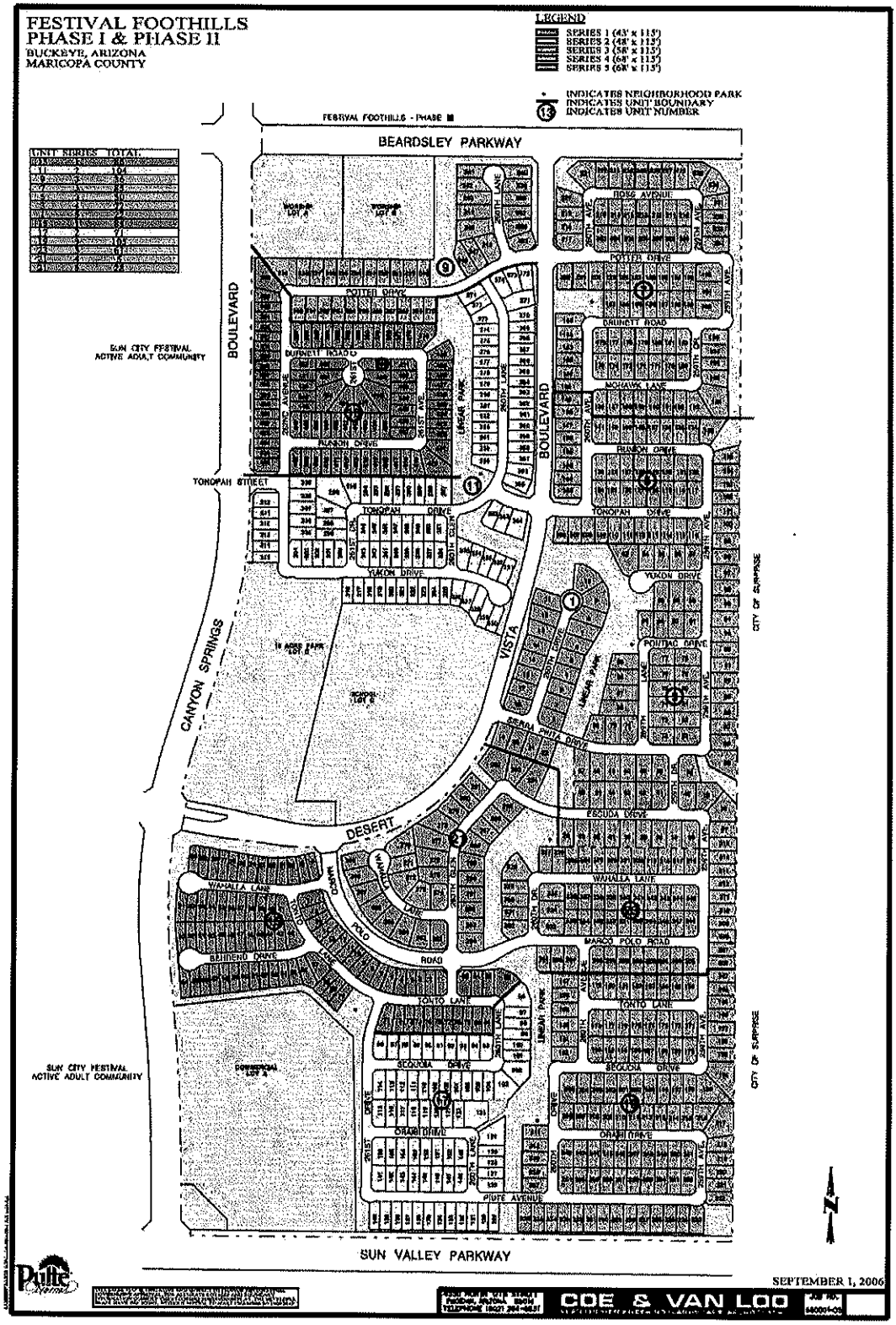
EXHIBIT NO. 3

Master Plan Map of Festival Foothills



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INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Festival Ranch Community Facilities District, Attn: Mr. Scott Ruby, Gust Rosenfeld, District Legal Counsel, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will be for dissemination as part of a financing package for the sale of special assessment revenue bonds for the benefit of the Festival Ranch Community Facilities District.

DATE OF THE REPORT

The report was prepared during July and August 2007 and was completed on August 10, 2007.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of August 1, 2007, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The four residential planning areas are being appraised in their "as is" condition, i.e., condition at the time of final inspection – August 1, 2007. All four parcels have approved final plats from the Town of Buckeye for single-family residential development. Installation of the backbone infrastructure (sewer and water lines and dry utilities) for all of Phase II has just recently commenced with completion anticipated during the first quarter of 2008 for Units 15 and 17 and third quarter for Units 21 and 23. In-tract construction (installation of underground water and sewer lines) has not yet commenced for the four Phase II planning areas.

The value estimates for each of the four subject parcels reflect their wholesale (bulk) value as final platted and engineered residential subdivisions with completion of some off-site infrastructure. The wholesale value of each parcel assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The current development of the subject properties and their related community infrastructure is detailed in Table 2.

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TABLE NO. 2

FESTIVAL FOOTHILLS CONSTRUCTION SCHEDULE	
Date	Construction Event
March 2006	Construction begins (clearing, grading, wells, WP, WRF)
July 2006	Clearing, grubbing, mass grading completed Off-site (backbone) infrastructure construction begins On-site infrastructure begins for all units
October 2006	Model home complex on-site construction starts
December 2006	Model home construction commences
April 2007	Model home construction completed Backbone infrastructure completed
February 2007	New home construction starts (Units 9,11,13)
July 2007	First home closings (Units 9,11,13) New home construction starts (Units 1,3,5,7) Phase II infrastructure installation begins
January 2008	Production homes start (Units 15 and 17)
September 2008	Production homes start (Units 21 and 23) First home closings Units 15 and 17

As noted above, all four subject parcels have been graded; however, installation of on-site infrastructure has not commenced.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the seven subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions during July and August 2007.

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- Information regarding Festival Foothills (land planning, entitlements and construction) was provided by Pulte Homes, Inc., 15111 North Pima Road, Suite 100, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.
- Additional data for the subject parcels were obtained the Town of Buckeye Planning and Zoning Department, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).
- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University as well as information supplied by local newspapers, etc.
- The "as is" value of the subject property is concluded using the Modified Cost Approach. The basis or starting point of the modified cost approach is the subject's hypothetical "as if complete," which is concluded by the Income Approach, more specifically through the use of static and yield analyses. The hypothetical "as if complete" value is the value of the proposed residential lots in a finished lot condition. From this figure, on and off-site development costs and entrepreneurial profit are subtracted to derive the underlying vacant land value. Any expended development costs and incurred profit are then added back which results in the "as is" value.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

> Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.
>
> Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

Some infrastructure required to support the development of the four subject parcels has been completed as of the date of valuation; however the much of the work will be completed after the date of valuation. The proposed assessment bonds will be used to reimburse the developer for public expenditures specifically relating to the construction of backbone street improvements i.e., installation of underground utilities, sewer, water, curb, gutters and paving. Table 3 summarizes the street improvements to be acquired by the District through the sale of assessment bonds.

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TABLE NO. 3

FESTIVAL RANCH CFD - ASSESSMENT AREA NO. 5 INFRASTRUCTURE COSTS					
Planning Area	No. Of Lots	Street Improvements Costs	Street Names	Linear Feet	Estimated Date of Completion
Phase 2 Units 15,17,21,23	250	$1,405,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th Ln., 260th Dr., 261st Dr.	13,810	September-09
Totals	250	$1,405,050		13,810	

Of the $1,405,050 of street improvement costs, the District proposes the acquisition of $500,000, or the equivalent of $2,000 per lot. The balance of the street improvement costs ($950,050) will be borne by the developer. Completion of the street improvements is anticipated to occur in September 2009 at which time they will be acquired by the District.

The location of Festival Ranch Assessment Area No. 5 is illustrated on Exhibit 4.

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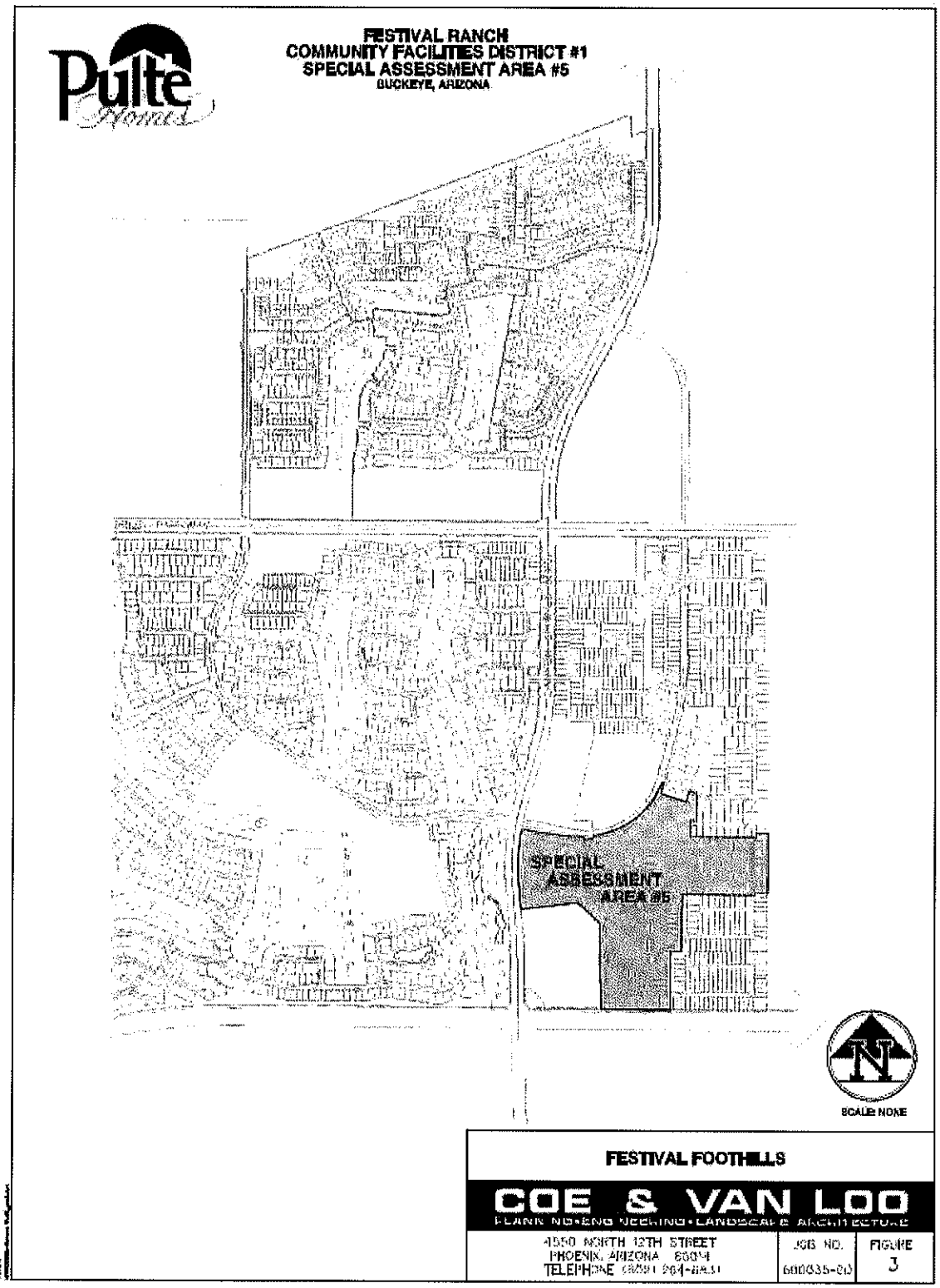
EXHIBIT NO. 4

Festival Ranch Assessment Area No. 5



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Hypothetical Conditions

No hypothetical conditions are included in estimating the "as is" value of the four subject properties.

Special Appraisal Instructions

The subject property is being appraised as part of the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the value of each of the subject's four parcels be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. ***The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; it reflects a special instruction from the client.***

LEGAL DESCRIPTION OF THE FOUR SUBJECT PARCELS

The seven subject parcels lie within Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; a detailed legal description of the assessment area is included in the Addenda. The Maricopa County Assessor's Office also identifies the subject properties as portions of Tax Parcel Nos. 400-84-024F.

CURRENT OWNERSHIP/OWNERSHIP HISTORY

The majority of the land which comprises approximately 3,100 acres and includes both Festival Foothills and Sun City Festival was acquired by Pulte Homes Corporation from 10,000 West L.L.C. (The Lyle Anderson Company) in May 2004 for a recorded purchase price of $33,818,541.85. According to sources familiar with the transaction, the purchase contract also includes deferred compensation due to the seller in the amount of 2.25% of the sales price of each dwelling unit sold by Pulte Homes.

The subject's 59.16 acres are contained within this purchase. Therefore, the owner of record in the Treasurer's Office is Pulte Homes Corporation, 15333 North Pima Road, Scottsdale, Arizona. No other sales involving the subject property were discovered during a search of public records for the past three years.

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CITY AND REGIONAL DATA

Subject's location in the northwestern most part of Metropolitan Phoenix is illustrated on Exhibit 5 and its relationship to the other communities comprising metropolitan Phoenix is indicated on Exhibit 6. The overall economic condition of the City of Phoenix, along with all of Metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The following discussion addresses Metropolitan Phoenix, which includes the City of Phoenix. The economic well being of Phoenix is tied directly to the economic fortunes of Metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,710 (Carefree) to 1,505,265 (Phoenix). Buckeye is one of the smallest communities in Metropolitan Phoenix with only a population of 31,745 people. Because of the subject's proximity to Surprise, it is also relevant to note a population in Surprise of 98,140 people. Table 4 is a list of the 16 communities having populations in excess of 10,000 people as of July 1, 2006.

TABLE NO. 4

City	2006 Population
Avondale	72,210
Buckeye	**31,745**
Chandler	235,450
El Mirage	32,605
Fountain Hills	24,990
Gilbert	185,030
Glendale	234,540
Goodyear	49,720
Mesa	451,360
Paradise Valley	14,000
Peoria	145,120
Phoenix	1,505,265
Queen Creek	18,770
Scottsdale	237,120
Surprise	**98,140**
Tempe	165,890

There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The population of the City of Phoenix is significant at more than 1.5 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with approximately 450,000 people.

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EXHIBIT NO. 5
Location Map

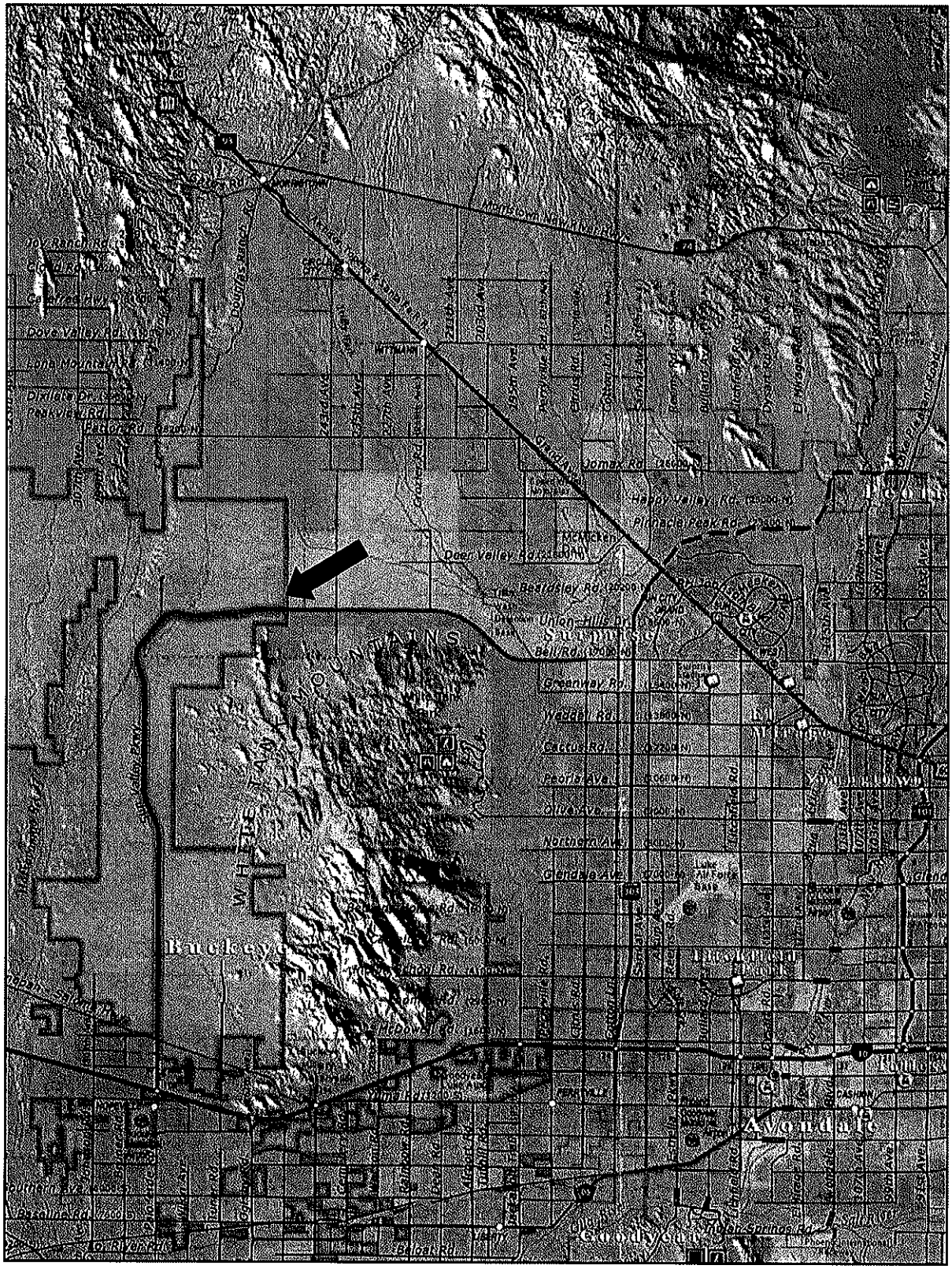

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EXHIBIT NO. 6
Metropolitan Phoenix Map

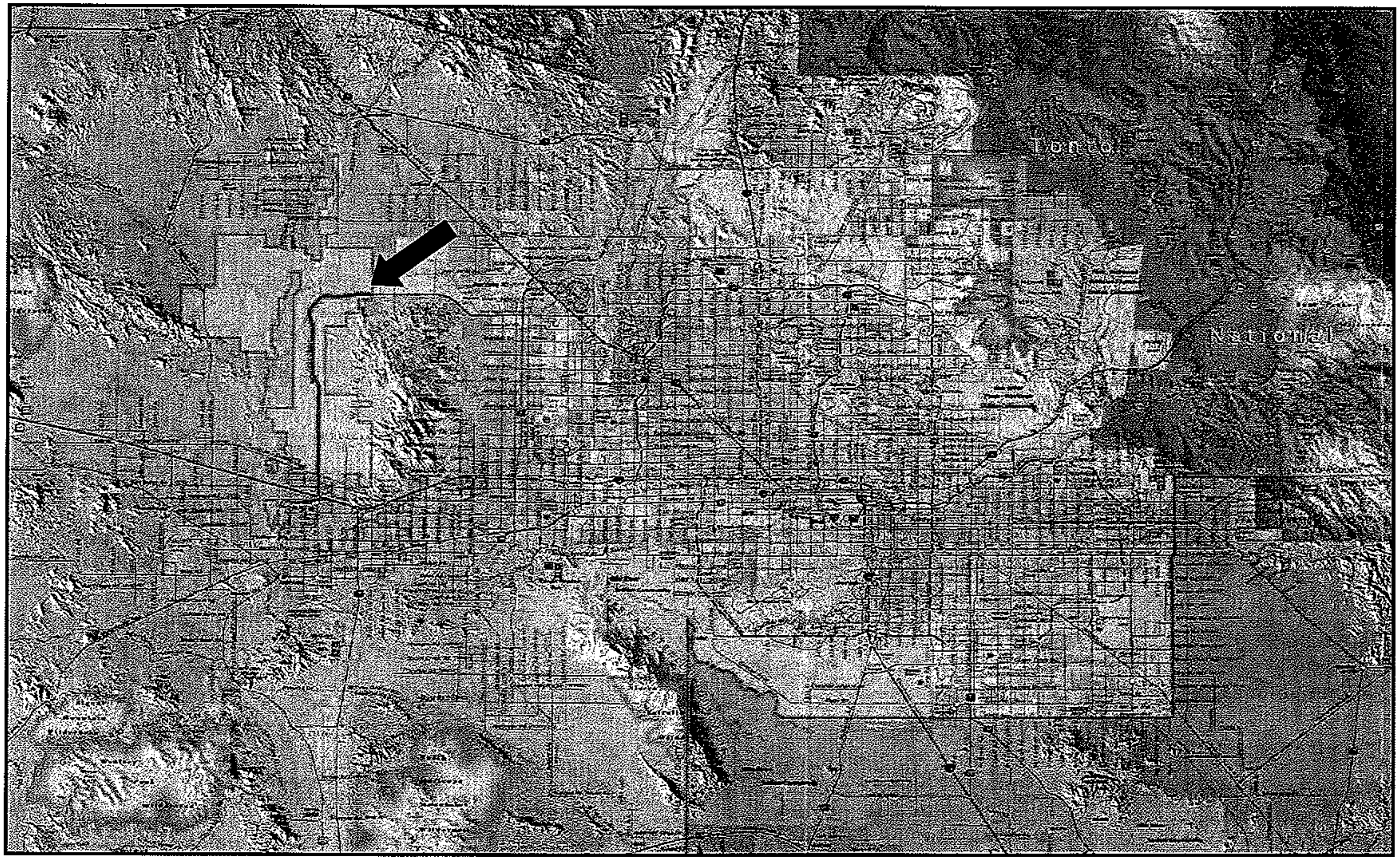

Table 5 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1997.

TABLE NO. 5

City	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chandler	160,165	169,000	176,970	186,875	194,390	208,450	220,705	231,785	235,450
*Growth	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%	5.9%	5.0%	1.6%
Gilbert	91,290	100,850	108,745	122,360	133,640	151,290	164,685	178,000	185,030
*Growth	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%	8.9%	8.1%	4.0%
Glendale	196,820	208,095	211,555	224,970	227,495	230,610	233,330	236,030	243,540
*Growth	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%	1.2%	1.2%	3.2%
Mesa	361,895	374,560	388,185	414,075	427,550	434,215	447,130	452,355	451,360
*Growth	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%	3.0%	1.2%	0.0%
Peoria	89,930	101,235	108,295	117,200	122,655	126,410	132,300	137,285	145,125
*Growth	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%	4.7%	3.8%	5.7%
Phoenix	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670	1,416,055	1,452,825	1,505,265
*Growth	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%	2.0%	2.6%	3.6%
Scottsdale	195,495	204,660	207,145	209,960	214,090	217,555	221,130	223,835	237,120
*Growth	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%	1.6%	1.2%	5.9%
Tempe	159,220	161,995	162,000	159,435	159,425	159,615	160,820	160,735	165,890
*Growth	1.0%	1.7%	0.0%	-1.6%	0.0%	0.1%	0.1%	0.0%	3.2%
Other	330,575	350,306	378,905	412,475	451,330	481,060	528,020	575,695	623,895
*Growth	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%	9.8%	9.0%	8.4%
Maricopa Co.	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875	3,524,175	3,648,545	3,792,675
	3.1%	3.8%	2.7%	6.7%	3.3%	3.1%	3.7%	3.5%	4.0%

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has varied during the past few years, approximately 1.7 million people are employed in Metropolitan Phoenix. Table 6 provides an employment summary for the past 7 years.

TABLE NO. 6

METROPOLITAN PHOENIX EMPLOYMENT 2000-2006

Employment Sector	2000	2001	2002	2003	2004	2005	2006
Manufacturing	161,100	150,300	135,000	128,300	129,000	132,200	132,900
Mining & Construction	125,700	127,800	125,700	128,900	140,900	163,100	184,600
Trade, Transportion, Utilities	321,400	318,200	319,000	321,500	333,200	354,500	373,800
Information	42,000	41,300	39,100	37,200	34,300	32,900	32,100
Financial Activities	126,300	128,800	130,400	132,900	137,700	145,600	151,100
Services	606,200	604,500	610,800	626,500	661,600	706,100	751,600
Government	195,700	188,600	197,100	200,600	204,500	208,800	212,400
Total	1,578,400	1,559,500	1,557,100	1,575,900	1,641,200	1,743,200	1,838,500
Job Growth	53,300	(18,900)	(2,400)	18,800	65,300	102,000	95,300
% Job Growth	3.49%	-1.20%	-0.15%	1.21%	4.14%	6.21%	5.47%

Though the pace may slow, local economists are forecasting continued employment growth in Metropolitan Phoenix through 2007.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. The residential market has reported more than 30,000 new housing permits each year for the past seven years.

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A summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past seven years is summarized in Table 7.

Until recently, the housing sector had been, by far, the strongest real estate sector for the past decade. During 2004 single family permits hit an all-time high of 48,136 new home permits. Though 2005 permits lagged 2004, the 43,256 permits continued to show the strength of the residential market. However, in late 2005 the single family housing market began to slow. This slowdown continued through 2006 as evident in the decline in single family permits to 27,976 (lowest level since 1995).

Permit activity in 2006 was 25% below permit activity for 2005 and over 30% below the record activity of 2004. Homebuilders have curtailed new home construction as they work through their standing inventories which resulted from speculative housing starts and failed contracts (which have increased significantly) in 2005 and 2006. Starting in early 2007, the oversupplied new housing market suffered another setback as turmoil in mortgage market surfaced. Revelations of problems in the subprime mortgage sector have resulted in tightened lending requirements which in turn has limited to pool of potential new home buyers.

As a result of the market performance of 2006 and the first half of 2007, many housing market analysts are revising their forecasts for the remainder of 2007 and pushing the target for market recovery into 2009.

METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the second quarter 2007. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

At the end of the second quarter 2007, total office space in Metropolitan Phoenix totaled 66.3 million square feet with 1.2 million square feet of new space completed during the quarter. Additionally, 3.4 million square feet of office product were under construction at the end of the second quarter 2007.

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TABLE NO. 7

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2007

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*
2004 Q2	13,638	91.1%	678	4.6%	647	4.3%	14,963	18.1%*
2004-Q3	14,113	86.8%	759	4.7%	1,390	8.5%	16,262	30.9%*
2004-Q4	10,339	81.4%	493	3.9%	1,871	14.7%	12,703	2.4%*
2004	48,136	86.4%	2,597	4.7%	4,997	8.9%	55,730	20.2%*
2005-Q1	10,356	86.4%	1,421	11.4%	319	2.6%	12,096	2.4%
2005-Q2	12,013	88.0%	833	6.1%	811	5.9%	13,657	-8.7%
2005-Q3	11,577	83.1%	1,063	7.6%	1,297	9.3%	13,937	-14.3%
2005-Q4	9,310	82.1%	1,209	10.7%	823	7.3%	11,342	-10.7
2005	43,256	84.8%	4,526	8.9%	3,250	6.4%	51,032	-9.2%
2006-Q1	8,716	75.1%	1,621	14.0%	1,266	10.9%	11,603	-4.1%*
2006-Q2	8,884	74.9%	1,709	14.4%	1,267	10.7%	11,860	-13.1%*
2006-Q3	5,968	64.9%	2,172	23.6%	1,043	11.5%	9,183	-34.1%*
2006-Q4	4,408	81.0%	685	12.6%	346	6.4%	5,439	-52.0%*
2006	27,976	73.4%	6,187	16.3%	3,922	10.3%	38,085	-25.4%*
2007-Q1	7,017	63.0%	2,353	21.1%	1,778	15.9%	11,148	-3.9%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

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Notable completions during this quarter include The Park at San Tan (220,000 square feet) and Pinnacle in Kierland (210,000 square feet). Notable completions for 2006 are McDowell Mountain Business Park – Building A (128,000 square feet) and Promenade Parkview Corporate Center (100,000 square feet), Pima Center Building 3A (135,000 square feet), Westgate City Center-Building E West (100,000 square feet) and Westgate City Center-Building G East (100,000 square feet). New office space under construction includes Max at Kierland (257,000 square feet), Raintree Corporate Center Phase IV (176,000 square feet) and McDowell Mountain Business Park – Building B (128,000 square feet), Papago Gateway Center (250,000 square feet), The Plaza at Grace Court – Phase VI (150,000 square feet), The Plaza at Grace Court – Phase IV (150,000 square feet) and 91 Glendale-Building 2 (100,000 square feet).

During the second quarter 2007, vacancy increased from 11.9% to 13% as a result of an increase in inventory of more than 1 million square feet while less than 400,000 square feet of space were absorbed. Net absorption during the quarter was 383,100 square feet, which was slightly above the absorption of 379,014 square feet for the first quarter 2007. By comparison, net absorption was below the second quarter 2006 net absorption of 556,378. Of the 383,100 square feet absorbed in the quarter, 244,481 square feet, or more than 50% was Class A space with Class B accounting for another 132,482 square feet and Class C another 6,611 square feet.

The tightening supply of existing office space and the increased construction costs of new office space pushed the average asking rate to $25.60 per square foot from $22.68 per square foot at the same time last year. Rates for new class A space are $28.12 per square foot and class B rents are an average of $22.82 per square foot. Although vacancy has increased slightly, it appears that the market remains in the favor of landlords; however, if new construction continues to outpace absorption, the market may see a shift to tenants.

METROPOLITAN PHOENIX RETAIL MARKET

The Metropolitan Phoenix retail market slowed slightly during the second quarter 2007. However, population growth and new housing continue to drive the market. Total retail inventory is 130.3 million square feet in 942 centers (including regional malls.) the overall vacancy of 5.46%, which is a slight increase over the 4.99% rate of the same quarter last year. Because of continued low vacancy, new construction and increasing land prices, rental rates for retail space remain strong.

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Net absorption in the second quarter was 740,553 square feet. By comparison, this is below the absorption of 2.7 million square feet occurred in the first quarter 2007. An additional 12.4 million square feet were under construction at the end of the second quarter 2007. Retail centers totaling more than 27.0 million square feet are being planned for delivery over the next several years.

The growth of the Metropolitan Phoenix market in terms of population and employment continues to fuel development throughout the marketplace. The strong residential market of the past few years has created tremendous opportunities for new retail developments in areas which were previously not served. These new developments include grocery anchored neighborhood centers as well as larger regional shopping centers along newly developed transportation corridors.

METROPOLITAN PHOENIX INDUSTRIAL MARKET

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001; however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. At the end of the fourth quarter 2004, the vacancy rate stood at 8.53%, or slightly below the rate of 8.60% at the end of the previous quarter. This trend continued through 2006 with a year end vacancy rate of 6.27%.

At the end of the second quarter 2007, vacancy in Metropolitan Phoenix stood at 7.63%, slightly higher than the 7.37% rate at the end of the first quarter. The increase in vacancy resulted from more than 3.8 million square feet of new industrial space being added, while only 3.1 million square feet were absorbed. Notable transactions during the quarter included Home Depot occupying 376,000 square feet and Pilkinton North America occupying 203,000 square feet. Notable move outs for the quarter include Drug Plastics and Glass (100,000 square feet) and Pepsi (95,649 square feet).

During the second quarter, 3.8 million square feet of new space was delivered and another 10.8 million square feet were under construction. Of the 10.8 million square feet currently under construction, 3.9 million is accounted for in six distribution warehouses.

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METROPOLITAN PHOENIX MULTI-FAMILY MARKET

Multi-family residential building permits for the past seven years are summarized in Table 8.

TABLE NO. 8

MULTI-FAMILY PERMITS

Year	Multi-Family Permits
2000	8,009
2001	7,201
2002	5,607
2003	4,836
2004	4,997
2005	3,250
2006	3,922
2007-1Q	1,778

Since 2000, the level of new apartment construction has been steadily declining as the market shifted from apartment development to condominium construction. As the first quarter 2007 permit figure indicate, new construction appears to be shifting back toward apartments as a result of high occupancy, increasing rents and a limited supply of new apartment units.

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over the 10-year period 1996-2005, with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country. Phoenix is now the fifth largest city in the nation, having recently surpassed Philadelphia.

Although the residential market appears to be slowing from its record growth over the past two years, the overall economy of Metropolitan Phoenix remains strong with new job growth, a low unemployment rate and continued strong in-migration. While the Metropolitan Phoenix economy continues to be heavily influenced by the real estate sector, efforts in recent years to diversify its economy appear to be paying dividends as new employers are being attracted to the area. The technology and biosciences sectors have been strong contributors to the growth of the economy.

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NEIGHBORHOOD DESCRIPTION

While the subject property lies within the town limits of Buckeye, the City of Surprise is most proximate. The downtown area of Buckeye is some 19 miles south of subject's Sun Valley Parkway frontage, while Surprise is less than 10 miles to the east. Though technically in Buckeye, subject is more closely related to Surprise (east property boundary is Surprise town limit) from a services and transportation perspective. Subject's location with respect to the City of Surprise is illustrated on Exhibit 7.

FESTIVAL RANCH DEVELOPMENT

The entire Festival Ranch community contains approximately 10,000 acres which are generally north of the Sun Valley Parkway within the town limits of Surprise. The community is owned by two entities: Pulte Homes and The Lyle Anderson Companies. In May 2004, Pulte Homes acquired approximately 3,100 acres from The Lyle Anderson Companies. Pulte Homes is developing the majority of the property with Sun City Festival, its latest Sun City-branded active adult community. At build-out this community will contain 7,210 homes and two golf courses.

Pulte Homes is also developing approximately 260 acres with a conventional housing community called Festival Foothills of which subject is a part. The remaining 7,000 acres under the control of The Lyle Anderson Companies is undeveloped.

Though other developments are planned for the area, Pulte's portion of Festival Ranch is the only active development along the northern stretch of the Sun Valley Parkway. The only other development to date has been limited almost exclusively to small ranchette properties. Speculation and land planning is taking place around the Sun City Festival project and future development of the area is anticipated. The greatest challenge to new development in the area is the lack of infrastructure, i.e., any new community must develop entirely new infrastructure to support residential development – sewer, water, power, roads, etc. The first future developments will most likely approach the subject property from the Surprise on the east, as this area is closer to the path of development.

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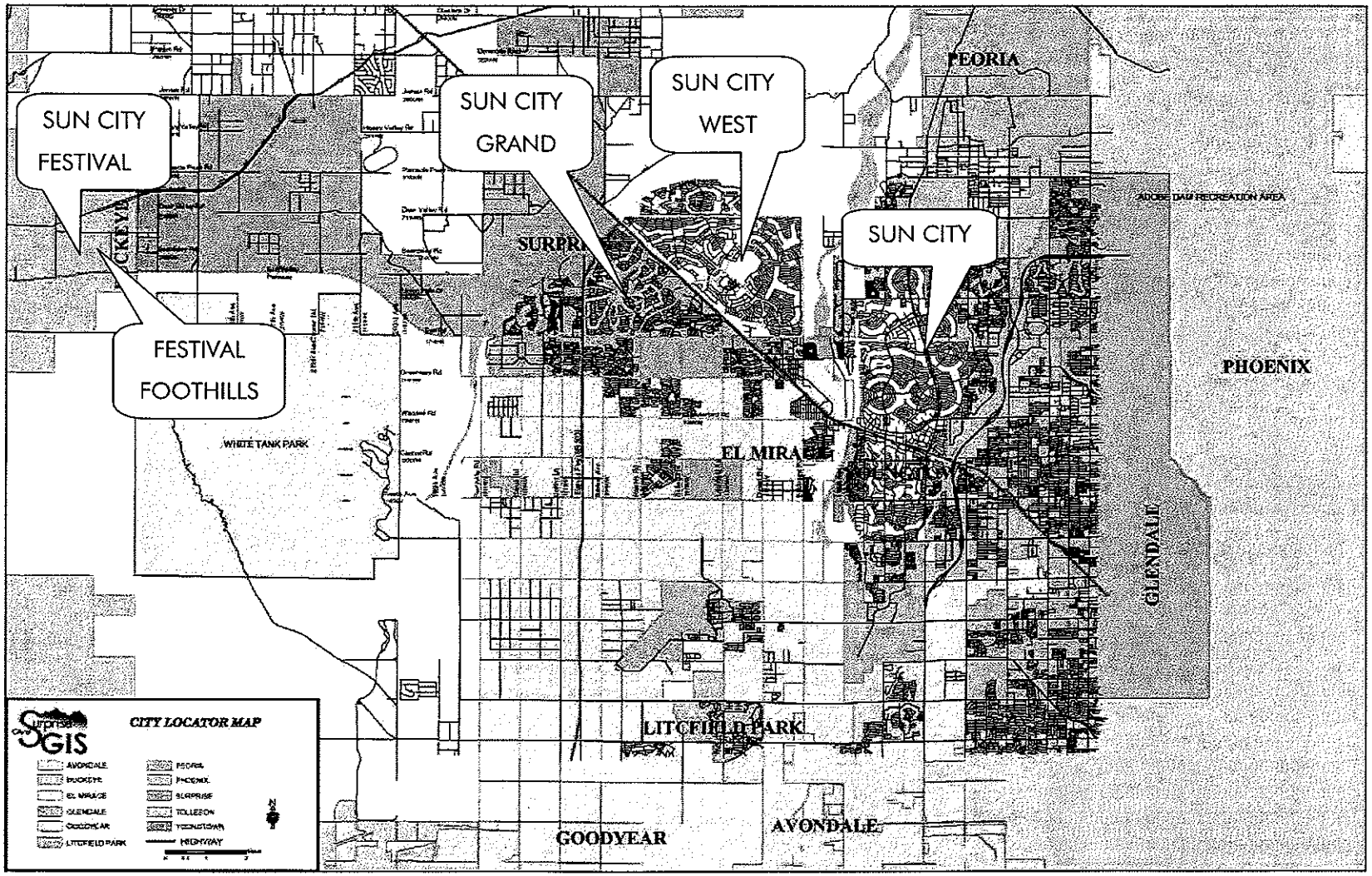
EXHIBIT NO. 7

Sun City/Sun City West/Sun City Grand Location Map



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Significant new residential development is currently taking place 10 miles east of the subject at Surprise Farms. The only notable project in Buckeye north of Interstate 10 is Tartesso (11 miles south of the subject property at the southwest corner of Sun Valley Parkway and Indian School Road. Exhibit 8 is a map of the residential development within the City of Surprise. Subject's eastern boundary is at the far left hand side of this exhibit. It is also important to note that while not illustrated on the exhibit, a large community called Surprise Foothills is being planned just to the east of the subject.

The first phase of development within Tartesso began in early 2005 with pre-sales starting in the fall of 2005. The first phase of development is on 1,290 acres and consists of 3,400 dwelling units. Development of Tartesso was hindered (delayed) by the need to construct all infrastructure to support the community. The five builders active in the first phase of Tartesso report strong market acceptance of this community which is the only active planned community in Buckeye on the north side of Interstate 10.

The development of Festival Ranch at the north end of the Sun Valley Parkway and Tartesso on the south end of the Sun Valley Parkway are providing the catalyst for additional development along the parkway. In the late 1990s, as a result of tremendous residential growth throughout Metropolitan Phoenix, interest in the Sun Valley area began to rise again. A number of the large land holdings were acquired by real estate developers and additional assemblages started to place. As a result, the Sun Valley area has a number of large planned areas being readied for master plan community development. Table 9 summarizes a number of the new Sun Valley communities.

TABLE NO. 9

PLANNED SUN VALLEY COMMUNITIES

Community	Size (Acres)	Dwelling Units
Tartesso	9,000	9,600
Festival Ranch	10,105	29,000
Douglas Ranch	33,810	90,000
Sun Valley South	11,200	29,000
Sun Valley	13,200	34,000
Belmont	19,800	90,000

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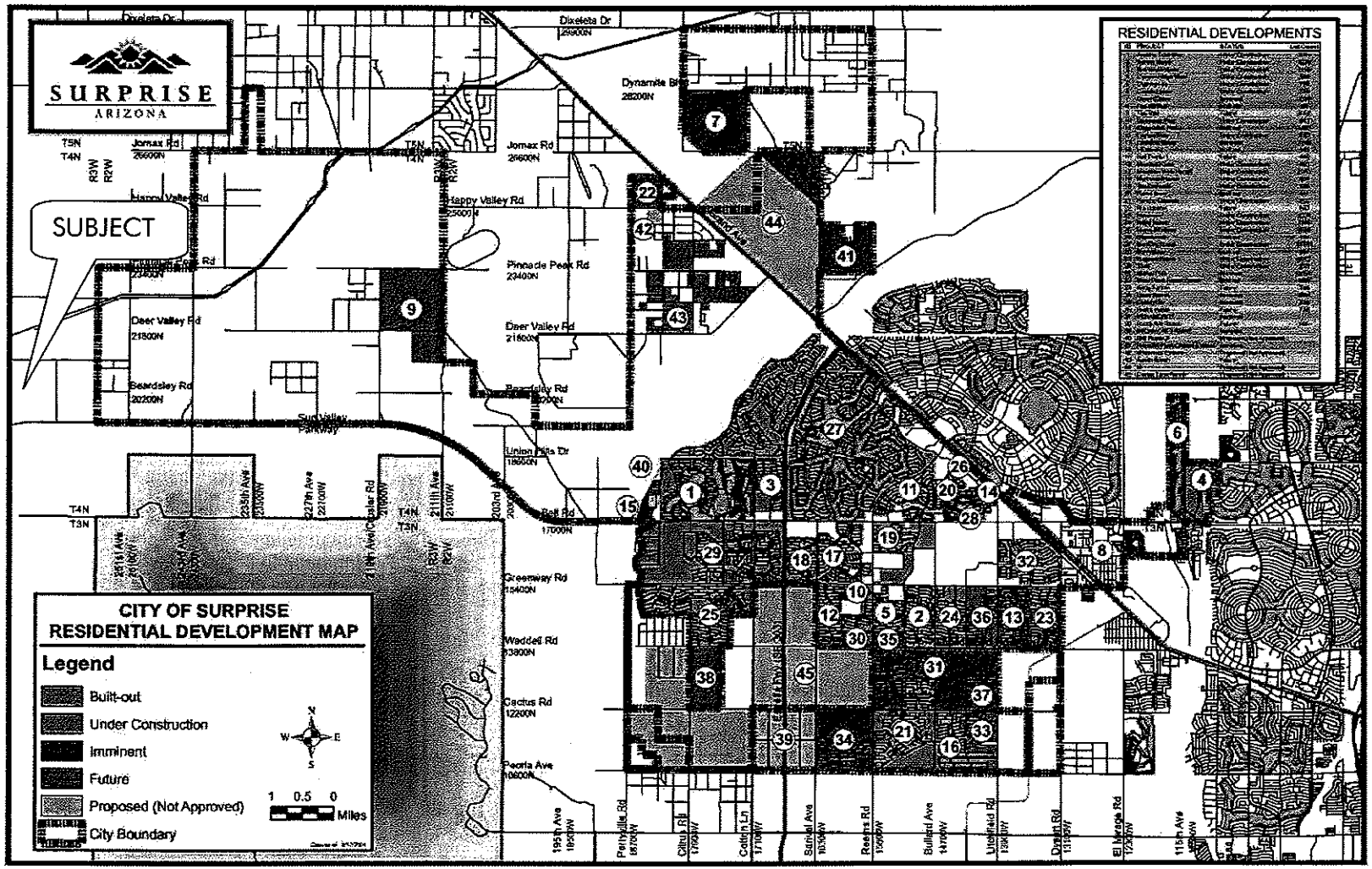
EXHIBIT NO. 8
Surprise Residential Development Map



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The six large communities summarized account for more than 280,000 new dwelling units. The location of these communities is illustrated on Exhibit 9.

RESIDENTIAL DEVELOPMENT

To date there have been no significant developments in the proximity of the subject property, however, it is noteworthy to mention the proximity of subject to the three existing Sun City communities as the subject will be the initial phase of the next extension of the Sun City product series.

COMMERCIAL DEVELOPMENT

There are currently no commercial developments within reasonable proximity of the subject property. The closest retail development is at the intersection of Bell Road and Estrella Parkway in Surprise. An Albertsons store is open at the northwest corner of this intersection and a new Safeway store recently opened just west of the southwest corner of this intersection. Additional retail opportunities are available further east in Surprise. The most significant retail development is found at the intersection of Bell Road and Grand Avenue.

Grading is currently underway for a new convenience store with gas pumps and car wash at the immediate northeast corner of Sun Valley Parkway and Canyon Springs Boulevard as part of the larger Festival Marketplace Shopping Center which include a Fry's grocery store. A site plan of the project and renderings of the center are included as Exhibits 10 and 11.

EMPLOYMENT

There are no significant employers in the subject's immediate area.

COMMUNITY SERVICES

There are no community services in the immediate area. As demand warrants, public schools will be constructed to serve the expanding population base. Fire and police protection will be provided by the Town of Buckeye due to the fact the subject lies within the town limits of Buckeye. Temporary fire and police facilities will be developed in the first phase of Sun City Festival to serve the community.

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EXHIBIT NO. 9
Sun Valley Communities Map

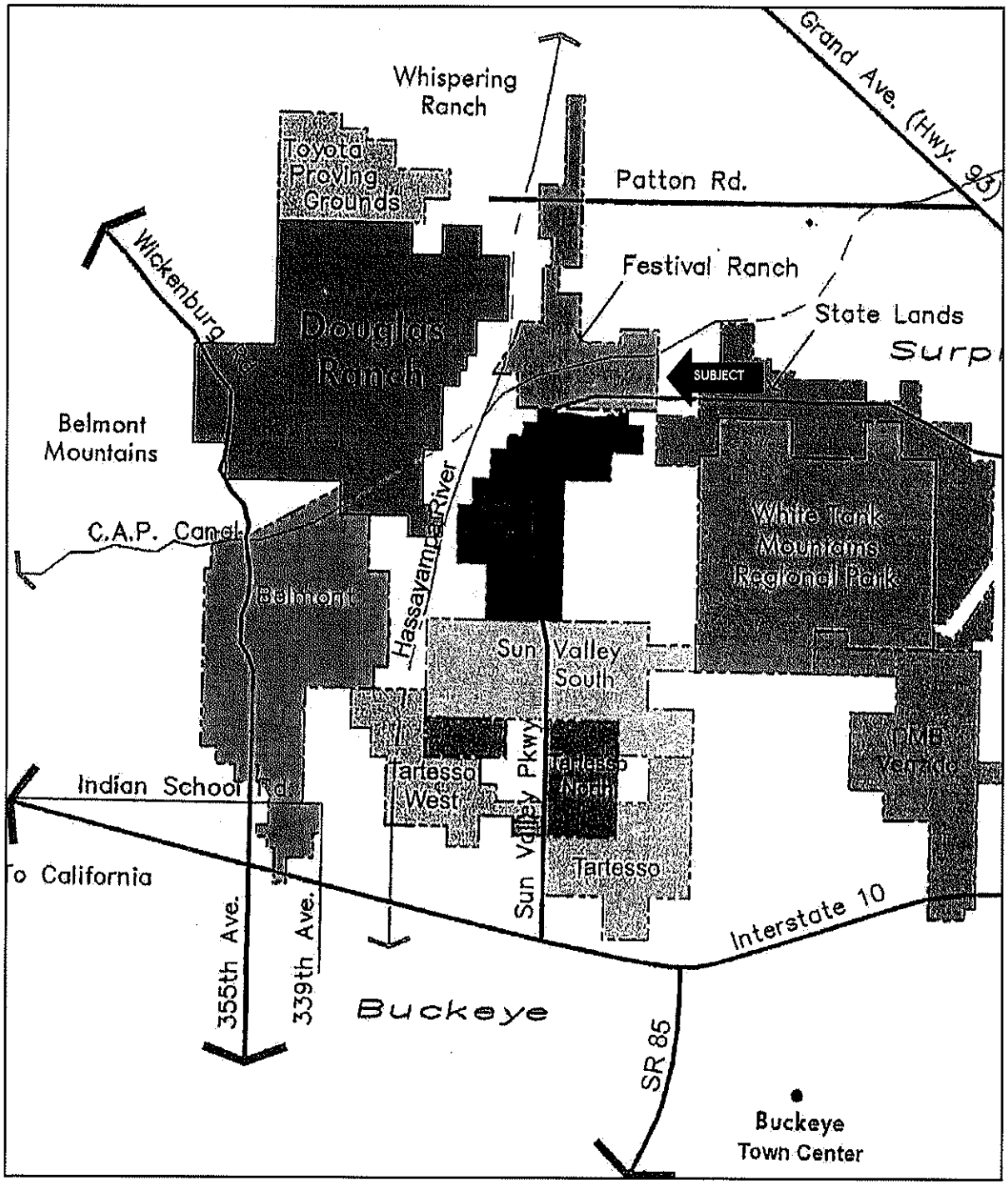

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EXHIBIT NO. 10

Festival Marketplace Site Plan

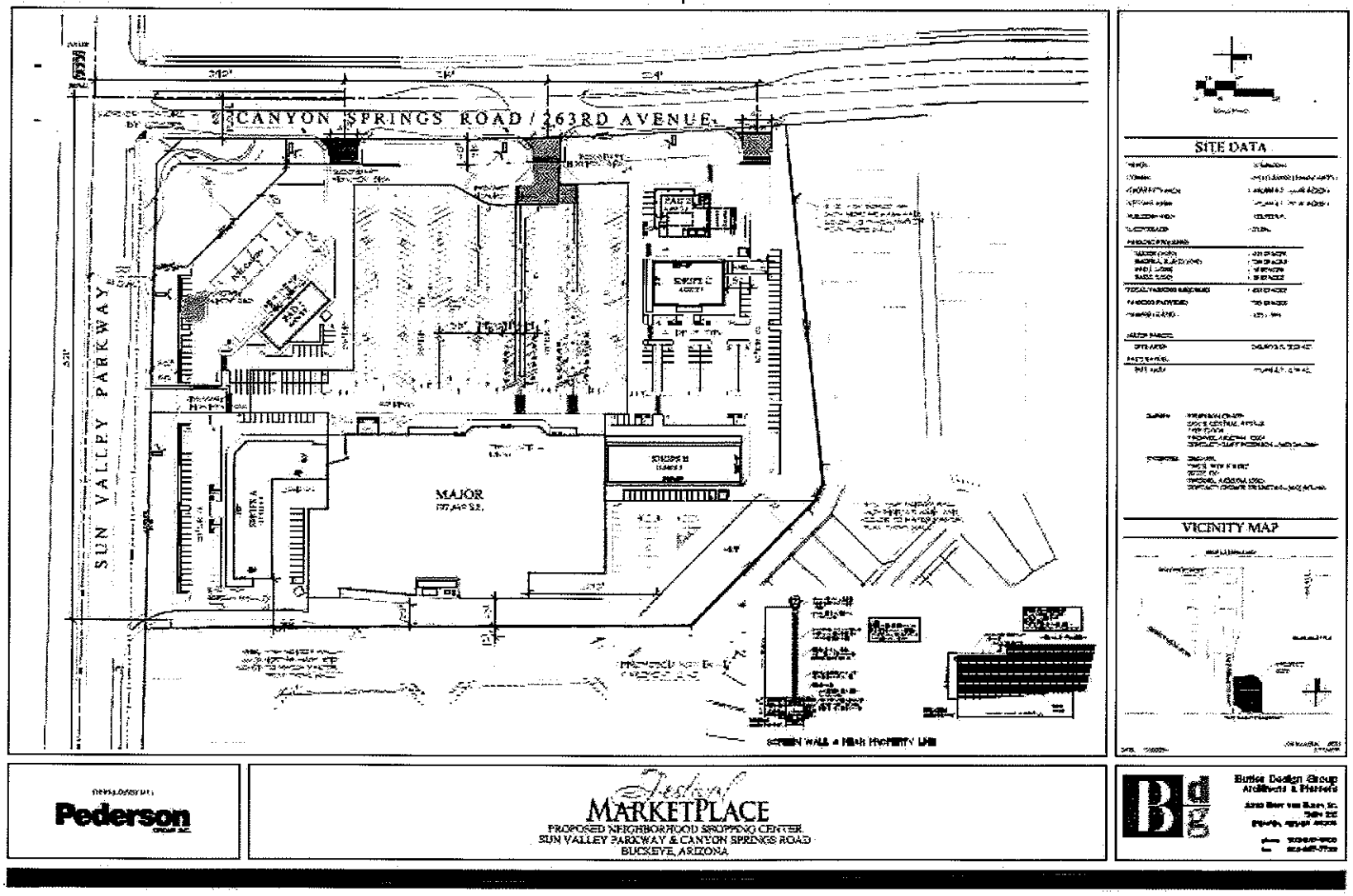

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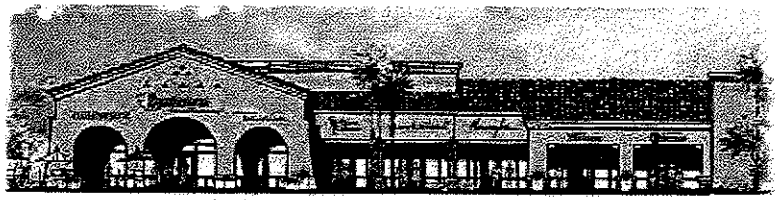
EXHIBIT NO. 11

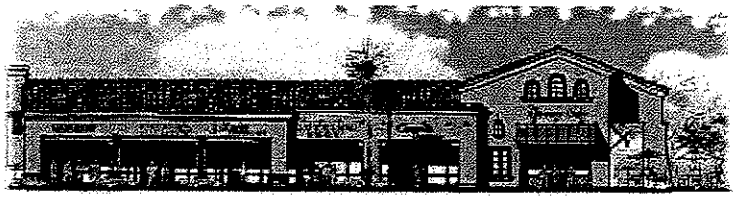
Festival Marketplace Renderings

OVERALL ELEVATION

MAJOR A - ENLARGED ELEVATION



SHOPS B - ENLARGED ELEVATION



SHOPS A - ENLARGED ELEVATION

SOUTH SHOPS A - ENLARGED ELEVATION

Pederson GROUP INC.

Festival MARKETPLACE
PROPOSED NEIGHBORHOOD SHOPPING CENTER
SUN VALLEY PARKWAY & CANYON SPRINGS ROAD
BUCKEYE, ARIZONA

WEST ELEVATIONS

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While a number of physicians' offices and urgent care facilities are located in Surprise, the most significant medical development is Del E. Webb Memorial Hospital is at the northeast corner of Grand Avenue and Meeker Boulevard in Sun City West. This is a full service facility providing specialty services for the older population base of the Sun City communities as well as traditional hospital services for the increasing population of the surrounding Surprise area. Boswell Memorial Hospital is a second facility serving the area. It is within the original Sun City community near Grand Avenue and 99th Avenue. The focus of this facility is geriatric medicine.

Though no final agreements have been executed, negotiations with Sun Health for the development of medical facilities for the community have taken place.

INFRASTRUCTURE

Because much of the area is undeveloped desert acreage, the infrastructure is limited. Pulte Homes is responsible for the construction of the majority of the infrastructure. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed, the infrastructure of the town will increase. Sewer service for Festival Ranch is provided by a wastewater treatment plant constructed on the south side of the Sun Valley Parkway just west of the existing Sun City Festival development. This facility through expansions will serve all of Pulte's Sun City Festival and Festival Foothills communities as well as the lager planned Festival Ranch project.

ACCESS

The most significant and only traffic artery is Sun Valley Parkway. Sun Valley Parkway is a four-lane divided road way which connects Interstate 10 in Buckeye with Surprise. The parkway follows the western and north slopes of the White Tank Mountain, which have historically represented the western boundary of Metropolitan Phoenix.

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The Sun Valley Parkway provides the subject property and surrounding area with convenient access to Surprise and its many services. As development pushes further toward the west from Surprise, additional arterials will be developed.

Within the Sun City Festival and Festival Foothills projects, Canyon Springs Boulevard, which has been fully improved to Beardsley Road, is the most significant arterial. It provides access and entry to both the Sun City Festival and Festival Foothills communities. It is a four-lane arterial separated by a landscaped median.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

Only sparse development has taken place in the subject's immediate area; however that will change significantly with the development of the subject property and balance of the 3,100 acres within Pulte's Festival Ranch community. Given the topography of the area along the Sun Valley Parkway, the fact a number of properties have entitlements, the desire for large scale developments and access via the Sun Valley Parkway, development along the corridor should show an increase in the next five years.

Overall the outlook for the subject's immediate area is for the development of numerous large-scale master planned communities with the first being Festival Ranch.

DESCRIPTION OF THE SUBJECT PROPERTIES

As noted on Page 1, the subject of this report includes four of the five residentially planned parcels within the second phase of Festival Foothills. The four parcels comprise 59.16 net acres which are planned for 250 single family homes. All four planning areas have been platted and engineered with approved final plats from the Town of Buckeye. On the date of final inspection, August 1, 2007, grading of the parcel was complete and installation of the backbone infrastructure had recently commenced with the construction of retaining wall, exterior subdivision walls and trenching for underground water pipes.

The location of the subject's four parcels is illustrated on Exhibit 12, a conceptual plan for Festival Foothills.

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EXHIBIT NO. 12
Festival Foothills Conceptual Plan

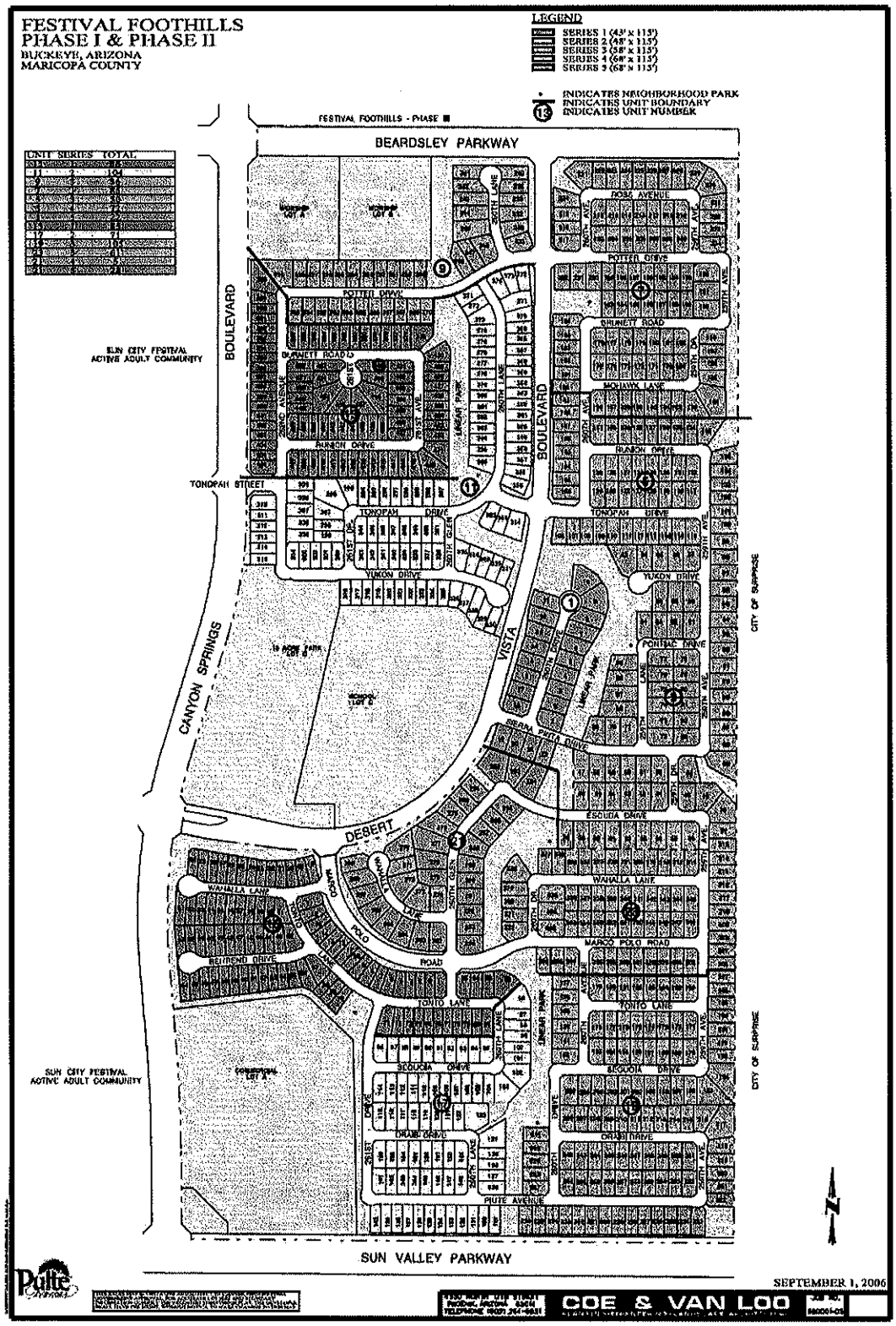

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Table 10 provides a brief summary of the seven subject parcels within Phase I of Festival Foothills.

TABLE NO. 10

DESCRIPTION OF FESTIVAL FOOTHILLS PHASE II PLANNING AREAS

Parcel No.	Description	Size and Number of
Unit 15	Unit 15 is the at the southeast corner of Canyon Springs Boulevard and Desert Vista Boulevard. Though the subdivision is adjacent to Canyon Springs Boulevard, it access is via Marco Polo Road off Desert Vista Boulevard. All 85 lots in this subdivision are 43'x115'.	85 lots
Unit 17	Unit 17 is southeast of Unit 15 and adjacent west of Unit 19. Access to the subdivision is through the eastern portion of Unit 15 via 260th Glen. This parcel is also adjacent east of the 17 acre commercial site at the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard. All 71 lots are 48'x115'.	71 lots
Unit 21	Unit 21 is on the south side of Desert Vista Boulevard just east of Unit 15. It is also adjacent south across Desert Vista Boulevard from the new Festival Foothills elementary school. All 33 lots in this subdivision are 68'x115'.	33 lots
Unit 23	This parcel is located to the east of Unit 21 along the eastern boundary of the Festival Foothills community. It is also north of Unit 19 and Unit 3 of Phase I. All 61 lots are 58'x115'.	61 lots

More detailed descriptions of the four planning area are included on the following pages which include a parcel summary, lot plan and ground photograph.

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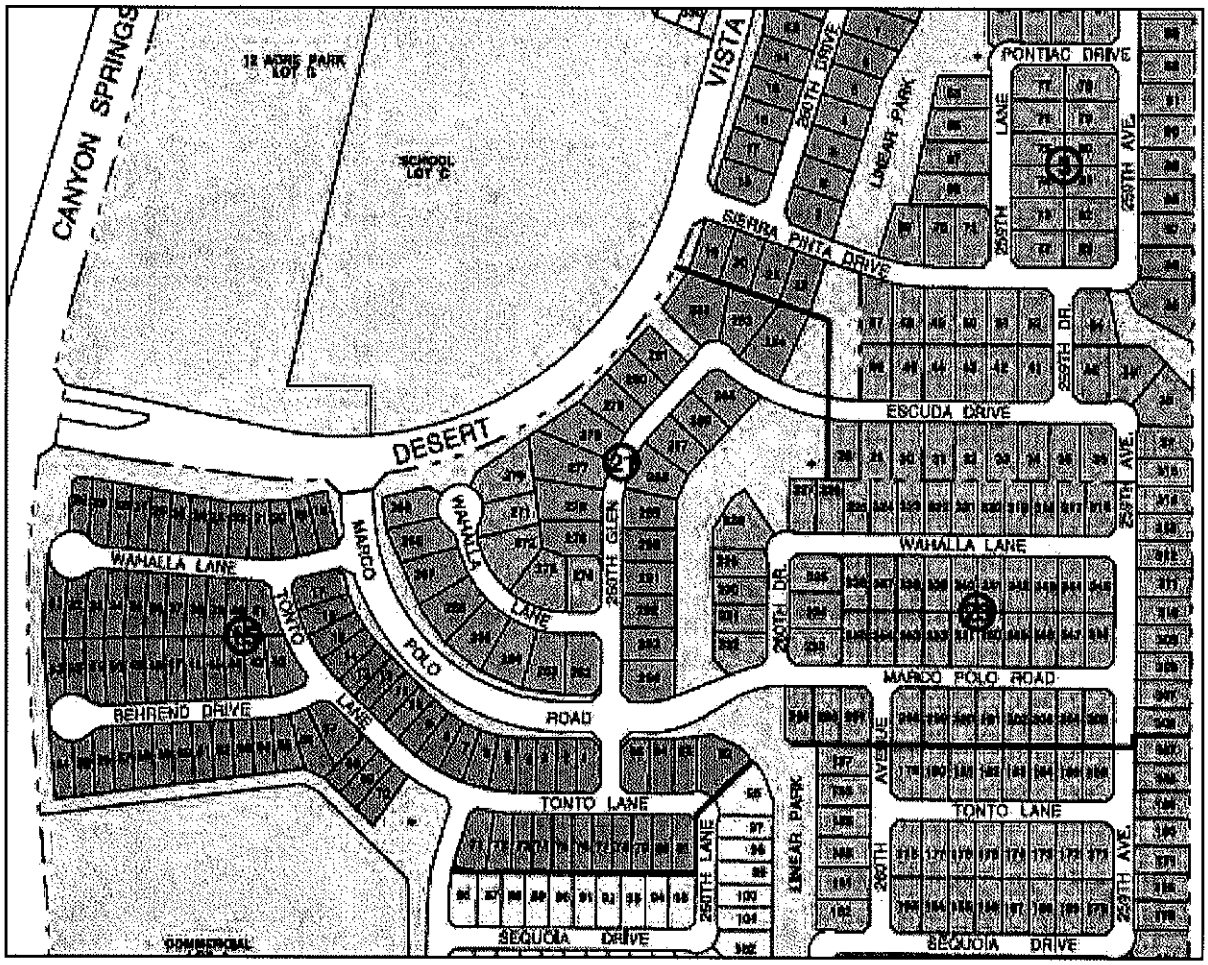

Subject Parcel:	Unit 15
Designated Use:	Single-Family Residential (Medium Density)
Zoning:	PAD – Planned Area Development
Size:	19.35 net acres
Total Number of Lots:	85
Lot Size:	43′ x 115′
Density:	4.39 dwelling units per net acre
Premium Lots:	Potential with oversized lots
Comments:	Final plat has been approved.

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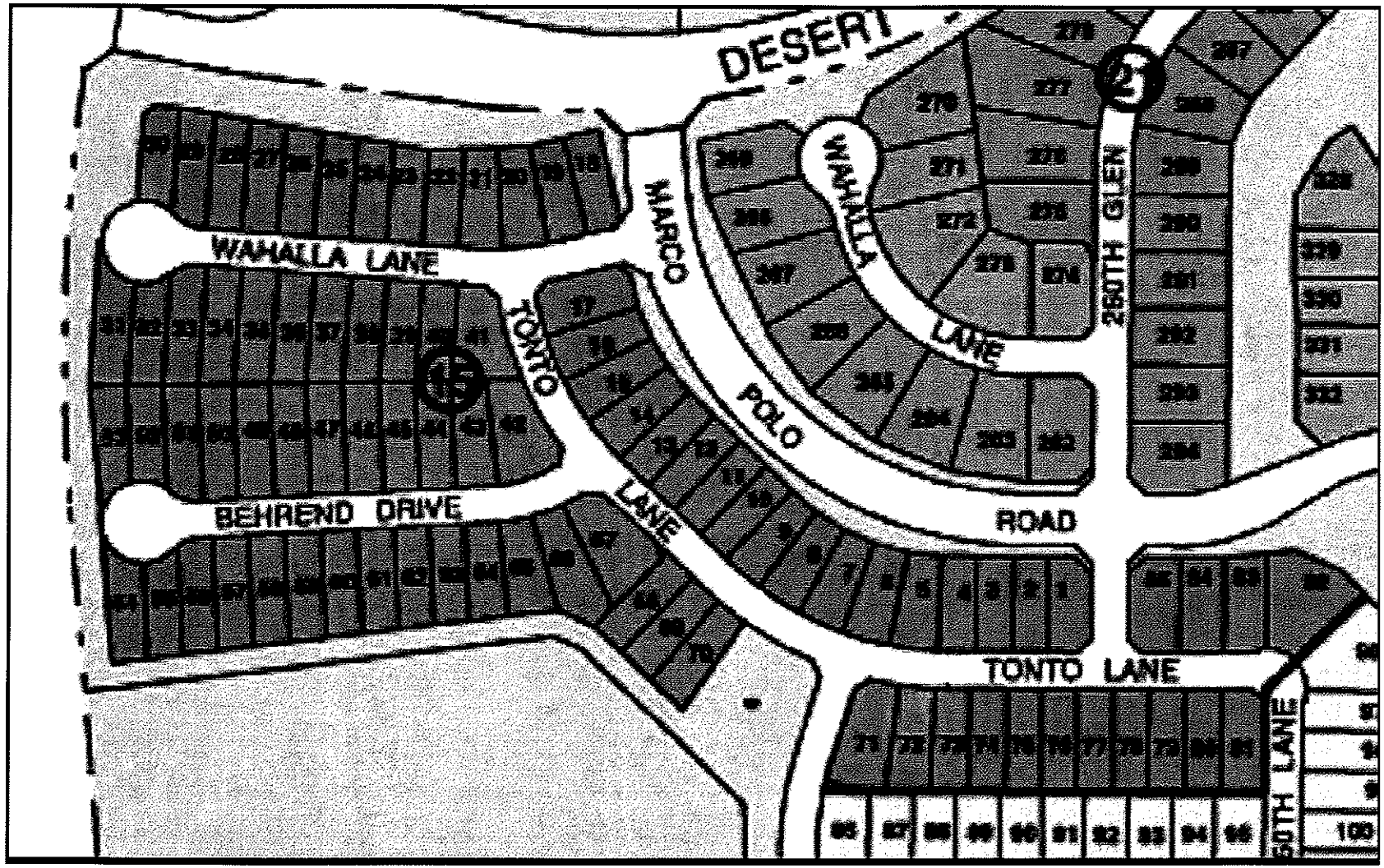

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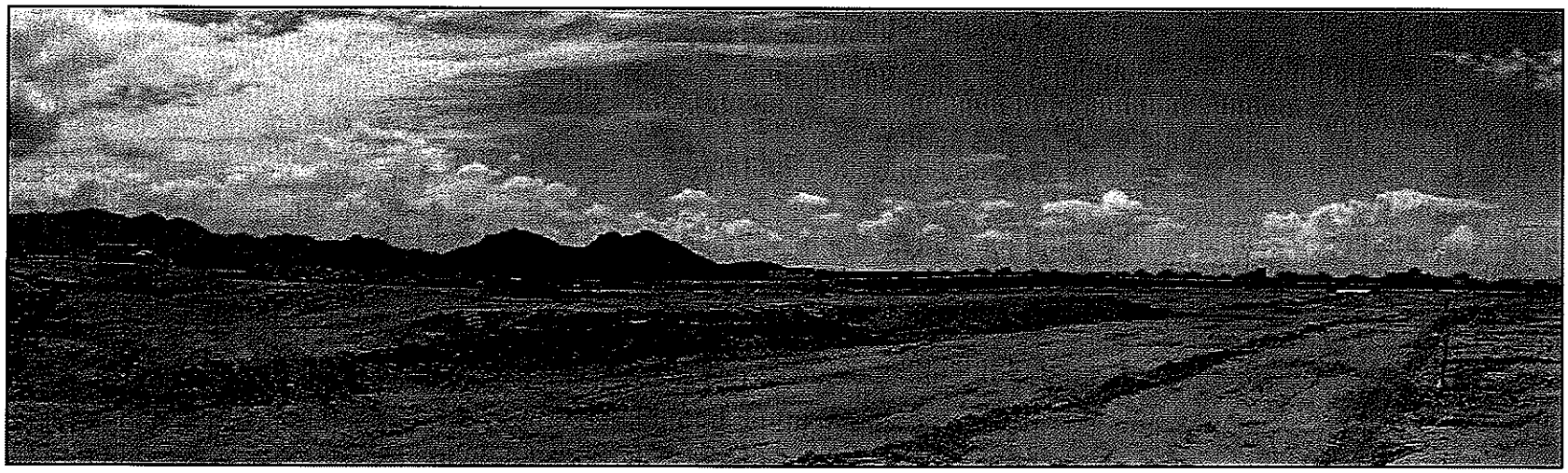

LOOKING SOUTHWESTERLY ACROSS UNIT 15

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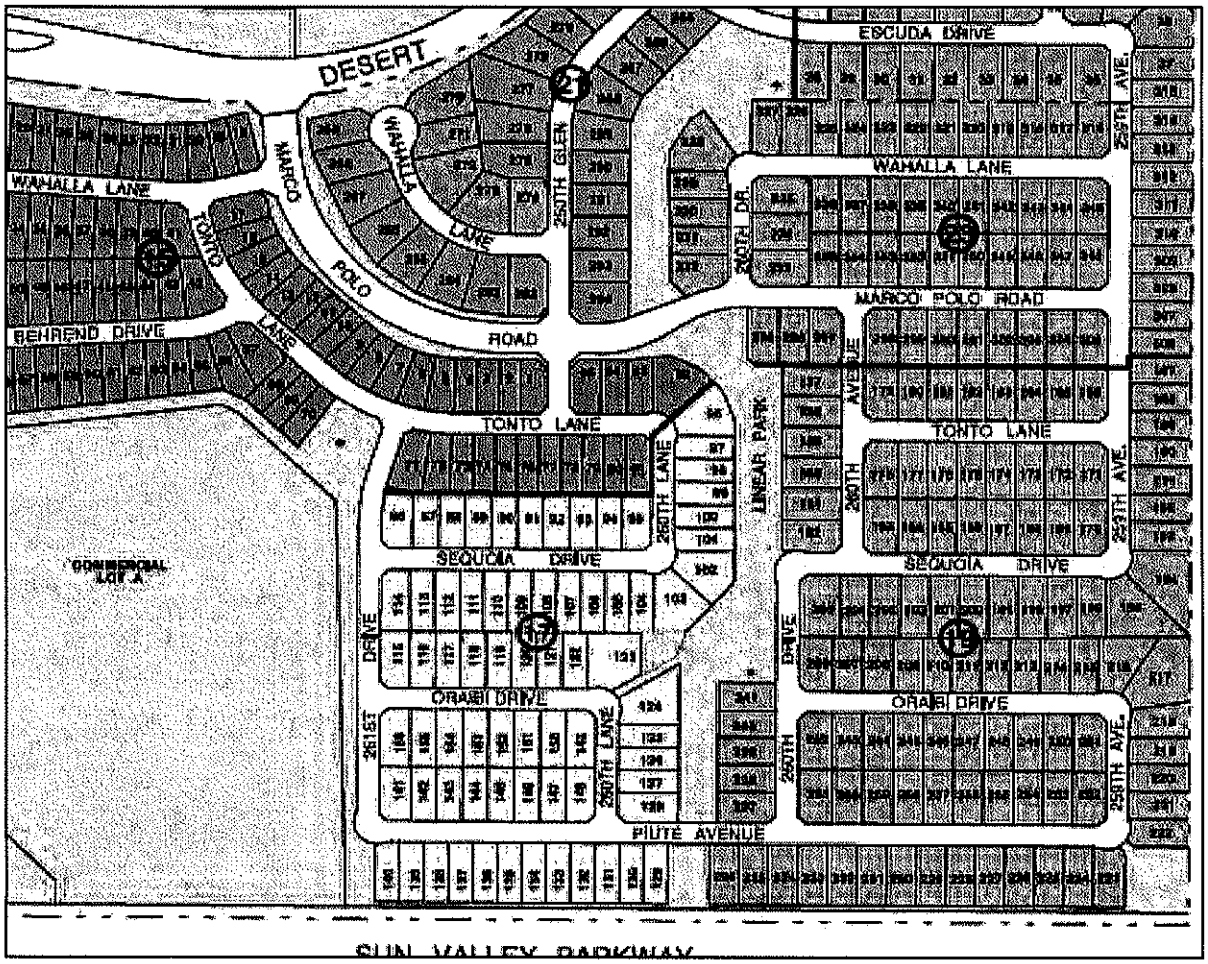

Subject Parcel:	Unit 17
Designated Use:	Single-Family Residential
Zoning:	PAD – Planned Area Development
Size:	14.70 gross acres
Total Number of Lots:	71
Lot Size:	48' x 115'
Density:	4.83 dwelling units per net acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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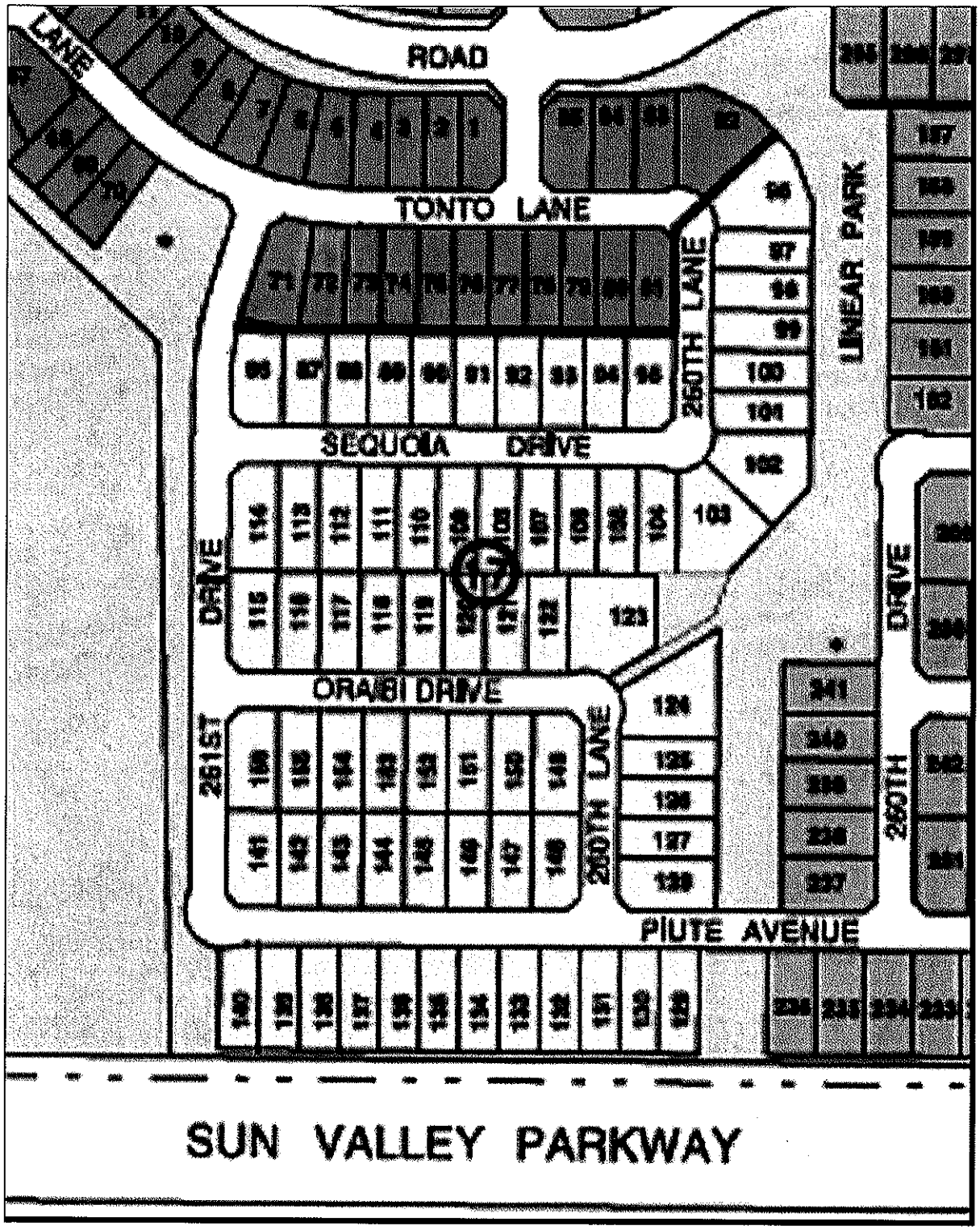

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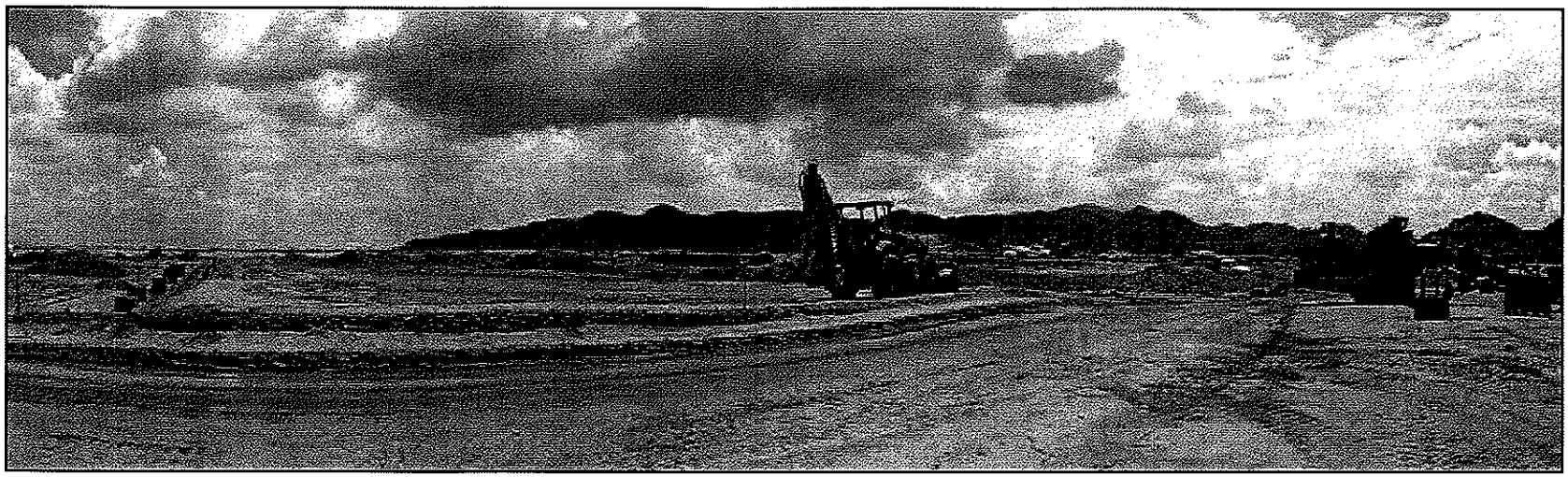

LOOKING SOUTHEASTERLY ACROSS UNIT 17

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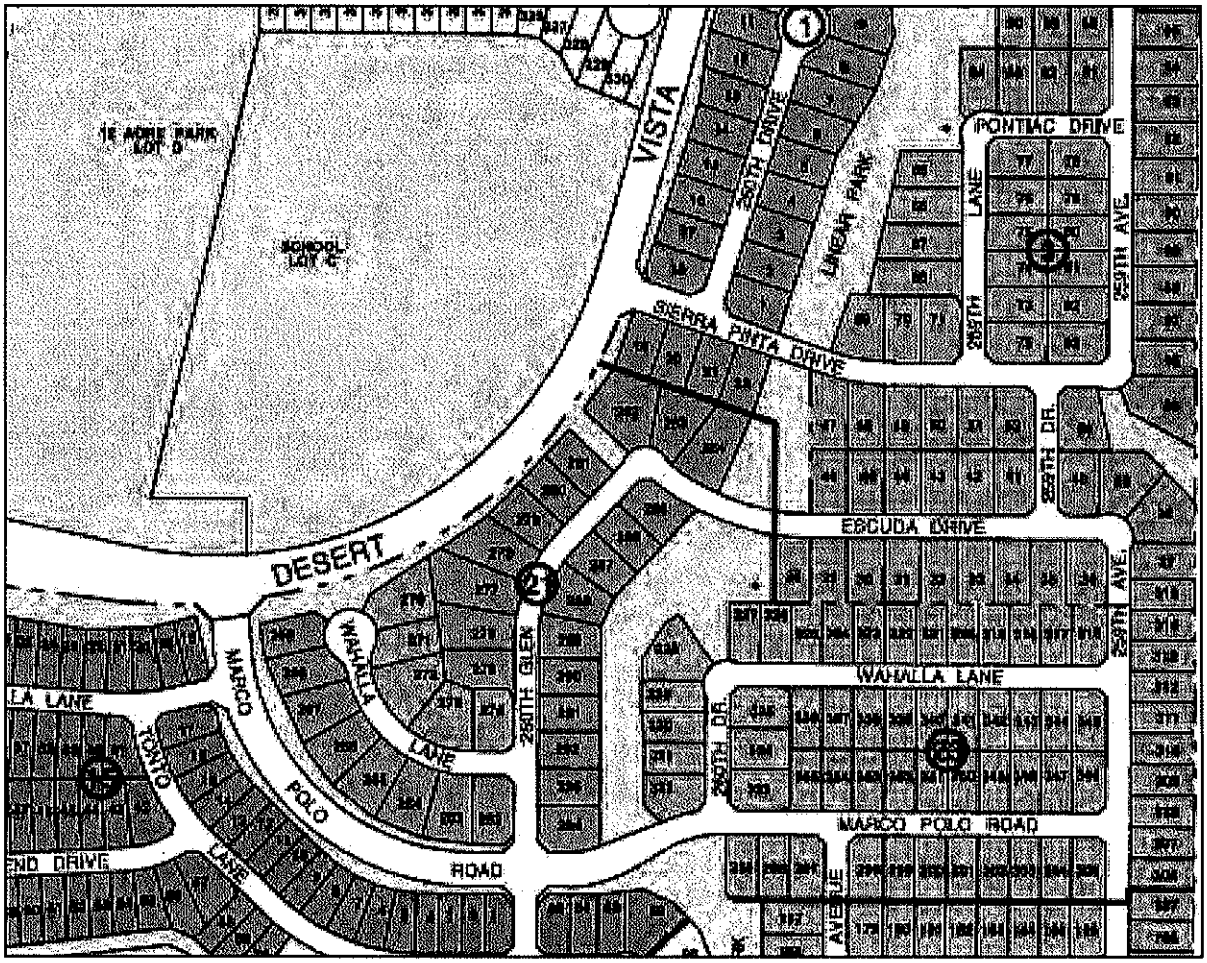

Subject Parcel:	Unit 21
Designated Use:	Single-Family Residential
Zoning:	PAD – Planned Area Development
Size:	12.75 net acres
Total Number of Lots:	33
Lot Size:	68′ x 115′
Density:	2.59 dwelling units per acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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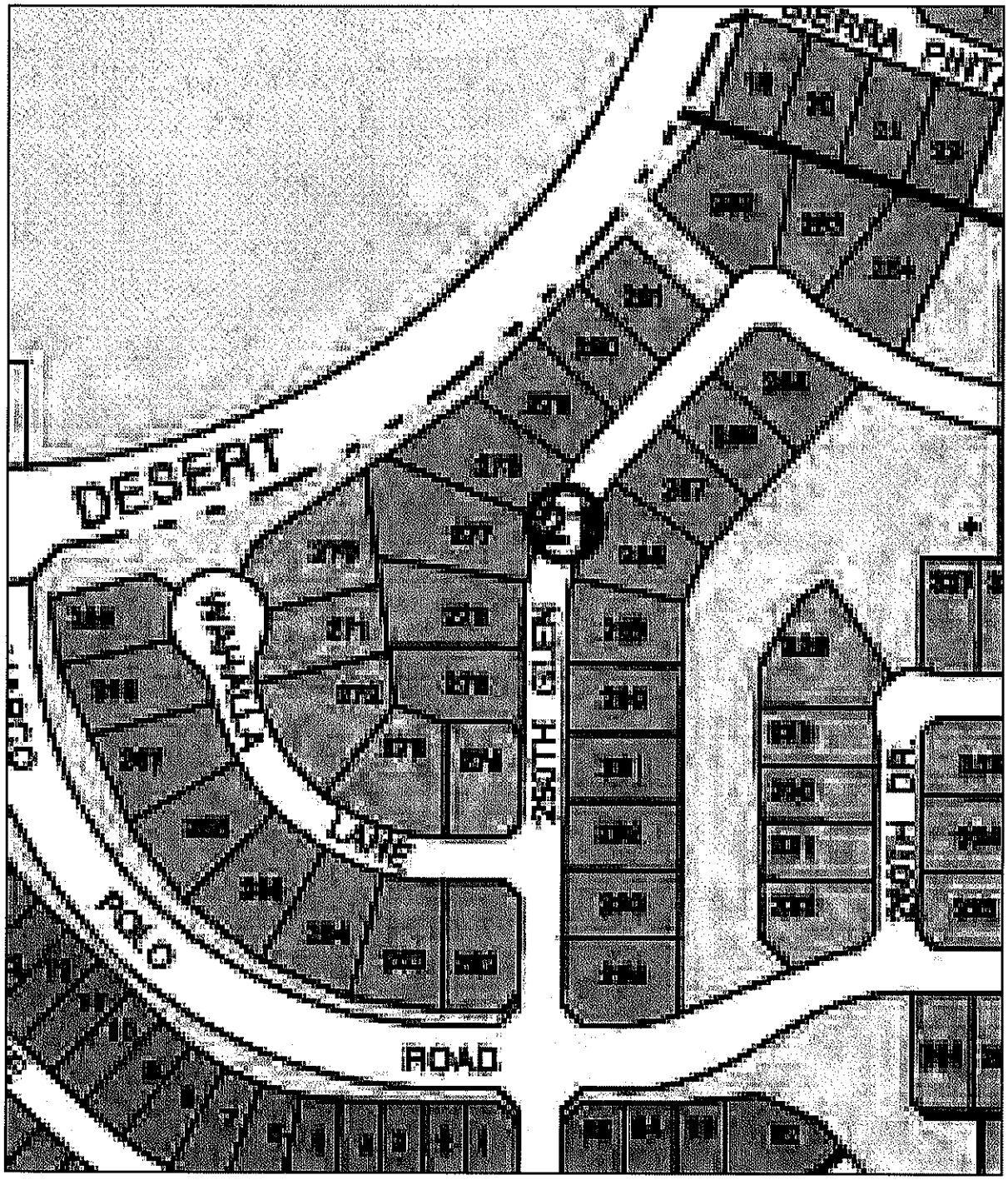

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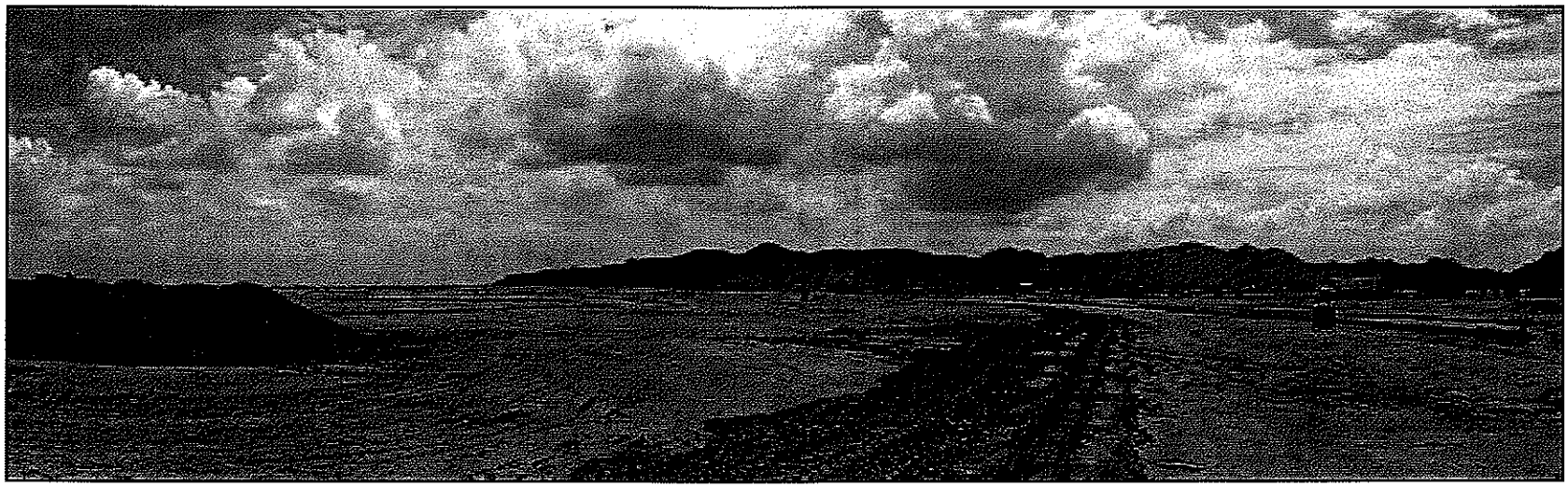

LOOKING SOUTHEASTERLY ACROSS UNIT 21

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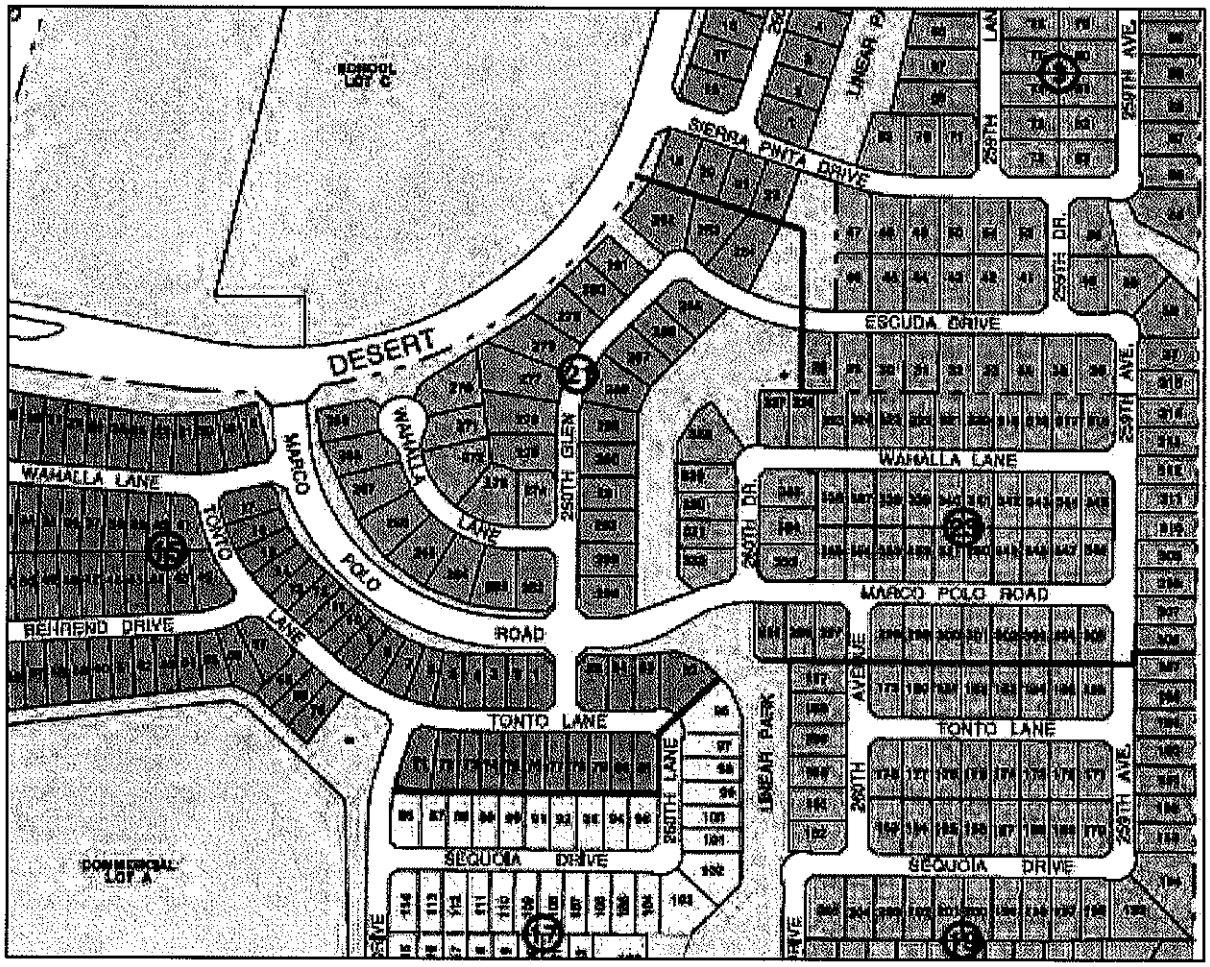

Subject Parcel:	Unit 23
Designated Use:	Single-Family Residential (Medium Density)
Zoning:	PAD – Planned Area Development
Size:	12.36 net acres
Total Number of Lots:	61
Lot Size:	58′ x 115′
Density:	4.94 dwelling units per acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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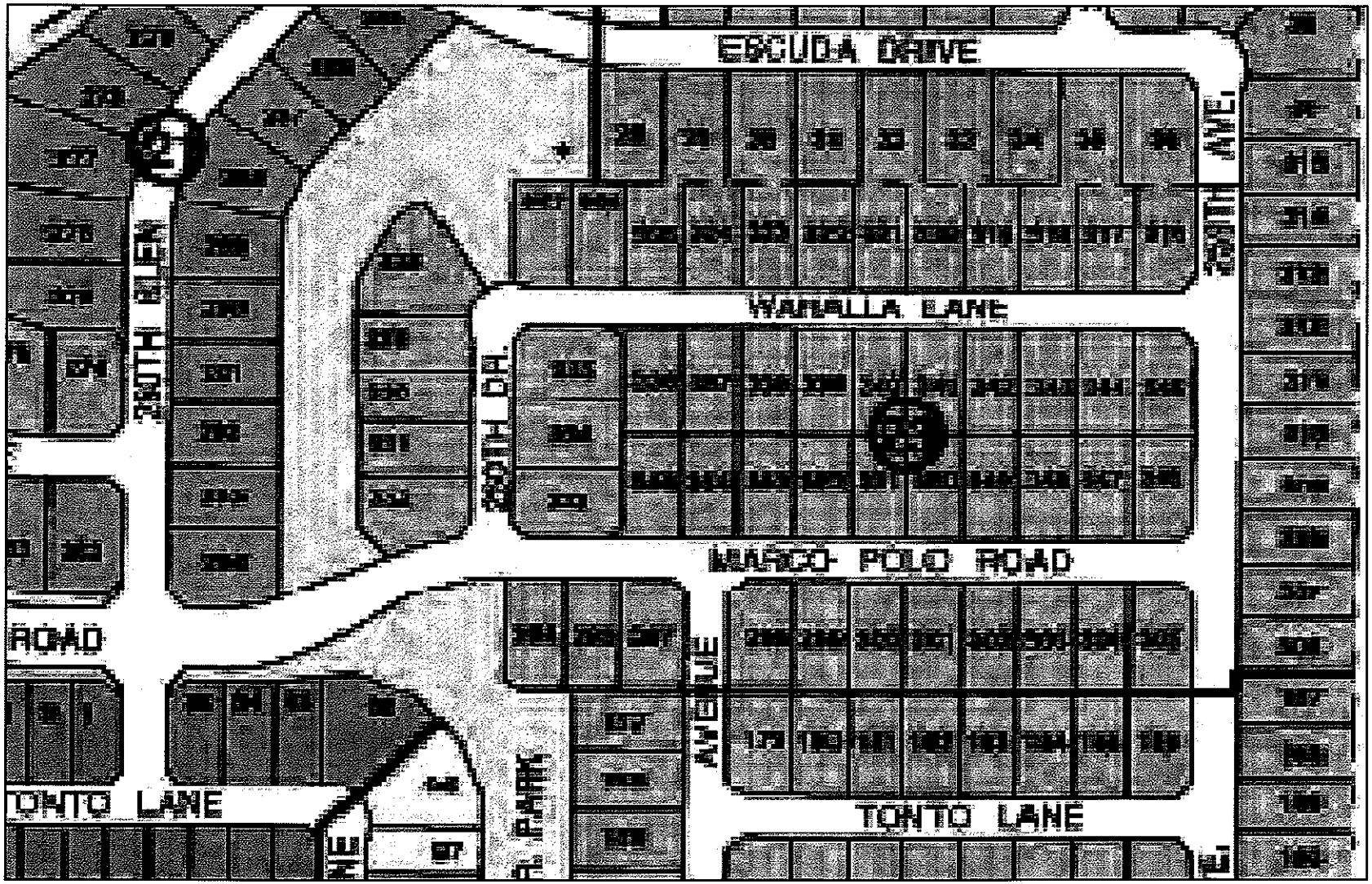

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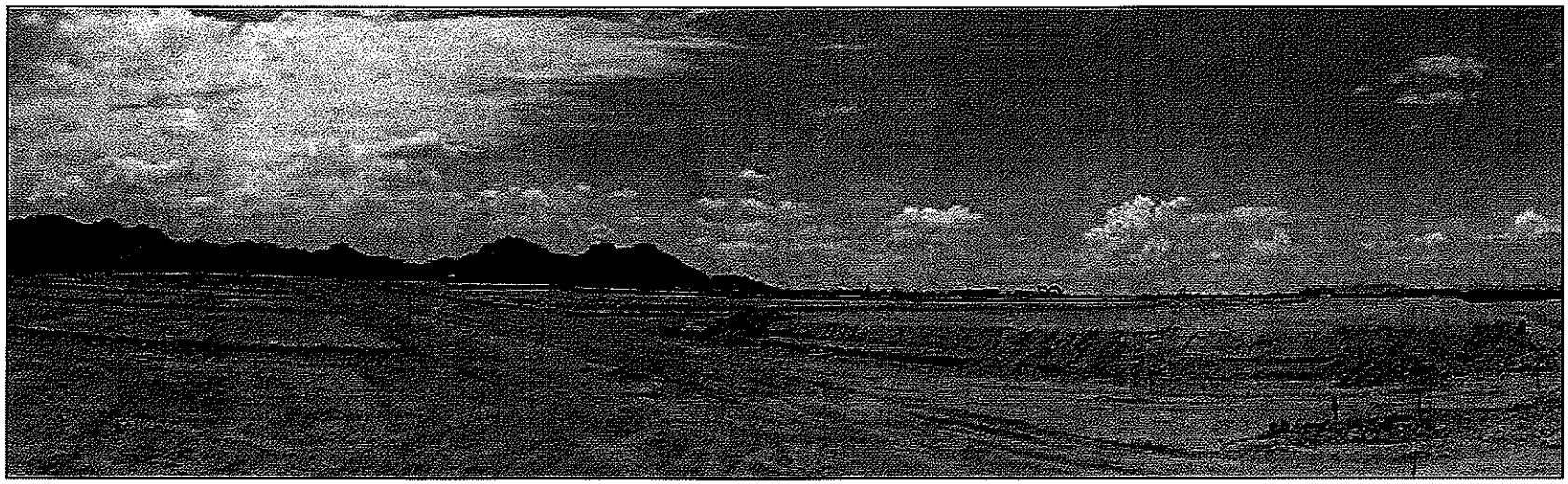

LOOKING SOUTHWESTERLY ACROSS UNIT 23

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GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

Subject generally slopes in a south-southwesterly direction with some moderate sloping toward the southwest. The entire Festival Foothills site has been mass graded and contoured to provide for proper drainage.

Soil

A soil report was not provided in connection with this assignment; however, soil testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the seven subject parcels discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	Southwest Gas
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. A 404 permit from the Army Corps of Engineers has been issued for the development of the subject site. A 404 Permit address various environmental impacts, the most notable being drainage issues.

Required retention within each of the subject's four planning area will be handled through retention areas or open space (golf course) within each parcel. The location of these retention areas is shown on the individual subdivision plats. A flood map of the area is included as Exhibit 13.

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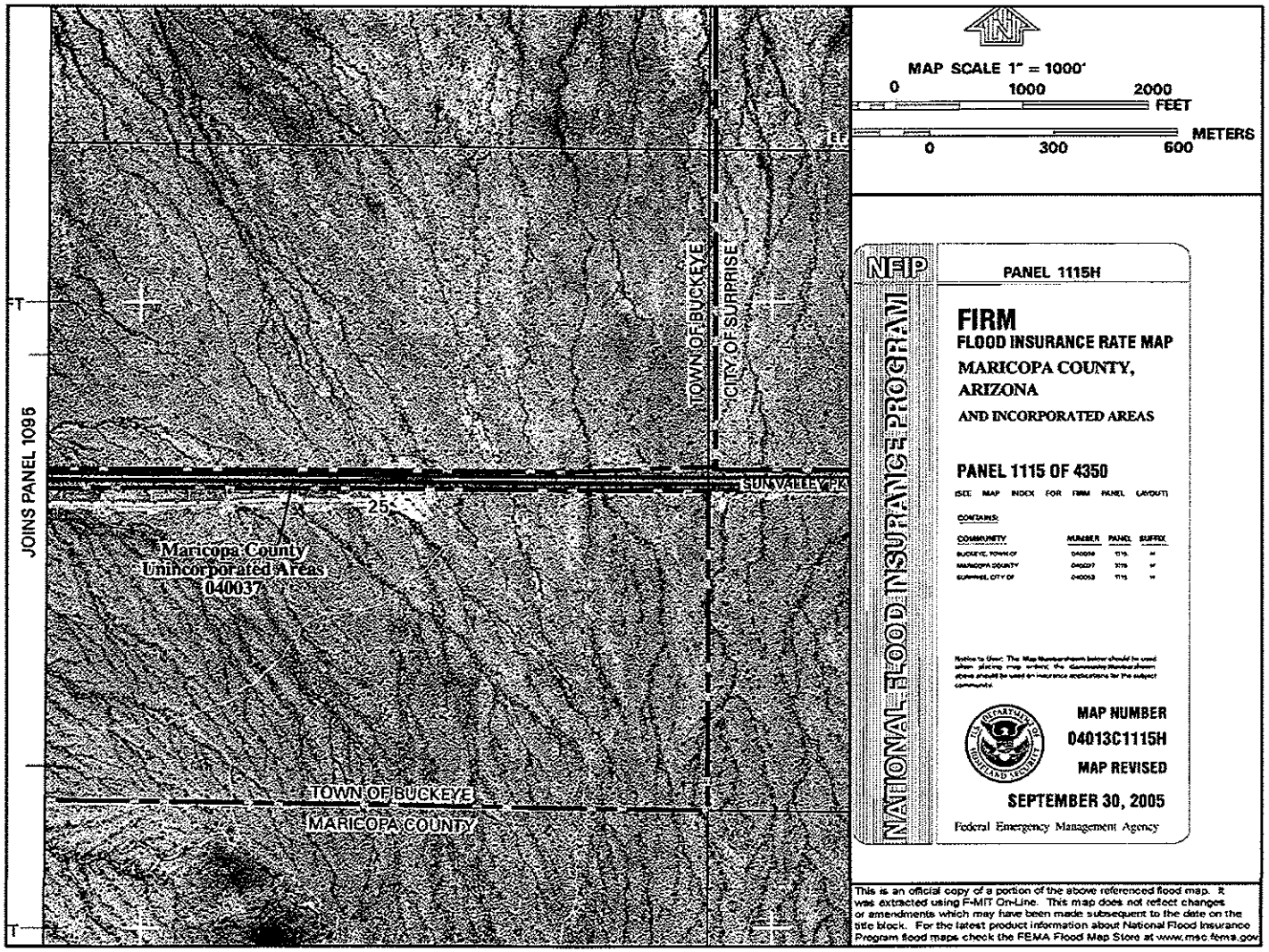
EXHIBIT NO. 13
Flood Map



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Zoning

Each of the four subject parcels has been designated for residential development as part of the larger Festival Ranch master plan. A copy of the land use plan for Buckeye which includes Pulte Homes' portion of Festival Ranch planning area is included as Exhibit 14.

Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the seven subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed; however it was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the subject parcels.

Assessed Valuation and Real Estate Taxes

Because the subject property consists of four parcels which have yet to be fully improved, the current assessments are based upon their unimproved condition. However, as the Maricopa County Assessor's Office becomes aware of the change in land use status, each individual lot within the four residential parcels will be assessed as an improved residential lot. Real estate taxes for finished lots are estimated at $350.

Special Assessments

The purpose of this appraisal is to address the market value of the seven subject parcels for the purpose of placing a special assessment on these properties to reimburse the developer for the cost of qualified public improvements. An assessment in the amount of approximately $2,000 per lot will be placed upon the subject's 250 lots. The assessment will cover a potion of the costs of in-tract street improvements. An annual assessment payment of $150 is estimated.

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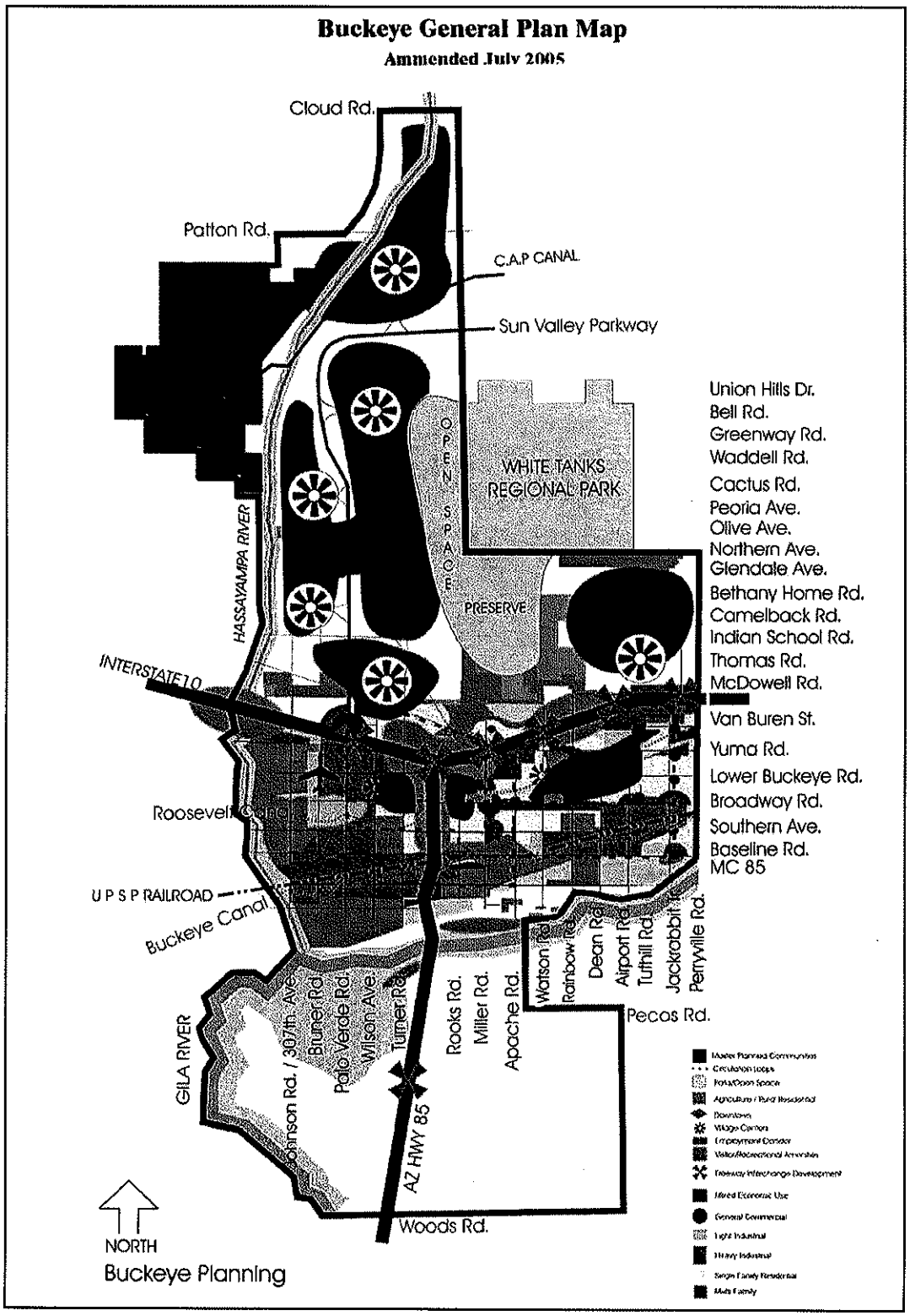
EXHIBIT NO. 14
Land Use Map



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RESIDENTIAL MARKET ANALYSIS

In order to better analyze the financial feasibility and marketability of residential uses within the subject development and an approximate absorption time table, a detailed discussion and analysis of the residential market conditions for Metropolitan Phoenix (largest residential market most proximate to the subject property) as well as the subject's more immediate market area is provided.

METROPOLITAN PHOENIX OVERVIEW

Permit Activity

The Metropolitan Phoenix housing market has just finished its 15th year of a strong recovery that started in 1991 after 6 years of steady declines in permit activity. Table 11 summarizes the residential permit activity for Metropolitan Phoenix between 1985 and first quarter 2007.

TABLE NO. 11

RESIDENTIAL BUILDING PERMITS
Phoenix Metropolitan Area

	Single Family		Townhouse		Multifamily		Total
Year	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.
1985	19,432	38.7	6,617	13.2	24,113	48.1	50,162
1986	20,052	47.9	5,516	13.2	16,327	39.0	41,895
1987	15,944	58.0	3,123	11.4	8,427	30.7	27,494
1988	13,843	67.1	1,317	6.4	5,457	26.7	20,617
1989	11,194	82.8	625	4.6	1,701	12.6	13,520
1990	10,633	81.9	449	3.5	1,891	14.6	12,973
1991	13,510	91.9	485	3.3	710	4.8	14,705
1992	18,328	91.1	566	2.8	1,234	6.1	20,128
1993	21,896	90.5	607	2.5	1,799	7.4	24,302
1994	26,626	78.7	1,212	3.6	6,015	5.6	33,853
1995	26,824	73.7	1,599	4.4	7,991	21.9	36,414
1996	28,157	73.8	1,456	3.8	8,533	22.4	38,146
1997	29,124	74.5	2,174	5.6	7,799	19.9	39,097
1998	33,811	78.2	1,525	3.5	7,877	18.2	43,213
1999	33,252	78.3	1,454	3.4	7,759	18.3	42,465
2000	32,494	76.0	2,218	5.2	8,009	18.8	42,737
2001	32,867	78.5	1,801	4.3	7,201	17.2	41,869
2002	34,312	82.9	1,467	3.5	5,607	13.6	41,386
2003	39,652	85.5	1,894	4.1	4,836	10.4	46,382
2004	48,136	86.4	2,597	4.7	4,997	8.9	55,730
2005	43,256	84.8	4,526	8.9	3,250	6.4	51,032
2006	27,976	73.4	6,187	16.3	3,922	10.3	38,085
2007-1Q	7,017	63.0	2,353	21.1	1,778	15.9	11,148

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

As shown in Table 12, total permit activity had been particularly strong during the late 1990s through the first half of the 2000s with 2004 the strongest in the past two decades. However,

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market weakness at the end of 2005 has continued through 2006 and first half of 2007 with residential permits off more than 25% from pervious years.

Mortgage Rates

A primary reason a recovery in the market is forecast is the fact 30-year mortgage interest rates have been below 9% since 1991, primarily ranging between 7% and 8% over the past 5 years with recent rates falling to as low as 6%. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%. The spread between a 30-year fixed mortgage rate (5.38%) and the federal discount rate (2.00%) now stands at 3.38%, which is slightly less than the 4.2% average of the last 10 years. Nevertheless, even if a small hike in rates occurs, it will not seriously dampen market activity. However, if rates climb above 9%, new home affordability will decline and a significant number of first-time buyers may no longer qualify. Although interest rates began climbing during the summer of 2004, rates declined in the first half of 2005 before climbing to 6.25% at the end of the year. Mortgage rates during 2006 have reached as high as 6.78% though the national average rate reported by Freddie Mac at the end of December 2006 was 6.18%.

New and Resale Housing Market

According to the Arizona Real Estate Center at the W.P. Carey School of Business at Arizona State University, a total of 43,356 new homes were authorized in 2005, which is just off the record pace of 48,136 homes during 2004. The median sales price of new single-family, detached homes in 2005 averaged $251,795, which is 29% higher than the 2004 median of $195,000. Between 2003 and 2004 the median new home price rose 12.5%. During 2005, there were a total of 42,550 new single-family, detached home sales compared to 38,285 sales in 2004 and 32,700 sales in 2003.

Figures just released for 2006 indicate single family residential building permits of 27,976, which represents a 35% decrease from the 43,256 permit issued during the previous year and the lowest level of permits since 1997. Though townhome and multifamily permits increased during 2006, there increase could not offset the dramatic reduction in single family permits. During 2006 the median home price rose to $306,355 from $251,795, which further eroded housing affordability. Though the 2006 median new home price was 306,355 this figure was below the $313,774 median price record during the second quarter of 2006. Median prices declined from the second quarter record.

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The Arizona Real Estate Center also reports 67,030 sales of existing homes throughout Metropolitan Phoenix during 2006. By comparison, 110,835 sales of existing homes took place during 2005and 102,115 resales in 2004. The reduction in the sales rate resulted from a stalemate in the marketplace between buyers and sellers. Buyers in the market during 2006 were looking for bargains while sellers were hoping to hold onto appreciation recorded during 2005.

During 2006, the market backed down from the record levels of 2004 and 2005. Homebuilders slowed construction to unload existing inventory before committing to new deliveries. As existing inventories continue to decrease the level of new construction activity should slowly return, though the pace will be lower than the record levels of 2004 and 2005.

Housing Affordability

Historically, there appears to be fairly significant degree of correlation between the affordability of single-family housing and interest rates. Table 23 provides a comparison of these two items for new and resale homes. The affordability index is defined in terms of the median-income household; an index of 100 indicates that a median-income household is able to qualify for a median-priced home.

TABLE NO. 12

SINGLE-FAMILY AFFORDABILITY ANALYSIS
Metropolitan Phoenix

		Resale Homes		New Homes	
Year	Effective Interest Rate	Median Sales Price	Affordability Index	Median Sales Price	Affordability Index
1988	10.8%	$77,197	95	$103,950	72
1989	11.0%	$77,932	98	$105,850	72
1990	10.5%	$79,237	105	$109,300	76
1991	9.4%	$80,383	117	$107,500	87
1992	8.6%	$83,060	125	$108,800	95
1993	7.4%	$83,715	144	$112,500	108
1994	8.5%	$87,230	129	$124,475	90
1995	8.1%	$91,070	133	$127,600	94
1996	7.9%	$96,890	132	$130,800	98
1997	7.5%	$105,245	130	$136,220	101
1998	6.9%	$113,427	132	$139,073	107
1999	7.3%	$120,440	120	$146,645	99
2000	7.9%	$128,512	109	$150,790	92
2001	6.9%	$136,005	115	$156,450	100
2002	6.4%	$144,900	124	$159,990	113
2003	5.7%	$155,000	126	$173,235	113
2004	5.7%	$174,815	114	$195,000	102
2005	5.7%	$240,500	84	$251,795	80
2006	6.3%	$260,600	74	$306,355	63
2007-1Q	6.0%	$262,570	76	$296,425	67

Source: Arizona Real Estate Center, College of Business, Arizona State University

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Single-family market share has tended to increase as the affordability of new single-family homes is improved. In particular, according to Arizona State University, during the high inflationary (and high interest rate) period from 1983 through 1986, the affordability index averaged roughly 64 and single-family building permit market share averaged (weighted) 58%. During the next 5 years (1987-1991), as interest rates declined, the affordability index increased to an average of about 76 and the single-family market share of permitting increased to a weighted average of roughly 76%. More recently (2001-2004), the affordability index increased above 100 to a high of 113, and as expected, single-family market share increased further. In 2004 and most notably 2005, the affordability index has fallen. Median prices for both resale and new homes jumped dramatically in 2005. The median price of a resale home increased 37.5% during 2005, while the median price of a new home increased 29.1%. Even with interest rates below 6.50%, housing affordability in the Metropolitan Phoenix market has diminished. In terms of pricing, it appears the market peaked in the second quarter of 2006 as median home price fell from $313,774 to $310,000 in the third quarter and $305,000 in the fourth quarter. The decline has continued into the first quarter 2007 as the median new home price fell below $300,000.

COMPETITIVE MARKET AREA

According to the Phoenix Metropolitan Housing Study prepared by the Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University, the subject site is located within District 22W (Southwest Maricopa County, which covers an expansive area including almost the entire western half of Maricopa County.

Inventory Trends and Permit Activity

Table 13 identifies significant market information regarding single family detached housing development within the defined competitive market area.

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TABLE NO. 13

HISTORICAL OVERVIEW
Competitive Market Area[a]

Year	Inventory	% of Metro	Permit Activity	% of Metro	Median New Home Price
Single Family Detached Product					
1996	23,306	3.5	1,885	6.7	$132,517
1997	25,331	3.6	2,138	7.3	$125,000
1998	27,531	3.8	2,328	6.9	$137,158
1999	29,957	3.9	2,213	6.7	$142,247
2000	31,480	3.9	1,876	5.8	$155,000
2001	33,210	4.0	1,677	5.1	$150,764
2002	35,012	4.1	2,065	6.0	$159,990
2003	37,624	4.2	3,672	9.3	$172,014
2004	42,916	4.5	7,007	14.6	$200,000
2005	50,729	5.1	8,630	20.0	$241,170
2006	59,216	5.8	6,220	22.2	$276,880
2007-Q1	60,659	5.9	1,372	19.6	$269,925

[a] Phoenix Metropolitan Housing Study Statistical District 22W (Southwest Maricopa County)

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

Strong demand for single family detached housing in this market area is indicated by the fact that between the end of 1996 and the end of 2006, the inventory has more than doubled with 35,910 new homes during this period. Over the same period, new home values have appreciated at an average compound annual rate of 7.5%, which is slightly higher than the overall average for Metropolitan Phoenix. Between 2000 and 2006, the increase averaged about 10% per year; however, the median price during the first quarter 2007 reversed its upward trend. New home values are declining in many submarkets including the subject's which includes a significantly large geographical area.

After increase for each of the past four years, permits peaked in 2005 with 8,630 new home permits. In 2006, permit activity fell approximately 25% to 6,220. Clearly, the robust activity of 2004 and 2005 has given way to a much slower market. Subject's competitive market area along with all of Metropolitan Phoenix will continue to experience a slower pace of growth until existing inventory created during the overbuilding of 2004 an 2005 are reduced. Because many builders have shelved or entirely walked away from a number of future developments, the number of projects in the pipeline for development in the near term has been significant reduced.

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Festival Foothills Proposed Housing Product

Pulte Homes is offering four different series of homes on four different lot sizes: 43', 48', 58', and 68' wide lots. Table 14 summarizes the proposed lot mix for the subject's 250 lots in the second phase of Festival Foothills.

TABLE NO. 14

FESTIVAL FOOTHILLS PRODUCT MIX ASSESSMENT AREA NO. 5			
Product Series	Lot Size	No. Of Lots	% Of Total
Series 1 - Adobe	43x115	85	34%
Series 2 - Sonoran	48x115	71	28%
Series 3 - Peak	58x115	61	24%
Series 4 - Ridge	68x115	33	13%
Totals		250	100%

FORECASTED SUPPLY/DEMAND

Survey of Existing Single Family Subdivisions

A detailed survey of existing single family subdivisions that exhibit relatively similar characteristics to the subject lots was undertaken to obtain a more comprehensive knowledge of the market. There is no direct competition in the subject's immediate area. The closest residential development is approximately eight miles east along Bell Road in Surprise. The only other development along the Sun Valley Parkway is approximately 12 miles to the south at Tartesso in Buckeye. Because the developing areas of Surprise are closer to subject than Buckeye, the majority of the market data surveyed was extracted from the Surprise market, though information from Tartesso was also included. Analyses of the subject's proposed lots based upon data obtained from Hanley Wood, a market research company, are presented according to their respective lot size in the following subsections.

43'and 48' Foot Wide Product

The subject property will include 85 lots with average lot dimensions 43' x 115' (Series 1 - Adobe) and 71 lots with average lot dimensions 48' x 115' (Series 2 - Sonoran). Due to a limited number of completing lots at each of these lot widths, the two lot products are analyzed together. The competing 43' to 48" wide lot subdivisions indicate a home size range of 1,095 to 3,212 square feet. Base prices of these projects range from $189,950 to $304,990. The weighted average base price for homes in this lot size category is $235,600 for a 2,001 square foot home.

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On a per square foot basis, the prices range between $90.35 and $164.76 per square foot with an average square foot price of $117.71 A pricing array of competing subdivisions similar to the subject's 43' and 48' foot wide lots is included on Figure 1 on the following page.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $190,000 and $305,000 should fall within a range of $47,500 and $76,250 per lot ($990 to $1,510 per front foot using 48' frontage as average). At the average price of $235,000, a finished lot cost of $58,750 is suggested. Both subject's proposed pricing of its Series 1 and Series 2 housing product is a the low end of the range as indicated on Figure 1.

TABLE NO. 15

FESTIVAL FOOTHILLS SERIES 1

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 1 - Adobe			
Sunset	43x115	1,230	$149,900
Horizon	43x115	1,476	$164,900
Twilight	43x115	1,624	$173,900
Crescent	43x115	2,154	$188,900

TABLE NO. 16

FESTIVAL FOOTHILLS SERIES 2

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 2 - Sonoran			
Ironwood	48x115	1,780	$177,900
Palo Verde	48x115	2,023	$187,900
Mesquite	48x115	2,364	$199,900

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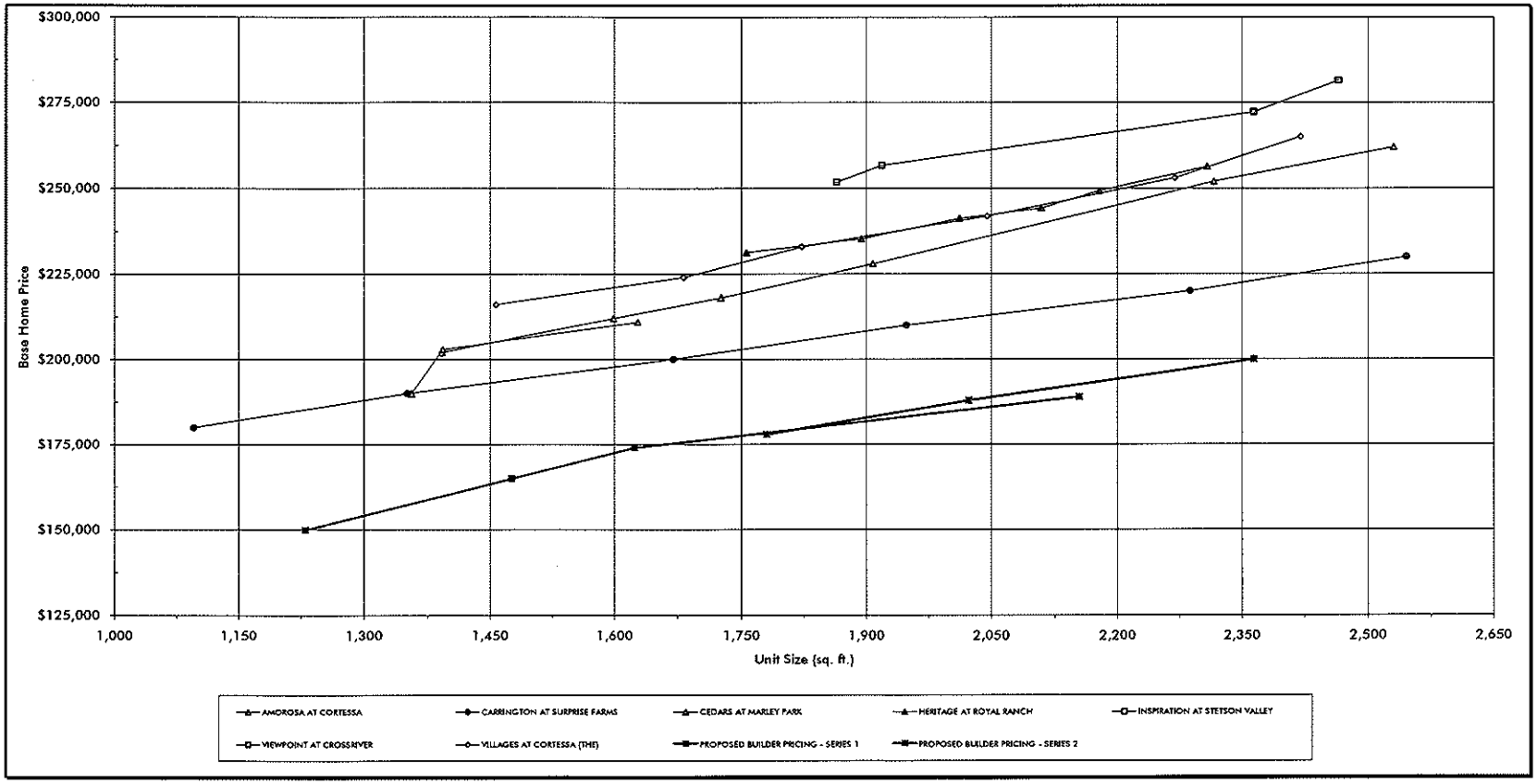
FIGURE NO. 1
43′ and 48′ Wide Product



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58' Foot Wide Product

Unit 23 is comprised of 61 lots with average dimensions 58' x 115'. The competing projects surveyed included lots with 55' to 60' wide dimensions. These subdivisions indicate a home size range of 1,095 to 4,602 square feet. Base prices of these projects range from $219,950 to $389,950. The weighted average base price for homes in this lot size category is $305,139 for a 2,449 square foot home. On a per square foot basis, the prices range between $84.73 and $200.87 per square foot with an average square foot price of $116.32. A pricing array of competing subdivisions similar to the subject 58 foot wide lots is included on Figure 2.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $220,000 and $390,000 should fall within a range of $55,000 and $97,500 per lot ($948 to $1,681 per front foot using a 58' wide lot). At the average price of $305,000, a finished lot cost of $76,250 is suggested. Again, subject's proposed Series 3 (Ridge) housing product is at the bottom of the range indicated by the comparable subdivisions.

TABLE NO. 17

FESTIVAL FOOTHILLS SERIES 3

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 3 - Ridge			
Canyon	58x115	3,121	$241,900
Arroyo	58x115	3,549	$255,900
Mesa	58x115	3,666	$262,900
Butte	58x115	4,068	$289,900

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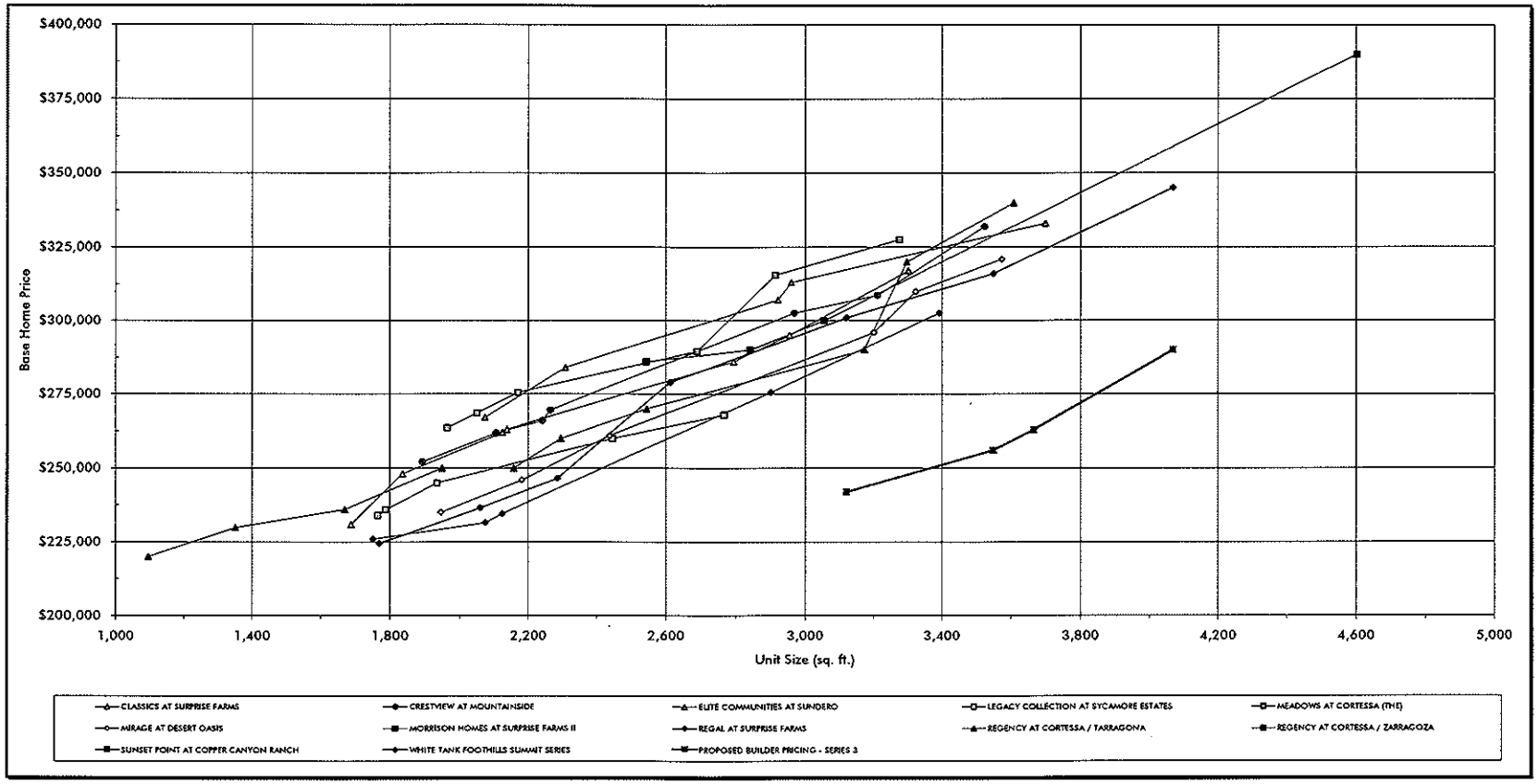
FIGURE NO. 2
58′ Wide Product



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68' Foot Wide Product

Unit 21 is comprised of 33 lots with average dimensions 68' x 115'. The competing 68' wide lot subdivisions (65' to 70') indicate a home size range of 1,896 to 4,223 square feet. Base prices of these projects range from $244,880 to $430,990. The weighted average base price for homes in this lot size category is $321,288 for a 2,866 square foot home. On a per square foot basis, the prices range between $85.58 and $142.27 per square foot with an average square foot price of $112.10 A pricing array of competing subdivisions similar to the subject 68 foot wide lots is included on Figure 3.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $245,000 and $430,000 should fall within a range of $61,250 and $107,500 per lot ($900 to $1,580 per front foot). At the average price of $320,000, a finished lot cost of $80,000 is suggested. One again, pricing of Series 4 homes are at the low end of the range.

TABLE NO. 18

FESTIVAL FOOTHILLS SERIES 4

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 4 - Peak			
Sierra	68x115	2,503	$255,900
Cordillera	68x115	2,667	$271,900
Pinnacle	68x115	3,044	$281,900

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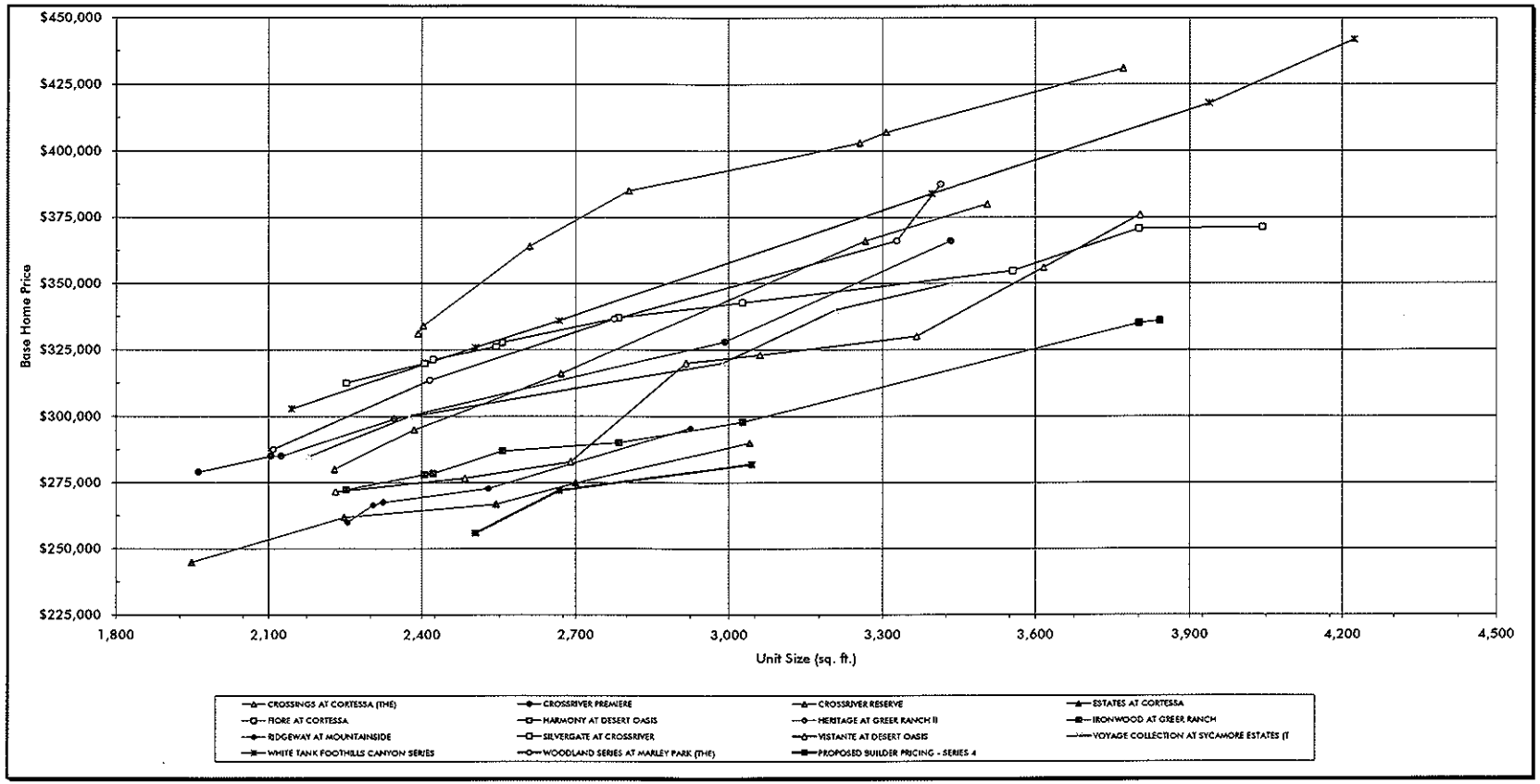
FIGURE NO. 3
68′ Wide Product



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CMA SALES DATA

Using the same subdivisions as the preceding discussion identifying the base home pricing and home size in the marketplace, we have extracted additional market information including absorption rates, year-to-date sales, and remaining inventory as illustrated on Table 19.

TABLE NO. 19

FESTIVAL FOOTHILLS CMA SALES DATA*

Lot Width	Overall Avg. Monthly Absorption	YTD (June) Sales	YTD Avg. Monthly Absorption	Remaining Unsold Lots
43'-48'	5.78	83	2.31	610
58'	4.11	311	3.06	826
68'	2.91	163	1.85	1,182

*Does not include lots available in Phase I of Festival Foothills

The absorption information summarized in the table above indicates a decline in the level of absorption during the first half of 2007.

Potential Future Supply

The projected level of absorption for the subject's residential lots must be reasonable not only in light of historic and current market conditions, but also future conditions. Existing as well as proposed development in the immediate area of the subject property is illustrated on Exhibit 15.

As illustrated on Exhibit 15, there are numerous large-scale master planned communities are planned along the Sun Valley Parkway and while these communities will eventually provide competition for the subject property, only the subject property (Festival Ranch) and Tartesso at the south end of the parkway are under construction and actively selling product. The other communities along the parkway are in various stages of planning and development. A new community called Trillium on the west side of the Sun Valley Parkway has been mass graded; however, it was recently purchased by an adjacent owner for inclusion within a larger community. The property is now being planned as part of the larger development.

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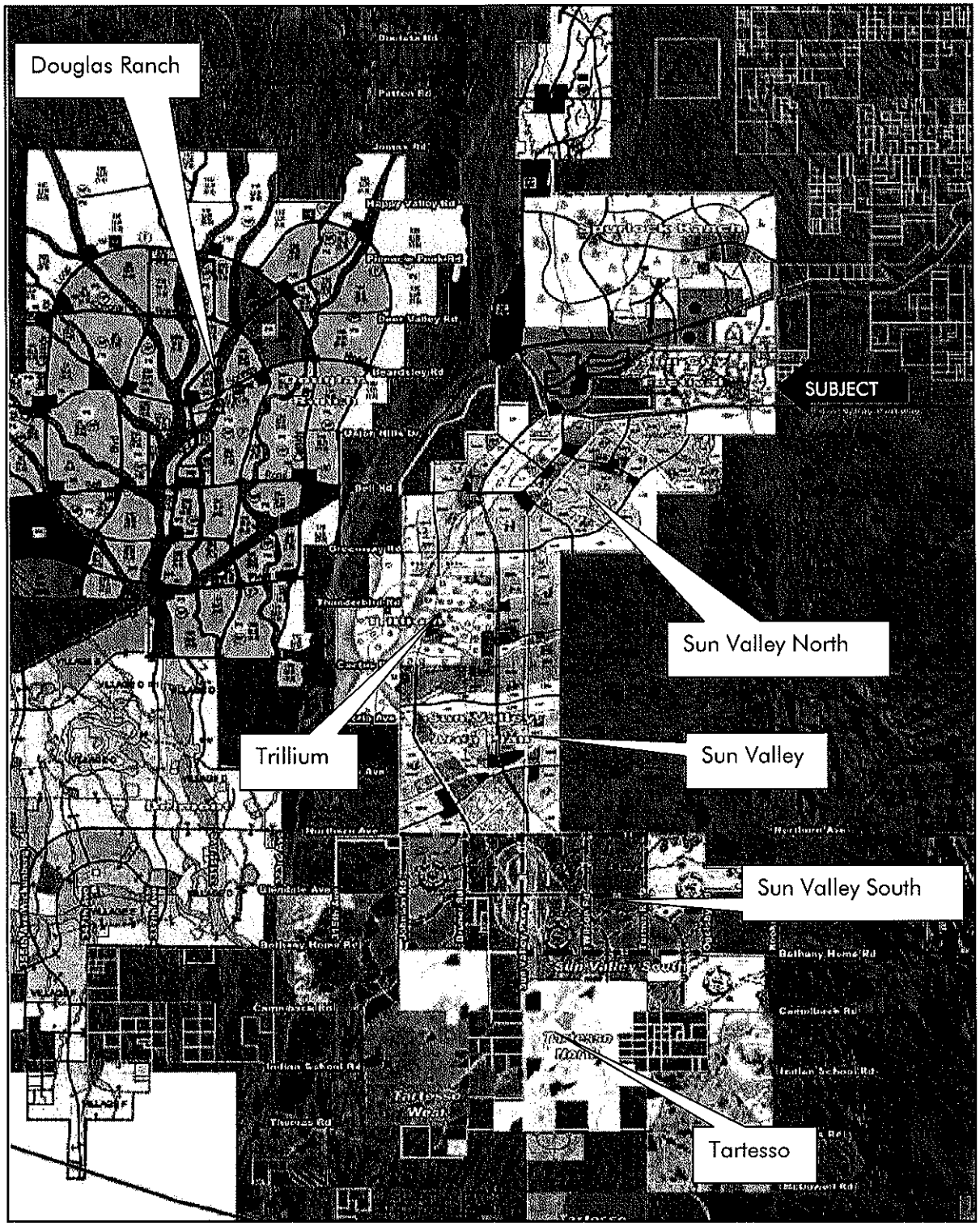
EXHIBIT NO. 15
Aerial Photograph (SVP Planned Communities)



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Pulte Homes has plans for a second community along the Sun Valley Parkway a few miles south of Festival Ranch; however, the pace of development has been curtailed given the market slowdown and the fact this property would be a direct competitor with Festival Foothills.

New competition will come along the Sun Valley Parkway; however, the required infrastructure work and cost will contain the overall pace of new development. Much of Festival Foothills master infrastructure (WWTP, Canyon Springs Boulevard, etc.) has been completed as part of the first phase of Sun City Festival. The ability to piggy-back on this infrastructure is a significant advantage.

CONCLUDING REMARKS - RESIDENTIAL MARKET ANALYSIS

After two years of record growth in the residential sector during 2004 and 2005, the Metropolitan Phoenix market is in a slowdown. While contraction in the market is anticipated through the remainder of 2007 and 2008, the market should rebound as long as the population continues to grow, mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

The subject property is in a competitive marketplace, however, given the amount of current inventory and transitioning nature of the area, it is difficult to gauge actual demand in the near to mid-term. Home pricing, builder reputation, product, location, amenities, etc. are all important factors as this market develops. In our opinion, the proposed subject subdivisions will be able to compete effectively in the marketplace given their competitive price point.

HIGHEST AND BEST USE

The four subject parcels comprise the majority of the second phase of single family housing development within Festival Foothills. As noted previously, Pulte Homes' 3,100 acres within Festival Ranch are designated mostly for active adult with less than 300 acres planned for development with Festival Foothills, its conventional housing component. The four subject parcels represent four of the five residentially designated land parcels in the second phase of Festival Foothills. All four planning areas have received final plat approval from the Town of Buckeye and are currently being developed with residential subdivisions. Off-site infrastructure which will serve all of the parcels in the second phase has commenced.

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In addressing the highest and best use of the subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;
- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

Because all four parcels are designated for single family residential development, the following analysis addresses their residential development potential.

LEGALLY PERMISSIBLE

All four subject parcels are designated for single-family residential uses with vary degrees of density. Further, all four parcels have approved final subdivision plats. The residential development of the subject parcels represents a legally conforming use under their current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within the larger Festival Foothills community. The size of each, while reflecting some physical constraints tied to roadways and easements, are more accurately the results of a general layout design maximizing the physical layout and net efficiency of each parcel. The number of lots, their width and depth, has been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Final plats have been prepared and approved all seven subject parcels. It is concluded the residential use designated for all of the subject parcels is physically possible.

FINANCIALLY FEASIBLE

The Festival Foothills community opened in early 2007 with the development of seven planning areas offering each of the four home product series. Although the market for new single family homes is struggling with oversupply, falling prices and tightening mortgage lending

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requirements, the Festival Foothills community has been able to establish a presence in the market by offering a highly competitive and affordable product.

The four subject parcels represent the majority of the next phase of Festival Foothills, which is a roughly 260-acre conventional housing community within the larger Festival Ranch community. The same product being marketed in the first phase of Festival Foothills will be offered in Phase II.

As noted in the Neighborhood Analysis and Market Analysis sections of the report, Festival Foothills is located in a previously undeveloped area in northwestern Maricopa County approximately eight miles west of the nearest residential development in Surprise. Compared with previous years, absorption and price levels have fallen. Significant financial incentive offers by homebuilders to reduce their levels of standing inventory and a decrease in demand have fueled the decline. In light of the current market conditions and remote location of the subject property, subject's proposed pricing is set at a level to effectively compete.

MAXIMALLY PRODUCTIVE

The subject parcels are located within a larger residential community in which significant planning and development has already taken place. In order to develop a project of the magnitude of Sun City Festival and Festival Foothills, considerable planning and expense is incurred prior to on-site construction. For instance, the property must be secured, entitled, permits and development agreements must be attained to secure the necessary infrastructure. In the case of the subject property this has occurred. In fact, final plats have been approved for all seven subject parcels. Due to this fact, there is very little flexibility in terms of the development options now that the legal, physical and financial criteria have been met. It is our opinion that development of the subject properties with their proposed uses is their maximally productive use.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the seven subject parcels is for their development with their respective proposed residential uses.

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THE VALUATION DISCUSSION

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject properties, which are all proposed for single family residential development. The wholesale or bulk value of each of the various subject properties reflects their "as is" value, i.e., the condition of each property on the date of valuation. The four subject properties have been platted and engineered for single family residential development with 250 single family residential lots within subdivisions ranging from 33 to 85 lots.

In estimating the value of vacant land for residential use, a variety of valuation methodologies including the Development Approach, Modified Cost Approach or Sales Comparison may be employed. Of these three valuation approaches, the Modified Cost Approach was chosen given the nature of development of the community and fact there are limited bulk sales of platted and engineered lots. Therefore, the modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is predicated upon the assumption the proposed residential lots are completed, i.e., the lots comprise a subdivision of finished residential lots. The "as if complete" value is estimated using the Income Approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant infrastructure costs front-load to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on- and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

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MODIFIED COST APPROACH (RESIDUAL ANALYSIS)

The "as is" value of the subject's four planning units are estimated using the Modified Cost Approach. A Modified (or residual) Cost Approach appears to be the most reasonable valuation approach given the scarcity of comparable sales of bulk final platted and engineered lots. The methodology of the Modified Cost Approach presumes that a prudent investor would pay no more for a property than the cost of obtaining a site and building comparable improvements with similar design and utility. This approach also tests the financial feasibility of the proposed subject development. There are three major steps involved in this approach: (1) form an opinion of the hypothetical market value of the property, i.e., as finished residential lots; (2) estimate and deduct all lot development costs as well as applicable entrepreneurial profit; and 3) add back any lot development costs incurred to date as well as any earned entrepreneurial profit.

FINISHED LOT VALUE OPINION

The first step in the residual valuation process is to estimate the finished lot value on an "as if compete" basis for each of the four Festival Foothills units. The Income Approach is the methodology by which the hypothetical finished lot values are estimated. Because subdivision development differs from other types of income producing property, the Income Approach for analyzing subdivision development include two alternative valuation techniques: a static residual model and yield analysis.

The static residual analysis solves for finished lot value by subtracting all costs (including profit) from the anticipated revenues generated from home sales and lot premiums. Profit margins, which are usually expressed as a percentage of gross sales, are readily available from the market for this type of analysis. Surveys of merchant builders indicate that the time value of money and risks are considered in the profit margin. However, static profit margins can vary significantly dependent upon the product being built (i.e. entry-level vs. luxury), the expected level of market competition, the influence of pent-up demand, fluctuating interest rates and borrowing costs, the amount of lot inventory carried by the builder and its physical status (raw land vs. improved lots), the form of lot inventory acquisition (rolling option vs. bulk purchase of improved lots vs. development of raw land), and most importantly the length of the holding period. If all other things are equal, a project with a sellout period of four years will warrant a greater profit than a project with a two year sellout period.

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Given the variability of static profit margins, it is also very important in subdivision valuation to analyze the timing of the expected cash flows that the project will generate. This form of dynamic analysis, which is otherwise known as yield analysis, helps to serve as a secondary independent valuation technique, but more importantly, it tests the reasonableness of the profit margin chosen in the static residual analysis. If acquisition, development, and/or construction financing is considered, the yield analysis is very useful in that the rate of return can be divided between the debt and equity components.

Static Residual Analysis

The static residual analysis begins by estimating all sources of revenues from which all costs of production, including profit, are subtracted. The residual number is therefore considered the finished lot value. In regards to the subject property, finished lot value is synonymous with the hypothetical "as if complete" market value.

Base Home Revenue Projections

The four product series proposed for the subject's four planning units are the same product currently being sold in the first phase of the community. Pricing data for the four product series are summarized in Table 20 on the following page.

The four product series range from a 1,230 square foot home on a 43 foot wide lot to a 4,068 square foot home on a 58 foot wide lot. Base prices range from $149,900 to $289,900. Base prices increase $2,000 to $3,000 per plan based upon elevation.

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TABLE NO. 20

FESTIVAL FOOTHILLS BASE PRICING

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price	Average Sale Price/ Sq.Ft.
Series 1 - Adobe				
Sunset	43x115	1,230	$149,900	
Horizon	43x115	1,476	$164,900	
Twilight	43x115	1,624	$173,900	
Crescent	43x115	2,154	$188,900	
Series 1 - Adobe	43x115	1,621	$169,400	$ 104.50
Series 2 - Sonoran				
Ironwood	48x115	1,780	$177,900	
Palo Verde	48x115	2,023	$187,900	
Mesquite	48x115	2,364	$199,900	
Series 2 - Sonoran	48x115	2,056	$188,567	$ 91.73
Series 3 - Ridge				
Canyon	58x115	3,121	$241,900	
Arroyo	58x115	3,549	$255,900	
Mesa	58x115	3,666	$262,900	
Butte	58x115	4,068	$289,900	
Series 3 - Ridge	58x115	3,601	$262,650	$ 72.94
Series 4 - Peak				
Sierra	68x115	2,503	$255,900	
Cordillera	68x115	2,667	$271,900	
Pinnacle	68x115	3,044	$281,900	
Series 4 - Peak	68x115	2,738	$269,900	$ 98.58

Based upon the pricing schedule in the table above, base revenue for the subject's four planning areas can be projected. Table 21 summarizes the revenue projects for each of the planning areas.

TABLE NO. 21

FESTIVAL FOOTHILLS REVENUE PROJECTION

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Base Sales Price	Avg. Price/ Sq.Ft.	Base Revenue Per Product
Unit 15	Adobe	43'	85	34%	1,621	169,400	$ 104.50	$ 14,399,000
Unit 17	Sonoran	48'	71	28%	2,056	188,567	$ 91.73	$ 13,388,233
Unit 21	Peak	68'	33	13%	2,738	269,900	$ 98.58	$ 8,906,700
Unit 23	Ridge	68'	61	24%	3,601	262,650	$ 72.94	$ 16,021,650

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When compared to comparable product in the market (see Residential Market Analysis section), the pricing of the four product series appears reasonable. Given the consistency between developer's base pricing and current market pricing, developer's base pricing is used to estimate base home price revenue.

Lot Premium Revenue Projection

Although lot premiums can come from a variety of sources including, golf course frontage (no golf premiums in Foothills units), open space, cul-de-sac, corner lots, and city/mountain views, of particular importance to the valuation of the subject property are open space lots, oversized lots and cul-de-sac lots. Of the subject's 250 lots, 95 lots or 38% of the lots may have premium lots. Lot premiums can range from a low of a few hundred dollars to more than $100,000 depending upon the premium characteristic. Lot premiums for the subject's lots have been estimated between $750 for a corner location and $6,500 per lot for a location adjacent to open space. Table 22 summarizes the estimated lot premiums for the four planning units.

TABLE NO. 22

PROJECTED PREMIUM LOTS

Premium Characteristic	No. of Lots	As %	Average Premium	Total Premiums
Oversize	21	8%	$ 5,000	$ 105,000
Corner	24	10%	$ 750	$ 18,000
Cul-de-cac	17	7%	$ 2,000	$ 34,000
Open space	33	13%	$ 6,500	$ 214,500
Total	95	38%		$ 371,500

The subject's 95 premium lots are projected to generate $371,500, or an average of $3,911 per lot. Based upon the total of 250 lots, premium lot revenue is equivalent to $1,486 per lot. A further breakdown of the premium lots by planning units is provided on Table 23 on the following page.

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TABLE NO. 23

PROJECTED LOT PREMIUMS - UNIT 15			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	4	$ 5,000	$ 20,000
Corner	5	$ 750	$ 3,750
Cul-de-cac	11	$ 2,000	$ 22,000
Open space	0	$ 6,500	$ -
Total			$ 45,750
Overall Average Lot Premium	85		$ 538

PROJECTED LOT PREMIUMS - UNIT 17			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	5	$ 5,000	$ 25,000
Corner	10	$ 750	$ 7,500
Cul-de-cac	0	$ 2,000	$ -
Open space	15	$ 6,500	$ 97,500
Total			$ 130,000
Overall Average Lot Premium	71		$ 1,831

PROJECTED LOT PREMIUMS - UNIT 21			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	7	$ 5,000	$ 35,000
Corner	2	$ 750	$ 1,500
Cul-de-cac	6	$ 2,000	$ 12,000
Open space	11	$ 6,500	$ 71,500
Total			$ 120,000
Overall Average Lot Premium	33		$ 3,636

PROJECTED LOT PREMIUMS - UNIT 23			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	5	$ 5,000	$ 25,000
Corner	7	$ 750	$ 5,250
Cul-de-cac	0	$ 2,000	$ -
Open space	7	$ 6,500	$ 45,500
Total			$ 75,750
Overall Average Lot Premium	61		$ 1,242

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Direct Home Construction Costs

Direct home construction costs are the physical materials required to construct the proposed residence and the associated labor costs. This is sometimes referred to as the "sticks and brick" of construction. Direct construction costs provided by the developer are summarized in Table 24.

TABLE NO. 24

FESTIVAL FOOTHILLS DIRECT HOME CONSTRUCTION COSTS

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
Unit 15	Adobe	43'	85	34%	1,621	78,584	$ 48.48
Unit 17	Sonoran	48'	71	28%	2,056	87,326	$ 42.48
Unit 21	Peak	68'	33	13%	2,738	131,612	$ 48.07
Unit 23	Ridge	58'	61	24%	3,601	128,297	$ 35.63

Indirect Home Construction Costs

Construction costs for all types of real estate have seen tremendous increases over the past few years as demand for building materials increased. In addition to the base construction costs (sticks and bricks), permits and other impact fees must be added. Table 25 summarizes the total cost of construction by product series.

TABLE NO. 25

FESTIVAL FOOTHILLS DIRECT HOME CONSTRUCTION COSTS

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Sticks & Bricks Const. Cost	Permits & Fees	Total Const. Cost	Avg. Cost/ Sq.Ft.
Unit 15	Adobe	43'	85	34%	1,621	78,584	$ 23,217	$ 101,801	$ 62.80
Unit 17	Sonoran	48'	71	28%	2,056	87,326	$ 23,418	$ 110,744	$ 53.87
Unit 21	Peak	68'	33	13%	2,738	131,612	$ 29,146	$ 160,758	$ 58.71
Unit 23	Ridge	58'	61	24%	3,601	128,297	$ 29,548	$ 157,845	$ 43.83
Totals/Average			250	100%	2,375	$ 100,196	$ 25,601	$ 125,798	$ 55.10

According to the developer, permits and fees add an average of just over $25,000 per home to their overall cost of construction. Fees and permit costs between $23,000 and $29,500 per lot appear reasonable given the level of impact fees in Buckeye.

A breakdown of indirect costs which generally include such items are sales commissions, sales tax, closing costs, concessions (discounts/incentives), customer service (warranty) and other miscellaneous expenses is provided under the following subheadings.

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Sales Commissions and Sales Tax

In production housing, if no other sales commissions are payable, sale commissions are typically paid at 1.5% to 2.5% of the base home sale price to the in-house sales personnel. For co-brokerage situations, 1.5% to 2.5% is paid to the in-house sales personnel and 3.0% to 3.5% to outside salespersons. Average in-house sales commission and co-brokerage sales commission expenses are estimated to average 1.5% and 0.6% of total revenues, respectively. This assumes in-house commissions of 1.0% and co-broke commissions of 3.0% with 80% of all sales occurring as in-house sales.

Sales tax generally ranges between 2.5% and 5.5% of base home sale price, depending upon the municipality and structure of the development/homebuilding entity. For this analysis, an average of 3.5% is utilized.

Warranty and Closing Costs

Warranty and closing costs are typically quoted on a per unit basis and not as a percentage of sales revenues. These costs are variable in the sense that they are dependent upon home price and quality. However, within a price and quality bracket, they are fairly consistent. Generally, closing costs range between 0.25% and 1.0% per home and warranty costs are about the same except in the higher-end home quality transactions. In these circumstances, warranty costs can be double the closing cost figures. Closing costs are estimated at $1,250 per home and warranty costs are estimated at 1.5% of base home price.

Miscellaneous (Contingency) Costs

Miscellaneous costs (contingency) can vary greatly depending upon the location of the property and quality of the construction materials. On average, this expense is usually 0.25% to 1% of base home revenues. For this analysis, we will use 0.75%.

Sales Concessions (Discounts/Incentives)

Sales concessions are the most volatile expense item since they are a reflection of changing market conditions. Instead of lowering home prices if the market slows down, most homebuilders offer discounts/incentives to lure home buyers. In some instances, sale concessions can be material, while no concessions can be the norm in other circumstances. Typical sale concessions range from none to some discounting of options/upgrades and lot premiums. In our opinion, it appears the marketplace is likely to offer some sort of incentive to buyers. A discount or incentive of 2% of the base home price is projected.

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Project Costs

These costs are those that are not directly related to the construction or sale of a specific home (unit), but are general costs associated with the operational aspects of the project. Most builders generally include an allowance for construction overhead (on-site supervision), marketing and advertising (not related to sales commissions or incentives), and administrative and overhead items within this category of expenses.

Construction Overhead

Construction overhead relates to direct supervision of the actual homebuilding operations on-site, as well as the cost to construct or lease temporary construction trailers, lease and maintain construction equipment, and purchase certain construction materials not previously identified in the direct home construction discussion. This cost is generally 1% to 3% of total revenues. For this analysis, we have estimated a ratio of 1.5% of base home revenues.

Sales and Marketing

Advertising and promotion is generally 1% to 3% of base home revenues, depending upon the size and quality of the project and whether or not it is located in a master-planned community which may involve a joint marketing campaign with other builders. Most of the advertising expense for a typical subdivision is associated with signage, brochures, and newspaper ads. The four subject properties comprises a much larger development which is different than the typical residential subdivision. Significant up-front sales and marketing expenses are associated with the promotion of a new age-restricted community. For instance, age-restricted communities typically include more elaborate model home and sales center complexes. Additional, expenditures for television, national magazine and newspaper advertisements can typically be associated with the start-up of a new community. Because the subject property represents the initial offerings within the community, additional expenditures, over and above the stabilized marketing budget, is considered appropriate. For this analysis, a sales and marketing expense of 2% of base home revenues.

Administrative and Overhead

Within the administrative and overhead category, there are numerous smaller expense items which collectively become quite sizable. These include: model operational costs (including model lease, maintenance, utilities, security, hostess, office supplies, telephone, computer and

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furniture leases, etc.), sales office construction, liability insurance, and appraisal, legal and accounting fees. Combined, these expenses can amount to as much as 4% of gross revenues, but are generally nearer mid-range. Because of the unique nature of the subject community (age-restricted), it is our opinion the administrative/overhead expense category should be 2% of base home revenues.

In some instances, homebuilders will include an additional expense category labeled management fee, corporate overhead, or builder's fee. These are not generally project related costs, but instead are typically home-office expenses and executive salaries allocated to individual projects instead for accounting purposes. In most cases, these cost items are deducted from total profits at the corporate level, and as such we will not make any special category withholding for this purpose.

Holding Costs

These items are not directly related to the construction or sale of any residences within the subdivision, but instead are the necessary expenses to maintain lot inventory. Mainly, this category of expenses involve real estate taxes, special assessments (improvement district, bonds, special taxes, etc.) and homeowner's association subsidies.

Real Estate Taxes

As previously discussed in the Site Description section of the report, real estate taxes for the subject lots are believed to average $350 per lot per year.

Special Taxes (Assessments)

The subject property is being appraised in connection with the establishment of assessment to pay a portion of the cost of providing residential streets. Projections are for an assessment in the amount of $2,000 per lot. Based upon an assessment of $2,000, an annual assessment payment would likely equate to approximately $150.

Homeowner's Association Fees (Subsidies)

The homeowner's association subsidy for the subject lots that remain in the builder's inventory are estimated to be $85 per month per lot or $1,020 per annum.

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The reader should understand that as time goes on and lots are sold, these holding costs are reduced accordingly, but also appreciate on an absolute basis.

Financing

Financing for acquisition of the raw land, development of improved lots, and construction of the homes is an integral part of any subdivision valuation, and certainly is an important aspect of homebuilding. However, because most lending institutions do not like to base underwriting decisions on the leveraged aspect of subdivision development, financing expenses are usually ignored in the static residual analysis, with an "all cash" development scheme adopted as standard. Instead, the cost of financing is recognized in the builder's profit margin: if the builder is providing all working capital, then the builder's yield (profit) should increase accordingly.

In reality though, very few homebuilders have the financial capacity to completely develop a subdivision without external funds. Through yield analysis performed on numerous other subdivision appraisals where financing costs are considered as a cost of production, they have consistently averaged between 2% and 4% of gross revenues. Nevertheless, if the profit margin selected in the static residual analysis properly reflects this "opportunity cost" savings, then performing the analysis on an "all cash basis" is not inappropriate or misleading.

Homebuilder Profit Margin

Profit in subdivision analysis can merely be stated as the residual cash flow to the developer/builder after all costs of production have been paid, including debt and equity contribution (preferred returns). The amount of profit expected from any particular subdivision is based on the perceived risk associated with the development, and must be sufficient to attract investment. Profit is site specific with a number of factors to consider. These include but are not limited to the following:

- Difficulty of the entitlement process
- Physical status of the property (raw/finished/partially finished)
- Price range of the proposed units
- Construction/absorption period
- Location
- Amenities such as golf course orientation or views
- Future competition
- Sources of financing and cost

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We have surveyed successful homebuilders in the Phoenix area market over the past several years, including Centex Homes, Engle Homes, Pulte Homes, KB Homes, Capital Pacific Homes, Maracay Homes, Trend Homes, etc. These builders have indicated that a profit margin ranging between 8% and 15% of gross revenues is deemed acceptable. However, this profit is typically based on the total sale price of a home, inclusive of options which have a high mark-up built into these upgrades. The generally accepted profit range without considering upgrades is currently between 5% and 12%. The low-end of this range is typically associated with entry-level and first move-up housing product, while the high-end of the range is typically associated with second move-up and higher quality housing product. This profit range is also reflective of a leveraged development scheme, not an "all cash basis." Thus, the aforementioned 2% to 4% financing cost for a typical subdivision needs to be added to the 5% to 12% range for an "all cash basis" acceptable profit rate.

An appropriate builder profit margin is dependent upon two primary factors; sellout/construction period and base home price range. It is generally believed that builders with shorter sell-out and construction periods accept (receive) lower static profit margins for a couple of reasons: first, there are fewer lots over which to spread fixed building costs, limiting the profit margin somewhat; and secondly, because of the shorter timeframe, holding, construction, and market risks are perceived as slightly lower.

The second significant factor affecting builder profit is the base home price range studied, because in general, builder profit margins tend to increase as home prices increase. This is due to the increased costs/risks associated with constructing and selling more expensive homes, burdens a builder must account for in higher profit margins. The average base home price concluded for the subject's proposed product series fall between $149,900 and $289,900. With such a narrow range, the same builder profit range is used amongst the four planning areas. Based upon the two main factors influencing builder profit, a range between 12.0% and 16.0% is concluded.

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Conclusion – Static Residual Analysis

Based upon the previously stated assumptions, Static Residual Analysis Summaries for the subject four planning areas are included after Table 26, which is a valuation matrix for the four planning areas.

TABLE NO. 26

SUMMARY OF STATIC RESIDUAL ANALYSES				
Planning Area	Static Residual Analysis Value Range Per Unit			
Unit 15	$	38,305	$	45,081
Unit 17	$	44,560	$	52,103
Unit 21	$	63,548	$	74,344
Unit 23	$	52,655	$	63,161

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TABLE NO. 27

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 15					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	169,400	99.68%	$	14,399,000
Lot Premiums	$	538	0.32%	$	45,750
Total Revenue	$	169,938	100.00%	$	14,444,750
Unit Costs					
Direct Home Construction Costs	$	78,584	46.39%	$	6,679,640
Discounts (Incentives)	$	2,541	1.50%	$	215,985
Sales Commissions (In-house)	$	2,541	1.50%	$	215,985
Sales Commissions (Co-broke)	$	1,271	0.75%	$	107,993
Sales Tax	$	4,235	2.50%	$	359,975
Warranty	$	2,000	1.18%	$	170,000
Closing Costs	$	1,250	0.74%	$	106,250
Contingency	$	1,271	0.75%	$	107,993
Total Unit Costs	$	93,692	55.31%	$	7,963,820
Project Costs					
Construction Overhead	$	2,541	1.50%	$	215,985
Marketing & Advertising	$	3,388	2.00%	$	287,980
Administrative & Overhead	$	3,388	2.00%	$	287,980
Total Project Costs	$	9,317	5.50%	$	791,945
Holding Costs					
Real Estate Taxes	$	350	0.21%	$	29,750
Special Taxes (Assessments)	$	150	0.09%	$	12,750
HOA Fees (Subsidies)	$	1,020	0.60%	$	86,700
Total Holding Cost	$	1,520	0.90%	$	129,200
Builder Profit Margin @ 12.0%	$	20,328	12.00%	$	1,727,880
Residual Finished Lot Value @ 12.0%	$	45,081	26.29%	$	3,831,905
Builder Profit Margin @ 16.0%	$	27,104	16.00%	$	2,303,840
Residual Finished Lot Value @ 16.0%	$	38,305	22.29%	$	3,255,945

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TABLE NO. 28

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 17					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	188,567	99.04%	$	13,388,233
Lot Premiums	$	1,831	0.96%	$	130,000
Total Revenue	$	190,398	100.00%	$	13,518,233
Unit Costs					
Direct Home Construction Costs	$	87,326	46.31%	$	6,200,146
Discounts (Incentives)	$	2,829	1.50%	$	200,824
Sales Commissions (In-house)	$	2,829	1.50%	$	200,824
Sales Commissions (Co-broke)	$	1,414	0.75%	$	100,412
Sales Tax	$	4,714	2.50%	$	334,706
Warranty	$	2,000	1.06%	$	142,000
Closing Costs	$	1,250	0.66%	$	88,750
Contingency	$	1,414	0.75%	$	100,412
Total Unit Costs	$	103,776	55.03%	$	7,368,072
Project Costs					
Construction Overhead	$	2,829	1.50%	$	200,824
Marketing & Advertising	$	3,771	2.00%	$	267,765
Administrative & Overhead	$	3,771	2.00%	$	267,765
Total Project Costs	$	10,371	5.50%	$	736,353
Holding Costs					
Real Estate Taxes	$	350	0.19%	$	24,850
Special Taxes (Assessments)	$	150	0.08%	$	10,650
HOA Fees (Subsidies)	$	1,020	0.54%	$	72,420
Total Holding Cost	$	1,520	0.81%	$	107,920
Builder Profit Margin @ 12.0%	$	22,628	12.00%	$	1,606,588
Residual Finished Lot Value @ 12.0%	$	52,103	26.66%	$	3,699,300
Builder Profit Margin @ 16.0%	$	30,171	16.00%	$	2,142,117
Residual Finished Lot Value @ 16.0%	$	44,560	22.66%	$	3,163,771

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TABLE NO. 29

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 21					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	269,900	98.67%	$	8,906,700
Lot Premiums	$	3,636	1.33%	$	120,000
Total Revenue	$	273,536	100.00%	$	9,026,700
Unit Costs					
Direct Home Construction Costs	$	128,297	47.54%	$	4,233,801
Discounts (Incentives)	$	4,049	1.50%	$	133,601
Sales Commissions (In-house)	$	4,049	1.50%	$	133,601
Sales Commissions (Co-broke)	$	2,024	0.75%	$	66,800
Sales Tax	$	6,748	2.50%	$	222,668
Warranty	$	2,000	0.74%	$	66,000
Closing Costs	$	1,250	0.46%	$	41,250
Contingency	$	2,024	0.75%	$	66,800
Total Unit Costs	$	150,440	55.74%	$	4,964,520
Project Costs					
Construction Overhead	$	4,049	1.50%	$	133,601
Marketing & Advertising	$	5,398	2.00%	$	178,134
Administrative & Overhead	$	5,398	2.00%	$	178,134
Total Project Costs	$	14,845	5.50%	$	489,869
Holding Costs					
Real Estate Taxes	$	350	0.13%	$	11,550
Special Taxes (Assessments)	$	150	0.06%	$	4,950
HOA Fees (Subsidies)	$	1,020	0.38%	$	33,660
Total Holding Cost	$	1,520	0.56%	$	50,160
Builder Profit Margin @ 12.0%	$	32,388	12.00%	$	2,299,548
Residual Finished Lot Value @ 12.0%	$	74,344	26.20%	$	1,222,604
Builder Profit Margin @ 16.0%	$	43,184	16.00%	$	3,066,064
Residual Finished Lot Value @ 16.0%	$	63,548	22.20%	$	456,088

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TABLE NO. 30

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 23

		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	262,650	99.53%	$	16,021,650
Lot Premiums	$	1,242	0.47%	$	75,750
Total Revenue	$	263,892	100.00%	$	16,097,400
Unit Costs					
Direct Home Construction Costs	$	131,612	50.11%	$	8,028,332
Discounts (Incentives)	$	3,940	1.50%	$	240,325
Sales Commissions (In-house)	$	3,940	1.50%	$	240,325
Sales Commissions (Co-broke)	$	1,970	0.75%	$	120,162
Sales Tax	$	6,566	2.50%	$	400,541
Warranty	$	2,000	0.76%	$	122,000
Closing Costs	$	1,250	0.48%	$	76,250
Contingency	$	1,970	0.75%	$	120,162
Total Unit Costs	$	153,248	58.35%	$	9,348,098
Project Costs					
Construction Overhead	$	3,940	1.50%	$	240,325
Marketing & Advertising	$	5,253	2.00%	$	320,433
Administrative & Overhead	$	5,253	2.00%	$	320,433
Total Project Costs	$	14,446	5.50%	$	881,191
Holding Costs					
Real Estate Taxes	$	350	0.13%	$	21,350
Special Taxes (Assessments)	$	150	0.06%	$	9,150
HOA Fees (Subsidies)	$	1,020	0.39%	$	62,220
Total Holding Cost	$	1,520	0.58%	$	92,720
Builder Profit Margin @ 12.0%	$	31,518	12.00%	$	2,237,778
Residual Finished Lot Value @ 12.0%	$	63,161	23.57%	$	3,537,614
Builder Profit Margin @ 16.0%	$	42,024	16.00%	$	2,983,704
Residual Finished Lot Value @ 16.0%	$	52,655	19.57%	$	2,791,688

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Yield Analysis

Timing of Sales Revenues and Home Construction

The projected sell-out periods for the subject units are predicted upon historical sales data from the subject and other residential communities and stand alone subdivisions in the area. Since April 2007, 211 homes have been put under contract (net of cancellations) which equates to just over 50 lots per month in the first phase. The absorption level in Festival Foothills is currently above other projects in northwest Metropolitan Phoenix. The absorption level per subdivision for the competing projects falls within a range of 2 to 4 units per month.

While subject's absorption level is currently above the level indicated by the market, a more conservative absorption estimate of 6 units per quarter per product series (24 total lots per quarter) is concluded based upon the continuing struggles of the residential housing market in Metropolitan Phoenix.

At an absorption rate of 24 homes per quarter or 96 per year, subject's four planning units will be absorbed in 1.75 to 3.75 years.

Phasing Schedule

Because the subject lots are assumed to be finished, home contract sales are projected to begin in the first month of the analysis, with construction starts of these contracts to begin in the same quarter they are signed. According to the developer, the current estimated home construction time frame is about five months. The escrow closings of the contracted sales within the first quarter therefore begin to occur in the second quarter, and so on until the last closing occurs in the last quarter of the cash flows. As there is no way to project which lots and when particular lots will sell, the average home price (including average lot premium) are utilized over the entire absorption period.

Future Retail Values

Based on historic changes in the base plan pricing, an average annual appreciation rate of 2% to 6% is generally reasonable to expect. For this analysis, we estimate a 4% annual increase, scheduled to begin after the first quarter.

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Holding Cost Escalation Factor

Based upon a study of historic direct home construction costs in other communities and current market conditions, we estimate that all expenses will increase about 3.0% annually during the sell-out period.

Homebuilder Profit Margin

It is important to distinguish between profit margins in a static residual analysis and line item profit in yield analysis. Market participants confirm that profit utilized in static residual analysis takes into consideration the time value of money; i.e. they require more profit for a project with a longer construction/absorption period compared to a project that they can construct and sellout within two years. Since the time value of money is accounted for in the discount rate, the utilization of the same profit in the yield analysis as in the static residual analysis actually penalizes the value. Since few merchant builders perform yield analysis when making land purchase decisions, market supported line item profit figures and discount rates for yield analysis are virtually non-existent. Also, from a technical standpoint, one can question the appropriateness of treating profit as a line item expense in a yield analysis. In reality, profit is the residual cash flow received after all parties are paid, including debt and equity investors.

Project Discount Rate

The project discount rate, yield rate, or internal rate of return (IRR), is the rate of return on the total unleveraged investment in a development, including both equity and debt. It is based on risk, liquidity and management burden and is the rate that would attract a prudent investor. Although the actual rate of return on an investment cannot be calculated until the investment is sold, an investor may consider a target yield rate for the investment prior to or during ownership. This rate considers the influence or the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demand for mortgage funds, availability of tax shelters, etc.

Analysts have attempted to apply rates of return typically utilized for income producing properties in subdivision analysis. However, subdivisions are constructed to sell not to produce a recurring income. A subdivision cash flow is a series of reversions, whereby the asset is continuously disposed of until there is nothing left at the end of the holding period. Further, subdivision

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discount rates include both entrepreneurial profit and return on equity as opposed to income property rates which do not include entrepreneurial profit. Because the cash flow characteristics differ from those of income property, the application of "income property" rates is inappropriate to subdivision analysis.

Interviews and discussions with real estate professionals and investors who are experienced with multi parcel subdivision development (both commercial and residential) indicate that such properties are mostly evaluated on a total return basis. Currently, total returns ranging from approximately 15% to 40% (inclusive of entrepreneurial profit) are required depending on the size of the property, its improvement status, the expected holding (sell-out) period, holding costs, risk, etc. According to investment companies active in this particular region (including Hearthstone Advisors, Saybrook Community Capital, Prudential Homebuilding Investors, Stardust Development, Communities Southwest, Acacia Capital Corporation, and GMAC-RFC), homebuilding operations as well as land development or "land banking" operations generally require return rates between 15% and 25%.

Further support for a range of discount rates was obtained from the Korpacz *Real Estate Investor Survey, Fourth Quarter 2006 published by PricewaterhouseCoopers*. On a semi-annual basis, the Korpacz report includes survey information related to the land development market. While most of the data are directed toward the commercial land development market, some information regarding the residential land development market can be extracted from the data. Korpacz's surveyed participants include industrial, retail, office and single-family developers. Discount rates for all land development property types ranged from 10% to 25% with the highest concentration of responses between 15% and 25%.

Based on the foregoing, the sell-out and construction periods of the subject units, and entry to mid level home pricing, it is our opinion IRRs (project yields) between 20% and 25% would be most appropriate for each product series. Thus, we have utilized a 20% to 25% discount rate range for these analyses.

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Conclusion – Yield Analysis

Using the estimates and assumptions discussed above, we have performed cash flow analyses for each of the subject's four planning areas. The results of the cash flow analyses are summarized in Table 31. The individual cash flows for each planning area are on the following pages.

TABLE NO. 31

SUMMARY OF YIELD ANALYSES

Planning Area	Yield Analysis Value Range Per Unit	
Unit 15	$ 38,832	$ 43,388
Unit 17	$ 47,354	$ 52,255
Unit 21	$ 79,806	$ 85,184
Unit 23	$ 62,381	$ 68,441

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TABLE NO. 32

Summary of Input Items
Retail Acre Analysis

No. of Lots =	85
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$169,400
Average Lot Premium =	$538
Price Escalation Factor =	3.5%
Direct Home Construction Costs = $	78,584
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	5.50%
Warranty = $	2,000
Closing Costs = $	1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes = $	250
Special Taxes (Assessments) = $	750
HOA Fees (Subsidies) = $	1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	9	6	6	6	6	5	6	5	5	6	6	5	6	5	7	85
Beginning Lot Inventory	85	85	79	73	67	61	55	49	43	37	31	25	19	13	7	
Ending Lot Inventory	85	79	73	67	61	55	49	43	37	31	25	19	13	7	0	
Avg. Lot Inventory During Period	85	82	76	70	64	58	52	46	40	34	28	22	16	10	3.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue																
Income From Lot Sales	$ -	$ 1,025,294	$ 1,034,265	$ 1,043,315	$ 1,052,444	$ 1,061,653	$ 1,070,942	$ 1,080,312	$ 1,089,765	$ 1,099,301	$ 1,108,920	$ 1,118,623	$ 1,128,411	$ 1,138,284	$ 1,339,678	$ 15,391,745
Income from Lot Premiums	$ -	$ 3,258	$ 3,286	$ 3,315	$ 3,344	$ 3,373	$ 3,403	$ 3,432	$ 3,462	$ 3,493	$ 3,523	$ 3,554	$ 3,585	$ 3,617	$ 4,256	$ 48,902
Total Revenue	$ -	$ 1,028,551	$ 1,037,551	$ 1,046,630	$ 1,055,788	$ 1,065,026	$ 1,074,345	$ 1,083,745	$ 1,093,228	$ 1,102,794	$ 1,112,443	$ 1,122,177	$ 1,131,996	$ 1,141,901	$ 1,343,875	$ 15,440,649
Unit Costs																
Direct Home Construction Costs	$ 471,504	$ 475,040	$ 478,603	$ 482,193	$ 485,809	$ 489,453	$ 493,124	$ 496,822	$ 500,548	$ 504,302	$ 508,084	$ 511,895	$ 515,734	$ 606,200	$ -	$ 7,019,314
Discounts (Incentives)	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 230,867
Sales Commissions (In-house)	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 230,867
Sales Commissions (Co-broke)	$ -	$ 7,690	$ 7,757	$ 7,825	$ 7,893	$ 7,962	$ 8,032	$ 8,102	$ 8,173	$ 8,245	$ 8,317	$ 8,390	$ 8,463	$ 8,537	$ 10,047	$ 115,434
Sales Tax	$ -	$ 25,692	$ 25,937	$ 26,183	$ 26,431	$ 26,681	$ 26,934	$ 27,188	$ 27,444	$ 27,703	$ 27,963	$ 28,226	$ 28,490	$ 28,757	$ 33,490	$ 384,779
Warranty	$ -	$ 12,272	$ 12,384	$ 12,497	$ 12,610	$ 12,724	$ 12,839	$ 12,955	$ 13,071	$ 13,188	$ 13,305	$ 12,000	$ 12,000	$ 12,000	$ 14,000	$ 177,744
Closing Costs	$ -	$ 7,670	$ 7,738	$ 7,806	$ 7,875	$ 7,953	$ 7,962	$ 8,022	$ 8,082	$ 8,142	$ 8,327	$ 7,500	$ 7,500	$ 7,500	$ 8,750	$ 110,715
Contingency	$ -	$ 7,714	$ 7,782	$ 7,850	$ 7,918	$ 7,988	$ 8,058	$ 8,128	$ 8,199	$ 8,271	$ 8,343	$ 8,416	$ 8,490	$ 8,564	$ 10,079	$ 115,800
Total Unit Costs	$ 471,504	$ 566,777	$ 571,318	$ 575,492	$ 579,899	$ 584,341	$ 588,816	$ 593,326	$ 597,871	$ 602,459	$ 607,086	$ 609,725	$ 614,230	$ 705,410	$ 116,555	$ 8,284,923
Project Costs																
Construction Overhead	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 230,867
Marketing & Advertising	$ -	$ 20,506	$ 20,685	$ 20,866	$ 21,049	$ 21,233	$ 21,419	$ 21,606	$ 21,795	$ 21,986	$ 22,178	$ 22,372	$ 22,568	$ 22,766	$ 26,792	$ 307,823
Administrative & Overhead	$ -	$ 20,506	$ 20,685	$ 20,866	$ 21,049	$ 21,233	$ 21,419	$ 21,606	$ 21,795	$ 21,986	$ 22,178	$ 22,372	$ 22,568	$ 22,766	$ 26,792	$ 307,823
Total Project Costs	$ -	$ 56,391	$ 56,885	$ 57,382	$ 57,884	$ 58,391	$ 58,902	$ 59,417	$ 59,937	$ 60,462	$ 60,991	$ 61,524	$ 62,063	$ 62,606	$ 73,679	$ 846,513
Holding Costs																
Real Estate Taxes	$ 7,493	$ 7,283	$ 6,891	$ 6,811	$ 5,818	$ 5,808	$ 4,794	$ 4,273	$ 3,743	$ 3,206	$ 2,660	$ 2,106	$ 1,543	$ 971	$ 396	$ 62,611
Special Taxes (Assessments)	$ 3,231	$ 3,121	$ 2,915	$ 2,705	$ 2,493	$ 2,275	$ 2,065	$ 1,831	$ 1,604	$ 1,374	$ 1,140	$ 932	$ 661	$ 416	$ 121	$ 26,332
HOA Fees (Subsidies)	$ 21,818	$ 21,225	$ 19,819	$ 18,397	$ 16,941	$ 15,468	$ 13,972	$ 12,453	$ 10,910	$ 9,348	$ 7,752	$ 6,136	$ 4,496	$ 2,831	$ 893	$ 182,467
Total Holding Costs	$ 32,542	$ 31,629	$ 29,626	$ 27,407	$ 25,246	$ 23,551	$ 21,821	$ 18,557	$ 16,257	$ 13,922	$ 11,551	$ 9,144	$ 6,700	$ 4,219	$ 1,330	$ 271,912
Total Costs	$ 504,046	$ 654,798	$ 657,537	$ 660,281	$ 663,029	$ 665,782	$ 668,539	$ 671,300	$ 674,065	$ 676,834	$ 679,928	$ 680,394	$ 683,013	$ 772,234	$ 191,564	$ 9,503,344
Cash Flow Before Profit	$ (504,046)	$ 373,754	$ 380,014	$ 386,348	$ 392,758	$ 399,244	$ 405,806	$ 412,445	$ 419,163	$ 425,960	$ 432,515	$ 441,783	$ 448,983	$ 369,667	$ 1,152,311	$ 5,936,704

NPV of Cash Flows

Discounted at:	Total	Per Lot
20.00%	$3,687,973	$43,388
22.50%	$3,487,677	$41,031
25.00%	$3,300,761	$38,832

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TABLE NO. 33

Summary of Input Items
Retail Acre Analysis

No. of Lots =	71
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$183,557
Average Lot Premium =	$1,831
Price Escalation Factor =	3.5%
Direct Home Construction Costs =	$ 87,326
Discounts (incentives) =	1.50%
Sales Commissions (in-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty =	$ 2,000
Closing Costs =	$ 7,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Totals
Lot Sales (Closings)	0	6	6	6	6	6	6	6	6	6	6	6	5	71
Beginning Lot Inventory	71	71	65	59	53	47	41	35	29	23	17	11	5	
Ending Lot Inventory	71	65	59	53	47	41	35	29	23	17	11	5	0	
Avg. Lot Inventory During Period	71	68	62	56	50	44	38	32	26	20	14	8	2.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Totals
Revenue														
Income From Lot Sales	$ -	$ 1,141,300	$ 1,151,286	$ 1,161,360	$ 1,171,522	$ 1,181,773	$ 1,192,113	$ 1,202,544	$ 1,213,066	$ 1,223,681	$ 1,234,388	$ 1,245,189	$ 1,046,737	$ 13,118,221
Income from Lot Premiums	$ -	$ 11,082	$ 11,179	$ 11,277	$ 11,375	$ 11,475	$ 11,575	$ 11,677	$ 11,779	$ 11,882	$ 11,986	$ 12,091	$ 10,164	$ 127,378
Total Revenue	$ -	$ 1,152,382	$ 1,162,465	$ 1,172,637	$ 1,182,897	$ 1,193,248	$ 1,203,689	$ 1,214,221	$ 1,224,845	$ 1,235,563	$ 1,246,374	$ 1,257,280	$ 1,056,901	$ 13,245,599
Unit Costs														
Direct Home Construction Costs	$ 523,956	$ 527,866	$ 531,845	$ 535,834	$ 539,852	$ 543,901	$ 547,981	$ 552,090	$ 556,231	$ 560,403	$ 564,606	$ 474,034	$ -	$ 6,458,618
Discounts (incentives)	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Sales Commissions (in-house)	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Sales Commissions (Co-broke)	$ -	$ 8,560	$ 8,635	$ 8,710	$ 8,786	$ 8,863	$ 8,941	$ 9,019	$ 9,098	$ 9,178	$ 9,258	$ 9,339	$ 7,851	$ 98,387
Sales Tax	$ -	$ 28,532	$ 28,782	$ 29,034	$ 29,288	$ 29,544	$ 29,803	$ 30,064	$ 30,327	$ 30,592	$ 30,860	$ 31,130	$ 26,162	$ 327,956
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 12,739	$ 12,835	$ 12,931	$ 13,028	$ 13,126	$ 12,000	$ 10,000	$ 138,946
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 7,962	$ 8,022	$ 8,082	$ 8,142	$ 8,204	$ 7,500	$ 6,250	$ 86,841
Contingency	$ -	$ 8,643	$ 8,718	$ 8,795	$ 8,872	$ 8,949	$ 9,028	$ 9,107	$ 9,186	$ 9,267	$ 9,348	$ 9,430	$ 7,927	$ 99,542
Total Unit Costs	$ 523,956	$ 627,802	$ 632,610	$ 637,456	$ 642,338	$ 647,259	$ 652,216	$ 657,213	$ 662,247	$ 667,320	$ 672,432	$ 580,788	$ 89,598	$ 7,603,636
Project Costs														
Construction Overhead	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Marketing & Advertising	$ -	$ 22,826	$ 23,026	$ 23,227	$ 23,430	$ 23,635	$ 23,842	$ 24,051	$ 24,261	$ 24,474	$ 24,688	$ 24,904	$ 20,935	$ 262,364
Administrative & Overhead	$ -	$ 22,826	$ 23,026	$ 23,227	$ 23,430	$ 23,635	$ 23,842	$ 24,051	$ 24,261	$ 24,474	$ 24,688	$ 24,904	$ 20,935	$ 262,364
Total Project Costs	$ -	$ 62,771	$ 63,321	$ 63,875	$ 64,434	$ 64,997	$ 65,566	$ 66,140	$ 66,719	$ 67,302	$ 67,891	$ 68,485	$ 57,571	$ 721,502
Holding Costs														
Real Estate Taxes	$ 6,259	$ 6,040	$ 5,548	$ 5,049	$ 4,542	$ 4,027	$ 3,504	$ 2,972	$ 2,433	$ 1,885	$ 1,330	$ 766	$ 219	$ 44,354
Special Taxes (Assessments)	$ 2,632	$ 2,588	$ 2,378	$ 2,164	$ 1,945	$ 1,726	$ 1,502	$ 1,274	$ 1,043	$ 808	$ 570	$ 328	$ 94	$ 19,099
HOA Fees (Subsidies)	$ 18,241	$ 17,601	$ 16,168	$ 14,713	$ 13,235	$ 11,734	$ 10,210	$ 8,653	$ 7,091	$ 5,495	$ 3,876	$ 2,231	$ 638	$ 129,260
Total Holding Costs	$ 27,132	$ 26,229	$ 24,094	$ 21,926	$ 19,723	$ 17,487	$ 15,215	$ 12,909	$ 10,567	$ 8,193	$ 5,776	$ 3,325	$ 950	$ 192,623
Total Costs	$ 551,138	$ 716,802	$ 720,025	$ 723,256	$ 726,495	$ 729,743	$ 732,998	$ 736,261	$ 739,533	$ 742,812	$ 746,099	$ 652,598	$ 148,118	$ 8,517,762
Cash Flow Before Profit	$ (551,138)	$ 435,579	$ 442,440	$ 449,381	$ 456,402	$ 463,505	$ 470,690	$ 477,959	$ 485,312	$ 492,751	$ 500,275	$ 604,681	$ 908,782	$ 5,656,620

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$3,710,082	$52,255
22.50%	$3,530,824	$49,730
25.00%	$3,362,145	$47,354

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TABLE NO. 34

Summary of Input Items
Retail Acre Analysis

No. of Lots =	33
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$269,900
Average Lot Premium =	$3,636
Price Escalation Factor =	0.5%
Direct Home Construction Costs =	$ 128,297
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty =	$ 2,000
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	6	6	6	6	6	3	33
Beginning Lot Inventory	33	33	27	21	15	9	3	
Ending Lot Inventory	33	27	21	15	9	3	0	
Avg. Lot Inventory During Period	33	30	24	18	12	6	1.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue								
Income From Lot Sales	$ -	$ 1,633,570	$ 1,647,063	$ 1,662,282	$ 1,676,827	$ 1,691,499	$ 853,150	$ 9,165,192
Income from Lot Premiums	$ -	$ 22,009	$ 22,202	$ 22,396	$ 22,592	$ 22,790	$ 11,494	$ 123,483
Total Revenue	$ -	$ 1,655,579	$ 1,670,065	$ 1,684,678	$ 1,699,419	$ 1,714,289	$ 864,645	$ 9,288,675
Unit Costs								
Direct Home Construction Costs	$ 769,782	$ 775,555	$ 781,372	$ 787,232	$ 793,137	$ 399,543	$ -	$ 4,306,621
Discounts (Incentives)	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Sales Commissions (In-house)	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Sales Commissions (Co-broke)	$ -	$ 12,252	$ 12,359	$ 12,467	$ 12,576	$ 12,686	$ 6,399	$ 68,739
Sales Tax	$ -	$ 40,839	$ 41,197	$ 41,557	$ 41,921	$ 42,287	$ 21,329	$ 229,130
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 6,370	$ 68,657
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 3,981	$ 42,911
Contingency	$ -	$ 12,417	$ 12,525	$ 12,635	$ 12,746	$ 12,857	$ 6,485	$ 69,665
Total Unit Costs	$ 769,782	$ 910,012	$ 916,981	$ 924,002	$ 931,078	$ 538,666	$ 70,157	$ 5,060,678
Project Costs								
Construction Overhead	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Marketing & Advertising	$	$ 32,671	$ 32,957	$ 33,246	$ 33,537	$ 33,830	$ 17,063	$ 183,304
Administrative & Overhead	$ -	$ 32,671	$ 32,957	$ 33,246	$ 33,537	$ 33,830	$ 17,063	$ 183,304
Total Project Costs	$	$ 89,846	$ 90,632	$ 91,426	$ 92,225	$ 93,032	$ 46,923	$ 504,086
Holding Costs								
Real Estate Taxes	$ 2,909	$ 2,665	$ 2,148	$ 1,623	$ 1,090	$ 549	$ 138	$ 11,121
Special Taxes (Assessments)	$ 1,247	$ 1,142	$ 920	$ 695	$ 467	$ 235	$ 59	$ 4,766
HOA Fees (Subsidies)	$ 8,478	$ 7,765	$ 6,259	$ 4,729	$ 3,176	$ 1,600	$ 403	$ 32,411
Total Holding Costs	$ 12,634	$ 11,572	$ 9,327	$ 7,048	$ 4,734	$ 2,385	$ 601	$ 48,299
Total Costs	$ 782,416	$ 1,011,430	$ 1,016,940	$ 1,022,475	$ 1,028,037	$ 634,083	$ 117,681	$ 5,613,062
Cash Flow Before Profit	$ (782,416)	$ 644,148	$ 653,125	$ 662,203	$ 671,382	$ 1,080,207	$ 746,963	$ 3,675,613

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$2,811,059	$85,184
22.50%	$2,720,658	$82,444
25.00%	$2,633,611	$79,806

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TABLE NO. 35

Summary of Input Items

Retail Acre Analysis

No. of Lots =	61
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$262,650
Average Lot Premium =	$1,242
Price Escalation Factor =	3.5%
Direct Home Construction Costs = $	131,612
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty = $	2,000
Closing Costs = $	1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes = $	250
Special Taxes (Assessments) = $	150
HOA Fees (Subsidies) = $	1,020

NPV of Cash Flows

Discounted at:	Total	Per Lot
20.00%	$4,174,925	$68,441
22.50%	$3,984,981	$65,328
25.00%	$3,805,259	$62,331

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	6	6	5	6	6	6	6	6	6	7	61
Beginning Lot Inventory	61	61	55	49	43	37	31	25	19	13	7	
Ending Lot Inventory	61	55	49	43	37	31	25	19	13	7	0	
Avg. Lot Inventory During Period	61	58	52	46	40	34	28	22	16	10	3.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue												
Income From Lot Sales	$ -	$ 1,589,689	$ 1,603,599	$ 1,617,620	$ 1,631,785	$ 1,646,063	$ 1,660,466	$ 1,674,995	$ 1,689,657	$ 1,739,349	$ 2,023,459	$ 16,856,686
Income from Lot Premiums	$ -	$ 7,516	$ 7,582	$ 7,648	$ 7,715	$ 7,783	$ 7,851	$ 7,919	$ 7,989	$ 8,129	$ 9,567	$ 79,698
Total Revenue	$ -	$ 1,597,205	$ 1,611,181	$ 1,625,279	$ 1,639,500	$ 1,653,845	$ 1,668,316	$ 1,682,914	$ 1,697,640	$ 1,727,478	$ 2,033,026	$ 16,936,384
Unit Costs												
Direct Home Construction Costs	$ 789,672	$ 795,595	$ 801,561	$ 807,573	$ 813,630	$ 819,732	$ 825,880	$ 832,074	$ 838,315	$ 992,760	$ -	$ 8,316,792
Discounts (Incentives)	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Sales Commissions (In-house)	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Sales Commissions (Co-broke)	$ -	$ 11,923	$ 12,027	$ 12,132	$ 12,238	$ 12,345	$ 12,453	$ 12,562	$ 12,672	$ 12,895	$ 15,176	$ 126,425
Sales Tax	$ -	$ 39,742	$ 40,090	$ 40,441	$ 40,795	$ 41,152	$ 41,512	$ 41,875	$ 42,241	$ 42,984	$ 50,586	$ 421,417
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 12,739	$ 12,931	$ 13,028	$ 13,126	$ 14,000	$ 128,111
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 7,962	$ 8,082	$ 8,142	$ 8,204	$ 8,750	$ 80,070
Contingency	$ -	$ 11,979	$ 12,084	$ 12,190	$ 12,296	$ 12,404	$ 12,512	$ 12,622	$ 12,732	$ 12,956	$ 15,248	$ 127,023
Total Unit Costs	$ 789,672	$ 926,871	$ 933,962	$ 941,107	$ 948,307	$ 955,562	$ 962,873	$ 970,296	$ 977,821	$ 1,134,504	$ 164,464	$ 9,705,539
Project Costs												
Construction Overhead	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Marketing & Advertising	$ -	$ 31,794	$ 32,072	$ 32,353	$ 32,636	$ 32,921	$ 33,209	$ 33,500	$ 33,793	$ 34,387	$ 40,469	$ 337,134
Administrative & Overhead	$ -	$ 31,794	$ 32,072	$ 32,353	$ 32,636	$ 32,921	$ 33,209	$ 33,500	$ 33,793	$ 34,387	$ 40,469	$ 337,134
Total Project Costs	$ -	$ 87,433	$ 88,198	$ 88,970	$ 89,748	$ 90,533	$ 91,326	$ 92,125	$ 92,931	$ 94,564	$ 111,290	$ 927,118
Holding Costs												
Real Estate Taxes	$ 5,378	$ 5,151	$ 4,653	$ 4,147	$ 3,633	$ 3,111	$ 2,582	$ 2,044	$ 1,509	$ 950	$ 335	$ 33,493
Special Taxes (Assessments)	$ 2,335	$ 2,203	$ 1,994	$ 1,777	$ 1,557	$ 1,333	$ 1,106	$ 876	$ 647	$ 407	$ 144	$ 14,354
HOA Fees (Subsidies)	$ 15,672	$ 15,013	$ 13,561	$ 12,086	$ 10,588	$ 9,068	$ 7,523	$ 5,956	$ 4,397	$ 2,768	$ 976	$ 97,607
Total Holding Costs	$ 23,354	$ 22,372	$ 20,208	$ 18,010	$ 15,779	$ 13,512	$ 11,211	$ 8,875	$ 6,552	$ 4,126	$ 1,455	$ 145,453
Total Costs	$ 813,026	$ 1,036,676	$ 1,042,368	$ 1,048,087	$ 1,053,834	$ 1,059,608	$ 1,065,410	$ 1,071,296	$ 1,077,303	$ 1,233,194	$ 277,209	$ 10,778,110
Cash Flow Before Profit	$ (813,026)	$ 560,529	$ 568,813	$ 577,192	$ 585,666	$ 594,237	$ 602,907	$ 611,618	$ 620,336	$ 494,284	$ 1,755,817	$ 6,158,274

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FINISHED LOT VALUE CONCLUSION

The two income approach analyses preformed above indicate a tight range of finished lots values for each of the subject's four planning areas. The finished lot value conclusions for each planning area are summarized in Table 36.

TABLE NO. 36

SUMMARY OF "FINISHED LOT" CONCLUSIONS				
Planning Area/Analysis	Value Range Per Unit			
Unit 15				
Static Analysis	$	38,305	$	45,081
Yield Analysis	$	38,832	$	43,388
Unit 17				
Static Analysis	$	44,560	$	52,103
Yield Analysis	$	47,354	$	52,255
Unit 21				
Static Analysis	$	63,548	$	74,344
Yield Analysis	$	79,806	$	85,184
Unit 23				
Static Analysis	$	52,655	$	63,161
Yield Analysis	$	62,381	$	68,441

Lot value ranges concluded by the static and yield analyses for three of the four planning areas (Units 15, 17, and 23) are consistent; however, the value range by the yield analysis for Unit 21 is notably higher than the range indicated by the static analysis. After reviewing each analysis, it appears the variation is created by the fact there are only 33 lots to absorb in Unit 23. The magnitude of impact upon value from discounting is diminished as the absorption period is shortened. Based upon the static and yield analyses for each planning area, individual per lot values "as if complete" are concluded. Table 37 summarized the "as if complete" lot values.

TABLE NO. 37

"FINISHED LOT" VALUE CONCLUSIONS		
Planning Area	Finished Lot Value	
Unit 15	$	42,000
Unit 17	$	48,000
Unit 21	$	74,000
Unit 23	$	63,000

The finished lot valuation conclusions provide the basis for concluding the "as is" value of the subject's four planning areas.

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ESTIMATED COST NEW OF IMPROVEMENTS

There are two methods for deriving a cost new: reproduction cost or replacement cost. While either of these costs would be appropriate for the base in estimating cost new, it is our opinion that the most appropriate for this assignment is the replacement cost. Replacement cost is defined as:

> The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised using modern materials and current standards, design, and layout.[1]

Replacement cost new is composed of three separate groups: direct costs, indirect costs and entrepreneurial profit. These components are defined as follows:

Direct Costs:	Expenditures for the labor and materials used in the construction improvements (also called "hard costs").[2]
Indirect Costs:	Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. (also called "soft costs").[3]
Entrepreneurial Profit:	A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.[4]

It should be noted that, for this assignment, contractor's overhead and profit is considered to be sole and separate from entrepreneurial profit.

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[1] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 244.

[2] *Ibid.*, p. 83.

[3] *Ibid.*, p. 145.

[4] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 96.

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Direct/Indirect Costs

Development costs for both community infrastructure and on-site (in-tract) lot development have been provided by the developer.

Infrastructure Costs

According to Pulte Homes' infrastructure budget, total off-site costs for the 810 Festival Foothills community are estimated at approximately $15,800,000, or an average of $19,500 per lot across all 810 lots. Table 38 summarizes the off-site costs per unit based upon the four home product series.

TABLE NO. 38

FESTIVAL FOOTHILLS TOTAL OFF-SITE DEVELOPMENT COSTS				
Product Series	Lot Size	No. Of Lots	Costs/ Lot	Totals
Series 1 - Adobe	43x115	171	$ 13,863	$ 2,370,573
Series 2 - Sonoran	48x115	175	$ 15,800	$ 2,765,000
Series 3 - Peak	58x115	337	$ 22,752	$ 7,667,424
Series 4 - Ridge	68x115	127	$ 23,594	$ 2,996,438
Totals		810		$ 15,799,435
Per Lot Average				$ 19,505
Rounded				$ 19,500

Lot Development Costs (In-tract)

Pulte Homes has provided lot development costs broken down by product series. Lot development cost vary from approximately $14,200 to $22,500 per lot depending upon the size of lot. These costs are summarized in Table 39.

TABLE NO. 39

ON-SITE DEVELOPMENT COSTS				
Series	Avg. Lot Dimensions	No. Of Lots	On-site Costs	Totals
Unit 15	43' x 115'	85	$ 14,221	$ 1,208,785
Unit 17	48' x 115'	71	$ 15,875	$ 1,127,125
Unit 21	68' x 115'	33	$ 22,489	$ 742,137
Unit 23	58' x 115'	61	$ 19,182	$ 1,170,102
Totals		250		$ 4,248,149
Average				$ 16,993
Rounded				$ 17,000

Source: Pulte Homes

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Total lot development costs are $4,250,000, or an average of $17,000 per lot. Lot improvement costs include finish grading, water and sewer, dry utilities, concrete curbing and asphalt paving. Subject's average lot development cost of $17,000 is consistent with lot development costs report by other residential developers constructing large scale planned communities. Given the experience of the developer, the developer's estimation of on-site development costs is utilized in the modified cost approach analysis.

Given the differences in unit mix among the four subject parcels, on- and off-site development costs have been calculated for each planning area. Table 40 summarizes the development costs which range from $28,100 to $46,000 per lot.

TABLE NO. 40

FESTIVAL FOOTHILLS PER LOT DEVELOPMENT COSTS

Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
On-site	$ 14,221	$ 15,875	$ 22,489	$ 19,182
Off-site	$ 13,863	$ 15,800	$ 23,594	$ 22,752
Total	$ 28,084	$ 31,675	$ 46,083	$ 41,934

Entrepreneurial Profit

It is logical to assume that an investor or developer would require an entrepreneurial profit over and above the cost to acquire the property and holding costs. Entrepreneurial profit pertinent to the development of finished subdivision lots is separate from homebuilder's profit, but in a reasonably balanced marketplace, should reflect a similar prorata share of costs (land plus development costs). If the marketplace is significantly undersupplied, an argument can be made that lot development can capture a higher percentage of profits because there are typically several homebuilders competing for the right to purchase the lots.

Homebuilder profits are typically within the range of 9% to 15% of base home. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

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Referring back to the static residual analysis in the Income Capitalization Approach section, a homebuilder profit range of 8% to 16% of base home price is concluded to be reasonable for the subject units. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

For the purposes of this report, we have utilized a development profit of 10% (as a percentage of lot development costs and land value). Profit margins for single family residential subdivision have shrunk considerably in light of current market conditions. Table 41 on the following page provides "as if vacant" lot value estimates based the development cost estimations and profit assumptions.

TABLE NO. 41

"AS IF" VACANT LAND LOT VALUE ESTIMATES - UNITS 15, 17, 21 AND 23

Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
Est. Finished Lot Value	$ 42,000	$ 48,000	$ 74,000	$ 63,000
Less: Dev. Costs	$ (28,084)	$ (31,675)	$ (46,083)	$ (41,934)
Less: Profit @ 10%	$ (3,818)	$ (4,364)	$ (6,727)	$ (5,727)
Raw Lot Value Estimate	$ 10,098	$ 11,961	$ 21,190	$ 15,339
Rounded	**$ 10,000**	**$ 12,000**	**$ 21,000**	**$ 15,000**

"AS IS" VALUE CONCLUSION – UNITS 15, 17, 21 AND 23

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will occur after the date of valuation, significant planning and engineering expenses have been incurred. For purposes of this analysis, incurred development costs are estimated at 40% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 40% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation 10% are summarized in Table 42.

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TABLE NO. 42

"AS IS" VALUE ESTIMATES - FESTIVAL FOOTHILLS UNITS 15, 17, 21 AND 23				
Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
Est. Raw Lot Value	$ 10,000	$ 12,000	$ 21,000	$ 15,000
Plus: Incurred Dev. Costs	$ 11,234	$ 12,670	$ 18,433	$ 16,774
Plus: Incurred Profit @ 10%	$ 1,527	$ 1,745	$ 2,691	$ 2,291
"As Is" Lot Value Estimate	$ 22,761	$ 26,415	$ 42,124	$ 34,065
Rounded	**$ 23,000**	**$ 26,000**	**$ 42,000**	**$ 34,000**
"As Is" Value Per Planning Unit	**$ 1,955,000**	**$ 1,846,000**	**$ 1,386,000**	**$ 2,074,000**

FINAL VALUE CONCLUSIONS

The value of each of the four subject parcels were concluded using the modified cost approach, or residual analysis. Within this analysis, the value of each parcel was effectively "backed" into from the finished home product. Construction costs, development cost and projected profits were subtracted from the final product to arrive at the "as if vacant" value of a raw residential lot within each planning area. At this point any incurred development costs and earned profit were added back to derive the "as is" value of each of the four subject parcels. Based upon the modified cost approach analyses, the following "as is" wholesale market values are estimated, as of August 1, 2007:

WHOLESALE (BULK) "AS IS" MARKET VALUE

Unit 15
ONE MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
$1,955,000

Unit 17
ONE MILLION EIGHT HUNDRED FORTY-SIX THOUSAND DOLLARS
$1,846,000

Unit 21
ONE MILLION THREE HUNDRED EIGHTY-SIX THOUSAND DOLLARS
$1,386,000

Unit 23
TWO MILLION SEVENTY-FOUR THOUSAND DOLLARS
$2,074,000

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The subject properties are being appraised in connection with the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's seven planning areas be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) "AS IS" MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

Unit 15		**Unit 21**	
Wholesale (Bulk) Value	$1,955,000	Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($98,000)	Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000	Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 17		**Unit 23**	
Wholesale (Bulk) Value	$1,846,000	Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($92,000)	Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000	Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

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ADDENDA

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LEGAL DESCRIPTIONS

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July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

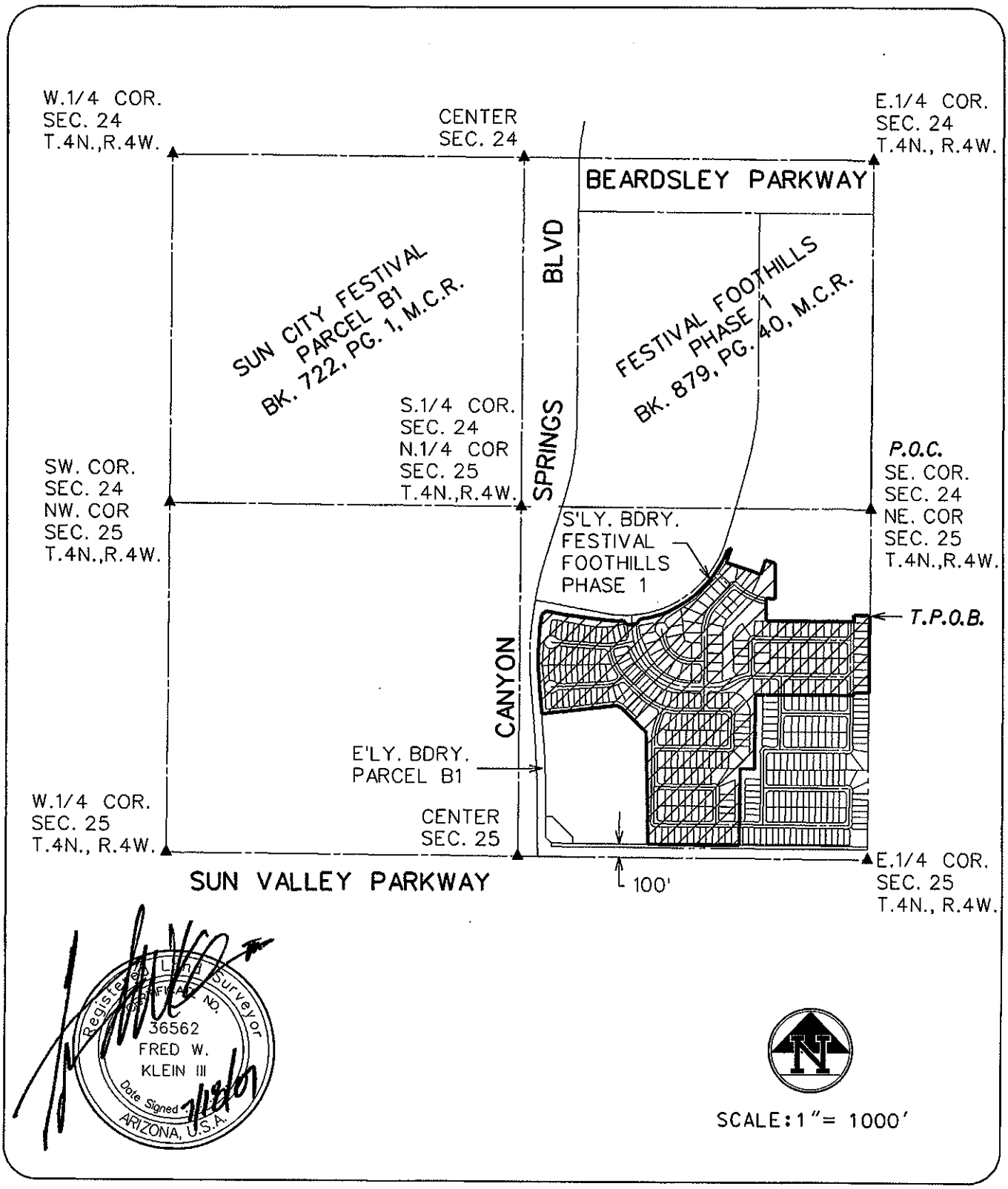
Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.



Registered Land Surveyor
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/12/07
ARIZONA, U.S.A.

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

PLAT MAPS (UNRECORDED – PRIOR TO REVISION)

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FINAL PLAT
OF

"FESTIVAL FOOTHILLS - PHASE II"

A SUBDIVISION LOCATED IN THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES

1. THE RIGHT-OF-WAY WHICH ARE SHOWN HEREON ARE DEDICATED TO THE PUBLIC TO CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN AND USE AS A PUBLIC STREET THEREON.
2. THE PUBLIC UTILITY EASEMENTS (P.U.E.) WHICH ARE SHOWN HEREON ARE CONVEYED TO THE PUBLIC TO LOCATE, CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN DRY UTILITY LINES IN, OR AND UNDER SUCH EASEMENTS.
3. THE LAND DESCRIBED IN THIS PLAT IS LOCATED WITHIN THE TOWN OF BUCKEYE SERVICE AREA CERTIFICATE OF ASSURED 100 YEAR WATER SUPPLY, NO. 27-401959.0000, UNDER A.R.S. 45-576, 45-579, AND THE APPLICABLE REGULATIONS, HAS BEEN SUBMITTED WITH THE PLAT.
4. ALL NEW OR RELOCATED UTILITIES ARE TO BE INSTALLED UNDERGROUND EXCEPT THOSE ELECTRIC LINES ACCEPTED BY THE ARIZONA CORPORATION COMMISSION GENERAL ORDER U-48.
5. CONSTRUCTION WITHIN PUBLIC UTILITY EASEMENTS SHALL BE LIMITED TO DRY PUBLIC UTILITIES, LANDSCAPING, WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING.
6. ANY PERSON OR ENTITY USING THE ROAD RIGHT-OF-WAY, PUBLIC UTILITY EASEMENTS, OR TRACTS HEREBY CREATED SHALL REPAIR ANY PAVING OR LANDSCAPING ITEM THAT IS DAMAGED OR DESTROYED BY SUCH USE.
7. THE MAINTENANCE OF LANDSCAPE AREAS WITHIN THE PUBLIC RIGHT-OF-WAY TO THE BACK OF CURB SHALL BE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION OR ABUTTING PROPERTY OWNER IN ACCORDANCE WITH THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "FESTIVAL FOOTHILLS - PHASE II" TO BE HEREAFTER RECORDED AND ANY SUPPLEMENTAL DECLARATIONS RECORDED PURSUANT THERETO (COLLECTIVELY THE "C.C. & R.'S").
8. THE WALL MAINTENANCE EASEMENT SHALL BE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION.
9. NO STRUCTURES OR VEGETATION OF ANY KIND THAT WOULD IMPEDE THE FLOW OF WATER THROUGH THE EASEMENT MAY BE CONSTRUCTED, PLANTED OR ALLOWED TO GROW WITHIN DRAINAGE EASEMENTS OR AS APPROVED BY THE TOWN OF BUCKEYE TOWN ENGINEER.
10. ALL SETBACKS SHALL CONFORM WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN (C.M.P.) APPROVED BY THE TOWN OF BUCKEYE SEPTEMBER 2000, AND ALL AMENDMENTS THERETO.
11. ALL LOTS SHALL CONFORM WITH DEVELOPMENT OPTION 2 OF THE FESTIVAL RANCH COMMUNITY MASTER PLAN. LOTS 1-82 SHALL BE DEVELOPED UNDER THE R1-7 ZONING CATEGORY, AND LOTS 83-355 SHALL BE DEVELOPED UNDER THE R1-3.5 ZONING CATEGORY. (SEE DETAILS ON SHT 2)
12. 1/2" LONG, 1/2" REBAR AT ALL LOT, PARCEL AND TRACT CORNERS TO BE SET AT COMPLETION OF MASS GRADING.
13. IN EASEMENTS FOR THE EXCLUSIVE USE OF WATER, SANITARY SEWER, RECLAIMED WATER OR ANY COMBINATION THEREOF, ONLY GROUND COVER AND BUSHES ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT AREAS. NO TREES ARE ALLOWED.
14. THIS SUBDIVISION IS SUBJECT TO A MAINTENANCE IMPROVEMENT DISTRICT (M.I.D. # 2005-07) AND STREET LIGHT IMPROVEMENT DISTRICT (S.L.I.D. # 2005-07)

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THIS 30 DAY OF July, 2007.
BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA

BY: _____
TOWN ENGINEER

THIS PLAT APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OF BUCKEYE, ARIZONA, THIS 2nd DAY OF July, 2007.

BY: _____
COMMUNITY DEVELOPMENT DIRECTOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA, THIS 9th DAY OF September 2006

BY: _____ ATTEST: _____
MAYOR TOWN CLERK

CONSENT OF LIENHOLDER

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED, AS BENEFICIARY UNDER THAT CERTAIN DEED OF TRUST RECORDED MAY 3, 2004, AS INSTRUMENT NO. 04-545496 OF THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, HEREBY CONSENTS TO AND JOINS IN THAT CERTAIN "FESTIVAL FOOTHILLS PHASE II", AND AGREE THAT SUCH PLAT AND THE EASEMENTS SHOWN THEREON SHALL BE SUPERIOR TO, AND HAVE PRIORITY OVER, THE ABOVE-DESCRIBED DEED OF TRUST.

10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY,

BY: FESTIVAL HOLDING, INC., A DELAWARE CORPORATION
AS MANAGER OF 10,000 WEST, L.L.C.

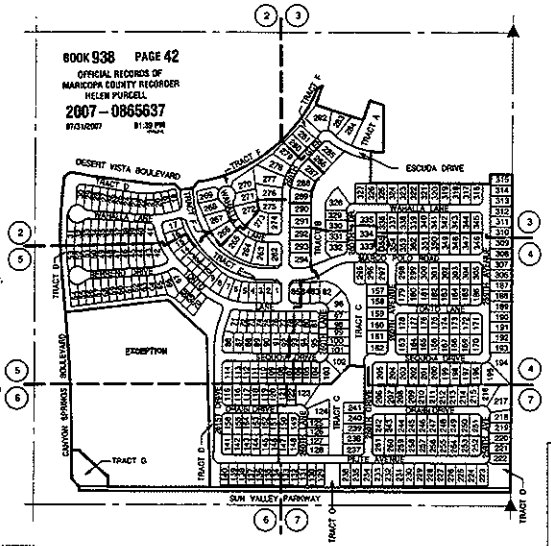
BY: _____
NAME: Daniel D. Donoghe, Jr.
ITS: Vice President
5-23-07
DATE

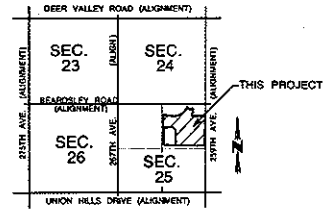
BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: _____ 5-23-07
JOSEPH P. HEINTON DATE
ITS: AUTHORIZED AGENT

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED, DEFINED, OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OR PARCEL CREATED, DEFINED OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE COMPLETED TO TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE RELEASED IN PHASES. A PROSPECTIVE BUYER OF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT SHOULD REQUIRE THE SELLER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION OR THE ISSUANCE OF CERTIFICATES OF OCCUPANCY SIGNED BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS SUCH AS LANDSCAPING AND PUNCH LIST ITEMS THAT ARE IN PROCESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOMEBUILDER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE BUYER PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.





VICINITY MAP
(NOT TO SCALE)

KEY MAP (NOT TO SCALE) (2) - SHEET NUMBER

TRACT INFORMATION TABLE

TRACT/LOT	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE \ DRAINAGE	0.779 AC.
TRACT B	LANDSCAPE \ DRAINAGE	1.865 AC.
TRACT C	LANDSCAPE \ DRAINAGE	3.052 AC.
TRACT D	LANDSCAPE \ DRAINAGE \ CART PATH	4.256 AC.
TRACT E	LANDSCAPE \ DRAINAGE	0.336 AC.
TRACT F	LANDSCAPE \ DRAINAGE	1.150 AC.
TRACT G	ENTRANCE MONUMENT	0.646 AC.
	TOTAL:	12.107 AC.

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 11 DAY OF April, 2007, BY Mike Bolt, THE President OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, FOR AND ON BEHALF THEREOF.

May 21, 2009
MY COMMISSION EXPIRES:

Susan Boswell
NOTARY PUBLIC

OFFICIAL SEAL
SUZAN BOSWELL
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires May 21, 2009

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 23rd DAY OF May, 2007, BY Daniel D. Donoghe, Jr. THE Vice President OF FESTIVAL HOLDING, INC. AS MANAGER OF 10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY.

9/16/08
MY COMMISSION EXPIRES:

Elisa V. Peters
NOTARY PUBLIC

ELISA V. PETERS
Notary Public - State of Arizona
MARICOPA COUNTY
My Commission Expires
September 16, 2008

FLOOD ZONE CERTIFICATION

THE MARICOPA COUNTY, ARIZONA AND INCORPORATED AREAS FLOOD INSURANCE RATE MAP (FIRM) PANEL NUMBER 4 04013C1115G, DATED JULY 19, 2001, INDICATES THAT THE SITE FALLS WITHIN ZONE X (SHADED), RESPECTIVELY, ZONE X (SHADED) IS DEFINED BY F.E.M.A. AS :
"AREAS OF 500-YEAR; AREAS OF 100 YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN ONE (1) FOOT OR WITH DRAINAGE AREAS LESS THAN ONE (1) SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM THE 100 YEAR FLOOD"

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 11 DAY OF April, 2007, BY Mike Bolt, THE President OF PULTE HOME CORPORATION, A MICHIGAN CORPORATION, FOR AND ON BEHALF THEREOF.

May 21, 2009
MY COMMISSION EXPIRES:

Susan Boswell
NOTARY PUBLIC

OFFICIAL SEAL
SUZAN BOSWELL
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires May 21, 2009

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

ON THIS 23rd DAY OF May, 2007, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARD Joseph P. Heinton WHO ACKNOWLEDGED HIMSELF TO BE THE AUTHORIZED AGENT OF THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, AND BEING AUTHORIZED TO DO SO ON BEHALF OF SAID ENTITY, EXECUTED THE FOREGOING INSTRUMENT.

9/16/08
MY COMMISSION EXPIRES:

Elisa V. Peters
NOTARY PUBLIC

ELISA V. PETERS
Notary Public - State of Arizona
MARICOPA COUNTY
My Commission Expires
September 16, 2008

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

GROSS AREA = 86.185 AC.
NET AREA = 84.816 AC.

DEDICATION

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF "FESTIVAL FOOTHILLS - PHASE II", LOCATED IN THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN PLATTED HEREON AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF "FESTIVAL FOOTHILLS - PHASE II", AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT, STREET AND EASEMENT, CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME THAT IS GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OR EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1, DATED AS OF APRIL 21, 2006 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER, AT 2005-0523600, ON APRIL 22, 2005.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY DEDICATES TO THE PUBLIC FOR USE AS SUCH THE STREETS AND EASEMENTS AS SHOWN HEREON AND INCLUDED IN THE ABOVE DESCRIBED PREMISES.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY GRANTS TO THE TOWN OF BUCKEYE A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF THE PROPERTY DESIGNATED AS TRACT "A, B, C, D, E, F & G" FOR PURPOSES OF ACCESSING, MAINTAINING, REPAIRING AND REPLACING ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY. THE IRRIGATION SYSTEM INCLUDES ITS WATER DELIVERY INFRASTRUCTURE, timers, ELECTRICAL SUPPLY AND ANY ASSOCIATED LIGHTING. IF TOWN ENTERS THOSE PORTIONS OF THE PROPERTY DESIGNATED AS COMMON AREAS, TOWN SHALL RESTORE, AT ITS EXPENSE, ANY PORTIONS OF THESE TRACTS TO ITS CONDITION PRIOR TO SUCH ENTRY. THIS EASEMENT IN NO WAY ABSOLVES THE PULTE HOME CORPORATION FROM ITS OBLIGATION TO MAINTAIN, REPAIR, AND REPLACE ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO THE LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS.

WATERLINE AND SEWERLINE EASEMENTS ARE HEREBY DEDICATED TO THE TOWN OF BUCKEYE.

MAINTENANCE OF DRAINAGE STRUCTURES AND OTHER DRAINAGE FACILITIES OUTSIDE OF PUBLIC RIGHT-OF-WAY ARE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION.

EASEMENTS ARE DEDICATED AS SHOWN ON THIS PLAT.

TRACTS "A, B, C, D, E, F & G", ARE HEREBY DECLARED AS COMMON AREAS FOR THE PURPOSES SHOWN, AND FOR THE USE AND ENJOYMENT OF THE LOT OWNERS AS MORE FULLY SET FORTH IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "FESTIVAL FOOTHILLS PHASE II" TO BE HEREAFTER RECORDED, AND WILL BE OWNED AND MAINTAINED BY THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION. THE TRACTS THAT WILL NOT BE CONVEYED TO THE TOWN OF BUCKEYE AND ALL COMMON PROPERTY SHALL BE APPROVED BY THE TOWN OF BUCKEYE AND SHALL BE CONVEYED BY WARRANTY (OR SPECIAL WARRANTY) DEED TO THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION. DWELLING UNITS SHALL NOT BE CONSTRUCTED ON SAID TRACTS.

BY THE EXECUTION OF THIS PLAT, THE TOWN HEREBY TERMINATES AND REVOKES THE ROADWAY DECLARATION PREVIOUSLY RECORDED AS INSTRUMENT NO. 90-509455, RECORDS OF MARICOPA COUNTY, ARIZONA, AND RELINQUISHES ANY RIGHT TO ESTABLISH, OPEN OR DECLARE A ROADWAY PURSUANT TO SUCH DECLARATION OVER ANY PORTION OF THE PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THIS PLAT.

IN WITNESS WHEREOF:

PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED OFFICER, THEREUNTO DULY AUTHORIZED THIS 23rd DAY OF May, 2007.

BY: PULTE HOME CORPORATION, A MICHIGAN CORPORATION,

BY: _____ DATE: May 23, 2007

ITS: Attorney-in-Fact

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, HAVING A BEARING OF N00°23'04"E.

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED, DULY AUTHORIZED OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, AND 10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, AND THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, HEREBY RATIFIES THE RECORDATION OF THIS PLAT FOR "FESTIVAL FOOTHILLS - PHASE II" AND ACKNOWLEDGES THE RESPONSIBILITIES SET FORTH THEREIN.

FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION,
AN ARIZONA NON-PROFIT CORPORATION.

BY: _____ 4/16/07
DATE
ITS: President

10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY
BY: FESTIVAL HOLDING, INC.
A DELAWARE CORPORATION
AS MANAGER OF 10,000 WEST, L.L.C.

BY: _____ 5/23/07
DATE
ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: _____ 5/23/07
JOSEPH P. HEINTON DATE
ITS: AUTHORIZED AGENT

CERTIFICATION

I, FRED W. KLEIN III, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA. THAT THIS PLAT, CONSISTING OF (8) SHEETS, CORRECTLY REPRESENTS A BOUNDARY SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF JANUARY, 2004, THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AS SHOWN, THAT THEIR POSITIONS ARE CORRECTLY SHOWN AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

FRED W. KLEIN III
REGISTERED LAND SURVEYOR #36562
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, ARIZONA, 85014

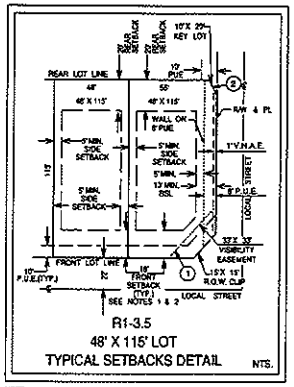
36562
FRED W. KLEIN III

SHEET 1 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

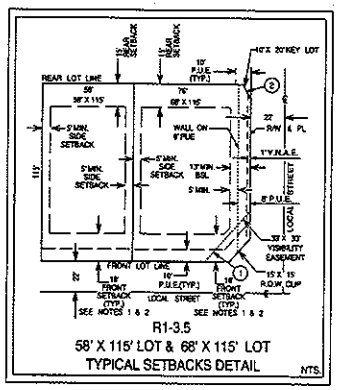
1663PTR

BOOK 938 PAGE 42
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL
2007 – 0865637
07/31/2007 01:35 PM



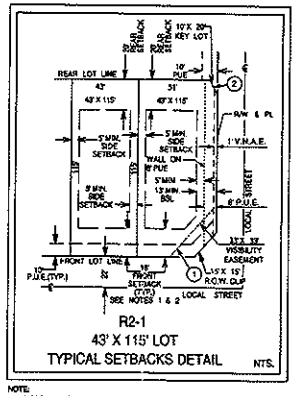
R1-3.5
48' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.



R1-3.5
58' X 115' LOT & 68' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.



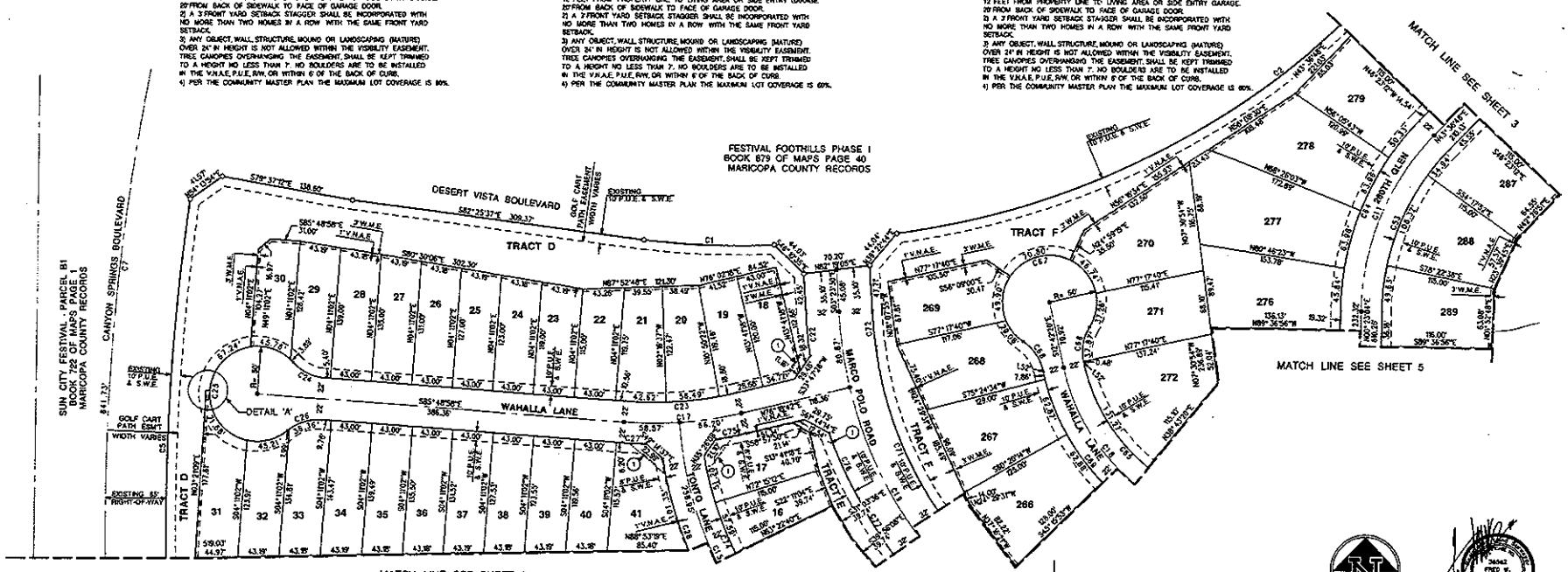
R2-1
43' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

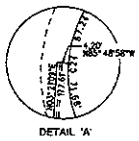
NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.

LEGEND

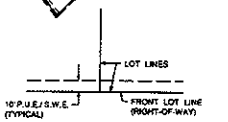
- INDICATES SECTION CORNER - FOUND BRASS CAP IN HANDHOLE (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - FOUND 1/2" IRON BAR (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - FOUND BRASS CAP (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - SET 1/2" IRON BAR (UNLESS OTHERWISE NOTED).
- INDICATES INTERSECTIONS OF MAJOR & COLLECTOR STREETS - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "A" (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" (UNLESS OTHERWISE NOTED).
- INDICATES CENTER LINE MONUMENTATION - SET BRASS CAP FLUSH UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" (UNLESS OTHERWISE NOTED).

C1 — INDICATES CURVE NUMBER
V.N.A.E. — INDICATES VEHICULAR NON-ACCESS EASEMENT
T.P.O.B. — INDICATES TRUE POINT OF BEGINNING
P.U.E. & S.W.E. — INDICATES PUBLIC UTILITY EASEMENT AND SIDEWALK EASEMENT
W.M.E. — INDICATES WALL MAINTENANCE EASEMENT
T.O.B. — INDICATES TOWN OF BUCKEYE
M.C.H.D. — INDICATES MARICOPA COUNTY HIGHWAY DEPARTMENT
A.P.S. — ARIZONA PUBLIC SERVICE
(1) — INDICATES SIGHT VISIBILITY EASEMENT. SEE LOT SETBACK DETAIL, SHT. 2
(2) — INDICATES KEY LOT. SEE LOT SETBACK DETAIL, SHT. 2
(3) — INDICATES SIGHT DISTANCE LINE PER CITY OF SCOTTSDALE DESIGN STANDARDS & POLICIES MANUAL, S-3.118 D





DETAIL 'A'



TYPICAL PUBLIC UTILITY EASEMENT DETAIL
(NOT TO SCALE)

SCALE: 1" = 50'

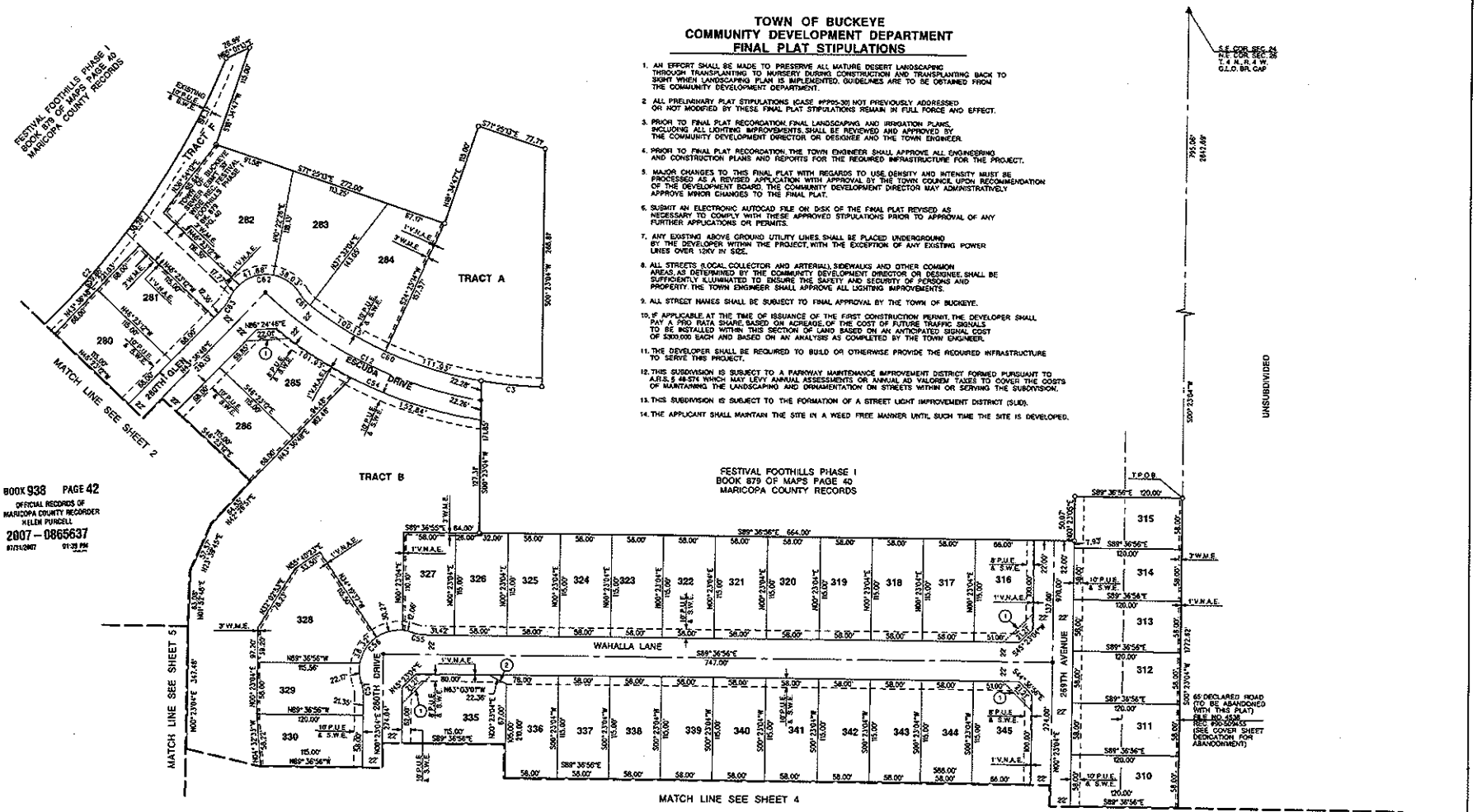
SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1. AN EFFORT SHALL BE MADE TO PRESERVE ALL MATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SIGHT WHEN LANDSCAPING PLAN IS IMPLEMENTED. GUIDELINES ARE TO BE OBTAINED FROM THE COMMUNITY DEVELOPMENT DEPARTMENT.
2. ALL PRELIMINARY PLAT STIPULATIONS (CASE #PP5-30) NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.
3. PRIOR TO FINAL PLAT RECORDATION FINAL LANDSCAPING AND IRRIGATION PLANS, INCLUDING ALL LIGHTING IMPROVEMENTS, SHALL BE REVIEWED AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE AND THE TOWN ENGINEER.
4. PRIOR TO FINAL PLAT RECORDATION THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.
5. MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.
6. SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.
7. ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.
8. ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL), SIDEWALKS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY. THE TOWN ENGINEER SHALL APPROVE ALL LIGHTING IMPROVEMENTS.
9. ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE.
10. IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.
11. THE DEVELOPER SHALL BE REQUIRED TO BUILD OR OTHERWISE PROVIDE THE REQUIRED INFRASTRUCTURE TO SERVE THIS PROJECT.
12. THIS SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT FORMED PURSUANT TO A.R.S. § 48-574 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR SERVING THE SUBDIVISION.
13. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID).
14. THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.



BOOK 938 PAGE 42
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL
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07/31/2007 01:35 PM

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 3 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 580035-01

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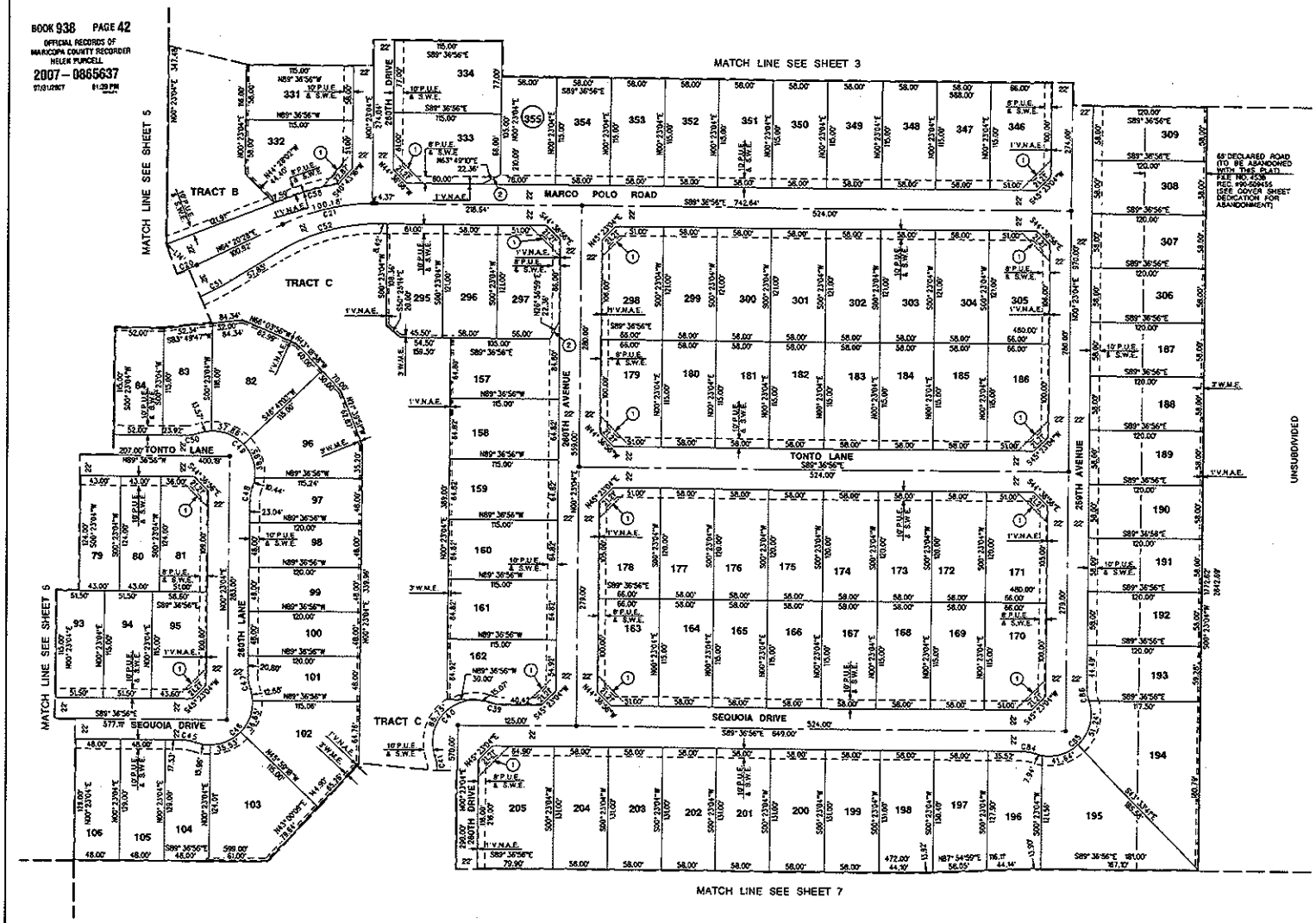

SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 4 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ. 85014
(602) 264-6831

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 680035-01

%USERS
%DATES
%TIMES
%FILENAME

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007 – 0865637
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MATCH LINE SEE SHEET 2

MATCH LINE SEE SHEET 3

MATCH LINE SEE SHEET 4

MATCH LINE SEE SHEET 6

BEHREND DRIVE

MARCO POLO ROAD

WAHALLA LANE

N TONTO LANE

SEQUOIA DRIVE

260TH GLEN

TRACT C

TRACT D

TRACT E

TRACT F

EXCEPTION

SUN CITY FESTIVAL - PARCEL 81
BOOK 722 OF MAPS, PAGE 1
MARICOPA COUNTY RECORDS

CANYON SPRINGS BOULEVARD

EXISTING 60' RIGHT OF WAY

GOLF CART PATH ESM'T WIDTH VARIES

GOLF CART PATH ESM'T 25.33' WIDE

EXISTING 10' P.U.E. & S.W.E.

SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SHEET 5 OF 8

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 680035-01

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
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MATCH LINE SEE SHEET 5

EXCEPTION

SUN CITY FESTIVAL - PARCEL B1
BOOK 722 OF MAPS PAGE 1
MARICOPA COUNTY RECORDS

CANYON SPRINGS BOULEVARD

TRACT G

TRACT D

281ST DRIVE

ORAIBI DRIVE

PIUTE AVENUE

MATCH LINE SEE SHEET 7

SUN VALLEY PARKWAY

UNSUBDIVIDED

CENTER SEC. 25
T. 4 N., R. 4 W.
CALCULATED POINT

SLOPE & DRAINAGE ESM'T
REC. # 87-194111 M.C.R.
REC. # 87-194113 M.C.R.
REC. # 87-194115 M.C.R.
BK. 33 OF MAPS PG. 3 M.C.R.
BK. 33 OF MAPS PG. 4 M.C.R.

EXISTING 75' RIGHT-OF-WAY

25' RIGHT-OF-WAY TO BE DEDICATED

150' NON-EXCLUSIVE EASEMENT
FOR ROADWAY AND UTILITIES
REC. #86-582071 M.C.R.
REC. #86-452958 M.C.R.
REC. #87-194082 M.C.R.
150' ROAD RIGHT OF WAY
BK. 33 OF MAPS PG. 3 M.C.R.
BK. 33 OF MAPS PG. 4 M.C.R.
ROAD DECLARED ROAD FILE NO.4424
REC. #89-347225 M.C.R.
ROAD DECLARED ROAD FILE NO. 4424-R
REC. #90-252257 M.C.R.

SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 08 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 6 OF 8

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 690035-01

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
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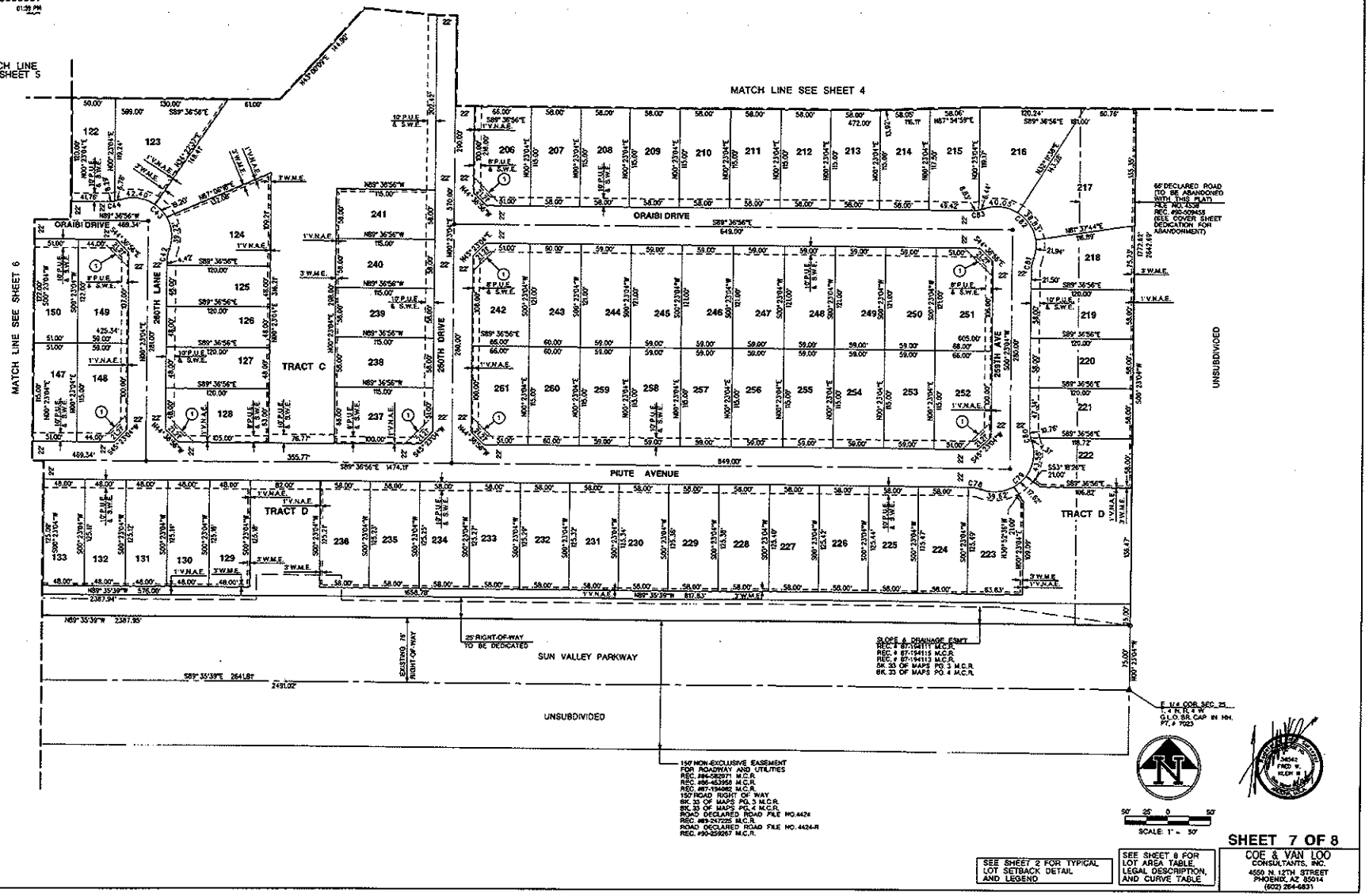

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SHEET 7 OF 8

FESTIVAL FOOTHILLS - PHASE III - FINAL PLAT - C.V.L. JOB# 680035-01

CURVE TABLE

NO.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD-BEARING
1	840.00	138.11	009°25'13"	69.21	137.95	S88°16'03.5"E
2	835.00	884.45	060°41'19"	488.80	843.68	N51°48'19.5"E
3	437.58	67.32	008°48'53"	33.73	67.25	N84°38'31.5"W
4	7265.00	506.42	003°59'38"	253.32	506.32	N02°43'23.0"W
5	2370.00	529.60	012°48'12"	265.91	528.50	N01°40'54.0"E
6	7200.00	501.88	003°59'38"	251.05	501.79	N02°43'23.0"W
7	2435.00	926.90	021°48'36"	469.13	921.31	N06°11'06.0"E
8	2000.00	582.96	016°42'02"	293.58	580.90	N08°44'23.0"E
9	2000.00	981.60	028°07'15"	500.90	971.78	N14°26'59.5"E
10	2000.00	995.20	028°30'37"	508.13	984.96	N14°15'18.5"E
11	275.00	207.48	043°13'44"	108.96	202.60	N21°59'56.0"E
12	459.58	275.14	034°18'04"	141.83	271.04	S63°32'14.0"E
13	400.00	122.00	017°28'31"	61.48	121.53	N09°07'19.5"E
14	400.00	302.93	043°23'28"	159.14	295.74	N67°55'12.0"W
15	393.77	288.78	042°01'07"	151.23	282.35	N25°12'54.5"W
16	209.77	142.38	038°53'22"	74.06	139.66	N67°33'37.0"E
17	400.00	124.77	017°52'20"	62.90	124.27	N85°14'52.0"E
18	217.00	291.28	076°54'36"	172.33	269.90	S51°09'38.0"E
19	450.00	677.20	086°13'26"	421.28	615.08	S46°30'13.0"E
20	220.00	100.00	026°02'36"	50.88	99.14	N77°21'46.0"E
21	230.00	104.55	026°02'36"	53.19	103.65	N77°21'46.0"E
22	485.00	45.18	005°20'16"	22.61	45.17	S08°03'38.0"E
23	378.00	117.91	017°52'20"	59.44	117.43	S85°14'52.0"W
24	50.00	38.35	043°56'43"	20.17	37.42	N63°50'38.5"W
25	50.00	233.78	267°53'27"	---	72.00	S04°11'01.5"W
26	50.00	38.35	043°56'44"	20.17	37.42	N72°12'40.0"E
27	422.00	25.10	003°24'28"	12.55	25.10	S87°31'12.0"E
28	415.77	199.08	027°26'03"	101.49	197.18	S22°58'48.5"E
29	187.77	90.85	027°43'16"	46.33	89.96	S73°08'40.0"W
30	50.00	38.35	043°56'44"	20.17	37.42	N71°01'20.0"W
31	50.00	233.78	267°53'28"	---	72.00	S02°59'42.0"E
32	50.00	38.35	043°56'44"	20.17	37.42	N65°01'56.0"E
33	231.77	120.78	029°51'31"	61.80	119.42	N72°04'32.5"E
34	422.00	153.88	020°53'37"	77.81	153.04	S56°40'16.5"E
35	422.00	128.71	017°28'31"	64.86	128.21	S09°07'19.5"W
36	45.00	15.07	019°11'18"	7.61	15.00	S09°58'43.0"W
37	45.00	100.82	128°22'35"	93.04	81.02	S44°36'55.5"E
38	45.00	15.07	019°11'17"	7.61	15.00	N80°47'25.5"E
39	45.00	15.07	019°11'18"	7.61	15.00	N80°01'17.0"W
40	45.00	100.82	128°22'35"	93.04	81.02	S45°23'04.5"W
41	45.00	15.07	019°11'17"	7.61	15.00	S09°12'34.5"E
42	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
43	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
44	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
45	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
46	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
47	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
48	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
49	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
50	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
51	252.00	140.52	031°57'03"	72.14	138.71	N74°24'32.5"E
52	206.00	114.88	031°57'03"	58.97	113.39	N74°24'32.5"E
53	253.00	190.89	043°13'44"	100.24	186.39	N21°59'56.0"E
54	481.58	254.77	030°18'39"	130.44	251.81	S65°56'35.5"E
55	45.00	15.07	019°11'18"	7.61	15.00	N80°01'17.0"W
56	45.00	100.82	128°22'35"	93.04	81.02	S45°23'04.5"W
57	45.00	15.07	019°11'17"	7.61	15.00	S09°12'34.5"E
58	254.00	54.62	012°19'15"	27.42	54.52	S74°53'49.5"W
59	173.00	65.36	021°38'52"	33.08	64.98	S79°33'38.0"W
60	437.58	212.08	027°46'09"	108.17	210.01	N66°21'00.5"W
61	45.00	16.70	021°15'51"	8.45	16.61	N41°30'00.5"W
62	45.00	97.68	124°22'24"	85.30	79.60	S66°36'43.0"W
63	45.00	15.07	019°11'17"	7.61	15.00	S34°01'09.5"W
64	297.00	224.09	043°13'44"	117.68	218.81	S21°59'56.0"W
65	195.00	261.75	076°54'36"	154.86	242.54	N51°09'38.0"W
66	50.00	38.35	043°56'44"	20.17	37.42	N09°16'02.0"E
67	50.00	233.78	267°53'28"	---	72.00	S77°17'40.0"W
68	50.00	38.35	043°56'44"	20.17	37.42	S34°40'42.0"E
69	239.00	320.82	076°54'36"	189.60	297.27	S51°09'38.0"E
70	418.00	368.15	050°27'45"	196.97	356.36	N64°23'03.5"W
71	400.00	221.41	031°42'51"	113.62	218.59	N23°10'56.5"W
72	415.00	38.66	005°20'16"	19.34	38.65	N06°03'38.0"W
73	378.00	286.27	043°23'26"	150.39	279.47	N67°55'12.0"W
74	371.77	235.98	036°22'06"	122.12	232.04	N26°02'25.0"W
75	422.00	32.52	004°24'58"	16.27	32.51	N78°31'10.0"E
76	435.00	75.62	009°57'11"	38.00	75.72	S24°46'45.5"E
77	492.00	521.39	061°58'40"	289.49	496.34	S58°37'36.0"E
78	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
79	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
80	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
81	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
82	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
83	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
84	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
85	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
86	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
87	422.00	91.72	012°27'11"	46.04	91.54	S83°23'20.5"E
88	378.00	115.29	017°28'31"	58.10	114.84	N09°07'19.5"E

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0865637
07/31/2007 01:39 PM

LEGAL DESCRIPTION

THAT PART OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE GLO BRASS CAP MARKING THE NORTHEAST CORNER OF SAID SECTION 25, FROM WHICH THE GLO BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 25 BEARS SOUTH 00°23'04" WEST, A DISTANCE OF 2,642.69 FEET;

THENCE SOUTH 00°23'04" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 25, A DISTANCE OF 795.06 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 00°23'04" WEST, ALONG SAID EAST LINE, A DISTANCE OF 1,772.62 FEET;

THENCE NORTH 89°35'39" WEST, A DISTANCE OF 2,397.95 FEET TO A POINT ON THE EASTERLY BOUNDARY OF SUN CITY FESTIVAL-PARCEL B1, RECORDED IN BOOK 722 OF MAPS, PAGE 1, MARICOPA COUNTY RECORDS;

THENCE ALONG SAID EASTERLY BOUNDARY THE FOLLOWING COURSES:

THENCE NORTH 00°24'21" EAST, A DISTANCE OF 25.00 FEET;
THENCE NORTH 45°09'36" WEST, A DISTANCE OF 57.12 FEET;

THENCE NORTH 00°43'34" WEST, A DISTANCE OF 336.87 FEET TO THE BEGINNING OF A TANGENT CURVE OF 7,265.00 FOOT RADIUS, CONCAVE WESTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°59'38", A DISTANCE OF 506.43 FEET;

THENCE NORTH 04°43'12" WEST, A DISTANCE OF 318.36 FEET TO THE BEGINNING OF A TANGENT CURVE OF 2,370.00 FOOT RADIUS, CONCAVE EASTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°48'12", A DISTANCE OF 529.60 FEET;

THENCE NORTH 54°13'54" EAST, A DISTANCE OF 41.57 FEET;

THENCE SOUTH 79°37'12" EAST, DEPARTING SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 138.60 FEET;

THENCE SOUTH 82°25'37" EAST, A DISTANCE OF 309.37 FEET TO A POINT ON A 840.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 06°25'33" EAST;

THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 09°25'13", A DISTANCE OF 138.11 FEET;

THENCE SOUTH 46°10'35" EAST, A DISTANCE OF 44.03 FEET;
THENCE NORTH 82°19'06" EAST, A DISTANCE OF 70.20 FEET;

THENCE NORTH 39°22'44" EAST, A DISTANCE OF 44.04 FEET TO A POINT ON A 835.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 07°51'01" WEST;

THENCE NORTHEASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 60°41'19", A DISTANCE OF 884.45 FEET;

THENCE NORTH 65°01'13" EAST, A DISTANCE OF 28.99 FEET;
THENCE SOUTH 18°34'47" WEST, A DISTANCE OF 115.00 FEET;
THENCE SOUTH 71°25'13" EAST, A DISTANCE OF 272.00 FEET;
THENCE NORTH 18°34'47" EAST, A DISTANCE OF 115.00 FEET;
THENCE SOUTH 71°25'13" EAST, A DISTANCE OF 77.71 FEET;

THENCE SOUTH 00°23'04" WEST, A DISTANCE OF 266.81 FEET TO A POINT ON A 437.58 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 00°57'02" EAST;

THENCE NORTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°48'53", A DISTANCE OF 67.32 FEET;

THENCE SOUTH 00°23'04" WEST, A DISTANCE OF 171.85 FEET;
THENCE SOUTH 89°36'56" EAST, A DISTANCE OF 664.00 FEET;
THENCE NORTH 00°23'05" EAST, A DISTANCE OF 50.07 FEET;

THENCE SOUTH 89°36'56" EAST, A DISTANCE OF 120.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

THAT PART OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE G.L.O. BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 25, FROM WHICH THE G.L.O. BRASS CAP MARKING THE NORTHEAST CORNER OF SAID SECTION 25 BEARS NORTH 00°23'04" EAST, A DISTANCE OF 2,642.49 FEET;

THENCE NORTH 89°35'39" WEST, ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, A DISTANCE OF 1,655.12 FEET;

THENCE NORTH 01°08'43" WEST, DEPARTING SAID MID-SECTION LINE, A DISTANCE OF 100.04 FEET TO A POINT ON A LINE WHICH IS PARALLEL WITH AND 100.00 FEET NORTHERLY, AS MEASURED AT RIGHT ANGLES, FROM SAID EAST-WEST MID-SECTION LINE OF SECTION 25, AND THE TRUE POINT OF BEGINNING;

THENCE NORTH 89°35'39" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 569.16 FEET;

THENCE NORTH 00°24'21" EAST, DEPARTING SAID PARALLEL LINE, A DISTANCE OF 50.00 FEET;

THENCE NORTH 45°09'36" WEST, A DISTANCE OF 215.61 FEET;

THENCE SOUTH 89°16'26" WEST, A DISTANCE OF 50.00 FEET TO A POINT ON THE EASTERLY BOUNDARY LINE OF SUN CITY FESTIVAL-PARCEL B1, RECORDED IN BOOK 722 OF MAPS, PAGE 1, MARICOPA COUNTY RECORDS;

THENCE ALONG SAID EASTERLY BOUNDARY LINE OF SUN CITY FESTIVAL- PARCEL B1 THE FOLLOWING COURSES:

THENCE NORTH 00°43'34" WEST, A DISTANCE OF 176.87 FEET TO THE BEGINNING OF A TANGENT CURVE OF 7,265.00 FOOT RADIUS, CONCAVE WESTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°59'38", A DISTANCE OF 506.43 FEET;

THENCE NORTH 04°43'12" WEST, A DISTANCE OF 97.39 FEET;

THENCE NORTH 83°11'24" EAST, DEPARTING SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 566.40 FEET;

THENCE SOUTH 65°39'52" EAST, A DISTANCE OF 33.56 FEET;
THENCE SOUTH 46°13'28" EAST, A DISTANCE OF 271.44 FEET;

THENCE SOUTH 01°08'43" EAST, A DISTANCE OF 850.81 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 86.185 ACRES, MORE OR LESS, AFTER SAID EXCEPTION HAS BEEN MADE.

MISCLOSURE: ONE PART IN 1150532

NORTH ERROR = 0.006
EAST ERROR = 0.006

LOT TABLE

LOT	SQ. FOOTAGE
1	5,867
2	4,945
3	4,948
4	5,075
5	5,657
6	5,667
7	5,657
8	5,657
9	5,275
10	4,945
11	4,945
12	4,945
13	5,126
14	5,619
15	5,619
16	5,619
17	6,688
18	5,133
19	5,333
20	5,759
21	5,630
22	5,047
23	5,031
24	5,203
25	5,375
26	5,547
27	5,719
28	5,891
29	5,867
30	4,993
31	6,446
32	5,396
33	6,123
34	6,064
35	6,812
36	5,741
37	5,569
38	5,398
39	5,227
40	5,055
41	7,090
42	7,851
43	6,181
44	5,656
45	5,716
46	5,777
47	5,838
48	5,899
49	5,960
50	6,021
51	5,896
52	5,064
53	5,388
54	5,756
55	5,177
56	5,917
57	5,871
58	6,746
59	5,625
60	5,501
61	5,378
62	5,255
63	5,131
64	5,238
65	5,797
66	7,232
67	8,239
68	5,432
69	5,594
70	6,007
71	7,767

LOT	SQ. FOOTAGE
72	5,986
73	5,544
74	5,332
75	5,332
76	5,332
77	5,332
78	5,332
79	5,332
80	5,332
81	6,211
82	10,131
83	6,009
84	5,980
85	6,760
86	7,216
87	5,923
88	5,923
89	5,923
90	5,923
91	5,923
92	5,923
93	5,923
94	5,923
95	6,627
96	9,628
97	5,709
98	5,760
99	5,760
100	5,760
101	5,898
102	9,713
103	10,670
104	6,114
105	6,192
106	6,192
107	6,192
108	6,192
109	6,192
110	6,192
111	6,192
112	6,192
113	6,192
114	7,270
115	6,848
116	6,000
117	6,000
118	6,000
119	5,000
120	6,000
121	6,000
122	5,898
123	10,614
124	9,868
125	5,760
126	5,760
127	5,760
128	7,447
129	6,006
130	6,007
131	6,006
132	6,006
133	6,005
134	6,004
135	6,003
136	6,002
137	6,001
138	6,000
139	6,000
140	5,908
141	6,827
142	5,865

LOT	SQ. FOOTAGE
143	5,865
144	5,865
145	5,865
146	5,865
147	5,865
148	6,573
149	7,086
150	6,222
151	6,222
152	6,222
153	6,222
154	6,222
155	6,222
156	7,249
157	7,562
158	7,454
159	7,454
160	7,454
161	7,454
162	7,704
163	7,478
164	6,670
165	6,670
166	6,670
167	6,670
168	6,670
169	6,670
170	7,478
171	7,807
172	6,960
173	6,960
174	6,960
175	6,960
176	6,960
177	6,960
178	7,807
179	7,477
180	6,670
181	6,670
182	6,670
183	6,670
184	6,670
185	6,670
186	7,477
187	6,960
188	6,960
189	6,960
190	6,960
191	6,960
192	6,960
193	7,101
194	14,179
195	13,363
196	7,310
197	7,491
198	7,594
199	7,596
200	7,596
201	7,596
202	7,596
203	7,596
204	7,596
205	10,355
206	7,477
207	6,670
208	6,670
209	6,670
210	6,670
211	6,670
212	6,670
213	6,670

LOT	SQ. FOOTAGE
214	6,743
215	6,865
216	9,826
217	14,816
218	7,872
219	6,960
220	6,960
221	6,956
222	6,773
223	7,788
224	7,278
225	7,276
226	7,275
227	7,274
228	7,273
229	7,271
230	7,270
231	7,269
232	7,268
233	7,266
234	7,265
235	7,264
236	7,263
237	7,477
238	6,670
239	6,670
240	6,670
241	6,670
242	7,873
243	7,260
244	7,139
245	7,139
246	7,139
247	7,139
248	7,139
249	7,139
250	7,139
251	7,873
252	7,477
253	6,785
254	6,785
255	6,785
256	6,785
257	6,785
258	6,785
259	6,785
260	6,900
261	7,477
262	9,549
263	9,970
264	9,999
265	9,999
266	9,983
267	9,903
268	9,066
269	7,964
270	11,458
271	8,576
272	11,631
273	11,039
274	8,527
275	9,615
276	10,949
277	14,061
278	11,488
279	8,719
280	7,820
281	7,820
282	13,935
283	10,262
284	12,557

LOT	SQ. FOOTAGE
285	9,361
286	7,820
287	8,376
288	9,566
289	8,600
290	7,888
291	7,888
292	7,888
293	7,888
294	9,751
295	7,263
296	7,018
297	7,774
298	7,673
299	7,018
300	7,018
301	7,018
302	7,018
303	7,018
304	7,018
305	7,873
306	6,960
307	6,960
308	6,960
309	6,960
310	6,990
311	6,990
312	6,960
313	6,960
314	6,960
315	6,960
316	7,477
317	6,670
318	6,670
319	6,670
320	6,670
321	6,670
322	6,670
323	6,670
324	6,670
325	6,670
326	6,670
327	6,611
328	10,875
329	6,852
330	6,815
331	6,670
332	8,527
333	8,528
334	9,855
335	8,643
336	6,770
337	6,670
338	6,670
339	6,670
340	6,670
341	6,670
342	6,670
343	6,670
344	6,670
345	7,477
346	7,477
347	6,670
348	6,670
349	6,670
350	6,670
351	6,670
352	6,670
353	6,670
354	6,670
355	6,770
TOTAL	2,459,178

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SHEET 8 OF 8

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

APPRAISERS' QUALIFICATIONS

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FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

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STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute

BUSINESS EXPERIENCE

2001 to Present, Senior Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

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APPENDIX D

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$1,784,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Owner pursuant to, and as described in, Section 2.

"Assessment Area" shall have meaning provided thereto in the Official Statement.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank Arizona, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78678-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

*Subject to change.

"Dissemination Agent" shall mean any agent which has executed a dissemination agency agreement with the Owner and the successors and assigns of such agent.

"Issuer" shall mean Festival Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Material Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)*** Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Owner pursuant to, and as described in, Section 3.

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the time in question, that the unpaid portions of the Special Assessments levied against such land owned by such owner equals or exceeds twenty percent (20%) of the total principal amount of the Securities then outstanding.

"Official Statement" shall mean the Official Statement, dated _____, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Official Statement.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN JULY 1 OF EACH YEAR, COMMENCING JULY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

(ii) ***IF THE OWNER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information with respect to (I) single family lot closings and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner, (II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales and land development (including particularly the status of completion of the items described under the heading "THE OTHER INFRASTRUCTURE" in the Official Statement), (IV) any conveyance in a single transaction to any entity by the Owner of land within

the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding five percent (5%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed) and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Official Statement.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding twenty percent (20%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed).

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Owner file the Annual Reports, the Notices of Material Events and certain other notices

with each of the Repositories, for so long as there is a Central Post Office, the Owner may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authority Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in

addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authority Documents, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 13. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: [Closing Date]

PULTE HOME CORPORATION, a Michigan corporation

By.....
Printed Name:.....
Title:.....

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$1,784,000*
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78678-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to***

*Subject to change.

determine the National Repositories existing at such time.) Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Official Statement" shall mean the Official Statement, dated _____, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the***

State Repositories existing at such time.) Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 1 and 2 of the Official Statement.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 4 of the Official Statement.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Official Statement.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal

Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authority Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made

shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authority Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Official Statement.

"**Authorized Denomination**" means $1,000 of principal amount and multiple integrals thereof.

"**Bondholder**" means a Holder of a Bond.

"**Business Day**" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the City where the principal corporate trust office of the Trustee is located.

"**Code**" means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

"**Costs of Acquisition and Construction**" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the Enabling Act) and in a study prepared for the District as required by the Enabling Act.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Bonds and the execution and delivery of the Indenture including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds, fees and charges for the Appraisal and charges and fees in connection with any of the foregoing and costs related to collection of Assessments.

"**Debt Service**" means, with reference to a specified period, collectively, (i) the scheduled payments of principal of and interest and premium, if any, on the Bonds for such period, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds, and (iii) amounts due with regard to Rebate for such period.

"**Governmental Obligations**" means (1) direct obligations of, or obligations fully guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Internal Revenue Code of 1954, provision for the payment of which shall have been made by the deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due, will provide sufficient moneys to pay when due the principal of, premium, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim which, at the time of deposit, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, only if such obligations are noncallable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments." Governmental Obligations also includes a "no load," open-end management investment company or trust (mutual fund), registered with

the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States of America, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-l" or better.

"**Holder**" when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

"**Maturity**" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"**Moody's**" means Moody's Investors Service or any entity succeeding to the duties and obligations thereof.

"**Opinion of Counsel**" means a written opinion of counsel who may (except as otherwise expressly provided in the Indenture) be counsel for the District and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"**Outstanding**" when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except, without duplication:

1. Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any paying agent for the Holders of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified under the heading "Defeasance" below.

"Permitted Investments" means any of the following; provided, however, any of the following which require a rating to satisfy such rating requirement shall not be a Permitted Investment if the rating is subject to any "credit watch with negative implications" by S&P or "under review for possible downgrade" by Moody's or any other notice from a Rating Agency indicating a potential downgrade or withdrawal:

A. Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America:

1. *U.S. Export-Import Bank*
   Direct obligations or fully guaranteed certificates of beneficial ownership.

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

6. *Government National Mortgage Association ("GNMA")*
   Guaranteed mortgage-backed bonds
   Guaranteed pass-through obligations

7. *U.S. Maritime Administration*
   Guaranteed Title XI financing

8. *New Communities Debentures*
   U.S. government guaranteed debentures

9. *U.S. Public Housing Notes and Bonds*
   U.S. government guaranteed public housing notes and bonds

10. *U.S. Department of Housing and Urban Development*
    Project Notes Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. *Federal Home Loan Bank System*
   Senior debt obligations

2. *Federal Home Loan Mortgage Corporation*
   Participation Certificates and senior debt obligations

3. *Federal National Mortgage Association ("FNMA")*
Mortgage-backed securities and senior debt obligations

4. *Student Loan Marketing Association*
Senior debt obligations

D. Money market funds, including mutual funds of the Trustee, registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of AAAm-G; AAAm; or AAm or better and having a rating by Moody's of "VMIG-1" or better.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P and Moody's to always have a rating of at least "A."

G. Commercial paper rated, at the time of purchase, "A-1" or better by S&P and Moody's.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P and "P-1" by Moody's.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm to the Issuer and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. *Repurchase Agreements must be between the Issuer and a dealer bank or securities firm*

   a. *Primary dealers* on the Federal Reserve reporting dealer list, or

   b. *Banks* rated "A" or above by S&P and rated "A" or above by Moody's.

2. *The written Repurchase Agreement contract must include the following*:

   a. *Securities which are acceptable for transfer are*:

      (1) Direct United States government, or
      (2) Federal agencies backed by the full faith and credit of the United States government

b. *The term of the Repurchase Agreement may be up to 30 days*

c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities)

d. *Valuation of Collateral*

(1) *The securities must be valued weekly, marked-to market at current market price plus accrued interest*

(a) The value of collateral must equal 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm plus accrued interest. If the value slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If the securities used as collateral are FNMA, then the value must equal 105%.

3. *Legal opinion which must be delivered to the municipal entity*:

a. The Repurchase Agreement meets guidelines under state law for legal investment of public funds.

K. Governmental Obligations.

L. "*REFCORP STRIPS*" obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient, is required to be paid from the United States Treasury, which interest obligations are stripped by the Federal Reserve Bank of New York.

M. Local Government Investment Pool, managed by the Treasurer of the State.

"**Rating Agency**" means S&P or Moody's.

"**Redemption Price**" when used with respect to any Bond to be redeemed means the amount to be paid on any Redemption Date for such redemption pursuant to the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"**S&P**" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, or any successor thereto.

"**Stated Maturity**" when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund, Issuance and Expense Fund and the Reserve Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund shall be held by the Trustee and applied solely as provided in the Indenture. The Bond Fund will be comprised of the Principal Account, the Interest Account and the Prepayment Account

The District shall deposit with the Trustee and the Trustee shall deposit to the Bond Fund to the credit of the applicable accounts or subaccounts:

(1) to the Principal and Interest Accounts, as applicable, all amounts collected by the Issuer from collections of the Assessments, to be applied to pay principal and interest then due on the Bonds;

(2) to the Prepayment Account all prepayments of the Assessments;

(3) to the Prepayment Account all proceeds from any foreclosure sale of any assessed property not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement; and

(4) such other funds as the District shall, from time to time, deem advisable.

The Trustee shall deposit to the Bond Fund to the credit of the applicable accounts:

(1) to the Interest Account, all accrued interest and interest capitalized;

(2) to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in the Indenture;

(3) to the Principal and Interest Accounts, amounts transferred from the Reserve Fund pursuant to the Indenture;

(4) to the Interest Account, any amounts transferred from the Reserve Fund as investment profits to be held in the Interest Account to be used to pay Bond interest not paid from Assessments as a result of prepayment or foreclosure of any Assessments; and

(5) to the Prepayment Account, any amounts transferred from the Reserve Fund as a result of a reduction in the Reserve Fund Requirement due to prepayment of Assessments or in the event the amount in the Reserve fund and Bond Fund is sufficient to pay all Bonds.

The Principal, Interest and Prepayment Accounts shall be applied solely to pay principal of, interest on and Redemption Price with respect to the Bonds.

Acquisition and Construction Fund. Deposits to the Acquisition and Construction Fund shall be applied as follows:

Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction and to pay all incidental expenses. Amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee as set forth in an Issuer Request.

The Trustee shall make payments from the Acquisition and Construction Fund upon receipt of:

1. in every case, a Disbursement Request (as defined in the Indenture) certifying that the work to which the payment relates has been accomplished in a manner satisfactory to the District. The Disbursement Request may be based upon certificates satisfactory to the Assessment District Engineer and the District Engineer;

2. in the case of payments or reimbursements due related to construction contracts, a certificate signed and approved by the Assessment District Engineer and the District Engineer certifying (a) approval of the requisition; (b) that the obligation was properly incurred; (c) that the amount requisitioned is due and unpaid; (d) that, insofar as the payment is to be made for work, material, supplies or equipment, the work has been performed and the material, supplies or equipment have been installed as part of the Projects or any portion thereof or have been delivered either at the proper site or at a proper place for fabrication and are covered by the builders' risk insurance; and (e) that all work, material, supplies and equipment for which payment is to be made are, in the signer's opinion or opinion of an inspector employed by the Municipality, in accordance with the plans and specifications or duly approved change orders.

3. in the case of payments to discharge any obligation or indebtedness of the District, properly chargeable against the Acquisition and Construction Fund, any notes or other evidences of the obligation or indebtedness to be discharged, which shall be cancelled by the Trustee and returned to the issuer thereof.

The date of completion of any portion of the Projects (the "Completion Date") shall be evidenced to the Trustee by a certificate signed by the District Engineer and the District Manager or a Responsible Officer of the Issuer stating that:

1. The Projects or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in the Projects or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the applicable portion of the Projects have been constructed, acquired and installed in accordance with the plans and specifications therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid.

Within 10 days following the Completion Date, the Trustee shall transfer any balance in the Acquisition and Construction Fund (except moneys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds.

On July 1, 2010, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund.

Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund and investments thereof shall be applied solely to pay all Costs of Issuance identified in an Issuer Request. On July 1, 2008, the Trustee shall transfer any balance to the Acquisition and Construction Fund.

Reserve Fund. The money deposited to the Reserve Fund and investments thereof shall be held in trust and applied solely as follows:

A. The District shall deposit to the credit of the Reserve Fund $134,550.*

B. On, or before June 29 and December 30 of each year, the Trustee shall, to the extent there are sufficient moneys in the Reserve Fund, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1 of each year to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve Fund Requirement to be reduced. On May 1 of each year, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings and shall thereafter deposit in the Prepayment Account, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement. On June 1, 2031,* moneys in the Reserve Fund shall be transferred to the Bond Fund.

D. After a Reserve Fund withdrawal, if the Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Reserve Fund from either the proceeds from the sale of delinquent assessments, or from all future installment payments on the assessments, but only to the extent that such portion of such installment payments is not required for the payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account.

F. If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds on the next Interest Payment Date, together with accrued interest on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Investment of and Security for Funds.

A. Money held in the Bond Fund shall be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the District.

B. Money held in the Acquisition and Construction Fund, Reserve Fund and Issuance and Expenses Fund shall be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the District.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary to do so to make any required payment.

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*Subject to change.

Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations purchased as an investment in any fund shall be deemed at all times to be a part of such fund. Other than investment profits in the Reserve Fund, the interest on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee may make any investment permitted by the Indenture through or with its own commercial banking or investment departments. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence or willful misconduct.

E. All investments in the Funds established under the Indenture shall be valued at fair market value by the Trustee.

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other remedy, as the Trustee deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of, or interest on, any of the Bonds when due, or defaults in the performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus compelling and requiring the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. **SEE "RISK FACTORS."**

If default occurs in the payment of any principal of or interest on any Bond when due and payable or at maturity, then upon demand of the Trustee, the District will cause to be paid to the Trustee the amount so due and payable and an amount sufficient to cover the costs and expenses of administration and collection, including reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to cause to be paid such amounts upon demand, the Trustee will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

The Trustee will be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of the Indenture, and in case of a sale of the Trust Estate and application of the proceeds as aforesaid, the Trustee will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the Holders, and will be entitled to recover judgment for the same. No recovery of judgment upon the District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or

remedies of the Trustee or the Holders. Any amounts due shall be payable solely from amounts collected as installments on the Assessments, and amounts held by the Trustee pursuant to the Indenture.

Application of Money Collected

Any money collected by the Trustee pursuant to the "**Remedies under the Trust Indenture**" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied as follows:

First: To the payment of all unpaid amounts due the Trustee under the Indenture;

Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal, premium and interest and (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable) on overdue principal and in case such proceeds will be sufficient to pay in full the whole amount due and unpaid, then to the payment of such principal and interest without any preference or priority;

Third: To the extraordinary redemption of Bonds; and

Fourth: To the payment of the remainder, if any, to whosoever may be lawfully entitled to receive the same, or as a court may direct.

Control by Bondholders

The Holders of a majority in principal amount of any Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to enforce the Indenture, either by judicial proceedings, the sale of the Trust Estate or otherwise; and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that

    a. such direction will not be in conflict with any rule of law or the Indenture,

    b. the Trustee may take any other action deemed proper by the Trustee not inconsistent with such direction,

    c. the Trustee has not determined that the action would be unjustly prejudicial to the Holders not taking part in such direction, and

    d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence or wilful misconduct. The Trustee may take action without that indemnity, and in that case, the District will

reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder not inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding provisions to or changing in any other manner or eliminating any provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or any waiver provided for in the Indenture of compliance with certain provisions of or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or

to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

The Trustee has undertaken to perform such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, failure to act, or wilful misconduct, except that (1) this paragraph will not limit the effect of the preceding paragraph; (2) the Trustee will not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent; (3) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith upon direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any available remedy or exercising any trust or power conferred upon the Trustee under the Indenture; and (4) no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

    a. any resolution or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper persons; and

    b. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by the Indenture before the Trustee is to take or refrain from taking any action;

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a District request and any District order or resolution may be sufficiently evidenced by a resolution of the District board;

3. whenever in the administration of the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking or omitting any action described in the Indenture, the Trustee (unless other evidence is specifically prescribed) may rely upon a certificate of a District officer;

4. the Trustee may consult with legal counsel and the written advice of such counsel will be full and complete authorization and protection in respect of any action taken or omitted by the Trustee in good faith and in reliance on the Indenture;

5. the Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders pursuant to the Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

7. the Trustee may execute any of the trusts or powers or perform any duties under the Indenture either directly or through agents or attorneys, and the Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it.

There will at all times be a trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, and having an office in the Town of Buckeye, Arizona. If such corporation publishes reports of condition at least annually, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within 30 days after giving such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District.

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or a Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor. In case all or substantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor will become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Bondholders and has accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when all Bonds previously authenticated and delivered under the Indenture have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding certain Bonds as provided in the Indenture or the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice is given to the Trustee or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be

the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee (initially The Bank of New York Trust Company) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District and the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such DTC Participants and not of DTC (or its nominee), the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX G

CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS

The following constitutes a summary of the "Foreclosure Process," specifically portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, deemed applicable to the Bonds pursuant to the Bond Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses of record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the representative of the District, or in front of the usual place of meeting of the Board of the District. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The representative of the District shall note on his records the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the representative of the District shall refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the representative of the District shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The representative of the District shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the representative of the District the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The representative of the District shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the representative of the District the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the representative of the District shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the representative of the District shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, $1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, $3.00 for the service of notice and the making of the affidavit.

The deed of the representative of the District shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The representative of the District shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.

OFFICIAL STATEMENT

NEW ISSUE - BOOK-ENTRY ONLY FORM **NOT RATED**

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds will be excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. See "TAX EXEMPTION" herein.

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and, in that regard, will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by or on behalf of the District in calendar year 2007 will not exceed $10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2007

DATED: Date of Initial Delivery **DUE: July 1, as shown on the inside front cover**

The Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds") will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $1,000 of principal amount due on a specified maturity date or integral multiples in excess thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on each January 1 and July 1 of each year, commencing July 1, 2008. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

See Inside Front Cover for Maturity Schedule

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and will be issued pursuant to a resolution of the District Board of Festival Ranch Community Facilities District (the "District") and an Indenture of Trust and Security Agreement, to be dated as of October 1, 2007, from the District to Wells Fargo Bank, National Association, as trustee. The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on certain parcels of land within the District in accordance with a method of apportionment established by the District Board of the District and agreed to by the landowners of such parcels for the costs of certain public infrastructure, each of which assessments constitute a first lien on the parcel against which it is assessed and levied, subject only to general property taxes and prior special assessments. ***(THERE ARE SUCH TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.")*** The lien for such assessments will not be extinguished as a result of enforcement of the lien for general property taxes. Any such parcel will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such parcel and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. **SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.**

THE BONDS WILL BE SUBJECT TO SPECIAL, SPECIAL OPTIONAL, OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING "THE BONDS - REDEMPTION PROVISIONS." PLEASE NOTE SPECIFICALLY THAT PURSUANT TO SUCH SPECIAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES THE BONDS ARE SUBJECT TO REDEMPTION ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used to pay a portion of the costs of acquisition of certain public infrastructure and costs of issuance relating to the Bonds and to fund a reserve fund for the payment of debt service on the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS THAT EACH PROSPECTIVE INVESTOR SHOULD CONSIDER PRIOR TO INVESTING. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE DESCRIBED SPECIAL ASSESSMENTS.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for Pulte Home Corporation by its counsel, Gallagher & Kennedy, PC, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about October 17, 2007.

RBC CAPITAL MARKETS

October 5, 2007

MATURITY SCHEDULE

Year (July 1)	Principal Amount	Rate	Yield
2009	40,000	4.30%	4.30%
2010	42,000	4.40	4.40
2011	43,000	4.50	4.50
2012	45,000	4.60	4.60
2013	47,000	4.70	4.70
2014	50,000	4.80	4.80
2015	52,000	4.90	4.90
2016	55,000	5.00	5.00
2017	57,000	5.05	5.05
2018	60,000	5.15	5.15
2019	63,000	5.20	5.20

$553,000 5.65% Term Bond Due July 1, 2026 - Price 100.00%
$677,000 5.75% Term Bond Due July 1, 2032 - Price 100.00%

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

District Board

Bobby Bryant, Chairman
Levi Beard, Vice Chairman
W. Robert Doster, Board Member
Robert Garza, Board Member
David Hardesty, Board Member
Elaine May, Board Member
David Rioux, Board Member

District Staff

Jeanine Guy, Interim District Manager
Doug Allen, C.P.A., District Treasurer
Linda Garrison, District Clerk

Trustee

Wells Fargo Bank, N.A.
Phoenix, Arizona

Appraiser

Burke Hansen, LLC
Phoenix, Arizona

District Financial Consultant

Stone & Youngberg LLC
Phoenix, Arizona

This Official Statement, which includes the cover page and the Appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the Indenture, the security for the Bonds, the District, the development of land within the District and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution, the Indenture, the Appraisal and other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"), at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF *AD VALOREM* TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION, AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS, OR THAT THEY WILL BE REALIZED. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN, SINCE THE DATE OF THIS OFFICIAL STATEMENT.

THE DISTRICT AND THE OWNER HAVE COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS OFFICIAL STATEMENT UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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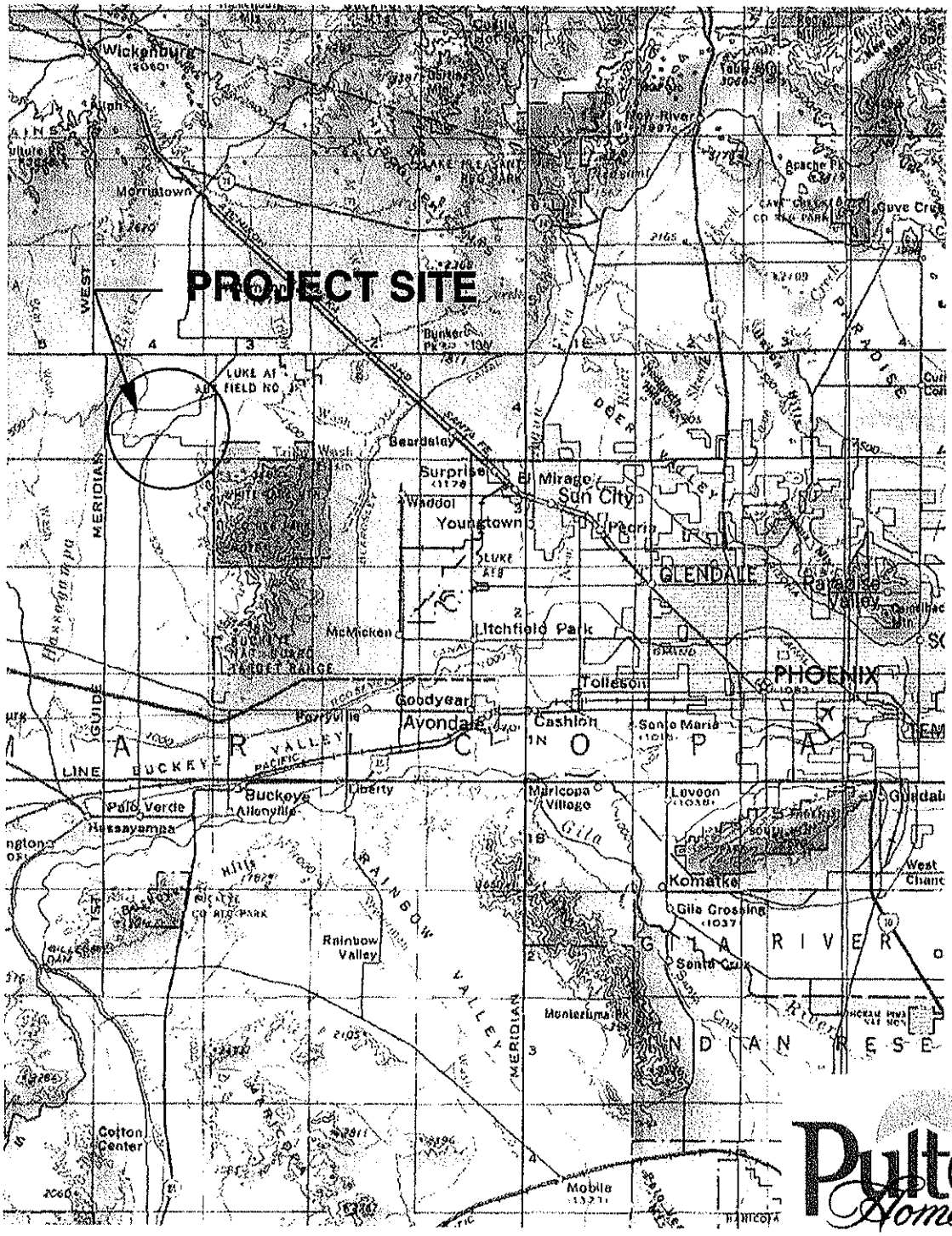
MAP SHOWING LOCATION OF FESTIVAL RANCH WITHIN METROPOLITAN PHOENIX AREA

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1



LOCATION MAP

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

JOB NO.	FIGURE
680001-01	1

SCALE : NONE

DATE:- Sep. 26, 2006
TIME:- 15:46:31
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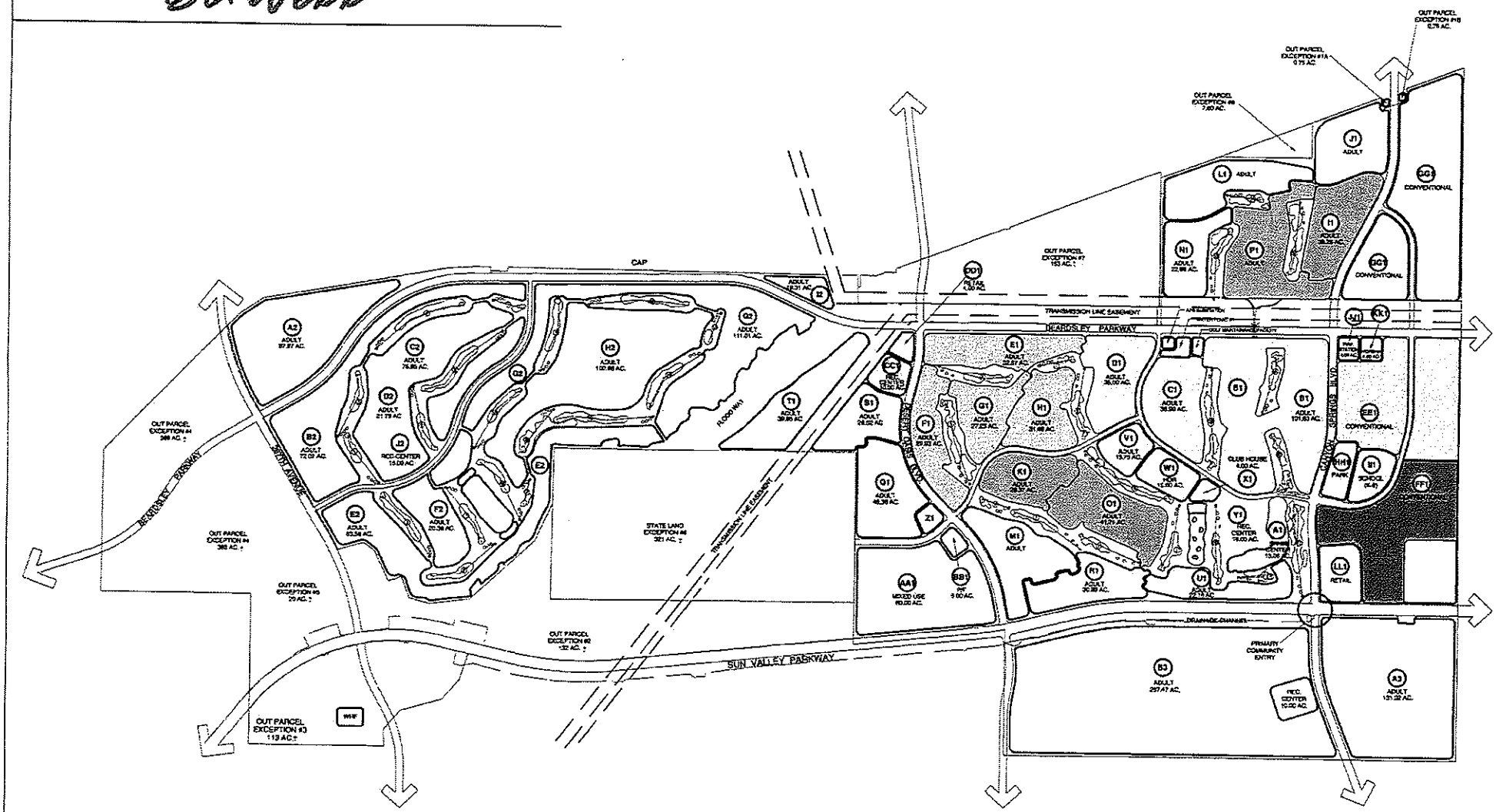
MAP SHOWING LOCATION OF ASSESSMENT DISTRICTS NOS. 1, 2, 3, 4 AND 5 IN THE CONTEXT OF THE DISTRICT

FESTIVAL RANCH

Del Webb™



FESTIVAL RANCH CFD
SPECIAL ASSESSMENT AREAS

LEGEND

- SA#1
- SA#2
- SA#3
- SA#4
- SA#5

N.T.S.

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COE & VAN LOO
PLANNING · ENGINEERING · LANDSCAPE ARCHITECTURE
4350 NORTH 12th STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,

SERIES 2007

This Official Statement, which includes the cover page and the appendices hereto (this "Official Statement"), provides certain information concerning the issuance of Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds"), in the aggregate principal amount of $1,784,000. **Certain capitalized terms not defined in the text of this Official Statement are defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions of Certain Terms" herein.** Copies of any of the documents referenced herein are available upon request to the Underwriter at Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016.

THE DISTRICT AND THE ASSESSMENT AREA

Pursuant to the Community Facilities Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Act"), and in response to a petition by Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan (the "Owner" or "Pulte"), the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), adopted a resolution on January 2, 2005, which formed Festival Ranch Community Facilities District (the "District"). See Appendix A hereto for certain information about the Town and the information under the heading "THE OWNER" for specific information about Pulte.

The District encompasses approximately 4,015 acres within the Town and is located approximately forty-two (42) miles northwest of downtown Phoenix, Arizona. See the map at page (ii) with respect to the location of the District.

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of Arizona and a municipal corporation for certain purposes of the laws of the State of Arizona (the "State"). Except as otherwise provided in the Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the Town. The Town Council serves as the District Board of the District (the "Board"), and the Town Manager of the Town currently serves as the District Manager.

Among other things, the District is intended, pursuant to a series of development agreements among the Town, the Owner and the District, to provide the vehicle for financing certain public infrastructure necessary for development of the land within the boundaries of the District. See "LAND DEVELOPMENT."

On September 4, 2007, the Board adopted a resolution approving a feasibility study relating to the financing of a portion of the costs of certain of such public infrastructure (collectively, the "Public Infrastructure") to be acquired by the District and thereafter transferred to the Town. See "THE PUBLIC INFRASTRUCTURE." Also, on September 4, 2007, the Board also adopted a resolution declaring its intent to acquire the Public Infrastructure and to pay the costs thereof and levying special assessments (collectively, the "Special Assessments" and individually as the Special Assessments relate to a particular parcel in the hereinafter defined Assessment Area, a "Special Assessment") on certain non-

governmentally owned parcels of land within the District (such parcels collectively referred to herein as the "Assessment Area" and individually, including as hereafter reapportioned, an "Assessment Parcel").

The Assessment Area is composed of two areas, four of the parcels within the first phase of development in the District comprising part of any age-restricted master planned community known as "Sun City Festival" ("Assessment District No. 4") and four of the five residential planning phases of Phase II of such development, comprising a non-age restricted master planned community known as "Festival Foothills" ("Assessment District No. 5"). The two Assessment Districts amount to approximately 245.24 assessable acres in the District which lie generally in the southeast portion of the District and currently are expected to represent 892 residential lots, all of which have been finally established by the approval of final plats by the Town. See "LAND DEVELOPMENT - The Assessment Area" and, particularly, Table 4 thereunder as well as the map at page (iii) with respect to the location of the Assessment Area.

THE BONDS

Authorization and Purpose

The Bonds are authorized pursuant to the Act and will be issued, sold and delivered pursuant to a resolution adopted by the Board on September 18, 2007 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, dated as of October 1, 2007 (the "Indenture"), from the District to the Trustee. See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure and costs of issuance relating to the Bonds and (ii) to fund a reserve fund. (See "SOURCES AND APPLICATION OF FUNDS.")

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest as set forth on the inside front cover page of this Official Statement.

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2008 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York ("DTC"), in the book-entry-only form described herein in amounts of $1,000 of principal amount due on a specified maturity date and integral multiples in excess thereof. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Special Redemption. The Bonds will be redeemed from funds of the District at the option of the District in whole or, from time to time, in part on any Interest Payment Date, upon payment of the applicable redemption price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, upon direction given to the Trustee by the District, amounts are

transferred from the Acquisition and Construction Fund for such purpose and (ii) from the proceeds received from any foreclosure sale of any assessed parcel, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement.

Special Optional Redemption. The Bonds will be redeemable from funds of the District at the option of the District in whole on any date or, from time to time, in part on any Interest Payment Date, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from, and only from, funds of the District, which are prepaid with respect to the Special Assessments and are deposited for such purpose plus amounts in excess of the Reserve Fund Requirement in the Reserve Fund as a result of prepayment and which are available for such purpose and from a transfer of Reserve Fund moneys if such moneys are sufficient to redeem all the Bonds.

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 2017, at the option of the District prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Trustee within the applicable maturity, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

Mandatory (Sinking Fund) Redemption. The Bonds maturing in the following years will be redeemed from funds of the District prior to the applicable maturity on the following redemption dates and in the following (sinking fund) amounts, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date:

Redemption Date (July 1)	Principal Amount
2026	
2020	$ 67,000
2021	70,000
2022	74,000
2023	78,000
2024	83,000
2025	88,000
2032	
2027	$ 98,000
2028	103,000
2029	109,000
2030	116,000
2031	122,000

Whenever Bonds of such maturities are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the District to the Trustee for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of such maturity.

Notice of Redemption. Notice of redemption in advance of maturity will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See Appendix F - "BOOK-ENTRY ONLY SYSTEM."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held under the Indenture, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such portion of the Bonds under the Indenture.

DEBT SERVICE FOR THE BONDS

Set forth below is the debt service requirements for the Bonds.

Year Ending (July 1)	Principal	Interest(c)	Total Annual Debt Service Requirements(c)
07/01/2008		$ 68,366	$ 68,366
01/01/2009		48,448	48,448
07/01/2009	$ 40,000	48,448	88,448
01/01/2010		47,588	47,588
07/01/2010	42,000	47,588	89,588
01/01/2011		46,664	46,664
07/01/2011	43,000	46,664	89,664
01/01/2012		45,697	45,697
07/01/2012	45,000	45,697	90,697
01/01/2013		44,662	44,662
07/01/2013	47,000	44,662	91,662
01/01/2014		43,557	43,557
07/01/2014	50,000	43,557	93,557
01/01/2015		42,357	42,357
07/01/2015	52,000	42,357	94,357
01/01/2016		41,083	41,083
07/01/2016	55,000	41,083	96,083
01/01/2017		39,708	39,708
07/01/2017	57,000	39,708	96,708
01/01/2018		38,269	38,269
07/01/2018	60,000	38,269	98,269
01/01/2019		36,724	36,724
07/01/2019	63,000	36,724	99,724
01/01/2020		35,086	35,086
07/01/2020	67,000(a)	35,086	102,086
01/01/2021		33,193	33,193
07/01/2021	70,000(a)	33,193	103,193
01/01/2022		31,216	31,216
07/01/2022	74,000(a)	31,216	105,216
01/01/2023		29,125	29,125
07/01/2023	78,000(a)	29,125	107,125
01/01/2024		26,922	26,922

Year Ending (July 1)	Principal	Interest(c)	Total Annual Debt Service Requirements(c)
07/01/2024	83,000(a)	26,922	109,922
01/01/2025		24,577	24,577
07/01/2025	88,000(a)	24,577	112,577
01/01/2026		22,091	22,091
07/01/2026	93,000	22,091	115,091
01/01/2027		19,464	19,464
07/01/2027	98,000(b)	19,464	117,464
01/01/2028		16,646	16,646
07/01/2028	103,000(b)	16,646	119,646
01/01/2029		13,685	13,685
07/01/2029	109,000(b)	13,685	122,685
01/01/2030		10,551	10,551
07/01/2030	116,000(b)	10,551	126,551
01/01/2031		7,216	7,216
07/01/2031	122,000(b)	7,216	129,216
01/01/2032		3,709	3,709
07/01/2032	129,000	3,709	132,709
Total	$1,784,000	$1,564,845	$3,348,845

Prepared by the Underwriter.

(a) Mandatory redemption requirement for the term bond maturing in 2026.
(b) Mandatory redemption requirement for the term bond maturing in 2032.
(c) Amounts may not total due to rounding.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Bond Fund and Special Assessments

The Bonds will be payable solely from and secured by a special, separate fund established pursuant to the Bond Resolution and maintained by the District (the "Bond Fund") which will contain the installment payments collected with respect to the Special Assessments levied on the land in the Assessment Area. (The remaining land in the District does not represent security for the Bonds.) The Bonds will, under certain circumstances, also be payable from amounts available from time to time in the hereinafter described "Reserve Fund." The Board has levied the Special Assessments on the parcels of land comprising the Assessment Area based on the benefit determined by the Board to be received by such land from the Public Infrastructure. **Pursuant to an agreement to be entered into between the District and the Treasurer of Maricopa County (the "Treasurer"), the District may, in each year, determine to have some or all of that year's installment payments collected with respect to the Special Assessments collected by the Treasurer as part of, and pursuant to the procedures for collection of, general property taxes. (See: "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES - Introduction.") In the event of nonpayment of a current year installment that is collected by the Treasurer, such installment will no longer be collected under the Foreclosure Process as defined and described below but will instead be collected in the same manner as general property taxes. However, it is the intent of the**

District to collect the remaining installments of that assessment pursuant to the Foreclosure Process. Collection of a delinquent installment by the Treasurer may result in a delay in the ultimate collection of such installment.

The Special Assessments are a first lien on the property assessed subject only to, notwithstanding any such agreement with the Treasurer, general property taxes and prior special assessments. **(THERE ARE SUCH TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.")** ***Failure to pay such taxes and subsequent foreclosure of the related lien does not extinguish a Special Assessment though. Neither the current owners nor any subsequent owners of any Assessed Parcel will be obligated to pay the Special Assessments or the Bonds, and the assets of the current owners or any subsequent owners, other than the Assessed Parcels, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Parcels. The Special Assessments are not cross defaulted.)***

In the event of nonpayment of amounts due with respect to a Special Assessment, the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended (the "Foreclosure Process"), apply, as nearly as practicable, **except that neither the District nor the Town is required to purchase the Assessed Parcels subject to delinquency at the sale even if there is no other purchaser. SEE, "Foreclosure Process" and "RISK FACTORS - NON-PAYMENT OF ASSESSMENTS."** Any Assessed Parcel will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such Assessed Parcel and, if sold, the proceeds thereof deposited in the Bond Fund or to replenish the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and the enforcement of remedies against delinquent Special Assessments (including the Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE TOWN, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT BUT WILL BE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE RESERVE FUND.

Reserve Fund

As indicated in "SOURCES AND APPLICATIONS OF FUNDS," $137,182 of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. The amount in the Reserve Fund shall be not more than the lesser of ten percent (10%) of the outstanding principal amount of the Bonds or an amount equal to the maximum debt service payments due on the Bonds in any Fiscal Year as determined in either case from time to time (the "Maximum Reserve Fund Requirement"). All income from investments of the Reserve Fund will be transferred to the "Interest Account" of the Bond Fund and used to pay semiannual interest on the Bonds.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the "Principal or Interest Accounts" of the Bond Fund as is necessary to make timely payments of principal or interest or

both on the Bonds. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) from all future installments on the Special Assessments provided, however, that no payments shall be made to the Reserve Fund which will prejudice the punctual payment of principal and interest on the Bonds.

Whenever the amount in the Reserve Fund equals or exceeds the aggregate of all outstanding principal of, interest accrued or to accrue on the Bonds, the excess amount in the Reserve Fund may be transferred to the Bond Fund to pay principal and interest on the Bonds when due either at maturity or prior redemption.

Foreclosure Process

The Foreclosure Process is provided by the Bond Resolution which provides that certain sections of the "General Public Improvements and Improvement Bonds Law" of the Arizona Revised Statutes are applicable. Appendix G includes portions of certain sections of such law. Generally, a representative of the District is required, within twenty days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due by him, and the corresponding Assessed Parcel upon which the Special Assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of ten days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the representative is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, all the Assessed Parcels on which an installment of the Special Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the representative is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the representative has mailed such notice. The time of sale shall not be less than five days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the Assessed Parcel advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each Assessed Parcel separately assessed shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the Assessed Parcel of land and then and there pay the amount of the Special Assessment, penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the Town or the Owner are required to purchase delinquent land at any sale, even if there is no other purchaser.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The maximum amounts of the Special Assessments have been established by a methodology established by the District Assessment Engineer and levied by the Board, based on the benefit to be received by the respective parcels. The Owner has agreed to the amounts of the Special Assessments pursuant to a waiver agreement applicable to the Assessment Area which runs with the Assessment Area. The Special Assessments have been levied on the Assessment Area and against the parcels indicated in Table 4, as further described herein under the section "LAND DEVELOPMENT."

Appraisal Values. Appraisals of the land in the Assessment Area, dated August 10, 2007 (collectively, the "Appraisal"), were performed by Burke Hansen, LLC, Phoenix, Arizona (the "Appraiser"), at the request of the District for the purpose of determining the value of the Assessment Area as security for the Special Assessments. (There are two separate appraisals - one for Assessment District No. 4 and another for Assessment District No. 5 as indicated on the map at page (iii) and described in Table 4.) The discussion of the Appraisal contained herein is expanded and supplemented by the Appraisal which is attached to this Official Statement as Appendix C hereto. **THE APPRAISAL SHOULD BE READ IN ITS ENTIRETY TOGETHER WITH THIS OFFICIAL STATEMENT.**

Subject to the terms and conditions thereof, the Appraisal provides the "wholesale bulk values" which are the "as is values" using a "modified cost approach." (Please review carefully the explanation of these terms provided in the Appraisal.) The Assessment Area had an overall value to assessment ratio of not less than 24.86 to 1 as of such date. The value to assessment ratio of each individual parcel is different though; the ratio and the value are computed on a parcel by parcel basis in Table 4 herein.

Details of the Special Assessment liens for each of the parcels, the appraised value and value-to-assessment ratio are set forth in Table 4. **SEE, "RISK FACTORS" PARTICULARLY "- FAILURE OR INABILITY TO COMPLETE PROPOSED DEVELOPMENT" AND "- COMPLETION OF THE PUBLIC INFRASTRUCTURE AND THE OTHER INFRASTRUCTURE."**

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. SEE "RISK FACTORS" PARTICULARLY "- APPRAISED VALUES."

Full Cash Values. **Pulte estimates that the "full cash value" for tax year 2007-2008 as determined by the County Assessor of Maricopa County, Arizona (the "Assessor"), for the property within the Assessment Area is $100 per acre, much less than the total of the values shown in the Appraisal.** (Estimated "full cash value" is the total market value as determined by the Assessor.)

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within the District or the Assessment Area which may be issued or levied in the future by other governmental entities or political subdivisions,

including but not limited to the Town, Maricopa County, Arizona (the "County"), school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or the Assessment Area. To the extent such indebtedness is payable from general property taxes or taxes are levied for other purposes, such taxes will have a lien on the property within the District paramount and superior to the lien of the Special Assessments. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Special Assessments. See "Other Debt of the District." Currently, there are no prior special assessment liens in the Assessment Area. **SEE, ALSO, "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES" FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property" and "full cash value." Taxes levied against the assessed limited property value are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. With the exception of personal property (other than permanently affixed mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily by using either the limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use established at the previous year's limited property value increased by the greater of either ten percent of the previous year's limited property value or 25 percent of the difference between the previous year's limited property value and the current year's full cash value or the limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city/town and community college district is constitutionally limited to a maximum increase of two percent over the previous year's levy limit plus any taxes on property not subject to tax in the previous year (e.g., new construction and property brought into the jurisdiction because of annexation). In November 2006, the maximum allowable tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The two percent limitation does not apply to primary taxes levied on behalf of school districts. Primary taxes on owner-occupied residential property only are constitutionally limited to one percent of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school districts by providing additional State aid.

Taxes levied against the assessed value are referred to as secondary taxes, which are used for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts (including maintenance and operation expenses of the District). There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale as hereinafter described. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than 16 percent per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

Existing, Overlapping, Superior, General Obligation, Bonded Indebtedness and Taxes

Overlapping, general obligation, bonded indebtedness and tax levies for other purposes with respect to land in the Assessment Area, the lien for which is paramount and superior to that of the Bonds is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed valuation and combined tax rate per $100 of assessed valuation. The applicable percentage of each jurisdiction's assessed valuation which lies within the Assessment Area was derived from information obtained from the Assessor. The District has authorized the issuance of up to $175,000,000 principal amount of general obligation bonds of which $2,335,000 has been sold and issued. The District and Pulte intend to continue to sell and issue such debt in the future if property values within the District, and subsequent property tax revenues, are sufficient to support the debt service related to such debt at a tax rate not expected to exceed $3.00 per $100 of assessed valuation, but which would, if necessary, be unlimited as to rate and amount. See "Overlapping, Superior, General Obligation Bonded Indebtedness of the District and Maintenance and Operation Tax."

TABLE 1

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

Direct and Overlapping Jurisdiction	2007-2008 Secondary Assessed Valuation	Net Outstanding Bonded Debt(a)	Proportion Applicable to the District(b)		2007-2008 Combined Tax Rate Per $100 Assessed(c)
			Approx. Percent	Net Amount	
State of Arizona	$71,852,630,420	None	0.00%	None	$0.0000
Maricopa County(e)	49,534,573,831	None	0.00	None	1.4958(d)
Maricopa County Community College District(f)	49,534,573,831	$557,390,000	0.01%	$ 55,739	0.9760
Western Maricopa Education Center	17,648,505,706	None	0.03%	0	0.0500
Wickenburg Unified School District No. 9	165,889,499	20,000,000	3.68%	736,000	6.3518
Town of Buckeye(g)	369,230,204	310,000	1.65%	5,115	1.1421
The District	6,102,478	2,305,000	100.00	2,305,000	3.3000
Total Net Direct and Overlapping General Obligation Bonded Debt				$3,101,854	$13.3157

(a) This table does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust. This table also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which ten cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These

percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona legislation. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) Proportion applicable to the District is computed on the ratio of secondary assessed valuation for 2007-2008. Because the Assessment Area only encompasses the area shown on the map on page (iii) which is a smaller area than the area of the District, these amounts are greater than what actually overlaps the Assessment Area. If the secondary assessed value within the District increases at a faster rate the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase.

(c) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which, in some cases, is based on the primary assessed valuation of the jurisdiction.

(d) The County's tax rate includes the $0.1000 tax rate of the Central Arizona Water Conservation District, the $0.1533 tax rate of the Maricopa County Flood Control District, the $0.0391 tax rate of the County Free Library, the $0.0935 tax rate of the Maricopa County Health Care District, the $0.0053 tax rate of the County Fire District contribution and the $1.1046 tax rate of the County. It should be noted that the County Flood Control District does not levy taxes on personal property.

(e) Does not include Maricopa County, Arizona certificates of participation outstanding in the aggregate principal amount of $4,295,000 or lease revenue bonds issued by the Maricopa County Public Finance Corporation in the aggregate principal amount of $173,670,000. Does not include County Stadium District revenue bonds outstanding in the aggregate principal amount of $47,230,000.

(f) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $18,300,000.

(g) Does not include obligations of the Town outstanding in the following aggregate principal amounts:

Miller Road ID Bonds	$ 3,325,000
Excise Tax Revenue Obligations	28,480,000

Source: Individual jurisdictions and miscellaneous other sources.

Overlapping, Superior, General Obligation, Bonded Indebtedness and Maintenance and Operations Tax of the District

Pursuant to an election held on May 25, 2005, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $175,000,000 in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness for the District could be authorized by elections in the future. The District has authority to issue, in accordance with the procedures set forth in the Act, such bonds payable from *ad valorem* property taxes levied on property within the District without limit as to rate or amount. $2,335,000 principal amount of such bonds have been sold and issued. It is expected that an additional amount of such bonds will be sold in the third quarter of next year. The District also levies a secondary *ad valorem* property tax of $.30 per $100 of secondary assessed valuation for administrative, operational and maintenance costs of the District is also being levied. The lien for such taxes would be superior and paramount to that for the Special Assessments with respect to the Bonds. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES."**

Other Additional, Overlapping, Superior, General Obligation, Bonded Indebtedness and Taxes

As noted hereinabove, the District has no control over the amount of additional debt payable from taxes or tax levies for other purposes on all or a portion of the property within the District that may be issued or levied in the future by other political subdivisions, including but not limited to the Town, the County, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness or tax levies for other purposes could be authorized for such overlapping jurisdictions in the future. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS AND TAXES."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonded debt available for future issuance:

TABLE 2
AUTHORIZED BUT UNISSUED
GENERAL OBLIGATION BONDS

Maricopa Community College District	$521,093,000

Source: Individual jurisdictions.

Other Debt of the District

The District issued Assessment District No. 1 Special Assessment Revenue Bonds, Series 2005 (the "Series 2005 Assessment Bonds") in aggregate principal amount of $1,448,000 on November 17, 2005, to finance the costs to acquire a portion of the first phase of public infrastructure for development of land in the District. Approximately 153.2 acres of land within the District (the "First Assessment Area ") are assessed to pay debt service on the Series 2005 Assessment Bonds. The public infrastructure was composed of more than 34,000 linear feet of local roadways in the First Assessment Area which cost more than $4,600,000 and were completed in June 2007. (See the map at page (iii) for the location of the First Assessment Area.) The total cost of such public infrastructure was greater than the amount available from proceeds of the sale of the Series 2005 Assessment Bonds; the balance of the

cost of the Public Infrastructure has been paid by the Owner. All of the infrastructure financed with the above described bonds has been or will be dedicated to the Town.

The District also issued Assessment Districts Nos. 2 and 3 Special Assessment Revenue Bonds, Series 2007 (the "Series 2007 Assessment Bonds") in aggregate principal amount of $1,868,000 on April 4, 2007, to finance the costs to acquire another portion of the first phase of public infrastructure for development of land in the District. Approximately 275.8 acres of land within the District (the "Second and Third Assessment Area") are assessed to pay debt service on the Series 2007 Assessment Bonds. The public infrastructure was composed of more than 42,000 linear feet of local roadways in the Second and Third Assessment Area which are expected to cost more than $4,700,000 and to all be completed by July 2008. (See the map at page (iii) for the location of the Second and Third Assessment Areas.) The total estimated cost of such public infrastructure is greater than the amount to be available from proceeds of the sale of the Series 2007 Assessment Bonds; the balance of the cost of the public infrastructure will be paid by the Owner. All of the infrastructure financed with the above described bonds has been or will be dedicated to the Town.

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future. The term "special assessments" as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **SEE "RISK FACTORS - DIRECT AND OVERLAPPING INDEBTEDNESS."**

SOURCES AND APPLICATIONS OF FUNDS

The sources and application of funds with respect to the Bonds is as follows:

TABLE 3

SOURCES OF FUNDS	
Par Amount of Bonds	$1,784,000
TOTAL SOURCES	$1,784,000
USES OF FUNDS	
Payment of Costs of Issuance (including Underwriter's Discount)	$ 151,560
Deposit to Debt Service Reserve Fund	137,182
Deposit to Acquisition and Construction Fund	1,495,258
TOTAL USES	$1,784,000

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The Public Infrastructure is composed of approximately 43,605 linear feet of local roadways in the Assessment Area which are expected to cost more than $4,500,000 and to all be completed by September 2009. *These costs are estimated and, once contracted for, subject to change orders and unforeseen events. Completion dates are also estimated and, once contracted for, subject to change orders and unforeseen events and other potential delays.* The total estimated cost of the Public Infrastructure is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the Public Infrastructure will be paid by the Owner. See "LAND DEVELOPMENT - In General."

The Public Infrastructure has been or will be publicly bid in compliance with the process required by State law and the District. The Public Infrastructure will be constructed and completed by the Owner and then acquired by the District and transferred to the Town upon completion. Proceeds of the sale of the Bonds will be used by the District to acquire the Public Infrastructure.

THE OTHER INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Certain other infrastructure (collectively, the "Other Infrastructure") is being constructed in connection with the development of the Assessment Area and the construction of homes therein as described hereinbelow. None of the Other Infrastructure is being financed with proceeds of the sale of the Bonds, but instead will be financed by the Owner. See "THE OWNER."

Water Reclamation Facility

The District will be serviced by an ultimate 3.0 million gallon per day water reclamation facility which, ultimately, will be owned and operated by the Town. This facility will be constructed in three phases of 1.0 million gallons of capacity each. All necessary permits and approvals for the construction of the first phase (1.0 million gallons per day capacity) have been secured. These include a MAG 208 Amendment (4.0 million gallons per day capacity), County Environmental Services Approval to Construct, Town approved construction drawings, United States Army Corps of Engineers 404 permit, AZPDES discharge permit and dust control permit. The first phase of the water reclamation facility is anticipated to service approximately 4,000 homes within the District including the Assessment Area.

Current development plans would require construction of the second phase (an additional 1.0 million gallons per day capacity) in 2012.

Pulte entered into a construction contract for the first phase of the water reclamation facility in the amount of $8,643,000. Construction commenced in September 2005 and was substantially completed in October 2006. The approval to commence operations was also received from Maricopa County Environmental Services on September 26, 2006. Stipulations of the approval require "vault and haul" operations until the facility is receiving influent quantities sufficient to support the biological treatment process. The primary effluent discharge method will be re-use for irrigation purposes on the golf courses.

Water Production Campus

The District will be serviced by two water production campuses which, ultimately, will be owned and operated by the Town. The first water production campus which will serve the Assessment Area will be located at the southeast corner of Desert Vista Boulevard and Beardsley Parkway. Within this water production campus will be 2.4 million gallons of storage (constructed in two phases of 1.2 million gallons), a well and booster pumps. It is anticipated that four groundwater wells will ultimately be constructed. To date, two groundwater wells have been constructed and equipped with a third well proposed to be drilled by the end of 2009. Construction of the fourth well will be dependent on the production rate of the third well as to timing. All permits and approvals have been secured including County Environmental Services Approval to Construct, United States Army Corps of Engineers 404 permit, Town construction drawing approval, AZPDES stormwater discharge permit and dust control permits.

Pulte has entered into a construction contract for the first portion of the water production campus in the amount of $5,275,000. Construction commenced in September 2005 and was substantially completed in July 2006.

The Town is not designated as having an assured water supply pursuant to applicable Arizona law. In order to plat, subdivide and sell lots, owners of property in the District must obtain a Certificate of Assured Water Supply (a "Certificate") from the Arizona Department of Water Resources ("ADWR"). Obtaining Certificates requires, among other things, a hydrology study supporting determinations that sufficient water of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR. The Town has agreed to take all reasonable steps to assist the Owner in connection with applications for Certificates for portions of such area and entering into such contracts as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to applicable Arizona law which are required in order for the area to qualify as "member land" under applicable Arizona law. The assured water supply designation can be terminated or modified by ADWR should circumstances warrant.

The District lies within the Lower Hassayampa Groundwater Sub-Basin. Property within the District is expected to be served primarily from groundwater from the Lower Hassayampa Groundwater Sub-Basin.

On January 22, 2004, ADWR issued an Analysis of Assured Water Supply (the "Analysis") for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available, which is equivalent to the projected build-out

demands for the development. The proposed development evaluated by ADWR includes 3,208 single-family residential lots, 9,018 active adult single-family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights-of-way, a community center, easements and three golf courses.

The Analysis is used in support of applications for the Certificates. With respect to the property covered by the Analysis, two Certificates have been issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year and included the property within the First Assessment Area, the Second and Third Assessment Area and the Assessment Area. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year.

Based upon the foregoing, approximately 35 percent (4,292 lots of 12,226 total lots) of the lots within the District have received the necessary Certificates. Applications for Certificates for the remainder of the property within the District have not yet been made.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place. Failure to maintain sufficient supplies may prevent further development in the Lower Hassayampa Groundwater Sub-Basin from obtaining the necessary Certificates. ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificate issued November 23, 2004, for 3,473 lots, at least one lot has been sold. Loss of, or inability to obtain, necessary Certificates may have adverse effects. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

Other

Electrical service for the District is provided by Arizona Public Service Company. Telephone and television cable services are provided by Cox Communication.

The District is located in the Wickenburg Unified School District. School facilities are planned within the non-"age restricted" communities, and the first is anticipated to be open to student enrollment in the 2007/2008 school year. Such school is currently under construction and is anticipated to be completed in January 2008. The site has been donated by the Owner to such District. All plans for proposed schools are subject to change, and neither the responsibility nor within the control of the Owner. Construction starts for other schools are dependent upon growth within Festival Ranch and the surrounding communities.

The District receives primary vehicular access from Sun Valley Parkway. Provisions for arterial and collection vehicular access (including that financed with Series 2005 Assessment Bonds and the Series 2007 Assessment Bonds) provides necessary additional access. The Owner anticipates spending more than $28,000,000 for arterial and collector roads (including related landscaping), $8,000,000 for sewer trunk and collector lines and $11,000,000 for water distribution lines and facilities within the District. Completed improvements included in such costs are the following: 111,170 lineal feet of trunk sewer from the water reclamation facility and within the first area of development of the District have been installed, 132,067 lineal feet of water supply and distribution lines have been installed within such area of development, storm drain, paving and concrete on Canyon Springs Boulevard from Sun Valley Parkway to Beardsley Parkway, on Desert Vista Boulevard from Canyon Springs Boulevard to Beardsley Parkway and on Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard have been installed. The Owner has received construction drawing approval for Beardsley

Parkway from the east property line to Desert Oasis Boulevard from the Town. Construction of these roadways will be necessary to provide safe vehicular access within the District. Construction will take place between January 2007 and June 2010. The Owner has publicly bid the improvements outlined above and anticipates that certain of such improvements will be the subject of future bond offerings by the District.

Mass grading operations have been completed on approximately 1,284 acres. Additionally, the Owner has completed the installation of sewer, water, storm drain, concrete, paving, dry utilities and street lights within the model complex, serving 24 lots. Nine models, and a 12,000 square foot sales center are complete and in operation. The 18-hole Copper Canyon Golf Course, a 31,000 square foot recreation center, a 15,000 square foot restaurant/clubhouse/cart barn and related recreational amenities are complete. Installation of sewer, water, storm drain, concrete, paving and dry utilities within the first area of development of the District, which will serve 1,537 lots, is substantially complete. The Owner received certificates of occupancy and closing of homes began in October 2006.

The Owner has provided a temporary police and fire facility at the southeast corner of Beardsley Parkway and Canyon Springs Boulevard. This facility is operational. Ultimately, the Town police and fire departments will be housed in a permanent facility located at the southwest corner of Desert Oasis Boulevard and Mountain Ridge Boulevard. Timing of construction of the permanent facility will be determined by market conditions and absorption in Festival Ranch.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In General

The Assessment Area is part of the District. The District consists of approximately 4,015 acres which are being developed as part of a larger, approximately 10,281 acre mixed use, master-planned community known as "Festival Ranch." Festival Ranch is planned to include ultimately, among other uses, approximately 24,176 residential units and approximately 7,187,410 square feet of mixed commercial and multi-family use. The residential units within Assessment District No. 4 will be developed as part of a 2,951-acre, "age restricted" community, planned for 7,200 dwelling units; the residential units within Assessment District No. 5 are not age restricted and includes 357 acres, planned for 1,350 residential dwelling units. (Only the Assessment Area, and not the remaining area in the District, represents security for the Bonds. See the map at page (iii) for the location of the Assessment Area.) The major components of the infrastructure necessary for development of the Assessment Area are described under the headings "THE PUBLIC INFRASTRUCTURE" and "THE OTHER INFRASTRUCTURE."

Located approximately forty (40) miles northwest of downtown Phoenix, Arizona, primarily north of Interstate 10, the land within the boundaries of the District is located in the northern portion of the Town, and fee title interest under certain purchase agreements was acquired by the Owner in 2004. All of the property in the Assessment Area is owned by the Owner. See "THE OWNER." The

District is the subject of a Community Master Plan ("CMP") adopted by the Town in October of 2000. An Area Plan for Festival Ranch was adopted by the Town in June of 1997.

Festival Ranch is also the subject of a Development Agreement, dated October 4, 2000 (the "Land Development Agreement"), which addresses the rights of the Owner to develop the property as provided in and subject to the conditions of such agreement. (The Land Development Agreement has been modified by way of a single recorded amendment.) The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things Town services, reimbursements to the Owner for certain public infrastructure, the Town's processing of plans and permits, and public bidding. The Land Development Agreement, as amended, also addresses the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the Town for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the Town. The Owner is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the District.

Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes in the Assessment Area and as described more fully below, the homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and other infrastructure.

The Owner is responsible for the construction of all offsite infrastructure and subdivision improvements (including the Public Infrastructure), necessary to deliver fully finished lots. The single family residences will be constructed by the Owner on lots ranging in size from 4,945 to 8,800 square feet; homes will be base priced from $160,000 to over $370,000.

The Assessment Area

The Assessment Area is shown on the map at page (iii) and includes approximately 245.24 acres of assessable area. Final zoning for all lands within the Assessment Area has been obtained and is consistent with the Owner's current development plans for such lands; all such lands are also subject to final plats. As of the date of the Appraisal, grading had been completed in Assessment District No. 4, but installation of on-site infrastructure had not been started in Assessment District No. 5. Home construction is expected to start in Assessment District No. 4 in December, 2007. While the lot sizes vary within each parcel in the Assessment Area, there are eight sizes/types of lots: 43 feet x 115 feet, 46 feet x 110 feet, 48 feet x 115 feet, 58 feet x 115 feet, 60 feet x 110 feet, 68 feet x 115 feet, 70 feet x 110 feet and 80 feet x 110 feet. It is currently planned that, upon completion, the Assessment Area will include the following uses described in Table 4, affected by the corresponding Special Assessments:

TABLE 4

Parcel (a)	Assessable Acreage	Estimated Single Family Home Lots (b)	Assessment Per Lot(c)	Estimated Appraised Value Per Lot(c)	Assessment Per Assessed Parcel	Estimated Appraised Value Per Assessed Parcel	Per Assessed Parcel Value to Lien
			Assessment District No. 4				
I-1	36.34	152	$2,000	$47,000	$ 304,000	$ 6,787,000	22.33:1
K-1	28.36	126	2,000	57,000	252,000	6,823,000	27.08:1
O-1	40.31	171	2,000	70,000	342,000	11,371,000	33.25:1
P-1	81.07	193	2,000	56,000	386,000	10,268,000	26.60:1
			Assessment District No. 5				
Festival Foothills:							
Unit 15	19.35	85	2,000	23,000	170,000	1,857,000	10.92:1
Unit 17	14.70	71	2,000	26,000	142,000	1,754,000	12.35:1
Unit 21	12.75	33	2,000	42,000	66,000	1,317,000	19.95:1
Unit 23	12.36	61	2,000	34,000	122,000	1,970,000	16.15:1
TOTAL	245.24	892			$1,784,000	$42,147,000	

(a) The Assessment Area is depicted on the map at page (iii).
(b) Lots relate to single family, residential lots.
(c) "Per Lot" figures are derived by dividing the "Estimated Single Family Home Lots" into the "Assessment Per Assessed Parcel" and the "Estimated Appraised Value Per Assessed Parcel" as reported in the latter case in the Appraisal. Actual developed lots may vary from the number of lots approved in final plats. See Appendix C.

Although the assessed amount to be allocated to each lot is currently anticipated to be $2,000, such amount is based on the number of Estimated Single Family Home Lots indicated above, which may change based on the results of the final plat approval process of the Town. If the number of Estimated Lots changes after the Bonds are issued, the Manager of the District may, but is not required to, re-allocate the Assessment on a pro-rata basis to all of the lots which would result in a special assessment per lot other than $2,000.

Table 5 reflects the projected 2009 and 2010 sale of lots by the Owner in the Assessment Area.

TABLE 5

Calendar Year	Estimated Single-Family Lot Closings	
	Assessment District No. 4	Assessment District No. 5
2009	305	139
2010	337	111

The Owner may sell parcels (or portions thereof) to other subsequent owners. There can be no guarantee that the Owner or any subsequent owners will have the financial capabilities to complete development discussed in this section of the Official Statement on any land so acquired.

There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Moreover, as the ownership of the parcels is subject to change, the development plans may not be continued by the subsequent owner if the parcels are sold, however development by any subsequent owner will be subject to the policies and requirements of the Town. The projections above are also subject to the timely completion of the Public Infrastructure and the Other Infrastructure. The amounts due with respect to the Special Assessments are not personal obligations of the Owners or of any subsequent landowners; the Bonds are secured solely by the Special Assessments.

THE OWNER

The information contained in this section relates to and has been obtained from the Owner, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading "RISK FACTORS" as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Pulte, a Michigan corporation, is a wholly-owned subsidiary of Pulte Homes, Inc., a Michigan corporation, which is a publicly traded company listed on the New York Stock Exchange ("Pulte Homes"). Pulte Homes is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. None of the District, Bond Counsel, the Underwriter nor Counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described hereinbelow.

Construction of houses on the remaining lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in Festival Ranch, which may render the sale of such homes difficult or unattractive; acts or war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies. (Certain approvals needed in the future for the development must come from the Town, over which the District has no control.)

The residential development business, particularly with respect to communities such as Festival Ranch, is highly competitive in the Phoenix metropolitan area. The business of merchant builders building in the District will face competition from a number of competitors in the Town and other developments throughout the Phoenix metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market. As has been widely reported, there has been a general slowdown in the single family housing sector in the Phoenix metropolitan area over the past 12 to 18 months, and decreased absorption rates associated with such slowdown could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE OWNER AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE ASSESSMENT AREA IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

The land in the Assessment Area is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within the Assessment Area will likely reduce the diversity of ownership on land within the Assessment Area.

Development, including the phase of the development plan for the Assessment Area, requires obtaining a variety of governmental approvals and permits. Such approvals and permits are

necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Owner.

Failure or Inability to Complete Proposed Development

The development of each phase of Festival Ranch (including the phase in which the Assessment Area is included) will be staged so that a particular phase will not be developed all at once. The financing for development of Festival Ranch as a whole will be provided by funds provided by the Owner and other sources. The availability of funding for the completion of Festival Ranch will depend upon the demand for residential lots or units within Festival Ranch and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Festival Ranch, or, if obtained, will be in an amount sufficient to complete development of Festival Ranch. If satisfactory funding is unavailable, the Owner may be required to delay or suspend completion of the development of the balance of Festival Ranch.

Public and private on-site and off-site improvements may increase the public and private debt for which the land within the District including the Assessment Area is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "Direct and Overlapping Indebtedness."

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District (including in the Assessment Area) is not yet complete. See "THE OTHER INFRASTRUCTURE." The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described hereinabove. If cost overruns result in delay of construction, or if other delays are experienced, sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District.

Availability of Utilities

Water and sewer service to the District will be provided by the Town as described under the heading "THE OTHER INFRASTRUCTURE." Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District, including the Assessment Area. See "Failure or Inability to Complete Proposed Development." Certain utilities are to be developed by the Town pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed.

Direct and Overlapping Indebtedness and Taxes

The ability of an owner of land within the Assessment Area to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The

existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.") The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the special assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessment. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of estimating the "wholesale bulk values" which are "as is values" using a "modified cost approach" or a "sales comparison approach"[???], *as applicable, of the fee simple interest of each of the parcels that comprise the Assessment Area as described herein under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Special Assessments and Land Values -- Appraisal Values." As described in complete detail in the Appraisal, the basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots - a subdivision of finished residential lots. The "as if complete" value is estimated using "static analysis" and "yield analysis" (discounted cash flow). The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development cost and incurred profit. Other approaches were not utilized for the Appraisal to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population.)*

There can be no assurance that the values described in the Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the value determined in the Appraisal is related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any parcel become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments levied against the Assessment Area within the District be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established a Reserve Fund in the amount of the Maximum Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See

"SECURITY FOR THE BONDS - Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment on a portion of the Assessment Area, the amount received by the District from the sale of such portion of the Assessment Area, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against property subject to assessment during the pendency of bankruptcy. Such assessment might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect assessments on a property of a taxpayer within the District. Proceeds to pay such assessments come only from the property owner or from a sale of the lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "lien sale investors" may be reluctant to purchase liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any owner of property in the Assessment Area, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. Neither the District, the Underwriter nor their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any such owner, nor have they assumed responsibility for the same.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Depletion of Reserve Fund

Failure of the owners of assessed property to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Environmental Matters

Festival Ranch, including the phase of the development plan which represents the real estate development in the Assessment Area, will be subject to risks arising out of environmental, archeological and biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Festival Ranch resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archeological artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports).

The development of the property within the Assessment Area is in the early phases of development and construction. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Owner anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the Assessment Area and the District; however, the Owner does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections

Included in this Official Statement are various projections for lot closings, completion dates, completion costs and other items. The projections for lot closings, completion dates, completion costs and other items are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Owner believes to be significant and which the Owner cannot control may also exist. There are usually differences between projections for lot closings, completion dates, completion costs and other items and actual lot closings, completion dates, completion costs and other items, because the lot closings, completion dates, completion costs and other items frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Offering Memorandum can be achieved.

LITIGATION

At the time of delivery and payment for the Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution or the Indenture, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Indenture, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds will be excluded from gross income for federal income tax purposes and will be exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The opinion of Bond Counsel assumes continuing compliance with such restrictions, conditions and requirements.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. The AMT is equal to the excess (if any) of a taxpayer's "alternative minimum tax" for a taxable year over its regular income tax liability for the taxable year. The alternative minimum tax is based upon a taxpayer's "alternative minimum taxable income" ("AMTI"). A taxpayer's AMTI is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, included in the adjustments of AMTI for corporations is an adjustment increasing the corporation's AMTI by seventy-five percent (75%) of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Under existing federal tax law, if the Bonds are determined to be invalid for failure to comply with a substantive or procedural requirement of local law, the Bonds will be deemed not to be an obligation of the District and interest thereon will not be excludable from gross income for federal income tax purposes. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and, in that regard, will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued by or on behalf of the District in calendar year 2007 will not exceed $10,000,000.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. **See "RISK FACTORS."**

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See "TAX EXEMPTION" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of Appendix B hereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Owner by its counsel, Gallagher & Kennedy, PC. **See "RELATIONSHIPS AMONG PARTIES."**

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $1,734,940 (reflecting the aggregate principal amount of the Bonds, less Underwriter's compensation of $49,060). The prices or yields set forth on the inside front cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Owner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports will be filed by the District and the Owner with a "Central Post Office" for distribution to each "Nationally Recognized Municipal Securities Information Repository" and with the appropriate "State Information Depository," if any. The Notices of Material Events will be filed by the District and the Owner with the same entities as

well as the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events, and the circumstances under which subsequent landowners of land now owned by the Owner will enter into an undertaking to provide continuing disclosure, are set forth herein under the caption Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" and which includes forms of undertakings which will be executed by the Owner and the District, respectively, with respect to the Bonds. The District has no obligation to enforce the obligations of the Owner (or subsequent landowners of land now owned by the Owner) under their respective Continuing Disclosure Undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). Should the District or the Owner not comply with such covenants, they have covenanted to provide notice of such fact to each Nationally Recognized Securities Information Repository, the State Information Depository, if any, and the Municipal Securities Rulemaking Board or to a Central Post Office. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District and the Owner have been and are in material compliance with continuing disclosure undertakings previously entered into by them for purposes of the Rule.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the underwriter in other transactions underwritten by the Underwriter and by Stone & Youngberg LLC, financial consultant to the District (the "Financial Consultant") and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP, Counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Consultant. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions. Gust Rosenfeld P.L.C. also serves as general counsel to the Town.

The Underwriter and the Financial Consultant have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Consultant have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Official Statement has been approved, executed and delivered by the District.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By /s/ Bobby Bryant
Chairman, District Board

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APPENDIX A

INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information is given as background information concerning the Town. THE BONDS ARE NOT AN OBLIGATION OF THE TOWN. The Bonds are secured and payable only as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. The holders of the Bonds have no right to payment except as described therein.

General

The Town is located approximately thirty (30) miles from downtown Phoenix, Arizona ("Phoenix"), approximately four (4) miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 112 square miles and sits at an elevation of 888 feet above sea level. The Town has approximately 650 square miles in the planning area. The following table illustrates population statistics for the Town, the County and the State.

Population Statistics
Town of Buckeye, Maricopa County
and the State of Arizona

Years	Town of Buckeye	Maricopa County	State of Arizona
2006*	31,745	3,792,675	6,305,210
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399
1960 Census	2,286	663,510	1,302,161

*Estimate as of July 1, 2006.

Source: Arizona Department of Economic Security, Population Statistics Unit, U.S. Department of Commerce, Bureau of the Census and Maricopa Association of Governments.

Transportation

State Highway 85, connecting the Town with Phoenix, runs north to south just west of downtown Buckeye. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor and six (6) council members are elected at large to two-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations.

The Town provides a portion of its residents with water and sewer services; electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is provided by Qwest Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately twenty (20) miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

Area Unemployment Averages

Calendar Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2007	4.5%(a)	3.8%(b)	3.2%(b)	4.1%(b)
2006	4.6	4.1	3.5	4.5
2005	5.1	4.6	4.0	5.1
2004	5.5	4.9	4.4	5.6
2003	6.0	5.7	5.2	6.6
2002	5.8	6.1	5.6	7.1

(a) Data through September 2007.
(b) Data through August 2007.

Source: Arizona Department of Economic Security, Bureau of Statistical Information and Research Analysis, Labor Force Statistical Unit.

Major Employers
Town of Buckeye, Arizona and Surrounding Area

Employer	Product/Service	Approximate Number of Employees
Palo Verde Nuclear Plant	Energy Plant	2,500
Lewis Prison Complex	State Prison	1,155
Wal-Mart Distribution Center	Retail Warehouse	1,120
Town of Buckeye	Government	480
Liberty Elementary School District No. 25	Education	340
CMH Manufacturing dba Schult Homes, Inc.	Mobile Homes	300
Buckeye Elementary School District No. 33	Education	280
Buckeye Union High School District No. 201	Education	250
Juvenile Department of Corrections	Detainment Facility	180
Hickman's Egg Ranch	Agriculture	165

Source: *2006 Arizona Industrial Directory* and *2006 Arizona Services Directory*, publications of the Greater Phoenix Fact Book, the Greater Phoenix Chamber of Commerce, the Town of Buckeye and an individual employee survey.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	2002	2003	2004	2005	2006	2007(a)
Mining and Construction	$ 125,700	$ 128,900	$ 140,900	$ 163,200	$ 184,000	$ 185,300
Manufacturing	135,000	128,300	129,000	133,100	136,700	135,500
Trade, Transportation, and Utilities	319,000	321,500	333,200	354,400	371,100	380,600
Information	39,100	37,200	34,300	33,000	32,600	31,600
Financial Activities	130,400	132,900	137,700	146,000	153,100	157,000
Professional and Business Services	250,300	255,600	270,800	293,400	317,400	332,500
Educational and Health Services	149,600	156,700	169,600	180,000	191,100	197,700
Leisure and Hospitality	150,500	152,900	158,300	166,600	176,800	185,600
Other Services	60,400	61,300	62,900	64,700	71,400	75,500
Government	197,100	200,600	204,500	208,800	213,300	216,200
Total	$1,557,100	$1,575,900	$1,641,200	$1,743,200	$1,847,500	$1,897,500

(a) Data through August 2007.

Source: Arizona Department of Economic Security, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Town of Buckeye
Sales Tax Collections

Budget Year	Amount
2005-06	$16,474,433
2004-05	8,402,231
2003-04	3,856,654
2002-03	2,486,828
2001-02	1,676,502

Source: Arizona Department of Revenue.

Educational Facilities

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Banking

The financial needs of the Town are served by two banks. The following table illustrates the total dollars on deposit for Maricopa County for the fiscal year ending June 30 of each year.

Maricopa County
Bank Deposits
($ in millions)

Year	Amount
2006	$54,926
2005	51,138
2004	42,872
2003	38,776
2002	33,040

Source: Federal Deposit Insurance Corporation.

Construction

The following tables illustrate a building permit summary for residential and non-residential construction and new housing permits for Buckeye.

Town of Buckeye
Value of Building Permits
($ in 000's)

Calendar Year	Residential	Commercial & Industrial	Other	Total
2007(a)	$ 85,504	$ 621	$ 8,826	$ 94,951
2006	298,868	473	13,921	313,262
2005(b)	597,407	4,089	12,422	613,918
2004	394,647	1,516	10,070	406,233
2003(b)	68,411	--	--	68,411
2002(b)	10,895	--	--	10,895

(a) Data through first quarter of 2007.
(b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

Town of Buckeye
New Housing Starts

Calendar Year	Housing Permits
2007(a)	613
2006	2,582
2005(b)	4,219
2004	2,986
2003(b)	570
2002(b)	100

(a) Data through first quarter of 2007.
(b) Incomplete data - one or more months unavailable.

Source: Arizona Real Estate Center, Arizona State University Polytechnic campus. Note that the data is obtained from county and municipal divisions which issue such permits. The issuance of a building permit does not necessarily mean that construction will commence immediately or at all.

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APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GUST ROSENFELD P.L.C.]

[Closing Date]

District Board
Festival Ranch Community Facilities District

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $1,784,000 aggregate principal amount of Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, dated the date hereof (the "Bonds"), issued by the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District") initiated under Resolution of Intention No. .....

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. ....., passed and adopted by the District Board on September 18, 2007 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District, from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, National Association. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and to the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By.....
Scott W. Ruby
Bond Counsel

APPENDIX C

APPRAISAL

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SUMMARY APPRAISAL REPORT OF

FESTIVAL RANCH ASSESSMENT AREA NO. 4

Four Residential Planning Areas Within Sun City Festival,
An Active Adult Master Planned Community
In Buckeye, Arizona

DATE OF VALUATION

August 1, 2007

DATE OF REPORT

August 10, 2007

PREPARED FOR

Festival Ranch Community Facilities District
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona 85004

PREPARED BY

BURKE HANSEN, LLC
1601 North 7th Street, Suite 200
Phoenix, Arizona 85006

Burke Hansen, LLC File No. 7978N

Burke Hansen, LLC
Real Estate Valuation & Consulting

August 10, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PLANNING AREAS WITHIN SUN CITY FESTIVAL, AN ACTIVE ADULT MASTER PLANNED COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 7978N)

Dear Mr. Ruby:

We have inspected the above-captioned properties in connection with preparing the attached Summary Appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four planning areas referenced above which are specifically identified below.

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

Within this letter the term "subject" or "subject property" includes all four of the planning areas listed above.

The wholesale value reflects the value of the subject property in the condition as of the date of valuation (August 1, 2007). As of the date of valuation, all four parcels were finished graded with supporting infrastructure (sewer, water, utilities, roads, etc.) in the process of being installed. The first home closings for these four parcels are projected to occur in 2009.

Each of the four planning areas has been engineered and final platted for residential development. Final plats for each of the four parcels for each of the four planning areas have been approved by the Town of Buckeye; however, a final plat for Planning Areas I-1/P-1 has not been recorded in the Maricopa County Recorders Office.

The values addressed in this appraisal are the "as is" value of each of the planning areas, .i.e., the value of the property in its condition as of the date of valuation. The value estimates for each parcel reflect a wholesale (bulk) value of final platted residential lots within each planning area. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots – a subdivision of finished residential lots. The "as if complete" value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

The appraisal has been prepared at the request of Festival Ranch Community Facilities District, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The subject property was inspected on August 1, 2007 and the wholesale value of each parcel, as of August 1, 2007, subject to the hypothetical conditions stated in the attached report, has been concluded as follows:

<u>WHOLESALE (BULK) "AS IS" MARKET VALUE</u>

PLANNING AREA I-1
SEVEN MILLION ONE HUNDRED FORTY-FOUR THOUSAND DOLLARS
$7,144,000

PLANNING AREA K-1
SIX MILLION ONE HUNDRED EIGHTY-TWO THOUSAND DOLLARS
$7,182,000

PLANNING AREA O-1
ELEVEN MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS
$11,970,000

PLANNING AREA P-1
TEN MILLION EIGHT HUNDRED EIGHT THOUSAND DOLLARS
$10,808,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 4. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's four planning area be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

PARCEL I-1		**PARCEL P-1**	
Wholesale (Bulk) Value	$7,144,000	Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($357,000)	Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000	Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL K-1		**PARCEL O-1**	
Wholesale (Bulk) Value	$7,182,000	Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($359,000)	Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000	Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.

8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

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9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or

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detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

19. In order to provide the conclusions and opinions articulated in this valuation report, the appraiser(s) must rely upon the full extent of the investigation and analysis derived for this assignment. Consequently, the use of this intellectual work is controlled through copyright, for all portions other than those that have referenced sources and/or credits. Use of any copyrighted portion of this report, by anyone who does not have written permission from a duly authorized agent of Burke Hansen, LLC will be construed to be "willfully" perpetrated. As an infringement, any such unauthorized use will be subject to statutory as well as punitive damages and attorney's fees, as are available to the copyright owner in court actions.

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EXECUTIVE SUMMARY

Description of the Property: The four planning areas within Festival Ranch Community Facilities District Assessment Area No. 4 comprise a portion of the first development phase of Sun City Festival, an active adult master planned community in Buckeye, Arizona.

Location: North side of Sun Valley Parkway west of Canyon Springs Boulevard, Buckeye, Arizona

Property Size: 186.08± net acres (net land area is the aggregate land area of the 642 lots)
642 final platted and engineered residential lots

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

Property Rights Appraised: Fee Simple Estate

Zoning: All four planning areas are zoned for single family residential development

Highest and Best Use: Development with residential subdivisions within an age-restricted master planned community

Date of Valuation: August 1, 2007 (Final date of property inspection)

Date of Appraisal: August 10, 2007

Wholesale (Bulk) Value Conclusions:

Planning Area I-1	$7,144,000	$47,000 per lot
Planning Area K-1	$7,182,000	$57,000 per lot
Planning Area O-1	$11,970,000	$70,000 per lot
Planning Area P-1	$10,808,000	$56,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

PARCEL I-1	
Wholesale (Bulk) Value	$7,144,000
Less: Admin. Fee (5%)	($357,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000
PARCEL K-1	
Wholesale (Bulk) Value	$7,182,000
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Less: Admin. Fee (5%)	($540,000)
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SUN CITY FESTIVAL PLAT MAPS (I-1, K-1, O-1 AND P-1)
APPRAISERS' QUALIFICATIONS

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INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Summary Appraisal is four planning areas within the first phase of Sun City Festival, a 3,100-acre active adult community within the boundaries of the Town of Buckeye, Arizona. The Sun City Festival community comprises a total of 3,100 acres planned for 7,210 residential dwelling units. Most of this community lies on the north side of the Sun Valley Parkway between the alignments of 259th and 291st avenues and although Sun City Festival lies within the town limits of Buckeye, its location is closer to "downtown" Surprise than it is to "downtown" Buckeye. This relationship is illustrated on Exhibit 1, a map of northwestern Maricopa County. A January 2006 black and white aerial photograph overlaid with the community master plan is included as Exhibit 2.

The four planning area which are the subject of this appraisal represent an expansion of the first phase of development of the Sun City Festival community. The community opened for sales in July 2006.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the subject's four planning areas, which are more specifically identified in Table 1.

TABLE NO. 1

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

As indicated in Table 1, all four planning areas are designated for residential use. The location of the subject's four planning areas within Sun City Festival is illustrated on Exhibit 3.

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EXHIBIT NO. 1
Location Map

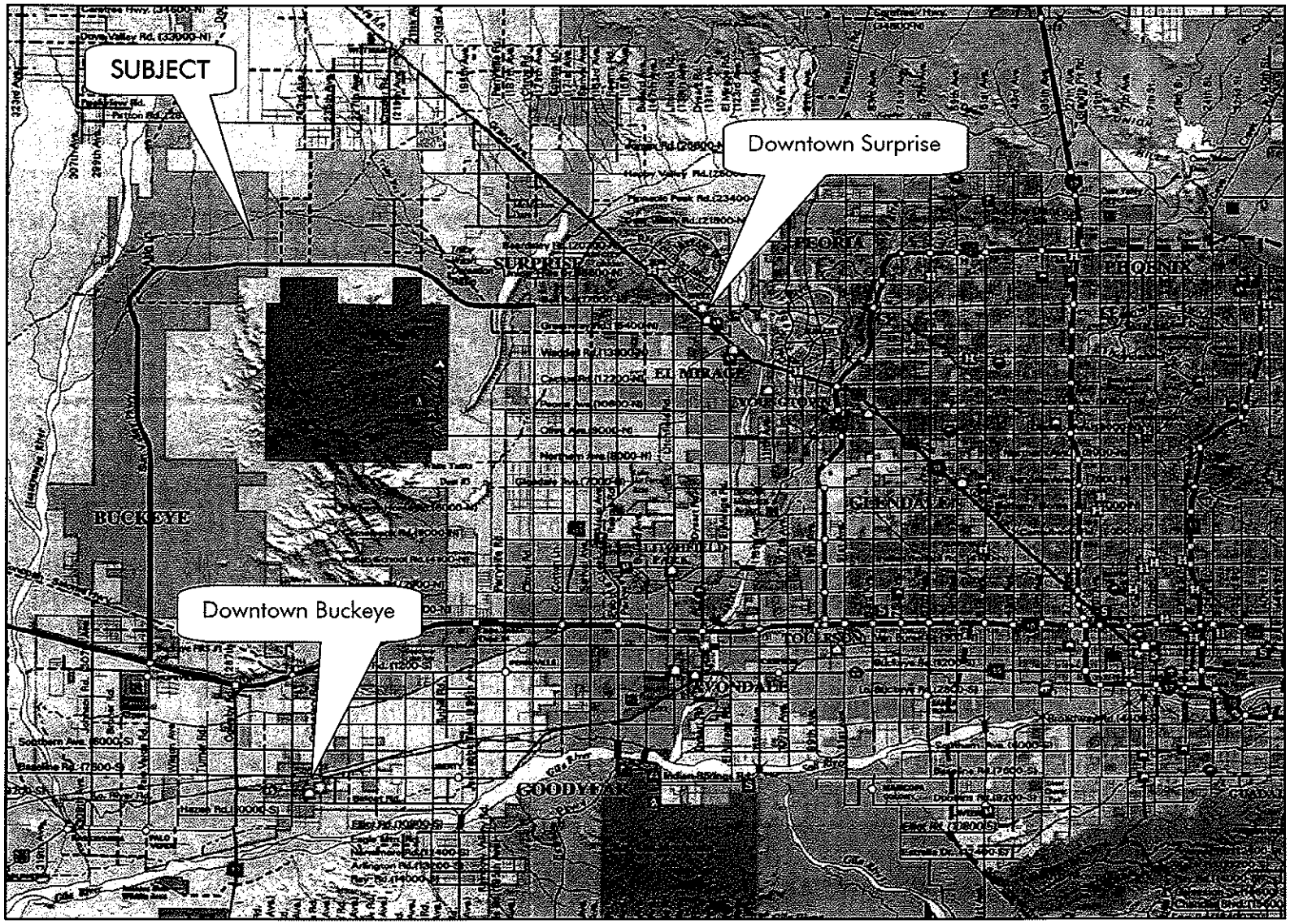

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EXHIBIT NO. 2

Sun City Festival Black/White Aerial (January 2007)

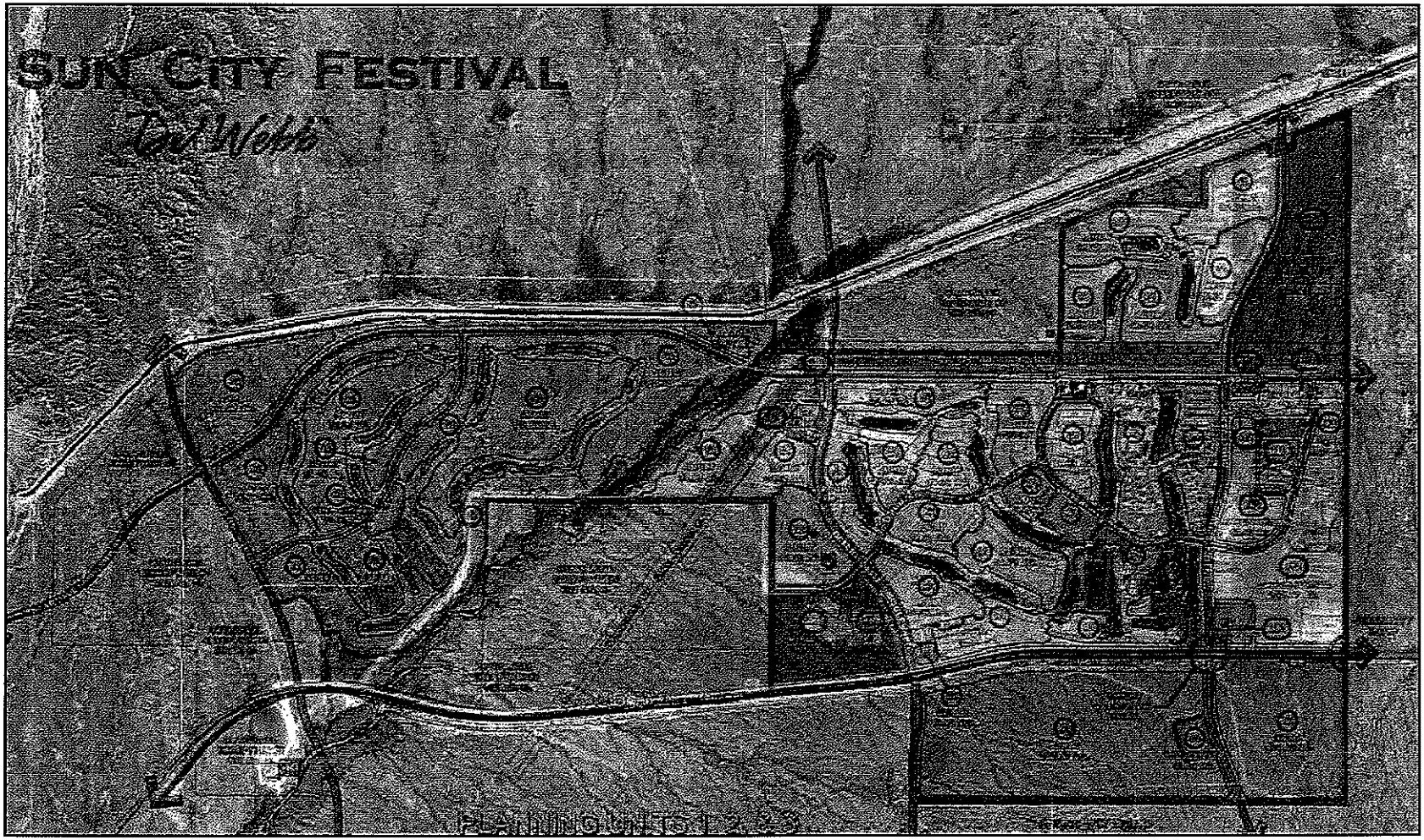

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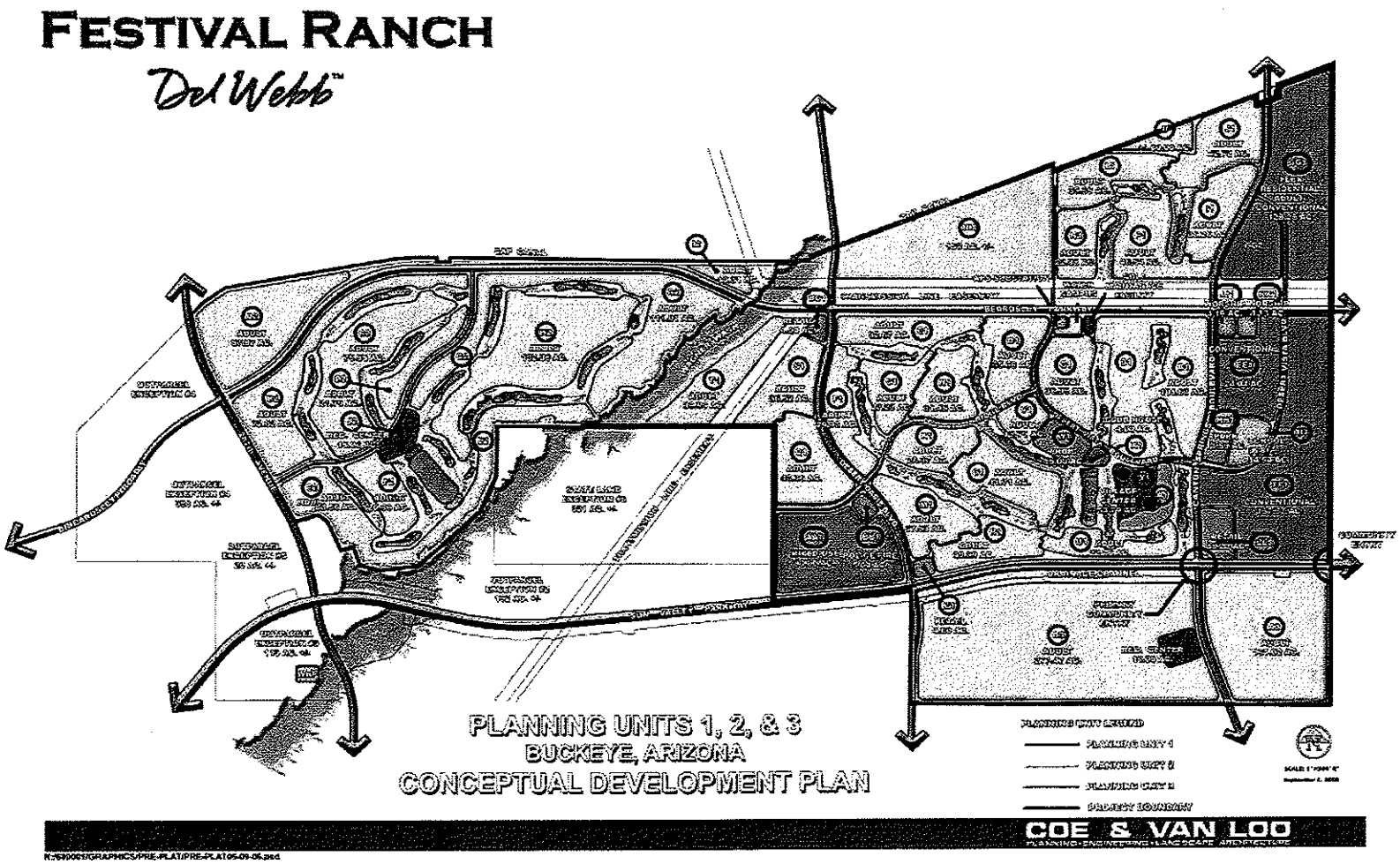
EXHIBIT NO. 3

Sun City Festival Master Plan Map



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INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Festival Ranch Communities Facilities District, Attn: Mr. Scott W. Ruby, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will also be for dissemination as part of a financing package for Festival Ranch Communities Facilities District.

DATE OF THE REPORT

The report was prepared during July and August 2007 and completed on August 10, 2007.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of August 1, 2007, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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The four residential planning areas are being appraised in their "as is" condition, i.e., condition at the time of final inspection – August 1, 2007. All four parcels have received final residential subdivision plat approval from the Town of Buckeye, though the plat for two of the planning areas has yet to be recorded. Additionally, grading of the property has been completed and installation of underground utilities has commenced. Therefore, the value estimates for each parcel reflect their wholesale (bulk) value of platted and engineered residential lots with minimal infrastructure completion. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The timeline for development of the subject property is detailed in Table 2.

TABLE NO. 2

SUN CITY FESTIVAL CONSTRUCTION SCHEDULE

Date	Construction Event
July 2005	Construction begins (clearing, grading, wells, WP, WRF)
October 2005	Backbone infrastructure (arterial & collector streets - water, sewer, paving, etc.)/Sales Center starts
February 2006	Model Home Construction (A-1)
June 2006	Production homes start (B-1,C-1,D-1)
July 2006	Sales Center/Model Complex Open
August 2006	On-site construction starts (E-1,F-1,G-1,H-1)
October 2006	First Home Closings (B-1,C-1,D-1) Water, sewer line installation (E-1,F-1,G-1,H-1)
November 2006	Dry utility installation (E-1,F-1,G-1,H-1)
May 2007	Production homes start (E-1,F-1,G-1,H-1)
July 2007	Installation of infrastructure begins (I-1, K-1, O-1, P-1)
October 2007	Home closings (E-1,F-1,G-1,H-1)
January 2007	Production homes start (K-1, O-1)
March 2007	Production homes start (I-1, P-1)
May 2007	First home closings (K-1, O-1)
July 2007	First home closings (I-1, P-1)

As of the date of appraisal, new homes are under construction in the first phase, the model home center is open and over 340 homes have closed with new home owners. With the community, the golf clubhouse, recreation center and golf course have been completed. Community infrastructure including water and sewer lines and dry utilities has been completed in Parcels A-1,

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B-1, C-1, D-1, E-1, F-1, H-1 and W-1. Canyon Springs Boulevard from Sun Valley Parkway is fully improved to Beardsley Road, though it is only rough graded north of Beardsley Road. Monument signs along Sun Valley Parkway have also been completed and a new convenience market with gas pump island and car wash is under construction at the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the four subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions during July and August with the most recent inspection taking place on August 1, 2007.
- Information regarding Sun City Festival (land planning, entitlements and construction) was provided by Pulte Homes, Inc., 15111 North Pima Road, Suite 100, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.
- Additional data for the subject parcels were obtained the Town of Buckeye Planning and Zoning Department, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).
- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University as well as information supplied by local newspapers, etc.
- The "as is" value of the subject property is concluded using the Modified Cost Approach. The basis or starting point of the modified cost approach is the subject's hypothetical "as if complete," which is concluded by the Income Approach, more specifically through the use of static and yield analyses. The hypothetical "as if complete" value is the value of the proposed residential lots in a finished lot condition.

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From this figure, on and off-site development costs and entrepreneurial profit are subtracted to derive the underlying vacant land value. Any expended development costs and incurred profit are then added back which results in the "as is" value.

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

> Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.
>
> Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

Some infrastructure required to support the development of the four subject parcels has been completed as of the date of valuation; however, the majority of the work will be completed after the date of valuation.

Special Assessment No. 4 specifically relates to in-tract street improvements i.e., installation of underground utilities sewer, water, curb, gutters and paving, within Parcels I-1, K-1, O-1 and P-1. Table 3 summarizes the street improvements to be acquired by the District through the sale of assessment bonds.

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TABLE NO. 3

FESTIVAL RANCH CFD - ASSESSMENT AREA NO.4 INFRASTRUCTURE COSTS

Planning Area	No. Of Lots	Street Improvements Costs	Street Names	Linear Feet	Estimated Date of Completion
K1/O1	297	$1,436,085	Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Ln., Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary	16,118	January-09
Totals	642	$3,128,475		29,795	

The location of Assessment Area No.4 is illustrated on Exhibit 4, a copy of the Sun City Festival master plan map.

Hypothetical Conditions

No hypothetical conditions are included in estimating the "as is" value of the four subject properties.

Special Appraisal Instructions

The subject property is being appraised as part of the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the value of each of the subject's four parcels be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. ***The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; it reflects a special instruction from the client.***

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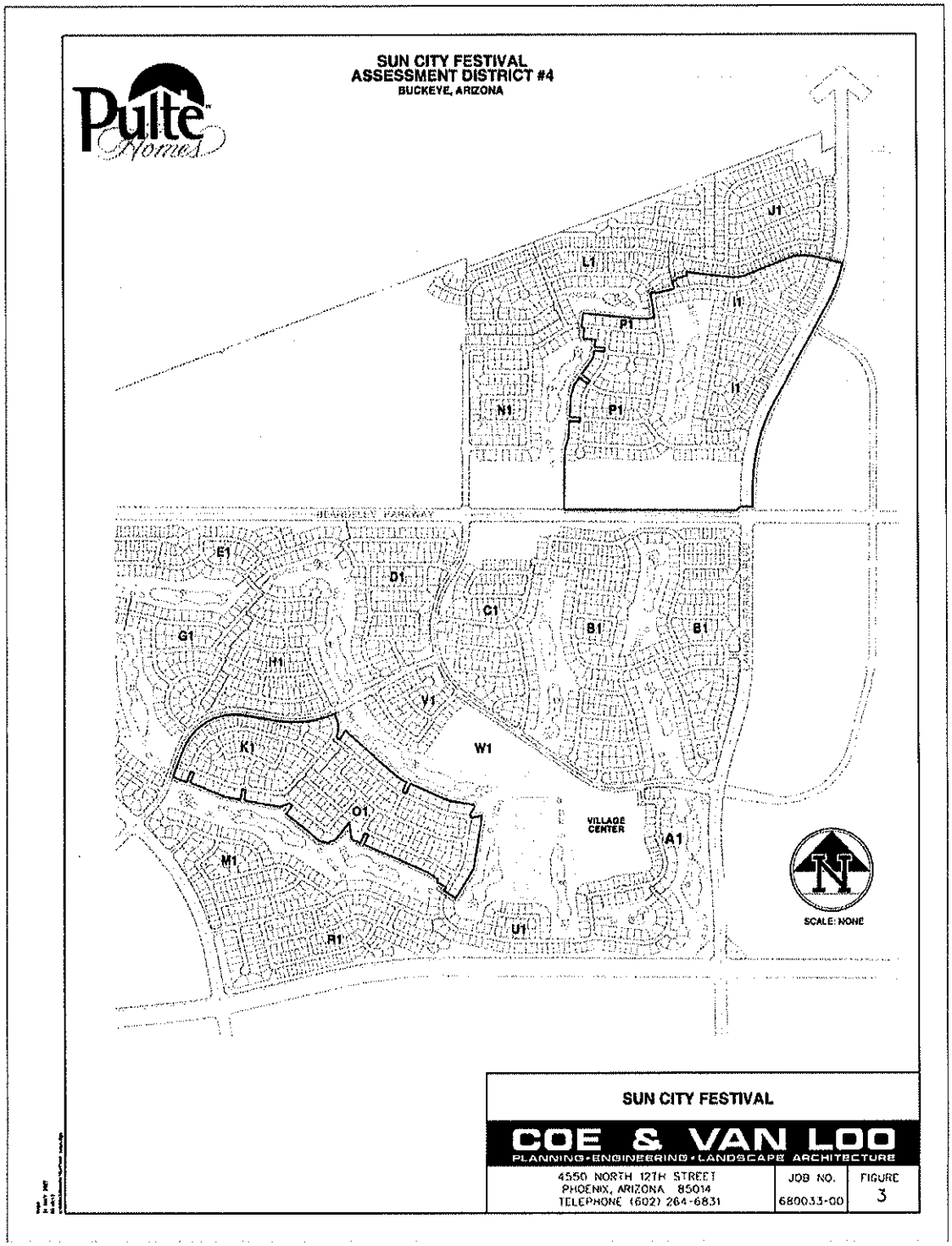
EXHIBIT NO. 4

Sun City Festival Assessment Area No. 4 Map



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PROPERTY OWNERSHIP

The majority of the land which comprises approximately 3,100 acres of Sun City Festival was acquired by Pulte Homes Corporation from 10,000 West L.L.C. (The Lyle Anderson Company) in May 2004 for a recorded purchase price of $33,818,541.85. According to sources familiar with the transaction, the purchase contract also includes deferred compensation due to the seller in the amount of 2.25% of the sales price of each dwelling unit sold by Pulte Homes.

The subject's 186.06 acres are contained within this purchase. Therefore, the owner of record in the Treasurer's Office is Pulte Homes Corporation, 15111 North Pima Road, Scottsdale, Arizona. No other sales involving the subject property were discovered during a search of public records for the past three years.

LEGAL DESCRIPTION OF THE FOUR SUBJECT PARCELS

The four subject parcels are within Sections 23, 24, 25 and 26, Township 4 North, Range 4 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. Since all of the parcels have been final platted, more detailed legal descriptions define individual residential lots. The detailed legal descriptions for these lots are summarized in Table 4.

TABLE NO. 4

LEGAL DESCRIPTIONS	
Parcel K-1:	Lots 1 thru 40, 163 thru 167, and 217 thru 297 inclusive, of Sun City Festival – Parcels K1 & O1. Maricopa County Recorder Book 921 Page 11
Parcel O-1:	Lots 41 thru 162, and 168 thru 216 inclusive, of Sun City Festival – Parcels K1 & O1. Maricopa County Recorder Book 921 Page 11
Parcel I-1:	Lots 161 thru 177, and 202 thru 336, inclusive, of Sun City Festival – Parcels P1 & I1. (Approved but unrecorded)
Parcel P-1:	Lots 1 thru 160, 178 thru 201 and 337 thru 345, inclusive, of Sun City Festival – Parcels P1 & I1. (Approved but unrecorded)

The Maricopa County Assessor's Office also identifies the subject properties as portions of Tax Parcel Nos. 503-84-022, 503-84-023, and 503-85-511 through 807.

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CITY AND REGIONAL DATA

Subject's location in the northwestern part of Metropolitan Phoenix is illustrated on Exhibit 5 and its relationship to the other communities comprising Metropolitan Phoenix is indicated on Exhibit 6. The overall economic condition of the City of Buckeye, along with all of Metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The following discussion addresses Metropolitan Phoenix, which includes the City of Buckeye. The economic well being of Buckeye is tied directly to the economic fortunes of Metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,710 (Carefree) to 1,505,265 (Phoenix). Buckeye is one of the smallest communities in Metropolitan Phoenix with only a population of 31,745 people. Because of the subject's proximity to Surprise, it is also relevant to note a population in Surprise of 98,140 people.

Table 5 is a list of the 16 communities having populations in excess of 10,000 people as of July 1, 2006.

TABLE NO. 5

City	2006 Population
Avondale	72,210
Buckeye	**31,745**
Chandler	235,450
El Mirage	32,605
Fountain Hills	24,990
Gilbert	185,030
Glendale	234,540
Goodyear	49,720
Mesa	451,360
Paradise Valley	14,000
Peoria	145,120
Phoenix	1,505,265
Queen Creek	18,770
Scottsdale	237,120
Surprise	**98,140**
Tempe	165,890

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EXHIBIT NO. 5
Location Map

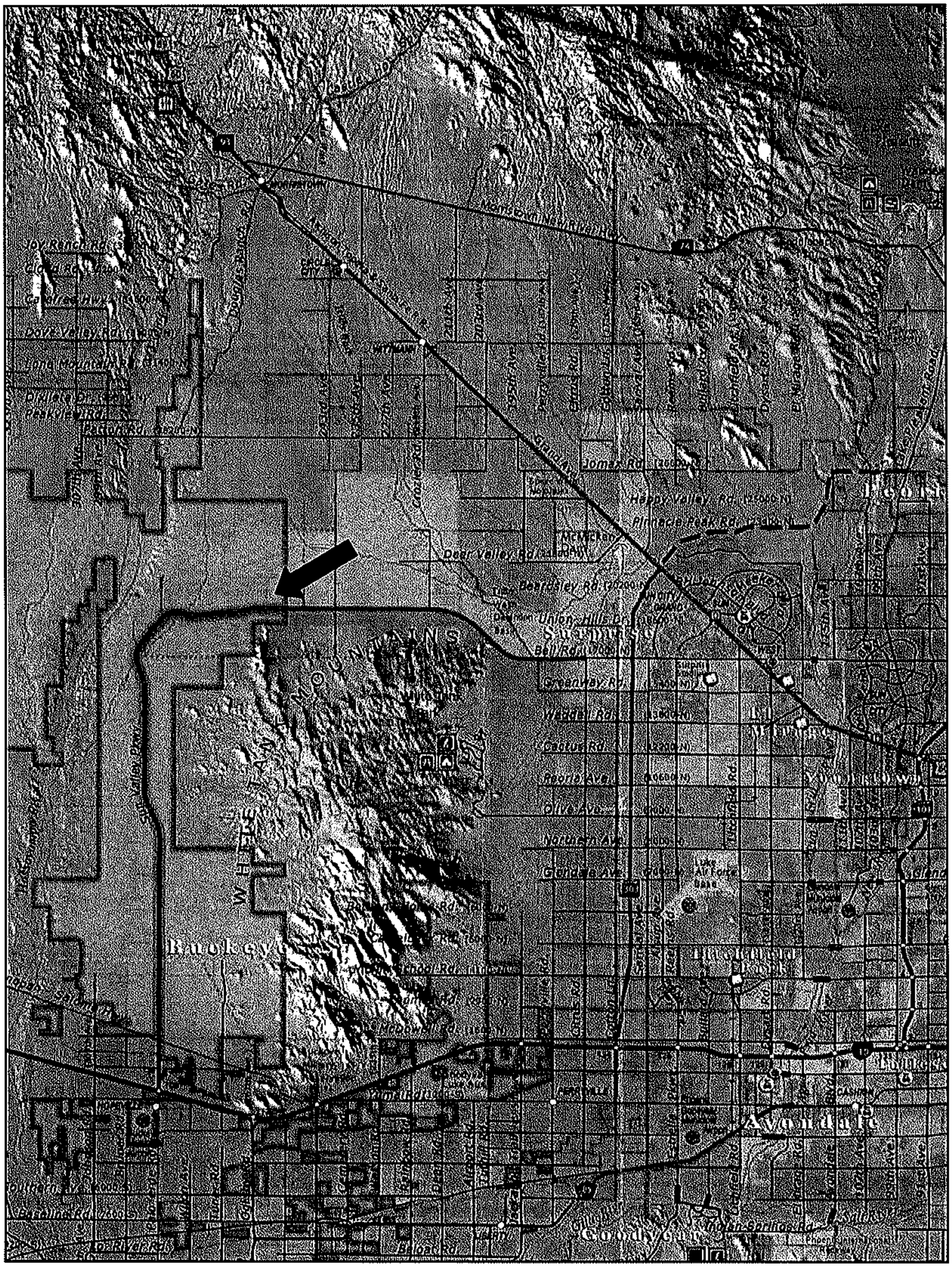

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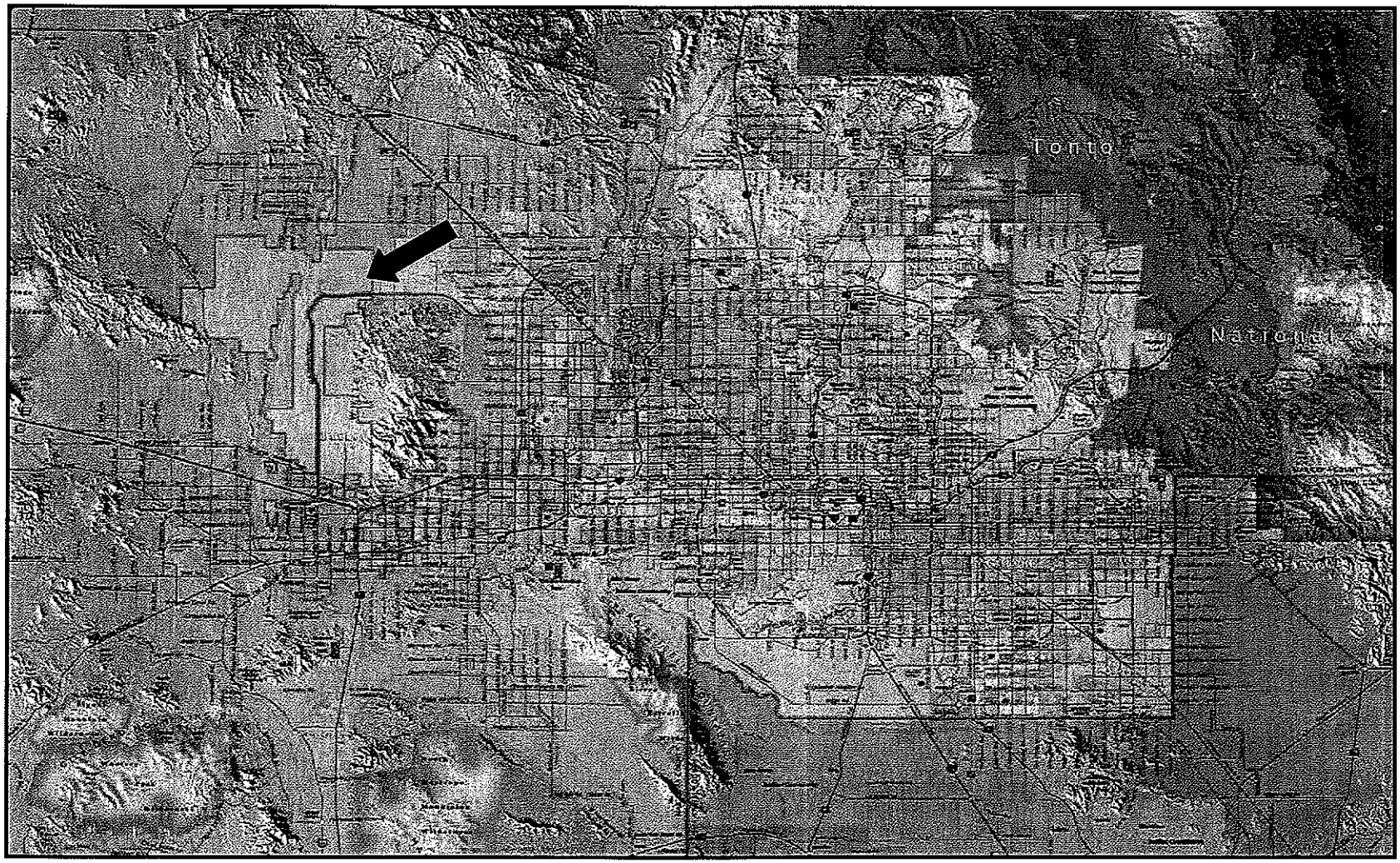
EXHIBIT NO. 6
Metropolitan Phoenix Map



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There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The population of the City of Phoenix is significant at more than 1.5 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with approximately 450,000 people.

Table 6 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1997.

TABLE NO. 6

City	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chandler	160,165	169,000	176,970	186,875	194,390	208,450	220,705	231,785	235,450
*Growth	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%	5.9%	5.0%	1.6%
Gilbert	91,290	100,850	108,745	122,360	133,640	151,290	164,685	178,000	185,030
*Growth	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%	8.9%	8.1%	4.0%
Glendale	196,820	208,095	211,555	224,970	227,495	230,610	233,330	236,030	243,540
*Growth	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%	1.2%	1.2%	3.2%
Mesa	361,895	374,560	388,185	414,075	427,550	434,215	447,130	452,355	451,360
*Growth	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%	3.0%	1.2%	0.0%
Peoria	89,930	101,235	108,295	117,200	122,655	126,410	132,300	137,285	145,125
*Growth	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%	4.7%	3.8%	5.7%
Phoenix	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670	1,416,055	1,452,825	1,505,265
*Growth	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%	2.0%	2.6%	3.6%
Scottsdale	195,495	204,660	207,145	209,960	214,090	217,555	221,130	223,835	237,120
*Growth	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%	1.6%	1.2%	5.9%
Tempe	159,220	161,995	162,000	159,435	159,425	159,615	160,820	160,735	165,890
*Growth	1.0%	1.7%	0.0%	-1.6%	0.0%	0.1%	0.1%	0.0%	3.2%
Other	330,575	350,306	378,905	412,475	451,330	481,060	528,020	575,695	623,895
*Growth	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%	9.8%	9.0%	8.4%
Maricopa Co.	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875	3,524,175	3,648,545	3,792,675
	3.1%	3.8%	2.7%	6.7%	3.3%	3.1%	3.7%	3.5%	4.0%

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has varied during the past few years, approximately 1.7 million people are employed in Metropolitan Phoenix. Table 7 provides an employment summary for the past 7 years.

TABLE NO. 7

METROPOLITAN PHOENIX EMPLOYMENT 2000-2006

Employment Sector	2000	2001	2002	2003	2004	2005	2006
Manufacturing	161,100	150,300	135,000	128,300	129,000	132,200	132,900
Mining & Construction	125,700	127,800	125,700	128,900	140,900	163,100	184,600
Trade, Transportion, Utilities	321,400	318,200	319,000	321,500	333,200	354,500	373,800
Information	42,000	41,300	39,100	37,200	34,300	32,900	32,100
Financial Activities	126,300	128,800	130,400	132,900	137,700	145,600	151,100
Services	606,200	604,500	610,800	626,500	661,600	706,100	751,600
Government	195,700	188,600	197,100	200,600	204,500	208,800	212,400
Total	1,578,400	1,559,500	1,557,100	1,575,900	1,641,200	1,743,200	1,838,500
Job Growth	53,300	(18,900)	(2,400)	18,800	65,300	102,000	95,300
% Job Growth	3.49%	-1.20%	-0.15%	1.21%	4.14%	6.21%	5.47%

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Though the pace may slow, local economists are forecasting continued employment growth in Metropolitan Phoenix through 2007.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. The residential market has reported more than 30,000 new housing permits each year for the past seven years. A summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past seven years is summarized in Table 8.

Until recently, the housing sector had been, by far, the strongest real estate sector for the past decade. During 2004 single family permits hit an all-time high of 48,136 new home permits. Though 2005 permits lagged 2004, the 43,256 permits continued to show the strength of the residential market. However, in late 2005 the single family housing market began to slow. This slowdown continued through 2006 as evident in the decline in single family permits to 27,976 (lowest level since 1995).

Permit activity in 2006 was 25% below permit activity for 2005 and over 30% below the record activity of 2004. Homebuilders have curtailed new home construction as they work through their standing inventories which resulted from speculative housing starts and failed contracts (which have increased significantly) in 2005 and 2006. Starting in early 2007, the oversupplied new housing market suffered another setback as turmoil in mortgage market surfaced. Revelations of problems in the subprime mortgage sector have resulted in tightened lending requirements which in turn has limited to pool of potential new home buyers.

As a result of the market performance of 2006 and the first half of 2007, many housing market analysts are revising their forecasts for the remainder of 2007 and pushing the target for market recovery into 2009.

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TABLE NO. 8

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2007

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*
2004 Q2	13,638	91.1%	678	4.6%	647	4.3%	14,963	18.1%*
2004-Q3	14,113	86.8%	759	4.7%	1,390	8.5%	16,262	30.9%*
2004-Q4	10,339	81.4%	493	3.9%	1,871	14.7%	12,703	2.4%*
2004	48,136	86.4%	2,597	4.7%	4,997	8.9%	55,730	20.2%*
2005-Q1	10,356	86.4%	1,421	11.4%	319	2.6%	12,096	2.4%
2005-Q2	12,013	88.0%	833	6.1%	811	5.9%	13,657	-8.7%
2005-Q3	11,577	83.1%	1,063	7.6%	1,297	9.3%	13,937	-14.3%
2005-Q4	9,310	82.1%	1,209	10.7%	823	7.3%	11,342	-10.7
2005	43,256	84.8%	4,526	8.9%	3,250	6.4%	51,032	-9.2%
2006-Q1	8,716	75.1%	1,621	14.0%	1,266	10.9%	11,603	-4.1%*
2006-Q2	8,884	74.9%	1,709	14.4%	1,267	10.7%	11,860	-13.1%*
2006-Q3	5,968	64.9%	2,172	23.6%	1,043	11.5%	9,183	-34.1%*
2006-Q4	4,408	81.0%	685	12.6%	346	6.4%	5,439	-52.0%*
2006	27,976	73.4%	6,187	16.3%	3,922	10.3%	38,085	-25.4%*
2007-Q1	7,017	63.0%	2,353	21.1%	1,778	15.9%	11,148	-3.9%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

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METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the second quarter 2007. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

At the end of the second quarter 2007, total office space in Metropolitan Phoenix totaled 66.3 million square feet with 1.2 million square feet of new space completed during the quarter. Additionally, 3.4 million square feet of office product were under construction at the end of the second quarter 2007.

Notable completions during this quarter include The Park at San Tan (220,000 square feet) and Pinnacle in Kierland (210,000 square feet). Notable completions for 2006 are McDowell Mountain Business Park – Building A (128,000 square feet) and Promenade Parkview Corporate Center (100,000 square feet), Pima Center Building 3A (135,000 square feet), Westgate City Center-Building E West (100,000 square feet) and Westgate City Center-Building G East (100,000 square feet). New office space under construction includes Max at Kierland (257,000 square feet), Raintree Corporate Center Phase IV (176,000 square feet) and McDowell Mountain Business Park – Building B (128,000 square feet), Papago Gateway Center (250,000 square feet), The Plaza at Grace Court – Phase VI (150,000 square feet), The Plaza at Grace Court – Phase IV (150,000 square feet) and 91 Glendale-Building 2 (100,000 square feet).

During the second quarter 2007, vacancy increased from 11.9% to 13% as a result of an increase in inventory of more than 1 million square feet while less than 400,000 square feet of space were absorbed. Net absorption during the quarter was 383,100 square feet, which was slightly above the absorption of 379,014 square feet for the first quarter 2007. By comparison, net absorption was below the second quarter 2006 net absorption of 556,378. Of the 383,100 square feet absorbed in the quarter, 244,481 square feet, or more than 50% was Class A space with Class B accounting for another 132,482 square feet and Class C another 6,611 square feet.

The tightening supply of existing office space and the increased construction costs of new office space pushed the average asking rate to $25.60 per square foot from $22.68 per square foot at the same time last year. Rates for new class A space are $28.12 per square foot and class B rents are an average of $22.82 per square foot. Although vacancy has increased slightly, it

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appears that the market remains in the favor of landlords; however, if new construction continues to outpace absorption, the market may see a shift toward tenants.

METROPOLITAN PHOENIX RETAIL MARKET

The Metropolitan Phoenix retail market slowed slightly during the second quarter 2007. However, population growth and new housing continue to drive the market. Total retail inventory is 130.3 million square feet in 942 centers (including regional malls.) the overall vacancy of 5.46%, which is a slight increase over the 4.99% rate of the same quarter last year. Because of continued low vacancy, new construction and increasing land prices, rental rates for retail space remain strong.

Net absorption in the second quarter was 740,553 square feet. By comparison, this is below the absorption of 2.7 million square feet occurred in the first quarter 2007. An additional 12.4 million square feet were under construction at the end of the second quarter 2007. Retail centers totaling more than 27.0 million square feet are being planned for delivery over the next several years.

The growth of the Metropolitan Phoenix market in terms of population and employment continues to fuel development throughout the marketplace. The strong residential market of the past few years has created tremendous opportunities for new retail developments in areas which were previously not served. These new developments include grocery anchored neighborhood centers as well as larger regional shopping centers along newly developed transportation corridors.

METROPOLITAN PHOENIX INDUSTRIAL MARKET

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001; however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. At the end of the fourth quarter 2004, the vacancy rate stood at 8.53%, or slightly below the rate of 8.60% at the end of the previous quarter. This trend continued through 2006 with a year end vacancy rate of 6.27%.

At the end of the second quarter 2007, vacancy in Metropolitan Phoenix stood at 7.63%, slightly higher than the 7.37% rate at the end of the first quarter. The increase in vacancy resulted from

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more than 3.8 million square feet of new industrial space being added, while only 3.1 million square feet were absorbed. Notable transactions during the quarter included Home Depot occupying 376,000 square feet and Pilkinton North America occupying 203,000 square feet. Notable move outs for the quarter include Drug Plastics and Glass (100,000 square feet) and Pepsi (95,649 square feet).

During the second quarter, 3.8 million square feet of new space was delivered and another 10.8 million square feet were under construction. Of the 10.8 million square feet currently under construction, 3.9 million is accounted for in six distribution warehouses.

METROPOLITAN PHOENIX MULTI-FAMILY MARKET

Multi-family residential building permits for the past seven years are summarized in Table 9.

TABLE NO. 9

MULTI-FAMILY PERMITS

Year	Multi-Family Permits
2000	8,009
2001	7,201
2002	5,607
2003	4,836
2004	4,997
2005	3,250
2006	3,922
2007-1Q	1,778

Since 2000, the level of new apartment construction has been steadily declining as the market shifted from apartment development to condominium construction. As the first quarter 2007 permit figure indicate, new construction appears to be shifting back toward apartments as a result of high occupancy, increasing rents and a limited supply of new apartment units.

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over the 10-year period 1996-2005, with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country. Phoenix is now the fifth largest city in the nation, having recently surpassed Philadelphia.

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Although the residential market appears to be slowing from its record growth over the past two years, the overall economy of Metropolitan Phoenix remains strong with new job growth, a low unemployment rate and continued strong in-migration. While the Metropolitan Phoenix economy continues to be heavily influenced by the real estate sector, efforts in recent years to diversify its economy appear to be paying dividends as new employers are being attracted to the area. The technology and biosciences sectors have been strong contributors to the growth of the economy.

NEIGHBORHOOD DESCRIPTION

While the subject property lies within the town limits of Buckeye, proximity of the City of Surprise is much closer. The downtown area of Buckeye is some 19 miles south of subject's Sun Valley Parkway frontage, while Surprise is less than 10 miles to the east. In Surprise, Pulte Homes has recently sold out its Sun City Grand community, a 9,800-lot community oriented around four golf courses. Sun City Grand is the third extension of the Sun City product line in northwestern Maricopa County. The first Sun City project, which is four miles east of Sun City Grand, was developed in the 1960s. Its success fueled the development of Sun City West, which lies between Sun City and Sun City Grand. The location of these three communities is illustrated on Exhibit 7.

In May 2004, Pulte Homes acquired 3,100 acres from the Lyle Anderson Company for the development of a new active adult community to be called Sun City Festival. The subject's 186 acres are a part of the second phase of development of this new community. At build out, this community will have a total of 7,210 homes, two golf courses and numerous other amenities.

Subject's immediate location along the north side of Sun Valley Parkway at the alignment of 259th Avenue is in an area of sparse development. Development to date has been limited almost exclusively to small ranchette properties. Speculation and land planning is taking place around the Sun City Festival project and future development of the area is anticipated. The greatest challenge to new development in the area is the lack of infrastructure, i.e., any new community must develop entirely new infrastructure to support residential development – sewer, water, power, roads, etc. The first future developments will most likely approach the subject property from Surprise on the east, as this area is closer to the path of development.

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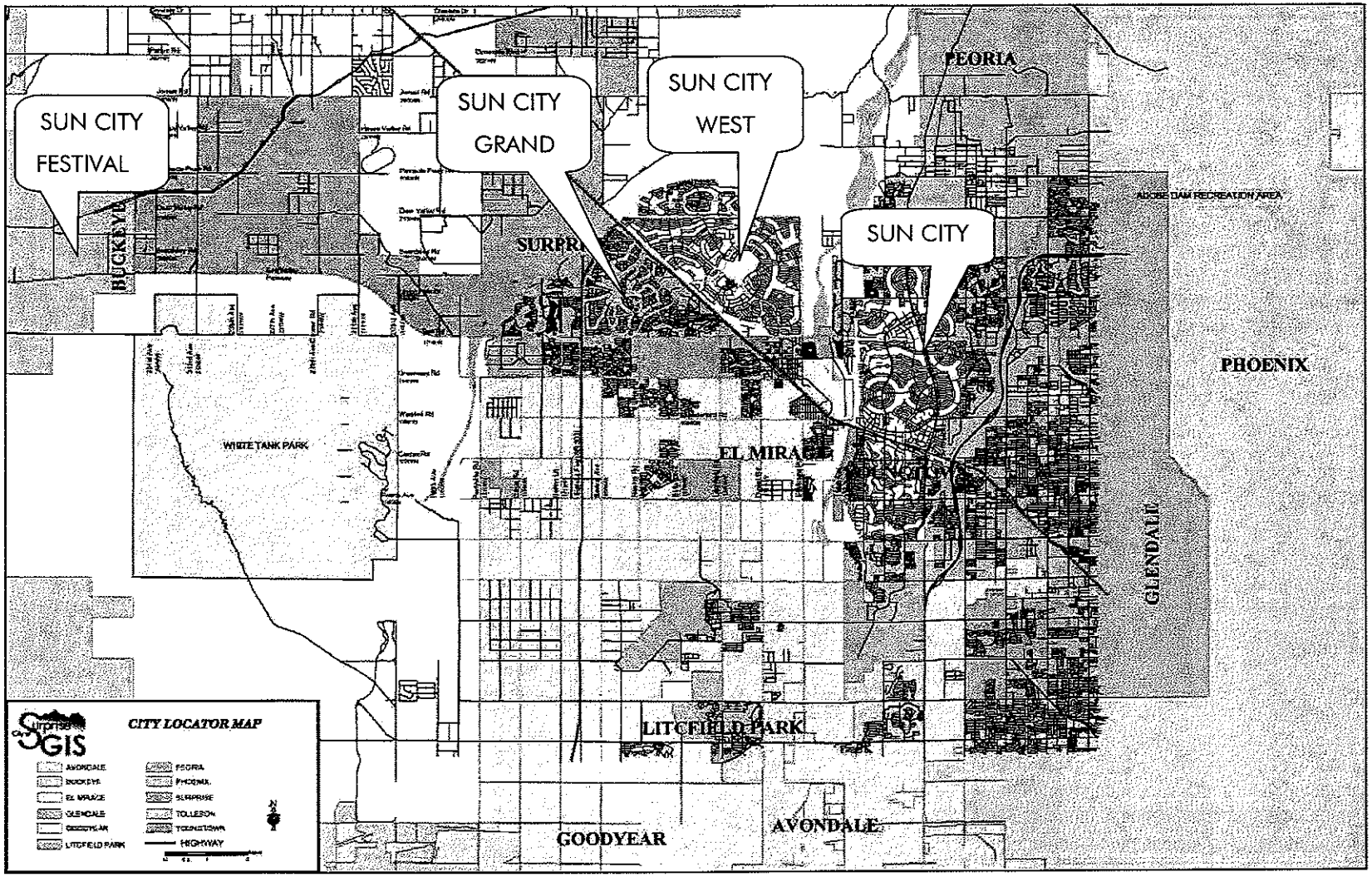
EXHIBIT NO. 7

Sun City/Sun City West/Sun City Grand Location Map



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Significant new residential development is currently taking place 10 miles east of the subject at Surprise Farms. The only notable project in Buckeye north of Interstate 10 is Tartesso (11 miles south of the subject property at the southwest corner of Sun Valley Parkway and Indian School Road. Exhibit 8 is a map of the residential development within the City of Surprise. Subject's eastern boundary is at the far left hand side of this exhibit. It is also important to note that while not illustrated on the exhibit, a large community called Surprise Foothills is being planned just to the east of the subject.

The first phase of development within Tartesso began in early 2005 with pre-sales starting in the fall of 2005. The first phase of development is on 1,290 acres and consists of 3,400 dwelling units. Development of Tartesso was hindered (delayed) by the need to construct all infrastructure to support the community. The five builders active in the first phase of Tartesso report strong market acceptance of this community which is the only active planned community in Buckeye on the north side of Interstate 10.

The development of Festival Ranch at the north end of the Sun Valley Parkway and Tartesso on the south end of the Sun Valley Parkway are providing the catalyst for additional development along the parkway. In the late 1990s, as a result of tremendous residential growth throughout Metropolitan Phoenix, interest in the Sun Valley area began to rise again. A number of the large land holdings were acquired by real estate developers and additional assemblages started to place. As a result, the Sun Valley area has a number of large planned areas being readied for master plan community development. Table 10 summarizes a number of the new Sun Valley communities.

TABLE NO. 10

PLANNED SUN VALLEY COMMUNITIES

Community	Size (Acres)	Dwelling Units
Tartesso	9,000	9,600
Festival Ranch	10,105	29,000
Douglas Ranch	33,810	90,000
Sun Valley South	11,200	29,000
Sun Valley	13,200	34,000
Belmont	19,800	90,000

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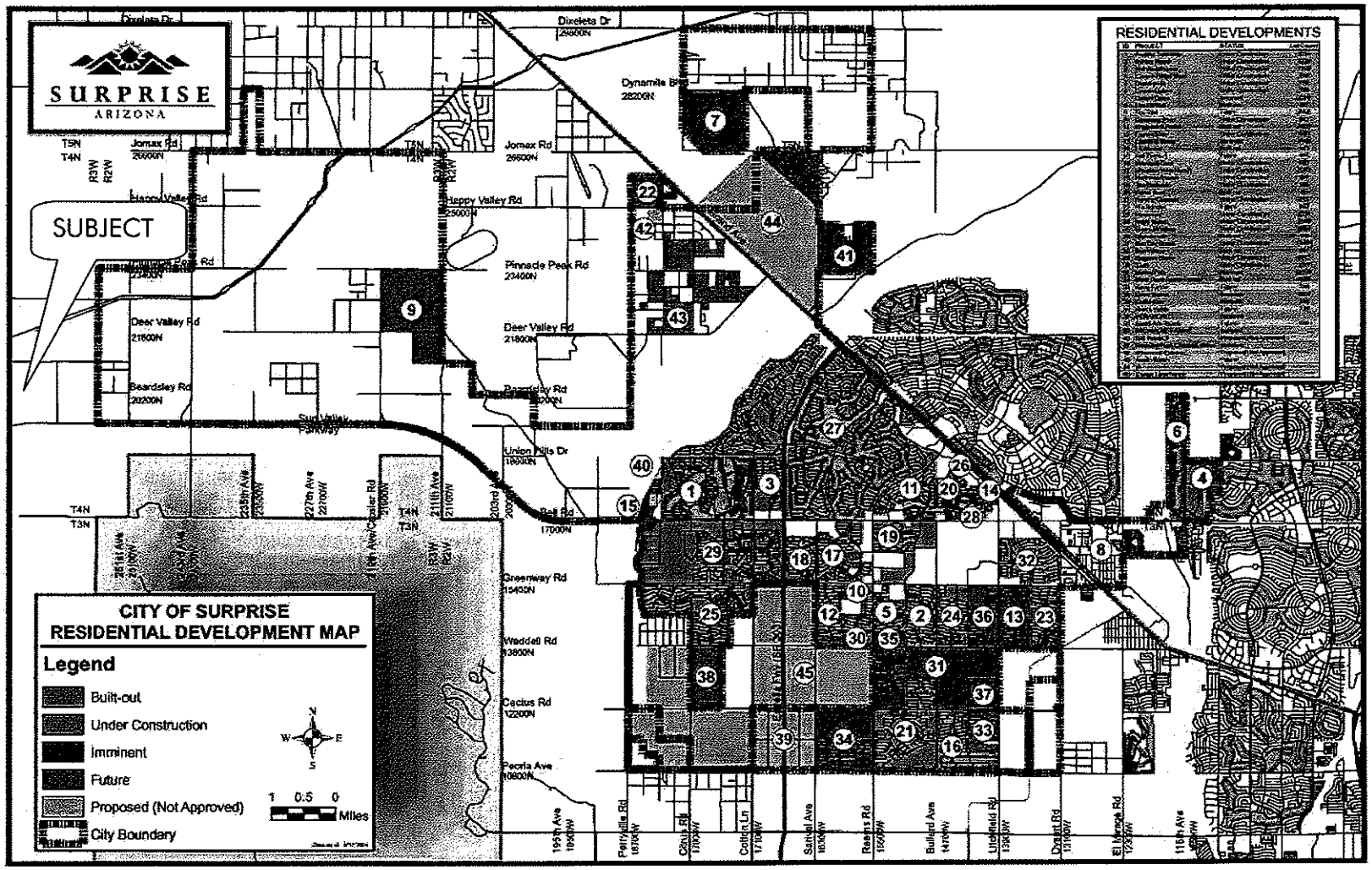
EXHIBIT NO. 8
Surprise Residential Development Map



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The six large communities summarized account for more than 280,000 new dwelling units. The location of these communities is illustrated on Exhibit 9.

RESIDENTIAL DEVELOPMENT

To date there have been no significant developments in the proximity of the subject property, however, it is noteworthy to mention the proximity of subject to the three existing Sun City communities as the subject will be the initial phase of the next extension of the Sun City product series.

COMMERCIAL DEVELOPMENT

There are currently no commercial developments within reasonable proximity of the subject property. The closest retail development is at the intersection of Bell Road and Estrella Parkway in Surprise. An Albertsons store is open at the northwest corner of this intersection and a new Safeway store recently opened just west of the southwest corner of this intersection. Additional retail opportunities are available further east in Surprise. The most significant retail development is found at the intersection of Bell Road and Grand Avenue.

Grading is currently underway for a new convenience store with gas pumps at the immediate northeast corner of Sun Valley Parkway and Canyon Springs Boulevard as part of the larger Festival Marketplace Shopping Center which include a Fry's grocery store. A site plan of the project and renderings of the center are included as Exhibits 10 and 11.

EMPLOYMENT

There are no significant employers in the subject's immediate area.

COMMUNITY SERVICES

There are no community services in the immediate area. As demand warrants, public schools will be constructed to serve the expanding population base. Fire and police protection will be provided by the Town of Buckeye due to the fact the subject lies within the town limits of Buckeye. Temporary fire and police facilities will be developed in the first phase of Sun City Festival to serve the community.

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EXHIBIT NO. 9
Sun Valley Communities Map

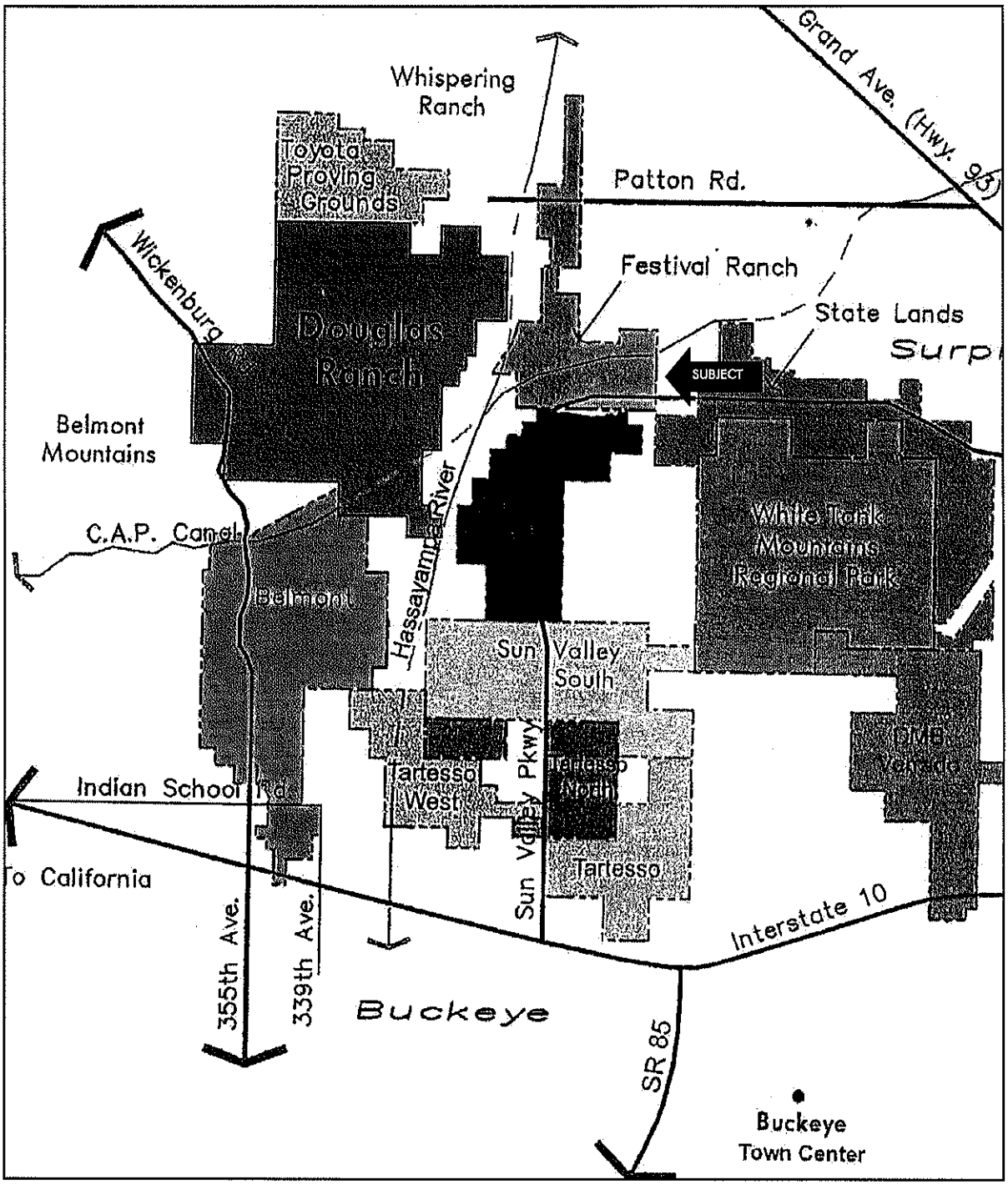

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EXHIBIT NO. 10

Festival Marketplace Site Plan

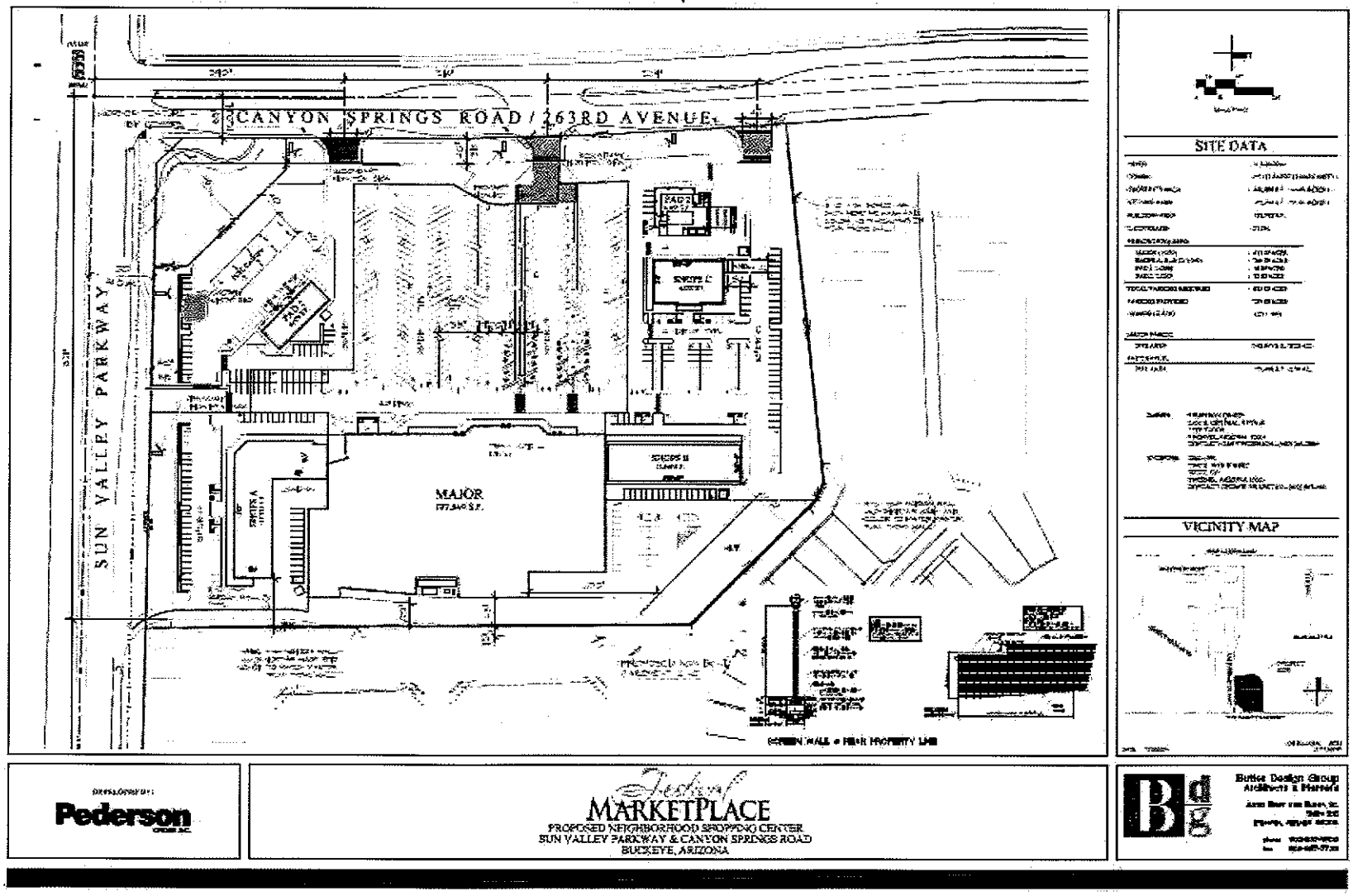

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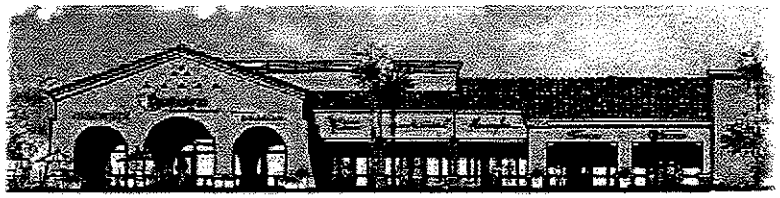
EXHIBIT NO. 11

Festival Marketplace Renderings

OVERALL ELEVATION

MAJOR A - ENLARGED ELEVATION



SHOPS B - ENLARGED ELEVATION

SHOPS A - ENLARGED ELEVATION

SOUTH SHOPS A - ENLARGED ELEVATION

Pederson GROUP INC.

Festival MARKETPLACE
PROPOSED NEIGHBORHOOD SHOPPING CENTER
SUN VALLEY PARKWAY & CANYON SPRINGS ROAD
BUCKEYE, ARIZONA

WEST ELEVATIONS

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While a number of physicians' offices and urgent care facilities are located in Surprise, the most significant medical development is Del E. Webb Memorial Hospital is at the northeast corner of Grand Avenue and Meeker Boulevard in Sun City West. This is a full service facility providing specialty services for the older population base of the Sun City communities as well as traditional hospital services for the increasing population of the surrounding Surprise area. Boswell Memorial Hospital is a second facility serving the area. It is within the original Sun City community near Grand Avenue and 99th Avenue. The focus of this facility is geriatric medicine.

Though no final agreements have been executed, negotiations with Sun Health for the development of medical facilities for the community have taken place.

INFRASTRUCTURE

Because much of the area is undeveloped desert acreage, the infrastructure is limited. Pulte Homes is responsible for the construction of the majority of the infrastructure. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed, the infrastructure of the town will increase. Sewer service for Festival Ranch is provided by a wastewater treatment plant constructed on the south side of the Sun Valley Parkway just west of the existing Sun City Festival development. This facility through expansions will serve all of Pulte's projects as well as the larger planned Festival Ranch community.

ACCESS

The most significant and only traffic artery is Sun Valley Parkway. Sun Valley Parkway is a four-lane divided road way which connects Interstate 10 in Buckeye with Surprise. The parkway follows the western and north slopes of the White Tank Mountain, which have historically represented the western boundary of Metropolitan Phoenix.

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The Sun Valley Parkway provides the subject property and surrounding area with convenient access to Surprise and its many services. As development pushes further toward the west from Surprise, additional arterials will be developed.

Within the project, the Canyon Springs Boulevard, which has been fully improved to Beardsley Road, is the most significant arterial. It provides access and entry to both the Sun City Festival and Festival Foothills communities. It is a four-lane arterial separated by a landscaped median.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

Only sparse development has taken place in the subject's immediate area; however that will change significantly with the development of the subject property and balance of the 3,100 acres within Pulte's Festival Ranch community. Given the topography of the area along the Sun Valley Parkway, the fact a number of properties have entitlements, the desire for large scale developments and access via the Sun Valley Parkway, development along the corridor should show an increase in the next five years.

Overall the outlook for the subject's immediate area is for the development of numerous large-scale master planned communities with the first being Festival Ranch.

DESCRIPTION OF THE SUBJECT PROPERTIES

As noted on Page 1, the subject of this report includes four planning area within the first phase of development of Sun City Festival, a 3,100-acre active adult community within the Town of Buckeye in northwestern Maricopa County, Arizona. The four planning areas comprise a net land area of 186.06 acres, which is the aggregate land area of the 642 single family residential lots including open space and streets. The four subject properties have been platted and engineered with approved final plats from the Town of Buckeye, though the plat for Parcel I-1/P-1 has not been recorded. On the date of final inspection, August 1, 2007, all finish grading was complete and installation of on-site infrastructure (sewer, water and dry utilities) was underway for Parcels K-1 and O-1. Grading work on Parcels I-1 and P-1 was in the process of being completed.

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Table 11 provides a brief summary of the four planning area within the first phase of Sun City Festival. The location of the subject's four planning areas is illustrated on Exhibit 12, a conceptual plan for the entire Sun City Festival community.

TABLE NO. 11

DESCRIPTION OF PLANNING AREAS

Parcel No.	Description	Size and Number of Lots
I-1	This parcel is on the north side of Beardsley Parkway on the west side of Canyon Springs Boulevard. This parcel also fronts along hole 17 of the Copper Canyon golf course and has 17 lots of golf lots. It is final platted for 48 lots of 46' width, 60 lots of 60' width, 38 lots of 70' width and 6 lots of 80' width.	36.34 net acres 152 lots
K-1	This parcel is just off the south side of Mountain Ridge Boulevard east of Desert Oasis Boulevard. It also has frontage along holes 3 and 4 of the Copper Canyon golf course. This parcel has 15 lots with golf course frontage. It is final platted for 126 lots with 59 lots of 46' width, 22 lots of 60' width, 38 lots of 70' width and 7 lots of 80' width.	28.36 net acres 126 lots
O-1	This parcel is situated south of Mountain Ridge Boulevard east of Desert Oasis Boulevard. It has 57 golf lots along holes 2 and 3. It is final platted for 171 lots with 64 lots of 60' width, 75 lots of 70' width and 32 lots of 80' width.	40.31 net acres 171 lots
P-1	This parcel is located just north of Beardsley Parkway west of Canyon Springs Boulevard. This parcel has 62 lots with golf course frontage along holes 15, 16 and 17. It is final platted for 193 lots with 29 lots of 46' width, 84 lots of 60' width, 46 lots of 70' width and 34 lots of 80' width.	81.1 net acres 193 lots

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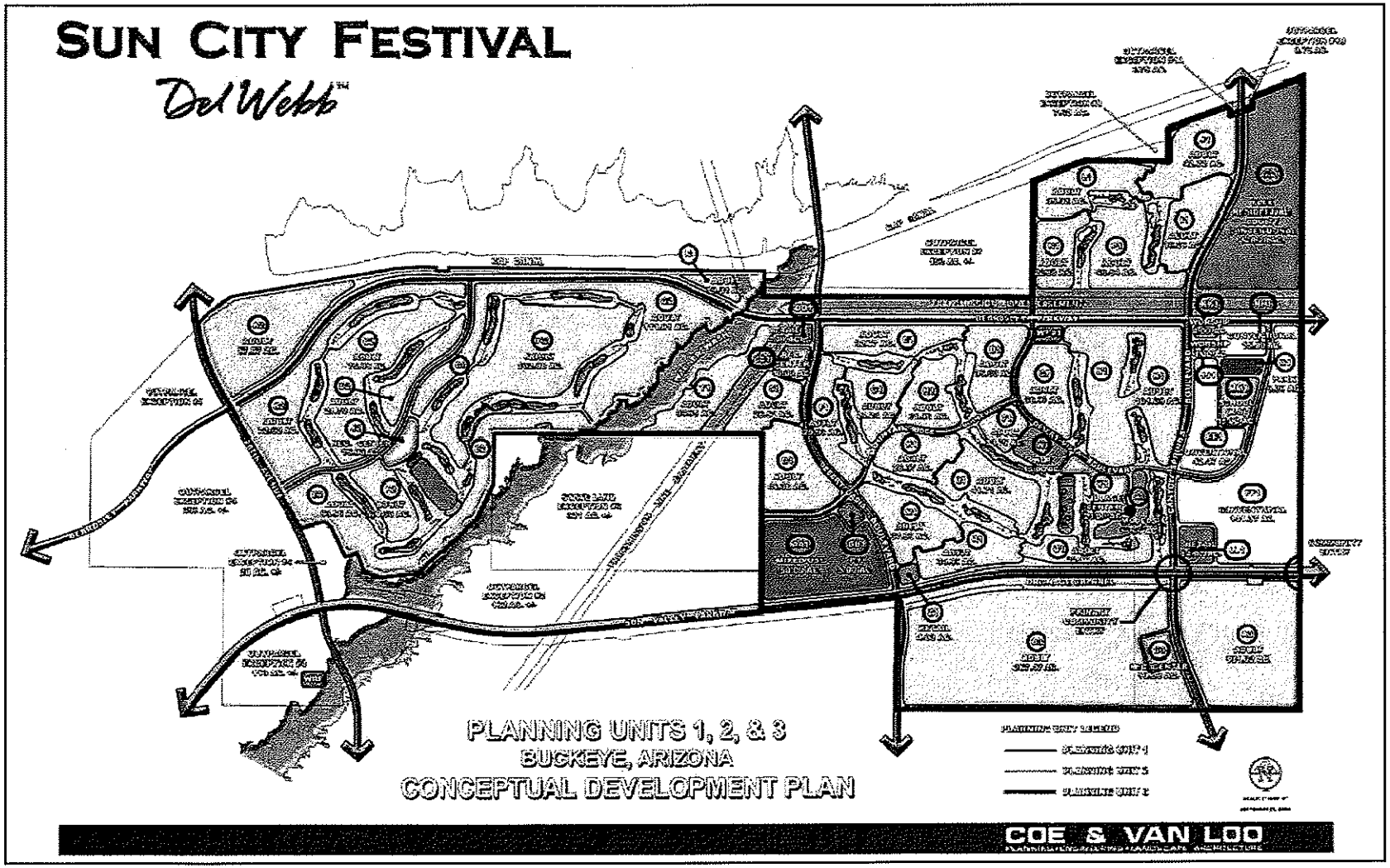
EXHIBIT NO. 12

Sun City Festival Conceptual Plan



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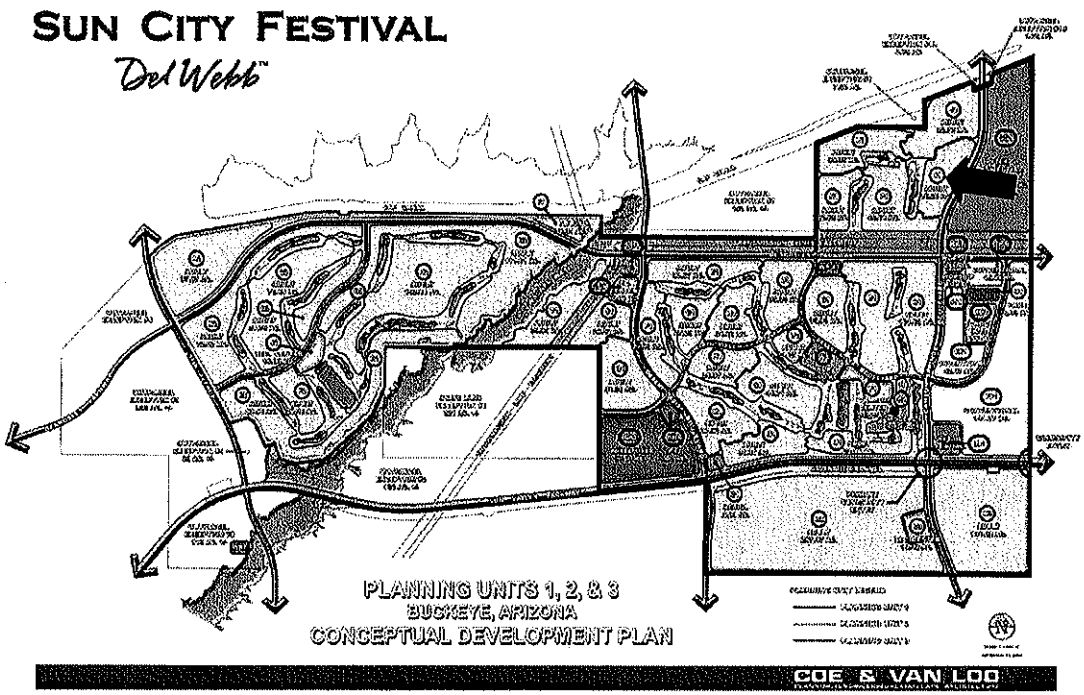

Subject Parcel:	I-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	36.34 net acres
Total Number of Lots:	152
Lot Size:	

Lot Width	No. of Lots	% of Total
46′	48	32
60′	60	39
70′	38	25
80′	6	4
Total	152	100%

Premium Lots:	17 golf frontage lots
Comments:	This parcel has been final platted (Unrecorded).

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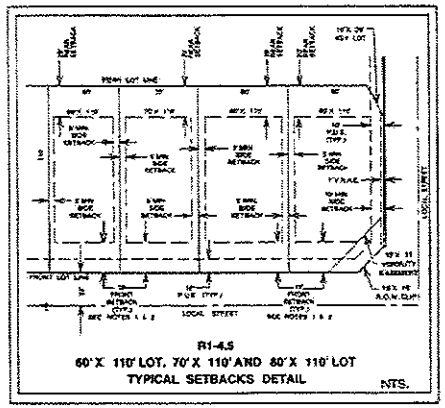

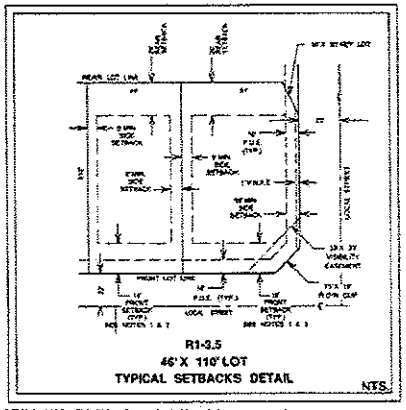

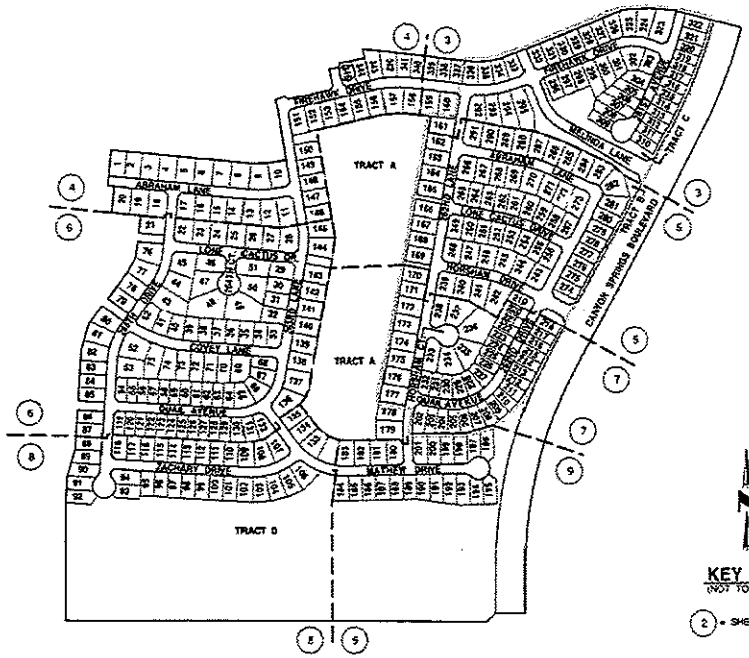

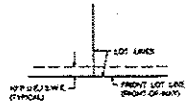

TYPICAL PUBLIC UTILITY EASEMENT DETAIL
NOT TO SCALE

SHEET 2 OF 10

COE & VAN LOO

SUN CITY FESTIVAL - PARCELS 11 & 11 - FINAL PLAT - C.V.L. JOB# 660053-01

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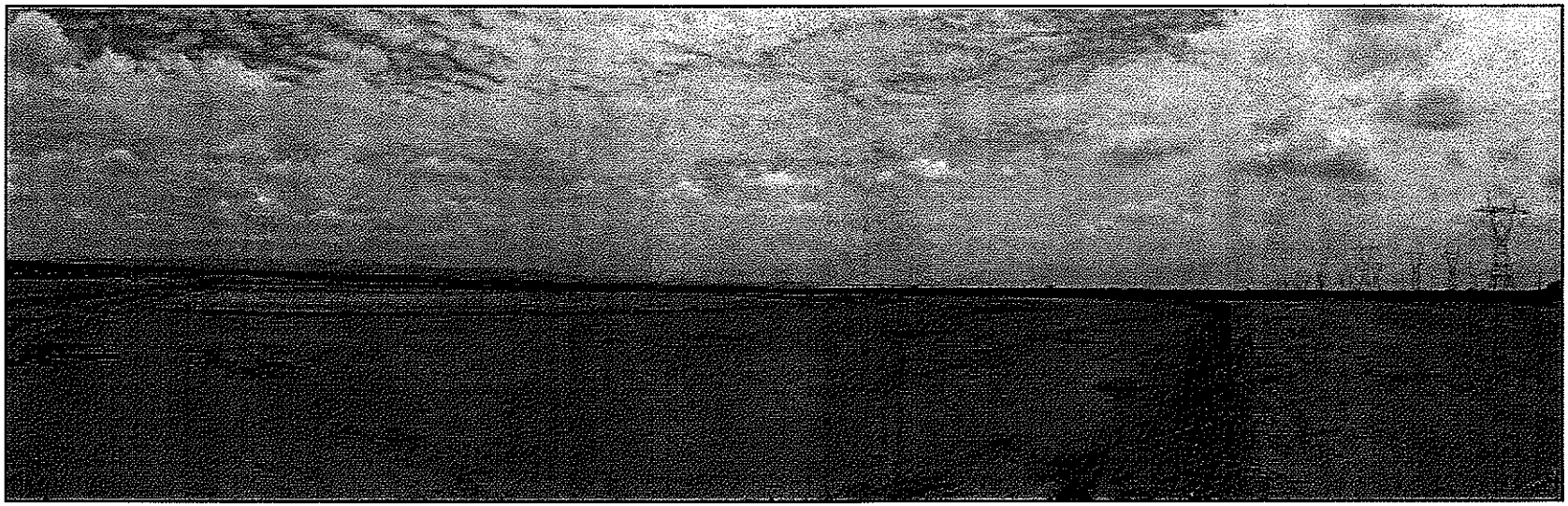

LOOKING NORTH-NORTHEASTERLY ACROSS PARCEL I-1

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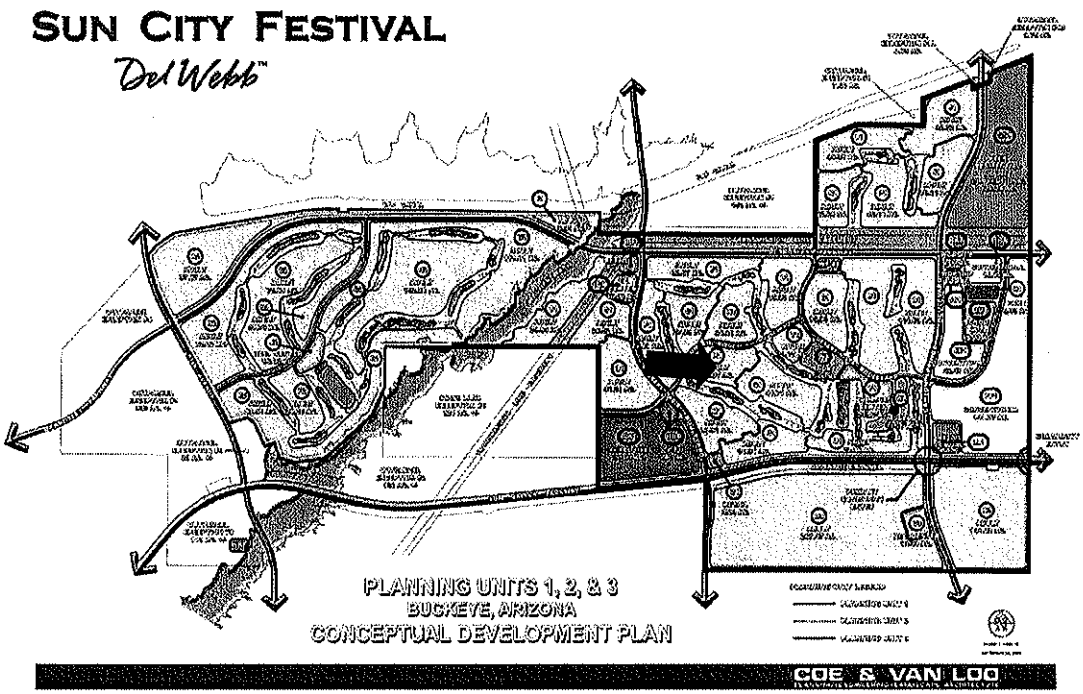

Subject Parcel:	K-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	28.36 net acres
Total Number of Lots:	126
Lot Size:	

Lot Width	No. of Lots	% of Total
46′	59	47
60′	22	17
70′	38	30
80′	7	6
Total	126	100%

Premium Lots:	15 golf frontage lots
Comments:	This parcel has been final platted.

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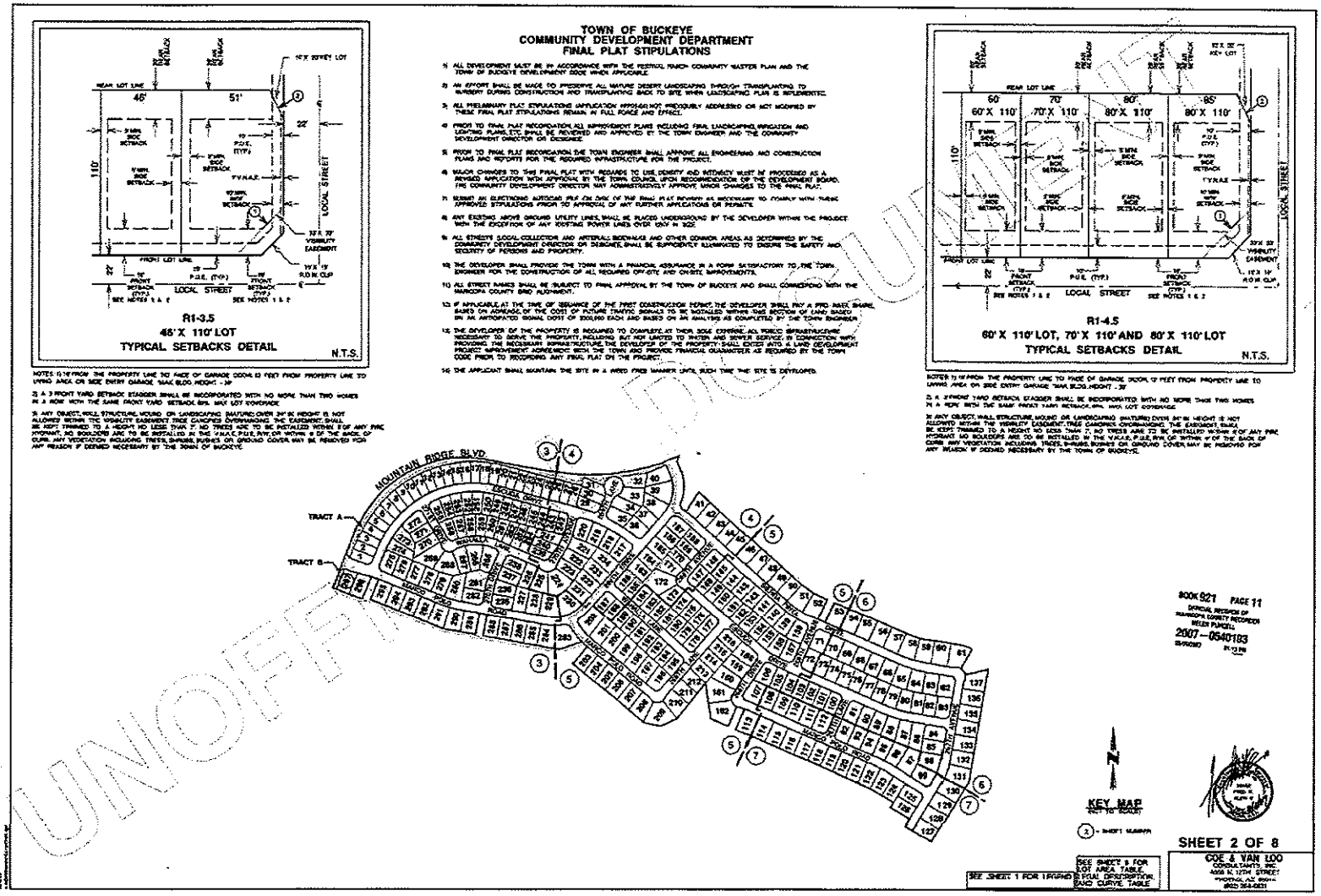

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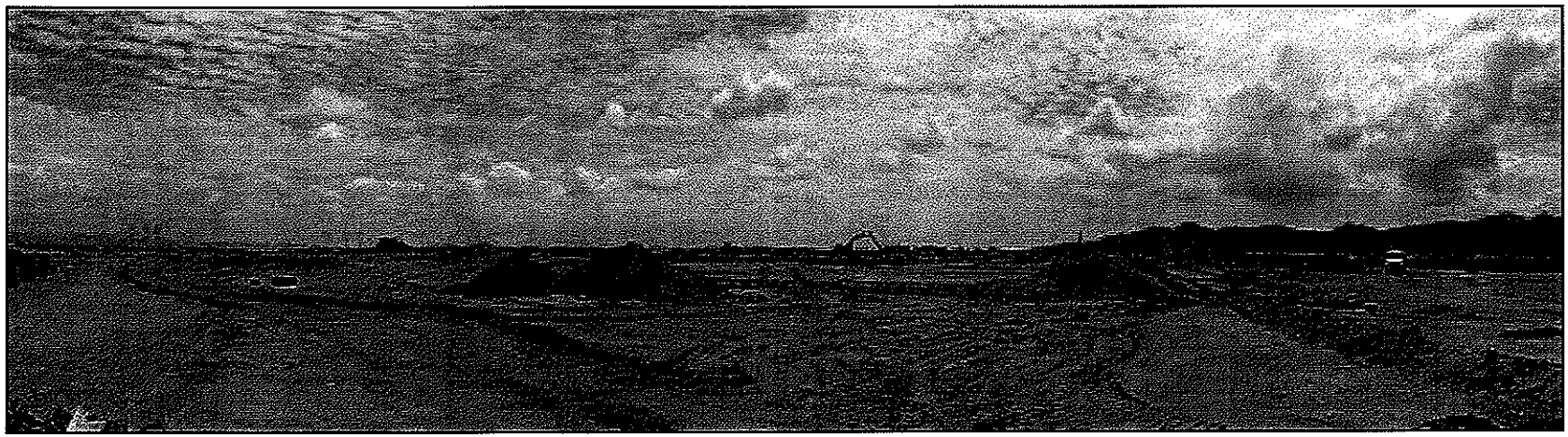

LOOKING EAST-SOUTHEAST ACROSS PARCEL K-1

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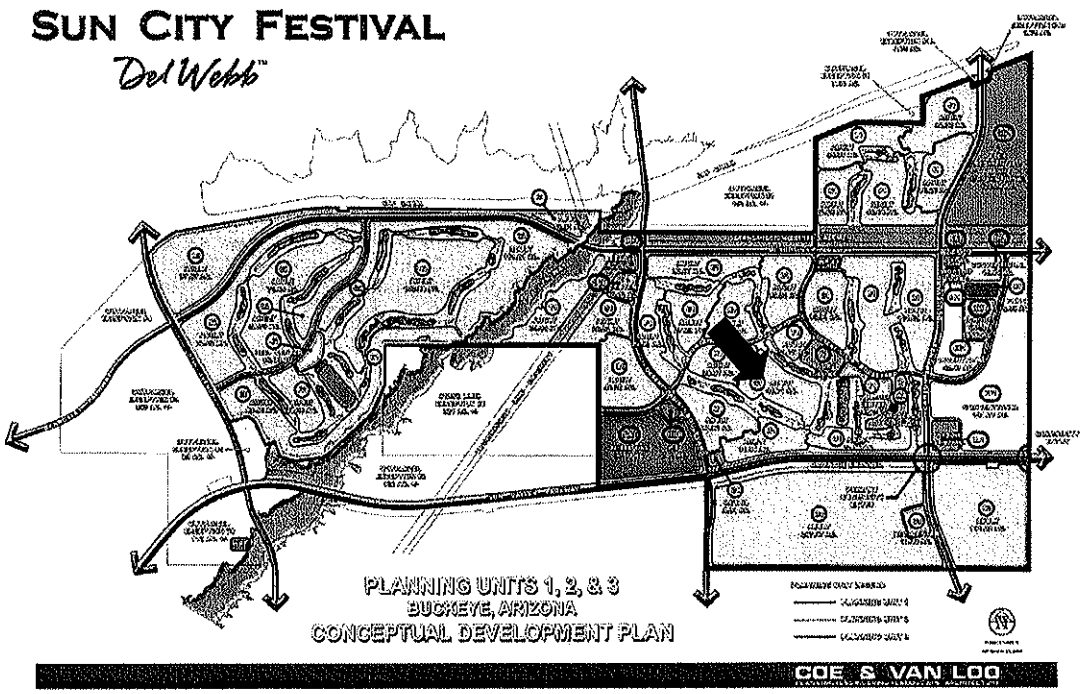

Subject Parcel:	O-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	40.31 net acres
Total Number of Lots:	171

Lot Size:

Lot Width	No. of Lots	% of Total
46′	0	0
60′	64	37
70′	75	44
80′	32	19
Total	171	100%

Premium Lots:	57 golf frontage lots
Comments:	This parcel has been final platted.

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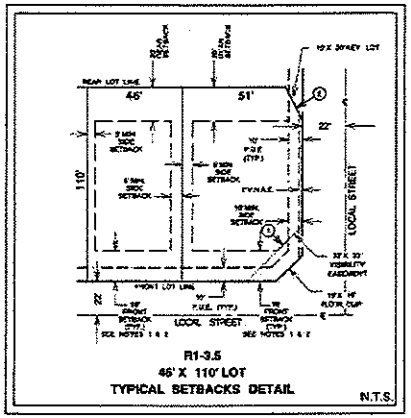


TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1) ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE WHEN APPLICABLE.

2) AN EFFORT SHALL BE MADE TO PRESERVE ALL MATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SITE WHEN LANDSCAPING PLAN IS IMPLEMENTED.

3) ALL PRELIMINARY PLAT STIPULATIONS (APPLICATION #PP06-06) NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.

4) PRIOR TO FINAL PLAT RECORDATION, ALL IMPROVEMENT PLANS INCLUDING FINAL LANDSCAPING, IRRIGATION AND LIGHTING PLANS, ETC. SHALL BE REVIEWED AND APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.

5) PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.

6) MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.

7) SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.

8) ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 69KV AS ADE.

9) ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY.

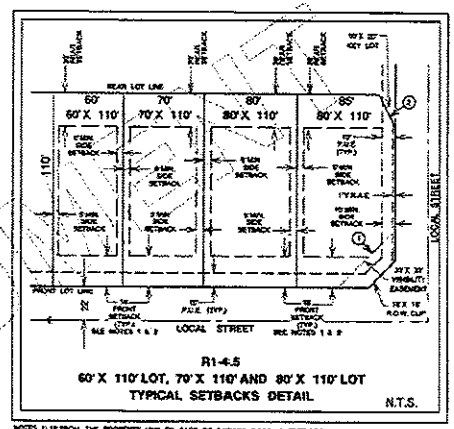
10) THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS.

11) ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE AND SHALL CORRESPOND WITH THE MARICOPA COUNTY GRID MUSHMANT.

12) IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $200,000 EACH AND BASED ON AN ANALYSIS, AS COMPLETED BY THE TOWN ENGINEER.

13) THE DEVELOPER OF THE PROPERTY IS REQUIRED TO COMPLETE, AT THEIR SOLE EXPENSE, ALL PUBLIC INFRASTRUCTURE NECESSARY TO SERVE THE PROPERTY, INCLUDING BUT NOT LIMITED TO WATER AND SEWER SERVICE. IN CONJUNCTION WITH PROVIDING THE NECESSARY INFRASTRUCTURE, THE DEVELOPER OF THE PROPERTY SHALL ENTER INTO A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT WITH THE TOWN AND PROVIDE FINANCIAL GUARANTEES AS REQUIRED BY THE TOWN CODE PRIOR TO RECORDING ANY FINAL PLAT OR THE PROJECT.

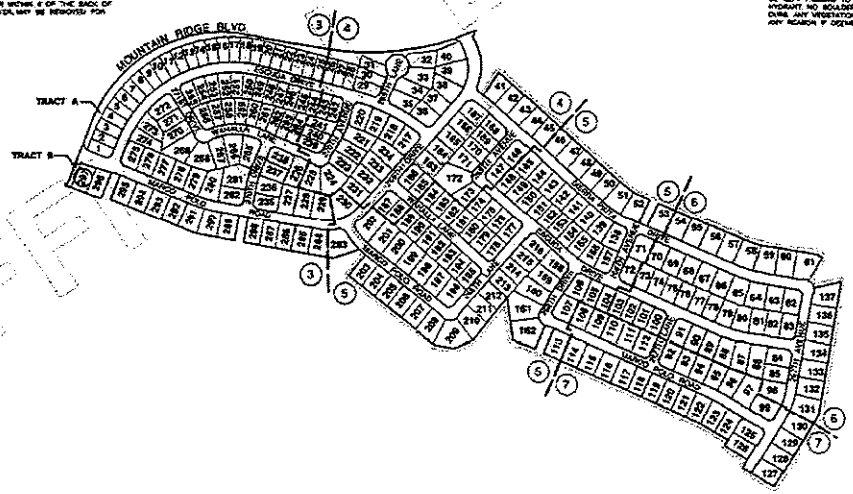
14) THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.



NOTES: 1) 19' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX BLDG. HEIGHT - 30'

2) A 2' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK. 60% MAX LOT COVERAGE

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 30" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7. NO TREES ARE TO BE INSTALLED WITHIN 8' OF ANY FIRE HYDRANT. NO BOULDERS ARE TO BE INSTALLED IN THE V.R.A.E., P.U.E., R.W., OR WITHIN 6' OF THE BACK OF CURB. ANY VEGETATION, INCLUDING TREES, SHRUBS, BUSHES OR GROUND COVER, MAY BE REMOVED FOR ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.



SEE SHEET 1 FOR LEGEND

SEE SHEET 4 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 8

COE & VAN LOO CONSULTANTS, INC.
4530 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103

SUN CITY FESTIVAL - PARCELS K1 & D1 - FINAL PLAT - C.V.L. JOB# 660033-01

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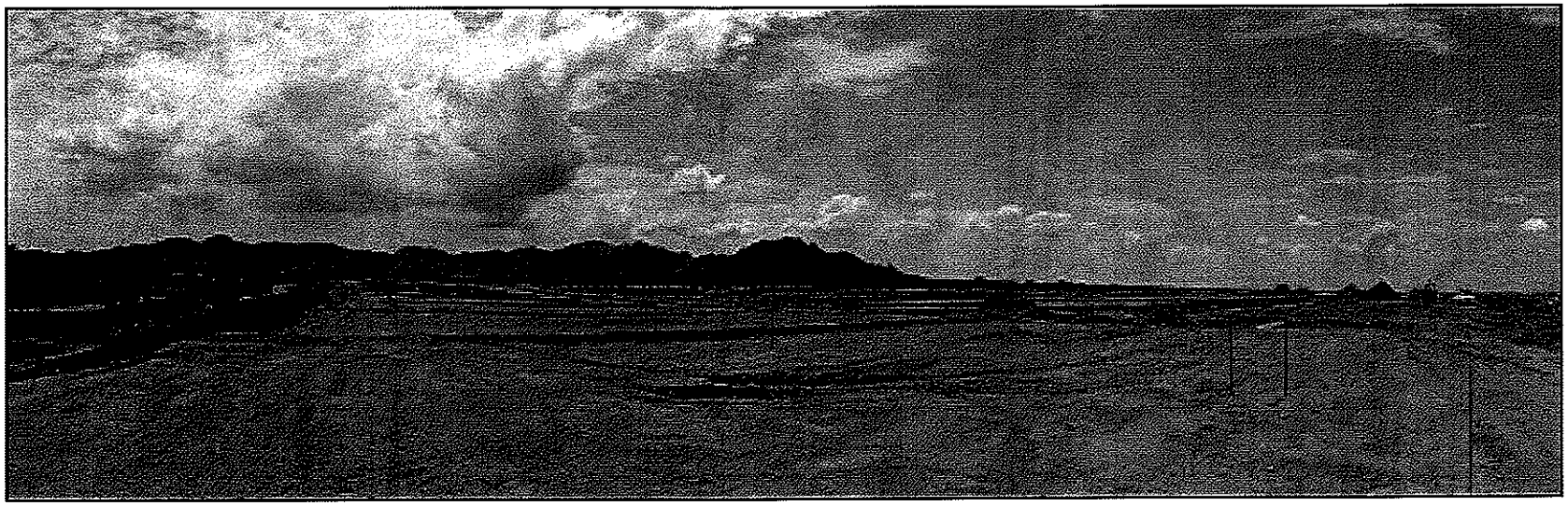

LOOKING SOUTH ACROSS PARCEL O-1

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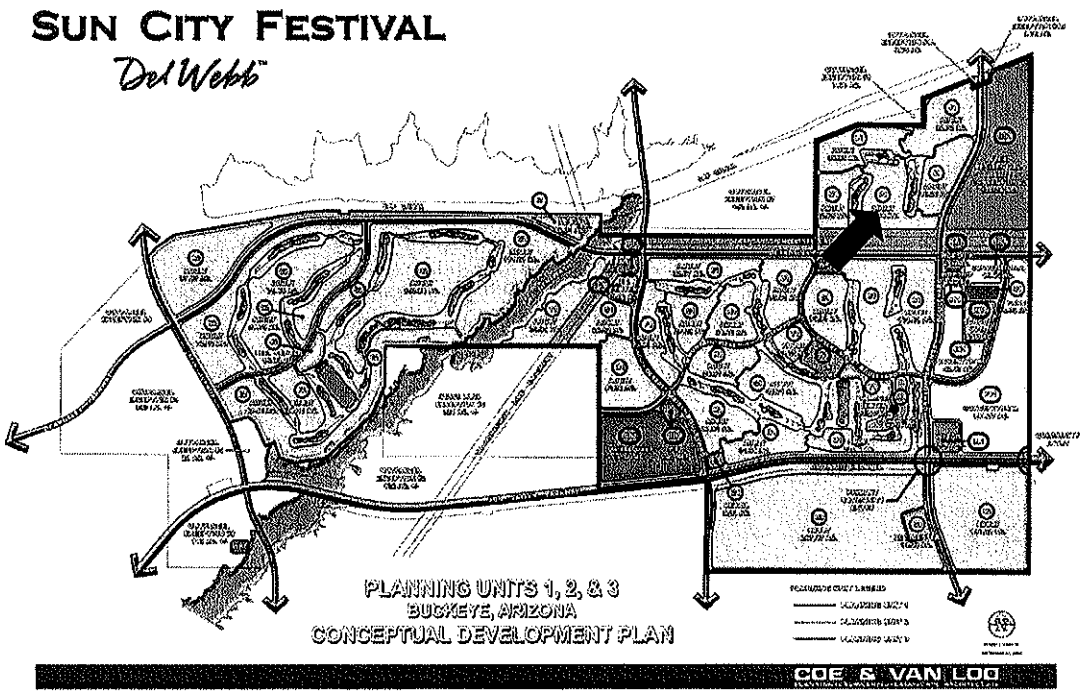

Subject Parcel:	P-1
Designated Use:	Single-Family Residential
Zoning:	PR – Planned Residential
Size:	81.07 net acres
Total Number of Lots:	193

Lot Size:

Lot Width	No. of Lots	% of Total
46′	29	15
60′	84	44
70′	46	24
80′	34	18
Total	193	100%

Premium Lots:	62 golf frontage lots
Comments:	This parcel has been final platted (Unrecorded).

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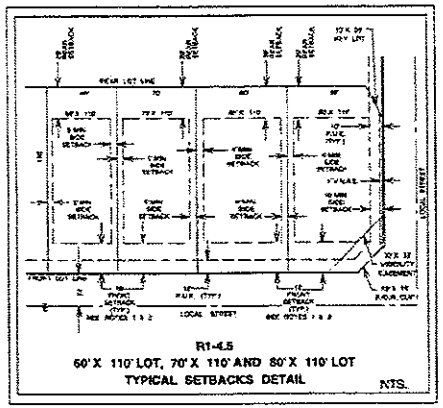

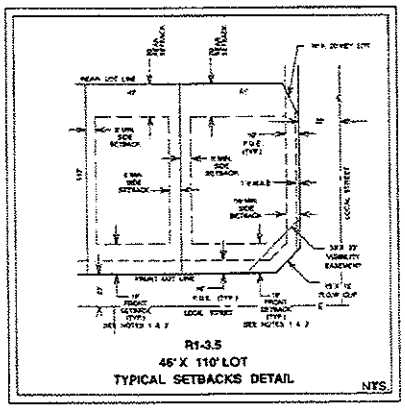

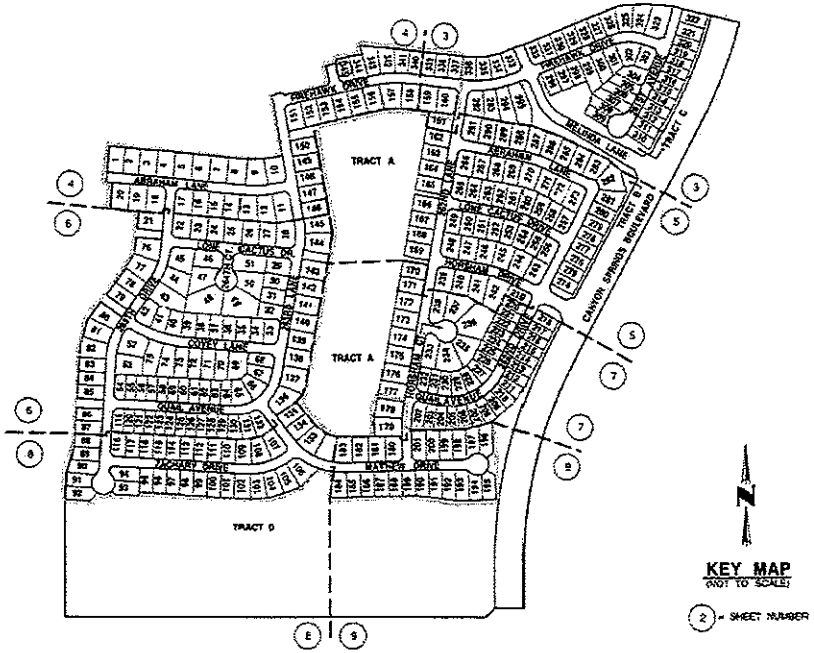

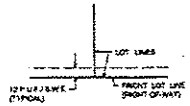

TYPICAL PUBLIC UTILITY EASEMENT DETAIL
NOT TO SCALE

SEE SHEET 1 FOR LEGEND

SEE SHEET 11 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 10

COE & VAN LOO
CONSULTANTS, INC.
4848 N. 32ND STREET
PHOENIX, AZ 85016
(602) 954-6501

SUN CITY FESTIVAL - PARCELS P1 & H - FINAL PLAT - C.V.L. JOB# 080633-01

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LOOKING NORTH-NORTHWESTERLY ACROSS PARCEL P-1

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GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

The subject is generally level with some moderate sloping toward the southwest. While there are cost advantages in developing level land when compared to the costs connected with developing a similarly sized parcel with varying topography, the level land project does not provide the opportunity to develop lot premiums typically associated with a project with varying topography.

Soil

A soil report was not provided in connection with this assignment; however, soil testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the four subject parcels discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	Southwest Gas
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. A 404 permit from the Army Corps of Engineers has been issued for the development of the subject site. A 404 Permit addresses various environmental impacts, the most notable being drainage issues.

Required retention within each of the subject's four planning areas will be handled through retention areas or open space (golf course) within each parcel. The location of these retention areas is shown on the individual subdivision plats.

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Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the four subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed; however, it was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the four subject parcels. It is specifically noted that high voltage power lines bisect the Sun City Festival community between Beardsley Road and Parcels I-1 and P-1.

Assessed Valuation and Real Estate Taxes

Because the subject property consists of four parcels which have yet to be fully improved, the current assessments are based upon their unimproved condition. However, as the Maricopa County Assessor's Office becomes aware of the change in land use status, each individual lot within the four residential parcels will be assessed as an improved residential lot. Real estate taxes for finished lots are estimated at $350.

Special Assessments

The purpose of this appraisal is to address the market value of the four subject parcels for the purpose of placing a special assessment on these properties to reimburse the developer for the cost of qualified public improvements. An assessment in the amount of approximately $2,000 per lot will be placed upon the subject's 642 lots. The assessment will cover a potion of the costs of in-tract street improvements. An annual assessment payment of $150 is estimated.

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RESIDENTIAL MARKET ANALYSIS

In order to better analyze the financial feasibility and marketability of residential uses within the subject development and an approximate absorption time table, a detailed discussion and analysis of the residential market conditions for Metropolitan Phoenix (largest residential market most proximate to the subject property) as well as the subject's more immediate market area is provided.

METROPOLITAN PHOENIX OVERVIEW

Permit Activity

The Metropolitan Phoenix housing market has just finished its 15th year of a strong recovery that started in 1991 after 6 years of steady declines in permit activity. Table 12 summarizes the residential permit activity for Metropolitan Phoenix between 1985 and first quarter 2007.

TABLE NO. 12

RESIDENTIAL BUILDING PERMITS
Phoenix Metropolitan Area

	Single Family		Townhouse		Multifamily		Total
Year	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.
1985	19,432	38.7	6,617	13.2	24,113	48.1	50,162
1986	20,052	47.9	5,516	13.2	16,327	39.0	41,895
1987	15,944	58.0	3,123	11.4	8,427	30.7	27,494
1988	13,843	67.1	1,317	6.4	5,457	26.7	20,617
1989	11,194	82.8	625	4.6	1,701	12.6	13,520
1990	10,633	81.9	449	3.5	1,891	14.6	12,973
1991	13,510	91.9	485	3.3	710	4.8	14,705
1992	18,328	91.1	566	2.8	1,234	6.1	20,128
1993	21,896	90.5	607	2.5	1,799	7.4	24,302
1994	26,626	78.7	1,212	3.6	6,015	5.6	33,853
1995	26,824	73.7	1,599	4.4	7,991	21.9	36,414
1996	28,157	73.8	1,456	3.8	8,533	22.4	38,146
1997	29,124	74.5	2,174	5.6	7,799	19.9	39,097
1998	33,811	78.2	1,525	3.5	7,877	18.2	43,213
1999	33,252	78.3	1,454	3.4	7,759	18.3	42,465
2000	32,494	76.0	2,218	5.2	8,009	18.8	42,737
2001	32,867	78.5	1,801	4.3	7,201	17.2	41,869
2002	34,312	82.9	1,467	3.5	5,607	13.6	41,386
2003	39,652	85.5	1,894	4.1	4,836	10.4	46,382
2004	48,136	86.4	2,597	4.7	4,997	8.9	55,730
2005	43,256	84.8	4,526	8.9	3,250	6.4	51,032
2006	27,976	73.4	6,187	16.3	3,922	10.3	38,085
2007-1Q	7,017	63.0	2,353	21.1	1,778	15.9	11,148

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

As shown in Table 12, total permit activity had been particularly strong during the late 1990s through the first half of the 2000s with 2004 the strongest in the past two decades. However,

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market weakness at the end of 2005 has continued through 2006 and first half of 2007 with residential permits off more than 25% from pervious years.

Mortgage Rates

A primary reason a recovery in the market is forecast is the fact 30-year mortgage interest rates have been below 9% since 1991, primarily ranging between 7% and 8% over the past 5 years with recent rates falling to as low as 6%. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%. The spread between a 30-year fixed mortgage rate (5.38%) and the federal discount rate (2.00%) now stands at 3.38%, which is slightly less than the 4.2% average of the last 10 years. Nevertheless, even if a small hike in rates occurs, it will not seriously dampen market activity. However, if rates climb above 9%, new home affordability will decline and a significant number of first-time buyers may no longer qualify. Although interest rates began climbing during the summer of 2004, rates declined in the first half of 2005 before climbing to 6.25% at the end of the year. Mortgage rates during 2006 have reached as high as 6.78% though the national average rate reported by Freddie Mac at the end of December 2006 was 6.18%.

New and Resale Housing Market

According to the Arizona Real Estate Center at the W.P. Carey School of Business at Arizona State University, a total of 43,356 new homes were authorized in 2005, which is just off the record pace of 48,136 homes during 2004. The median sales price of new single-family, detached homes in 2005 averaged $251,795, which is 29% higher than the 2004 median of $195,000. Between 2003 and 2004 the median new home price rose 12.5%. During 2005, there were a total of 42,550 new single-family, detached home sales compared to 38,285 sales in 2004 and 32,700 sales in 2003.

Figures just released for 2006 indicate single family residential building permits of 27,976, which represents a 35% decrease from the 43,256 permit issued during the previous year and the lowest level of permits since 1997. Though townhome and multifamily permits increased during 2006, there increase could not offset the dramatic reduction in single family permits. During 2006 the median home price rose to $306,355 from $251,795, which further eroded housing affordability. Though the 2006 median new home price was 306,355 this figure was below the

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$313,774 median price record during the second quarter of 2006. Median prices declined from the second quarter record.

The Arizona Real Estate Center also reports 67,030 sales of existing homes throughout Metropolitan Phoenix during 2006. By comparison, 110,835 sales of existing homes took place during 2005and 102,115 resales in 2004. The reduction in the sales rate resulted from a stalemate in the marketplace between buyers and sellers. Buyers in the market during 2006 were looking for bargains while sellers were hoping to hold onto appreciation recorded during 2005.

During 2006, the market backed down from the record levels of 2004 and 2005. Homebuilders slowed construction to unload existing inventory before committing to new deliveries. As existing inventories continue to decrease the level of new construction activity should slowly return, though the pace will be lower than the record levels of 2004 and 2005.

Housing Affordability

Historically, there appears to be fairly significant degree of correlation between the affordability of single-family housing and interest rates. Table 13 provides a comparison of these two items for new and resale homes. The affordability index is defined in terms of the median-income household; an index of 100 indicates that a median-income household is able to qualify for a median-priced home.

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TABLE NO. 13

SINGLE-FAMILY AFFORDABILITY ANALYSIS
Metropolitan Phoenix

		Resale Homes		New Homes	
Year	Effective Interest Rate	Median Sales Price	Affordability Index	Median Sales Price	Affordability Index
1988	10.8%	$77,197	95	$103,950	72
1989	11.0%	$77,932	98	$105,850	72
1990	10.5%	$79,237	105	$109,300	76
1991	9.4%	$80,383	117	$107,500	87
1992	8.6%	$83,060	125	$108,800	95
1993	7.4%	$83,715	144	$112,500	108
1994	8.5%	$87,230	129	$124,475	90
1995	8.1%	$91,070	133	$127,600	94
1996	7.9%	$96,890	132	$130,800	98
1997	7.5%	$105,245	130	$136,220	101
1998	6.9%	$113,427	132	$139,073	107
1999	7.3%	$120,440	120	$146,645	99
2000	7.9%	$128,512	109	$150,790	92
2001	6.9%	$136,005	115	$156,450	100
2002	6.4%	$144,900	124	$159,990	113
2003	5.7%	$155,000	126	$173,235	113
2004	5.7%	$174,815	114	$195,000	102
2005	5.7%	$240,500	84	$251,795	80
2006	6.3%	$260,600	74	$306,355	63
2007-1Q	6.0%	$262,570	76	$296,425	67

Source: Arizona Real Estate Center, College of Business, Arizona State University

Single-family market share has tended to increase as the affordability of new single-family homes is improved. In particular, according to Arizona State University, during the high inflationary (and high interest rate) period from 1983 through 1986, the affordability index averaged roughly 64 and single-family building permit market share averaged (weighted) 58%. During the next 5 years (1987-1991), as interest rates declined, the affordability index increased to an average of about 76 and the single-family market share of permitting increased to a weighted average of roughly 76%. More recently (2001-2004), the affordability index increased above 100 to a high of 113, and as expected, single-family market share increased further. In 2004 and most notably 2005, the affordability index has fallen. Median prices for both resale and new homes jumped dramatically in 2005. The median price of a resale home increased 37.5% during 2005, while the median price of a new home increased 29.1%. Even with interest rates below 6.50%, housing affordability in the Metropolitan Phoenix market has diminished. In terms of pricing, it appears the market peaked in the second quarter of 2006 as median home price fell from $313,774 to $310,000 in the third quarter and $305,000 in the fourth quarter. The decline has continued into the first quarter 2007 as the median new home price fell below $300,000.

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COMPETITIVE MARKET AREA

The subject property is part of an age-restricted, active adult community known as Sun City Festival. It is the latest extension of the Sun City communities which have been developed in northwestern Maricopa County since the 1960s. Del Webb, the pioneer of adult communities, developed Sun City in the 1960's. Its success was followed by Sun City West, which is directly west of Sun City. More recently Sun City Grand was developed in the City of Surprise (which is just west of Sun City West. This community has recently sold-out and the subject's Sun City Festival community is being created for the latest extension of the Sun City brand.

Active adult communities are large master-planned communities, usually including 500 or more dwellings, which cater to the senior population. At least one person in each household must be over a minimum age (typically 55 to 62 years). Active adult communities differ from other master-planned residential communities primarily because of their attention to centralized amenities that cater to a more leisure-oriented buyer. Typical recreational amenities include golf courses, tennis courts, swimming pools, and hiking paths. Large recreation centers offer racquetball courts, exercise equipment, billiard and card rooms, theaters, libraries, and multi-purpose rooms for crafts and hobbies. Another distinctive characteristic of an active adult community is the high percentage of primary home buyers. In contrast, a typical resort-oriented development (not age-restricted) that has a much higher percentage of second home purchasers.

The typical home buyers within an active adult community are long time home owners who have amassed substantial equity in their urban homes. Selling their homes and converting this equity to cash and then purchasing a new home for much less can be very appealing. As a result, upwards of 75% of the homes sold in active adult communities are all cash transactions.

The success of active adult communities is directly dependent upon the aging of the general population. A steadily increasing portion of the United States population is living past age 65. Numbering 36.2 million (2005 estimate), this segment represents approximately 12.4% of the total population or about one in every eight Americans. Advances made in medical science in the areas of heart disease, strokes, and cancer, better medical care, improved diet, and increasing interest in physical fitness are allowing a larger percentage of the population to live into their 80's, 90's and beyond. Thus, the functional age of retirees is declining in comparison to chronological age. Since 1900, the average life expectancy at birth has lengthened more than 60%, from 48 years to almost 77 years today. Those over age 85 now constitute the fastest

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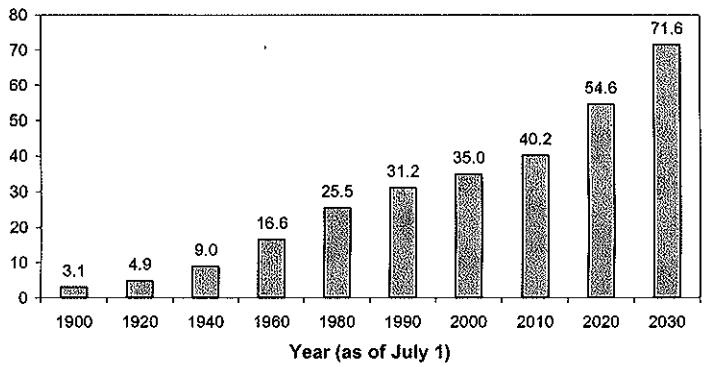
growing age segment in the United States, with women outliving men by steadily widening margins.

The senior population will continue to grow significantly in the future. This growth slowed somewhat during the 1990's because of the relatively small number of babies born during the Great Depression of the 1930's. But the senior population will burgeon between the years 2011 and 2030 when the "baby boom" generation reaches age 65. In fact, by 2030 there will be over 70 million seniors, more than twice their number in 2000, increasing the elderly segment of the population from its current 12.4% to 20%. Beginning in 2011, the population 65 and over will grow faster than the total population in every single state. The chart below summarizes this projected growth.

Figure 1 : Number of Persons 65+, 1900-2030 (number in millions)



Within the state of Arizona, the July 1, 2006 population estimate (U.S. Census) for seniors age 65+ was 765,061 persons, which represented about 13.0% of the state's total population. Projections through the year 2025 are presented in Table 14.

TABLE NO. 14

POPULATION PROJECTIONS – AGE 65+
Arizona vs. United States*

	July 1, 2000	July 1, 2005	July 1, 2010	July 1, 2015	July 1, 2020	July 1, 2025
Arizona	668	765	922	1,181	1,521	1,940
United States	34,992	36,696	40,244	46,791	54,632	63,524
Arizona % of U.S.	1.9%	2.08%	2.29%	2.52%	2.78%	3.05%

* Numbers in thousands.

Source: U.S. Census Bureau

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Unlike many areas of the country, the majority of Arizona's population growth is attributed to net migration into the state, rather than net natural increase. A combination of elements including a warm climate, growing economy, and abundant recreation and retirement opportunities will continue to draw newcomers to the state. A primary element in population projections is the expectation of a continuing inflow of retirees to Arizona from various parts of the country. Currently, Arizona is among the top 10 states in terms of senior population growth and the influx of retirees is expected to continue well into the future.

Metropolitan Phoenix Retirement Housing

The subject's Sun City Festival community is located in far northwestern Metropolitan Phoenix approximately 12 miles west of Sun City Grand. While retirement developments are spread throughout Metropolitan Phoenix and new communities are being developed south of the Metropolitan Phoenix area in Pinal County, northwestern Metropolitan Phoenix was the birthplace of age-restricted development with the original Sun City development in the 1960s. Since the original development, two additional Sun City communities have been developed just to west of Sun City. Some small age-restricted communities including Arizona Tradition by D.R. Horton and Corta Bella by Pulte Homes have been developed in this area. Table 15 included on the following page summarizes the larger active adult projects in Maricopa County (Metropolitan Phoenix).

Three new communities, Sun City Festival, Sun City Anthem at Merrill Ranch and Sun Lakes, have increased the total inventory of active adult lots by more than 19,000; however not all of these lots have been developed. These three communities will be built-out over the next ten to fifteen years.

The active adult marketplace in Metropolitan Phoenix is very active although its inventory has been diminishing. As a result, new communities such as the subject's Sun City Festival are being developed further from the center of Metropolitan Phoenix in previously undeveloped areas. For instance, the majority of new competition will come from projects being developed in Pinal County (south of Phoenix and north of Tucson).

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TABLE NO. 15

LARGE ACTIVE METROPOLITAN PHOENIX AGE-RESTRICTED COMMUNITIES

Project	Developer	Location	Date Open	Planned Units	Sold Units	Unsold Units	Average Price	Average Sq.Ft.	Avg. Price Sq.Ft.	Min. Lot Size
Sunland Sprngs Village	Farnsworth	Southeast	12/97	3,027	1,303	1,724	$ 253,704	1,575	$ 161.08	3,862
Sun City Anthem - Merrill Ranch	Pulte Homes	Southeast	04/06	4,217	254	3,963	$ 270,218	1,921	$ 140.67	7,360
Trilogy @ Power Ranch	Shea Homes	Southeast	01/03	2,056	1,908	148	$ 339,000	1,886	$ 179.75	5,967
Solera @ Johnson Ranch	Del Webb	Southeast	07/06	726	569	157	$ 231,089	1,625	$ 142.21	5,060
Province - Maricopa	Engle Homes	Southeast	10/03	2,220	857	1,363	$ 259,105	1,922	$ 134.81	6,388
Mission Royale	Meritage Homes	Southeast	01/03	1,292	637	655	$ 220,267	1,594	$ 138.19	5,350
Pebblecreek	Robson	Southwest	01/00	6,232	3,787	2,445	$ 413,183	2,222	$ 185.95	6,665
Sundance	Meritage	Southwest	01/02	1,102	646	456	$ 222,773	1,702	$ 130.89	5,500
Arizona Traditions	D.R. Horton	Northwest	02/96	1,772	1,652	120	$ 227,563	1,672	$ 136.10	4,713
Corte Bella	Pulte Homes	Northwest	03/03	1,649	1,648	1	$ 369,051	2,406	$ 153.39	8,625
Trilogy @ Vistancia	Shea Homes	Northwest	02/04	2,400	1,352	1,048	$ 360,245	2,141	$ 168.26	6,900
Sun City Festival	Pulte Homes	Northwest	04/06	7,210	235	6,975	$ 311,932	$ 2,128	$ 146.58	5,060
Totals/Average				26,693	14,613	12,080	$ 289,844	1,900	$ 151.49	6,000

Source: Meyer's Group / Hanley Wood 07/07

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Table 16 summarizes a number of the new communities being planned throughout the Metropolitan Phoenix and Pinal County areas.

TABLE NO. 16

FUTURE METROPOLITAN PHOENIX AGE-RESTRICTED COMMUNITIES

Project	Developer	Location	Acres	Planned Units
Province at Estrella Mountain Ranch	Engle Homes	Southwest	500	1,500
Encanterra (Pinal Co. - Queen Creek)	Shea Homes	Southeast	740	2,500
Trilogy @ Avalea (Pinal Co. - Maricopc	Shea Homes	Southeast	1,965	6,000
Totals			3,205	10,000

As indicated in the table above, much of the new development is taking place south of Maricopa County in Pinal County, which is approximately 17 miles south of the southern boundary of Metropolitan Phoenix. Besides Sun City Festival, the only new project under construction in Metropolitan Phoenix is Province at Estrella by Engle Homes in Goodyear. With large amounts of available land along the Sun Valley Parkway, it would not be surprising to see announcements of one or more communities along the corridor within the next five to ten years. For example, Douglas Ranch is a 33,000-acre planned community adjacent west of Sun City Festival. At 33,000 acre, a portion of the property could support a large active adult development.

Sun City Festival Proposed Housing Product

Pulte Homes is offering four product series within Sun City Festival: Cottages, Classics, Premieres and Estates. Table 17 summarizes the proposed series mix for the entire 7,210 units planned for Sun City Festival.

TABLE NO. 17

SUN CITY FESTIVAL SERIES MIX

Lot Width	No. Of Lots	% Of Total
Cottages	1,166	14%
Classics	2,491	33%
Premieres	2,680	40%
Estates	873	12%
Total	7,210	100%

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With the exception of Parcel O-1, all product series are offered within each of the four subject properties (the Cottages series are not offered in Parcel O-1). The housing product at Sun City Festival is the new generation of product previously offered at Sun City Grand. Table 18 summarizes the four product types being offered at Sun City Festival.

TABLE NO. 18

SUN CITY FESTIVAL BASE HOME PRICING

Series	Sq,Ft. Range	Base Home Price Range
Cottages	1,373-1,494	$208,900-$224,900
Classics	1,612-1,816	$246,900-$261,900
Premieres	1,960-2,323	$296,900-$327,900
Estates	2,528-2,849	$365,900-$385,900

Projecting an absorption of product for the subject community is dependent upon several key issues: supply/demand elements; quality of the community; base home pricing (perceived value); and location. Regarding the supply/demand element, it is a general consensus that the existing inventory in Metropolitan Phoenix is considered to be in a demand/supply balance, bordering on a somewhat oversupplied condition by market standards. When referencing retirement communities, their absorption rates tend to be relatively high and typically less affected by economic conditions (which can significantly affect general housing market conditions). Without periodic new additions to supply, demand would soon outpace supply as the retirement segment of the population will continue to grow at a significant rate. It is presumed demand will escalate significantly during the next decade as the population ages.

The quality of the Sun City Festival community is considered above average for the targeted market. The amenity package of sports clubs and facilities, hiking, biking, golf and clubhouse/community centers are consistent with trends in the age-restricted community segment of the market. The size of the proposed project, overall planning/layout, location at the base of the White Tank Mountains (which provide recreational opportunities as well as mountain views) and architectural design of the homes is considered good and appropriate. A fairly wide range of consumers should find the subject community desirable.

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One of the most influential factors affecting absorption in an active adult community is base home pricing. Price sensitivity can occur in certain segments of the retiree market for a variety of reasons ranging from living on a fixed income to deciding to travel more and spend less money on a house. The broad range of product pricing should provide potential buyers with a wide enough spectrum to meet the varying price points of potential purchasers. According to market statistics provided by Hanley Wood, the first sales of Sun City Grand took place in October 1996 with the last sale during the first quarter 2006. A total of 9,551 homes were sold during this 9 year period. During its lifecycle, Sun City Grand sold just over 1,000 homes per year (250 homes per quarter).

Sun City Festival opened its model home center in the July 2006 and began offering homes for sale in its first three subdivisions. Subsequently, four additional planning areas have been opened for sales. Since the July 2006 opening more 576 new homes have been sold, this indicates an absorption rate of 48 homes per month. Of these 576 sales, 434 homes have closed escrow. Within the first seven planning areas there are a total of 1,200 lots of which 576 have been sold which leaves a balance of approximately 600 lots, or a year's supply based upon the current absorption level.

Absorption levels of other active-adult communities in the Maricopa County market have ranged from about 300 to 1,000 sales per year (based upon average absorption rates per series and assuming 2 to 4 product series per community), with the most successful typically absorbing at 500 to 800 sales per year (or above). In our opinion an absorption level for the subject property should stabilize within a range of 500 to 700 sales per year and could reach higher rates as the population base of "baby boomers" expands into the retirement segment of the market and the Sun City Festival community matures.

Future Potential Supply

Regarding future potential supply of retirement communities believed directly competitive to the subject community, to the best of our knowledge, there are no new master-planned retirement communities planned in northwestern Maricopa County (Metropolitan Phoenix). Based upon Hanley Wood market data, there are fewer than 1,100 units in active projects in the northwest quadrant of Metropolitan Phoenix.

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With a diminishing supply of available units and an increasing supply of potential consumers, the subject property should gain a significant share of the consumers looking for the active adult lifestyle in the Sun City area.

CONCLUDING REMARKS - RESIDENTIAL MARKET ANALYSIS

After almost two years of record growth in the residential sector, the Metropolitan Phoenix market is beginning to experience a slowdown. Continued population and employment growth in the area, coupled with relatively attractive mortgage interest rates and low housing prices fueled the record or near-record new home and resale home sales every year since 1998. While contraction in the market is anticipated through the remainder of 2007, the market should rebound as long as the population continues to grow, mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

Real estate markets typically appear to react slowly because many decisions (i.e., buy, sell, lease, expand, etc.) can be postponed for various periods of time. Specifically addressing the residential housing market, analysts suggest the primary reason the residential marketplace has not faltered significantly this year is low mortgage interest rates. Historically, over the past 30 years, the average Mortgage Qualification Ratio has been a multiple of three times income. Today, borrowers can qualify for a mortgage equal to almost four times their income.

In general, it is our opinion that the marketplace will continue to require new housing developments, especially well-planned communities, to keep pace with demand. This will remain true as long as mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

With regard to retirement communities, Arizona continues to draw potential residents from not only local, but regional and national marketplaces. There are several large and well known communities in the metropolitan Phoenix and Tucson areas which have been very successful in marketing and selling homes. Without exception, these communities offer a primary amenity such as golf and other community assets such as main gathering/social facilities (i.e. auditoriums, libraries, health spas, etc.). These communities demonstrate increasing levels of demand in response to the increasing size of the population segment served by them.

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The typical homebuyers within an active adult community are long time homeowners who have amassed substantial equity in their urban homes. Selling their homes and converting this equity to cash and then purchasing a new home for much less can be very appealing. As a result, upwards of 75% of the homes sold in active adult communities are all cash transactions. What this suggests is that mortgage interest rates do not significantly impact the absorption in active adult communities.

The existing inventory within active adult communities in the area suggests a balanced condition overall. With limited direct competition, the subject property should gain a significant share of the consumers looking for the active adult lifestyle in northwestern quadrant of Metropolitan Phoenix (the Sun City area).

HIGHEST AND BEST USE

The four subject parcels comprise a portion of the first phase of Sun City Festival a 3,100-acre master planned community. At built-out, this community will have approximately 7,210 dwelling units which will be constructed around two golf courses and numerous other community amenities. Sun City Festival is the latest extension of the Sun City product line which began in the 1960s with the original Sun City community developed by Del Webb. Since the original development, two more communities have successfully followed along the Sun City product line. Sun City West was the next to be developed and the most recent development was Sun City Grand which has sold-out.

The four subject properties have all been final platted and engineered for residential development with a mix of lots sizes with widths from 46 to 80 feet. These lots will accommodate four home product series being offered by Pulte Homes. Final plats for each parcel have been approved by the Town of Buckeye although the plat for Parcel I-1/P-1 has not been recorded.

In addressing the highest and best use of the subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;

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- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

Because all four parcels are designated for single family residential development, the following analysis addresses their residential development potential.

LEGALLY PERMISSIBLE

The single-family use described above for the four subject parcels reflects the zoning currently in place, which is consistent with the Buckeye General Development Plan. The residential development of the subject parcels represents a legally conforming use under current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within a larger property containing 3,100 acres. The size of each, while probably reflecting some physical constraints tied to roadways and easements, are more accurately the results of a general layout design to maximize the physical layout and net efficiency of each parcel. The number of lots, their width and depth, has been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Final plats have been prepared and approved for all four subject parcels. It is concluded the residential use designated for the subject parcels is physically possible.

FINANCIALLY FEASIBLE

Pulte Homes is developing an age-restricted community of 7,210 units on 3,100 acres. Sun City Festival is the latest expansion or extension of the Sun City communities which first opened in the 1960s. Since the original Sun City development, two expansions have also been developed. Sun City West was developed adjacent west of Sun City and more recently Sun City Grand was developed just west of Sun City West. The Sun City Festival community looks to piggy-back on the success of these three communities. New inventory is needed as Sun City Grand project is now sold out.

Being only a few miles west of the Sun City communities, the new Sun City Festival should effectively compete within the active adult segment of the residential market. As discussed

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previously in the Residential Market Analysis section, the inventory of age-restrict lots is rapidly diminishing at a time when demand for new units is forecast to grow as the population of persons 55 or above significantly increases.

MAXIMALLY PRODUCTIVE

The subject properties are located within a larger proposed residential community in which significant planning and development has already taken place. In order to development a project of the magnitude of a Sun City community, considerable planning and expense is incurred prior to on-site construction. For instance, the property must be secured, entitled, permits and development agreements must be attained to secure the necessary infrastructure. In the case of the subject property this has occurred. In fact, final plats have been completed for each of the four subject parcels. Due to this fact, there is very little flexibility in terms of the development options now that the legal, physical and financial criteria have been met. It is our opinion that development of the subject properties with their proposed uses is their maximally productive use.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the four subject parcels is for the single-family development proposed which represents a portion of the initial development phase of Sun City Festival, an age-restricted community.

THE VALUATION DISCUSSION

As noted on page 1, the purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject parcels as of the date of valuation, i.e., "as is" value. In the case of the four subject properties, all four parcels have approved final plats for residential development. The four parcels have also been finish graded; however, installation of on-site infrastructure has only recently commenced on Parcel K-1 and O-1.

Given the nature of the subject properties, i.e., four final platted and engineered subdivisions within an age-restricted community, the traditional valuation approaches (Cost, Income and Sales Comparison) are not well suited for analysis of the subjects' wholesale value. Therefore, the modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of

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the subject property. The hypothetical "as if complete" market value is predicated upon the assumption the proposed residential lots are completed, i.e., the lots comprise a subdivision of finished residential lots. The "as if complete" value is estimated using the Income Approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant infrastructure costs front-load to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on- and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

MODIFIED COST APPROACH – RESIDUAL ANALYSIS

The "as is" value of the subject's four parcels is estimated using the Modified Cost Approach. A modified (or residual) cost approach appears to be the most reasonable valuation approach given the scarcity of comparable sales of bulk final platted and engineered lots within an age-restricted development. The methodology of the modified cost approach presumes that a prudent investor would pay no more for a property than the cost of obtaining a site and building comparable improvements with similar design and utility. This approach also tests the financial feasibility of the proposed subject development. There are three major steps involved in this approach: (1) form an opinion of the hypothetical market value of the property, i.e., as finished residential lots; (2) estimate and deduct all lot development costs as well as applicable entrepreneurial profit; and 3) add back any lot development costs incurred to date as well as any earned entrepreneurial profit.

FINISHED LOT VALUE OPINION

The first step in the residual valuation process is to estimate the finished lot value on an "as if compete" basis for each of the four subject properties. The Income Approach is the methodology by which the hypothetical finished lot values are estimated. Because subdivision development

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differs from other types of income producing property, the Income Approach for analyzing subdivision development include two alternative valuation techniques: a static residual model and yield analysis.

The static residual analysis solves for finished lot value by subtracting all costs (including profit) from the anticipated revenues generated from home sale and lot premiums. Profit margins, which are usually expressed as a percentage of gross sales, are readily available from the market for this type of analysis. Surveys of merchant builders indicate that the time value of money and risks are considered in the profit margin. However, static profit margins can vary significantly dependent upon the product being built (i.e. entry-level vs. luxury), the expected level of market competition, the influence of pent-up demand, fluctuating interest rates and borrowing costs, the amount of lot inventory carried by the builder and its physical status (raw land vs. improved lots), the form of lot inventory acquisition (rolling option vs. bulk purchase of improved lots vs. development of raw land), and most importantly the length of the holding period. If all other things are equal, a project with a sellout period of four years will warrant a greater profit than a project with a two year sellout period.

Given the variability of static profit margins, it is also very important in subdivision valuation to analyze the timing of the expected cash flows that the project will generate. This form of dynamic analysis, which is otherwise known as yield analysis, helps to serve as a secondary independent valuation technique, but more importantly, it tests the reasonableness of the profit margin chosen in the static residual analysis. If acquisition, development, and/or construction financing is considered, the yield analysis is very useful in that the rate of return can be divided between the debt and equity components.

Static Residual Analysis

The static residual analysis begins by estimating all sources of revenues from which all costs of production, including profit, are subtracted. The residual number is therefore considered the finished lot value. In regards to the subject property, finished lot value is synonymous with the hypothetical "as if complete" market value.

Base Home Revenue Projections

Pulte Homes is marketing its four product series within Parcels B-1, C-1 and D-1 and recently opened additional lots in E-1, F-1, G-1 and H-1. The same product will be offered in these

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planning areas will also be offered in the subject's four planning areas. Pricing data for the four product series are summarized in Table 19.

TABLE NO. 19

SUN CITY FESTIVAL BASE HOME PRICING		
Series	Sq,Ft. Range	Base Home Price Range
Cottages	1,373-1,494	$208,900-$224,900
Classics	1,612-1,816	$246,900-$261,900
Premieres	1,960-2,323	$296,900-$327,900
Estates	2,528-2,849	$365,900-$385,900

As indicated above, the four product series average between 1,400 and 2,850 square feet with base pricing between $203,900 and $379,900. For comparison, pricing information was obtained from Trilogy at Vistancia and Corte Bella. Pricing information for Trilogy at Vistancia is summarized in Table 20, while pricing data for Corte Bella is summarized in Table 21.

TABLE NO. 20

TRILOGY AT VISTANCIA		
Series	Sq,Ft. Range	Base Home Price Range
Natural Collection	1,314-1,813	$252,800-$283,900
Veritas Collection	1,867-2,334	$319,700-$363,800
Vita Collection	2,450-3,096	$429,100-$496,800

TABLE NO. 21

CORTE BELLA		
Series	Sq,Ft. Range	Base Home Price Range
Presidio Collection	1,352-1,904	$263,400-$295,400
Catalina Collection	2,070-2,560	$334,400-$368,400
Miramar Collection	2,785-3,027	$433,900-$445,900

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Overall pricing within these two communities are higher than the pricing of Sun City Festival which is most likely due to the fact that these are established communities with a number of years of sales history.

Given the success of the Sun City projects and the fact the developer's projected pricing is competitive with other communities in the area, the developer's base pricing is used to estimate base home pricing revenue. The projected revenue from base home pricing is summarized in Table 22, which provides a breakdown of revenues by planning area.

TABLE NO. 22

SUN CITY FESTIVAL REVENUE PROJECTION BY PLANNING AREA

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Base Sales Price	Avg. Price/ Sq.Ft.	Base Revenue Per Product
I-1								
	Cottages	46'	48	32%	1,433	$ 216,900	$ 151.36	$ 10,411,200
	Classics	60'	60	39%	1,714	$ 254,400	$ 148.42	$ 15,264,000
	Premieres	70'	38	25%	2,126	$ 312,600	$ 147.04	$ 11,878,800
	Estates	80'	6	4%	2,688	$ 375,900	$ 139.84	$ 2,255,400
			152	100%		$ 261,904		$ 39,809,400
K-1								
	Cottages	46'	59	47%	1,433	$ 216,900	$ 151.36	$ 12,797,100
	Classics	60'	22	17%	1,714	$ 254,400	$ 148.42	$ 5,596,800
	Premieres	70'	38	30%	2,126	$ 312,600	$ 147.04	$ 11,878,800
	Estates	80'	7	6%	2,688	$ 375,900	$ 139.84	$ 2,631,300
		Total	126	100%		$ 261,143		$ 32,904,000
O-1								
	Cottages	46'	0	0%	1,433	$ 216,900	$ 151.36	$ -
	Classics	60'	64	37%	1,714	$ 254,400	$ 148.42	$ 16,281,600
	Premieres	70'	75	44%	2,126	$ 312,600	$ 147.04	$ 23,445,000
	Estates	80'	32	19%	2,688	$ 375,900	$ 139.84	$ 12,028,800
		Total	171	100%		$ 302,663		$ 51,755,400
P-1								
	Cottages	46'	29	15%	1,433	$ 216,900	$ 151.36	$ 6,290,100
	Classics	60'	84	44%	1,714	$ 254,400	$ 148.42	$ 21,369,600
	Premieres	70'	46	24%	2,126	$ 312,600	$ 147.04	$ 14,379,600
	Estates	80'	34	18%	2,688	$ 375,900	$ 139.84	$ 12,780,600
		Total	193	100%		$ 284,041		$ 54,819,900

Lot Premium Revenue Projection

Lot premium revenue can be generated from a variety of sources including golf course frontage, open space, cul-de-sac lots, corner lots, and city/mountain views. Of particular importance to the valuation of the subject property are those lots which will front along the golf course. Of the

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subject's 642 lots, 151, or 24% of the lots have frontage along a portion of the Copper Canyon golf course. Table 23 summarizes the lot premiums by planning area.

TABLE NO. 23

PREMIUM GOLF COURSE LOTS

Planning Area	No. Of Lots	No. Of Premium Lots	% Of Total Lots
I-1	152	17	11%
K-1	126	15	12%
O-1	171	57	33%
P-1	193	62	32%
Total	642	151	24%

As indicated in the table above, more than 30% of the lots in Parcels O-1 and P-1 have golf course frontage, while Parcels I-1 and K-1 have only slightly more than 10% of their lots with golf course frontage.

Golf premiums vary greatly due to a number of factors including size of lot (amount of frontage), location along hole, topography, water features, etc. Given the variation in golf lot premiums, an average lot premium of $40,000 has been estimated. Based upon a $40,000 lot premium, total lot premium revenue is estimated at $6,040,000, or an average of $9,400 per lot based upon 642 total lots. Table 24 summarizes the lot premium projections.

TABLE NO. 24

LOT PREMIUM REVENUE

Planning Area	Total Lots	Prem. Lots	Lot Premium	Lot Premium Revenue	Avg. Lot Premium
I-1	152	17	$ 40,000	$ 680,000	$ 4,474
K-1	126	15	$ 40,000	$ 600,000	$ 4,762
O-1	171	57	$ 40,000	$ 2,280,000	$ 13,333
P-1	193	62	$ 40,000	$ 2,480,000	$ 12,850
Total	642	151	$ 40,000	$ 6,040,000	$ 9,408

Direct Home Construction Costs

Direct home construction costs are the physical materials required to construct the proposed residence and the associated labor costs. This is sometimes referred to as the "sticks and brick" of construction. Direct construction costs provided by the developer are summarized in Table 25.

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TABLE NO. 25

SUN CITY FESTIVAL DIRECT HOME CONSTRUCTION COSTS BY SERIES						
Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
Cottages	46'	136	21%	1,433	$ 85,663	$ 59.78
Classics	60'	230	36%	1,714	$ 100,305	$ 58.52
Permieres	70'	197	31%	2,126	$ 126,480	$ 59.49
Estates	80'	79	12%	2,688	$ 149,133	$ 55.48
Totals/Average		642	100%	1,901	$ 111,244	$ 58.53

Construction costs for all types of real estate have seen tremendous increases over the past few years as demand for building materials increased. In addition to the base construction costs (sticks and bricks), permits and other impact fees must be added. Table 26 summarizes the total cost of construction by product series.

TABLE NO. 26

SUN CITY FESTIVAL HOME CONSTRUCTION COSTS BY SERIES								
Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Sq.Ft.	Sticks & Bricks Const. Cost	Permits & Fees	Total Const. Cost	Avg. Cost/ Sq.Ft.
Cottages	46'	136	21%	1,433	$ 85,663	$ 24,349	$ 110,012	$ 76.77
Classics	60'	230	36%	1,714	$ 100,305	$ 27,007	$ 127,312	$ 74.28
Permieres	70'	197	31%	2,126	$ 126,480	$ 30,960	$ 157,440	$ 74.05
Estates	80'	79	12%	2,688	$ 149,133	$ 35,758	$ 184,891	$ 68.78
Totals/Average		642	100%	1,901	$ 111,244	28,734	$ 139,977	$ 73.64

The home construction cost figures in Table 26 are incorporated in the cost analysis for each of the four subject parcels. The construction costs for each planning area are summarized in Table 27 at the top of the following page.

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TABLE NO. 27

SUN CITY FESTIVAL DIRECT HOME CONSTRUCTION COSTS BY PLANNING AREA

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
I-1							
	Cottages	46'	48	32%	1,433	$ 85,663	$ 59.78
	Classics	60'	60	39%	1,714	$ 100,305	$ 58.52
	Permieres	70'	38	25%	2,126	$ 126,480	$ 59.49
	Estates	80'	6	4%	2,688	$ 149,133	$ 55.48
			152	100%	1,767	$ 104,152	$ 58.95
K-1							
	Cottages	46'	59	47%	1,433	$ 85,663	$ 59.78
	Classics	60'	22	17%	1,714	$ 100,305	$ 58.52
	Permieres	70'	38	30%	2,126	$ 126,480	$ 59.49
	Estates	80'	7	6%	2,688	$ 149,133	$ 55.48
		Total	126	100%	1,761	$ 104,056	$ 59.10
O-1							
	Cottages	46'	0	0%	1,433	$ 85,663	$ 59.78
	Classics	60'	64	37%	1,714	$ 100,305	$ 58.52
	Permieres	70'	75	44%	2,126	$ 126,480	$ 59.49
	Estates	80'	32	19%	2,688	$ 149,133	$ 55.48
		Total	171	100%	2,077	$ 120,923	$ 58.22
P-1							
	Cottages	46'	29	15%	1,433	$ 85,663	$ 59.78
	Classics	60'	84	44%	1,714	$ 100,305	$ 58.52
	Permieres	70'	46	24%	2,126	$ 126,480	$ 59.49
	Estates	80'	34	18%	2,688	$ 149,133	$ 55.48
		Total	193	100%	1,942	$ 112,945	$ 58.17

Indirect Home Construction Costs

These costs are those that are directly related to the construction of a specific home, however these cost are not typically for construction materials or the associated construction labor. Indirect costs generally include such items are sales commissions, sales tax, closing costs, concessions (discounts/incentives), customer service (warranty) and other miscellaneous expenses.

Sales Commissions and Sales Tax

In production housing, if no other sales commissions are payable, sale commissions are typically paid at 1.5% to 2.5% of the base home sale price to the in-house sales personnel. For co-brokerage situations, 1.5% to 2.5% is paid to the in-house sales personnel and 3.0% to 3.5% to outside salespersons. Average in-house sales commission and co-brokerage sales commission

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expenses are estimated to average 1.5% and 0.6% of total revenues, respectively. This assumes in-house commissions of 1.5% and co-broke commissions of 3.0% with 80% of all sales occurring as in-house sales. This is typical of an age-restricted community with substantial marketing efforts and significant sales center/model home complexes.

Sales tax generally ranges between 2.5% and 5.5% of base home sale price, depending upon the municipality and structure of the development/homebuilding entity. For this analysis, an average of 3.5% is utilized.

Warranty and Closing Costs

Warranty and closing costs are typically quoted on a per unit basis and not as a percentage of sales revenues. These costs are variable in the sense that they are dependent upon home price and quality. However, within a price and quality bracket, they are fairly consistent. Generally, closing costs range between 0.25% and 1.0% per home and warranty costs are about the same except in the higher-end home quality transactions. In these circumstances, warranty costs can be double the closing cost figures. Closing costs are estimated at $1,250 per home and warranty costs are estimated at 1.5% of base home price.

Miscellaneous (Contingency) Costs

Miscellaneous costs (contingency) can vary greatly depending upon the location of the property and quality of the construction materials. On average, this expense is usually 0.25% to 1% of base home revenues. For this analysis, we will use 0.75%.

Sales Concessions (Discounts/Incentives)

Sales concessions are the most volatile expense item since they are a reflection of changing market conditions. Instead of lowering home prices if the market slows down, most homebuilders offer discounts/incentives to lure home buyers. In some instances, sale concessions can be material, while no concessions can be the norm in other circumstances. Typical sale concessions range from none to some discounting of options/upgrades and lot premiums. In our opinion, it appears the marketplace is likely to offer some sort of incentive to buyers. A discount or incentive of 2% of the base home price is projected.

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Project Costs

These costs are those that are not directly related to the construction or sale of a specific home (unit), but are general costs associated with the operational aspects of the project. Most builders generally include an allowance for construction overhead (on-site supervision), marketing and advertising (not related to sales commissions or incentives), and administrative and overhead items within this category of expenses.

Construction Overhead

Construction overhead relates to direct supervision of the actual homebuilding operations on-site, as well as the cost to construct or lease temporary construction trailers, lease and maintain construction equipment, and purchase certain construction materials not previously identified in the direct home construction discussion. This cost is generally 1% to 3% of total revenues. For this analysis, we have estimated a ratio of 1.5% of base home revenues.

Sales and Marketing

Advertising and promotion is generally 1% to 3% of base home revenues, depending upon the size and quality of the project and whether or not it is located in a master-planned community which may involve a joint marketing campaign with other builders. Most of the advertising expense for a typical subdivision is associated with signage, brochures, and newspaper ads. The four subject properties comprises a much larger development which is different than the typical residential subdivision. Significant up-front sales and marketing expenses are associated with the promotion of a new age-restricted community. For instance, age-restricted communities typically include more elaborate model home and sales center complexes. Additional, expenditures for television, national magazine and newspaper advertisements can typically be associated with the start-up of a new community. Because the subject property represents the initial offerings within the community, additional expenditures, over and above the stabilized marketing budget, is considered appropriate. For this analysis, a sales and marketing expense of 3% of base home revenues.

Administrative and Overhead

Within the administrative and overhead category, there are numerous smaller expense items which collectively become quite sizable. These include: model operational costs (including model lease, maintenance, utilities, security, hostess, office supplies, telephone, computer and furniture leases, etc.), sales office construction, liability insurance, and appraisal, legal and

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accounting fees. Combined, these expenses can amount to as much as 4% of gross revenues, but are generally nearer mid-range. Because of the unique nature of the subject community (age-restricted), it is our opinion the administrative/overhead expense category should be at the higher end of the range, say 3% of base home revenues, to account for the specialized expertise required in successfully maintaining the operation of such a community.

In some instances, homebuilders will include an additional expense category labeled management fee, corporate overhead, or builder's fee. These are not generally project related costs, but instead are typically home-office expenses and executive salaries allocated to individual projects instead for accounting purposes. In most cases, these cost items are deducted from total profits at the corporate level, and as such we will not make any special category withholding for this purpose.

Holding Costs

These items are not directly related to the construction or sale of any residences within the subdivision, but instead are the necessary expenses to maintain lot inventory. Mainly, this category of expenses involve real estate taxes, special assessments (improvement district, bonds, special taxes, etc.) and homeowner's association subsidies.

Real Estate Taxes

As previously discussed in the Site Description section of the report, real estate taxes for the subject lots are believed to average $350 per lot per year.

Special Taxes (Assessments)

The subject property is being appraised in connection with the establishment of assessment to pay a portion of the cost of providing residential streets. Projections are for an assessment in the amount of $2,000 per lot. Based upon an assessment of $2,000, an annual assessment payment would likely equate to approximately $150.

Homeowner's Association Fees (Subsidies)

The homeowner's association subsidy for the subject lots that remain in the builder's inventory are estimated to be $85 per month per lot or $1,020 per annum.

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The reader should understand that as time goes on and lots are sold, these holding costs are reduced accordingly, but also appreciate on an absolute basis.

Financing

Financing for acquisition of the raw land, development of improved lots, and construction of the homes is an integral part of any subdivision valuation, and certainly is an important aspect of homebuilding. However, because most lending institutions do not like to base underwriting decisions on the leveraged aspect of subdivision development, financing expenses are usually ignored in the static residual analysis, with an "all cash" development scheme adopted as standard. Instead, the cost of financing is recognized in the builder's profit margin: if the builder is providing all working capital, then the builder's yield (profit) should increase accordingly.

In reality though, very few homebuilders have the financial capacity to completely develop a subdivision without external funds. Through yield analysis performed on numerous other subdivision appraisals where financing costs are considered as a cost of production, they have consistently averaged between 2% and 4% of gross revenues. Nevertheless, if the profit margin selected in the static residual analysis properly reflects this "opportunity cost" savings, then performing the analysis on an "all cash basis" is not inappropriate or misleading.

Homebuilder Profit Margin

Profit in subdivision analysis can merely be stated as the residual cash flow to the developer/builder after all costs of production have been paid, including debt and equity contribution (preferred returns). The amount of profit expected from any particular subdivision is based on the perceived risk associated with the development, and must be sufficient to attract investment. Profit is site specific with a number of factors to consider. These include but are not limited to the following:

- Difficulty of the entitlement process
- Physical status of the property (raw/finished/partially finished)
- Price range of the proposed units
- Construction/absorption period
- Location
- Amenities such as golf course orientation or views
- Future competition
- Sources of financing and cost

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We have surveyed successful homebuilders in the Phoenix area market over the past several years, including Centex Homes, Engle Homes, Pulte Homes, KB Homes, Capital Pacific Homes, Maracay Homes, Trend Homes, etc. These builders have indicated that a profit margin ranging between 8% and 15% of gross revenues is deemed acceptable. However, this profit is typically based on the total sale price of a home, inclusive of options which have a high mark-up built into these upgrades. The generally accepted profit range without considering upgrades is currently between 5% and 12%. The low-end of this range is typically associated with entry-level and first move-up housing product, while the high-end of the range is typically associated with second move-up and higher quality housing product. This profit range is also reflective of a leveraged development scheme, not an "all cash basis." Thus, the aforementioned 2% to 4% financing cost for a typical subdivision needs to be added to the 5% to 12% range for an "all cash basis" acceptable profit rate.

An appropriate builder profit margin is dependent upon two primary factors; sellout/construction period and base home price range. It is generally believed that builders with shorter sell-out and construction periods accept (receive) lower static profit margins for a couple of reasons: first, there are fewer lots over which to spread fixed building costs, limiting the profit margin somewhat; and secondly, because of the shorter timeframe, holding, construction, and market risks are perceived as slightly lower.

The second significant factor affecting builder profit is the base home price range studied, because in general, builder profit margins tend to increase as home prices increase. This is due to the increased costs/risks associated with constructing and selling more expensive homes, burdens a builder must account for in higher profit margins. The average base home price concluded for the subject's proposed product series fall between $216,900 and $375,900, however, when weighted by the proposed unit mix in each planning area a narrower range between $261,000 and $302,000 is indicated. With such a narrow range, the same builder profit range is used amongst the four planning areas.

Based upon the two main factors influencing builder profit, a range between 12.0% and 16.0% is concluded.

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Conclusion – Static Residual Analysis

Based upon the previously stated assumptions, Static Residual Analysis Summaries for the subject four planning areas are included after Table 28, which is a valuation matrix for the four planning areas.

TABLE NO. 28

SUMMARY OF STATIC RESIDUAL ANALYSES

Planning Area	Static Residual Analysis Value Range Per Unit	
I-1	$ 71,717	$ 82,194
K-1	$ 71,596	$ 82,042
O-1	$ 90,912	$ 103,018
P-1	$ 86,022	$ 97,383

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TABLE NO. 29

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA I-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 261,904	98.32%	$ 39,809,400
Lot Premiums	$ 4,474	1.68%	$ 680,000
Total Revenue	$ 266,378	100.00%	$ 40,489,400
Unit Costs			
Direct Home Construction Costs	$ 104,152	39.77%	$ 15,831,162
Discounts (Incentives)	$ 5,238	2.00%	$ 796,188
Sales Commissions (In-house)	$ 3,929	1.50%	$ 597,141
Sales Commissions (Co-broke)	$ 1,964	0.75%	$ 298,571
Sales Tax	$ 9,167	3.50%	$ 1,393,329
Warranty	$ 3,929	1.50%	$ 597,141
Closing Costs	$ 1,250	0.48%	$ 190,000
Contingency	$ 1,964	0.75%	$ 298,571
Total Unit Costs	$ 131,593	50.24%	$ 20,002,102
Project Costs			
Construction Overhead	$ 3,929	1.50%	$ 597,141
Marketing & Advertising	$ 7,857	3.00%	$ 1,194,282
Administrative & Overhead	$ 7,857	3.00%	$ 1,194,282
Total Project Costs	$ 19,643	7.50%	$ 2,985,705
Holding Costs			
Real Estate Taxes	$ 350	0.13%	$ 53,200
Special Taxes (Assessments)	$ 150	0.06%	$ 22,800
HOA Fees (Subsidies)	$ 1,020	0.39%	$ 155,040
Total Holding Cost	$ 1,520	0.58%	$ 231,040
Builder Profit Margin @ 12.0%	$ 31,428	12.00%	$ 4,777,128
Residual Finished Lot Value @ 12.0%	$ 82,194	29.67%	$ 12,493,425
Builder Profit Margin @ 16.0%	$ 41,905	16.00%	$ 6,369,504
Residual Finished Lot Value @ 16.0%	$ 71,717	25.67%	$ 10,901,049

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TABLE NO. 30

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA K-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 261,143	98.21%	$ 32,904,000
Lot Premiums	$ 4,762	1.79%	$ 600,000
Total Revenue	$ 265,905	100.00%	$ 33,504,000
Unit Costs			
Direct Home Construction Costs	$ 104,056	39.85%	$ 13,110,998
Discounts (Incentives)	$ 5,223	2.00%	$ 658,080
Sales Commissions (In-house)	$ 3,917	1.50%	$ 493,560
Sales Commissions (Co-broke)	$ 1,959	0.75%	$ 246,780
Sales Tax	$ 9,140	3.50%	$ 1,151,640
Warranty	$ 3,917	1.50%	$ 493,560
Closing Costs	$ 1,250	0.48%	$ 157,500
Contingency	$ 1,959	0.75%	$ 246,780
Total Unit Costs	$ 131,420	50.32%	$ 16,558,898
Project Costs			
Construction Overhead	$ 3,917	1.50%	$ 493,560
Marketing & Advertising	$ 7,834	3.00%	$ 987,120
Administrative & Overhead	$ 7,834	3.00%	$ 987,120
Total Project Costs	$ 19,586	7.50%	$ 2,467,800
Holding Costs			
Real Estate Taxes	$ 350	0.13%	$ 44,100
Special Taxes (Assessments)	$ 150	0.06%	$ 18,900
HOA Fees (Subsidies)	$ 1,020	0.39%	$ 128,520
Total Holding Cost	$ 1,520	0.58%	$ 191,520
Builder Profit Margin @ 12.0%	$ 31,337	12.00%	$ 3,948,480
Residual Finished Lot Value @ 12.0%	$ 82,042	29.59%	$ 10,337,302
Builder Profit Margin @ 16.0%	$ 41,783	16.00%	$ 5,264,640
Residual Finished Lot Value @ 16.0%	$ 71,596	25.59%	$ 9,021,142

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TABLE NO. 31

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA O-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 302,663	95.78%	$ 51,755,400
Lot Premiums	$ 13,333	4.22%	$ 2,280,000
Total Revenue	$ 315,996	100.00%	$ 54,035,400
Unit Costs			
Direct Home Construction Costs	$ 120,923	39.95%	$ 20,677,776
Discounts (Incentives)	$ 6,053	2.00%	$ 1,035,108
Sales Commissions (In-house)	$ 4,540	1.50%	$ 776,331
Sales Commissions (Co-broke)	$ 2,270	0.75%	$ 388,166
Sales Tax	$ 10,593	3.50%	$ 1,811,439
Warranty	$ 4,540	1.50%	$ 776,331
Closing Costs	$ 1,250	0.41%	$ 213,750
Contingency	$ 2,270	0.75%	$ 388,166
Total Unit Costs	$ 152,439	50.37%	$ 26,067,066
Project Costs			
Construction Overhead	$ 4,540	1.50%	$ 776,331
Marketing & Advertising	$ 9,080	3.00%	$ 1,552,662
Administrative & Overhead	$ 9,080	3.00%	$ 1,552,662
Total Project Costs	$ 22,700	7.50%	$ 3,881,655
Holding Costs			
Real Estate Taxes	$ 350	0.12%	$ 59,850
Special Taxes (Assessments)	$ 150	0.05%	$ 25,650
HOA Fees (Subsidies)	$ 1,020	0.34%	$ 174,420
Total Holding Cost	$ 1,520	0.50%	$ 259,920
Builder Profit Margin @ 12.0%	$ 36,320	12.00%	$ 6,210,648
Residual Finished Lot Value @ 12.0%	$ 103,018	29.63%	$ 17,616,111
Builder Profit Margin @ 16.0%	$ 48,426	16.00%	$ 8,280,864
Residual Finished Lot Value @ 16.0%	$ 90,912	25.63%	$ 15,545,895

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TABLE NO. 32

STATIC RESIDUAL ANALYSIS - SUN CITY FESTIVAL PLANNING AREA P-1

	Per Home	% Of Home Price	Total
Revenues			
Base Home Sales Proceeds	$ 284,041	95.67%	$ 54,819,900
Lot Premiums	$ 12,850	4.33%	$ 2,480,000
Total Revenue	$ 296,891	100.00%	$ 57,299,900
Unit Costs			
Direct Home Construction Costs	$ 112,945	39.76%	$ 21,798,449
Discounts (Incentives)	$ 5,681	2.00%	$ 1,096,398
Sales Commissions (In-house)	$ 4,261	1.50%	$ 822,299
Sales Commissions (Co-broke)	$ 2,130	0.75%	$ 411,149
Sales Tax	$ 9,941	3.50%	$ 1,918,697
Warranty	$ 4,261	1.50%	$ 822,299
Closing Costs	$ 1,250	0.44%	$ 241,250
Contingency	$ 2,130	0.75%	$ 411,149
Total Unit Costs	$ 142,599	50.20%	$ 27,521,689
Project Costs			
Construction Overhead	$ 4,261	1.50%	$ 822,299
Marketing & Advertising	$ 8,521	3.00%	$ 1,644,597
Administrative & Overhead	$ 8,521	3.00%	$ 1,644,597
Total Project Costs	$ 21,303	7.50%	$ 4,111,493
Holding Costs			
Real Estate Taxes	$ 350	0.12%	$ 67,550
Special Taxes (Assessments)	$ 150	0.05%	$ 28,950
HOA Fees (Subsidies)	$ 1,020	0.36%	$ 196,860
Total Holding Cost	$ 1,520	0.54%	$ 293,360
Builder Profit Margin @ 12.0%	$ 34,085	12.00%	$ 6,578,388
Residual Finished Lot Value @ 12.0%	$ 97,383	29.76%	$ 18,794,971
Builder Profit Margin @ 16.0%	$ 45,447	16.00%	$ 8,771,184
Residual Finished Lot Value @ 16.0%	$ 86,022	25.76%	$ 16,602,175

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YIELD ANALYSIS

Timing of Sales Revenues and Home Construction

The projected sell-out periods for the subject units are predicated upon historical sales data from other age-restricted communities, particularly Sun City Grand – the predecessor to Sun City Festival, and discussions in the Residential Market Analysis section of this report. The following assumptions are made regarding absorption:

- In the first year of analysis, 600 sales are projected and held stable for the sellout of the subject units;
- No differentiation is made between product series – sales are based upon a average of all product series; and

An annual absorption rate for Sun City Festival is estimated at 600 homes, or 150 units per quarter. With overall absorption established at 150 units, each planning area will receive its proportionate share of units. Additionally, consideration must also be given the 700 lots released in Parcels B-1, C-1 and D-1 which are currently being marketed. Another consideration is the fact the subject lots will not be available until next year when the necessary on-site are completed. To date, Sun City Festival has been selling new homes at a rate of 144 homes per quarter. Subject's projected absorption of 72 lots per quarter for the four new planning area considers the fact there will be existing inventory which will present competition for the new lots.

Home Construction Sequence

Because the subject lots are assumed to be finished, home contract sales are projected to begin in the first month of the analysis, with construction starts of these contracts to begin in the same quarter they are signed. According to the developer, the current estimated home construction time frame is about five months. The escrow closings of the contracted sales within the first quarter therefore begin to occur in the second quarter, and so on until the last closing occurs in the last quarter of the cash flows. As there is no way to project which lots and when particular lots will sell, the average home price (including average lot premium) are utilized over the entire absorption period.

Future Retail Values

Based on historic changes in the base plan pricing in other age-restricted communities, an average annual appreciation rate of 3% to 9% is generally reasonable to expect. In light of current market conditions, an annual increase of 4% is forecast over the sell-out period.

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Holding Cost Escalation Factor

Based upon a study of historic direct home construction costs in other age-restricted communities and current market conditions, we estimate that all expenses will increase about 3.0% annually during the sell-out period.

Homebuilder Profit Margin

It is important to distinguish between profit margins in a static residual analysis and line item profit in yield analysis. Market participants confirm that profit utilized in static residual analysis takes into consideration the time value of money; i.e. they require more profit for a project with a longer construction/absorption period compared to a project that they can construct and sellout within two years. Since the time value of money is accounted for in the discount rate, the utilization of the same profit in the yield analysis as in the static residual analysis actually penalizes the value. Since few merchant builders perform yield analysis when making land purchase decisions, market supported line item profit figures and discount rates for yield analysis are virtually non-existent. Also, from a technical standpoint, one can question the appropriateness of treating profit as a line item expense in a yield analysis. In reality, profit is the residual cash flow received after all parties are paid, including debt and equity investors.

Project Discount Rate

The project discount rate, yield rate, or internal rate of return (IRR), is the rate of return on the total unleveraged investment in a development, including both equity and debt. It is based on risk, liquidity and management burden and is the rate that would attract a prudent investor. Although the actual rate of return on an investment cannot be calculated until the investment is sold, an investor may consider a target yield rate for the investment prior to or during ownership. This rate considers the influence or the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demand for mortgage funds, availability of tax shelters, etc.

Analysts have attempted to apply rates of return typically utilized for income producing properties in subdivision analysis. However, subdivisions are constructed to sell not to produce a recurring income. A subdivision cash flow is a series of reversions, whereby the asset is continuously disposed of until there is nothing left at the end of the holding period. Further, subdivision

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discount rates include both entrepreneurial profit and return on equity as opposed to income property rates which do not include entrepreneurial profit. Because the cash flow characteristics differ from those of income property, the application of "income property" rates is inappropriate to subdivision analysis.

Interviews and discussions with real estate professionals and investors who are experienced with multi parcel subdivision development (both commercial and residential) indicate that such properties are mostly evaluated on a total return basis. Currently, total returns ranging from approximately 15% to 40% (inclusive of entrepreneurial profit) are required depending on the size of the property, its improvement status, the expected holding (sell-out) period, holding costs, risk, etc. According to investment companies active in this particular region (including Hearthstone Advisors, Saybrook Community Capital, Prudential Homebuilding Investors, Stardust Development, Communities Southwest, Acacia Capital Corporation, and GMAC-RFC), homebuilding operations as well as land development or "land banking" operations generally require return rates between 15% and 25%.

Further support for a range of discount rates was obtained from the Korpacz *Real Estate Investor Survey, Fourth Quarter 2006 published by PricewaterhouseCoopers*. On a semi-annual basis, the Korpacz report includes survey information related to the land development market. While most of the data are directed toward the commercial land development market, some information regarding the residential land development market can be extracted from the data. Korpacz's surveyed participants include industrial, retail, office and single-family developers. Discount rates for all land development property types ranged from 10% to 25% with the highest concentration of responses between 15% and 25%.

Based on the foregoing and after considering the retirement nature of the subject community, the sell-out and construction periods of the subject units, and entry to mid level home pricing, it is our opinion IRRs (project yields) between 20% and 25% would be most appropriate for each product series. Thus, we have utilized a 20% to 25% discount rate range for these analyses.

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Conclusion – Yield Analysis

Using the estimates and assumptions discussed above, we have performed cash flow analyses for each of the subject's four planning areas. The results of the cash flow analyses are summarized in Table 33. The individual cash flows for each planning area are on the following pages.

TABLE NO. 33

SUMMARY OF YIELD ANALYSES

Planning Area	Yield Analysis Value Range Per Unit	
I-1	$ 80,729	$ 87,193
K-1	$ 83,666	$ 89,667
O-1	$ 96,738	$ 104,978
P-1	$ 88,507	$ 96,633

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TABLE NO. 34

PLANNING AREA I-1

Summary of Input Items

Retail Acre Analysis

No. of Lots =	152
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$261,904
Average Lot Premium =	$4,474
Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 104,152
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	8	152
Beginning Lot Inventory	152	152	134	116	98	80	62	44	26	8	
Ending Lot Inventory	152	134	116	98	80	62	44	26	8	0	
Avg. Lot Inventory During Period	152	143	125	107	89	71	53	35	17	4	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	Totals
Revenue											
Income From Lot Sales	$ -	$ 4,761,414	$ 4,809,028	$ 4,857,118	$ 4,905,689	$ 4,954,746	$ 5,004,294	$ 5,054,337	$ 5,104,880	$ 2,246,372	$ 41,697,878
Income from Lot Premiums	$ -	$ 81,332	$ 82,145	$ 82,966	$ 83,796	$ 84,634	$ 85,480	$ 86,335	$ 87,198	$ 38,371	$ 712,258
Total Revenue	$ -	$ 4,842,745	$ 4,891,173	$ 4,940,085	$ 4,989,485	$ 5,039,380	$ 5,089,774	$ 5,140,672	$ 5,192,078	$ 2,284,743	$ 42,410,136
Unit Costs											
Direct Home Construction Costs	$ 1,874,743	$ 1,888,803	$ 1,902,969	$ 1,917,242	$ 1,931,621	$ 1,946,108	$ 1,960,704	$ 1,975,409	$ 884,544	$ -	$ 16,282,144
Discounts (Incentives)	$ -	$ 95,228	$ 96,181	$ 97,142	$ 98,114	$ 99,095	$ 100,086	$ 101,087	$ 102,098	$ 44,927	$ 833,958
Sales Commissions (In-house)	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Sales Commissions (Co-broke)	$ -	$ 35,711	$ 36,068	$ 36,428	$ 36,793	$ 37,161	$ 37,532	$ 37,908	$ 38,287	$ 16,848	$ 312,734
Sales Tax	$ -	$ 166,649	$ 168,316	$ 169,999	$ 171,699	$ 173,416	$ 175,150	$ 176,902	$ 178,671	$ 78,623	$ 1,459,426
Warranty	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 10,857	$ 199,842
Contingency	$ -	$ 36,321	$ 36,684	$ 37,051	$ 37,421	$ 37,795	$ 38,173	$ 38,555	$ 38,941	$ 17,136	$ 318,076
Total Unit Costs	$ 1,874,743	$ 2,388,565	$ 2,407,671	$ 2,426,932	$ 2,446,350	$ 2,465,926	$ 2,485,660	$ 2,505,556	$ 1,419,932	$ 235,782	$ 20,657,117
Project Costs											
Construction Overhead	$ -	$ 71,421	$ 72,135	$ 72,857	$ 73,585	$ 74,321	$ 75,064	$ 75,815	$ 76,573	$ 33,696	$ 625,468
Marketing & Advertising	$ -	$ 142,842	$ 144,271	$ 145,714	$ 147,171	$ 148,642	$ 150,129	$ 151,630	$ 153,146	$ 67,391	$ 1,250,936
Administrative & Overhead	$ -	$ 142,842	$ 144,271	$ 145,714	$ 147,171	$ 148,642	$ 150,129	$ 151,630	$ 153,146	$ 67,391	$ 1,250,936
Total Project Costs	$ -	$ 357,106	$ 360,677	$ 364,284	$ 367,927	$ 371,606	$ 375,322	$ 379,075	$ 382,866	$ 168,478	$ 3,127,341
Holding Costs											
Real Estate Taxes	$ 13,500	$ 12,796	$ 11,269	$ 9,719	$ 8,145	$ 6,546	$ 4,923	$ 3,276	$ 1,603	$ 380	$ 72,157
Special Taxes (Assessments)	$ 5,786	$ 5,484	$ 4,830	$ 4,165	$ 3,491	$ 2,805	$ 2,110	$ 1,404	$ 687	$ 163	$ 30,924
HOA Fees (Subsidies)	$ 39,344	$ 37,292	$ 32,842	$ 28,324	$ 23,736	$ 19,077	$ 14,348	$ 9,546	$ 4,671	$ 1,107	$ 210,286
Total Holding Costs	$ 58,630	$ 55,572	$ 48,941	$ 42,208	$ 35,371	$ 28,429	$ 21,381	$ 14,225	$ 6,961	$ 1,650	$ 313,367
Total Costs	$ 1,933,373	$ 2,801,243	$ 2,817,289	$ 2,833,424	$ 2,849,648	$ 2,865,960	$ 2,882,363	$ 2,898,856	$ 1,809,759	$ 405,910	$ 24,097,824
Cash Flow Before Profit	$ (1,933,373)	$ 2,041,502	$ 2,073,884	$ 2,106,661	$ 2,139,838	$ 2,173,420	$ 2,207,411	$ 2,241,816	$ 3,382,319	$ 1,878,833	$ 18,312,311

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$13,253,336	$87,193
22.50%	$12,750,301	$83,884
25.00%	$12,270,762	$80,729

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TABLE NO. 35

PLANNING AREA K-1

Summary of Input Items

Retail Acre Analysis

No. of Lots =	126
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$261,143
Average Lot Premium =	$4,762
Annual Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 104,056
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	126
Beginning Lot Inventory	126	126	108	90	72	54	36	18	
Ending Lot Inventory	126	108	90	72	54	36	18	0	
Avg. Lot Inventory During Period	126	117	99	81	63	45	27	9	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Revenue									
Income From Lot Sales	$ -	$ 4,747,577	$ 4,795,053	$ 4,843,003	$ 4,891,433	$ 4,940,348	$ 4,989,751	$ 5,039,649	$ 34,246,815
Income from Lot Premiums	$ -	$ 86,571	$ 87,437	$ 88,312	$ 89,195	$ 90,087	$ 90,987	$ 91,897	$ 624,486
Total Revenue	$ -	$ 4,834,149	$ 4,882,490	$ 4,931,315	$ 4,980,628	$ 5,030,434	$ 5,080,739	$ 5,131,546	$ 34,871,301
Unit Costs									
Direct Home Construction Costs	$ 1,873,000	$ 1,887,047	$ 1,901,200	$ 1,915,459	$ 1,929,825	$ 1,944,299	$ 1,958,881	$ -	$ 13,409,711
Discounts (Incentives)	$ -	$ 94,952	$ 95,901	$ 96,860	$ 97,829	$ 98,807	$ 99,795	$ 100,793	$ 684,936
Sales Commissions (In-house)	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Sales Commissions (Co-broke)	$ -	$ 35,607	$ 35,963	$ 36,323	$ 36,686	$ 37,053	$ 37,423	$ 37,797	$ 256,851
Sales Tax	$ -	$ 166,165	$ 167,827	$ 169,505	$ 171,200	$ 172,912	$ 174,641	$ 176,388	$ 1,198,639
Warranty	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,246	$ 164,921
Contingency	$ -	$ 36,256	$ 36,619	$ 36,985	$ 37,355	$ 37,728	$ 38,106	$ 38,487	$ 261,535
Total Unit Costs	$ 1,873,000	$ 2,385,464	$ 2,404,544	$ 2,423,778	$ 2,443,169	$ 2,462,717	$ 2,482,424	$ 528,900	$ 17,003,996
Project Costs									
Construction Overhead	$ -	$ 71,214	$ 71,926	$ 72,645	$ 73,372	$ 74,105	$ 74,846	$ 75,595	$ 513,702
Marketing & Advertising	$ -	$ 142,427	$ 143,852	$ 145,290	$ 146,743	$ 148,210	$ 149,693	$ 151,189	$ 1,027,404
Administrative & Overhead	$ -	$ 142,427	$ 143,852	$ 145,290	$ 146,743	$ 148,210	$ 149,693	$ 151,189	$ 1,027,404
Total Project Costs	$ -	$ 356,068	$ 359,629	$ 363,225	$ 366,858	$ 370,526	$ 374,231	$ 377,974	$ 2,568,511
Holding Costs									
Real Estate Taxes	$ 11,191	$ 10,470	$ 8,925	$ 7,357	$ 5,765	$ 4,149	$ 2,508	$ 849	$ 51,214
Special Taxes (Assessments)	$ 4,796	$ 4,487	$ 3,825	$ 3,153	$ 2,471	$ 1,778	$ 1,075	$ 364	$ 21,949
HOA Fees (Subsidies)	$ 32,614	$ 30,511	$ 26,011	$ 21,441	$ 16,802	$ 12,091	$ 7,309	$ 2,473	$ 149,252
Total Holding Costs	$ 48,601	$ 45,468	$ 38,761	$ 31,952	$ 25,038	$ 18,018	$ 10,892	$ 3,685	$ 222,415
Total Costs	$ 1,921,601	$ 2,787,000	$ 2,802,934	$ 2,818,955	$ 2,835,064	$ 2,851,262	$ 2,867,548	$ 910,559	$ 19,794,923
Cash Flow Before Profit	$ (1,921,601)	$ 2,047,148	$ 2,079,556	$ 2,112,360	$ 2,145,564	$ 2,179,173	$ 2,213,191	$ 4,220,987	$ 15,076,378

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$11,298,012	$89,667
22.50%	$10,911,951	$86,603
25.00%	$10,541,930	$83,666

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TABLE NO. 36

Summary of Input Items
Retail Acre Analysis

No. of Lots =	171
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$302,663
Average Lot Premium =	$13,333
Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 129,923
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

PLANNING AREA O-1

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	18	9	171
Beginning Lot Inventory	171	171	153	135	117	99	81	63	45	27	9	
Ending Lot Inventory	171	153	135	117	99	81	63	45	27	9	0	
Avg. Lot Inventory During Period	171	162	144	126	108	90	72	54	36	18	4.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue												
Income From Lot Sales	$ -	$ 5,502,416	$ 5,557,440	$ 5,613,015	$ 5,669,145	$ 5,725,836	$ 5,783,095	$ 5,840,926	$ 5,899,335	$ 5,958,328	$ 2,920,462	$ 54,469,999
Income from Lot Premiums	$ -	$ 242,400	$ 244,824	$ 247,272	$ 249,745	$ 252,242	$ 254,765	$ 257,312	$ 259,886	$ 262,484	$ 128,656	$ 2,399,587
Total Revenue	$ -	$ 5,744,816	$ 5,802,264	$ 5,860,287	$ 5,918,890	$ 5,978,079	$ 6,037,860	$ 6,098,238	$ 6,159,221	$ 6,220,813	$ 3,049,119	$ 56,869,586
Unit Costs												
Direct Home Construction Costs	$ 2,176,608	$ 2,192,933	$ 2,209,380	$ 2,225,950	$ 2,242,645	$ 2,259,464	$ 2,276,410	$ 2,293,483	$ 2,310,685	$ 1,164,007	$ -	$ 21,351,565
Discounts (Incentives)	$ -	$ 110,048	$ 111,149	$ 112,260	$ 113,383	$ 114,517	$ 115,662	$ 116,819	$ 117,987	$ 119,167	$ 58,409	$ 1,089,400
Sales Commissions (In-house)	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Sales Commissions (Co-broke)	$ -	$ 41,268	$ 41,681	$ 42,098	$ 42,519	$ 42,944	$ 43,373	$ 43,807	$ 44,245	$ 44,687	$ 21,903	$ 408,525
Sales Tax	$ -	$ 192,585	$ 194,510	$ 196,456	$ 198,420	$ 200,404	$ 202,408	$ 204,432	$ 206,477	$ 208,541	$ 102,216	$ 1,906,450
Warranty	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 24,427	$ 11,250	$ 224,663
Contingency	$ -	$ 43,086	$ 43,517	$ 43,952	$ 44,392	$ 44,836	$ 45,284	$ 45,737	$ 46,194	$ 46,656	$ 22,868	$ 426,522
Total Unit Costs	$ 2,176,608	$ 2,768,002	$ 2,790,142	$ 2,812,462	$ 2,834,964	$ 2,857,648	$ 2,880,517	$ 2,903,571	$ 2,926,813	$ 1,786,236	$ 304,261	$ 27,041,225
Project Costs												
Construction Overhead	$ -	$ 82,536	$ 83,362	$ 84,195	$ 85,037	$ 85,888	$ 86,746	$ 87,614	$ 88,490	$ 89,375	$ 43,807	$ 817,050
Marketing & Advertising	$ -	$ 165,072	$ 166,723	$ 168,390	$ 170,074	$ 171,775	$ 173,493	$ 175,228	$ 176,980	$ 178,750	$ 87,614	$ 1,634,100
Administrative & Overhead	$ -	$ 165,072	$ 166,723	$ 168,390	$ 170,074	$ 171,775	$ 173,493	$ 175,228	$ 176,980	$ 178,750	$ 87,614	$ 1,634,100
Total Project Costs	$ -	$ 412,681	$ 416,808	$ 420,976	$ 425,186	$ 429,438	$ 433,732	$ 438,069	$ 442,450	$ 446,875	$ 219,035	$ 4,085,250
Holding Costs												
Real Estate Taxes	$ 15,188	$ 14,496	$ 12,982	$ 11,445	$ 9,883	$ 8,298	$ 6,688	$ 5,054	$ 3,394	$ 1,710	$ 394	$ 89,532
Special Taxes (Assessments)	$ 6,509	$ 6,213	$ 5,564	$ 4,905	$ 4,236	$ 3,556	$ 2,866	$ 2,166	$ 1,455	$ 733	$ 169	$ 38,371
HOA Fees (Subsidies)	$ 44,262	$ 42,246	$ 37,834	$ 33,353	$ 28,802	$ 24,182	$ 19,491	$ 14,728	$ 9,892	$ 4,983	$ 1,148	$ 260,922
Total Holding Costs	$ 65,958	$ 62,956	$ 56,380	$ 49,703	$ 42,922	$ 36,036	$ 29,045	$ 21,947	$ 14,741	$ 7,426	$ 1,710	$ 388,825
Total Costs	$ 2,242,566	$ 3,243,639	$ 3,263,331	$ 3,283,141	$ 3,303,071	$ 3,323,122	$ 3,343,294	$ 3,363,588	$ 3,384,004	$ 2,240,537	$ 525,006	$ 31,515,299
Cash Flow Before Profit	$ (2,242,566)	$ 2,501,177	$ 2,538,934	$ 2,577,146	$ 2,615,818	$ 2,654,957	$ 2,694,566	$ 2,734,650	$ 2,775,216	$ 3,980,276	$ 2,524,113	$ 25,354,287

NPV of Cash Flows	Total	Per Lot
Discounted at: 20.00%	$17,951,213	$104,978
22.50%	$17,228,553	$100,752
25.00%	$16,542,139	$96,738

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TABLE NO. 37

Summary of Input Items
Retail Acre Analysis

No. of Lots =	193
Quarterly Lot Sales Rate =	18.00
Average Home Sales Price =	$284,041
Average Lot Premium =	$12,850
Price Escalation Factor =	4%
Direct Home Construction Costs =	$ 112,945
Discounts (Incentives) =	2.00%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	3.50%
Warranty =	1.50%
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	3.00%
Administrative & Overhead =	3.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

PLANNING AREA P-1

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Lot Sales (Closings)	0	18	18	18	18	18	18	18	18	18	18	13	193
Beginning Lot Inventory	193	193	175	157	139	121	103	85	67	49	31	13	
Ending Lot Inventory	193	175	157	139	121	103	85	67	49	31	13	0	
Avg. Lot Inventory During Period	193	184	166	148	130	112	94	76	58	40	22	6.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Totals
Revenue													
Income From Lot Sales	$ -	$ 5,163,864	$ 5,215,503	$ 5,267,658	$ 5,320,334	$ 5,373,538	$ 5,427,273	$ 5,481,546	$ 5,536,361	$ 5,591,725	$ 5,647,642	$ 3,958,894	$ 57,984,339
Income from Lot Premiums	$ -	$ 233,608	$ 235,944	$ 238,304	$ 240,687	$ 243,094	$ 245,525	$ 247,980	$ 250,460	$ 252,964	$ 255,494	$ 179,097	$ 2,623,156
Total Revenue	$ -	$ 5,397,472	$ 5,451,447	$ 5,505,962	$ 5,561,021	$ 5,616,631	$ 5,672,798	$ 5,729,526	$ 5,786,821	$ 5,844,689	$ 5,903,136	$ 4,137,991	$ 60,607,495
Unit Costs													
Direct Home Construction Costs	$ 2,033,016	$ 2,048,264	$ 2,063,626	$ 2,079,103	$ 2,094,696	$ 2,110,406	$ 2,126,234	$ 2,142,181	$ 2,158,247	$ 2,174,434	$ 1,582,203	$ -	$ 22,612,410
Discounts (Incentives)	$ -	$ 103,277	$ 104,210	$ 105,353	$ 106,407	$ 107,471	$ 108,545	$ 109,631	$ 110,727	$ 111,834	$ 112,953	$ 79,178	$ 1,159,687
Sales Commissions (In-house)	$ -	$ 77,456	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Sales Commissions (Co-broke)	$ -	$ 38,729	$ 39,116	$ 39,507	$ 39,903	$ 40,302	$ 40,705	$ 41,112	$ 41,523	$ 41,938	$ 42,357	$ 29,692	$ 434,883
Sales Tax	$ -	$ 180,735	$ 182,543	$ 184,368	$ 186,212	$ 188,074	$ 189,955	$ 191,854	$ 193,773	$ 195,710	$ 197,667	$ 138,561	$ 2,029,452
Warranty	$ -	$ 77,458	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Closing Costs	$ -	$ 23,010	$ 23,183	$ 23,357	$ 23,532	$ 23,708	$ 23,886	$ 24,065	$ 24,246	$ 24,427	$ 22,500	$ 16,250	$ 252,163
Contingency	$ -	$ 40,481	$ 40,886	$ 41,295	$ 41,708	$ 42,125	$ 42,546	$ 42,971	$ 43,401	$ 43,835	$ 44,274	$ 31,035	$ 454,556
Total Unit Costs	$ 2,033,016	$ 2,589,412	$ 2,610,128	$ 2,631,012	$ 2,652,066	$ 2,673,291	$ 2,694,689	$ 2,715,261	$ 2,738,008	$ 2,759,931	$ 2,171,383	$ 413,483	$ 28,682,681
Project Costs													
Construction Overhead	$ -	$ 77,458	$ 78,233	$ 79,015	$ 79,805	$ 80,603	$ 81,409	$ 82,223	$ 83,045	$ 83,876	$ 84,715	$ 59,383	$ 869,765
Marketing & Advertising	$ -	$ 154,916	$ 156,465	$ 158,030	$ 159,610	$ 161,206	$ 162,818	$ 164,446	$ 166,091	$ 167,752	$ 169,429	$ 118,767	$ 1,739,530
Administrative & Overhead	$ -	$ 154,916	$ 156,465	$ 158,030	$ 159,610	$ 161,206	$ 162,818	$ 164,446	$ 166,091	$ 167,752	$ 169,429	$ 118,767	$ 1,739,530
Total Project Costs	$ -	$ 387,290	$ 391,163	$ 395,074	$ 399,025	$ 403,015	$ 407,045	$ 411,116	$ 415,227	$ 419,379	$ 423,573	$ 296,917	$ 4,348,825
Holding Costs													
Real Estate Taxes	$ 17,142	$ 16,465	$ 14,966	$ 13,443	$ 11,897	$ 10,325	$ 8,732	$ 7,113	$ 5,469	$ 3,800	$ 1,925	$ 569	$ 111,845
Special Taxes (Assessments)	$ 7,346	$ 7,055	$ 6,414	$ 5,761	$ 5,099	$ 4,426	$ 3,742	$ 3,048	$ 2,344	$ 1,628	$ 825	$ 244	$ 47,933
HOA Fees (Subsidies)	$ 49,956	$ 47,984	$ 43,614	$ 39,177	$ 34,670	$ 30,094	$ 25,447	$ 20,728	$ 15,937	$ 11,074	$ 5,610	$ 1,658	$ 325,947
Total Holding Costs	$ 74,444	$ 71,505	$ 64,994	$ 58,381	$ 51,665	$ 44,845	$ 37,920	$ 30,889	$ 23,750	$ 16,502	$ 8,360	$ 2,470	$ 485,726
Total Costs	$ 2,107,460	$ 3,048,207	$ 3,066,285	$ 3,084,468	$ 3,102,756	$ 3,121,152	$ 3,139,655	$ 3,158,265	$ 3,176,985	$ 3,195,813	$ 2,603,317	$ 712,870	$ 33,517,232
Cash Flow Before Profit	$ (2,107,460)	$ 2,349,265	$ 2,385,163	$ 2,421,494	$ 2,458,265	$ 2,495,479	$ 2,533,143	$ 2,571,260	$ 2,609,836	$ 2,648,876	$ 3,299,820	$ 3,425,121	$ 27,090,263

NPV of Cash Flows Discounted at:	Total	Per Lot
20.00%	$18,650,254	$96,633
22.50%	$17,844,251	$92,457
25.00%	$17,081,941	$88,507

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FINISHED LOT VALUE CONCLUSION

The two income approach analyses preformed above indicate a tight range of finished lots values for each of the subject's four planning areas. The finished lot value conclusions for each planning area are summarized in Table 38.

TABLE NO. 38

SUMMARY OF "FINISHED LOT" CONCLUSIONS				
Planning Area/Analysis	Value Range Per Unit			
I-1				
Static Analysis	$	71,717	$	82,194
Yield Analysis	$	80,729	$	87,193
K-1				
Static Analysis	$	71,596	$	82,042
Yield Analysis	$	83,666	$	89,667
O-1				
Static Analysis	$	90,912	$	103,018
Yield Analysis	$	96,738	$	104,978
P-1				
Static Analysis	$	86,022	$	97,383
Yield Analysis	$	88,507	$	96,633

The variation in the finished lots values summarized in Table 38 reflect differences in unit mix, differences in the portion of premium lots per planning area and discounting periods. For example, the yield analyses for Parcels O-1 and P-1 are longer than I-1 and K-1 due to their larger lot counts. Based upon the static and yield analyses for each planning area, individual per lot values "as if complete" are concluded. Table 39 summarized the "as if complete" lot values.

TABLE NO. 39

"FINISHED LOT" VALUE CONCLUSIONS		
Planning Area	Finished Lot Value	
I-1	$	80,000
K-1	$	82,000
O-1	$	100,000
P-1	$	92,000

The finished lot valuation conclusions provide the basis for concluding the "as is" value of the subject's four planning areas.

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ESTIMATED COST NEW OF IMPROVEMENTS

There are two methods for deriving a cost new: reproduction cost or replacement cost. While either of these costs would be appropriate for the base in estimating cost new, it is our opinion that the most appropriate for this assignment is the replacement cost. Replacement cost is defined as:

> The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised using modern materials and current standards, design, and layout.[1]

Replacement cost new is composed of three separate groups: direct costs, indirect costs and entrepreneurial profit. These components are defined as follows:

Direct Costs:	Expenditures for the labor and materials used in the construction improvements (also called "hard costs").[2]
Indirect Costs:	Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. (also called "soft costs").[3]
Entrepreneurial Profit:	A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.[4]

It should be noted that, for this assignment, contractor's overhead and profit is considered to be sole and separate from entrepreneurial profit.

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[1] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 244.

[2] *Ibid.*, p. 83.

[3] *Ibid.*, p. 145.

[4] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 96.

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Direct/Indirect Costs

Development costs for both community infrastructure and on-site (in-tract) lot development have been provided by the developer.

Infrastructure Costs

According to Pulte Homes' infrastructure budget, total off-site costs for the 7,210 lot community are estimated at approximately $195,000,000, or an average of $27,000 per lot across all 7,210 lots. However, Pulte utilizes a allocation method which spreads the off-site costs on an upward sliding scale, i.e., the larger lots are allocated a larger portion of the off-site costs. Table 40 summarizes the off-site costs per unit based upon the four home product series.

TABLE NO. 40

TOTAL OFF-SITE DEVELOPMENT COSTS

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	1,166	$ 17,829	$ 20,788,614
Classics	2,491	$ 21,895	$ 54,540,445
Premieres	2,680	$ 31,919	$ 85,542,920
Estates	873	$ 39,201	$ 34,222,473
Totals	7,210		$ 195,094,452
Per Lot Average			$ 27,059
Rounded			$ 27,000

Source: Pulte Homes, Inc.

Per lot costs of $27,600 are higher than most standard subdivision development costs; however, higher development costs are not uncommon in a multi-phased development, particularly an age-restricted community. The off-site development costs attributable to each of the four subject parcels are summarized in Table 41. Based upon the mix of product series, off-site development costs range from $23,800 to $29,500 per lot.

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TABLE NO. 41

OFF-SITE DEVELOPMENT COSTS PARCEL I-1

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	48	$ 17,829	$ 855,792
Classics	60	$ 21,895	$ 1,313,700
Premieres	38	$ 31,919	$ 1,212,922
Estates	6	$ 39,201	$ 235,206
Totals	152		$ 3,617,620
Per Lot Average			$ 23,800
Rounded			$ 23,800

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL K-1

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	59	$ 17,829	$ 1,051,911
Classics	22	$ 21,895	$ 481,690
Premieres	38	$ 31,919	$ 1,212,922
Estates	7	$ 39,201	$ 274,407
Totals	126		$ 3,020,930
Per Lot Average			$ 23,976
Rounded			$ 24,000

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL O-1

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	-	$ 17,829	$ -
Classics	64	$ 21,895	$ 1,401,280
Premieres	75	$ 31,919	$ 2,393,925
Estates	32	$ 39,201	$ 1,254,432
Totals	171		$ 5,049,637
Per Lot Average			$ 29,530
Rounded			$ 29,500

Source: Pulte Homes, Inc.

OFF-SITE DEVELOPMENT COSTS PARCEL P-1

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	29	$ 17,829	$ 517,041
Classics	84	$ 21,895	$ 1,839,180
Premieres	46	$ 31,919	$ 1,468,274
Estates	34	$ 39,201	$ 1,332,834
Totals	193		$ 5,157,329
Per Lot Average			$ 26,722
Rounded			$ 26,700

Source: Pulte Homes, Inc.

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Lot Development Costs (In-tract)

Pulte Homes has provided lot development costs broken down by product series. Lot development cost vary from approximately $12,900 to $22,500 per lot depending upon the size of lot. These costs are summarized in Table 42.

TABLE NO. 42

ON-SITE DEVELOPMENT COSTS

Planning Area	No. Of Lots	Costs/ Lot	Total/ Type
Cottages	136	$ 12,913	$ 1,756,168
Classics	230	$ 16,843	$ 3,873,890
Premieres	197	$ 19,650	$ 3,871,050
Estates	79	$ 22,457	$ 1,774,103
Totals	642		$ 11,275,211
Per Lot Average			$ 17,563
Rounded			$ 17,600

Source: Pulte Homes, Inc.

Total lot development costs are $11,275,000, or an average of $17,600 per lot. Lot improvement costs include finish grading, water and sewer, dry utilities, concrete curbing and asphalt paving. Subject's average lot development cost of $17,600 is consistent with lot development costs report by other residential developers constructing large scale planned communities. Given the experience of the developer, the developer's estimation of on-site development costs is utilized in the modified cost approach analysis.

Given the differences in unit mix among the four subject parcels, on-site development costs have been calculated for each planning area. Table 43 summarizes the on-site development costs which range from $16,200 to $19,100 per lot.

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TABLE NO. 43

ON-SITE DEVELOPMENT COSTS PARCEL I-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	48	$	12,913	$	619,824
Classics	60	$	16,843	$	1,010,580
Premieres	38	$	19,650	$	746,700
Estates	6	$	22,457	$	134,742
Totals	152			$	2,511,846
Per Lot Average				$	16,525
Rounded				$	16,500

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL K-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	59	$	12,913	$	761,867
Classics	22	$	16,843	$	370,546
Premieres	38	$	19,650	$	746,700
Estates	7	$	22,457	$	157,199
Totals	126			$	2,036,312
Per Lot Average				$	16,161
Rounded				$	16,200

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL O-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	-	$	12,913	$	-
Classics	64	$	16,843	$	1,077,952
Premieres	75	$	19,650	$	1,473,750
Estates	32	$	22,457	$	718,624
Totals	171			$	3,270,326
Per Lot Average				$	19,125
Rounded				$	19,100

Source: Pulte Homes, Inc.

ON-SITE DEVELOPMENT COSTS PARCEL P-1					
Planning Area	No. Of Lots		Costs/ Lot		Total/ Type
Cottages	29	$	12,913	$	374,477
Classics	84	$	16,843	$	1,414,812
Premieres	46	$	19,650	$	903,900
Estates	34	$	22,457	$	763,538
Totals	193			$	3,456,727
Per Lot Average				$	17,911
Rounded				$	17,900

Source: Pulte Homes, Inc.

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Entrepreneurial Profit

It is logical to assume that an investor or developer would require an entrepreneurial profit over and above the cost to acquire the property and holding costs. Entrepreneurial profit pertinent to the development of finished subdivision lots is separate from homebuilder's profit, but in a reasonably balanced marketplace, should reflect a similar prorata share of costs (land plus development costs). If the marketplace is significantly undersupplied, an argument can be made that lot development can capture a higher percentage of profits because there are typically several homebuilders competing for the right to purchase the lots.

Homebuilder profits are typically within the range of 9% to 15% of base home. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

Referring back to the static residual analysis in the Income Capitalization Approach section, a homebuilder profit range of 12% to 16% of base home price is concluded to be reasonable for the subject units. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

For the purposes of this report, we have utilized a development profit range of 12% to 16% (as a percentage of lot development costs and land value). This range encompasses the homebuilder static profit range utilized in the Income Capitalization Approach as well as what in our opinion is reasonable to expect to reflect a current "as if vacant" opinion of value. Table 44 on the following page provides a range of "as if vacant" lot values based the development cost estimations and profit assumptions.

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TABLE NO. 44

PARCEL I-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$80,000	$80,000	$80,000
Less: Development costs	(16,500)	(16,500)	(16,500)
Less: Infrastructure costs	(23,800)	(23,800)	(23,800)
Less: Profit Margin (Rounded)	($8,571)	($9,825)	($11,034)
Raw Lot Value ("As if vacant")	$31,129	$29,875	$28,666

PARCEL K-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$82,000	$82,000	$82,000
Less: Development costs	(16,200)	(16,200)	(16,200)
Less: Infrastructure costs	(24,000)	(24,000)	(24,000)
Less: Profit Margin (Rounded)	($8,786)	($10,070)	($11,310)
Raw Lot Value ("As if vacant")	$33,014	$31,730	$30,490

PARCEL O-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$100,000	$100,000	$100,000
Less: Development costs	(19,100)	(19,100)	(19,100)
Less: Infrastructure costs	(29,500)	(29,500)	(29,500)
Less: Profit Margin (Rounded)	($10,714)	($12,281)	($13,793)
Raw Lot Value ("As if vacant")	$40,686	$39,119	$37,607

PARCEL P-1 RESIDUAL ANALYSIS - "AS IF VACANT" VALUE			
	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$92,000	$92,000	$92,000
Less: Development costs	(17,900)	(17,900)	(17,900)
Less: Infrastructure costs	(26,700)	(26,700)	(26,700)
Less: Profit Margin (Rounded)	($9,857)	($11,298)	($12,690)
Raw Lot Value ("As if vacant")	$37,543	$36,102	$34,710

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"AS IS" VALUE CONCLUSION – PARCEL I-1

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will occur after the date of valuation, significant planning and engineering expenses have been incurred. For purposes of this analysis, incurred development costs are estimated at 35% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 35% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 45.

TABLE NO. 45

PARCEL I-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$80,000	$80,000	$80,000
Less: Development costs	(16,500)	(16,500)	(16,500)
Less: Infrastructure costs	(23,800)	(23,800)	(23,800)
Less: Profit Margin (Rounded)	($8,571)	($9,825)	($11,034)
Raw Lot Value	$31,129	$29,875	$28,666
Plus: Incurred development costs (1)	$14,105	$14,105	$14,105
Plus: Earned Profit (2)	$3,000	$3,439	$3,862
"As Is" Lot Value	$48,234	$47,419	$46,633
Rounded	$48,000	$47,000	$47,000

(1) Incurred development costs (final plat with some finish grading) estimated at 35%
(2) Incurred profit is estimated at 35% of total profit

Within this rather narrow range, a single value estimate of $47,000 per lot, or $7,144,000 is estimated ($47,000 x 152 lots).

"AS IS" VALUE CONCLUSION – PARCEL K-1

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will

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occur after the date of valuation, significant planning and engineering expenses have been incurred. In terms of both off-site and on-site development, Parcel K-1 (and Parcel O-1) are further along in the development process than are Parcels I-1 and P-1. For instance the collector road which runs along the north side of Parcels K-1 and O-1 has been completed with all underground utilities and asphalt paving. On-site development has also commenced with the installation of underground water lines. Therefore, incurred development costs are estimated at 50% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 50% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 46.

TABLE NO. 46

PARCEL K-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$82,000	$82,000	$82,000
Less: Development costs	(16,200)	(16,200)	(16,200)
Less: Infrastructure costs	(24,000)	(24,000)	(24,000)
Less: Profit Margin (Rounded)	($8,786)	($10,070)	($11,310)
Raw Lot Value	$33,014	$31,730	$30,490
Plus: Incurred development costs (1)	$20,100	$20,100	$20,100
Plus: Earned Profit (2)	$4,393	$5,035	$5,655
"As Is" Lot Value	$57,507	$56,865	$56,245
Rounded	**$58,000**	**$57,000**	**$56,000**

(1) Incurred development costs (final plat with commencement of utility install) estimated at 50%
(2) Incurred profit is estimated at 50% of total profit

Within this range, a single value estimate of $57,000 per lot, or $7,182,000 is estimated ($57,000 x 126 lots).

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"AS IS" VALUE CONCLUSION – PARCEL O-1

The current condition of Parcel O-1 is similar to Parcel K-1. All utilities are available to the property and installation of on-site infrastructure has recently commenced. Therefore, incurred development costs are estimated at 50% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 50% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 47.

TABLE NO. 47

PARCEL O-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$100,000	$100,000	$100,000
Less: Development costs	(19,100)	(19,100)	(19,100)
Less: Infrastructure costs	(29,500)	(29,500)	(29,500)
Less: Profit Margin (Rounded)	($10,714)	($12,281)	($13,793)
Raw Lot Value	$40,686	$39,119	$37,607
Plus: Incurred development costs (1)	$24,300	$24,300	$24,300
Plus: Earned Profit (2)	$5,357	$6,140	$6,897
"As Is" Lot Value	$70,343	$69,560	$68,803
Rounded	**$70,000**	**$70,000**	**$69,000**

(1) Incurred development costs (final plat with commencement of utility install) estimated at 50%
(2) Incurred profit is estimated at 50% of total profit

Within this rather narrow range, a single value estimate of $70,000 per lot, or $11,970,000 is estimated ($70,000 x 171 lots).

"AS IS" VALUE CONCLUSION – PARCEL P-1

The condition of Parcel P-1 is most similar to Parcel I-1. Both of these parcels are located in the northern part of the community which lies north of Beardsley Road. To date, Canyon Springs Boulevard (the main artery in the community) has only been extended to Beardsley Road. The

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road north of Beardsley has only been rough graded and no infrastructure has been installed. For purposes of this analysis, incurred development costs are estimated at 35% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 35% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation rates of 12% to 16% are summarized in Table 48.

TABLE NO. 48

PARCEL P-1 RESIDUAL LOT VALUE ANALYSIS - "AS IS" VALUE

	Profit Expectation		
	12.0%	14.0%	16.0%
Finished Lot Value ("As if complete")	$92,000	$92,000	$92,000
Less: Development costs	(17,900)	(17,900)	(17,900)
Less: Infrastructure costs	(26,700)	(26,700)	(26,700)
Less: Profit Margin (Rounded)	($9,857)	($11,298)	($12,690)
Raw Lot Value	$37,543	$36,102	$34,710
Plus: Incurred development costs (1)	$15,610	$15,610	$15,610
Plus: Earned Profit (2)	$3,450	$3,954	$4,441
"As Is" Lot Value	$56,603	$55,666	$54,762
Rounded	**$57,000**	**$56,000**	**$55,000**

(1) Incurred development costs (final plat with some finish grading) estimated at 35%
(2) Incurred profit is estimated at 35% of total profit

Within this range, a single value estimate of $56,000 per lot, or $10,808,000 is estimated ($56,000 x 193 lots).

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FINAL VALUE CONCLUSIONS

The value of each of the four subject parcels were concluded using the modified cost approach, or residual analysis. Within this analysis, the value of each parcel was effectively "backed" into from the finished home product. Construction costs, development cost and projected profits were subtracted from the final product to arrive at the "as if vacant" value of a raw residential lot within each planning area. At this point any incurred development costs and earned profit were added back to derive the "as is" value of each of the four subject parcels. Based upon the modified cost approach analyses, the following "as is" wholesale market values are estimated, as of August 1, 2007:

WHOLESALE (BULK) " AS IS" MARKET VALUE

PLANNING AREA I-1
SEVEN MILLION ONE HUNDRED FORTY-FOUR THOUSAND DOLLARS
$7,144,000

PLANNING AREA K-1
SIX MILLION ONE HUNDRED EIGHTY-TWO THOUSAND DOLLARS
$7,182,000

PLANNING AREA O-1
ELEVEN MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS
$11,970,000

PLANNING AREA P-1
TEN MILLION EIGHT HUNDRED EIGHT THOUSAND DOLLARS
$10,808,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District Special Assessment No. 4. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's four planning area be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

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ESTIMATED WHOLESALE (BULK) MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

PARCEL I-1	
Wholesale (Bulk) Value	$7,144,000
Less: Admin. Fee (5%)	($357,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000
PARCEL K-1	
Wholesale (Bulk) Value	$7,182,000
Less: Admin. Fee (5%)	($359,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000
PARCEL P-1	
Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL O-1	
Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

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ADDENDA

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SUN CITY FESTIVAL PLAT MAPS (I-1, K-1, O-1 & P-1)

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FINAL PLAT OF

"SUN CITY FESTIVAL PARCELS P1 & I1"

A SUBDIVISION LOCATED IN A PORTION OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES

1. QUALITY FOR CONSTRUCTION AND IMPROVEMENTS BY GOVERNMENTAL ENTITIES AND DEDICATED PUBLIC UTILITIES, CONSTRUCTION AND IMPROVEMENTS WITHIN PUBLIC UTILITY EASEMENTS SHALL BE LIMITED TO ONLY THE FOLLOWING:
   a. MONUMENTS OR PEDESTALS, SECTION TYPE FENCING;
   b. CONSTRUCTION STRUCTURES, HARDSCAPE OR BUILDINGS EXPRESSLY APPROVED IN WRITING BY EACH UTILITY EASEMENT GRANTEE AND ALL ONE PUBLIC UTILITIES WHICH USE OR MAY USE THE EASEMENT;
   c. LANDSCAPING
2. ALL NEW OR RELOCATED UTILITIES ARE TO BE INSTALLED UNDERGROUND EXCEPT THOSE EXISTING LINES ADOPTED BY THE ARIZONA CORPORATION COMMISSION (ACC) UNDER U-46.
3. NO STRUCTURES OF ANY KIND MAY BE CONSTRUCTED NOR ANY VEGETATION BE PLANTED ON ALLOWED TO GROW WITHIN A DRAINAGE EASEMENT OR TRACT WHICH WOULD OBSTRUCT THE FLOW OF WATER OVER, UNDER OR THROUGH THE DRAINAGE EASEMENT OR TRACT.
4. A HOMEOWNERS ASSOCIATION, INCLUDING ALL LOT OWNERS, SHALL BE FORMED AND HAVE THE RESPONSIBILITY OF MAINTAINING ALL COMMON AREAS NOTED AS TRACTS LANDSCAPED AREAS AND DRAINAGE FACILITIES IN ACCORDANCE WITH THE APPROVED PLANS, THIS RESPONSIBILITY INCLUDES ALL ADJACENT RIGHTS-OF-WAY.
5. THE TOWN OF BUCKEYE IS NOT DESIGNATED AS AN ASSURED WATER PROVIDER PURSUANT TO A.R.S. 45-455 AND NO APPROVAL OF THIS PLAT, THE CERTIFICATE OF ASSURANCE THE TOWN WATER SUPPLY NO. 55-401146.0000, UNDER A.R.S. 45-577, HAS BEEN SUBMITTED.
6. ANY OFFSETS WITH LOT CAP WILL BE SET AT ALL BOUNDARY CORNERS, LOT CORNERS, POINTS OF CURVATURE, POINTS OF TANGENCY, AND ANGLE POINTS AT COMPLETION OF MASS GRADING.
7. IN EARTHWORK FOR COOLSCAPE USE OF WATER SANITARY SEWER, RECLAIMED WATER OR ANY COMBINATION THEREOF ONLY SPECIES OF NATIVE AND BUSHES ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT SHALL NO TREES OF BOULDERS ARE ALLOWED.
8. VISIBILITY RESTRICTIONS: ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 24 IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7 NO TREES AND TO BE CONTINUED WITHIN THE 8 OF RAY FREE WITHIN 50 FEET OF THE PROPERTY INSTALLED IN THE VALLEY PLUS MAY BE WITHIN FOR THE BACK OF CURB ANY VEGETATION VIOLATING THESE RESTRICTIONS INCLUDING TREES, BUSHES, SHRUBS, OR GROUND COVER MAY BE REMOVED FROM ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.
9. THE MAINTENANCE OF ALL LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION OR ADDITIONAL PROPERTY OWNER IN ACCORDANCE WITH THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SUN CITY FESTIVAL (HEREINAFTER RECORDED AS HEREINAFTER ALL THEREIN FORMAT AND ANY SUPPLEMENTAL DECLARATIONS RECORDED PURSUANT THERETO COLLECTIVELY THE "C.C.& R.'S").
10. THE WALL MAINTENANCE EASEMENT SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION.
11. ALL LOTS SHALL CONFORM WITH DEVELOPMENT OPTION 2 OF THE SUN CITY FESTIVAL COMMUNITY MASTER PLAN (.002, 94 THROUGH, 96, 119 THROUGH 122, 207 THROUGH 222, AND 304 THROUGH 306 SHALL BE DEVELOPED UNDER THE R-3.5 ZONING CATEGORY, LOTS 1 THROUGH 33, 94 THROUGH 118, 123 THROUGH 206, 224 THROUGH 303, AND 307 THROUGH 340 SHALL BE DEVELOPED UNDER THE R-4.5 ZONING CATEGORY. SEE DETAILS ON SHEET 2)
12. THIS SUBDIVISION IS SUBJECT TO A PERPETUAL MAINTENANCE IMPROVEMENT DISTRICT (MID) FORMED PURSUANT TO A.R.S. 48-601 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR CROSSING THE SUBDIVISION. (MID ZONE 2)
13. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID) ON ONE (DISTRICT).

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THIS ____ DAY OF _____, 2003, BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA.

BY: _____
TOWN ENGINEER

THIS PLAT APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OF BUCKEYE, ARIZONA THIS ____ DAY OF _____, 2003.

BY: _____
COMMUNITY DEVELOPMENT DIRECTOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA, THIS ____ DAY OF _____, 2003.

BY: _____ ATTEST: _____
MAYOR TOWN CLERK

CONSENT OF LIENHOLDERS

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED AS BENEFICIARIES UNDER THAT CERTAIN DEED OF TRUST RECORDED MAY 5, 2003 AS INSTRUMENT NO. 03-0444442 OF THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA HEREBY CONSENT TO AND JOIN IN THAT CERTAIN "SUN CITY FESTIVAL PARCELS P1 & I1" AND AGREE THAT SUCH PLAT AND THE EASEMENTS DEDICATED THEREIN SHALL BE SUPERIOR TO AND HAVE PRIORITY OVER THE ABOVE-DESCRIBED DEED OF TRUST.

HOME WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY,

BY: FESTIVAL HOLDING, INC.
A DELAWARE CORPORATION,
ITS MANAGER

BY: _____

NAME: _____ _____
DATE

ITS: _____

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT

BY _____ _____
JOSEPH P. HAMILTON DATE
ITS: AUTHORIZED AGENT

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED (HEREIN) OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE (PRIOR TO ANY LOT OF PARCEL CREATED (HEREIN) OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN SHALL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET UTILITY, DRAINAGE, AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE CONSISTENT TO TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE RELEASED IN WHOLE A PROSPECTIVE BUYER OF A LOT OR PARCEL DEPICTED, DEFINED OR DEPICTED ON THIS PLAT SHOULD INQUIRE THE SELLER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION OR THE ISSUANCE OF CERTIFICATES OF OCCUPANCY BOND BY THE TOWN OF BUCKEYE WHERE PURPOSES. UNDER CLOSING ESCROW ON THAT LOT OR PARCEL FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS SUCH AS LANDSCAPING AND PUNCH LIST ITEMS THAT ARE IN PROGRESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. A HOMEBUYER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE BUYER PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.

LEGEND

- INDICATES BRASS CAP IN HANDHOLE UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - FOUND 1/2" IRON BAR UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - FOUND BRASS CAP UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - SET 1/2" IRON BAR UNLESS OTHERWISE NOTED
- INDICATES INTERSECTIONS OF MAJOR & COLLECTOR STREETS - SET BRASS CAP FLUSH CONFORMED OF JOB PER M.A.G. STD. DET. 120-1, TYPE "A" UNLESS OTHERWISE NOTED
- INDICATES CORNER OF THIS SUBDIVISION - SET BRASS CAP FLUSH UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" UNLESS OTHERWISE NOTED
- INDICATES DENOTES LIFE MONUMENTATION - SET BRASS CAP FLUSH UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" UNLESS OTHERWISE NOTED

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS ____ DAY OF _____, 2007, BY _____, THE _____ OF HOME WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, ON BEHALF OF THE COMPANY.

_____ _____
MY COMMISSION EXPIRES NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS ____ DAY OF _____, 2007, BY _____, THE _____ OF SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, FOR AND ON BEHALF THEREOF.

_____ _____
MY COMMISSION EXPIRES NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

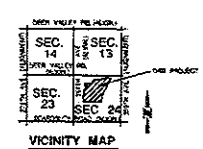
THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS ____ DAY OF _____, 2007, BY _____, THE _____ OF PULTE HOME CORPORATION, A MICHIGAN CORPORATION, FOR AND ON BEHALF THEREOF.

_____ _____
MY COMMISSION EXPIRES NOTARY PUBLIC

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA HAVING A BEARING OF NORTH 0°.

- C1 — INDICATES CORNER MARKER
- V.N.A.R. — INDICATES VEHICULAR NON ACCESS EASEMENT
- T.P.O.B. — INDICATES TRUE POINT OF BEGINNING
- P.U.E. & S.D.E. — INDICATES PUBLIC UTILITY EASEMENT AND SIDEWALK EASEMENT
- W.M.E. — INDICATES WALL MAINTENANCE EASEMENT
- T.O.B. — INDICATES TOWN OF BUCKEYE
- M.C.D.O.T. — INDICATES MARICOPA COUNTY HIGHWAY DEPARTMENT
- A.P.S. — ARIZONA PUBLIC SERVICE
- G.L.O. — GENERAL LAND OFFICE
- M.C.R. — MARICOPA COUNTY RECORDS
- (1) — INDICATES SIGHT VISIBILITY EASEMENT, SEE LOT SETBACK DETAIL SHT. 2
- (2) — INDICATES LOT LOT SEE LOT SETBACK DETAIL SHT. 2
- (3) — INDICATES SIGHT DISTANCE LINE, SEE "A" OF SUBDIVISION DESIGN STANDARDS & POLICIES MANUAL, 0-3116.0



VICINITY MAP
(NOT TO SCALE)

ACKNOWLEDGMENT

STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

ON THIS ____ DAY OF _____, 2007, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED _____, WHO ACKNOWLEDGED _____ HIMSELF TO BE THE AUTHORIZED AGENT OF THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, AND WHO AUTHORIZED TO DO SO ON BEHALF OF SAID ENTITY, EXECUTED THE FOREGOING INSTRUMENT.

_____ _____
MY COMMISSION EXPIRES NOTARY PUBLIC

FLOOD ZONE CERTIFICATION

THE MARICOPA COUNTY, ARIZONA AND INCORPORATED AREAS FLOOD INSURANCE RATE MAP (FIRM) PANEL NUMBER # 04013C1155 DATED JULY 16, 2003, INDICATES THAT THE SITE FALLS WITHIN ZONE "X" SHADED, IMPERVIOUS (ZONE "X" SHADED IS DEFINED BY FEMA AS: AREAS OF 500-YEAR AREAS OF THE 100-YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN ONE (1) FOOT OR WITH DRAINAGE AREAS LESS THAN ONE (1) SQUARE MILE AND AREAS PROTECTED BY LEVEES FROM THE 100 YEAR FLOOD

TRACT INFORMATION TABLE

TRACT(S)	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE / GOLF COURSE / RETENTION	10.284 AC
TRACT B	LANDSCAPE / DRAINAGE / P.U.E.	0.929 AC
TRACT C	LANDSCAPE / DRAINAGE / P.U.E.	1.119 AC
TRACT D	LANDSCAPE / WMP & WAPA EASEMENTS / P.U.E.	24.252 AC
	TOTAL	36.584 AC

DEDICATION

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF "SUN CITY FESTIVAL PARCELS P1 & I1", LOCATED IN A PORTION OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN, PLATTED HEREON AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF "SUN CITY FESTIVAL PARCELS P1 & I1", AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT, STREET AND EASEMENT CONSTITUTING SAME AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME THAT IS GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OR EASEMENTS SHOWN ON THIS PLAT SHALL BE CHARGED FOR REIMBURSE BY THE SUN CITY FESTIVAL COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE DEVELOPMENT, FINANCING, PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1 DATED AS OF APRIL 30, 2003 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AS 2003-0879000 OR 2003_02_3000.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY DEDICATED TO THE PUBLIC FOR USE AS SUCH THE STREETS AND EASEMENTS AS SHOWN HEREON AND INCLUDED IN THE AREAS DESIGNATED THEREIN.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY GRANTS TO THE TOWN OF BUCKEYE, (THE TOWN) A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF THE PROPERTY DESIGNATED AS TRACTS "A", "B", "C" AND "D" FOR PURPOSES OF ACCESSING, MAINTAINING, REPAIRING AND REPLACING ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY. THE IRRIGATION SYSTEM INCLUDES ITS WATER DELIVERY INFRASTRUCTURE, CHAGES, ELECTRICAL SUPPLY AND CONTROLS, AND ANY ASSOCIATED LIGHTING. IF TOWN EXERCISES THEIR POSITION OF THE PROPERTY DESIGNATED AS COMMON AREAS TOWN SHALL RESTORE AT ITS EXPENSE ANY PORTIONS OF THESE TRACTS TO ITS CONDITION PRIOR TO SUCH ENTRY. THIS EASEMENT IN NO WAY ABROGATES THE PULTE HOME CORPORATION FROM ITS OBLIGATION TO MAINTAIN, REPAIR, AND REPLACE ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO THE LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS.

THE TOWN IS HEREBY GIVEN AN EASEMENT FOR MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS OF TRACTS "A", "B", "C" AND "D". THIS EASEMENT MAY NOT BE EXERCISED BY THE TOWN OR BUCKEYE AT ANY SUCH TIME WHEN THE MAIN HOMEOWNER ASSOCIATION FAILS TO EXERCISE AND PROVIDE THE REQUIRED MAINTENANCE AND OPERATION OF THE LANDSCAPING, DRAINAGE AND RETENTION AREAS. AS LONG AS THE HOMEOWNER'S ASSOCIATION IS IN EXISTENCE, IT IS RESPONSIBLE FOR PROVIDING ALL MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS REGARDLESS OF THE DEDICATION OF THE EASEMENT.

WATERLINE AND SEWERLINE EASEMENTS ARE HEREBY DEDICATED TO THE TOWN OF BUCKEYE.

MAINTENANCE OF DRAINAGE STRUCTURES AND OTHER DRAINAGE FACILITIES OUTSIDE OF PUBLIC RIGHT-OF-WAY ARE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION.

EASEMENTS ARE DEDICATED AS SHOWN ON THIS PLAT.

TRACTS "A", "B", "C" AND "D" ARE HEREBY DECLARED AS COMMON AREAS FOR THE PURPOSES SHOWN AND FOR THE USE AND ENJOYMENT OF THE LOT OWNERS AS GOES FULLY SET FORTH IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "SUN CITY FESTIVAL" TO BE HEREAFTER RECORDED, AND WILL BE OWNED AND MAINTAINED BY THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION. THE TRACTS THAT WILL NOT BE CONVEYED TO THE TOWN OF BUCKEYE AND ALL COMMON PROPERTY SHALL BE APPROVED BY THE TOWN OF BUCKEYE AND SHALL BE COMPRISED BY WARRANTY OR EXCLUSIVE WARRANTY DEED TO THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION. DWELLING UNITS SHALL NOT BE CONSTRUCTED ON SAID TRACTS.

BY THE EXECUTION OF THIS PLAT, THE TOWN HEREBY TERMINATES AND REVOKES THE ROADWAY DECLARATION PREVIOUSLY RECORDED AS INSTRUMENT NO. 96-0529400, RECORDS OF MARICOPA COUNTY, ARIZONA, AND RELINQUISHES ANY RIGHT TO ESTABLISH, OPEN OR DEDICATE A ROADWAY PURSUANT TO SUCH DECLARATION OVER ANY PORTION OF THE PROPERTY INCLUDED WITHIN THE BOUNDARY OF THIS PLAT.

IN WITNESS WHEREOF:

PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED OFFICER, THEREUNTO DULY AUTHORIZED THIS ____ DAY OF _____, 2007.

BY: PULTE HOME CORPORATION, A MICHIGAN CORPORATION.

BY: _____ DATE: _____

ITS: _____

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED, DULY AUTHORIZED OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, HEREBY RATIFIES THE DEDICATION OF THIS PLAT FOR "SUN CITY FESTIVAL PARCELS P1 & I1" AND ACKNOWLEDGES THE RESPONSIBILITIES SET FORTH THEREIN.

SUN CITY FESTIVAL COMMUNITY ASSOCIATION,
AN ARIZONA NON-PROFIT CORPORATION,

BY: _____ _____
DATE

ITS: _____

HOME WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY,

BY: _____ _____
DATE

ITS: _____

CERTIFICATIONS

I, FRED W. KOSER, III, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA THAT THIS PLAT CONSISTING OF FIVE SHEETS, CORRECTLY REPRESENTS A BOUNDARY SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF JANUARY, 2004. THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AT SUCH TIME THEY PLACEMENT AND OTHER MARKS SHOWN AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

FRED W. KOSER, III
REGISTERED LAND SURVEYOR (LAND)
COE & VAN LOO CONSULTANTS, INC.
4530 N. 16TH STREET
PHOENIX, ARIZONA 85014

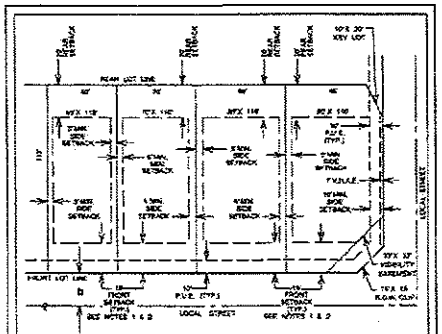
SHEET 1 OF 10

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL & KEY MAP

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

GROSS AREA = 126.064 AC.
NET AREA = 117.426 AC.

COE & VAN LOO
CONSULTANTS, INC.
4530 N. 16TH STREET
PHOENIX, AZ 85014
(602) 264-6831

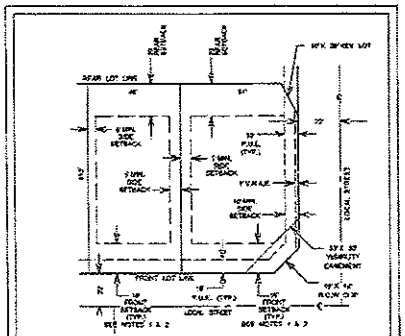


R1-4.5
60' X 110' LOT, 70' X 110' AND 80' X 110' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTES: 1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX. BLDG. HEIGHT - 30'

2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK 60%. MAX LOT COVERAGE

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO BOULDERS ARE TO BE INSTALLED IN THE V.U.A.E., P.U.E., R.O.W., OR WITHIN 6' OF THE BACK OF CURB.

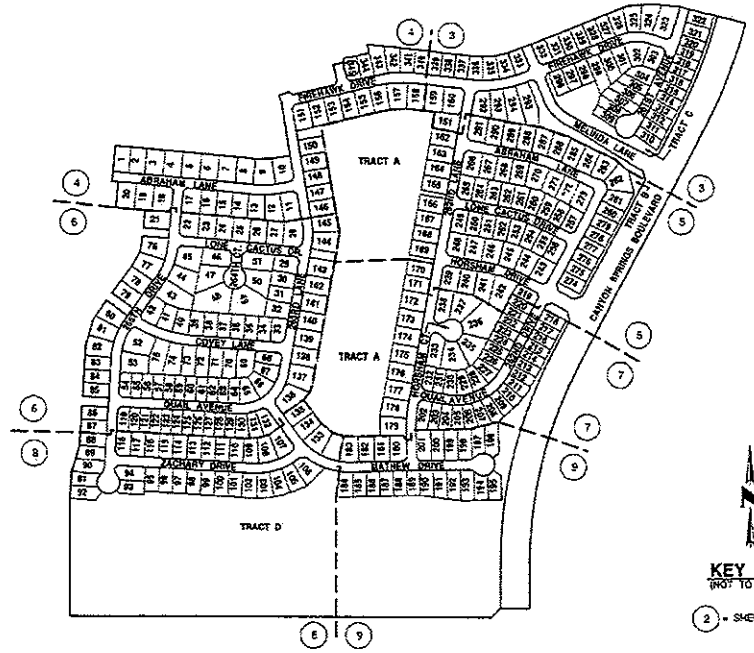


R1-3.5
46' X 110' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTES: 1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX. BLDG. HEIGHT - 30'

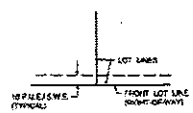
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK 60%. MAX LOT COVERAGE

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (NATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO BOULDERS ARE TO BE INSTALLED IN THE V.U.A.E., P.U.E., R.O.W., OR WITHIN 6' OF THE BACK OF CURB.



KEY MAP
(NOT TO SCALE)

2 = SHEET NUMBER



TYPICAL PUBLIC UTILITY
EASEMENT DETAIL
(NOT TO SCALE)

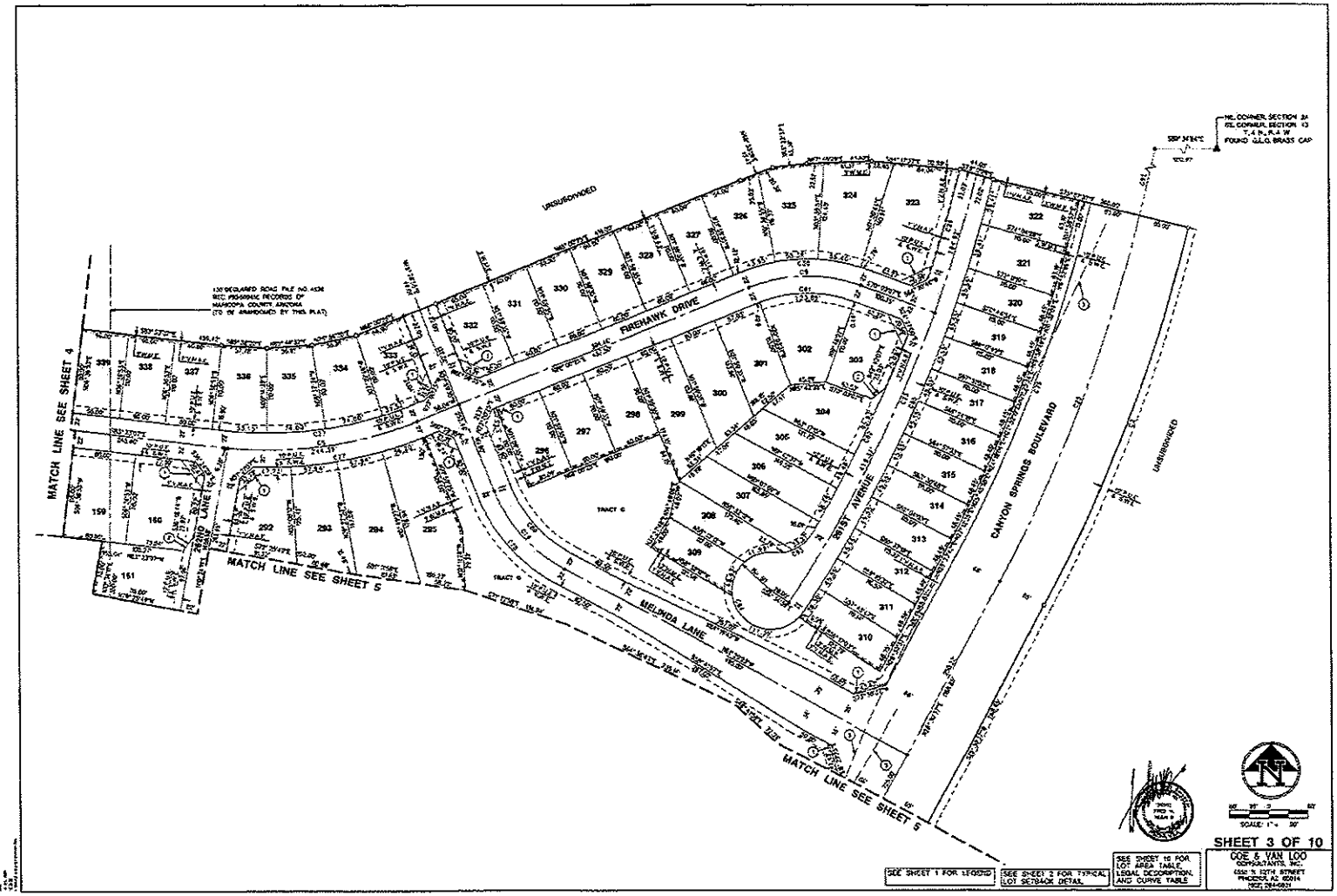
SHEET 2 OF 10

SEE SHEET 1 FOR LEGEND

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

CDE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & P1 - FINAL PLAT - D.V.L. JOB# 680033-01



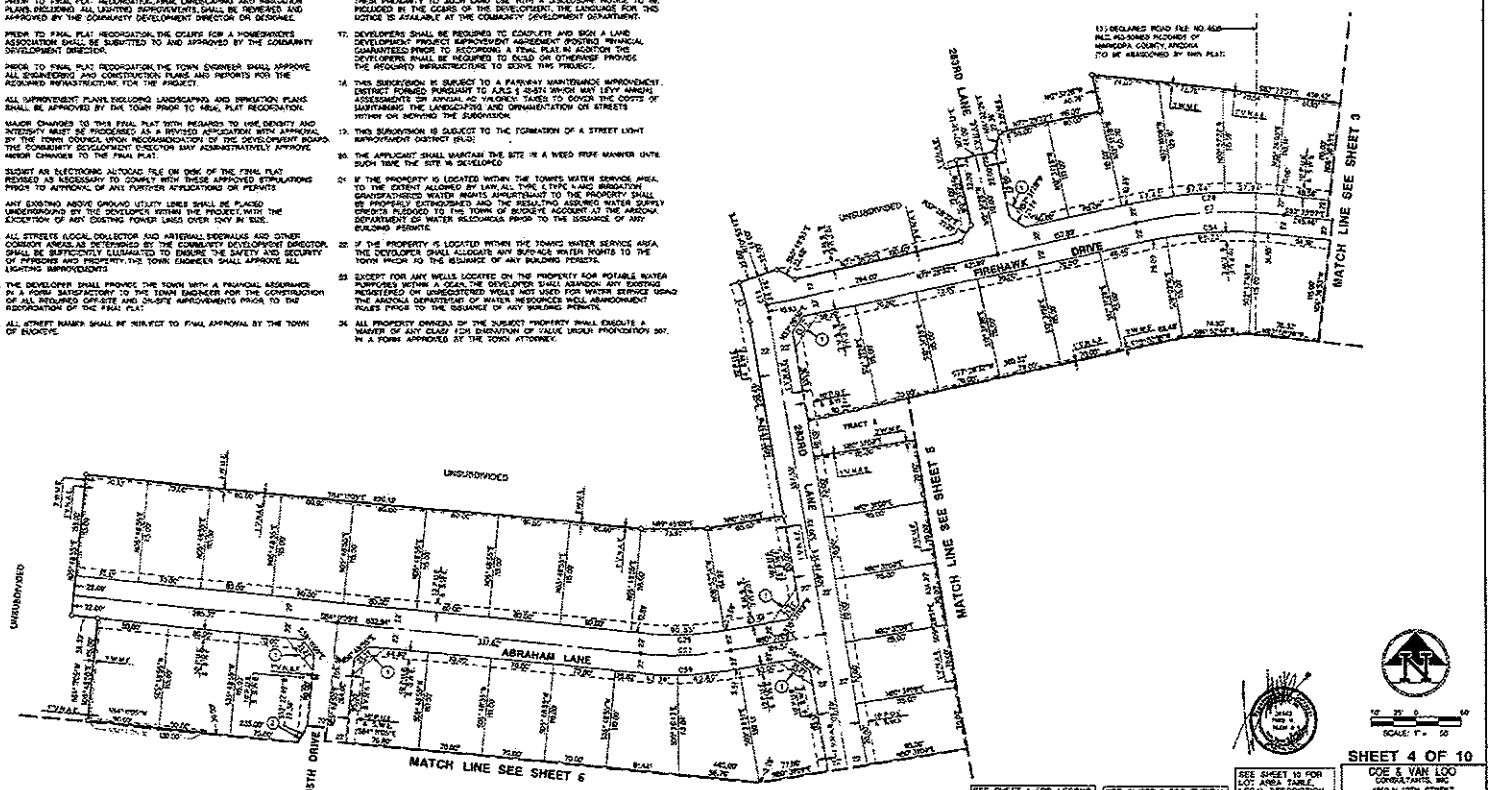
SHEET 3 OF 10

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & 2 - FINAL PLAT - C.V.L. JOB #89023-01

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1. ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE DEVELOPMENT CODE, WHERE APPLICABLE.
2. IF APPLICABLE, AN EFFORT SHALL BE MADE TO PRESERVE ALL NATIVE DESERT LANDSCAPING THROUGH TRANSPLANTING TO A NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO THE SITE WHEN A LANDSCAPING PLAN IS IMPLEMENTED. FORMAL TRANSPLANTING GUIDELINES ARE AVAILABLE FROM THE COMMUNITY DEVELOPMENT DEPARTMENT.
3. ALL PRELIMINARY PLAT STIPULATIONS (APPLICATION NO. M05-041) NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.
4. PRIOR TO FINAL PLAT RECORDATION, FINAL LANDSCAPING AND IRRIGATION PLANS, INCLUDING ALL LIGHTING IMPROVEMENTS, SHALL BE REVIEWED AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.
5. PRIOR TO FINAL PLAT RECORDATION, THE COURSE FOR A HOMEOWNER'S ASSOCIATION SHALL BE SUBMITTED TO AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR.
6. PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.
7. ALL IMPROVEMENT PLANS, INCLUDING LANDSCAPING AND IRRIGATION PLANS, SHALL BE APPROVED BY THE TOWN PRIOR TO FINAL PLAT RECORDATION.
8. MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.
9. SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.
10. ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.
11. ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS, AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY. THE TOWN ENGINEER SHALL APPROVE ALL LIGHTING IMPROVEMENTS.
12. THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS PRIOR TO THE RECORDATION OF THE FINAL PLAT.
13. ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE.
14. IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.
15. IF THIS PROPERTY IS WITHIN THE VICINITY OF AGRICULTURAL OR FARM LAND USES, EACH HOMEBUYER IN THIS DEVELOPMENT SHALL RECEIVE NOTICE OF THEIR PROXIMITY TO SUCH USES WITH A DISCLOSURE NOTICE TO BE INCLUDED IN THE COURSE OF THE DEVELOPMENT. THE LANGUAGE FOR THIS NOTICE IS AVAILABLE AT THE COMMUNITY DEVELOPMENT DEPARTMENT.
16. IF THIS PROPERTY IS WITHIN THE VICINITY OF AN EQUESTRIAN FACILITY, EACH HOMEBUYER IN THIS DEVELOPMENT SHALL RECEIVE NOTICE OF THEIR PROXIMITY TO SUCH LAND USE WITH A DISCLOSURE NOTICE TO BE INCLUDED IN THE COURSE OF THE DEVELOPMENT. THE LANGUAGE FOR THIS NOTICE IS AVAILABLE AT THE COMMUNITY DEVELOPMENT DEPARTMENT.
17. DEVELOPERS SHALL BE REQUIRED TO COMPLETE AND SIGN A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT (POSTING FINANCIAL GUARANTEES) PRIOR TO RECORDING A FINAL PLAT. IN ADDITION, THE DEVELOPERS SHALL BE REQUIRED TO BUILD OR OTHERWISE PROVIDE THE REQUIRED INFRASTRUCTURE TO SERVE THIS PROJECT.
18. THIS SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT FORMED PURSUANT TO A.R.S. § 48-574. WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR SERVING THE SUBDIVISION.
19. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID).
20. THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.
21. IF THE PROPERTY IS LOCATED WITHIN THE TOWN'S WATER SERVICE AREA, TO THE EXTENT ALLOWED BY LAW, ALL TYPE 1 TYPE 2 LAND IRRIGATION GRANDFATHERED WATER RIGHTS APPURTENANT TO THE PROPERTY SHALL BE PROPERLY EXTINGUISHED AND THE RESULTING ASSUMED WATER SUPPLY CREDITS PLEDGED TO THE TOWN OF BUCKEYE ACCOUNT AT THE ARIZONA DEPARTMENT OF WATER RESOURCES PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
22. IF THE PROPERTY IS LOCATED WITHIN THE TOWNS WATER SERVICE AREA, THE DEVELOPER SHALL ALLOCATE ANY SURFACE WATER RIGHTS TO THE TOWN PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
23. EXCEPT FOR ANY WELLS LOCATED ON THE PROPERTY FOR POTABLE WATER PURPOSES WITHIN A CCRR, THE DEVELOPER SHALL ABANDON ANY EXISTING REGISTERED OR UNREGISTERED WELLS NOT USED FOR WATER SERVICE USING THE ARIZONA DEPARTMENT OF WATER RESOURCES WELL ABANDONMENT RULES PRIOR TO THE ISSUANCE OF ANY BUILDING PERMITS.
24. ALL PROPERTY OWNERS OF THE SUBJECT PROPERTY SHALL EXECUTE A WAIVER OF ANY CLAIM FOR DIMINUTION OF VALUE UNDER PROPOSITION 207, IN A FORM APPROVED BY THE TOWN ATTORNEY.



SEE SHEET 1 FOR LEGEND

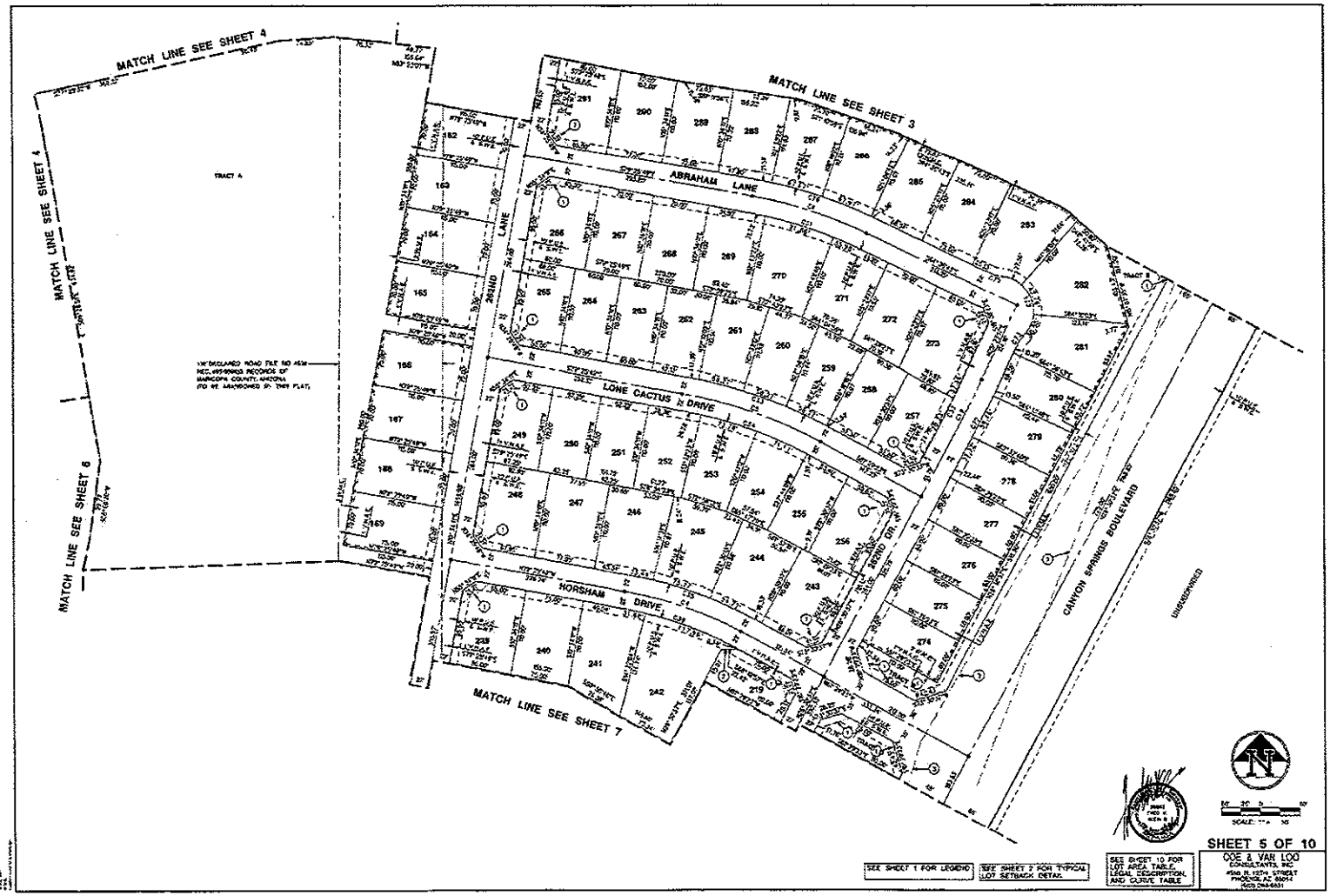
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

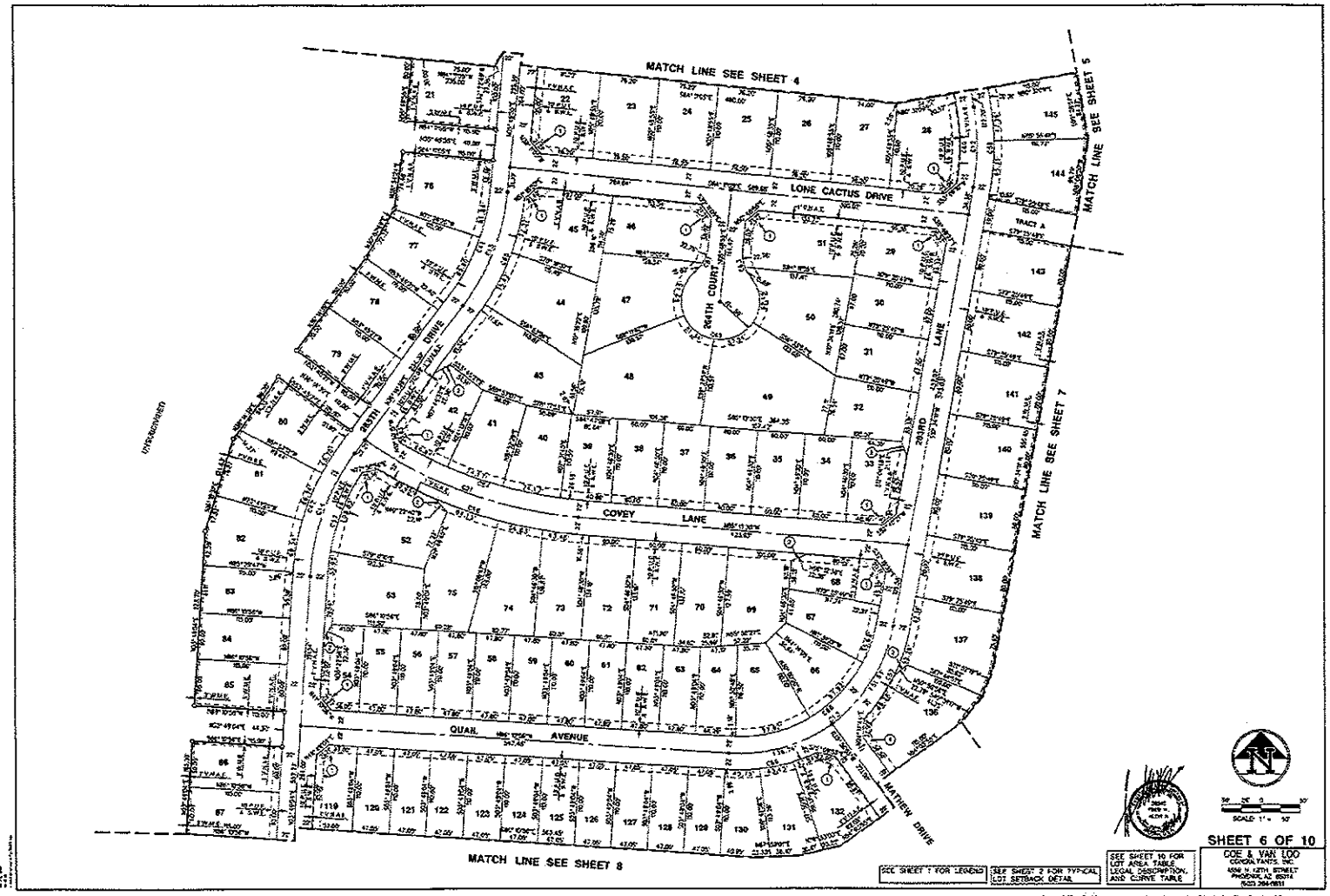
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 4 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & P2 - FINAL PLAT - CVL JOB #660023-01


MATCH LINE SEE SHEET 4
MATCH LINE SEE SHEET 3
MATCH LINE SEE SHEET 6
MATCH LINE SEE SHEET 7
TRACT A
TRACT B
ABRAHAM LANE
LONE CACTUS DRIVE
HORSHAM DRIVE
262ND LANE
262ND DR.
CANYON SPRINGS BOULEVARD
UNSUBDIVIDED
SCALE: 1" = 50'
SHEET 5 OF 10
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
COE & VAN LOO
CONSULTANTS, INC.
SUN CITY FESTIVAL - PARCELS P1 & I1 - FINAL PLAT - C.V.L. JOB #680031-01



SEE SHEET 1 FOR LEGEND

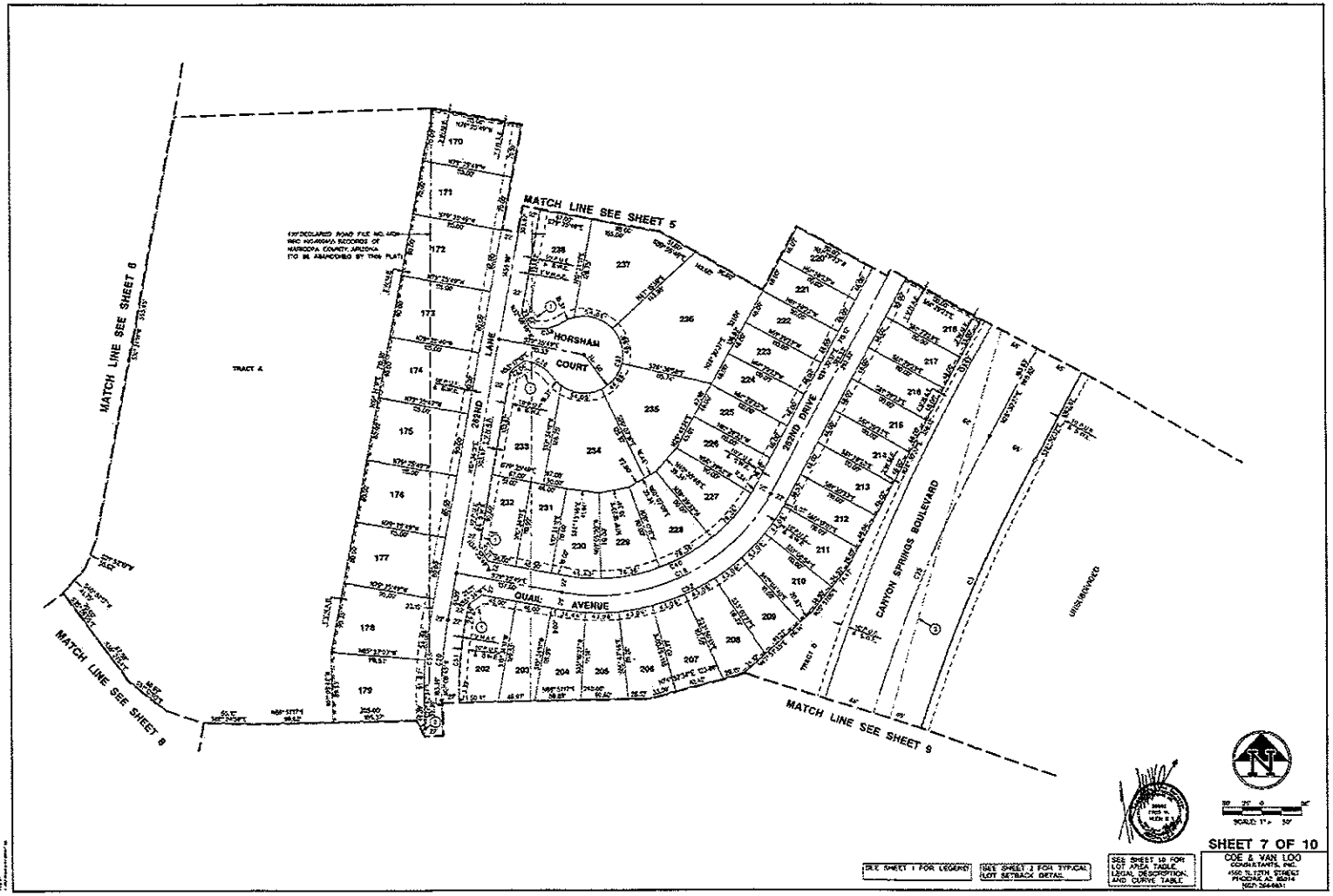
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

COE & VAN LOO
GEOMATICS, INC.
4530 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SHEET 6 OF 10

SUN CITY FESTIVAL - PARCELS P1 & I1 - FINAL PLAT - C.V.L. JOB #95053-01



SEE SHEET 1 FOR LEGEND

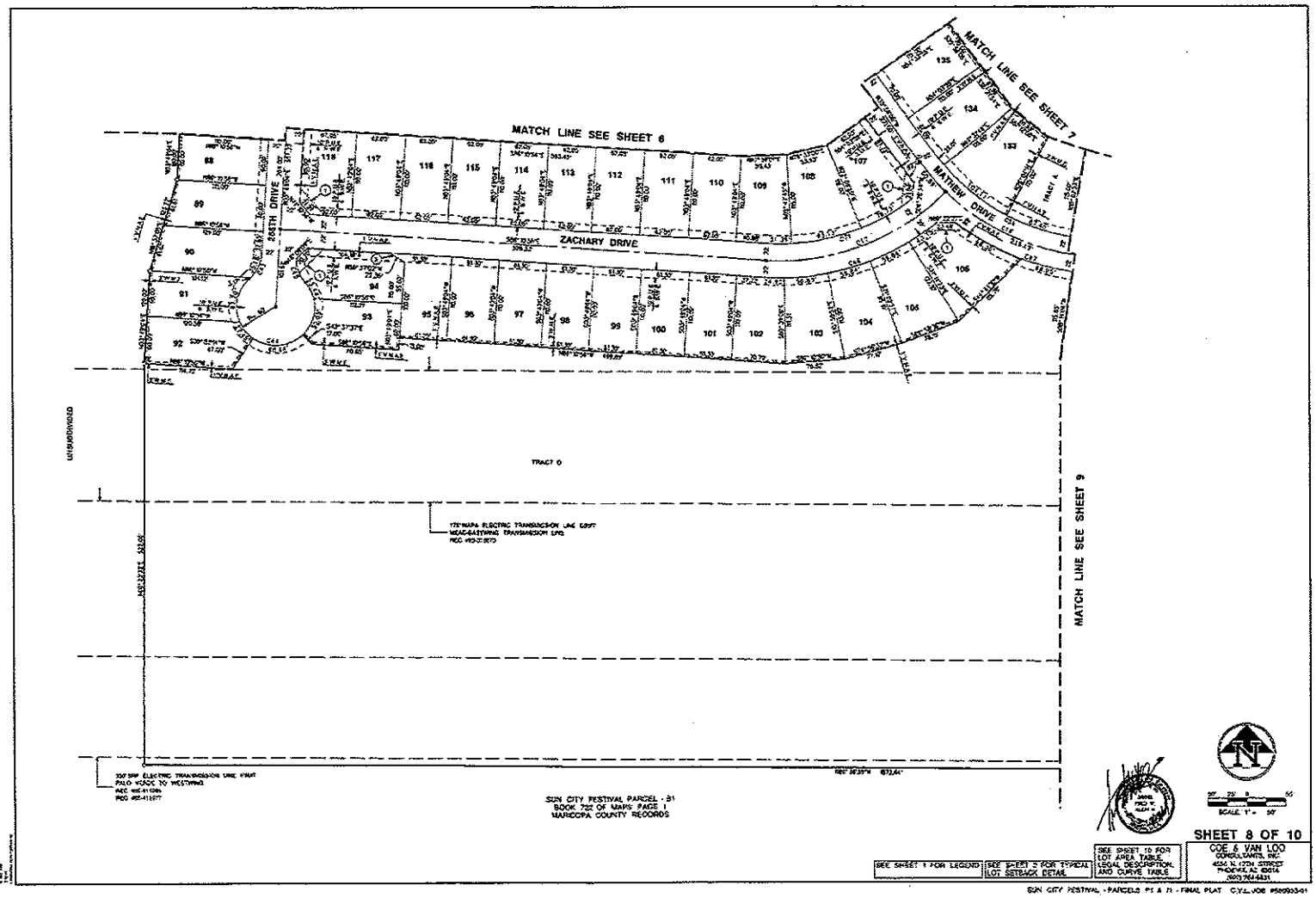
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 7 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS P1 & P2 - FINAL PLAT - CVL JOB #89003-01



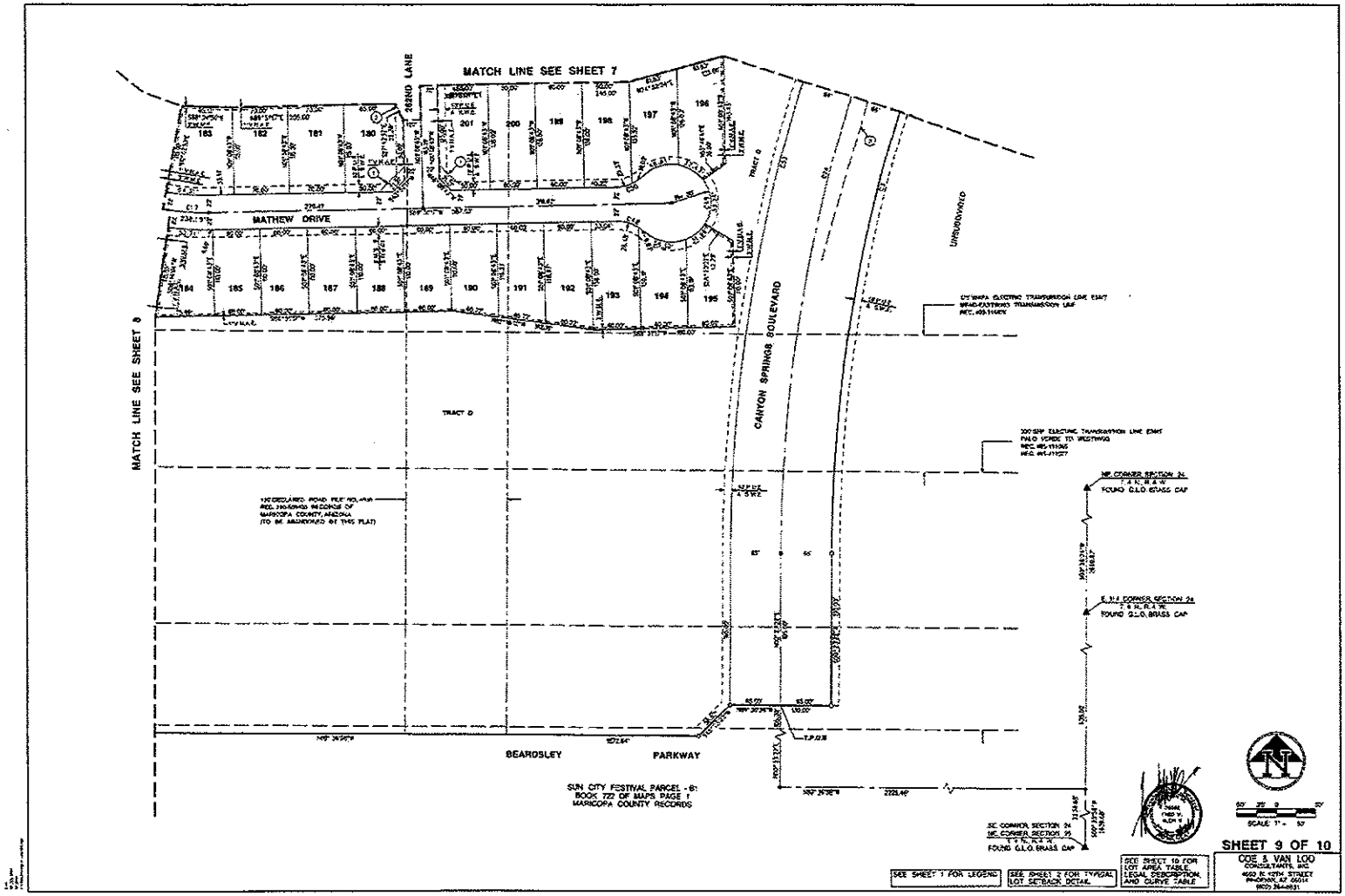
SEE SHEET 1 FOR LEGEND | SEE SHEET 3 FOR TYPICAL LOT SETBACK DETAIL | SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SCALE 1" = 50'

SHEET 8 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

SUN CITY FESTIVAL - PARCELS 31 & 71 - FINAL PLAT C.V.L. JOB #560003-01


MATCH LINE SEE SHEET 7
MATCH LINE SEE SHEET 8
262ND LANE
MATHEW DRIVE
CANYON SPRINGS BOULEVARD
UNSUBDIVIDED
TRACT D
BEARDSLEY
PARKWAY
SUN CITY FESTIVAL PARCEL - B1
BOOK 722 OF MAPS PAGE 1
MARICOPA COUNTY RECORDS
SCALE 1" = 50'
SHEET 9 OF 10
COE & VAN LOO
CONSULTANTS, INC.
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 10 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
SUN CITY FESTIVAL - PARCELS P1 & P2 - FINAL PLAT - C.V.L. JOB

CURVE TABLE

NO.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD BEARING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL DESCRIPTION

THAT PART OF SECTION 24, TOWNSHIP 4 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE G.L.O. BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 24, FROM WHICH THE G.L.O. BRASS CAP MARKING THE SOUTHEAST CORNER OF SAID SECTION 24 BEARS SOUTH [illegible] WEST, A DISTANCE OF 2632.66 FEET;

THENCE SOUTH [illegible] WEST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER, A DISTANCE OF 400.00 FEET;

THENCE NORTH [illegible] WEST, DEPARTING SAID EAST LINE, A DISTANCE OF 2,306.46 FEET TO THE POINT OF INTERSECTION FOR THE MONUMENT LINES OF BEARDSLEY PARKWAY AND CANYON SPRINGS BOULEVARD AS SHOWN ON THE FINAL PLAT OF "SUN CITY FESTIVAL - PARCEL B1" RECORDED IN BOOK 722 OF MAPS, PAGE 4, MARICOPA COUNTY RECORDS;

THENCE NORTH [illegible] EAST, ALONG SAID MONUMENT LINE FOR CANYON SPRINGS BOULEVARD, A DISTANCE OF 105.00 FEET TO A POINT ON THE NORTHERLY BOUNDARY LINE FOR "SUN CITY FESTIVAL - PARCEL B1" AND THE TRUE POINT OF BEGINNING;

THENCE ALONG SAID NORTHERLY BOUNDARY LINES THE FOLLOWING COURSES:

THENCE NORTH [illegible] WEST, A DISTANCE OF 65.00 FEET;
THENCE SOUTH [illegible] WEST, A DISTANCE OF 56.57 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 1,072.44 FEET;

THENCE NORTH [illegible] EAST, DEPARTING SAID NORTHERLY BOUNDARY LINE, A DISTANCE OF 622.26 FEET;

THENCE NORTH [illegible] EAST, A DISTANCE OF 120.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 123.22 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 140.00 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 44.50 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 223.70 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 124.63 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 36.70 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 40.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 160.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 72.22 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 74.84 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 40.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 46.60 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 130.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 113.20 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 70.32 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 120.00 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 690.13 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 73.61 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 60.00 FEET;

THENCE NORTH [illegible] WEST, A DISTANCE OF 200.36 FEET TO THE BEGINNING OF A TANGENT CURVE OF 770.00 FOOT RADIUS, CONCAVE SOUTHWESTERLY;

THENCE NORTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF [illegible], A DISTANCE OF 46.70 FEET;

THENCE NORTH [illegible] EAST, A DISTANCE OF 44.00 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 22.42 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 150.40 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 21.21 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 75.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 44.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 20.34 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 115.00 FEET;
THENCE NORTH [illegible] WEST, A DISTANCE OF 40.76 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 469.42 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 57.78 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 56.91 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 56.91 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 64.20 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 44.41 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 419.00 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 46.41 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 41.38 FEET;
THENCE NORTH [illegible] EAST, A DISTANCE OF 83.82 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 172.89 FEET;
THENCE SOUTH [illegible] EAST, A DISTANCE OF 44.06 FEET;

THENCE SOUTH [illegible] EAST, A DISTANCE OF 286.00 FEET TO A POINT ON A 2,065.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH [illegible] WEST;

THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF [illegible], A DISTANCE OF 521.52 FEET;

THENCE SOUTH [illegible] WEST, A DISTANCE OF 1,568.49 FEET TO THE BEGINNING OF A TANGENT CURVE OF 1,935.00 FOOT RADIUS, CONCAVE SOUTHEASTERLY;

THENCE SOUTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF [illegible], A DISTANCE OF 949.69 FEET;

THENCE SOUTH [illegible] WEST, A DISTANCE OF 195.00 FEET TO A POINT ON SAID NORTHERLY BOUNDARY LINE OF "SUN CITY FESTIVAL - PARCEL B1";

THENCE NORTH [illegible] WEST, ALONG SAID NORTHERLY BOUNDARY LINE, A DISTANCE OF 65.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 126.054 ACRES, MORE OR LESS.

MISCLOSURE: ONE PART IN 1492001

NORTH ERROR= 0.007
EAST ERROR= 0.000

LOT TABLE

LOT	SQ. FOOTAGE	LOT	SQ. FOOTAGE	LOT	SQ. FOOTAGE	LOT	SQ. FOOTAGE	LOT	SQ. FOOTAGE
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SHEET 10 OF 10

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

FINAL PLAT OF

"SUN CITY FESTIVAL PARCELS K1 & O1"

A SUBDIVISION LOCATED IN THE SOUTH HALF OF SECTION 23, THE NORTHWEST QUARTER OF SECTION 25, AND THE NORTH HALF OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES

1. THE RIGHT-OF-WAY (ROW) AND EASEMENTS SHOWN HEREON ARE DEDICATED TO THE PUBLIC TO CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN, AND USE AS A PUBLIC STREET THEREON.
2. THE PUBLIC UTILITY EASEMENTS (P.U.E.) WHICH ARE SHOWN HEREON ARE CONVEYED TO THE PUBLIC TO LOCATE, CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN AND USE CITY UTILITY LINES IN, ON AND OVER SUCH EASEMENTS.
3. THE LAND DESCRIBED IN THIS PLAT IS LOCATED WITHIN THE TOWN OF BUCKEYE SERVICE AREA. CERTIFICATE OF ASSURED 100 YEAR WATER SUPPLY NO. 27-401140.0000 UNDER A.A.C. 45-576 HAS BEEN SUBMITTED FOR DESIGNATED LAND WITH THIS PLAT. THE TOWN OF BUCKEYE IS NOT A DESIGNATED ASSURED 100 YEAR WATER SUPPLY AREA.
4. ALL NEW OR RELOCATED UTILITIES ARE TO BE INSTALLED UNDERGROUND, EXCEPT IN H.V. ELECTRIC LINES ACCEPTED BY THE ARIZONA CORPORATION COMMISSION GENERAL ORDER U-48.
5. CONSTRUCTION WITHIN PUBLIC UTILITY EASEMENTS SHALL BE LIMITED TO ONY PUBLIC UTILITIES, LANDSCAPING, MAILBOXES, WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING.
6. ANY PERSON OR ENTITY USING THE ROAD RIGHT-OF-WAY (ROW) PUBLIC UTILITY EASEMENTS, OR STRETCH PERMIT CREATED SHALL REPAIR ANY PAVING OR LANDSCAPING ITEM THAT IS DAMAGED OR DESTROYED BY SUCH USE.
7. THE MAINTENANCE OF LANDSCAPE AREAS WITHIN THE PUBLIC RIGHT-OF-WAY TO THE BACK OF CURB SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION OR ADJOINING PROPERTY OWNER IN ACCORDANCE WITH THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "SUN CITY FESTIVAL" PREVIOUSLY RECORDED AS INSTRUMENT NO. 2006-1100767 AND ANY SUPPLEMENTAL DECLARATIONS RECORDED PURSUANT THEREOF (COLLECTIVELY, THE "C.C.& R.S").
8. THE WALL MAINTENANCE EASEMENT SHALL BE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION.
9. NO STRUCTURES OR VEGETATION OF ANY KIND, THAT WOULD IMPEDE THE FLOW OF WATER THROUGH THE EASEMENT MAY BE CONSTRUCTED, PLANTED OR ALLOWED TO GROW WITHIN DRAINAGE EASEMENTS UNLESS APPROVED BY THE TOWN OF BUCKEYE TOWN ENGINEER.
10. ALL SETBACKS SHALL CONFORM WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN (C.M.P.) APPROVED BY THE TOWN OF BUCKEYE, SEPTEMBER 2006, AND ALL AMENDMENTS THERETO.
11. ALL LOTS SHALL CONFORM WITH DEVELOPMENT OPTION 5 OF THE SUN CITY FESTIVAL COMMUNITY MASTER PLAN. LOTS 36 THROUGH 139, 286 THROUGH 370, AND 375 THROUGH 394 SHALL BE DEVELOPED UNDER THE R1-5 ZONING DISTRICT. LOTS 1 THROUGH 35, 371 THROUGH 374, AND 395 THROUGH 474 SHALL BE DEVELOPED UNDER THE R-3.5 ZONING DISTRICT. (SEE DETAILS ON SHEET 2)
12. REAR LOT SIZE REMAIN SHALL BE SET AT ALL LOT, PARCEL AND TRACT CORNERS AT COMPLETION OF MASS GRADING.
13. IN EASEMENTS FOR THE EXCLUSIVE USE BY WATER SANITARY SEWER PERTAINING WATER ON ANY COMBINATION THEREOF, ONLY GROUND COVER AND SHRUBS ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT AREAS. NO TREES ARE ALLOWED.
14. THIS SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT (PMID) FORMED PURSUANT TO A.R.S. 48-574 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR SERVING THE SUBDIVISION. (ORD. # 2006-17)
15. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT. (SLID) (ORD. 2006-19)

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THIS 18 DAY OF APRIL, 2007, BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA.

BY: [signature] TOWN ENGINEER

THIS PLAT APPROVED BY THE PLANNING DIRECTOR OF BUCKEYE, ARIZONA THIS 25 DAY OF May, 2007.

BY: [signature] PLANNING DIRECTOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA, THIS 16 DAY OF February, 2007.

BY: [signature] MAYOR ATTEST: [signature] TOWN CLERK

CONSENT OF LIENHOLDERS

KNOW ALL MEN BY THESE PRESENTS

THE UNDERSIGNED, AS BENEFICIARIES UNDER THAT CERTAIN DEED OF TRUST RECORDED MAY 3, 2004, AS INSTRUMENT NO. 2004-0-0-0 OF THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, HEREBY CONSENT TO AND JOIN IN THAT CERTAIN "SUN CITY FESTIVAL PARCELS K1 & O1" AND AGREE THAT SUCH PLAT AND THE EASEMENTS SHOWN THEREON SHALL BE SUPERIOR TO AND HAVE PRIORITY OVER THE ABOVE DESCRIBED DEED OF TRUST.

HOME WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY,

BY: FESTIVAL HOLDINGS, INC. A DELAWARE CORPORATION ITS: MANAGER

BY: [signature] March 20, 2007 DATE

NAME: David B. Dougherty, Jr. ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: [signature] March 20, 2007 DATE

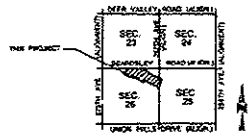
JOSEPH P. HENTON ITS: AUTHORIZED AGENT

LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED, DEFINED, OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. ANY PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OF PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT UNTIL THE TOWN HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN SUBDIVISION ORDINANCE ARE COMPLETED TO TOWN ENGINEER'S SATISFACTION. HOWEVER, THIS LIMITATION MAY BE RELAXED IN WHOLE OR PARTIAL BY THE TOWN ENGINEER IF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT SHOULD REQUIRE THE BUYER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION OR THE ISSUANCE OF CERTIFICATE OF OCCUPANCY SUBJECT BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS, SUCH AS LANDSCAPING AND PLANT LOT TREES THAT ARE IN PROCESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOMEBUILDER SHALL BE REQUIRED TO PROVIDE THE STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE BUYER PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.

LEGEND

	– INDICATES SECTION CORNER - FOUND BRASS CAP IN HANDHOLE UNLESS OTHERWISE NOTED
	– INDICATES CORNER OF THIS SUBDIVISION - FOUND 1/2" IRON BAR UNLESS OTHERWISE NOTED
	– INDICATES CORNER OF THIS SUBDIVISION - SET 1/2" IRON BAR UNLESS OTHERWISE NOTED
	– INDICATES INTERSECTIONS OF MINOR & COLLECTOR STREETS - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" UNLESS OTHERWISE NOTED
	– INDICATES CORNER OF THIS SUBDIVISION - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" UNLESS OTHERWISE NOTED
	– INDICATES CENTER LINE MONUMENTATION - SET BRASS CAP FLUSH UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" UNLESS OTHERWISE NOTED
(1)	– INDICATES CURVE NUMBER
V.N.A.E.	– INDICATES VEHICULAR NON-ACCESS EASEMENT
T.P.O.B.	– INDICATES TRUE POINT OF BEGINNING
P.U.E. & S.W.E.	– INDICATES PUBLIC UTILITY EASEMENT AND SIDEWALK EASEMENT
W.M.E.	– INDICATES WALL MAINTENANCE EASEMENT
T.O.B.	– INDICATES TOWN OF BUCKEYE
M.C.H.D.	– INDICATES MARICOPA COUNTY HIGHWAY DEPARTMENT
A.P.S.	– ARIZONA PUBLIC SERVICE
(2)	– INDICATES BUILDING SETBACK EASEMENT. SEE LOT SETBACK DETAIL, SHT. 2
(2)	– INDICATES SET LOT SIZE. SEE LOT SETBACK DETAIL, SHT. 2
(2)	– INDICATES SIGHT DISTANCE EASEMENT. SEE SIGHT DISTANCE EASEMENT DETAIL, SHT. 2
G.L.O.	– GENERAL LAND OFFICE
F.E.M.A.	– FEDERAL EMERGENCY MANAGEMENT AGENCY
MIN.	– MINIMUM
TYP.	– TYPICAL
R.O.W.	– RIGHT-OF-WAY
H.H.	– HANDHOLE
BLDG.	– BUILDING
MAX.	– MAXIMUM



VICINITY MAP
(NOT TO SCALE)

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 2nd DAY OF April, 2007, BY Scott Bridgeman, THE Vice President OF SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION FOR AND ON BEHALF THEREOF.

May 21, 2009 MY COMMISSION EXPIRES

Susan Boswell NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

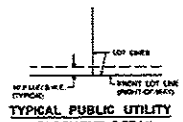
THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 27th DAY OF March, 2007, BY David B. Dougherty, Jr. THE Vice President OF HOME WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY FOR AND ON BEHALF OF THE COMPANY.

May 9, 2009 MY COMMISSION EXPIRES

Debra Vandal NOTARY PUBLIC

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 23, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, HAVING A BEARING OF NORTH 0°



TYPICAL PUBLIC UTILITY EASEMENT DETAIL
(NOT TO SCALE)

TRACT INFORMATION TABLE

TRACT LOT	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE / DRAINAGE / MUE	1.293 AC
TRACT B	LANDSCAPE / DRAINAGE / MUE	0.090 AC
	TOTAL:	1.383 AC

FLOOD ZONE CERTIFICATION

THE MARICOPA COUNTY, ARIZONA AND INCORPORATED AREAS FLOOD INSURANCE RATE MAP (FIRM) PANEL NUMBER 4 OF 5 (2400-C) DATED JULY 16, 2001, INDICATES THAT THE SITE FALLS WITHIN ZONE X (SHADED) RESPECTIVELY. ZONE X (SHADED) IS DEFINED BY FEMA AS:
"AREAS OF 500-YEAR FLOOD; AREAS OF 100-YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN ONE (1) FOOT OR WITH DRAINAGE AREAS LESS THAN ONE (1) SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM THE 100 YEAR FLOOD"

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 2nd DAY OF April, 2007, BY Alex Bell, THE Vice President OF FUTE HOME CORPORATION, A MICHIGAN CORPORATION, FOR AND ON BEHALF THEREOF.

May 21, 2009 MY COMMISSION EXPIRES

Susan Boswell NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

ON THIS 27th DAY OF March, 2007, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED JOSEPH P. HENTON, WHO ACKNOWLEDGED HIMSELF TO BE THE AUTHORIZED AGENT OF THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, AND DULY AUTHORIZED TO DO SO ON BEHALF OF SAID ENTITY, EXECUTED THE FOREGOING INSTRUMENT.

May 9, 2009 MY COMMISSION EXPIRES

Debra Vandal NOTARY PUBLIC

BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103
04/18/07 01:00 PM

SEE SHEET 2 FOR TYPICAL LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

DEDICATION

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

THAT FUTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF "SUN CITY FESTIVAL PARCELS K1 & O1", LOCATED IN THE SOUTH HALF OF SECTION 23, THE NORTHWEST QUARTER OF SECTION 25 AND THE NORTH HALF OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN, PLATTED HEREON AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF "SUN CITY FESTIVAL PARCELS K1 & O1" AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT, STREET AND EASEMENT, CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME THAT IS GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OF EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE SUN CITY FESTIVAL COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE INTERGOVERNMENTAL AGREEMENT NO. 1 DATED AS OF APRIL 21, 2006 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AT 2006-0672000 OF APRIL 21, 2006.

THAT FUTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY DEDICATES TO THE PUBLIC FOR USE AS SUCH THE STREETS AND EASEMENTS AS SHOWN HEREON AND PROVIDED IN THE ABOVE DESCRIBED PREMISES.

THAT FUTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY GRANTS TO THE TOWN OF BUCKEYE (THE "TOWN") A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF THE PROPERTY DESIGNATED AS TRACTS "A" AND "B" FOR PURPOSES OF OPERATING, MAINTAINING, REPAIRING AND REPLACING ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY. THE IRRIGATION SYSTEM INCLUDES ITS WATER DELIVERY INFRASTRUCTURE, THE ELECTRICAL LINES AND ANY ASSOCIATED LIGHTING, IF TOWN ELECTS. THOSE PORTIONS OF THE PROPERTY DESIGNATED AS EASEMENT AREAS, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS OVER AND ACROSS THE PROPERTY FOR SUCH ENTRY. THIS EASEMENT IS NO WAY ABROGATE THE FUTE HOME CORPORATION FROM ITS OBLIGATION TO MAINTAIN, REPAIR, AND REPLACE ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO THE LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS.

THE TOWN IS HEREBY GIVEN AN EASEMENT FOR MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS ON TRACTS "A" AND "B". THIS EASEMENT MAY BE EXERCISED BY THE TOWN OF BUCKEYE AT ANY SUCH TIME WHEN THE HOMEOWNERS ASSOCIATION FAILS TO ENTER AND PROVIDE THE REQUIRED MAINTENANCE AND DETENTION OF LANDSCAPING, DRAINAGE AND RETENTION AREAS AS LONG AS THE HOMEOWNERS ASSOCIATION IS IN EXISTENCE, IS RESPONSIBLE FOR PROVIDING ALL MAINTENANCE OF LANDSCAPING, DRAINAGE AND RETENTION AREAS PRESCRIBED IN THE DEDICATION OF THE EASEMENT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE, MAINTENANCE OF DRAINAGE STRUCTURES AND OTHER DRAINAGE FACILITIES OUTSIDE OF PUBLIC RIGHT-OF-WAY ARE THE RESPONSIBILITY OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION.

EASEMENTS ARE DEDICATED AS SHOWN ON THIS PLAT.

TRACTS "A" AND "B" ARE HEREBY DECLARED AS COMMON AREAS FOR THE PURPOSES SHOWN AND FOR THE USE AND ENJOYMENT OF THE LOT OWNERS AS MORE FULLY SET FORTH IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "SUN CITY FESTIVAL" TO BE HEREAFTER RECORDED, AND WILL BE OWNED AND MAINTAINED BY THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION. THE TRACTS THAT WILL NOT BE CONVEYED TO THE TOWN OF BUCKEYE AND ALL COMMON PROPERTY SHALL BE APPROVED BY THE TOWN OF BUCKEYE AND SHALL BE CONVEYED BY WARRANTY (OR SPECIAL WARRANTY) DEED TO THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION. DWELLING UNITS SHALL NOT BE CONSTRUCTED ON SAID TRACTS.

BY THE EXECUTION OF THIS PLAT, THE TOWN HEREBY TERMINATES AND REVOKES THE ROADWAY DEDICATION PREVIOUSLY RECORDED AS INSTRUMENT NO. 95-0476453, RECORDS OF MARICOPA COUNTY, ARIZONA, AND RELINQUISHES ANY RIGHT TO ESTABLISH, OPEN OR DEDICATE A ROADWAY PURSUANT TO SUCH DEDICATION OVER ANY PORTION OF THE PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THIS PLAT.

IN WITNESS WHEREOF:

FUTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED OFFICER, THEREUNTO DULY AUTHORIZED THIS 27 DAY OF March, 2007.

BY: FUTE HOME CORPORATION, A MICHIGAN CORPORATION

BY: [signature] DATE: 4-27-07

ITS: [signature]

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED (THE "RATIFIERS") OF THE SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION AND 16,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, AND THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, HEREBY RATIFIES THE RECORDATION OF THIS PLAT FOR "SUN CITY FESTIVAL PARCELS K1 & O1" AND ACKNOWLEDGES THE RESPONSIBILITIES SET FORTH THEREIN.

SUN CITY FESTIVAL COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION

BY: [signature] March April 2, 2007 DATE

ITS: Vice President

16,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY

BY: [signature] March 20, 2007 DATE

ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT

BY: [signature] March 20, 2007 DATE

JOSEPH P. HENTON ITS: AUTHORIZED AGENT

CERTIFICATION

I, FRED W. FILER, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THIS PLAT, CONSISTING OF 08 SHEETS, CORRECTLY REPRESENTS BOUNDARY SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF JANUARY, 2006, THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AS SHOWN, THAT THEIR POSITIONS ARE CORRECTLY SHOWN, AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE REPRODUCED.

FRED W. FILER JR.
REGISTERED LAND SURVEYOR #36667
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, ARIZONA 85014
(602) 264-6831

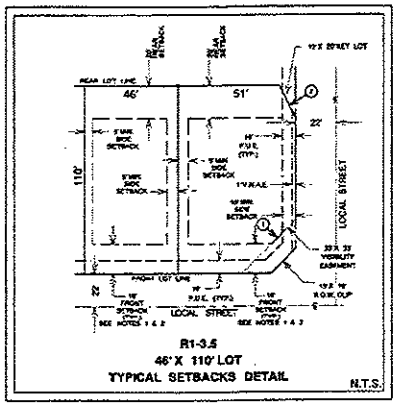
SHEET 1 OF 8

GROSS AREA = 68.572 AC.
NET AREA = 68.672 AC.

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL & KEY MAP

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

1209078



R1-3.5
46' X 110' LOT
TYPICAL SETBACKS DETAIL
N.T.S.

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1) ALL DEVELOPMENT MUST BE IN ACCORDANCE WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN AND THE TOWN OF BUCKEYE'S DEVELOPMENT CODE WHEN APPLICABLE.

2) AN EFFORT SHALL BE MADE TO PRESERVE ALL NATIVE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SITE WHEN LANDSCAPING PLAN IS IMPLEMENTED.

3) ALL PRELIMINARY PLAT STIPULATIONS (APPLICABLE-NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS) REMAIN IN FULL FORCE AND EFFECT.

4) PRIOR TO FINAL PLAT RECORDATION ALL IMPROVEMENT PLANS INCLUDING FINAL LANDSCAPING, IRRIGATION AND LIGHTING PLANS, ETC. SHALL BE REVIEWED AND APPROVED BY THE TOWN ENGINEER AND THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE.

5) PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.

6) MAJOR CHANGES TO THIS FINAL PLAT WITH INCREASE TO USE DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.

7) SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.

8) ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.

9) ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY.

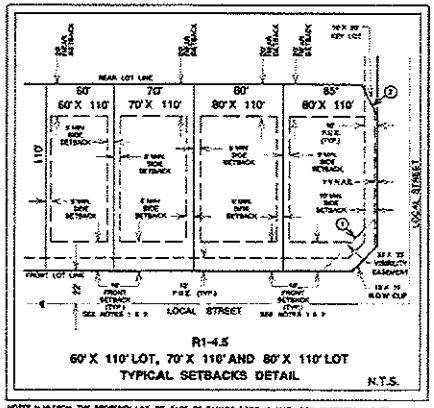
10) THE DEVELOPER SHALL PROVIDE THE TOWN WITH A FINANCIAL ASSURANCE IN A FORM SATISFACTORY TO THE TOWN ENGINEER FOR THE CONSTRUCTION OF ALL REQUIRED OFF-SITE AND ON-SITE IMPROVEMENTS.

11) ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE AND SHALL CORRESPOND WITH THE MARICOPA COUNTY GRID ALIGNMENT.

12) IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A FITO PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.

13) THE DEVELOPER OF THE PROPERTY IS REQUIRED TO COMPLETE, AT THEIR SOLE EXPENSE, ALL PUBLIC INFRASTRUCTURE NECESSARY TO SERVE THE PROPERTY, INCLUDING BUT NOT LIMITED TO WATER AND SEWER SERVICE IN CONNECTION WITH PROVIDING THE NECESSARY INFRASTRUCTURE, THE DEVELOPER OF THE PROPERTY SHALL ENTER INTO A LAND DEVELOPMENT PROJECT IMPROVEMENT AGREEMENT WITH THE TOWN AND PROVIDE FINANCIAL GUARANTEES AS REQUIRED BY THE TOWN'S CODE PRIOR TO RECORDING ANY FINAL PLAT ON THE PROJECT.

14) THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THAT THE SITE IS DEVELOPED.

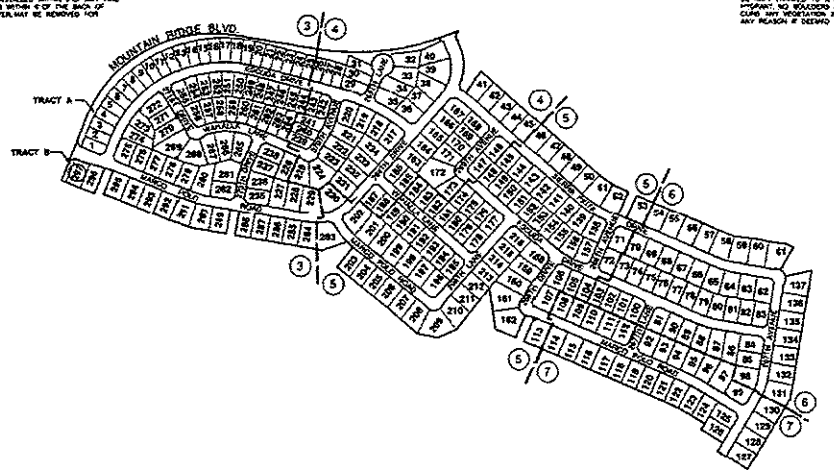


R1-4.5
60' X 110' LOT, 70' X 110' AND 80' X 110' LOT
TYPICAL SETBACKS DETAIL
N.T.S.

NOTES: 1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR, 22 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE. MAX. BLDG. HEIGHT - 30'

2) A 3 FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK. 60% MAX. LOT COVERAGE.

3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURED OVER 24" IN HEIGHT) IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7'. NO TREES ARE TO BE INSTALLED WITHIN 8' OF ANY FIRE HYDRANT. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E., P.U.E., R/W, OR WITHIN 6' OF THE BACK OF CURB. ANY VEGETATION INCLUDING TREES, SHRUBS, BUSHES OR GROUND COVER, MAY BE REMOVED FOR ANY REASON IF DEEMED NECESSARY BY THE TOWN OF BUCKEYE.



BOOK 921 PAGE 11
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL
2007-0540103
04/12/07
11:12 PM

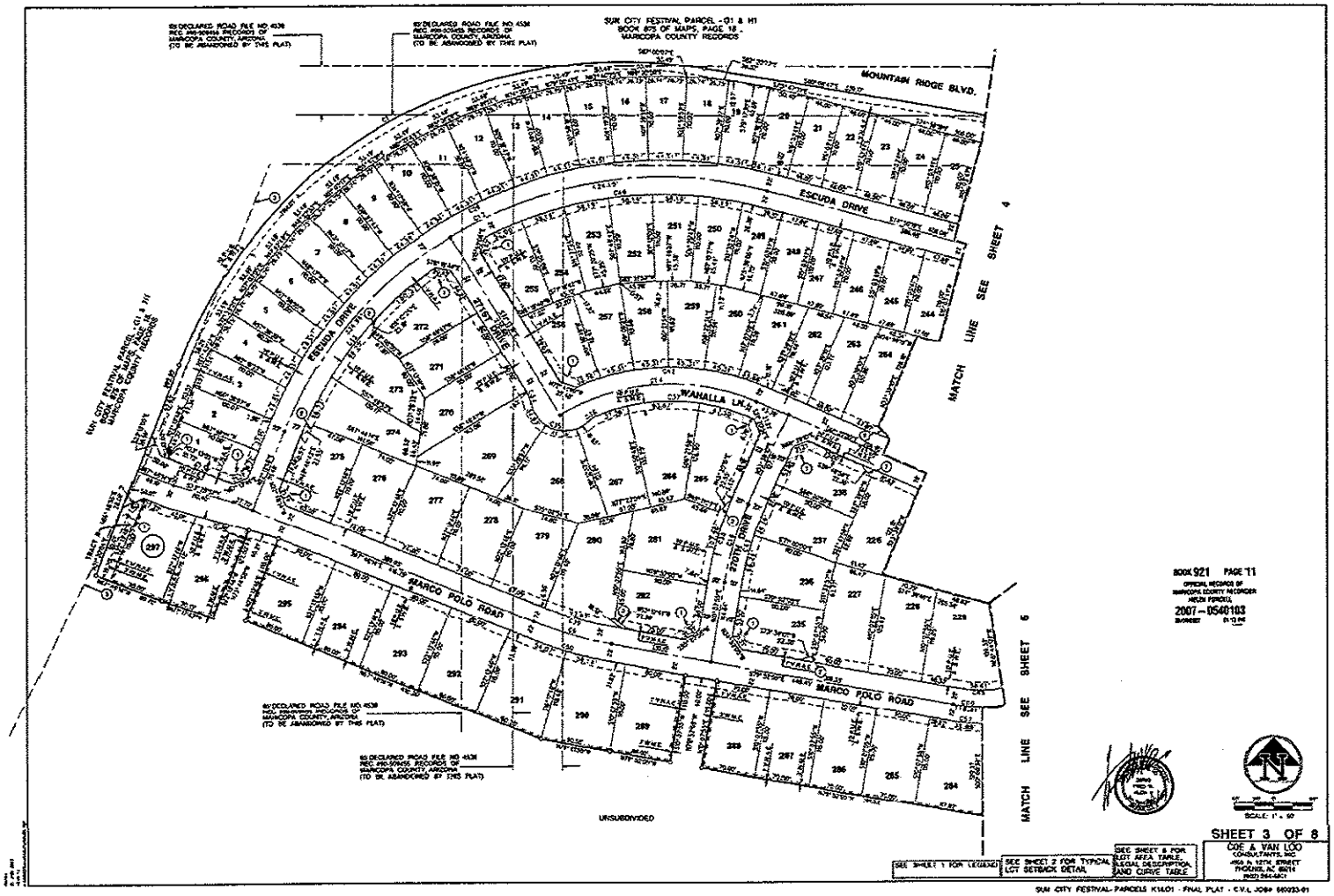
KEY MAP
(NOT TO SCALE)

SEE SHEET 1 FOR LEGEND

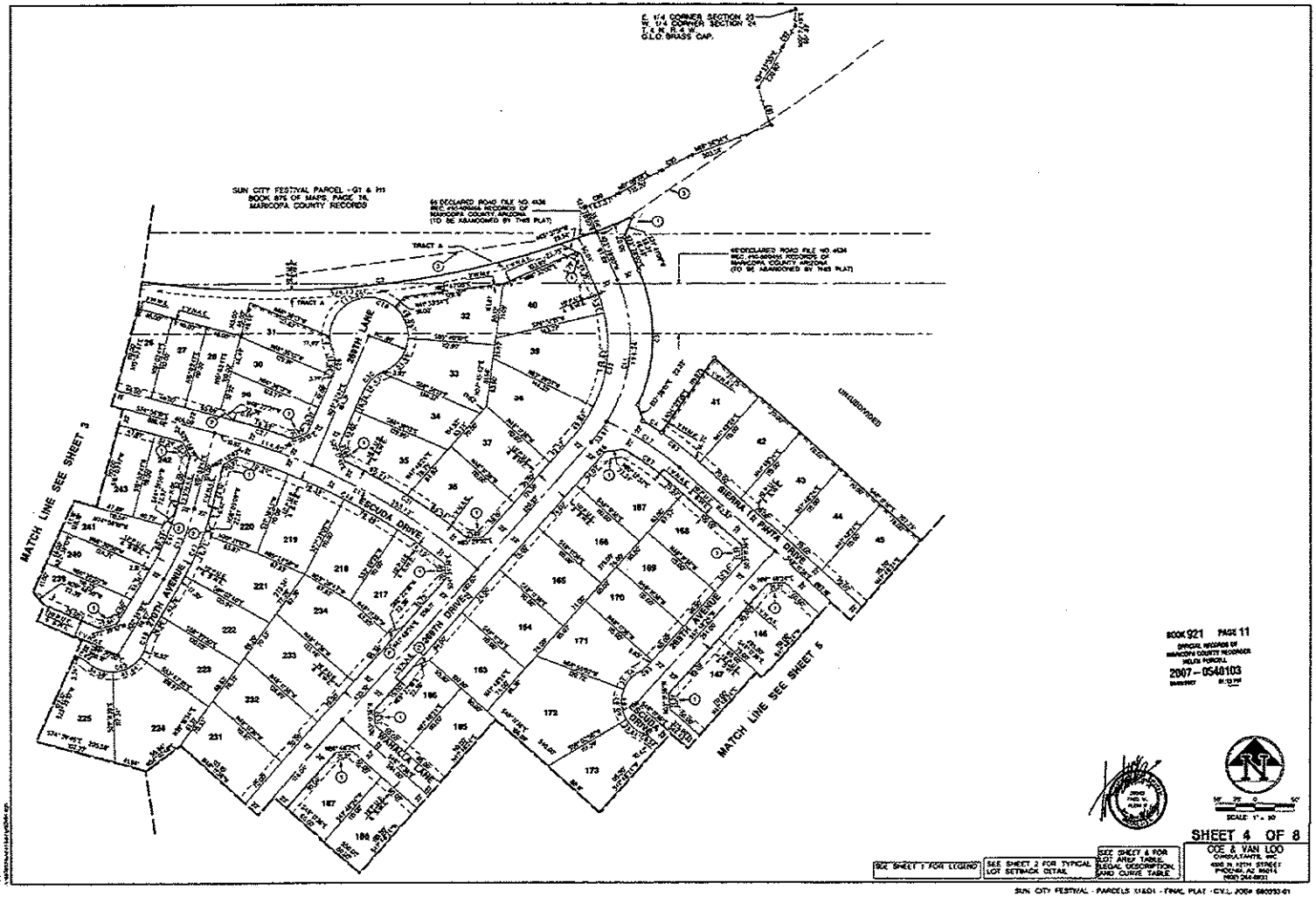
SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION AND CURVE TABLE

SHEET 2 OF 8

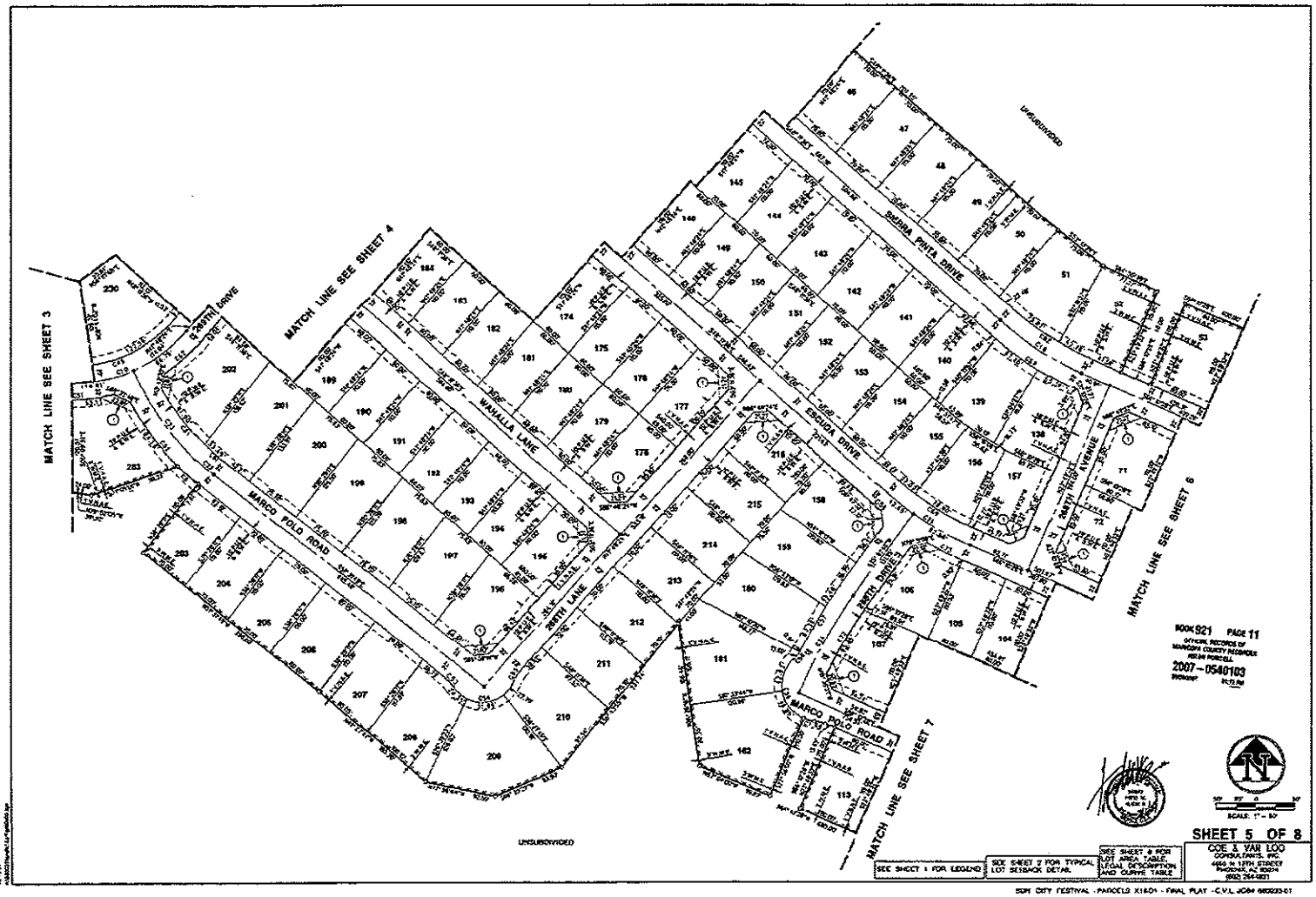
COE & VAN LOO
CONSULTANTS, INC.
1550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-4497



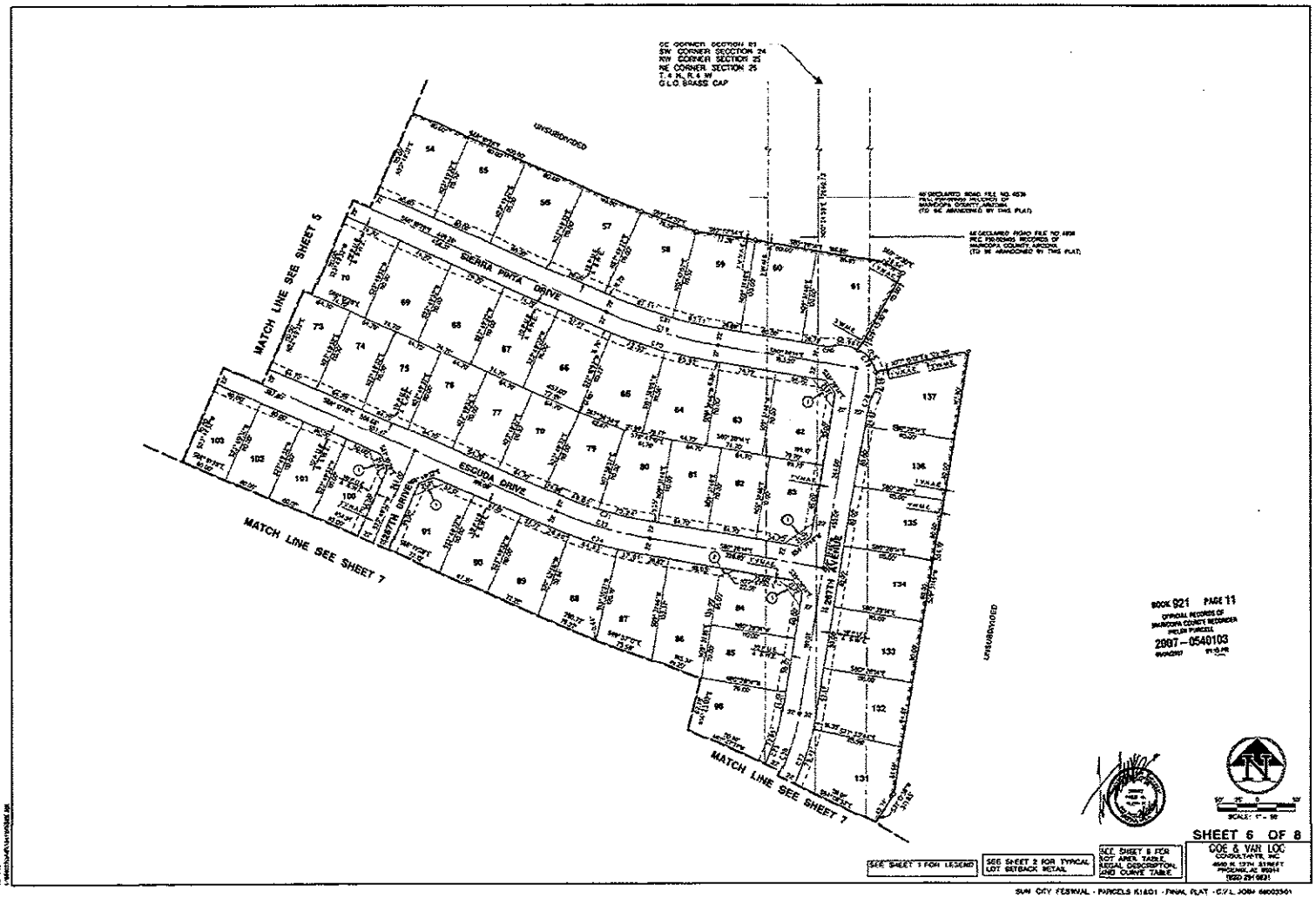
SUN CITY FESTIVAL-PARCELS K1L01 - FINAL PLAT - C.V.L. JOB# 660023-01



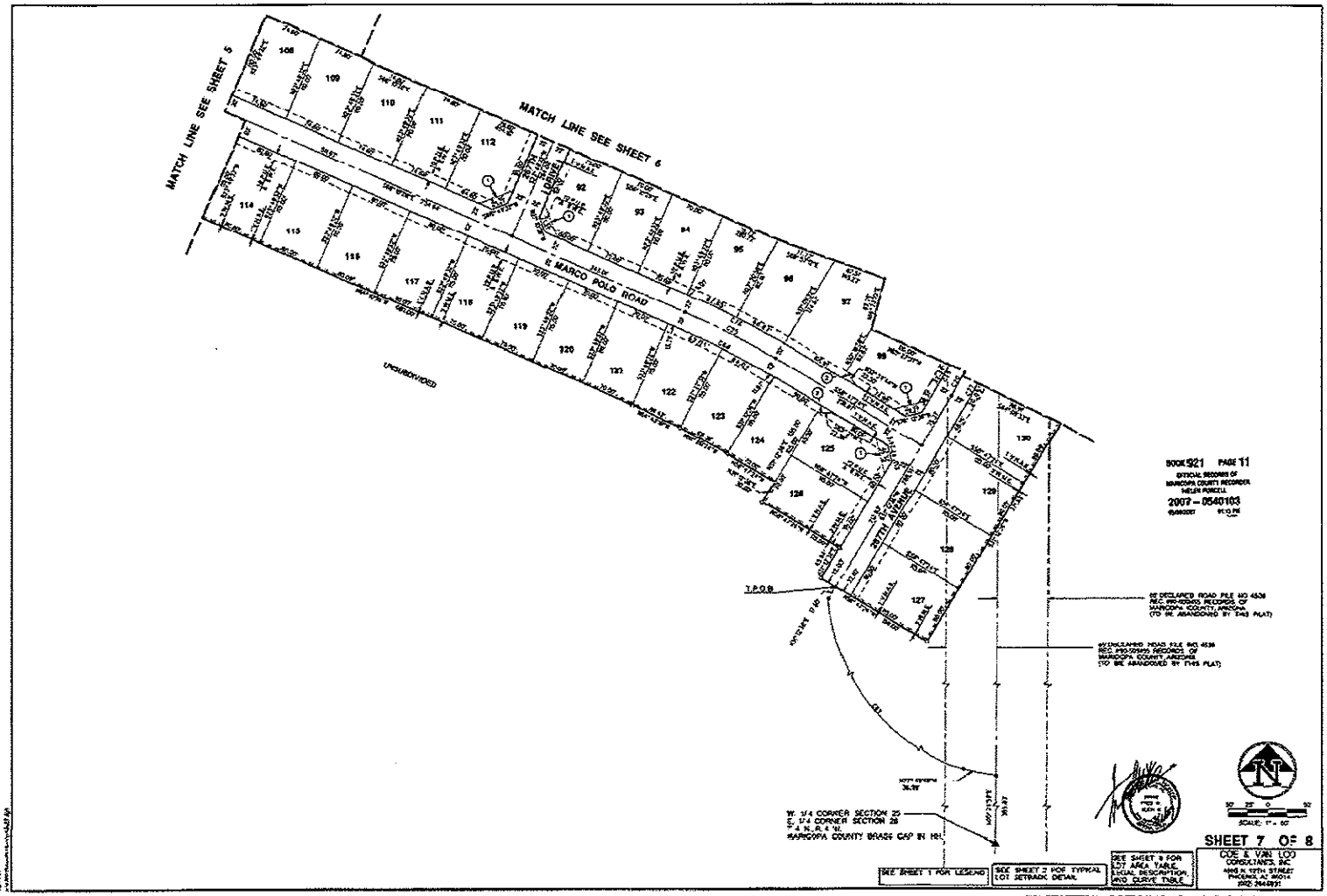
E. 1/4 CORNER SECTION 23
W. 1/4 CORNER SECTION 24
T.4 N. R.4 W.
G.L.O. BRASS CAP.
SUN CITY FESTIVAL PARCEL - G1 & H1
BOOK 875 OF MAPS, PAGE 16,
MARICOPA COUNTY RECORDS
TRACT A
UNSUBDIVIDED
MATCH LINE SEE SHEET 3
MATCH LINE SEE SHEET 5
ESCUDA DRIVE
SIERRA PINTA DRIVE
70TH AVENUE
SCUDA DRIVE
WAHALLA LANE
BOOK 921 PAGE 11
2007-0540103
SCALE: 1" = 50'
SHEET 4 OF 8
COE & VAN LOO
CONSULTANTS, INC.
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
SUN CITY FESTIVAL - PARCELS 1&G1 - FINAL PLAT - C.V.L. JOB# 680033-01



SUN CITY FESTIVAL - PARCELS X1&D1 - FINAL PLAT - C.V.L. JOB# 660023-01



SW CORNER SECTION 24
NW CORNER SECTION 25
NE CORNER SECTION 25
T.4 N., R.4 W
G.L.O. BRASS CAP
UNSUBDIVIDED
MATCH LINE SEE SHEET 5
SIERRA PINTA DRIVE
ESCUDA DRIVE
MATCH LINE SEE SHEET 7
MATCH LINE SEE SHEET 7
UNSUBDIVIDED
BOOK 921 PAGE 11
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0540103
SCALE: 1" = 50'
SHEET 6 OF 8
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
COE & VAN LOC
CONSULTANTS, INC
SUN CITY FESTIVAL - PARCELS K1&D1 - FINAL PLAT - C.V.L. JOB# 66003301


MATCH LINE SEE SHEET 5
MATCH LINE SEE SHEET 6
E MARCO POLO ROAD
UNSUBDIVIDED
T.P.O.B.
W. 1/4 CORNER SECTION 25
E. 1/4 CORNER SECTION 26
MARICOPA COUNTY BRASS CAP IN HH
SCALE: 1" = 50'
SHEET 7 OF 8
SEE SHEET 1 FOR LEGEND
SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL
SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE
COE & VAN LOO CONSULTANTS, INC.
SUN CITY FESTIVAL - PARCELS X1&O1 - FINAL PLAT - C.V.L. JOB# 680035-01

CURVE TABLE

NO.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD BEARING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL DESCRIPTION

[illegible]

LOT TABLE

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]

LOT	SQ. FOOTAGE
[illegible]	[illegible]
TOTAL	[illegible]

BOOK 921 PAGE 11
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007 – 0540103

SEE SHEET 1 FOR LEGEND

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

APPRAISER'S QUALIFICATIONS

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FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

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STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute

BUSINESS EXPERIENCE

2001 to Present, Senior Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

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SUMMARY APPRAISAL REPORT OF

FESTIVAL RANCH ASSESSMENT AREA NO. 5

Four Residential Planning Areas Within Festival Foothills,
A Planned Single Family Residential Community
In Buckeye, Arizona

DATE OF VALUATION

August 1, 2007

DATE OF REPORT

August 10, 2007

PREPARED FOR

Festival Ranch Community Facilities District
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona 85004

PREPARED BY

BURKE HANSEN, LLC
1601 North 7th Street, Suite 200
Phoenix, Arizona 85006

Burke Hansen, LLC File No. 7979N

Burke Hansen, LLC
Real Estate Valuation & Consulting

August 10, 2007

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
c/o Mr. Scott Ruby
Gust Rosenfeld P.L.C.
201 East Washington Street, Suite 800
Phoenix, Arizona

Subject: Market Value Appraisal of **FOUR PLANNING AREAS WITHIN FESTIVAL FOOTHILLS, A PLANNED SINGLE FAMILY RESIDENTIAL COMMUNITY** In Buckeye, Arizona (Burke Hansen File No. 7979N)

Dear Mr. Ruby:

We have inspected the above-captioned properties in connection with preparing the attached Summary Appraisal, the purpose of which is to form an opinion of the wholesale (bulk) value of each of the four planning areas referenced above which are specifically identified below.

SUMMARY OF FESTIVAL FOOTHILLS PHASE II

Unit No.	Net Acres	No of Lots	Lot Size	Units Per Net Acre
15	19.35	85	43'x115'	4.39
17	14.70	71	48'x115'	4.83
21	12.75	33	68'x115'	2.59
23	12.36	61	58'x115'	4.94
Total	59.16	250		4.23

These four residential planning units include four of the five planning areas in Phase II of Festival Foothills. These planning units include four lot widths (43' to 68'), which are planned for development with four corresponding product series of single family homes. Homes will range from 1,230 to 4,068 square feet. Current base pricing of these product series in Phase I range between $149,900 and $289,900.

The four planning areas have been platted and engineered for single family residential development and the Town of Buckeye has approved final plats for all four units. On July 31, 2007, the final plat for Phase II was recorded with the Maricopa County Recorder.

The initial construction of the community commenced in March 2006 with the clearing and grading of the entire first phase. Installation of the backbone infrastructure (sewer and water lines and dry utilities) was completed for the first phase in early 2007 and the community opened for sales in April 2007.

As noted, the land for the second phase was also graded in March 2006 and at the time of inspection (August 1, 2007), backbone infrastructure installation had recently commenced.

The values addressed in this appraisal are the "as is" value of each of the planning areas, i.e., the value of the property in its condition as of the date of valuation. The value estimates for each parcel reflects a **wholesale (bulk) value** of final platted residential lots within each of the seven subject parcels. The wholesale value assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots – a subdivision of finished residential lots. The "as if complete" value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property.

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

This appraisal has been prepared at the request of Festival Ranch Community Facilities District, c/o Mr. Scott Ruby, Gust Rosenfeld, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

The definition of Market Value, which is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006, and Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), adopted for purposes of this report is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The property rights addressed in this report represent the Fee Simple Estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The subject property was last inspected on August 1, 2007 and the wholesale value of each parcel, as of August 1, 2007, has been concluded as follows:

<u>WHOLESALE (BULK) "AS IS" MARKET VALUE</u>

Unit 15
ONE MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
$1,955,000

Unit 17
ONE MILLION EIGHT HUNDRED FORTY-SIX THOUSAND DOLLARS
$1,846,000

Unit 21
ONE MILLION THREE HUNDRED EIGHTY-SIX THOUSAND DOLLARS
$1,386,000

Unit 23
TWO MILLION SEVENTY-FOUR THOUSAND DOLLARS
$2,074,000

The subject properties are being appraised in connection with the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's seven planning areas be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) "AS IS" MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

Unit 15		Unit 21	
Wholesale (Bulk) Value	$1,955,000	Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($98,000)	Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000	Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 17		Unit 23	
Wholesale (Bulk) Value	$1,846,000	Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($92,000)	Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000	Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

We appreciate this opportunity to serve you and request you contact us if there are any questions.

Respectfully submitted,

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of The Appraisal Foundation, and with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- Frank Kleinman and Stephen Niebling have made personal inspections of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Frank Kleinman has not completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the person(s) signing this report.

Frank R. Kleinman, MAI, CRE
Certified General Real Estate Appraiser
Arizona Certificate No. 30207, Exp. 8/31/08

Stephen E. Niebling
Certified General Real Estate Appraiser
Arizona Certificate No. 30879, Exp. 3/31/09

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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated, and all improvements (if any) are assumed to lie within property boundaries.

2. The property is appraised assuming responsible ownership and competent management.

3. Information furnished by others, upon which all or portions of this appraisal are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors.

5. The property is appraised assuming it to be in full compliance with all applicable federal, state, and local zoning, use, occupancy, environmental and similar regulations and laws, unless otherwise stated. The typical due diligence expected of an appraiser was performed in this assignment, but a comprehensive examination of laws and regulations affecting the subject property was not undertaken.

6. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns regarding these items since the appraisers have not made a comprehensive examination of laws and regulations affecting the subject property.

7. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Maps, plats and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report. Where site and improvement areas are shown, they represent the best information available.
8. Generally, no consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property.

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9. The allocation, if any, of the total valuation in this appraisal between land, buildings, and other classifications applies only under the stated program of utilization. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

10. Neither Burke Hansen, LLC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements therefore have been made a reasonable time in advance.

11. One (or more) of the signatories of this appraisal report is either a designated member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each designated and associate member to control the use and distribution of each appraisal report signed by such designated or associate member. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising, media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

12. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone other than the intended users identified in the report, and no other parties shall have any right to use or rely upon this appraisal for any purpose without the previous written consent of the signatories of this appraisal report.

14. All opinions of value are based on the appraisers' analyses and conclusions as of the effective date of value. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that may take place subsequent to the effective date of value.

15. The appraiser has personally inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes can be assumed without provision of specific professional or governmental inspections. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or

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detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report. If concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

16. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we are aware of any problems of this nature, they are disclosed in this report. However, nondisclosure should not be taken as an indication that such a problem does not exist. No chemical or scientific tests were performed by the appraisers on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report. It is imperative for the client to retain the services of a qualified, independent engineer to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.

17. The reader should note that the subject property may be subject to the requirements of the Americans With Disabilities ACT (ADA), a federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to this property, Title III of the ADA requires owners and tenants of "public accommodations" to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by January 26, 1992 (the regulations under Title III of the ADA are codified at 28 CFR Part 36). The reader should note that the appraisers have not made a specific compliance survey and analysis of this property to determine if it is in conformity with the requirements of the ADA. Non-compliance could have a negative effect upon the value of the property.

18. Any prospective value opinion (if applicable) is considered to be an extraordinary assumption and will be predicated upon market conditions forecast to exist as of corresponding prospective date of value. As such, the appraiser cannot be held responsible for unforeseeable events that alter market conditions subsequent to the effective date of the appraisal.

19. In order to provide the conclusions and opinions articulated in this valuation report, the appraiser(s) must rely upon the full extent of the investigation and analysis derived for this assignment. Consequently, the use of this intellectual work is controlled through copyright, for all portions other than those that have referenced sources and/or credits. Use of any copyrighted portion of this report, by anyone who does not have written permission from a duly authorized agent of Burke Hansen, LLC will be construed to be "willfully" perpetrated. As an infringement, any such unauthorized use will be subject to statutory as well as punitive damages and attorney's fees, as are available to the copyright owner in court actions.

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EXECUTIVE SUMMARY

Description of the Property: Four single-family residential subdivisions within Phase II of Festival Foothills, a single family residential community within Festival Ranch in Buckeye, Arizona. Pulte Homes is also under development with Sun City Festival, an age-restricted community.

Location: North of the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard in Buckeye, Arizona

Property Size: 59.16 net acres

UNIT SUMMARY

Unit No.	Net Acres
1	19.35
3	14.70
5	12.75
13	12.36
Total	59.16

Property Rights Appraised: Fee Simple Estate

Zoning: All four planning areas are zoned for single-family residential development

Highest and Best Use: Development with residential subdivisions within a master planned community

Date of Valuation: August 1, 2007 (Final date of property inspection)

Date of Appraisal: August 10, 2007

Wholesale (Bulk) Value Conclusions:

Unit 15	$1,955,000	$23,000 per lot
Unit 17	$1,846,000	$26,000 per lot
Unit 21	$1,386,000	$42,000 per lot
Unit 23	$2,074,000	$34,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

Unit 15	
Wholesale (Bulk) Value	$1,955,000
Less: Admin. Fee (5%)*	($98,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000
Unit 17	
Wholesale (Bulk) Value	$1,846,000
Less: Admin. Fee (5%)*	($92,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000
Unit 21	
Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 23	
Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

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APPRAISERS' QUALIFICATIONS

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INTRODUCTION AND PURPOSE OF THIS APPRAISAL

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this Summary Appraisal is four planning areas within Phase II of Festival Foothills, a 258-acre conventional housing community in north Buckeye, Arizona. Festival Foothills is adjacent east of the first phase of Sun City Festival, an age-restricted community. Festival Foothills and Sun City Festival encompass approximately 3,100 acres of the 10,000 acre Festival Ranch planned community. Pulte Homes is developer of both Festival Foothills and Sun City Festival. The location of subject within larger 10,000 acre Festival Ranch community is illustrated on Exhibit 1. Its location with respect to Sun City Festival is illustrated on Exhibit 2.

The four subject parcels represent four of the five residentially planned parcels within Phase II of Festival Foothills; Unit 19 is not a part of this appraisal.

PURPOSE OF THIS APPRAISAL

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of each of the subject's four planning areas, which are more specifically identified in Table 1.

TABLE NO. 1

SUMMARY OF FESTIVAL FOOTHILLS PHASE II

Unit No.	Net Acres	No of Lots	Lot Size	Units Per Net Acre
15	19.35	85	43'x115'	4.39
17	14.70	71	48'x115'	4.83
21	12.75	33	68'x115'	2.59
23	12.36	61	58'x115'	4.94
Total	59.16	250		4.23

The location of the four planning areas within Festival Foothills is illustrated on Exhibit 3, a copy of the master plan map for Festival Foothills.

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EXHIBIT NO. 1
Festival Ranch Location Map

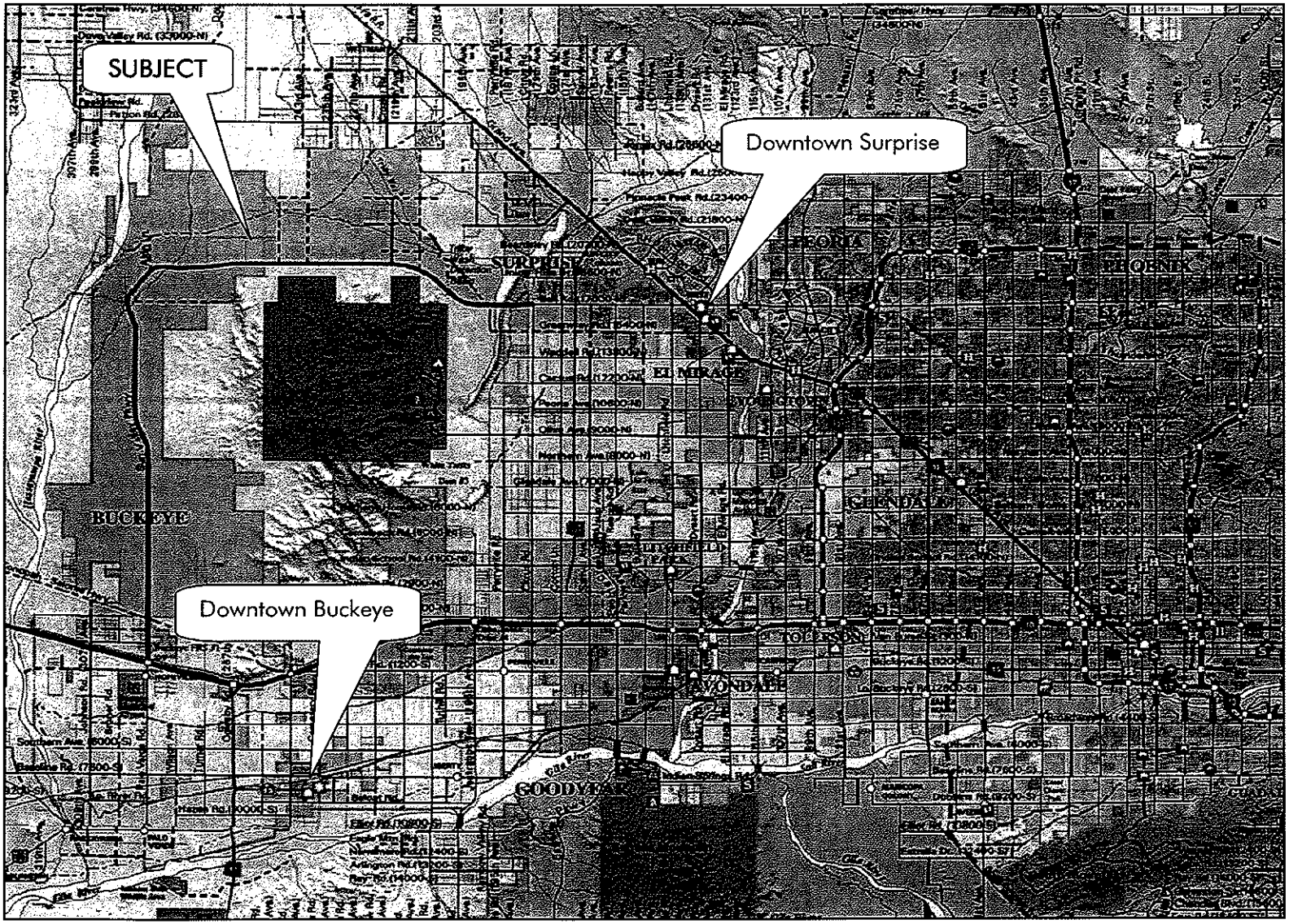

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EXHIBIT NO. 2

Conceptual Map of Sun City Festival and Festival Foothills

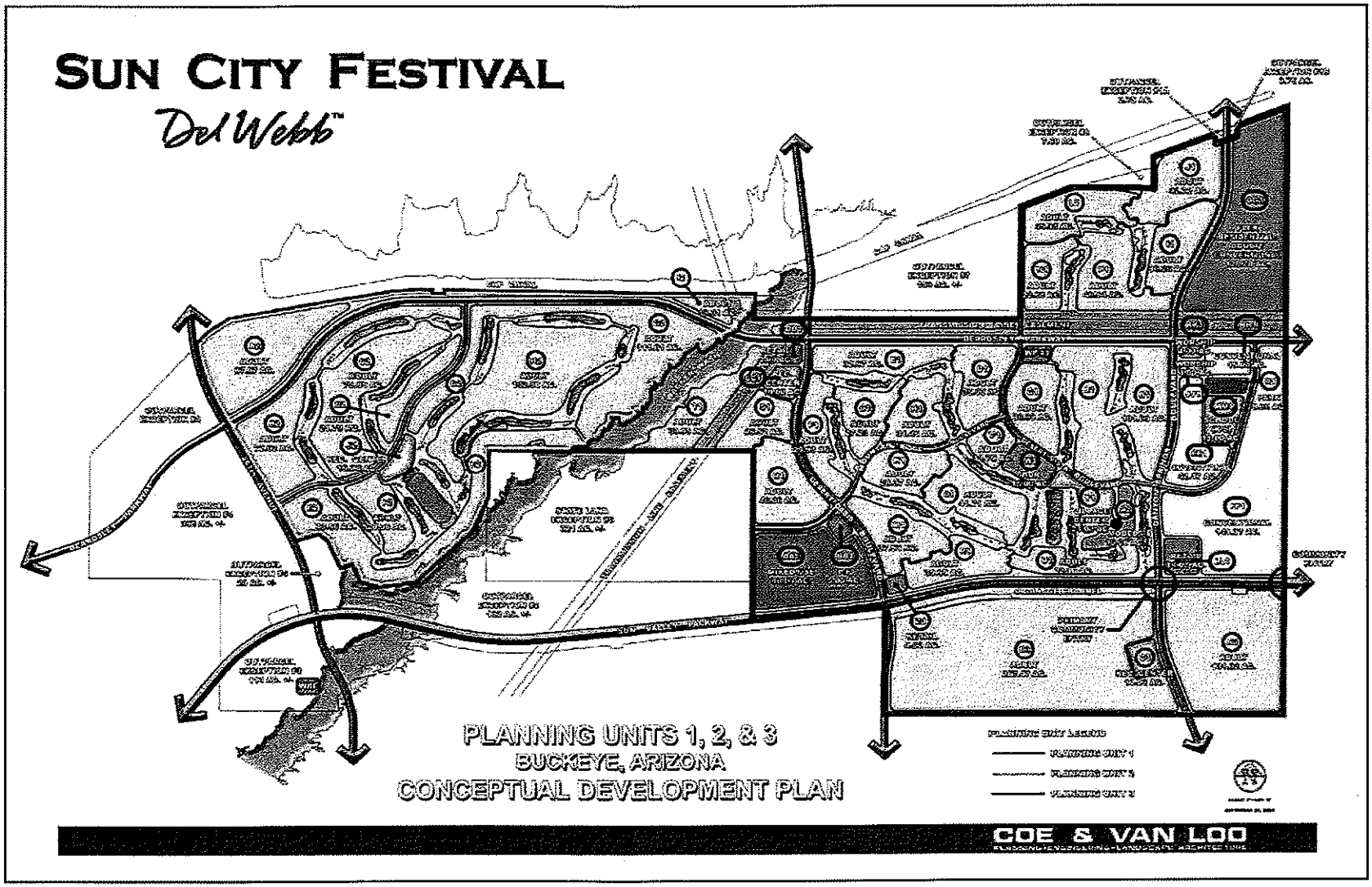

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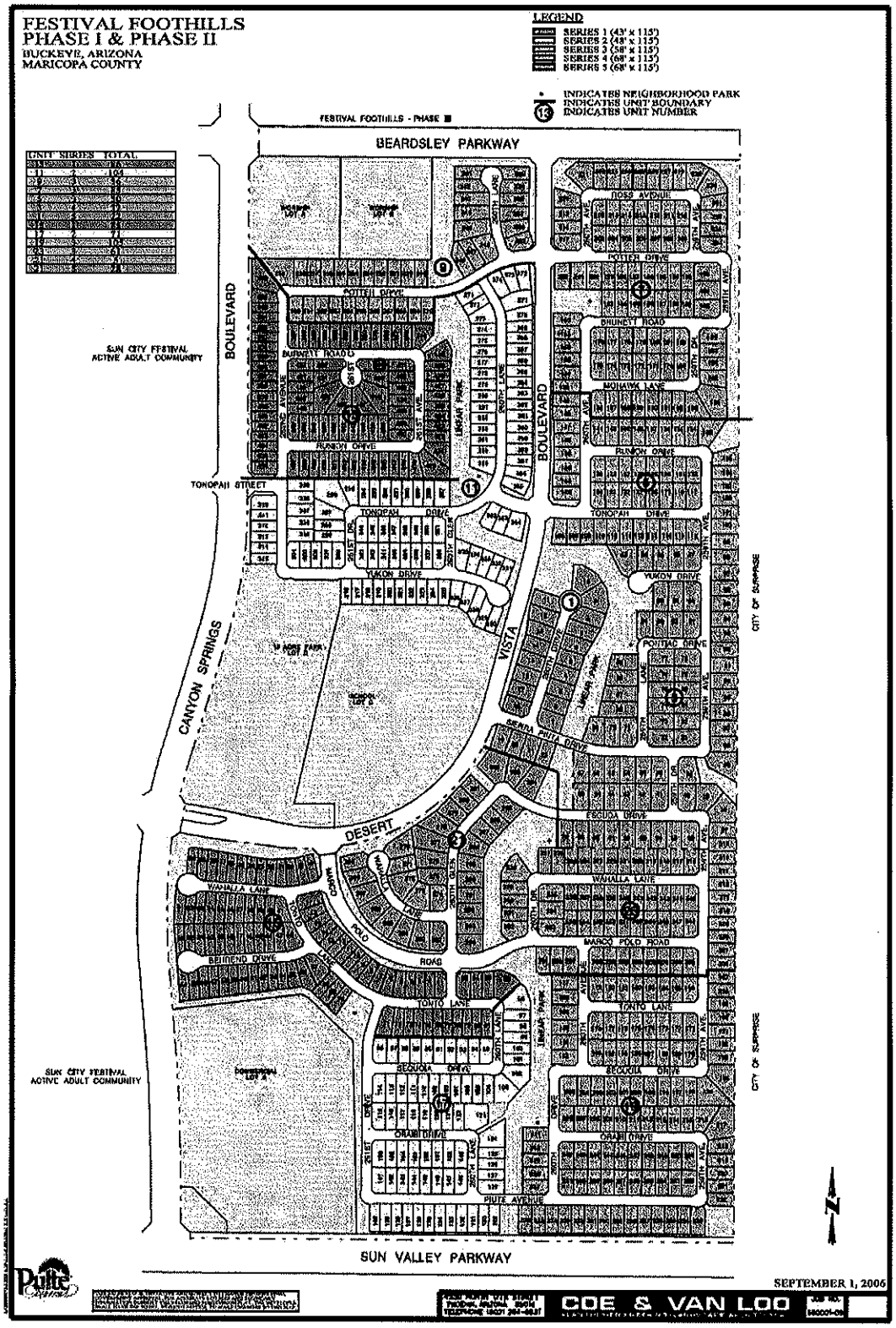
EXHIBIT NO. 3

Master Plan Map of Festival Foothills



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INTENDED USER AND USE OF THE APPRAISAL

The appraisal has been prepared at the request of Festival Ranch Community Facilities District, Attn: Mr. Scott Ruby, Gust Rosenfeld, District Legal Counsel, 201 East Washington Street, Suite 800, Phoenix, Arizona, with the intent of complying with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by The Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of The Appraisal Institute.

It is understood the intended use of the report will be for dissemination as part of a financing package for the sale of special assessment revenue bonds for the benefit of the Festival Ranch Community Facilities District.

DATE OF THE REPORT

The report was prepared during July and August 2007 and was completed on August 10, 2007.

DATE OF VALUATION

The opinions of market value addressed in this report for the four subject parcels are as of August 1, 2007, i.e., the latest date of property inspection.

DEFINITION OF MARKET VALUE

The definition of market value used in this report is in conformance with the Uniform Standards of Professional Appraisal Practice, effective July 1, 2006 and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and is quoted as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This appraisal is presented in a Summary Report format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. This report incorporates, to the fullest extent possible, the practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. Burke Hansen, LLC used all appropriate approaches to value. The value conclusion reflects all known information regarding the subject, market conditions and available data. This report also includes thorough descriptions of the subject and market for the property type.

The four residential planning areas are being appraised in their "as is" condition, i.e., condition at the time of final inspection – August 1, 2007. All four parcels have approved final plats from the Town of Buckeye for single-family residential development. Installation of the backbone infrastructure (sewer and water lines and dry utilities) for all of Phase II has just recently commenced with completion anticipated during the first quarter of 2008 for Units 15 and 17 and third quarter for Units 21 and 23. In-tract construction (installation of underground water and sewer lines) has not yet commenced for the four Phase II planning areas.

The value estimates for each of the four subject parcels reflect their wholesale (bulk) value as final platted and engineered residential subdivisions with completion of some off-site infrastructure. The wholesale value of each parcel assumes the following:

- A sale to a single purchaser; or
- The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The current development of the subject properties and their related community infrastructure is detailed in Table 2.

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TABLE NO. 2

FESTIVAL FOOTHILLS CONSTRUCTION SCHEDULE	
Date	Construction Event
March 2006	Construction begins (clearing, grading, wells, WP, WRF)
July 2006	Clearing, grubbing, mass grading completed Off-site (backbone) infrastructure construction begins On-site infrastructure begins for all units
October 2006	Model home complex on-site construction starts
December 2006	Model home construction commences
April 2007	Model home construction completed Backbone infrastructure completed
February 2007	New home construction starts (Units 9,11,13)
July 2007	First home closings (Units 9,11,13) New home construction starts (Units 1,3,5,7) Phase II infrastructure installation begins
January 2008	Production homes start (Units 15 and 17)
September 2008	Production homes start (Units 21 and 23) First home closings Units 15 and 17

As noted above, all four subject parcels have been graded; however, installation of on-site infrastructure has not commenced.

PROPERTY RIGHTS APPRAISED

The property rights addressed in this report represent the fee simple estate, which is defined as follows:

> "Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government."

SCOPE OF THIS APPRAISAL

The scope of this appraisal is to accurately collect, confirm, report and analyze sufficient market data to allow the reader to readily follow the logic of the appraisers in reaching their conclusion regarding the estimated wholesale values reported for the seven subject parcels.

Work completed in connection with this engagement includes the following:

- On-site inspections of the property and surrounding neighborhood were conducted on various occasions during July and August 2007.

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- Information regarding Festival Foothills (land planning, entitlements and construction) was provided by Pulte Homes, Inc., 15111 North Pima Road, Suite 100, Scottsdale, Arizona (developer). This data had been accepted as being correct and no effort has been made to confirm it with a second source.
- Additional data for the subject parcels were obtained the Town of Buckeye Planning and Zoning Department, Maricopa County Assessor's and Treasurer's offices and flood maps provided by the Federal Emergency Management Agency (FEMA).
- Research of historical and projected employment, population and household growth trends was conducted using demographic data provided by the Arizona Department of Economic Security, Maricopa County, Town of Buckeye, Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University as well as information supplied by local newspapers, etc.
- The "as is" value of the subject property is concluded using the Modified Cost Approach. The basis or starting point of the modified cost approach is the subject's hypothetical "as if complete," which is concluded by the Income Approach, more specifically through the use of static and yield analyses. The hypothetical "as if complete" value is the value of the proposed residential lots in a finished lot condition. From this figure, on and off-site development costs and entrepreneurial profit are subtracted to derive the underlying vacant land value. Any expended development costs and incurred profit are then added back which results in the "as is" value.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

These two factors are defined and/or explained as follows:

> Extraordinary Assumptions: An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions; i.e., extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.
>
> Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis; i.e., hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Extraordinary Assumptions

Some infrastructure required to support the development of the four subject parcels has been completed as of the date of valuation; however the much of the work will be completed after the date of valuation. The proposed assessment bonds will be used to reimburse the developer for public expenditures specifically relating to the construction of backbone street improvements i.e., installation of underground utilities, sewer, water, curb, gutters and paving. Table 3 summarizes the street improvements to be acquired by the District through the sale of assessment bonds.

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TABLE NO. 3

FESTIVAL RANCH CFD - ASSESSMENT AREA NO. 5 INFRASTRUCTURE COSTS					
Planning Area	No. Of Lots	Street Improvements Costs	Street Names	Linear Feet	Estimated Date of Completion
Phase 2 Units 15,17,21,23	250	$1,405,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th Ln., 260th Dr., 261st Dr.	13,810	September-09
Totals	250	$1,405,050		13,810	

Of the $1,405,050 of street improvement costs, the District proposes the acquisition of $500,000, or the equivalent of $2,000 per lot. The balance of the street improvement costs ($950,050) will be borne by the developer. Completion of the street improvements is anticipated to occur in September 2009 at which time they will be acquired by the District.

The location of Festival Ranch Assessment Area No. 5 is illustrated on Exhibit 4.

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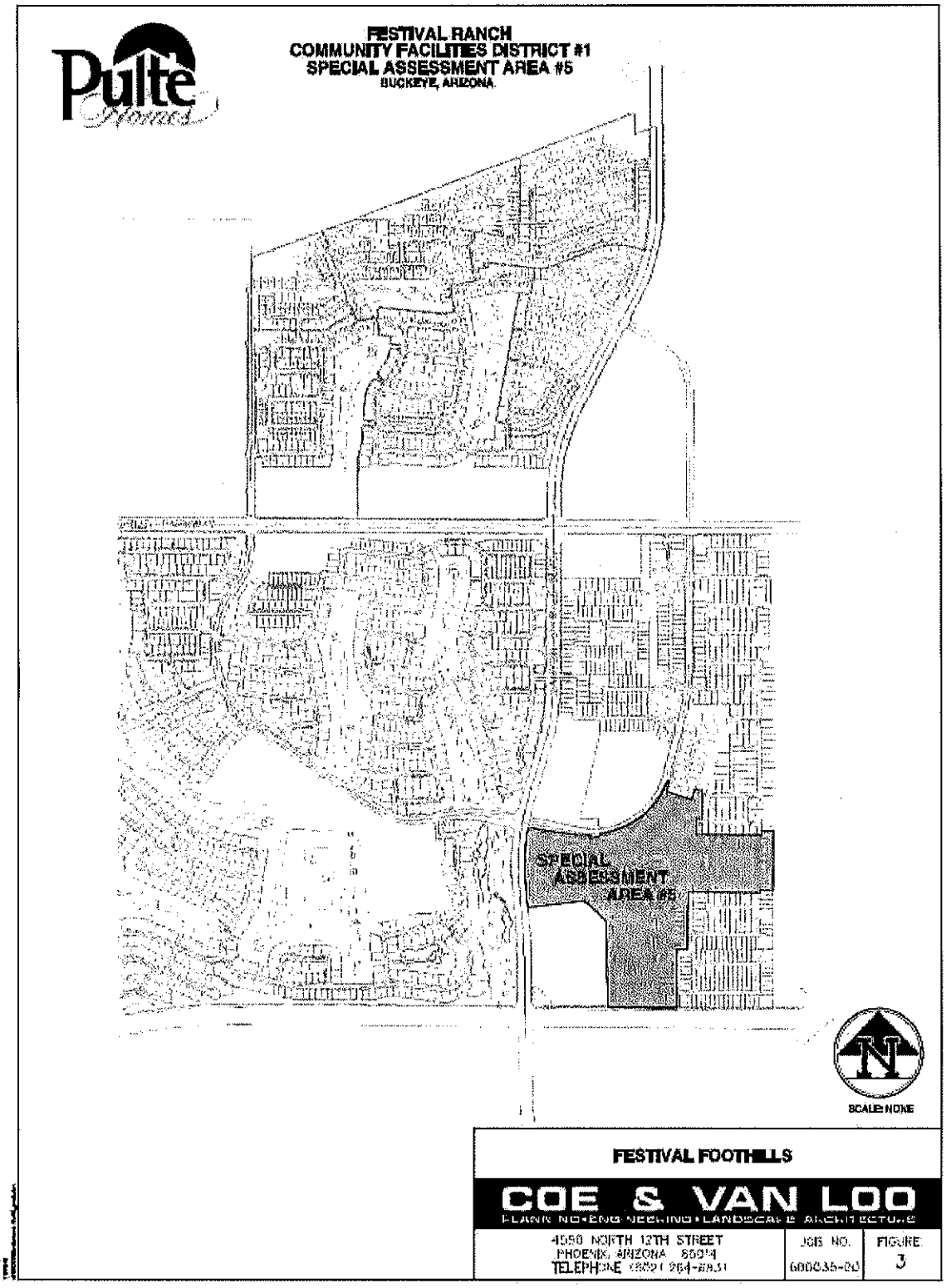
EXHIBIT NO. 4

Festival Ranch Assessment Area No. 5



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Hypothetical Conditions

No hypothetical conditions are included in estimating the "as is" value of the four subject properties.

Special Appraisal Instructions

The subject property is being appraised as part of the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the value of each of the subject's four parcels be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; it reflects a special instruction from the client.*

LEGAL DESCRIPTION OF THE FOUR SUBJECT PARCELS

The seven subject parcels lie within Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; a detailed legal description of the assessment area is included in the Addenda. The Maricopa County Assessor's Office also identifies the subject properties as portions of Tax Parcel Nos. 400-84-024F.

CURRENT OWNERSHIP/OWNERSHIP HISTORY

The majority of the land which comprises approximately 3,100 acres and includes both Festival Foothills and Sun City Festival was acquired by Pulte Homes Corporation from 10,000 West L.L.C. (The Lyle Anderson Company) in May 2004 for a recorded purchase price of $33,818,541.85. According to sources familiar with the transaction, the purchase contract also includes deferred compensation due to the seller in the amount of 2.25% of the sales price of each dwelling unit sold by Pulte Homes.

The subject's 59.16 acres are contained within this purchase. Therefore, the owner of record in the Treasurer's Office is Pulte Homes Corporation, 15333 North Pima Road, Scottsdale, Arizona. No other sales involving the subject property were discovered during a search of public records for the past three years.

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CITY AND REGIONAL DATA

Subject's location in the northwestern most part of Metropolitan Phoenix is illustrated on Exhibit 5 and its relationship to the other communities comprising metropolitan Phoenix is indicated on Exhibit 6. The overall economic condition of the City of Phoenix, along with all of Metropolitan Phoenix, is generally considered good measured in terms of employment, population growth, retail sales, etc. The following discussion addresses Metropolitan Phoenix, which includes the City of Phoenix. The economic well being of Phoenix is tied directly to the economic fortunes of Metropolitan Phoenix.

METROPOLITAN PHOENIX

Metropolitan Phoenix comprises 22 incorporated communities, which vary in population from 3,710 (Carefree) to 1,505,265 (Phoenix). Buckeye is one of the smallest communities in Metropolitan Phoenix with only a population of 31,745 people. Because of the subject's proximity to Surprise, it is also relevant to note a population in Surprise of 98,140 people. Table 4 is a list of the 16 communities having populations in excess of 10,000 people as of July 1, 2006.

TABLE NO. 4

City	2006 Population
Avondale	72,210
Buckeye	**31,745**
Chandler	235,450
El Mirage	32,605
Fountain Hills	24,990
Gilbert	185,030
Glendale	234,540
Goodyear	49,720
Mesa	451,360
Paradise Valley	14,000
Peoria	145,120
Phoenix	1,505,265
Queen Creek	18,770
Scottsdale	237,120
Surprise	**98,140**
Tempe	165,890

There have been significant increases in both population and employment within most of the communities comprising Metropolitan Phoenix during the past decade. The population of the City of Phoenix is significant at more than 1.5 million people. In fact, the population of Phoenix is 3 times larger than the next largest city, Mesa, with approximately 450,000 people.

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EXHIBIT NO. 5
Location Map

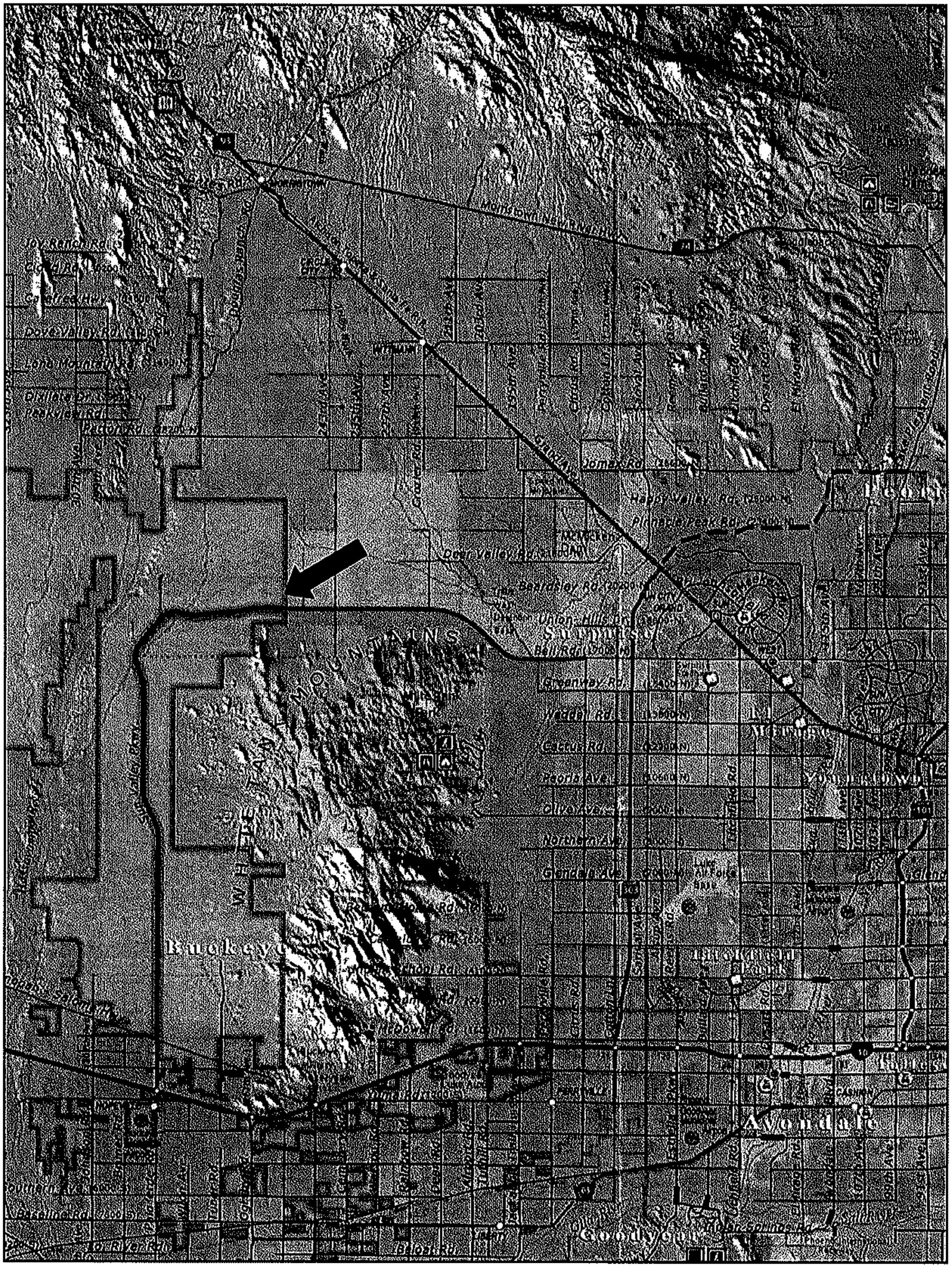

EXHIBIT NO. 6
Metropolitan Phoenix Map

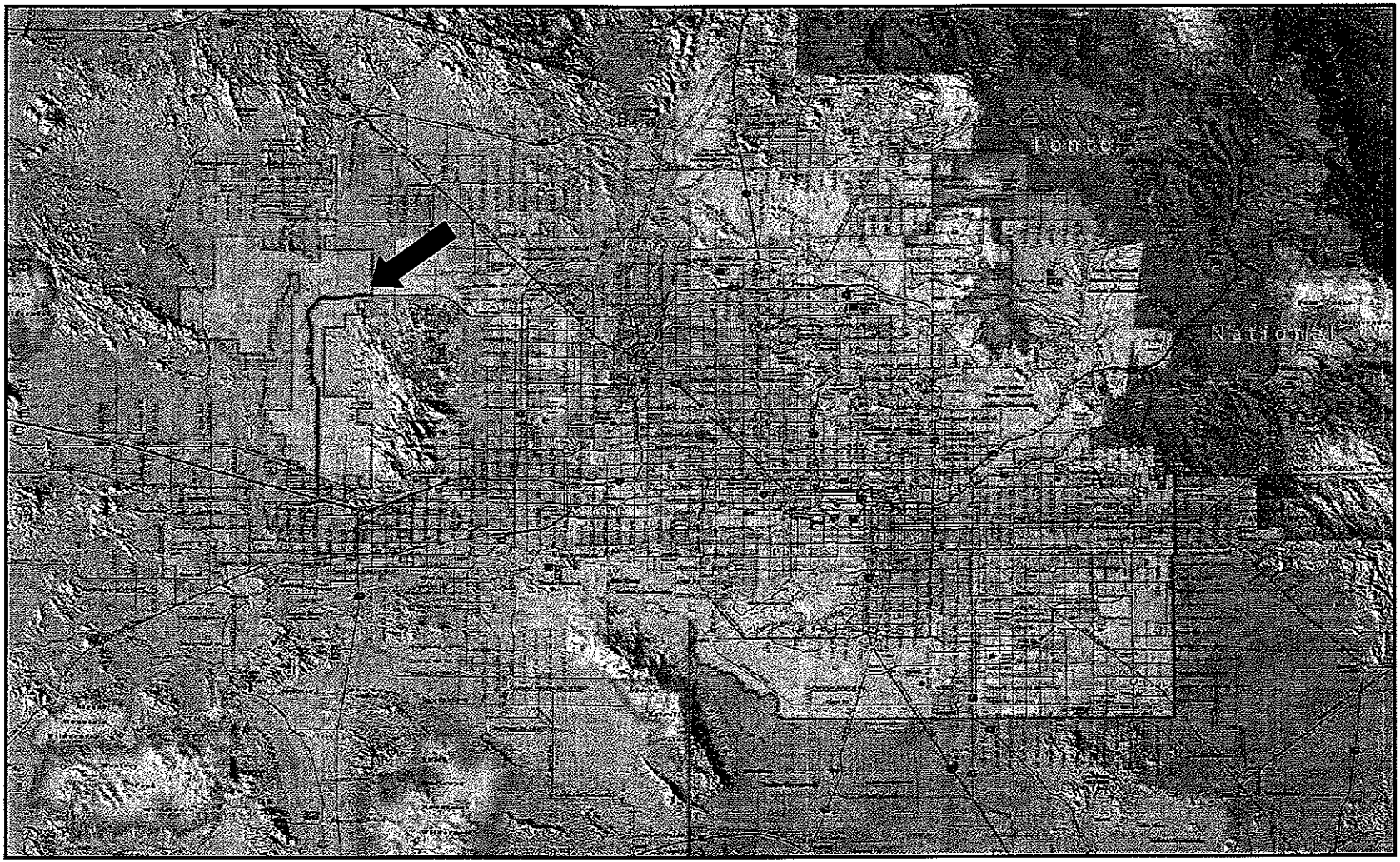

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Table 5 summarizes the population growth of the largest communities in Metropolitan Phoenix since 1997.

TABLE NO. 5

City	1998	1999	2000	2001	2002	2003	2004	2005	2006
Chandler	160,165	169,000	176,970	186,875	194,390	208,450	220,705	231,785	235,450
*Growth	5.8%	5.5%	4.7%	5.6%	4.0%	7.2%	5.9%	5.0%	1.6%
Gilbert	91,290	100,850	108,745	122,360	133,640	151,290	164,685	178,000	185,030
*Growth	15.1%	10.4%	7.8%	12.5%	9.2%	13.2%	8.9%	8.1%	4.0%
Glendale	196,820	208,095	211,555	224,970	227,495	230,610	233,330	236,030	243,540
*Growth	3.0%	5.7%	1.7%	6.3%	1.1%	1.4%	1.2%	1.2%	3.2%
Mesa	361,895	374,560	388,185	414,075	427,550	434,215	447,130	452,355	451,360
*Growth	3.2%	3.5%	3.6%	6.7%	3.3%	1.6%	3.0%	1.2%	0.0%
Peoria	89,930	101,235	108,295	117,200	122,655	126,410	132,300	137,285	145,125
*Growth	7.7%	12.6%	7.0%	8.2%	4.7%	3.1%	4.7%	3.8%	5.7%
Phoenix	1,220,710	1,240,775	1,249,450	1,344,775	1,365,675	1,387,670	1,416,055	1,452,825	1,505,265
*Growth	1.3%	1.6%	0.7%	7.6%	1.6%	1.6%	2.0%	2.6%	3.6%
Scottsdale	195,495	204,660	207,145	209,960	214,090	217,555	221,130	223,835	237,120
*Growth	4.8%	4.7%	1.2%	1.4%	2.0%	1.6%	1.6%	1.2%	5.9%
Tempe	159,220	161,995	162,000	159,435	159,425	159,615	160,820	160,735	165,890
*Growth	1.0%	1.7%	0.0%	-1.6%	0.0%	0.1%	0.1%	0.0%	3.2%
Other	330,575	350,306	378,905	412,475	451,330	481,060	528,020	575,695	623,895
*Growth	5.0%	6.0%	8.2%	8.9%	9.4%	6.6%	9.8%	9.0%	8.4%
Maricopa Co.	2,806,100	2,913,475	2,991,250	3,192,125	3,296,250	3,396,875	3,524,175	3,648,545	3,792,675
	3.1%	3.8%	2.7%	6.7%	3.3%	3.1%	3.7%	3.5%	4.0%

Source: Arizona Department of Economic Security/Percentages represent the growth rate from the previous year.

Though employment growth has varied during the past few years, approximately 1.7 million people are employed in Metropolitan Phoenix. Table 6 provides an employment summary for the past 7 years.

TABLE NO. 6

METROPOLITAN PHOENIX EMPLOYMENT 2000-2006

Employment Sector	2000	2001	2002	2003	2004	2005	2006
Manufacturing	161,100	150,300	135,000	128,300	129,000	132,200	132,900
Mining & Construction	125,700	127,800	125,700	128,900	140,900	163,100	184,600
Trade, Transportion, Utilities	321,400	318,200	319,000	321,500	333,200	354,500	373,800
Information	42,000	41,300	39,100	37,200	34,300	32,900	32,100
Financial Activities	126,300	128,800	130,400	132,900	137,700	145,600	151,100
Services	606,200	604,500	610,800	626,500	661,600	706,100	751,600
Government	195,700	188,600	197,100	200,600	204,500	208,800	212,400
Total	1,578,400	1,559,500	1,557,100	1,575,900	1,641,200	1,743,200	1,838,500
Job Growth	53,300	(18,900)	(2,400)	18,800	65,300	102,000	95,300
% Job Growth	3.49%	-1.20%	-0.15%	1.21%	4.14%	6.21%	5.47%

Though the pace may slow, local economists are forecasting continued employment growth in Metropolitan Phoenix through 2007.

METROPOLITAN PHOENIX RESIDENTIAL MARKET

The latest period of growth in the residential housing market began in 1993. The residential market has reported more than 30,000 new housing permits each year for the past seven years.

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A summary of the residential permit activity in Metropolitan Phoenix since 1990 with particular attention given to the past seven years is summarized in Table 7.

Until recently, the housing sector had been, by far, the strongest real estate sector for the past decade. During 2004 single family permits hit an all-time high of 48,136 new home permits. Though 2005 permits lagged 2004, the 43,256 permits continued to show the strength of the residential market. However, in late 2005 the single family housing market began to slow. This slowdown continued through 2006 as evident in the decline in single family permits to 27,976 (lowest level since 1995).

Permit activity in 2006 was 25% below permit activity for 2005 and over 30% below the record activity of 2004. Homebuilders have curtailed new home construction as they work through their standing inventories which resulted from speculative housing starts and failed contracts (which have increased significantly) in 2005 and 2006. Starting in early 2007, the oversupplied new housing market suffered another setback as turmoil in mortgage market surfaced. Revelations of problems in the subprime mortgage sector have resulted in tightened lending requirements which in turn has limited to pool of potential new home buyers.

As a result of the market performance of 2006 and the first half of 2007, many housing market analysts are revising their forecasts for the remainder of 2007 and pushing the target for market recovery into 2009.

METROPOLITAN PHOENIX OFFICE MARKET

The following discussion regarding the Metropolitan Phoenix office market is based upon information supplied by CB Richard Ellis for the second quarter 2007. The survey covers multi-tenant office buildings over 10,000 square feet in each of Metropolitan Phoenix's 24 geographical submarkets.

At the end of the second quarter 2007, total office space in Metropolitan Phoenix totaled 66.3 million square feet with 1.2 million square feet of new space completed during the quarter. Additionally, 3.4 million square feet of office product were under construction at the end of the second quarter 2007.

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TABLE NO. 7

RESIDENTIAL BUILDING PERMITS
Metropolitan Phoenix
1990 – 1Q2007

	Single-Family		Townhouse		Multi-Family		Residential	
Year	Total	Percent	Total	Percent	Total	Percent	Total	% Change
1990	10,633	81.9%	449	3.5%	1,891	14.6%	12,973	-4.1%*
1991	13,510	91.9%	485	3.3%	710	4.8%	14,705	13.4%*
1992	18,329	91.1%	566	2.8%	1,234	6.1%	20,153	36.9%*
1993	21,896	90.1%	607	2.5%	1,799	7.4%	24,302	20.7%*
1994	26,614	78.7%	1,212	3.6%	6,015	17.8%	33,853	39.3%*
1995	26,824	73.7%	1,599	4.4%	7,991	21.9%	36,414	7.6%*
1996	28,157	73.8%	1,456	3.8%	8,533	22.4%	38,146	4.8%*
1997	29,124	74.5%	2,174	5.6%	7,799	19.9%	39,097	2.5%*
1998	33,811	78.2%	1,525	3.5%	7,877	18.2%	43,213	10.5%*
1999	33,252	78.3%	1,454	3.4%	7,759	18.3%	42,465	-1.7%*
2000	32,494	76.1%	2,234	5.2%	8,009	18.7%	42,737	1.0%*
2001-Q1	8,783	69.1%	696	5.5%	3,227	25.4%	12,706	11.7%*
2001-Q2	9,393	83.7%	302	2.7%	1,531	13.6%	11,226	-8.4%*
2001-Q3	8,385	76.9%	548	5.0%	1,966	18.1%	10,899	1.4%*
2001-Q4	6,306	89.6%	255	3.6%	477	6.8%	7,038	-15.8%*
2001	32,867	78.5%	1,801	4.3%	7,201	17.2%	41,869	1.3%*
2002-Q1	7,682	86.1%	299	3.3%	950	10.6%	8,931	-29.7%*
2002-Q2	9,667	82.8%	566	4.8%	1,439	12.4%	11,672	4.0%*
2002-Q3	8,690	76.6%	324	2.9%	2,337	20.5%	11,351	4.1%*
2002 Q4	8,273	87.8%	278	3.6%	881	9.3%	9,432	34.0%*
2002	34,309	82.9%	1,467	3.5%	5,607	13.6%	41,386	-1.2%*
2003 Q1	8,030	90.3%	343	3.8%	521	5.9%	8,894	-0.4%*
2003 Q2	10,612	83.8%	441	3.5%	1,612	12.7%	12,665	8.5%*
2003 Q3	11,192	90.1%	561	4.5%	670	5.4%	12,423	9.4%*
2003 Q4	9,818	79.2%	549	4.4%	2,033	16.4%	12,400	31.5%*
2003	39,652	85.5%	1,894	4.1%	4,836	10.4%	46,382	12.1%*
2004 Q1	10,046	85.1%	667	5.7%	1,089	9.2%	11,802	32.7%*
2004 Q2	13,638	91.1%	678	4.6%	647	4.3%	14,963	18.1%*
2004-Q3	14,113	86.8%	759	4.7%	1,390	8.5%	16,262	30.9%*
2004-Q4	10,339	81.4%	493	3.9%	1,871	14.7%	12,703	2.4%*
2004	48,136	86.4%	2,597	4.7%	4,997	8.9%	55,730	20.2%*
2005-Q1	10,356	86.4%	1,421	11.4%	319	2.6%	12,096	2.4%
2005-Q2	12,013	88.0%	833	6.1%	811	5.9%	13,657	-8.7%
2005-Q3	11,577	83.1%	1,063	7.6%	1,297	9.3%	13,937	-14.3%
2005-Q4	9,310	82.1%	1,209	10.7%	823	7.3%	11,342	-10.7
2005	43,256	84.8%	4,526	8.9%	3,250	6.4%	51,032	-9.2%
2006-Q1	8,716	75.1%	1,621	14.0%	1,266	10.9%	11,603	-4.1%*
2006-Q2	8,884	74.9%	1,709	14.4%	1,267	10.7%	11,860	-13.1%*
2006-Q3	5,968	64.9%	2,172	23.6%	1,043	11.5%	9,183	-34.1%*
2006-Q4	4,408	81.0%	685	12.6%	346	6.4%	5,439	-52.0%*
2006	27,976	73.4%	6,187	16.3%	3,922	10.3%	38,085	-25.4%*
2007-Q1	7,017	63.0%	2,353	21.1%	1,778	15.9%	11,148	-3.9%*

* Percentage change is from the same quarter previous year

Source: Arizona Real Estate Center, ASU; Phoenix Metropolitan Housing Study Committee; Data provided through the cooperation of 26 permit issuing agencies.

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Notable completions during this quarter include The Park at San Tan (220,000 square feet) and Pinnacle in Kierland (210,000 square feet). Notable completions for 2006 are McDowell Mountain Business Park – Building A (128,000 square feet) and Promenade Parkview Corporate Center (100,000 square feet), Pima Center Building 3A (135,000 square feet), Westgate City Center-Building E West (100,000 square feet) and Westgate City Center-Building G East (100,000 square feet). New office space under construction includes Max at Kierland (257,000 square feet), Raintree Corporate Center Phase IV (176,000 square feet) and McDowell Mountain Business Park – Building B (128,000 square feet), Papago Gateway Center (250,000 square feet), The Plaza at Grace Court – Phase VI (150,000 square feet), The Plaza at Grace Court – Phase IV (150,000 square feet) and 91 Glendale-Building 2 (100,000 square feet).

During the second quarter 2007, vacancy increased from 11.9% to 13% as a result of an increase in inventory of more than 1 million square feet while less than 400,000 square feet of space were absorbed. Net absorption during the quarter was 383,100 square feet, which was slightly above the absorption of 379,014 square feet for the first quarter 2007. By comparison, net absorption was below the second quarter 2006 net absorption of 556,378. Of the 383,100 square feet absorbed in the quarter, 244,481 square feet, or more than 50% was Class A space with Class B accounting for another 132,482 square feet and Class C another 6,611 square feet.

The tightening supply of existing office space and the increased construction costs of new office space pushed the average asking rate to $25.60 per square foot from $22.68 per square foot at the same time last year. Rates for new class A space are $28.12 per square foot and class B rents are an average of $22.82 per square foot. Although vacancy has increased slightly, it appears that the market remains in the favor of landlords; however, if new construction continues to outpace absorption, the market may see a shift to tenants.

METROPOLITAN PHOENIX RETAIL MARKET

The Metropolitan Phoenix retail market slowed slightly during the second quarter 2007. However, population growth and new housing continue to drive the market. Total retail inventory is 130.3 million square feet in 942 centers (including regional malls.) the overall vacancy of 5.46%, which is a slight increase over the 4.99% rate of the same quarter last year. Because of continued low vacancy, new construction and increasing land prices, rental rates for retail space remain strong.

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Net absorption in the second quarter was 740,553 square feet. By comparison, this is below the absorption of 2.7 million square feet occurred in the first quarter 2007. An additional 12.4 million square feet were under construction at the end of the second quarter 2007. Retail centers totaling more than 27.0 million square feet are being planned for delivery over the next several years.

The growth of the Metropolitan Phoenix market in terms of population and employment continues to fuel development throughout the marketplace. The strong residential market of the past few years has created tremendous opportunities for new retail developments in areas which were previously not served. These new developments include grocery anchored neighborhood centers as well as larger regional shopping centers along newly developed transportation corridors.

METROPOLITAN PHOENIX INDUSTRIAL MARKET

During the past few years, the industrial market has experienced tremendous expansion. The fundamentals of the real estate market were healthy throughout most of 2001; however increasing pressure from the local and national economies began to stress the industrial sector in 2002. Overall vacancy in 2002 went above 10% and remained at just over 10% for most of 2003. During the fourth quarter 2003, vacancy decreased to 9.71%, a direct result of two consecutive quarters of strong net absorption. At the end of the fourth quarter 2004, the vacancy rate stood at 8.53%, or slightly below the rate of 8.60% at the end of the previous quarter. This trend continued through 2006 with a year end vacancy rate of 6.27%.

At the end of the second quarter 2007, vacancy in Metropolitan Phoenix stood at 7.63%, slightly higher than the 7.37% rate at the end of the first quarter. The increase in vacancy resulted from more than 3.8 million square feet of new industrial space being added, while only 3.1 million square feet were absorbed. Notable transactions during the quarter included Home Depot occupying 376,000 square feet and Pilkinton North America occupying 203,000 square feet. Notable move outs for the quarter include Drug Plastics and Glass (100,000 square feet) and Pepsi (95,649 square feet).

During the second quarter, 3.8 million square feet of new space was delivered and another 10.8 million square feet were under construction. Of the 10.8 million square feet currently under construction, 3.9 million is accounted for in six distribution warehouses.

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METROPOLITAN PHOENIX MULTI-FAMILY MARKET

Multi-family residential building permits for the past seven years are summarized in Table 8.

TABLE NO. 8

MULTI-FAMILY PERMITS

Year	Multi-Family Permits
2000	8,009
2001	7,201
2002	5,607
2003	4,836
2004	4,997
2005	3,250
2006	3,922
2007-1Q	1,778

Since 2000, the level of new apartment construction has been steadily declining as the market shifted from apartment development to condominium construction. As the first quarter 2007 permit figure indicate, new construction appears to be shifting back toward apartments as a result of high occupancy, increasing rents and a limited supply of new apartment units.

CITY DATA CONCLUSION

Metropolitan Phoenix population growth was one of the highest in the country over the 10-year period 1996-2005, with an increase of more than 1 million people. The market added over 600,000 new jobs during the same period. As a result, Metropolitan Phoenix has become one of the fastest growing metropolitan areas in the country. Phoenix is now the fifth largest city in the nation, having recently surpassed Philadelphia.

Although the residential market appears to be slowing from its record growth over the past two years, the overall economy of Metropolitan Phoenix remains strong with new job growth, a low unemployment rate and continued strong in-migration. While the Metropolitan Phoenix economy continues to be heavily influenced by the real estate sector, efforts in recent years to diversify its economy appear to be paying dividends as new employers are being attracted to the area. The technology and biosciences sectors have been strong contributors to the growth of the economy.

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NEIGHBORHOOD DESCRIPTION

While the subject property lies within the town limits of Buckeye, the City of Surprise is most proximate. The downtown area of Buckeye is some 19 miles south of subject's Sun Valley Parkway frontage, while Surprise is less than 10 miles to the east. Though technically in Buckeye, subject is more closely related to Surprise (east property boundary is Surprise town limit) from a services and transportation perspective. Subject's location with respect to the City of Surprise is illustrated on Exhibit 7.

FESTIVAL RANCH DEVELOPMENT

The entire Festival Ranch community contains approximately 10,000 acres which are generally north of the Sun Valley Parkway within the town limits of Surprise. The community is owned by two entities: Pulte Homes and The Lyle Anderson Companies. In May 2004, Pulte Homes acquired approximately 3,100 acres from The Lyle Anderson Companies. Pulte Homes is developing the majority of the property with Sun City Festival, its latest Sun City-branded active adult community. At build-out this community will contain 7,210 homes and two golf courses.

Pulte Homes is also developing approximately 260 acres with a conventional housing community called Festival Foothills of which subject is a part. The remaining 7,000 acres under the control of The Lyle Anderson Companies is undeveloped.

Though other developments are planned for the area, Pulte's portion of Festival Ranch is the only active development along the northern stretch of the Sun Valley Parkway. The only other development to date has been limited almost exclusively to small ranchette properties. Speculation and land planning is taking place around the Sun City Festival project and future development of the area is anticipated. The greatest challenge to new development in the area is the lack of infrastructure, i.e., any new community must develop entirely new infrastructure to support residential development – sewer, water, power, roads, etc. The first future developments will most likely approach the subject property from the Surprise on the east, as this area is closer to the path of development.

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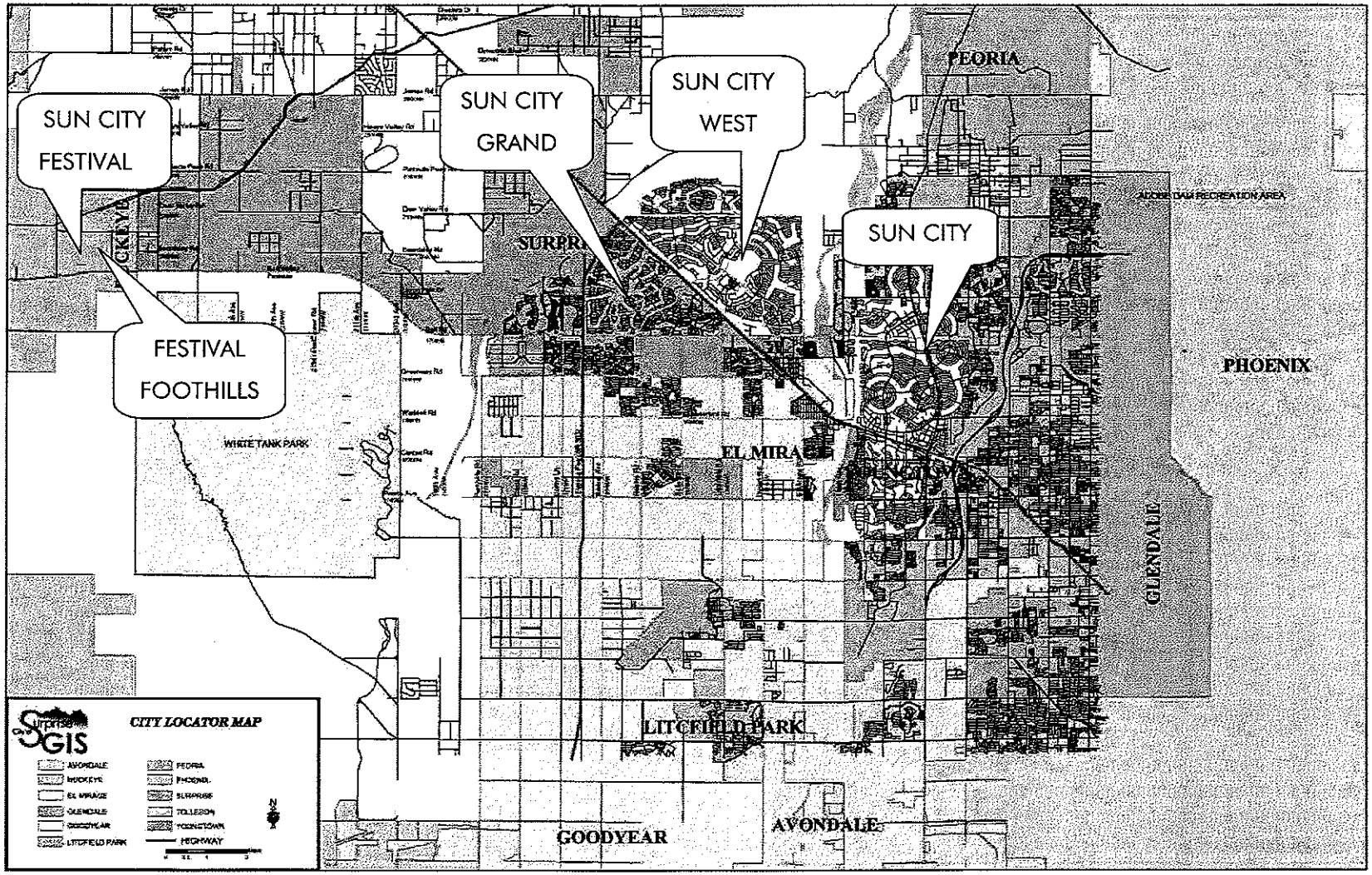
EXHIBIT NO. 7

Sun City/Sun City West/Sun City Grand Location Map



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Significant new residential development is currently taking place 10 miles east of the subject at Surprise Farms. The only notable project in Buckeye north of Interstate 10 is Tartesso (11 miles south of the subject property at the southwest corner of Sun Valley Parkway and Indian School Road. Exhibit 8 is a map of the residential development within the City of Surprise. Subject's eastern boundary is at the far left hand side of this exhibit. It is also important to note that while not illustrated on the exhibit, a large community called Surprise Foothills is being planned just to the east of the subject.

The first phase of development within Tartesso began in early 2005 with pre-sales starting in the fall of 2005. The first phase of development is on 1,290 acres and consists of 3,400 dwelling units. Development of Tartesso was hindered (delayed) by the need to construct all infrastructure to support the community. The five builders active in the first phase of Tartesso report strong market acceptance of this community which is the only active planned community in Buckeye on the north side of Interstate 10.

The development of Festival Ranch at the north end of the Sun Valley Parkway and Tartesso on the south end of the Sun Valley Parkway are providing the catalyst for additional development along the parkway. In the late 1990s, as a result of tremendous residential growth throughout Metropolitan Phoenix, interest in the Sun Valley area began to rise again. A number of the large land holdings were acquired by real estate developers and additional assemblages started to place. As a result, the Sun Valley area has a number of large planned areas being readied for master plan community development. Table 9 summarizes a number of the new Sun Valley communities.

TABLE NO. 9

PLANNED SUN VALLEY COMMUNITIES

Community	Size (Acres)	Dwelling Units
Tartesso	9,000	9,600
Festival Ranch	10,105	29,000
Douglas Ranch	33,810	90,000
Sun Valley South	11,200	29,000
Sun Valley	13,200	34,000
Belmont	19,800	90,000

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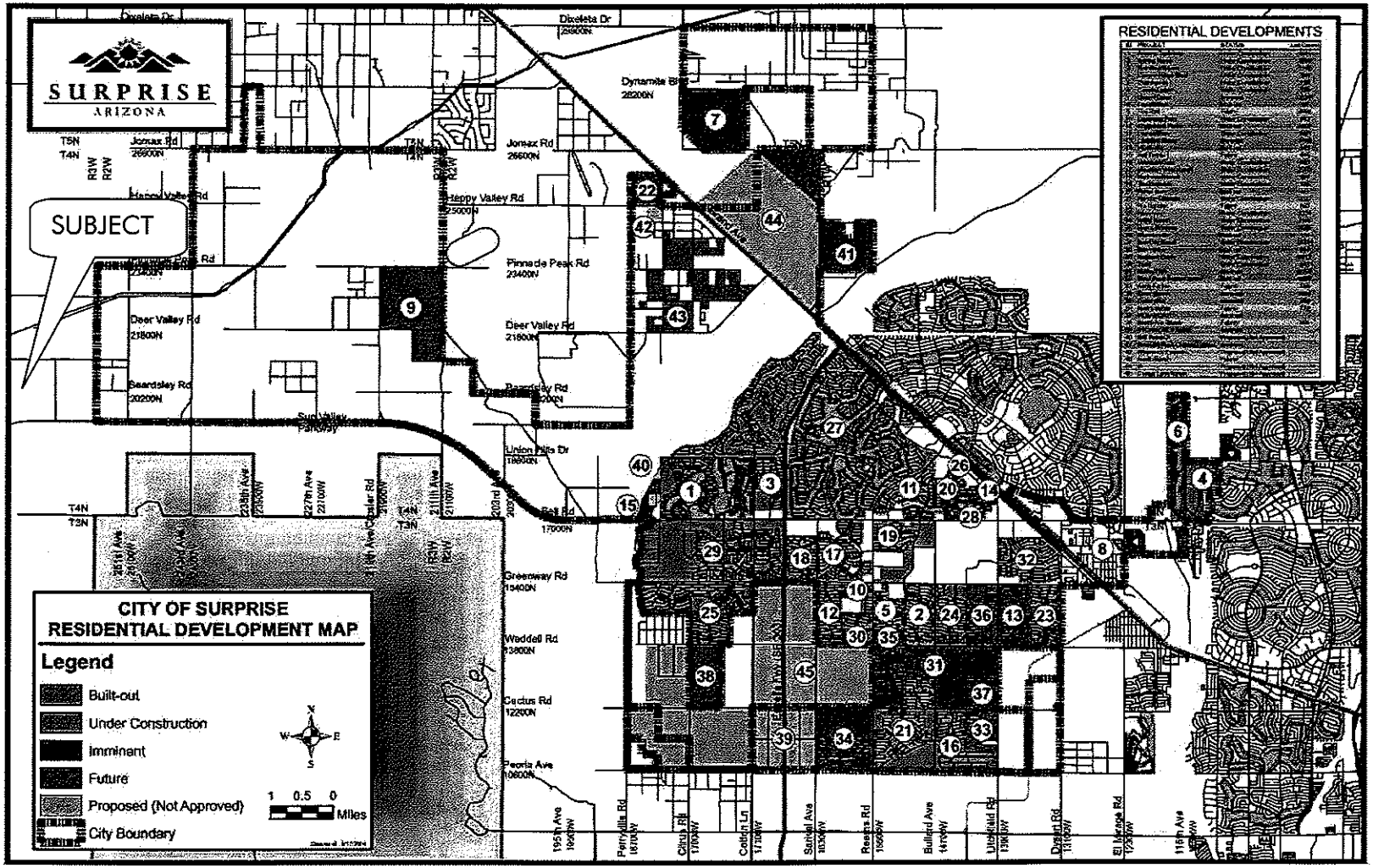
EXHIBIT NO. 8

Surprise Residential Development Map



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The six large communities summarized account for more than 280,000 new dwelling units. The location of these communities is illustrated on Exhibit 9.

RESIDENTIAL DEVELOPMENT

To date there have been no significant developments in the proximity of the subject property, however, it is noteworthy to mention the proximity of subject to the three existing Sun City communities as the subject will be the initial phase of the next extension of the Sun City product series.

COMMERCIAL DEVELOPMENT

There are currently no commercial developments within reasonable proximity of the subject property. The closest retail development is at the intersection of Bell Road and Estrella Parkway in Surprise. An Albertsons store is open at the northwest corner of this intersection and a new Safeway store recently opened just west of the southwest corner of this intersection. Additional retail opportunities are available further east in Surprise. The most significant retail development is found at the intersection of Bell Road and Grand Avenue.

Grading is currently underway for a new convenience store with gas pumps and car wash at the immediate northeast corner of Sun Valley Parkway and Canyon Springs Boulevard as part of the larger Festival Marketplace Shopping Center which include a Fry's grocery store. A site plan of the project and renderings of the center are included as Exhibits 10 and 11.

EMPLOYMENT

There are no significant employers in the subject's immediate area.

COMMUNITY SERVICES

There are no community services in the immediate area. As demand warrants, public schools will be constructed to serve the expanding population base. Fire and police protection will be provided by the Town of Buckeye due to the fact the subject lies within the town limits of Buckeye. Temporary fire and police facilities will be developed in the first phase of Sun City Festival to serve the community.

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EXHIBIT NO. 9
Sun Valley Communities Map

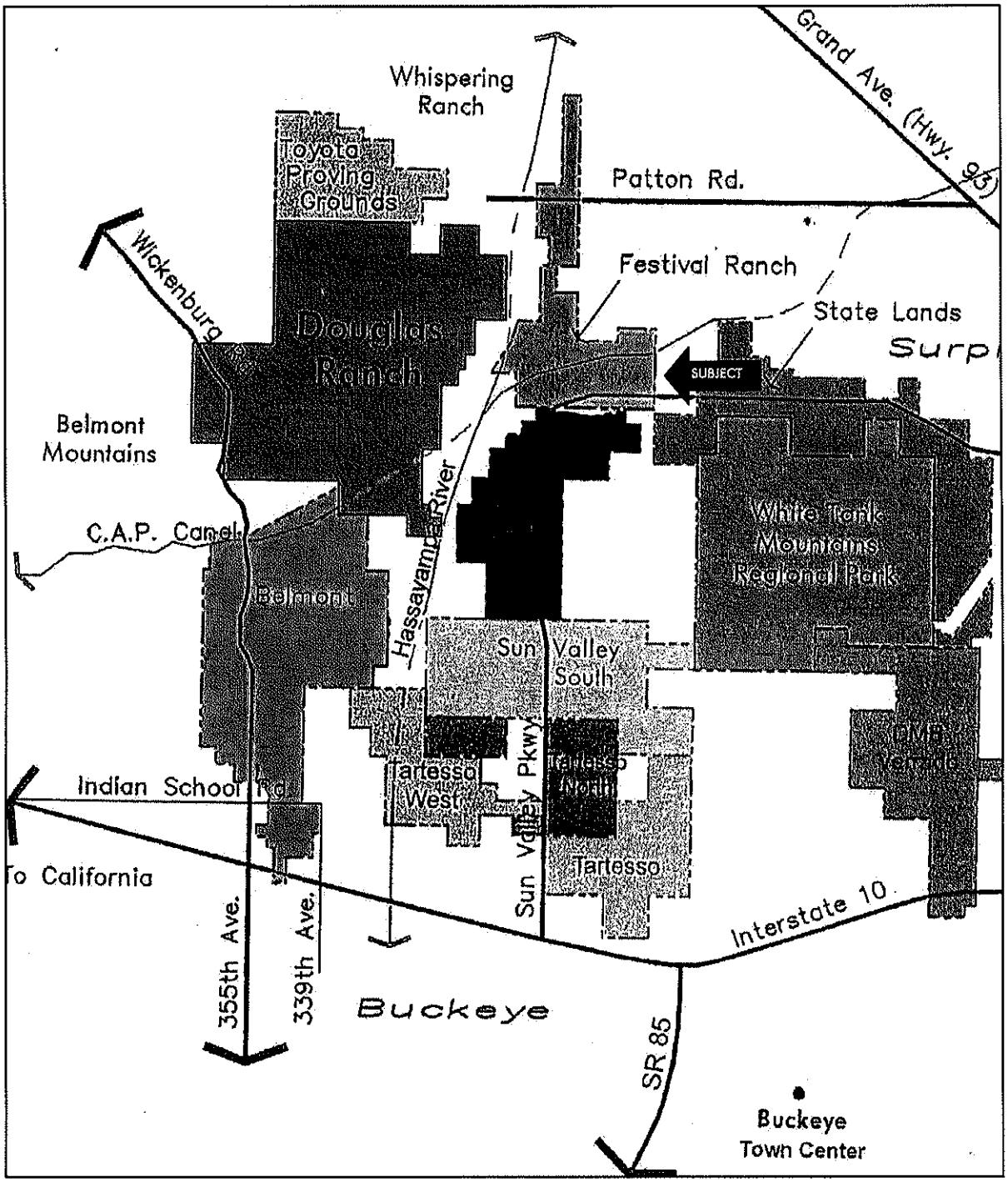

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EXHIBIT NO. 10

Festival Marketplace Site Plan

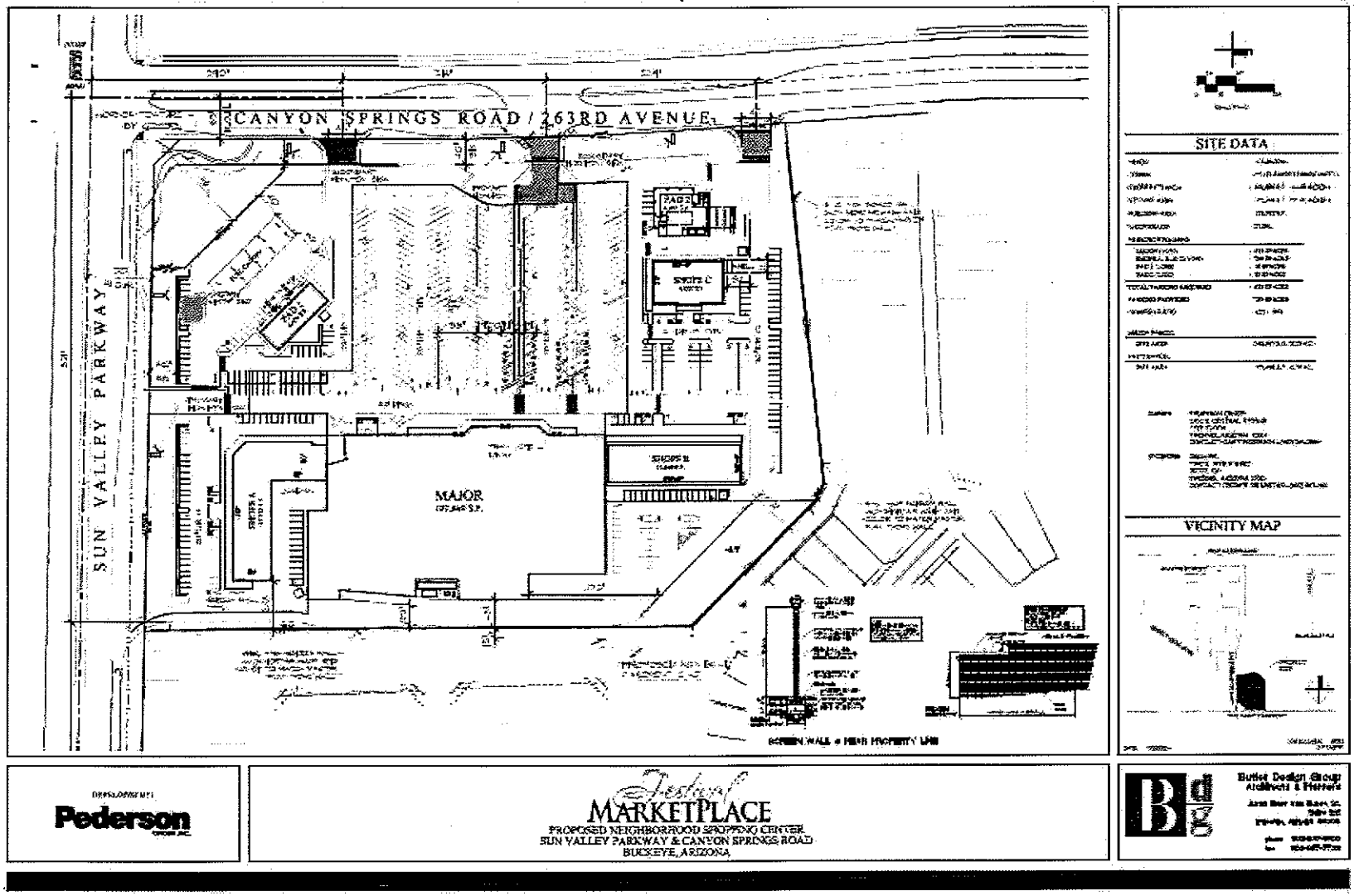

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EXHIBIT NO. 11

Festival Marketplace Renderings

OVERALL ELEVATION

MAJOR A - ENLARGED ELEVATION

SHOPS B - ENLARGED ELEVATION

SHOPS A - ENLARGED ELEVATION

SOUTH SHOPS A - ENLARGED ELEVATION

Pederson GROUP INC

Festival MARKETPLACE
PROPOSED NEIGHBORHOOD SHOPPING CENTER
SUN VALLEY PARKWAY & CANYON SPRINGS ROAD
BUCKEYE, ARIZONA

WEST ELEVATIONS

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While a number of physicians' offices and urgent care facilities are located in Surprise, the most significant medical development is Del E. Webb Memorial Hospital is at the northeast corner of Grand Avenue and Meeker Boulevard in Sun City West. This is a full service facility providing specialty services for the older population base of the Sun City communities as well as traditional hospital services for the increasing population of the surrounding Surprise area. Boswell Memorial Hospital is a second facility serving the area. It is within the original Sun City community near Grand Avenue and 99th Avenue. The focus of this facility is geriatric medicine.

Though no final agreements have been executed, negotiations with Sun Health for the development of medical facilities for the community have taken place.

INFRASTRUCTURE

Because much of the area is undeveloped desert acreage, the infrastructure is limited. Pulte Homes is responsible for the construction of the majority of the infrastructure. Arizona Public Service provides electrical service and Southwest Gas provides gas. Qwest is the local telephone service provider.

WATER AND SEWER

The Town of Buckeye is the provider of water services for some areas of the community; however, much of the area is served by private wells. As new communities are developed, the infrastructure of the town will increase. Sewer service for Festival Ranch is provided by a wastewater treatment plant constructed on the south side of the Sun Valley Parkway just west of the existing Sun City Festival development. This facility through expansions will serve all of Pulte's Sun City Festival and Festival Foothills communities as well as the lager planned Festival Ranch project.

ACCESS

The most significant and only traffic artery is Sun Valley Parkway. Sun Valley Parkway is a four-lane divided road way which connects Interstate 10 in Buckeye with Surprise. The parkway follows the western and north slopes of the White Tank Mountain, which have historically represented the western boundary of Metropolitan Phoenix.

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The Sun Valley Parkway provides the subject property and surrounding area with convenient access to Surprise and its many services. As development pushes further toward the west from Surprise, additional arterials will be developed.

Within the Sun City Festival and Festival Foothills projects, Canyon Springs Boulevard, which has been fully improved to Beardsley Road, is the most significant arterial. It provides access and entry to both the Sun City Festival and Festival Foothills communities. It is a four-lane arterial separated by a landscaped median.

CONCLUSION OF NEIGHBORHOOD DESCRIPTION

Only sparse development has taken place in the subject's immediate area; however that will change significantly with the development of the subject property and balance of the 3,100 acres within Pulte's Festival Ranch community. Given the topography of the area along the Sun Valley Parkway, the fact a number of properties have entitlements, the desire for large scale developments and access via the Sun Valley Parkway, development along the corridor should show an increase in the next five years.

Overall the outlook for the subject's immediate area is for the development of numerous large-scale master planned communities with the first being Festival Ranch.

DESCRIPTION OF THE SUBJECT PROPERTIES

As noted on Page 1, the subject of this report includes four of the five residentially planned parcels within the second phase of Festival Foothills. The four parcels comprise 59.16 net acres which are planned for 250 single family homes. All four planning areas have been platted and engineered with approved final plats from the Town of Buckeye. On the date of final inspection, August 1, 2007, grading of the parcel was complete and installation of the backbone infrastructure had recently commenced with the construction of retaining wall, exterior subdivision walls and trenching for underground water pipes.

The location of the subject's four parcels is illustrated on Exhibit 12, a conceptual plan for Festival Foothills.

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EXHIBIT NO. 12
Festival Foothills Conceptual Plan

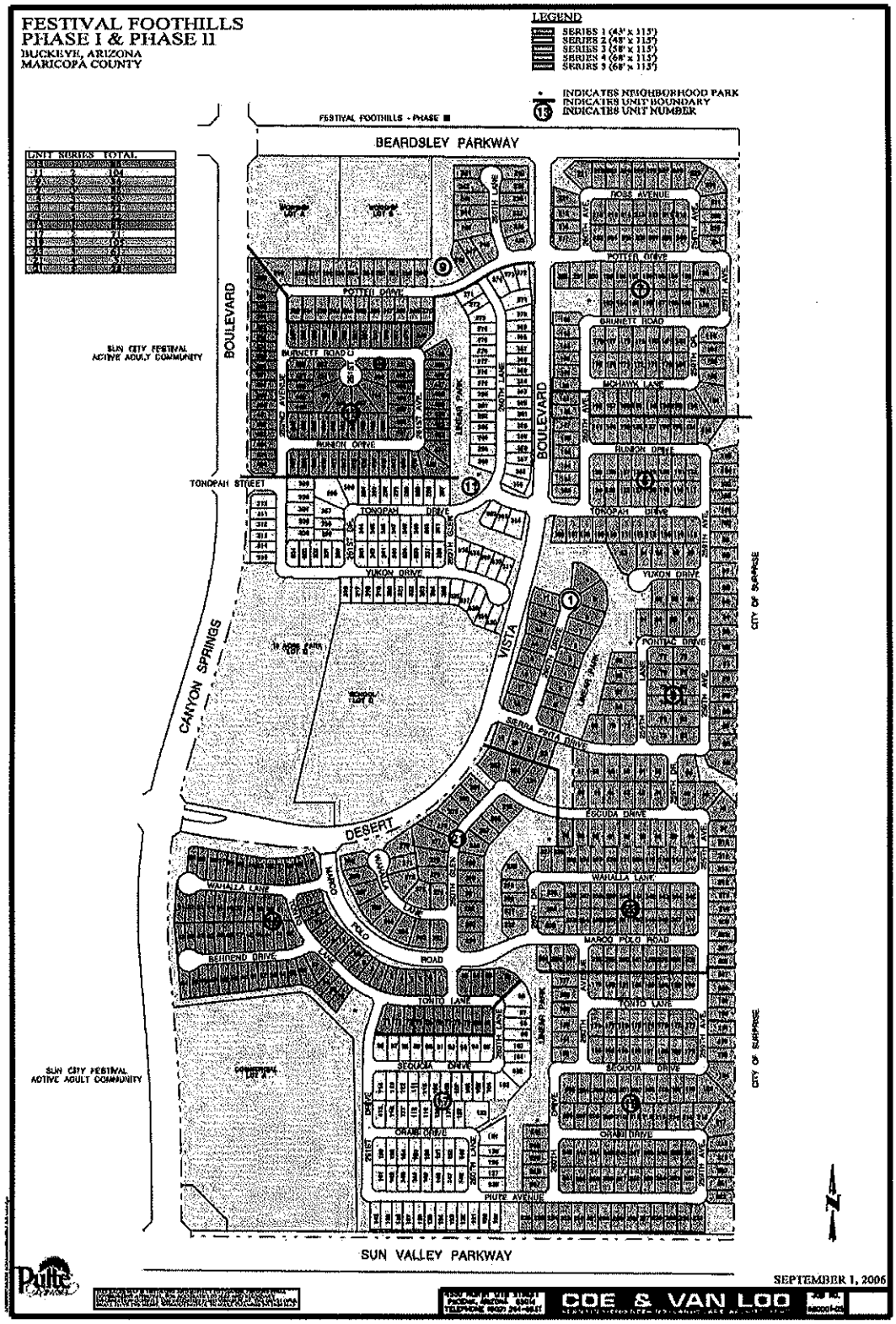

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Table 10 provides a brief summary of the seven subject parcels within Phase I of Festival Foothills.

TABLE NO. 10

DESCRIPTION OF FESTIVAL FOOTHILLS PHASE II PLANNING AREAS

Parcel No.	Description	Size and Number of
Unit 15	Unit 15 is the at the southeast corner of Canyon Springs Boulevard and Desert Vista Boulevard. Though the subdivision is adjacent to Canyon Springs Boulevard, it access is via Marco Polo Road off Desert Vista Boulevard. All 85 lots in this subdivision are 43'x115'.	85 lots
Unit 17	Unit 17 is southeast of Unit 15 and adjacent west of Unit 19. Access to the subdivision is through the eastern portion of Unit 15 via 260th Glen. This parcel is also adjacent east of the 17 acre commercial site at the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard. All 71 lots are 48'x115'.	71 lots
Unit 21	Unit 21 is on the south side of Desert Vista Boulevard just east of Unit 15. It is also adjacent south across Desert Vista Boulevard from the new Festival Foothills elementary school. All 33 lots in this subdivision are 68'x115'.	33 lots
Unit 23	This parcel is located to the east of Unit 21 along the eastern boundary of the Festival Foothills community. It is also north of Unit 19 and Unit 3 of Phase I. All 61 lots are 58'x115'.	61 lots

More detailed descriptions of the four planning area are included on the following pages which include a parcel summary, lot plan and ground photograph.

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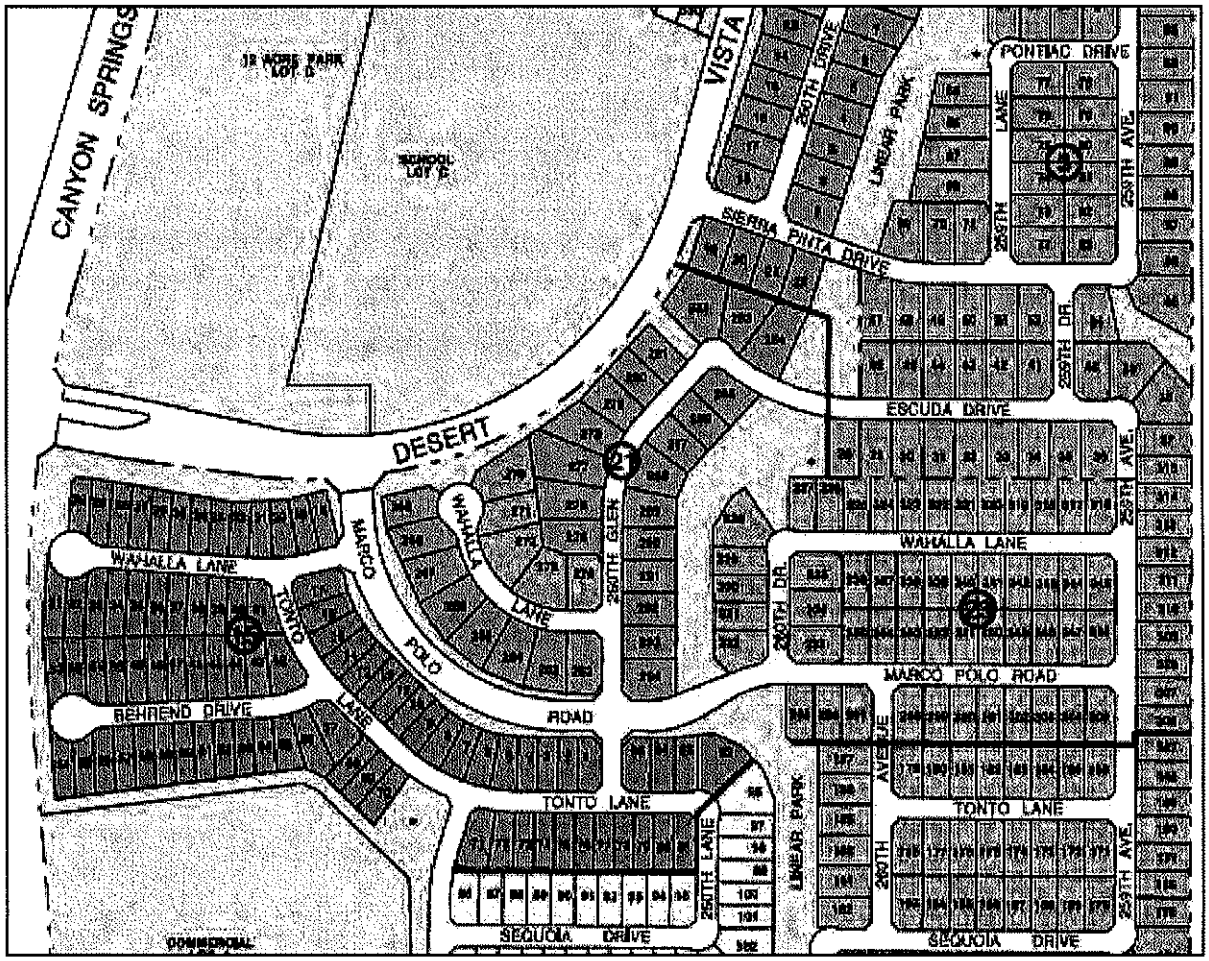

Subject Parcel:	Unit 15
Designated Use:	Single-Family Residential (Medium Density)
Zoning:	PAD – Planned Area Development
Size:	19.35 net acres
Total Number of Lots:	85
Lot Size:	43′ x 115′
Density:	4.39 dwelling units per net acre
Premium Lots:	Potential with oversized lots
Comments:	Final plat has been approved.

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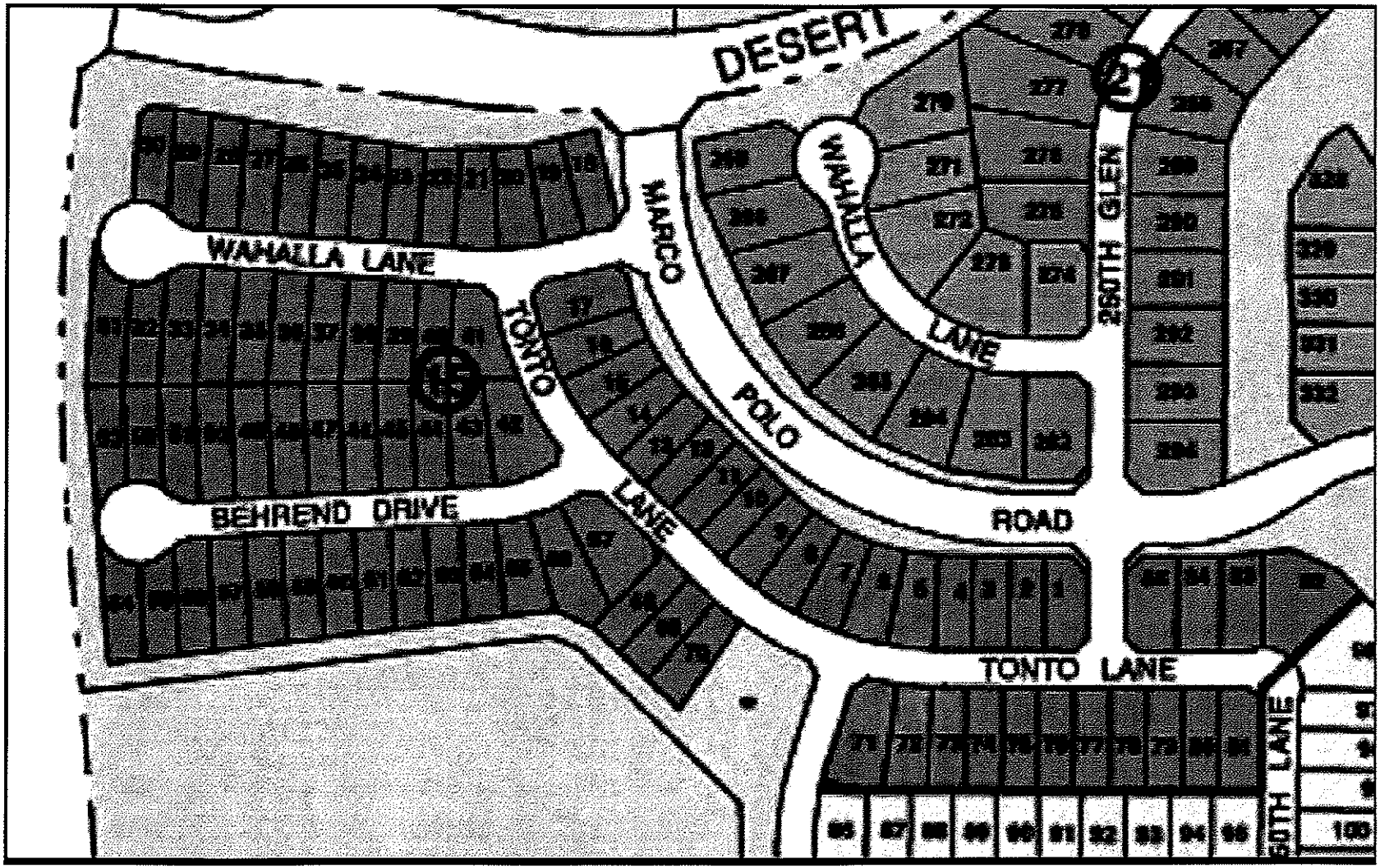

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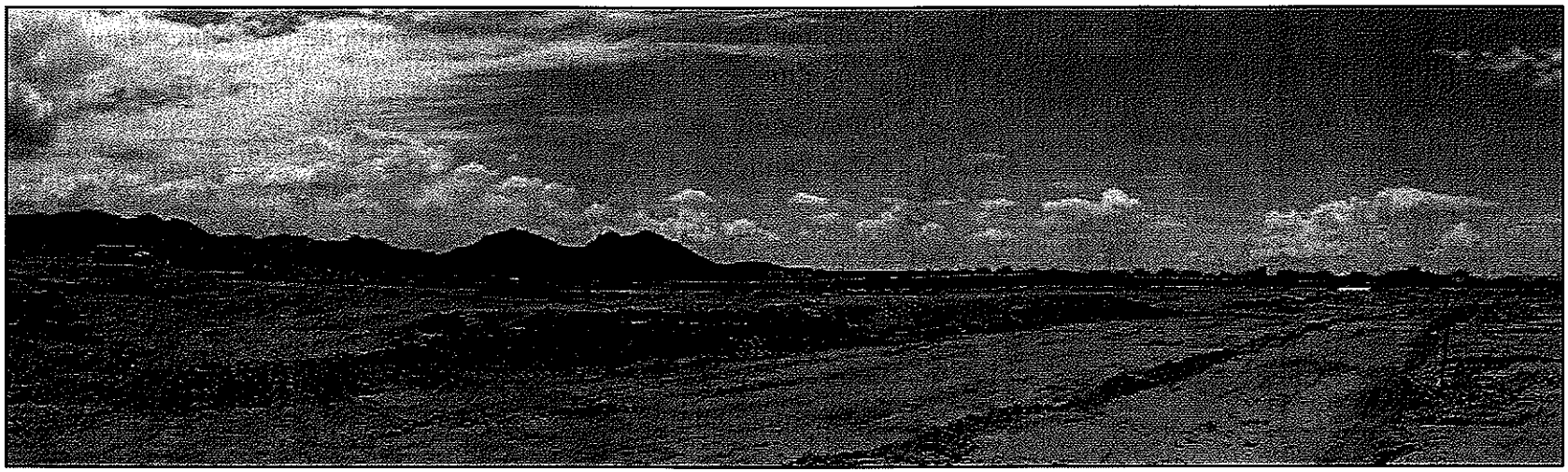

LOOKING SOUTHWESTERLY ACROSS UNIT 15

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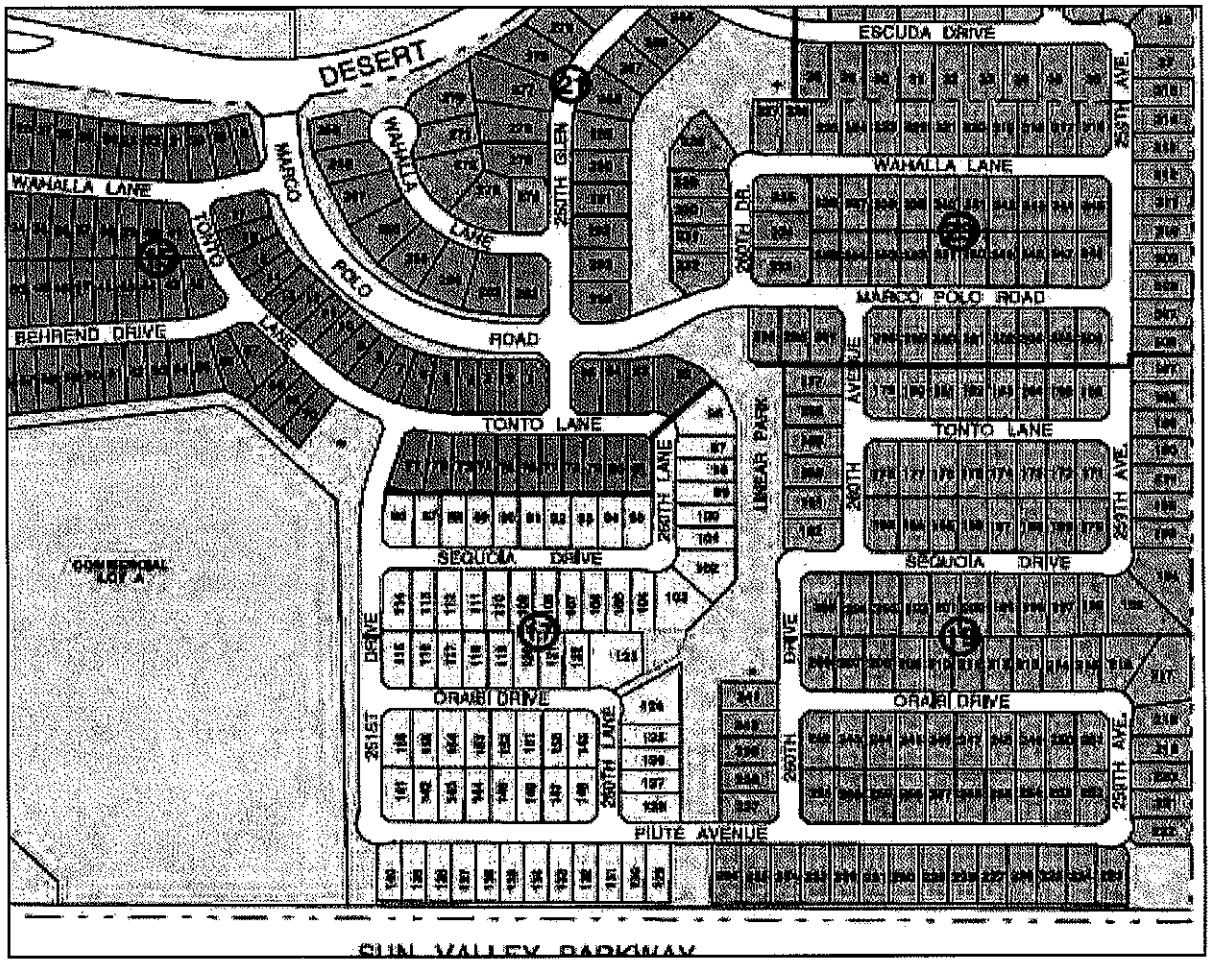

Subject Parcel:	Unit 17
Designated Use:	Single-Family Residential
Zoning:	PAD – Planned Area Development
Size:	14.70 gross acres
Total Number of Lots:	71
Lot Size:	48' x 115'
Density:	4.83 dwelling units per net acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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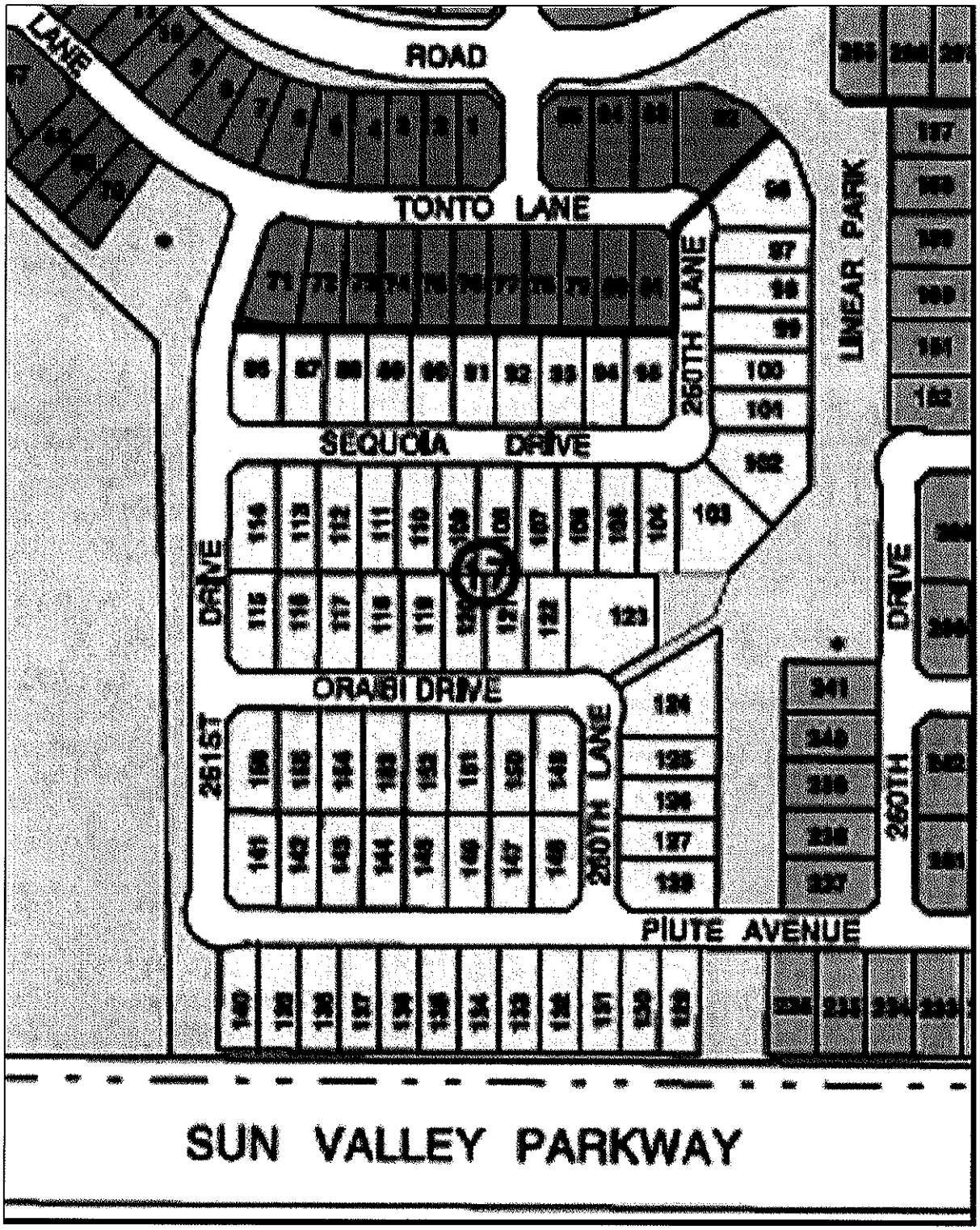

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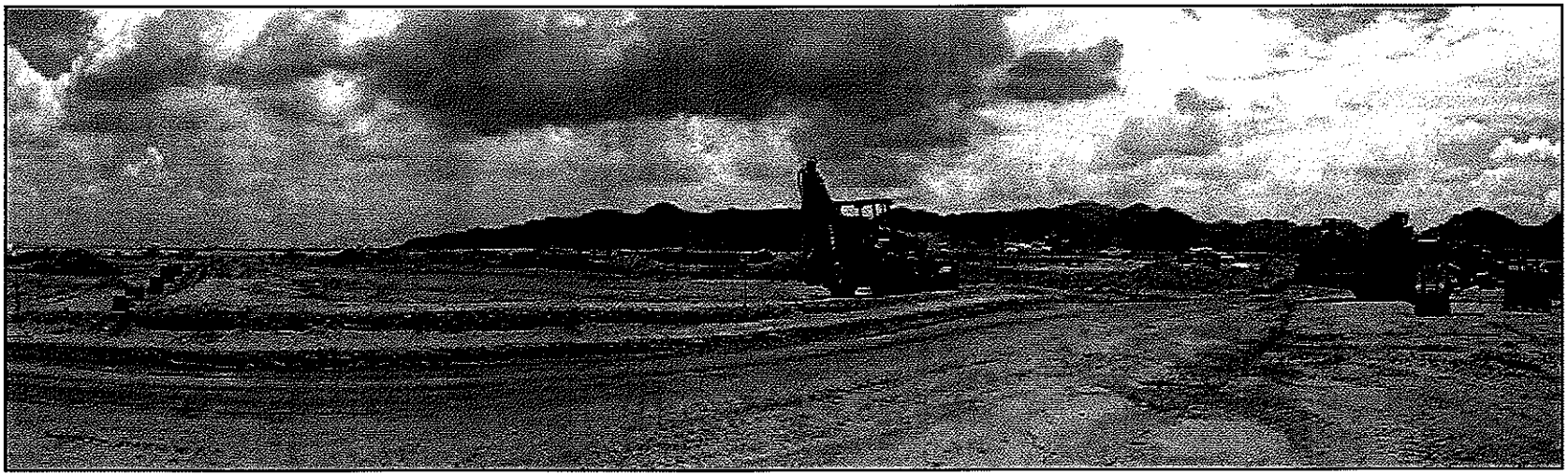

LOOKING SOUTHEASTERLY ACROSS UNIT 17

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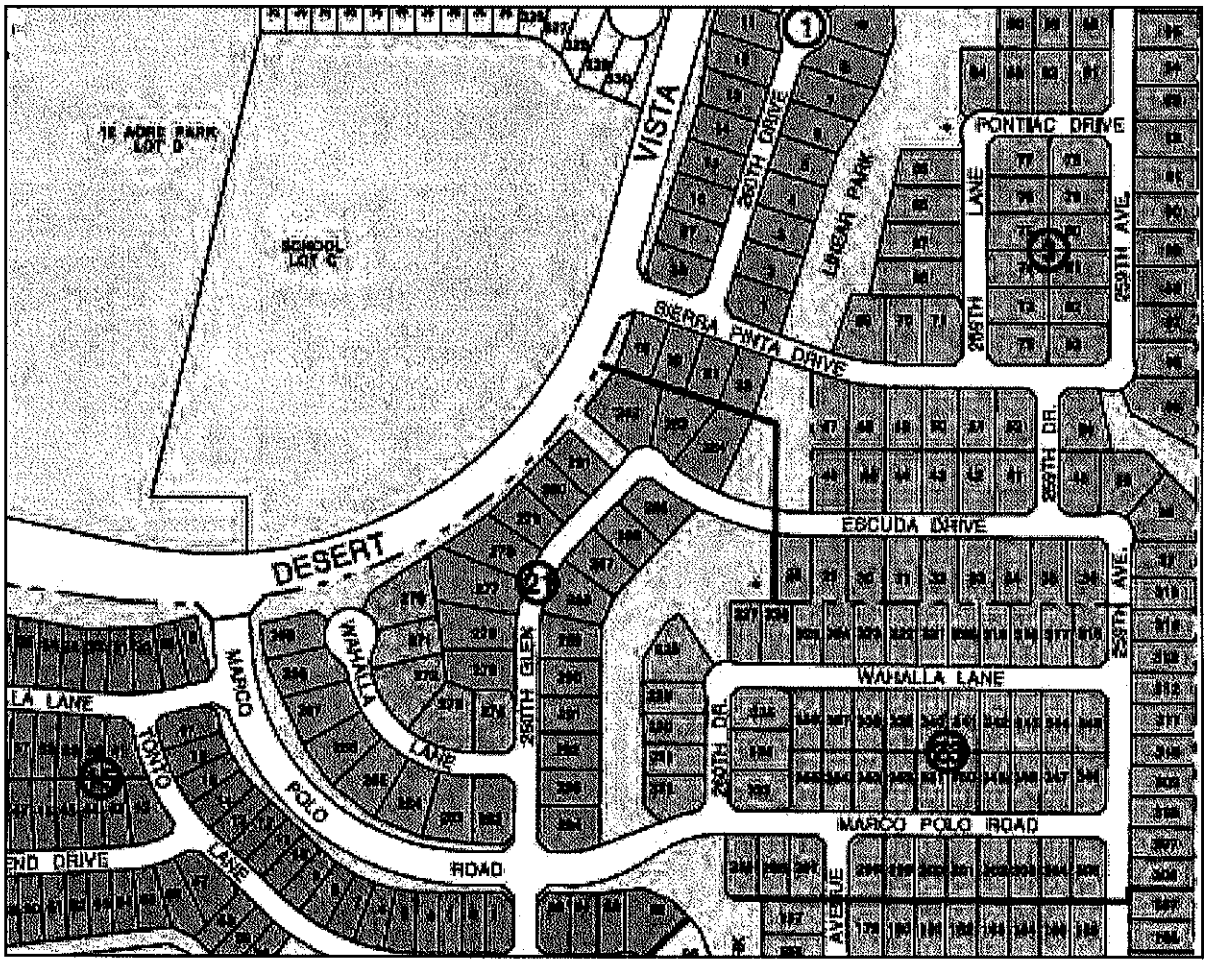

Subject Parcel:	Unit 21
Designated Use:	Single-Family Residential
Zoning:	PAD – Planned Area Development
Size:	12.75 net acres
Total Number of Lots:	33
Lot Size:	68′ x 115′
Density:	2.59 dwelling units per acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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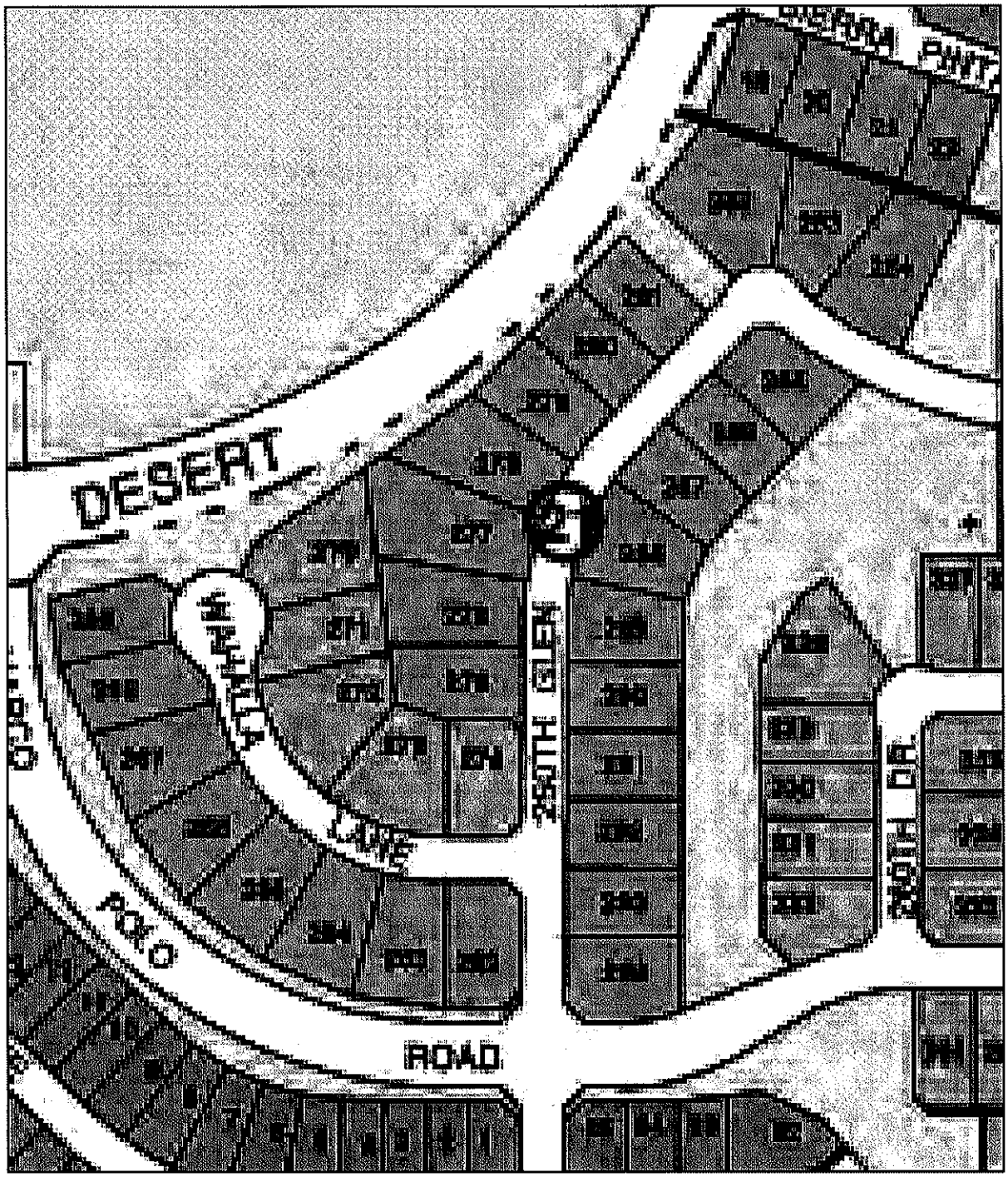

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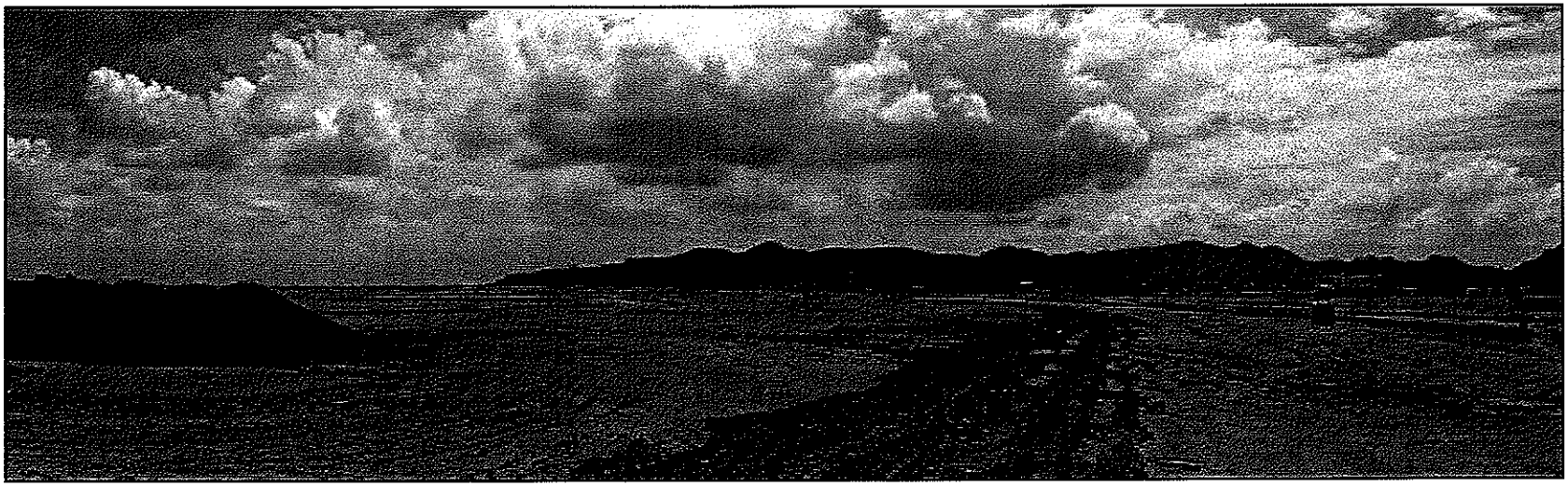

LOOKING SOUTHEASTERLY ACROSS UNIT 21

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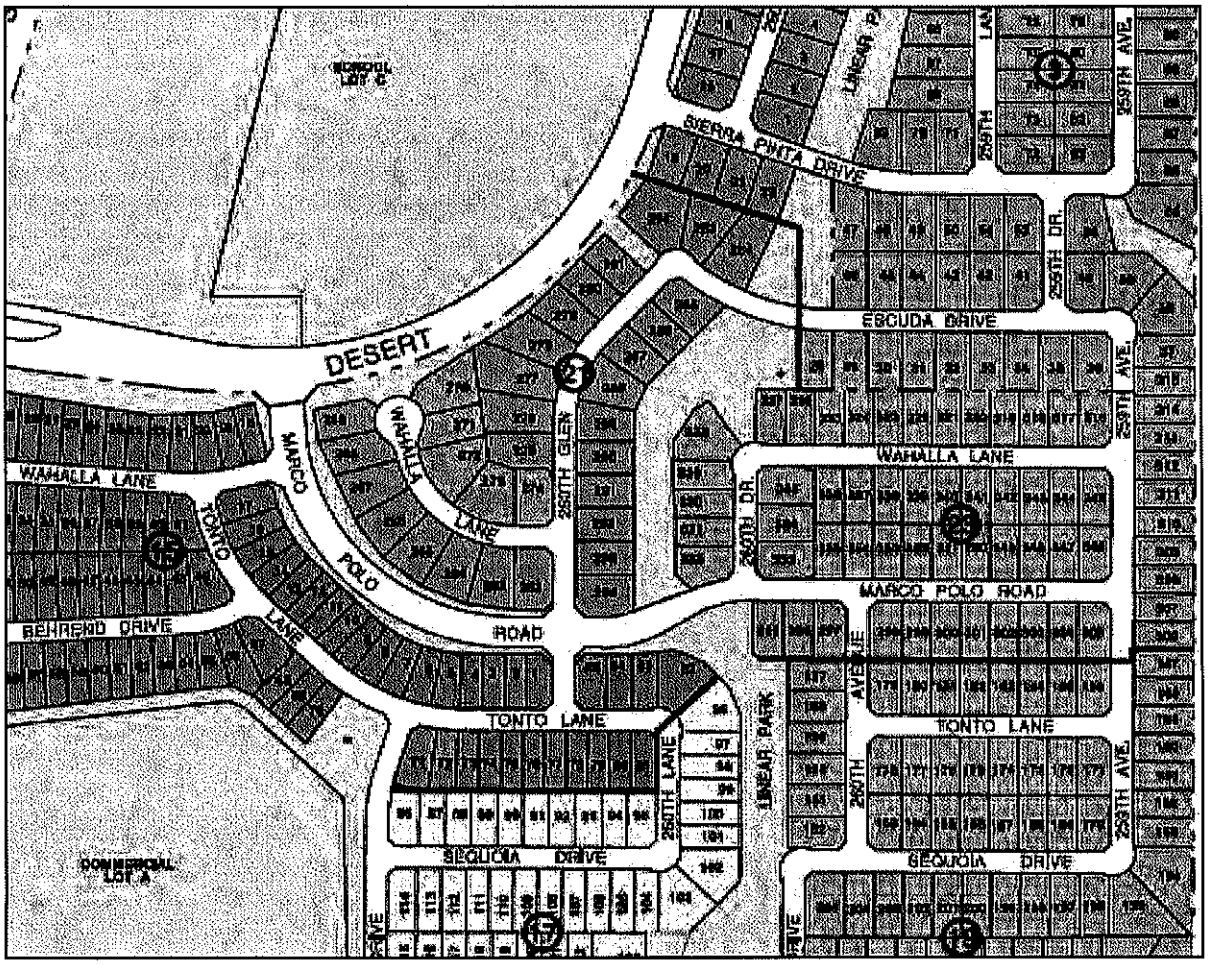

Subject Parcel:	Unit 23
Designated Use:	Single-Family Residential (Medium Density)
Zoning:	PAD – Planned Area Development
Size:	12.36 net acres
Total Number of Lots:	61
Lot Size:	58′ x 115′
Density:	4.94 dwelling units per acre
Premium Lots:	Potential premiums for linear park and oversized lots
Comments:	This parcel has been final platted.

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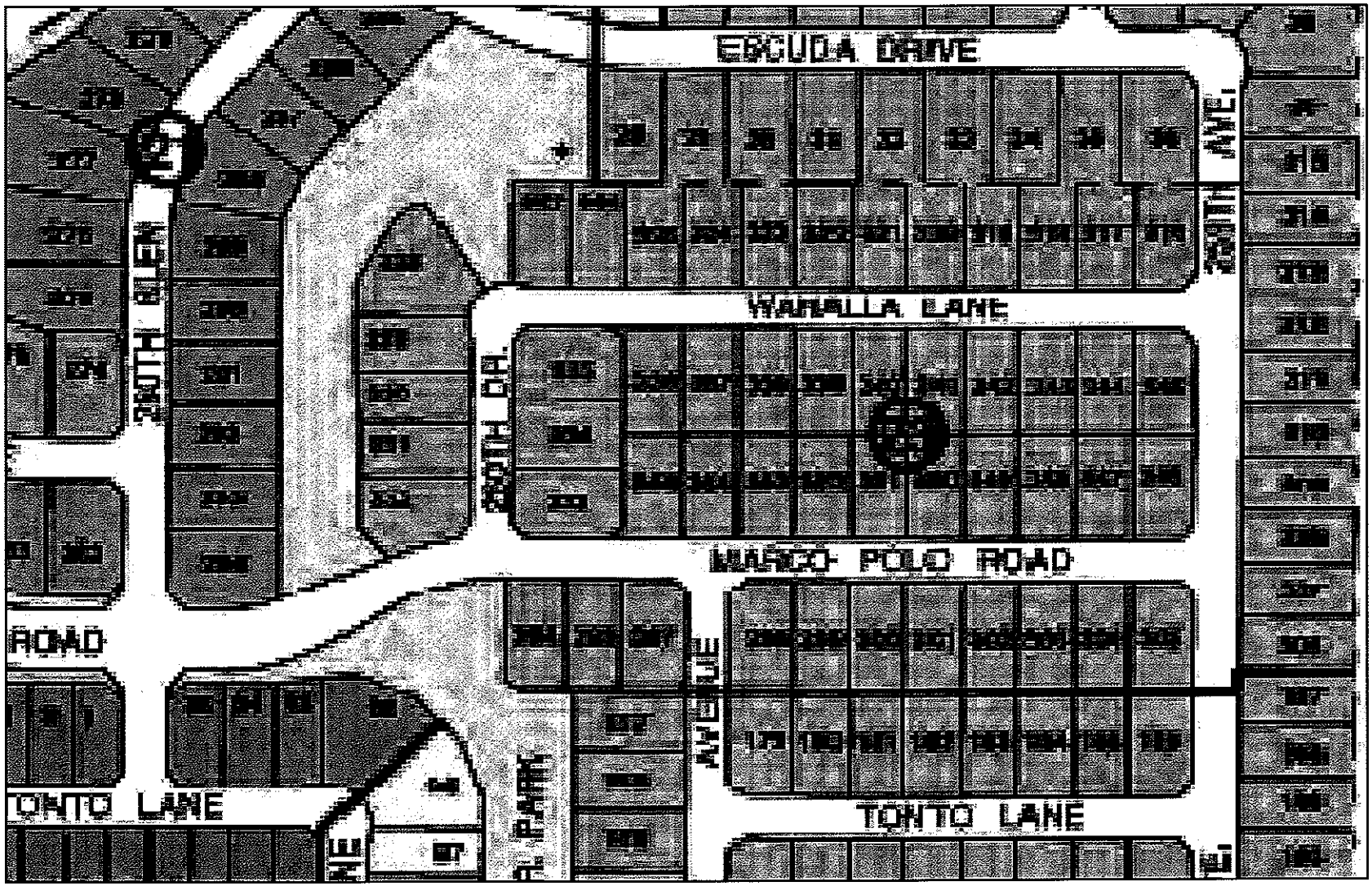

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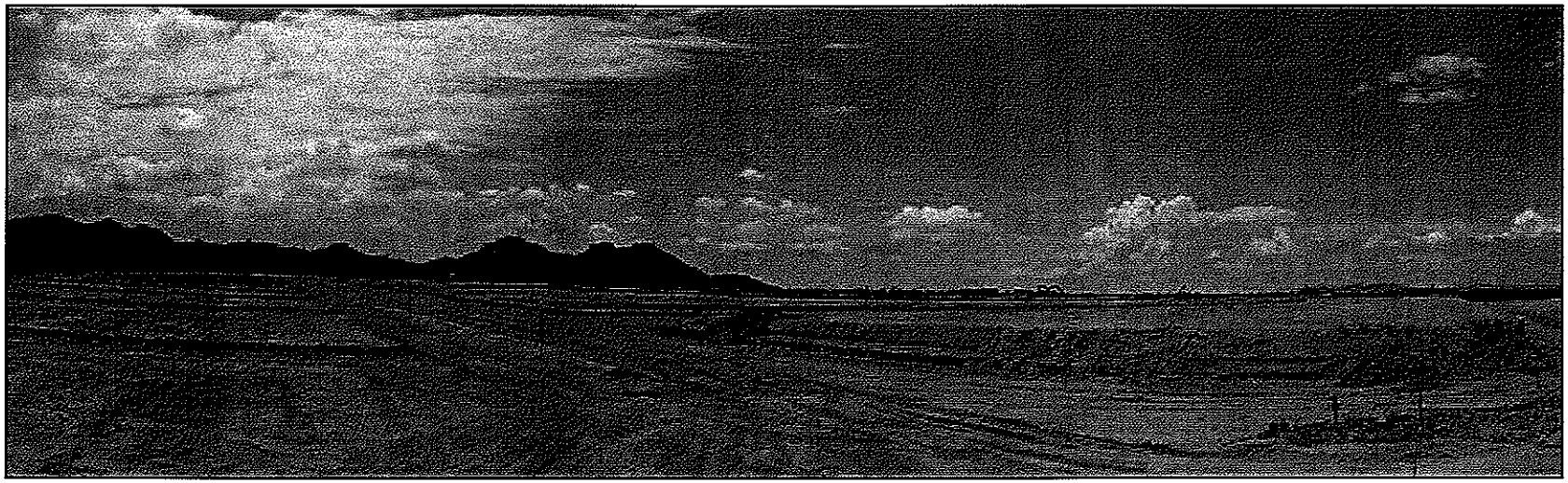

LOOKING SOUTHWESTERLY ACROSS UNIT 23

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GENERAL DESCRIPTIVE DATA

The following subsections provide additional details regarding the four subject properties collectively.

Topography

Subject generally slopes in a south-southwesterly direction with some moderate sloping toward the southwest. The entire Festival Foothills site has been mass graded and contoured to provide for proper drainage.

Soil

A soil report was not provided in connection with this assignment; however, soil testing has been completed as part of the engineering and design work. Based on this work it is assumed there are no soil conditions, which would limit, in a meaningful way, either physically or economically, the development of the seven subject parcels discussed in this report.

Utilities

All utilities will be placed underground within dedicated public utility easements. The utilities will be provided by:

Electricity -	Arizona Public Service
Natural Gas -	Southwest Gas
Sewer -	Town of Buckeye
Water -	Town of Buckeye
Telephone -	Qwest

Floodplain and Drainage

The subject parcels are part of a larger area that does not require flood insurance. The four subject parcels have been engineered to provide both for drainage and required retention. A 404 permit from the Army Corps of Engineers has been issued for the development of the subject site. A 404 Permit address various environmental impacts, the most notable being drainage issues.

Required retention within each of the subject's four planning area will be handled through retention areas or open space (golf course) within each parcel. The location of these retention areas is shown on the individual subdivision plats. A flood map of the area is included as Exhibit 13.

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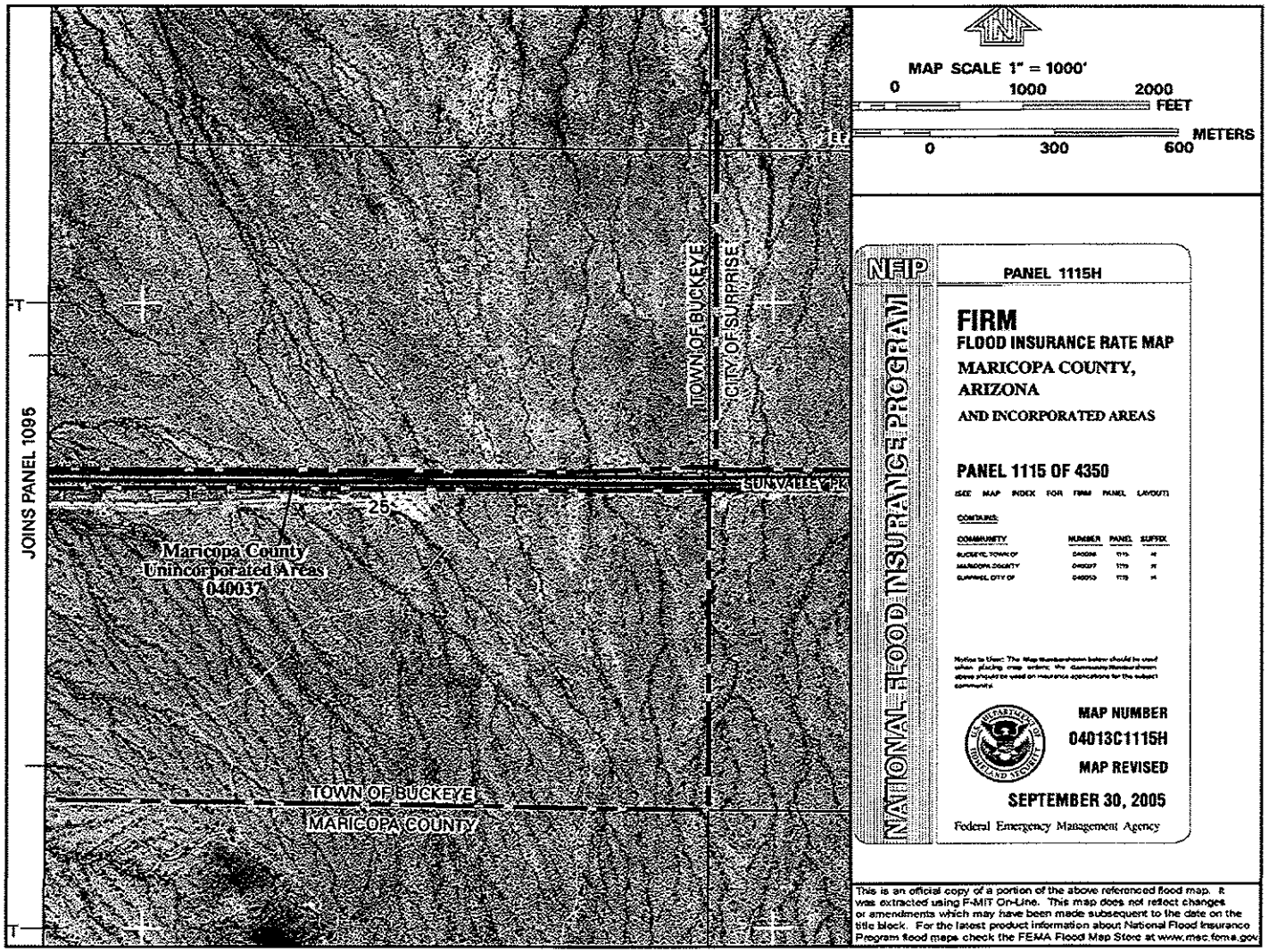
EXHIBIT NO. 13

Flood Map



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Zoning

Each of the four subject parcels has been designated for residential development as part of the larger Festival Ranch master plan. A copy of the land use plan for Buckeye which includes Pulte Homes' portion of Festival Ranch planning area is included as Exhibit 14.

Easements and Restrictions

A title report was not furnished in connection with this assignment and it is assumed there are no easements or restrictions, which would limit, in a meaningful way, the development of each parcel to the uses discussed in this report. Having stated that, there will be covenants, conditions and restrictions (CC&R's) which will be recorded as development of the community proceeds which will have some impact on the subject parcels. The overall impact of CC&R's will have on the community as well as the seven subject parcels is positive; i.e., they will ensure the long-term maintenance of common areas and as a consequence enhance the long-term street appeal of the community.

Environmental Hazards and Concerns

A Phase I Study has been completed; however it was not reviewed in connection with the preparation of this appraisal. It is reported there are no environmental concerns, i.e., hazards anywhere on or immediately adjacent to the subject parcels.

Assessed Valuation and Real Estate Taxes

Because the subject property consists of four parcels which have yet to be fully improved, the current assessments are based upon their unimproved condition. However, as the Maricopa County Assessor's Office becomes aware of the change in land use status, each individual lot within the four residential parcels will be assessed as an improved residential lot. Real estate taxes for finished lots are estimated at $350.

Special Assessments

The purpose of this appraisal is to address the market value of the seven subject parcels for the purpose of placing a special assessment on these properties to reimburse the developer for the cost of qualified public improvements. An assessment in the amount of approximately $2,000 per lot will be placed upon the subject's 250 lots. The assessment will cover a potion of the costs of in-tract street improvements. An annual assessment payment of $150 is estimated.

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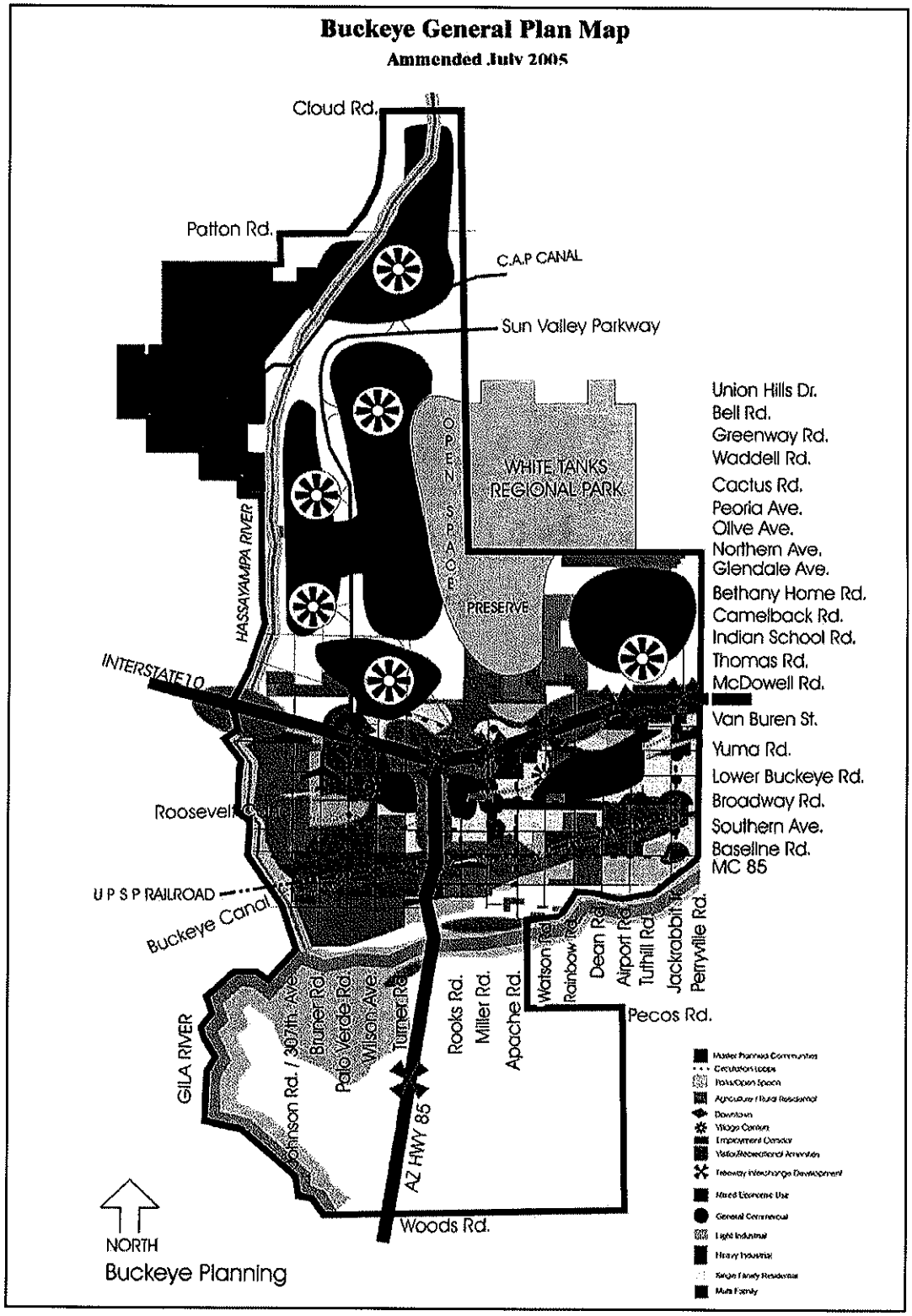
EXHIBIT NO. 14
Land Use Map



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RESIDENTIAL MARKET ANALYSIS

In order to better analyze the financial feasibility and marketability of residential uses within the subject development and an approximate absorption time table, a detailed discussion and analysis of the residential market conditions for Metropolitan Phoenix (largest residential market most proximate to the subject property) as well as the subject's more immediate market area is provided.

METROPOLITAN PHOENIX OVERVIEW

Permit Activity

The Metropolitan Phoenix housing market has just finished its 15th year of a strong recovery that started in 1991 after 6 years of steady declines in permit activity. Table 11 summarizes the residential permit activity for Metropolitan Phoenix between 1985 and first quarter 2007.

TABLE NO. 11

RESIDENTIAL BUILDING PERMITS
Phoenix Metropolitan Area

	Single Family		Townhouse		Multifamily		Total
Year	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.	% of total	No. of Permits.
1985	19,432	38.7	6,617	13.2	24,113	48.1	50,162
1986	20,052	47.9	5,516	13.2	16,327	39.0	41,895
1987	15,944	58.0	3,123	11.4	8,427	30.7	27,494
1988	13,843	67.1	1,317	6.4	5,457	26.7	20,617
1989	11,194	82.8	625	4.6	1,701	12.6	13,520
1990	10,633	81.9	449	3.5	1,891	14.6	12,973
1991	13,510	91.9	485	3.3	710	4.8	14,705
1992	18,328	91.1	566	2.8	1,234	6.1	20,128
1993	21,896	90.5	607	2.5	1,799	7.4	24,302
1994	26,626	78.7	1,212	3.6	6,015	5.6	33,853
1995	26,824	73.7	1,599	4.4	7,991	21.9	36,414
1996	28,157	73.8	1,456	3.8	8,533	22.4	38,146
1997	29,124	74.5	2,174	5.6	7,799	19.9	39,097
1998	33,811	78.2	1,525	3.5	7,877	18.2	43,213
1999	33,252	78.3	1,454	3.4	7,759	18.3	42,465
2000	32,494	76.0	2,218	5.2	8,009	18.8	42,737
2001	32,867	78.5	1,801	4.3	7,201	17.2	41,869
2002	34,312	82.9	1,467	3.5	5,607	13.6	41,386
2003	39,652	85.5	1,894	4.1	4,836	10.4	46,382
2004	48,136	86.4	2,597	4.7	4,997	8.9	55,730
2005	43,256	84.8	4,526	8.9	3,250	6.4	51,032
2006	27,976	73.4	6,187	16.3	3,922	10.3	38,085
2007-1Q	7,017	63.0	2,353	21.1	1,778	15.9	11,148

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

As shown in Table 12, total permit activity had been particularly strong during the late 1990s through the first half of the 2000s with 2004 the strongest in the past two decades. However,

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market weakness at the end of 2005 has continued through 2006 and first half of 2007 with residential permits off more than 25% from pervious years.

Mortgage Rates

A primary reason a recovery in the market is forecast is the fact 30-year mortgage interest rates have been below 9% since 1991, primarily ranging between 7% and 8% over the past 5 years with recent rates falling to as low as 6%. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%. The spread between a 30-year fixed mortgage rate (5.38%) and the federal discount rate (2.00%) now stands at 3.38%, which is slightly less than the 4.2% average of the last 10 years. Nevertheless, even if a small hike in rates occurs, it will not seriously dampen market activity. However, if rates climb above 9%, new home affordability will decline and a significant number of first-time buyers may no longer qualify. Although interest rates began climbing during the summer of 2004, rates declined in the first half of 2005 before climbing to 6.25% at the end of the year. Mortgage rates during 2006 have reached as high as 6.78% though the national average rate reported by Freddie Mac at the end of December 2006 was 6.18%.

New and Resale Housing Market

According to the Arizona Real Estate Center at the W.P. Carey School of Business at Arizona State University, a total of 43,356 new homes were authorized in 2005, which is just off the record pace of 48,136 homes during 2004. The median sales price of new single-family, detached homes in 2005 averaged $251,795, which is 29% higher than the 2004 median of $195,000. Between 2003 and 2004 the median new home price rose 12.5%. During 2005, there were a total of 42,550 new single-family, detached home sales compared to 38,285 sales in 2004 and 32,700 sales in 2003.

Figures just released for 2006 indicate single family residential building permits of 27,976, which represents a 35% decrease from the 43,256 permit issued during the previous year and the lowest level of permits since 1997. Though townhome and multifamily permits increased during 2006, there increase could not offset the dramatic reduction in single family permits. During 2006 the median home price rose to $306,355 from $251,795, which further eroded housing affordability. Though the 2006 median new home price was 306,355 this figure was below the $313,774 median price record during the second quarter of 2006. Median prices declined from the second quarter record.

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The Arizona Real Estate Center also reports 67,030 sales of existing homes throughout Metropolitan Phoenix during 2006. By comparison, 110,835 sales of existing homes took place during 2005and 102,115 resales in 2004. The reduction in the sales rate resulted from a stalemate in the marketplace between buyers and sellers. Buyers in the market during 2006 were looking for bargains while sellers were hoping to hold onto appreciation recorded during 2005.

During 2006, the market backed down from the record levels of 2004 and 2005. Homebuilders slowed construction to unload existing inventory before committing to new deliveries. As existing inventories continue to decrease the level of new construction activity should slowly return, though the pace will be lower than the record levels of 2004 and 2005.

Housing Affordability

Historically, there appears to be fairly significant degree of correlation between the affordability of single-family housing and interest rates. Table 23 provides a comparison of these two items for new and resale homes. The affordability index is defined in terms of the median-income household; an index of 100 indicates that a median-income household is able to qualify for a median-priced home.

TABLE NO. 12

SINGLE-FAMILY AFFORDABILITY ANALYSIS
Metropolitan Phoenix

		Resale Homes		New Homes	
Year	Effective Interest Rate	Median Sales Price	Affordability Index	Median Sales Price	Affordability Index
1988	10.8%	$77,197	95	$103,950	72
1989	11.0%	$77,932	98	$105,850	72
1990	10.5%	$79,237	105	$109,300	76
1991	9.4%	$80,383	117	$107,500	87
1992	8.6%	$83,060	125	$108,800	95
1993	7.4%	$83,715	144	$112,500	108
1994	8.5%	$87,230	129	$124,475	90
1995	8.1%	$91,070	133	$127,600	94
1996	7.9%	$96,890	132	$130,800	98
1997	7.5%	$105,245	130	$136,220	101
1998	6.9%	$113,427	132	$139,073	107
1999	7.3%	$120,440	120	$146,645	99
2000	7.9%	$128,512	109	$150,790	92
2001	6.9%	$136,005	115	$156,450	100
2002	6.4%	$144,900	124	$159,990	113
2003	5.7%	$155,000	126	$173,235	113
2004	5.7%	$174,815	114	$195,000	102
2005	5.7%	$240,500	84	$251,795	80
2006	6.3%	$260,600	74	$306,355	63
2007-1Q	6.0%	$262,570	76	$296,425	67

Source: Arizona Real Estate Center, College of Business, Arizona State University

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Single-family market share has tended to increase as the affordability of new single-family homes is improved. In particular, according to Arizona State University, during the high inflationary (and high interest rate) period from 1983 through 1986, the affordability index averaged roughly 64 and single-family building permit market share averaged (weighted) 58%. During the next 5 years (1987-1991), as interest rates declined, the affordability index increased to an average of about 76 and the single-family market share of permitting increased to a weighted average of roughly 76%. More recently (2001-2004), the affordability index increased above 100 to a high of 113, and as expected, single-family market share increased further. In 2004 and most notably 2005, the affordability index has fallen. Median prices for both resale and new homes jumped dramatically in 2005. The median price of a resale home increased 37.5% during 2005, while the median price of a new home increased 29.1%. Even with interest rates below 6.50%, housing affordability in the Metropolitan Phoenix market has diminished. In terms of pricing, it appears the market peaked in the second quarter of 2006 as median home price fell from $313,774 to $310,000 in the third quarter and $305,000 in the fourth quarter. The decline has continued into the first quarter 2007 as the median new home price fell below $300,000.

COMPETITIVE MARKET AREA

According to the Phoenix Metropolitan Housing Study prepared by the Arizona Real Estate Center within the W.P. Carey School of Business at Arizona State University, the subject site is located within District 22W (Southwest Maricopa County, which covers an expansive area including almost the entire western half of Maricopa County.

Inventory Trends and Permit Activity

Table 13 identifies significant market information regarding single family detached housing development within the defined competitive market area.

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TABLE NO. 13

HISTORICAL OVERVIEW
Competitive Market Area[a]

Year	Inventory	% of Metro	Permit Activity	% of Metro	Median New Home Price
Single Family Detached Product					
1996	23,306	3.5	1,885	6.7	$132,517
1997	25,331	3.6	2,138	7.3	$125,000
1998	27,531	3.8	2,328	6.9	$137,158
1999	29,957	3.9	2,213	6.7	$142,247
2000	31,480	3.9	1,876	5.8	$155,000
2001	33,210	4.0	1,677	5.1	$150,764
2002	35,012	4.1	2,065	6.0	$159,990
2003	37,624	4.2	3,672	9.3	$172,014
2004	42,916	4.5	7,007	14.6	$200,000
2005	50,729	5.1	8,630	20.0	$241,170
2006	59,216	5.8	6,220	22.2	$276,880
2007-Q1	60,659	5.9	1,372	19.6	$269,925

[a] Phoenix Metropolitan Housing Study Statistical District 22W (Southwest Maricopa County)

Source: Phoenix Metro Housing Study Committee; Arizona Real Estate Center, College of Business, Arizona State University

Strong demand for single family detached housing in this market area is indicated by the fact that between the end of 1996 and the end of 2006, the inventory has more than doubled with 35,910 new homes during this period. Over the same period, new home values have appreciated at an average compound annual rate of 7.5%, which is slightly higher than the overall average for Metropolitan Phoenix. Between 2000 and 2006, the increase averaged about 10% per year; however, the median price during the first quarter 2007 reversed its upward trend. New home values are declining in many submarkets including the subject's which includes a significantly large geographical area.

After increase for each of the past four years, permits peaked in 2005 with 8,630 new home permits. In 2006, permit activity fell approximately 25% to 6,220. Clearly, the robust activity of 2004 and 2005 has given way to a much slower market. Subject's competitive market area along with all of Metropolitan Phoenix will continue to experience a slower pace of growth until existing inventory created during the overbuilding of 2004 an 2005 are reduced. Because many builders have shelved or entirely walked away from a number of future developments, the number of projects in the pipeline for development in the near term has been significant reduced.

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Festival Foothills Proposed Housihg Product

Pulte Homes is offering four different series of homes on four different lot sizes: 43', 48', 58', and 68' wide lots. Table 14 summarizes the proposed lot mix for the subject's 250 lots in the second phase of Festival Foothills.

TABLE NO. 14

FESTIVAL FOOTHILLS PRODUCT MIX ASSESSMENT AREA NO. 5			
Product Series	Lot Size	No. Of Lots	% Of Total
Series 1 - Adobe	43x115	85	34%
Series 2 - Sonoran	48x115	71	28%
Series 3 - Peak	58x115	61	24%
Series 4 - Ridge	68x115	33	13%
Totals		250	100%

FORECASTED SUPPLY/DEMAND

Survey of Existing Single Family Subdivisions

A detailed survey of existing single family subdivisions that exhibit relatively similar characteristics to the subject lots was undertaken to obtain a more comprehensive knowledge of the market. There is no direct competition in the subject's immediate area. The closest residential development is approximately eight miles east along Bell Road in Surprise. The only other development along the Sun Valley Parkway is approximately 12 miles to the south at Tartesso in Buckeye. Because the developing areas of Surprise are closer to subject than Buckeye, the majority of the market data surveyed was extracted from the Surprise market, though information from Tartesso was also included. Analyses of the subject's proposed lots based upon data obtained from Hanley Wood, a market research company, are presented according to their respective lot size in the following subsections.

43'and 48' Foot Wide Product

The subject property will include 85 lots with average lot dimensions 43' x 115' (Series 1 - Adobe) and 71 lots with average lot dimensions 48' x 115' (Series 2 - Sonoran). Due to a limited number of completing lots at each of these lot widths, the two lot products are analyzed together. The competing 43' to 48" wide lot subdivisions indicate a home size range of 1,095 to 3,212 square feet. Base prices of these projects range from $189,950 to $304,990. The weighted average base price for homes in this lot size category is $235,600 for a 2,001 square foot home.

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On a per square foot basis, the prices range between $90.35 and $164.76 per square foot with an average square foot price of $117.71 A pricing array of competing subdivisions similar to the subject's 43′ and 48′ foot wide lots is included on Figure 1 on the following page.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $190,000 and $305,000 should fall within a range of $47,500 and $76,250 per lot ($990 to $1,510 per front foot using 48′ frontage as average). At the average price of $235,000, a finished lot cost of $58,750 is suggested. Both subject's proposed pricing of its Series 1 and Series 2 housing product is a the low end of the range as indicated on Figure 1.

TABLE NO. 15

FESTIVAL FOOTHILLS SERIES 1

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 1 - Adobe			
Sunset	43x115	1,230	$149,900
Horizon	43x115	1,476	$164,900
Twilight	43x115	1,624	$173,900
Crescent	43x115	2,154	$188,900

TABLE NO. 16

FESTIVAL FOOTHILLS SERIES 2

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 2 - Sonoran			
Ironwood	48x115	1,780	$177,900
Palo Verde	48x115	2,023	$187,900
Mesquite	48x115	2,364	$199,900

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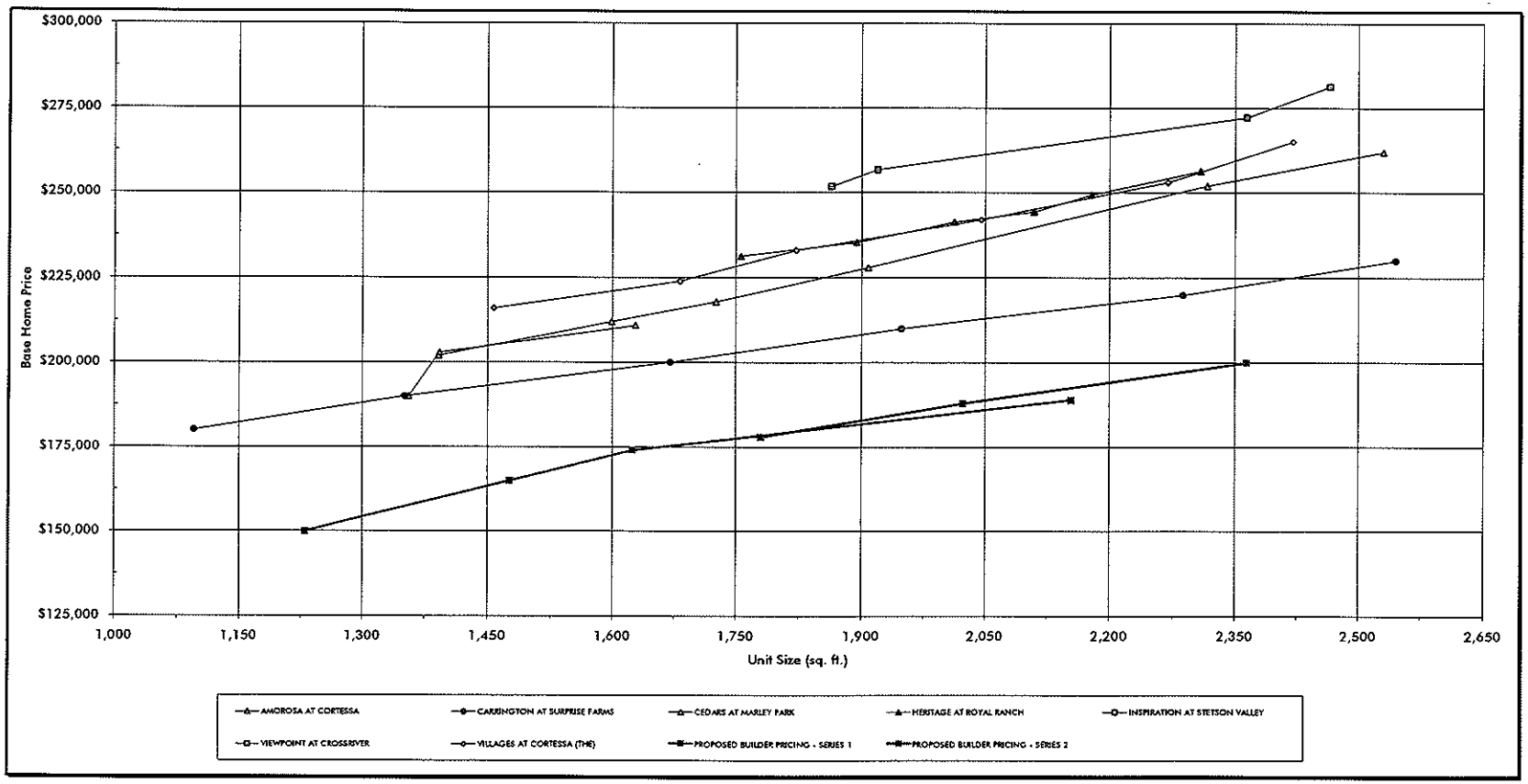
FIGURE NO. 1
43' and 48' Wide Product



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58' Foot Wide Product

Unit 23 is comprised of 61 lots with average dimensions 58' x 115'. The competing projects surveyed included lots with 55' to 60' wide dimensions. These subdivisions indicate a home size range of 1,095 to 4,602 square feet. Base prices of these projects range from $219,950 to $389,950. The weighted average base price for homes in this lot size category is $305,139 for a 2,449 square foot home. On a per square foot basis, the prices range between $84.73 and $200.87 per square foot with an average square foot price of $116.32. A pricing array of competing subdivisions similar to the subject 58 foot wide lots is included on Figure 2.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $220,000 and $390,000 should fall within a range of $55,000 and $97,500 per lot ($948 to $1,681 per front foot using a 58' wide lot). At the average price of $305,000, a finished lot cost of $76,250 is suggested. Again, subject's proposed Series 3 (Ridge) housing product is at the bottom of the range indicated by the comparable subdivisions.

TABLE NO. 17

FESTIVAL FOOTHILLS SERIES 3

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 3 - Ridge			
Canyon	58x115	3,121	$241,900
Arroyo	58x115	3,549	$255,900
Mesa	58x115	3,666	$262,900
Butte	58x115	4,068	$289,900

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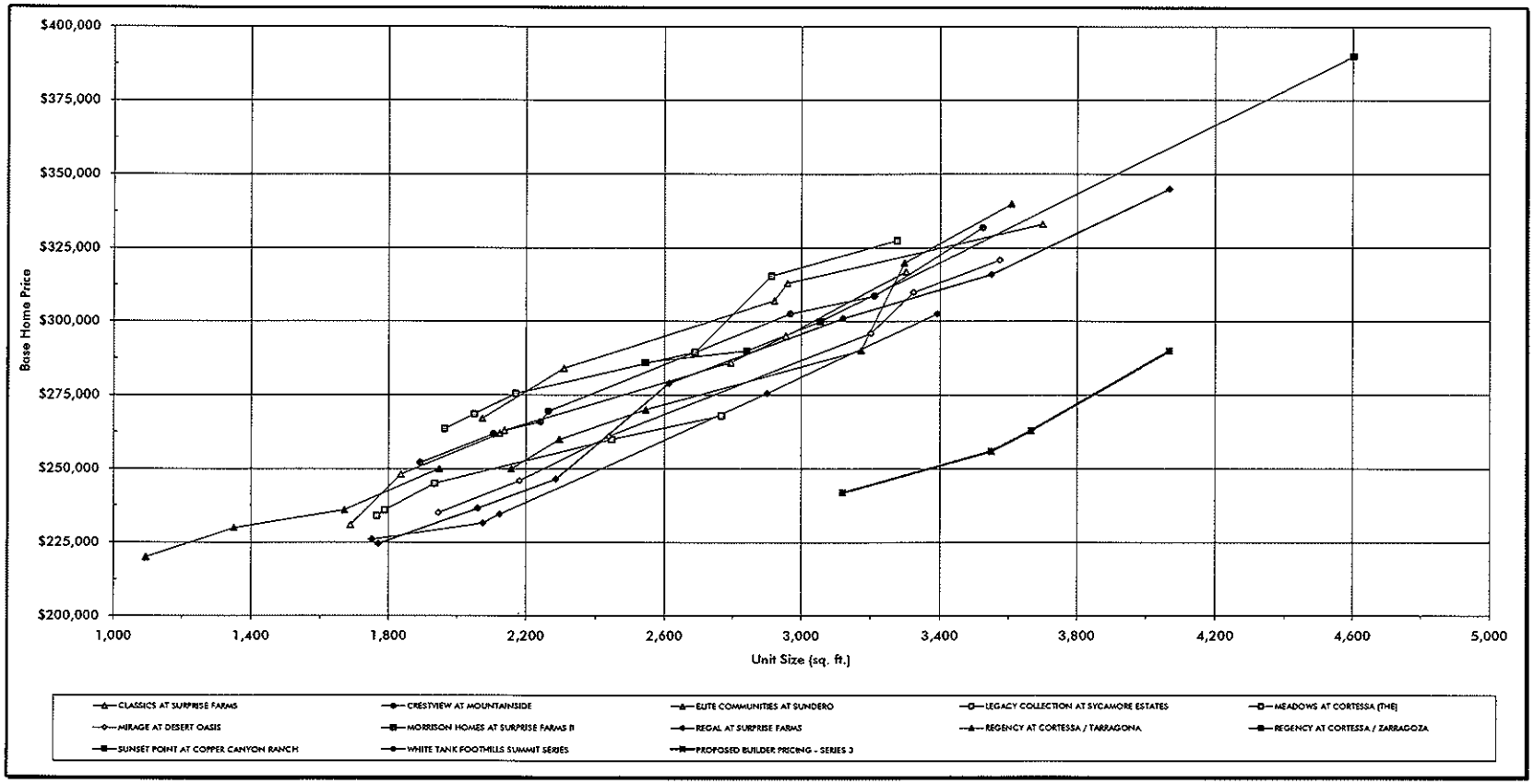
FIGURE NO. 2
58' Wide Product



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68' Foot Wide Product

Unit 21 is comprised of 33 lots with average dimensions 68' x 115'. The competing 68' wide lot subdivisions (65' to 70') indicate a home size range of 1,896 to 4,223 square feet. Base prices of these projects range from $244,880 to $430,990. The weighted average base price for homes in this lot size category is $321,288 for a 2,866 square foot home. On a per square foot basis, the prices range between $85.58 and $142.27 per square foot with an average square foot price of $112.10 A pricing array of competing subdivisions similar to the subject 68 foot wide lots is included on Figure 3.

As a general rule of thumb in the housing industry, the price of finished residential lots relative to the price of competing housing units typically falls within a range of 20% to 30%. Using a mid-point of 25% suggest that the cost of the lots to support finished product between $245,000 and $430,000 should fall within a range of $61,250 and $107,500 per lot ($900 to $1,580 per front foot). At the average price of $320,000, a finished lot cost of $80,000 is suggested. One again, pricing of Series 4 homes are at the low end of the range.

TABLE NO. 18

FESTIVAL FOOTHILLS SERIES 4

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price
Series 4 - Peak			
Sierra	68x115	2,503	$255,900
Cordillera	68x115	2,667	$271,900
Pinnacle	68x115	3,044	$281,900

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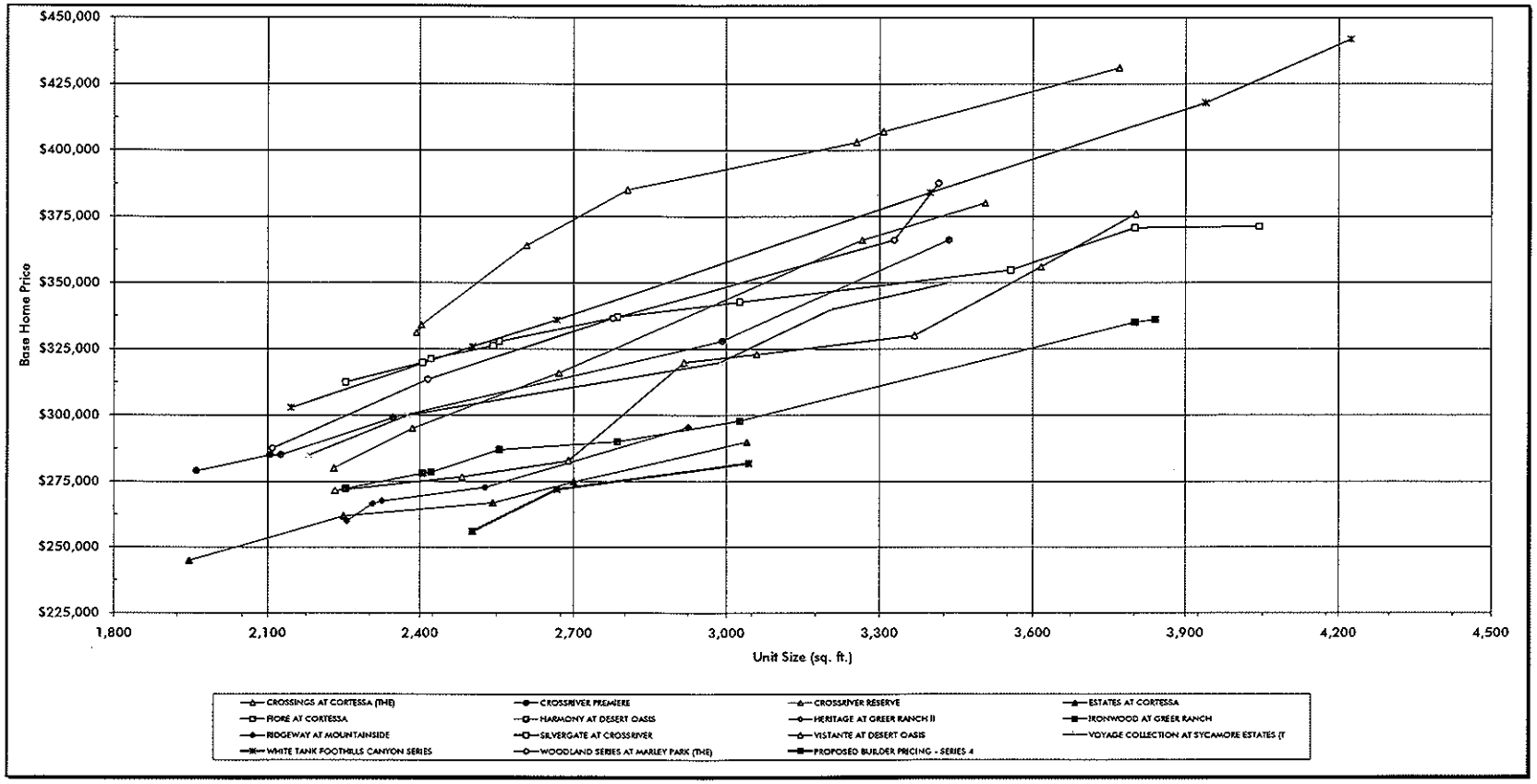
FIGURE NO. 3
68′ Wide Product



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CMA SALES DATA

Using the same subdivisions as the preceding discussion identifying the base home pricing and home size in the marketplace, we have extracted additional market information including absorption rates, year-to-date sales, and remaining inventory as illustrated on Table 19.

TABLE NO. 19

FESTIVAL FOOTHILLS CMA SALES DATA*

Lot Width	Overall Avg. Monthly Absorption	YTD (June) Sales	YTD Avg. Monthly Absorption	Remaining Unsold Lots
43'-48'	5.78	83	2.31	610
58'	4.11	311	3.06	826
68'	2.91	163	1.85	1,182

*Does not include lots available in Phase I of Festival Foothills

The absorption information summarized in the table above indicates a decline in the level of absorption during the first half of 2007.

Potential Future Supply

The projected level of absorption for the subject's residential lots must be reasonable not only in light of historic and current market conditions, but also future conditions. Existing as well as proposed development in the immediate area of the subject property is illustrated on Exhibit 15.

As illustrated on Exhibit 15, there are numerous large-scale master planned communities are planned along the Sun Valley Parkway and while these communities will eventually provide competition for the subject property, only the subject property (Festival Ranch) and Tartesso at the south end of the parkway are under construction and actively selling product. The other communities along the parkway are in various stages of planning and development. A new community called Trillium on the west side of the Sun Valley Parkway has been mass graded; however, it was recently purchased by an adjacent owner for inclusion within a larger community. The property is now being planned as part of the larger development.

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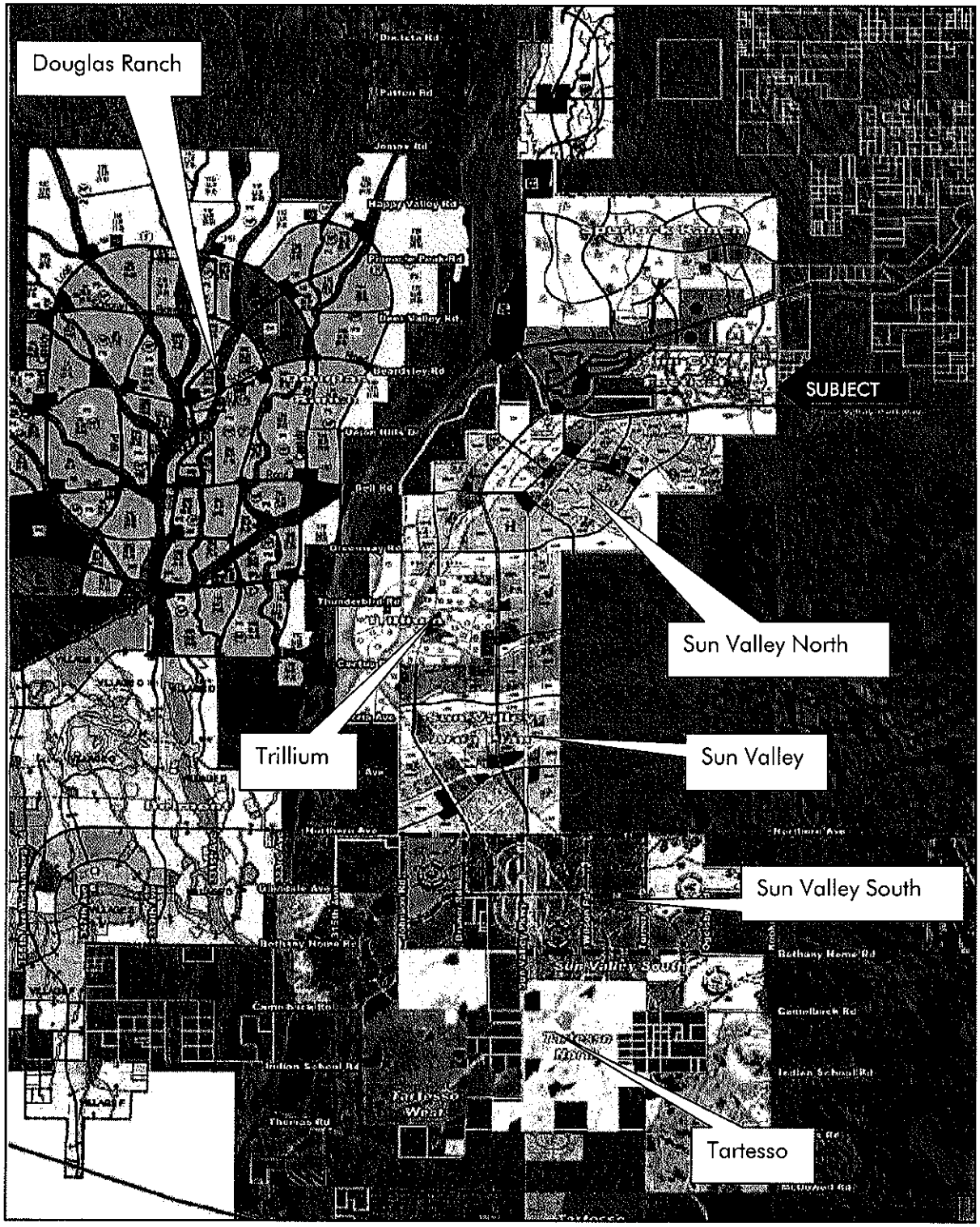
EXHIBIT NO. 15

Aerial Photograph (SVP Planned Communities)



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Pulte Homes has plans for a second community along the Sun Valley Parkway a few miles south of Festival Ranch; however, the pace of development has been curtailed given the market slowdown and the fact this property would be a direct competitor with Festival Foothills.

New competition will come along the Sun Valley Parkway; however, the required infrastructure work and cost will contain the overall pace of new development. Much of Festival Foothills master infrastructure (WWTP, Canyon Springs Boulevard, etc.) has been completed as part of the first phase of Sun City Festival. The ability to piggy-back on this infrastructure is a significant advantage.

CONCLUDING REMARKS - RESIDENTIAL MARKET ANALYSIS

After two years of record growth in the residential sector during 2004 and 2005, the Metropolitan Phoenix market is in a slowdown. While contraction in the market is anticipated through the remainder of 2007 and 2008, the market should rebound as long as the population continues to grow, mortgage interest rates remain low, the economy remains stable, and no unforeseen events occur (eroding consumer confidence).

The subject property is in a competitive marketplace, however, given the amount of current inventory and transitioning nature of the area, it is difficult to gauge actual demand in the near to mid-term. Home pricing, builder reputation, product, location, amenities, etc. are all important factors as this market develops. In our opinion, the proposed subject subdivisions will be able to compete effectively in the marketplace given their competitive price point.

HIGHEST AND BEST USE

The four subject parcels comprise the majority of the second phase of single family housing development within Festival Foothills. As noted previously, Pulte Homes' 3,100 acres within Festival Ranch are designated mostly for active adult with less than 300 acres planned for development with Festival Foothills, its conventional housing component. The four subject parcels represent four of the five residentially designated land parcels in the second phase of Festival Foothills. All four planning areas have received final plat approval from the Town of Buckeye and are currently being developed with residential subdivisions. Off-site infrastructure which will serve all of the parcels in the second phase has commenced.

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In addressing the highest and best use of the subject parcels, consideration has been given to the following four factors:

- Is the proposed use legally permissible;
- Is the proposed use physically possible;
- Is the proposed use economically and financially feasible; and
- Does the proposed use represent the most profitable among the alternative uses that legally permissible, physically possible and economically feasible.

Because all four parcels are designated for single family residential development, the following analysis addresses their residential development potential.

LEGALLY PERMISSIBLE

All four subject parcels are designated for single-family residential uses with vary degrees of density. Further, all four parcels have approved final subdivision plats. The residential development of the subject parcels represents a legally conforming use under their current zoning.

PHYSICALLY POSSIBLE

The boundaries of the four subject parcels have been established within the larger Festival Foothills community. The size of each, while reflecting some physical constraints tied to roadways and easements, are more accurately the results of a general layout design maximizing the physical layout and net efficiency of each parcel. The number of lots, their width and depth, has been a consideration and if the parcel did not work, from a physical standpoint, the design would have been altered to make them work. Final plats have been prepared and approved all seven subject parcels. It is concluded the residential use designated for all of the subject parcels is physically possible.

FINANCIALLY FEASIBLE

The Festival Foothills community opened in early 2007 with the development of seven planning areas offering each of the four home product series. Although the market for new single family homes is struggling with oversupply, falling prices and tightening mortgage lending

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requirements, the Festival Foothills community has been able to establish a presence in the market by offering a highly competitive and affordable product.

The four subject parcels represent the majority of the next phase of Festival Foothills, which is a roughly 260-acre conventional housing community within the larger Festival Ranch community. The same product being marketed in the first phase of Festival Foothills will be offered in Phase II.

As noted in the Neighborhood Analysis and Market Analysis sections of the report, Festival Foothills is located in a previously undeveloped area in northwestern Maricopa County approximately eight miles west of the nearest residential development in Surprise. Compared with previous years, absorption and price levels have fallen. Significant financial incentive offers by homebuilders to reduce their levels of standing inventory and a decrease in demand have fueled the decline. In light of the current market conditions and remote location of the subject property, subject's proposed pricing is set at a level to effectively compete.

MAXIMALLY PRODUCTIVE

The subject parcels are located within a larger residential community in which significant planning and development has already taken place. In order to develop a project of the magnitude of Sun City Festival and Festival Foothills, considerable planning and expense is incurred prior to on-site construction. For instance, the property must be secured, entitled, permits and development agreements must be attained to secure the necessary infrastructure. In the case of the subject property this has occurred. In fact, final plats have been approved for all seven subject parcels. Due to this fact, there is very little flexibility in terms of the development options now that the legal, physical and financial criteria have been met. It is our opinion that development of the subject properties with their proposed uses is their maximally productive use.

HIGHEST AND BEST USE CONCLUSION

Reflecting the facts and reasoning outlined above, it is concluded the highest and best use of the seven subject parcels is for their development with their respective proposed residential uses.

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THE VALUATION DISCUSSION

The purpose of this appraisal is to form an opinion of the wholesale (bulk) value of the four subject properties, which are all proposed for single family residential development. The wholesale or bulk value of each of the various subject properties reflects their "as is" value, i.e., the condition of each property on the date of valuation. The four subject properties have been platted and engineered for single family residential development with 250 single family residential lots within subdivisions ranging from 33 to 85 lots.

In estimating the value of vacant land for residential use, a variety of valuation methodologies including the Development Approach, Modified Cost Approach or Sales Comparison may be employed. Of these three valuation approaches, the Modified Cost Approach was chosen given the nature of development of the community and fact there are limited bulk sales of platted and engineered lots. Therefore, the modified cost approach or residual analysis was utilized to value the subject. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is predicated upon the assumption the proposed residential lots are completed, i.e., the lots comprise a subdivision of finished residential lots. The "as if complete" value is estimated using the Income Approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form an opinion of the "as if complete" value of the property due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant infrastructure costs front-load to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form an opinion of the subject's "as is" value, is the "as if complete" value. The next step is to subtract all on- and off-site development costs and market based profit. The final step is to add back any expended development costs and incurred profit.

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MODIFIED COST APPROACH (RESIDUAL ANALYSIS)

The "as is" value of the subject's four planning units are estimated using the Modified Cost Approach. A Modified (or residual) Cost Approach appears to be the most reasonable valuation approach given the scarcity of comparable sales of bulk final platted and engineered lots. The methodology of the Modified Cost Approach presumes that a prudent investor would pay no more for a property than the cost of obtaining a site and building comparable improvements with similar design and utility. This approach also tests the financial feasibility of the proposed subject development. There are three major steps involved in this approach: (1) form an opinion of the hypothetical market value of the property, i.e., as finished residential lots; (2) estimate and deduct all lot development costs as well as applicable entrepreneurial profit; and 3) add back any lot development costs incurred to date as well as any earned entrepreneurial profit.

FINISHED LOT VALUE OPINION

The first step in the residual valuation process is to estimate the finished lot value on an "as if compete" basis for each of the four Festival Foothills units. The Income Approach is the methodology by which the hypothetical finished lot values are estimated. Because subdivision development differs from other types of income producing property, the Income Approach for analyzing subdivision development include two alternative valuation techniques: a static residual model and yield analysis.

The static residual analysis solves for finished lot value by subtracting all costs (including profit) from the anticipated revenues generated from home sales and lot premiums. Profit margins, which are usually expressed as a percentage of gross sales, are readily available from the market for this type of analysis. Surveys of merchant builders indicate that the time value of money and risks are considered in the profit margin. However, static profit margins can vary significantly dependent upon the product being built (i.e. entry-level vs. luxury), the expected level of market competition, the influence of pent-up demand, fluctuating interest rates and borrowing costs, the amount of lot inventory carried by the builder and its physical status (raw land vs. improved lots), the form of lot inventory acquisition (rolling option vs. bulk purchase of improved lots vs. development of raw land), and most importantly the length of the holding period. If all other things are equal, a project with a sellout period of four years will warrant a greater profit than a project with a two year sellout period.

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Given the variability of static profit margins, it is also very important in subdivision valuation to analyze the timing of the expected cash flows that the project will generate. This form of dynamic analysis, which is otherwise known as yield analysis, helps to serve as a secondary independent valuation technique, but more importantly, it tests the reasonableness of the profit margin chosen in the static residual analysis. If acquisition, development, and/or construction financing is considered, the yield analysis is very useful in that the rate of return can be divided between the debt and equity components.

Static Residual Analysis

The static residual analysis begins by estimating all sources of revenues from which all costs of production, including profit, are subtracted. The residual number is therefore considered the finished lot value. In regards to the subject property, finished lot value is synonymous with the hypothetical "as if complete" market value.

Base Home Revenue Projections

The four product series proposed for the subject's four planning units are the same product currently being sold in the first phase of the community. Pricing data for the four product series are summarized in Table 20 on the following page.

The four product series range from a 1,230 square foot home on a 43 foot wide lot to a 4,068 square foot home on a 58 foot wide lot. Base prices range from $149,900 to $289,900. Base prices increase $2,000 to $3,000 per plan based upon elevation.

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TABLE NO. 20

FESTIVAL FOOTHILLS BASE PRICING

Series	Lot Size	Avg. Sq.Ft.	Average Base Home Sale Price	Average Sale Price/ Sq.Ft.
Series 1 - Adobe				
Sunset	43x115	1,230	$149,900	
Horizon	43x115	1,476	$164,900	
Twilight	43x115	1,624	$173,900	
Crescent	43x115	2,154	$188,900	
Series 1 - Adobe	43x115	1,621	$169,400	$ 104.50
Series 2 - Sonoran				
Ironwood	48x115	1,780	$177,900	
Palo Verde	48x115	2,023	$187,900	
Mesquite	48x115	2,364	$199,900	
Series 2 - Sonoran	48x115	2,056	$188,567	$ 91.73
Series 3 - Ridge				
Canyon	58x115	3,121	$241,900	
Arroyo	58x115	3,549	$255,900	
Mesa	58x115	3,666	$262,900	
Butte	58x115	4,068	$289,900	
Series 3 - Ridge	58x115	3,601	$262,650	$ 72.94
Series 4 - Peak				
Sierra	68x115	2,503	$255,900	
Cordillera	68x115	2,667	$271,900	
Pinnacle	68x115	3,044	$281,900	
Series 4 - Peak	68x115	2,738	$269,900	$ 98.58

Based upon the pricing schedule in the table above, base revenue for the subject's four planning areas can be projected. Table 21 summarizes the revenue projects for each of the planning areas.

TABLE NO. 21

FESTIVAL FOOTHILLS REVENUE PROJECTION

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Base Sales Price	Avg. Price/ Sq.Ft.	Base Revenue Per Product
Unit 15	Adobe	43'	85	34%	1,621	169,400	$ 104.50	$ 14,399,000
Unit 17	Sonoran	48'	71	28%	2,056	188,567	$ 91.73	$ 13,388,233
Unit 21	Peak	68'	33	13%	2,738	269,900	$ 98.58	$ 8,906,700
Unit 23	Ridge	68'	61	24%	3,601	262,650	$ 72.94	$ 16,021,650

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When compared to comparable product in the market (see Residential Market Analysis section), the pricing of the four product series appears reasonable. Given the consistency between developer's base pricing and current market pricing, developer's base pricing is used to estimate base home price revenue.

Lot Premium Revenue Projection

Although lot premiums can come from a variety of sources including, golf course frontage (no golf premiums in Foothills units), open space, cul-de-sac, corner lots, and city/mountain views, of particular importance to the valuation of the subject property are open space lots, oversized lots and cul-de-sac lots. Of the subject's 250 lots, 95 lots or 38% of the lots may have premium lots. Lot premiums can range from a low of a few hundred dollars to more than $100,000 depending upon the premium characteristic. Lot premiums for the subject's lots have been estimated between $750 for a corner location and $6,500 per lot for a location adjacent to open space. Table 22 summarizes the estimated lot premiums for the four planning units.

TABLE NO. 22

PROJECTED PREMIUM LOTS

Premium Characteristic	No. of Lots	As %	Average Premium	Total Premiums
Oversize	21	8%	$ 5,000	$ 105,000
Corner	24	10%	$ 750	$ 18,000
Cul-de-cac	17	7%	$ 2,000	$ 34,000
Open space	33	13%	$ 6,500	$ 214,500
Total	95	38%		$ 371,500

The subject's 95 premium lots are projected to generate $371,500, or an average of $3,911 per lot. Based upon the total of 250 lots, premium lot revenue is equivalent to $1,486 per lot. A further breakdown of the premium lots by planning units is provided on Table 23 on the following page.

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TABLE NO. 23

PROJECTED LOT PREMIUMS - UNIT 15			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	4	$ 5,000	$ 20,000
Corner	5	$ 750	$ 3,750
Cul-de-cac	11	$ 2,000	$ 22,000
Open space	0	$ 6,500	$ -
Total			$ 45,750
Overall Average Lot Premium	85		$ 538

PROJECTED LOT PREMIUMS - UNIT 17			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	5	$ 5,000	$ 25,000
Corner	10	$ 750	$ 7,500
Cul-de-cac	0	$ 2,000	$ -
Open space	15	$ 6,500	$ 97,500
Total			$ 130,000
Overall Average Lot Premium	71		$ 1,831

PROJECTED LOT PREMIUMS - UNIT 21			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	7	$ 5,000	$ 35,000
Corner	2	$ 750	$ 1,500
Cul-de-cac	6	$ 2,000	$ 12,000
Open space	11	$ 6,500	$ 71,500
Total			$ 120,000
Overall Average Lot Premium	33		$ 3,636

PROJECTED LOT PREMIUMS - UNIT 23			
Premium Characteristic	No. of Lots	Average Premium	Total Premiums
Oversize	5	$ 5,000	$ 25,000
Corner	7	$ 750	$ 5,250
Cul-de-cac	0	$ 2,000	$ -
Open space	7	$ 6,500	$ 45,500
Total			$ 75,750
Overall Average Lot Premium	61		$ 1,242

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Direct Home Construction Costs

Direct home construction costs are the physical materials required to construct the proposed residence and the associated labor costs. This is sometimes referred to as the "sticks and brick" of construction. Direct construction costs provided by the developer are summarized in Table 24.

TABLE NO. 24

FESTIVAL FOOTHILLS DIRECT HOME CONSTRUCTION COSTS

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Avg. Home Const. Cost	Avg. Cost/ Sq.Ft.
Unit 15	Adobe	43'	85	34%	1,621	78,584	$ 48.48
Unit 17	Sonoran	48'	71	28%	2,056	87,326	$ 42.48
Unit 21	Peak	68'	33	13%	2,738	131,612	$ 48.07
Unit 23	Ridge	58'	61	24%	3,601	128,297	$ 35.63

Indirect Home Construction Costs

Construction costs for all types of real estate have seen tremendous increases over the past few years as demand for building materials increased. In addition to the base construction costs (sticks and bricks), permits and other impact fees must be added. Table 25 summarizes the total cost of construction by product series.

TABLE NO. 25

FESTIVAL FOOTHILLS DIRECT HOME CONSTRUCTION COSTS

Planning Area	Product Series	Lot Width	No. Of Lots	% Of Total	Avg. Home Size (Sq.Ft.)	Sticks & Bricks Const. Cost	Permits & Fees	Total Const. Cost	Avg. Cost/ Sq.Ft.
Unit 15	Adobe	43'	85	34%	1,621	78,584	$ 23,217	$ 101,801	$ 62.80
Unit 17	Sonoran	48'	71	28%	2,056	87,326	$ 23,418	$ 110,744	$ 53.87
Unit 21	Peak	68'	33	13%	2,738	131,612	$ 29,146	$ 160,758	$ 58.71
Unit 23	Ridge	58'	61	24%	3,601	128,297	$ 29,548	$ 157,845	$ 43.83
Totals/Average			250	100%	2,375	$ 100,196	$ 25,601	$ 125,798	$ 55.10

According to the developer, permits and fees add an average of just over $25,000 per home to their overall cost of construction. Fees and permit costs between $23,000 and $29,500 per lot appear reasonable given the level of impact fees in Buckeye.

A breakdown of indirect costs which generally include such items are sales commissions, sales tax, closing costs, concessions (discounts/incentives), customer service (warranty) and other miscellaneous expenses is provided under the following subheadings.

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Sales Commissions and Sales Tax

In production housing, if no other sales commissions are payable, sale commissions are typically paid at 1.5% to 2.5% of the base home sale price to the in-house sales personnel. For co-brokerage situations, 1.5% to 2.5% is paid to the in-house sales personnel and 3.0% to 3.5% to outside salespersons. Average in-house sales commission and co-brokerage sales commission expenses are estimated to average 1.5% and 0.6% of total revenues, respectively. This assumes in-house commissions of 1.0% and co-broke commissions of 3.0% with 80% of all sales occurring as in-house sales.

Sales tax generally ranges between 2.5% and 5.5% of base home sale price, depending upon the municipality and structure of the development/homebuilding entity. For this analysis, an average of 3.5% is utilized.

Warranty and Closing Costs

Warranty and closing costs are typically quoted on a per unit basis and not as a percentage of sales revenues. These costs are variable in the sense that they are dependent upon home price and quality. However, within a price and quality bracket, they are fairly consistent. Generally, closing costs range between 0.25% and 1.0% per home and warranty costs are about the same except in the higher-end home quality transactions. In these circumstances, warranty costs can be double the closing cost figures. Closing costs are estimated at $1,250 per home and warranty costs are estimated at 1.5% of base home price.

Miscellaneous (Contingency) Costs

Miscellaneous costs (contingency) can vary greatly depending upon the location of the property and quality of the construction materials. On average, this expense is usually 0.25% to 1% of base home revenues. For this analysis, we will use 0.75%.

Sales Concessions (Discounts/Incentives)

Sales concessions are the most volatile expense item since they are a reflection of changing market conditions. Instead of lowering home prices if the market slows down, most homebuilders offer discounts/incentives to lure home buyers. In some instances, sale concessions can be material, while no concessions can be the norm in other circumstances. Typical sale concessions range from none to some discounting of options/upgrades and lot premiums. In our opinion, it appears the marketplace is likely to offer some sort of incentive to buyers. A discount or incentive of 2% of the base home price is projected.

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Project Costs

These costs are those that are not directly related to the construction or sale of a specific home (unit), but are general costs associated with the operational aspects of the project. Most builders generally include an allowance for construction overhead (on-site supervision), marketing and advertising (not related to sales commissions or incentives), and administrative and overhead items within this category of expenses.

Construction Overhead

Construction overhead relates to direct supervision of the actual homebuilding operations on-site, as well as the cost to construct or lease temporary construction trailers, lease and maintain construction equipment, and purchase certain construction materials not previously identified in the direct home construction discussion. This cost is generally 1% to 3% of total revenues. For this analysis, we have estimated a ratio of 1.5% of base home revenues.

Sales and Marketing

Advertising and promotion is generally 1% to 3% of base home revenues, depending upon the size and quality of the project and whether or not it is located in a master-planned community which may involve a joint marketing campaign with other builders. Most of the advertising expense for a typical subdivision is associated with signage, brochures, and newspaper ads. The four subject properties comprises a much larger development which is different than the typical residential subdivision. Significant up-front sales and marketing expenses are associated with the promotion of a new age-restricted community. For instance, age-restricted communities typically include more elaborate model home and sales center complexes. Additional, expenditures for television, national magazine and newspaper advertisements can typically be associated with the start-up of a new community. Because the subject property represents the initial offerings within the community, additional expenditures, over and above the stabilized marketing budget, is considered appropriate. For this analysis, a sales and marketing expense of 2% of base home revenues.

Administrative and Overhead

Within the administrative and overhead category, there are numerous smaller expense items which collectively become quite sizable. These include: model operational costs (including model lease, maintenance, utilities, security, hostess, office supplies, telephone, computer and

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furniture leases, etc.), sales office construction, liability insurance, and appraisal, legal and accounting fees. Combined, these expenses can amount to as much as 4% of gross revenues, but are generally nearer mid-range. Because of the unique nature of the subject community (age-restricted), it is our opinion the administrative/overhead expense category should be 2% of base home revenues.

In some instances, homebuilders will include an additional expense category labeled management fee, corporate overhead, or builder's fee. These are not generally project related costs, but instead are typically home-office expenses and executive salaries allocated to individual projects instead for accounting purposes. In most cases, these cost items are deducted from total profits at the corporate level, and as such we will not make any special category withholding for this purpose.

Holding Costs

These items are not directly related to the construction or sale of any residences within the subdivision, but instead are the necessary expenses to maintain lot inventory. Mainly, this category of expenses involve real estate taxes, special assessments (improvement district, bonds, special taxes, etc.) and homeowner's association subsidies.

Real Estate Taxes

As previously discussed in the Site Description section of the report, real estate taxes for the subject lots are believed to average $350 per lot per year.

Special Taxes (Assessments)

The subject property is being appraised in connection with the establishment of assessment to pay a portion of the cost of providing residential streets. Projections are for an assessment in the amount of $2,000 per lot. Based upon an assessment of $2,000, an annual assessment payment would likely equate to approximately $150.

Homeowner's Association Fees (Subsidies)

The homeowner's association subsidy for the subject lots that remain in the builder's inventory are estimated to be $85 per month per lot or $1,020 per annum.

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The reader should understand that as time goes on and lots are sold, these holding costs are reduced accordingly, but also appreciate on an absolute basis.

Financing

Financing for acquisition of the raw land, development of improved lots, and construction of the homes is an integral part of any subdivision valuation, and certainly is an important aspect of homebuilding. However, because most lending institutions do not like to base underwriting decisions on the leveraged aspect of subdivision development, financing expenses are usually ignored in the static residual analysis, with an "all cash" development scheme adopted as standard. Instead, the cost of financing is recognized in the builder's profit margin: if the builder is providing all working capital, then the builder's yield (profit) should increase accordingly.

In reality though, very few homebuilders have the financial capacity to completely develop a subdivision without external funds. Through yield analysis performed on numerous other subdivision appraisals where financing costs are considered as a cost of production, they have consistently averaged between 2% and 4% of gross revenues. Nevertheless, if the profit margin selected in the static residual analysis properly reflects this "opportunity cost" savings, then performing the analysis on an "all cash basis" is not inappropriate or misleading.

Homebuilder Profit Margin

Profit in subdivision analysis can merely be stated as the residual cash flow to the developer/builder after all costs of production have been paid, including debt and equity contribution (preferred returns). The amount of profit expected from any particular subdivision is based on the perceived risk associated with the development, and must be sufficient to attract investment. Profit is site specific with a number of factors to consider. These include but are not limited to the following:

- Difficulty of the entitlement process
- Physical status of the property (raw/finished/partially finished)
- Price range of the proposed units
- Construction/absorption period
- Location
- Amenities such as golf course orientation or views
- Future competition
- Sources of financing and cost

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We have surveyed successful homebuilders in the Phoenix area market over the past several years, including Centex Homes, Engle Homes, Pulte Homes, KB Homes, Capital Pacific Homes, Maracay Homes, Trend Homes, etc. These builders have indicated that a profit margin ranging between 8% and 15% of gross revenues is deemed acceptable. However, this profit is typically based on the total sale price of a home, inclusive of options which have a high mark-up built into these upgrades. The generally accepted profit range without considering upgrades is currently between 5% and 12%. The low-end of this range is typically associated with entry-level and first move-up housing product, while the high-end of the range is typically associated with second move-up and higher quality housing product. This profit range is also reflective of a leveraged development scheme, not an "all cash basis." Thus, the aforementioned 2% to 4% financing cost for a typical subdivision needs to be added to the 5% to 12% range for an "all cash basis" acceptable profit rate.

An appropriate builder profit margin is dependent upon two primary factors; sellout/construction period and base home price range. It is generally believed that builders with shorter sell-out and construction periods accept (receive) lower static profit margins for a couple of reasons: first, there are fewer lots over which to spread fixed building costs, limiting the profit margin somewhat; and secondly, because of the shorter timeframe, holding, construction, and market risks are perceived as slightly lower.

The second significant factor affecting builder profit is the base home price range studied, because in general, builder profit margins tend to increase as home prices increase. This is due to the increased costs/risks associated with constructing and selling more expensive homes, burdens a builder must account for in higher profit margins. The average base home price concluded for the subject's proposed product series fall between $149,900 and $289,900. With such a narrow range, the same builder profit range is used amongst the four planning areas. Based upon the two main factors influencing builder profit, a range between 12.0% and 16.0% is concluded.

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Conclusion – Static Residual Analysis

Based upon the previously stated assumptions, Static Residual Analysis Summaries for the subject four planning areas are included after Table 26, which is a valuation matrix for the four planning areas.

TABLE NO. 26

SUMMARY OF STATIC RESIDUAL ANALYSES				
Planning Area	Static Residual Analysis Value Range Per Unit			
Unit 15	$	38,305	$	45,081
Unit 17	$	44,560	$	52,103
Unit 21	$	63,548	$	74,344
Unit 23	$	52,655	$	63,161

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TABLE NO. 27

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 15					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	169,400	99.68%	$	14,399,000
Lot Premiums	$	538	0.32%	$	45,750
Total Revenue	$	169,938	100.00%	$	14,444,750
Unit Costs					
Direct Home Construction Costs	$	78,584	46.39%	$	6,679,640
Discounts (Incentives)	$	2,541	1.50%	$	215,985
Sales Commissions (In-house)	$	2,541	1.50%	$	215,985
Sales Commissions (Co-broke)	$	1,271	0.75%	$	107,993
Sales Tax	$	4,235	2.50%	$	359,975
Warranty	$	2,000	1.18%	$	170,000
Closing Costs	$	1,250	0.74%	$	106,250
Contingency	$	1,271	0.75%	$	107,993
Total Unit Costs	$	93,692	55.31%	$	7,963,820
Project Costs					
Construction Overhead	$	2,541	1.50%	$	215,985
Marketing & Advertising	$	3,388	2.00%	$	287,980
Administrative & Overhead	$	3,388	2.00%	$	287,980
Total Project Costs	$	9,317	5.50%	$	791,945
Holding Costs					
Real Estate Taxes	$	350	0.21%	$	29,750
Special Taxes (Assessments)	$	150	0.09%	$	12,750
HOA Fees (Subsidies)	$	1,020	0.60%	$	86,700
Total Holding Cost	$	1,520	0.90%	$	129,200
Builder Profit Margin @ 12.0%	$	20,328	12.00%	$	1,727,880
Residual Finished Lot Value @ 12.0%	$	45,081	26.29%	$	3,831,905
Builder Profit Margin @ 16.0%	$	27,104	16.00%	$	2,303,840
Residual Finished Lot Value @ 16.0%	$	38,305	22.29%	$	3,255,945

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TABLE NO. 28

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 17					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	188,567	99.04%	$	13,388,233
Lot Premiums	$	1,831	0.96%	$	130,000
Total Revenue	$	190,398	100.00%	$	13,518,233
Unit Costs					
Direct Home Construction Costs	$	87,326	46.31%	$	6,200,146
Discounts (Incentives)	$	2,829	1.50%	$	200,824
Sales Commissions (In-house)	$	2,829	1.50%	$	200,824
Sales Commissions (Co-broke)	$	1,414	0.75%	$	100,412
Sales Tax	$	4,714	2.50%	$	334,706
Warranty	$	2,000	1.06%	$	142,000
Closing Costs	$	1,250	0.66%	$	88,750
Contingency	$	1,414	0.75%	$	100,412
Total Unit Costs	$	103,776	55.03%	$	7,368,072
Project Costs					
Construction Overhead	$	2,829	1.50%	$	200,824
Marketing & Advertising	$	3,771	2.00%	$	267,765
Administrative & Overhead	$	3,771	2.00%	$	267,765
Total Project Costs	$	10,371	5.50%	$	736,353
Holding Costs					
Real Estate Taxes	$	350	0.19%	$	24,850
Special Taxes (Assessments)	$	150	0.08%	$	10,650
HOA Fees (Subsidies)	$	1,020	0.54%	$	72,420
Total Holding Cost	$	1,520	0.81%	$	107,920
Builder Profit Margin @ 12.0%	$	22,628	12.00%	$	1,606,588
Residual Finished Lot Value @ 12.0%	$	52,103	26.66%	$	3,699,300
Builder Profit Margin @ 16.0%	$	30,171	16.00%	$	2,142,117
Residual Finished Lot Value @ 16.0%	$	44,560	22.66%	$	3,163,771

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TABLE NO. 29

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 21					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	269,900	98.67%	$	8,906,700
Lot Premiums	$	3,636	1.33%	$	120,000
Total Revenue	$	273,536	100.00%	$	9,026,700
Unit Costs					
Direct Home Construction Costs	$	128,297	47.54%	$	4,233,801
Discounts (Incentives)	$	4,049	1.50%	$	133,601
Sales Commissions (In-house)	$	4,049	1.50%	$	133,601
Sales Commissions (Co-broke)	$	2,024	0.75%	$	66,800
Sales Tax	$	6,748	2.50%	$	222,668
Warranty	$	2,000	0.74%	$	66,000
Closing Costs	$	1,250	0.46%	$	41,250
Contingency	$	2,024	0.75%	$	66,800
Total Unit Costs	$	150,440	55.74%	$	4,964,520
Project Costs					
Construction Overhead	$	4,049	1.50%	$	133,601
Marketing & Advertising	$	5,398	2.00%	$	178,134
Administrative & Overhead	$	5,398	2.00%	$	178,134
Total Project Costs	$	14,845	5.50%	$	489,869
Holding Costs					
Real Estate Taxes	$	350	0.13%	$	11,550
Special Taxes (Assessments)	$	150	0.06%	$	4,950
HOA Fees (Subsidies)	$	1,020	0.38%	$	33,660
Total Holding Cost	$	1,520	0.56%	$	50,160
Builder Profit Margin @ 12.0%	$	32,388	12.00%	$	2,299,548
Residual Finished Lot Value @ 12.0%	**$**	**74,344**	**26.20%**	**$**	**1,222,604**
Builder Profit Margin @ 16.0%	$	43,184	16.00%	$	3,066,064
Residual Finished Lot Value @ 16.0%	**$**	**63,548**	**22.20%**	**$**	**456,088**

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TABLE NO. 30

STATIC RESIDUAL ANALYSIS - FESTIVAL FOOTHILLS UNIT 23					
		Per Home	% Of Home Price		Total
Revenues					
Base Home Sales Proceeds	$	262,650	99.53%	$	16,021,650
Lot Premiums	$	1,242	0.47%	$	75,750
Total Revenue	$	263,892	100.00%	$	16,097,400
Unit Costs					
Direct Home Construction Costs	$	131,612	50.11%	$	8,028,332
Discounts (Incentives)	$	3,940	1.50%	$	240,325
Sales Commissions (In-house)	$	3,940	1.50%	$	240,325
Sales Commissions (Co-broke)	$	1,970	0.75%	$	120,162
Sales Tax	$	6,566	2.50%	$	400,541
Warranty	$	2,000	0.76%	$	122,000
Closing Costs	$	1,250	0.48%	$	76,250
Contingency	$	1,970	0.75%	$	120,162
Total Unit Costs	$	153,248	58.35%	$	9,348,098
Project Costs					
Construction Overhead	$	3,940	1.50%	$	240,325
Marketing & Advertising	$	5,253	2.00%	$	320,433
Administrative & Overhead	$	5,253	2.00%	$	320,433
Total Project Costs	$	14,446	5.50%	$	881,191
Holding Costs					
Real Estate Taxes	$	350	0.13%	$	21,350
Special Taxes (Assessments)	$	150	0.06%	$	9,150
HOA Fees (Subsidies)	$	1,020	0.39%	$	62,220
Total Holding Cost	$	1,520	0.58%	$	92,720
Builder Profit Margin @ 12.0%	$	31,518	12.00%	$	2,237,778
Residual Finished Lot Value @ 12.0%	$	63,161	23.57%	$	3,537,614
Builder Profit Margin @ 16.0%	$	42,024	16.00%	$	2,983,704
Residual Finished Lot Value @ 16.0%	$	52,655	19.57%	$	2,791,688

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Yield Analysis

Timing of Sales Revenues and Home Construction

The projected sell-out periods for the subject units are predicted upon historical sales data from the subject and other residential communities and stand alone subdivisions in the area. Since April 2007, 211 homes have been put under contract (net of cancellations) which equates to just over 50 lots per month in the first phase. The absorption level in Festival Foothills is currently above other projects in northwest Metropolitan Phoenix. The absorption level per subdivision for the competing projects falls within a range of 2 to 4 units per month.

While subject's absorption level is currently above the level indicated by the market, a more conservative absorption estimate of 6 units per quarter per product series (24 total lots per quarter) is concluded based upon the continuing struggles of the residential housing market in Metropolitan Phoenix.

At an absorption rate of 24 homes per quarter or 96 per year, subject's four planning units will be absorbed in 1.75 to 3.75 years.

Phasing Schedule

Because the subject lots are assumed to be finished, home contract sales are projected to begin in the first month of the analysis, with construction starts of these contracts to begin in the same quarter they are signed. According to the developer, the current estimated home construction time frame is about five months. The escrow closings of the contracted sales within the first quarter therefore begin to occur in the second quarter, and so on until the last closing occurs in the last quarter of the cash flows. As there is no way to project which lots and when particular lots will sell, the average home price (including average lot premium) are utilized over the entire absorption period.

Future Retail Values

Based on historic changes in the base plan pricing, an average annual appreciation rate of 2% to 6% is generally reasonable to expect. For this analysis, we estimate a 4% annual increase, scheduled to begin after the first quarter.

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Holding Cost Escalation Factor

Based upon a study of historic direct home construction costs in other communities and current market conditions, we estimate that all expenses will increase about 3.0% annually during the sell-out period.

Homebuilder Profit Margin

It is important to distinguish between profit margins in a static residual analysis and line item profit in yield analysis. Market participants confirm that profit utilized in static residual analysis takes into consideration the time value of money; i.e. they require more profit for a project with a longer construction/absorption period compared to a project that they can construct and sellout within two years. Since the time value of money is accounted for in the discount rate, the utilization of the same profit in the yield analysis as in the static residual analysis actually penalizes the value. Since few merchant builders perform yield analysis when making land purchase decisions, market supported line item profit figures and discount rates for yield analysis are virtually non-existent. Also, from a technical standpoint, one can question the appropriateness of treating profit as a line item expense in a yield analysis. In reality, profit is the residual cash flow received after all parties are paid, including debt and equity investors.

Project Discount Rate

The project discount rate, yield rate, or internal rate of return (IRR), is the rate of return on the total unleveraged investment in a development, including both equity and debt. It is based on risk, liquidity and management burden and is the rate that would attract a prudent investor. Although the actual rate of return on an investment cannot be calculated until the investment is sold, an investor may consider a target yield rate for the investment prior to or during ownership. This rate considers the influence or the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demand for mortgage funds, availability of tax shelters, etc.

Analysts have attempted to apply rates of return typically utilized for income producing properties in subdivision analysis. However, subdivisions are constructed to sell not to produce a recurring income. A subdivision cash flow is a series of reversions, whereby the asset is continuously disposed of until there is nothing left at the end of the holding period. Further, subdivision

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discount rates include both entrepreneurial profit and return on equity as opposed to income property rates which do not include entrepreneurial profit. Because the cash flow characteristics differ from those of income property, the application of "income property" rates is inappropriate to subdivision analysis.

Interviews and discussions with real estate professionals and investors who are experienced with multi parcel subdivision development (both commercial and residential) indicate that such properties are mostly evaluated on a total return basis. Currently, total returns ranging from approximately 15% to 40% (inclusive of entrepreneurial profit) are required depending on the size of the property, its improvement status, the expected holding (sell-out) period, holding costs, risk, etc. According to investment companies active in this particular region (including Hearthstone Advisors, Saybrook Community Capital, Prudential Homebuilding Investors, Stardust Development, Communities Southwest, Acacia Capital Corporation, and GMAC-RFC), homebuilding operations as well as land development or "land banking" operations generally require return rates between 15% and 25%.

Further support for a range of discount rates was obtained from the Korpacz *Real Estate Investor Survey, Fourth Quarter 2006 published by PricewaterhouseCoopers*. On a semi-annual basis, the Korpacz report includes survey information related to the land development market. While most of the data are directed toward the commercial land development market, some information regarding the residential land development market can be extracted from the data. Korpacz's surveyed participants include industrial, retail, office and single-family developers. Discount rates for all land development property types ranged from 10% to 25% with the highest concentration of responses between 15% and 25%.

Based on the foregoing, the sell-out and construction periods of the subject units, and entry to mid level home pricing, it is our opinion IRRs (project yields) between 20% and 25% would be most appropriate for each product series. Thus, we have utilized a 20% to 25% discount rate range for these analyses.

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Conclusion – Yield Analysis

Using the estimates and assumptions discussed above, we have performed cash flow analyses for each of the subject's four planning areas. The results of the cash flow analyses are summarized in Table 31. The individual cash flows for each planning area are on the following pages.

TABLE NO. 31

SUMMARY OF YIELD ANALYSES

Planning Area	Yield Analysis Value Range Per Unit	
Unit 15	$ 38,832	$ 43,388
Unit 17	$ 47,354	$ 52,255
Unit 21	$ 79,806	$ 85,184
Unit 23	$ 62,381	$ 68,441

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TABLE NO. 32

Summary of Input Items
Retail Acre Analysis

No. of Lots =	85
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$169,400
Average Lot Premium =	$538
Price Escalation Factor =	3.5%
Direct Home Construction Costs = $	78,584
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty = $	2,000
Closing Costs = $	1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes = $	350
Special Taxes (Assessments) = $	750
HOA Fees (Subsidies) = $	1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	6	6	5	6	6	5	6	6	5	6	6	5	6	6	7	85
Beginning Lot Inventory	85	85	79	73	67	61	55	49	43	37	31	25	19	13	7	
Ending Lot Inventory	85	79	73	67	61	55	49	43	37	31	25	19	13	7	0	
Avg. Lot Inventory During Period	85	82	76	70	64	58	52	46	40	34	28	22	16	10	3.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue																
Income From Lot Sales	$ -	$ 1,025,294	$ 1,034,265	$ 1,043,315	$ 1,052,444	$ 1,061,653	$ 1,070,942	$ 1,080,318	$ 1,089,765	$ 1,099,301	$ 1,108,920	$ 1,118,623	$ 1,128,411	$ 1,138,284	$ 1,339,618	$ 15,391,145
Income from Lot Premiums	$ -	$ 3,258	$ 3,286	$ 3,315	$ 3,344	$ 3,373	$ 3,403	$ 3,432	$ 3,463	$ 3,493	$ 3,523	$ 3,554	$ 3,585	$ 3,617	$ 4,256	$ 48,902
Total Revenue	$ -	$ 1,028,551	$ 1,037,551	$ 1,046,630	$ 1,055,788	$ 1,065,026	$ 1,074,345	$ 1,083,745	$ 1,093,228	$ 1,102,794	$ 1,112,443	$ 1,122,177	$ 1,131,996	$ 1,141,901	$ 1,343,875	$ 15,440,049
Unit Costs																
Direct Home Construction Costs	$ 471,504	$ 475,040	$ 478,603	$ 482,193	$ 485,809	$ 489,453	$ 493,124	$ 496,822	$ 500,548	$ 504,302	$ 508,084	$ 511,895	$ 515,734	$ 606,202	$ -	$ 7,019,314
Discounts (Incentives)	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 239,867
Sales Commissions (In-house)	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 239,867
Sales Commissions (Co-broke)	$ -	$ 7,690	$ 7,757	$ 7,825	$ 7,893	$ 7,962	$ 8,032	$ 8,102	$ 8,173	$ 8,245	$ 8,317	$ 8,390	$ 8,463	$ 8,537	$ 10,047	$ 119,934
Sales Tax	$ -	$ 25,692	$ 25,937	$ 26,183	$ 26,431	$ 26,681	$ 26,934	$ 27,188	$ 27,444	$ 27,702	$ 27,963	$ 27,226	$ 28,210	$ 28,457	$ 33,490	$ 394,779
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 12,739	$ 12,835	$ 12,931	$ 13,028	$ 13,125	$ 12,000	$ 12,000	$ 12,000	$ 14,000	$ 177,144
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 7,962	$ 8,022	$ 8,082	$ 8,142	$ 8,202	$ 7,500	$ 7,500	$ 7,500	$ 8,750	$ 110,715
Contingency	$ -	$ 7,714	$ 7,782	$ 7,850	$ 7,918	$ 7,988	$ 8,058	$ 8,128	$ 8,199	$ 8,271	$ 8,342	$ 8,416	$ 8,490	$ 8,564	$ 10,079	$ 115,600
Total Unit Costs	$ 471,504	$ 566,777	$ 571,118	$ 575,492	$ 579,899	$ 584,341	$ 588,816	$ 593,326	$ 597,871	$ 602,456	$ 607,086	$ 609,725	$ 614,250	$ 705,410	$ 116,555	$ 8,384,923
Project Costs																
Construction Overhead	$ -	$ 15,379	$ 15,514	$ 15,650	$ 15,787	$ 15,925	$ 16,064	$ 16,205	$ 16,346	$ 16,490	$ 16,634	$ 16,779	$ 16,926	$ 17,074	$ 20,094	$ 239,867
Marketing & Advertising	$ -	$ 20,506	$ 20,685	$ 20,866	$ 21,049	$ 21,233	$ 21,419	$ 21,606	$ 21,795	$ 21,986	$ 22,178	$ 22,372	$ 22,568	$ 22,766	$ 26,792	$ 307,823
Administrative & Overhead	$ -	$ 20,506	$ 20,685	$ 20,866	$ 21,049	$ 21,233	$ 21,419	$ 21,606	$ 21,795	$ 21,986	$ 22,178	$ 22,372	$ 22,568	$ 22,766	$ 26,792	$ 307,823
Total Project Costs	$ -	$ 56,391	$ 56,885	$ 57,382	$ 57,884	$ 58,391	$ 58,902	$ 59,417	$ 59,937	$ 60,462	$ 60,991	$ 61,524	$ 62,063	$ 62,606	$ 73,679	$ 848,513
Holding Costs																
Real Estate Taxes	$ 7,493	$ 7,283	$ 6,801	$ 6,311	$ 5,818	$ 5,308	$ 4,754	$ 4,278	$ 3,743	$ 3,205	$ 2,669	$ 2,106	$ 1,543	$ 971	$ 806	$ 62,611
Special Taxes (Assessments)	$ 3,211	$ 3,121	$ 2,915	$ 2,705	$ 2,493	$ 2,275	$ 2,055	$ 1,833	$ 1,604	$ 1,374	$ 1,146	$ 902	$ 661	$ 416	$ 121	$ 26,833
HOA Fees (Subsidies)	$ 21,838	$ 21,225	$ 19,819	$ 18,392	$ 16,941	$ 15,468	$ 13,972	$ 12,453	$ 10,910	$ 9,343	$ 7,752	$ 6,136	$ 4,496	$ 2,831	$ 893	$ 182,467
Total Holding Costs	$ 32,542	$ 31,629	$ 29,535	$ 27,407	$ 25,246	$ 23,051	$ 20,821	$ 18,557	$ 16,257	$ 13,922	$ 11,567	$ 9,144	$ 6,700	$ 4,219	$ 1,330	$ 271,912
Total Costs	$ 504,046	$ 654,798	$ 657,537	$ 660,281	$ 663,029	$ 665,782	$ 668,539	$ 671,300	$ 674,065	$ 676,834	$ 679,928	$ 680,394	$ 683,013	$ 772,234	$ 191,564	$ 9,503,344
Cash Flow Before Profit	$ (504,046)	$ 373,754	$ 380,014	$ 386,348	$ 392,758	$ 399,244	$ 405,806	$ 412,445	$ 419,163	$ 425,960	$ 432,515	$ 441,782	$ 448,983	$ 369,667	$ 1,152,311	$ 5,936,704

NPV of Cash Flows

Discounted at:	Total	Per Lot
20.00%	$3,687,973	$43,388
22.50%	$3,487,677	$41,031
25.00%	$3,300,761	$38,832

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TABLE NO. 33

Summary of Input Items
Retail Acre Analysis

No. of Lots =	71
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$183,557
Average Lot Premium =	$1,631
Price Escalation Factor =	3.5%
Direct Home Construction Costs = $	$7,326
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty = $	2,000
Closing Costs = $	1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes = $	350
Special Taxes (Assessments) = $	150
HOA Fees (Subsidies) = $	1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Total:
Lot Sales (Closings)	0	6	6	6	6	6	6	6	6	6	6	6	5	71
Beginning Lot Inventory	71	71	65	59	53	47	41	35	29	23	17	11	5	
Ending Lot Inventory	71	65	59	53	47	41	35	29	23	17	11	5	0	
Avg. Lot Inventory During Period	71	68	62	56	50	44	38	32	26	20	14	8	2.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Totals
Revenue														
Income From Lot Sales	$ -	$ 1,141,300	$ 1,151,586	$ 1,161,960	$ 1,171,522	$ 1,181,773	$ 1,192,113	$ 1,202,544	$ 1,213,066	$ 1,223,681	$ 1,234,388	$ 1,245,189	$ 1,046,737	$ 13,118,221
Income from Lot Premiums	$ -	$ 11,082	$ 11,179	$ 11,277	$ 11,375	$ 11,475	$ 11,575	$ 11,677	$ 11,779	$ 11,882	$ 11,986	$ 12,091	$ 10,164	$ 127,378
Total Revenue	$ -	$ 1,152,382	$ 1,162,765	$ 1,172,637	$ 1,182,897	$ 1,193,248	$ 1,203,689	$ 1,214,221	$ 1,224,845	$ 1,235,563	$ 1,246,374	$ 1,257,280	$ 1,056,901	$ 13,245,599
Unit Costs														
Direct Home Construction Costs	$ 523,956	$ 527,886	$ 531,845	$ 535,834	$ 539,852	$ 543,901	$ 547,981	$ 552,090	$ 556,231	$ 560,403	$ 564,606	$ 474,034	$ -	$ 6,458,618
Discounts (Incentives)	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Sales Commissions (In-house)	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Sales Commissions (Co-broke)	$ -	$ 8,560	$ 8,635	$ 8,710	$ 8,786	$ 8,863	$ 8,941	$ 9,019	$ 9,098	$ 9,178	$ 9,258	$ 9,339	$ 7,851	$ 98,387
Sales Tax	$ -	$ 28,532	$ 28,782	$ 29,034	$ 29,288	$ 29,544	$ 29,803	$ 30,064	$ 30,327	$ 30,592	$ 30,860	$ 31,120	$ 26,163	$ 327,956
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,552	$ 12,644	$ 12,739	$ 12,835	$ 12,931	$ 13,028	$ 13,126	$ 12,000	$ 10,000	$ 138,946
Closing Costs	$ -	$ 7,676	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 7,962	$ 8,022	$ 8,082	$ 8,142	$ 8,204	$ 7,500	$ 6,250	$ 86,841
Contingency	$ -	$ 8,642	$ 8,718	$ 8,795	$ 8,872	$ 8,949	$ 9,028	$ 9,107	$ 9,186	$ 9,267	$ 9,348	$ 9,430	$ 7,927	$ 99,342
Total Unit Costs	$ 523,956	$ 627,802	$ 632,610	$ 637,456	$ 642,338	$ 647,259	$ 652,216	$ 657,213	$ 662,247	$ 667,320	$ 672,432	$ 580,788	$ 89,595	$ 7,603,636
Project Costs														
Construction Overhead	$ -	$ 17,119	$ 17,269	$ 17,420	$ 17,573	$ 17,727	$ 17,882	$ 18,038	$ 18,196	$ 18,355	$ 18,516	$ 18,678	$ 15,701	$ 196,773
Marketing & Advertising	$ -	$ 22,826	$ 23,026	$ 23,227	$ 23,430	$ 23,635	$ 23,842	$ 24,051	$ 24,261	$ 24,474	$ 24,688	$ 24,904	$ 20,935	$ 262,364
Administrative & Overhead	$ -	$ 22,826	$ 23,026	$ 23,227	$ 23,430	$ 23,635	$ 23,842	$ 24,051	$ 24,261	$ 24,474	$ 24,688	$ 24,904	$ 20,935	$ 262,364
Total Project Costs	$ -	$ 62,771	$ 63,321	$ 63,875	$ 64,434	$ 64,997	$ 65,566	$ 66,140	$ 66,719	$ 67,302	$ 67,891	$ 68,485	$ 57,571	$ 721,502
Holding Costs														
Real Estate Taxes	$ 6,259	$ 6,040	$ 5,548	$ 5,049	$ 4,542	$ 4,027	$ 3,504	$ 2,972	$ 2,433	$ 1,885	$ 1,330	$ 766	$ 219	$ 44,354
Special Taxes (Assessments)	$ 2,632	$ 2,588	$ 2,378	$ 2,164	$ 1,945	$ 1,726	$ 1,502	$ 1,274	$ 1,043	$ 808	$ 570	$ 328	$ 94	$ 19,009
HOA Fees (Subsidies)	$ 18,241	$ 17,601	$ 16,168	$ 14,713	$ 13,235	$ 11,734	$ 10,210	$ 8,663	$ 7,091	$ 5,495	$ 3,876	$ 2,231	$ 638	$ 129,260
Total Holding Costs	$ 27,132	$ 26,229	$ 24,094	$ 21,926	$ 19,723	$ 17,487	$ 15,215	$ 12,909	$ 10,567	$ 8,190	$ 5,776	$ 3,325	$ 950	$ 192,623
Total Costs	$ 551,138	$ 716,802	$ 720,025	$ 723,256	$ 726,495	$ 729,743	$ 732,998	$ 736,261	$ 739,533	$ 742,812	$ 746,099	$ 652,598	$ 148,113	$ 8,517,732
Cash Flow Before Profit	$ (551,138)	$ 435,579	$ 442,440	$ 449,381	$ 456,402	$ 463,505	$ 470,690	$ 477,959	$ 485,312	$ 492,751	$ 500,275	$ 604,681	$ 908,782	$ 5,686,020

NPV of Cash Flows Discounted at:

	Total	Per Lot
20.00%	$3,710,082	$52,255
22.50%	$3,530,824	$49,730
25.00%	$3,362,745	$47,354

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TABLE NO. 34

Summary of Input Items
Retail Acre Analysis

No. of Lots =	33
Quarterly Lot Sales Rate =	6.00
Average Home Sales Price =	$269,900
Average Lot Premium =	$3,636
Price Escalation Factor =	3.5%
Direct Home Construction Costs =	$ 128,297
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty =	$ 2,000
Closing Costs =	$ 1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes =	$ 350
Special Taxes (Assessments) =	$ 150
HOA Fees (Subsidies) =	$ 1,020

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	6	6	6	6	6	3	33
Beginning Lot Inventory	33	33	27	21	15	9	3	
Ending Lot Inventory	33	27	21	15	9	3	0	
Avg. Lot Inventory During Period	33	30	24	18	12	6	1.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue								
Income From Lot Sales	$ -	$ 1,633,570	$ 1,647,063	$ 1,662,282	$ 1,676,027	$ 1,691,499	$ 553,150	$ 9,165,192
Income from Lot Premiums	$ -	$ 22,009	$ 22,202	$ 22,396	$ 22,592	$ 22,790	$ 11,494	$ 123,483
Total Revenue	$ -	$ 1,655,579	$ 1,670,065	$ 1,684,678	$ 1,699,419	$ 1,714,289	$ 564,645	$ 9,288,675
Unit Costs								
Direct Home Construction Costs	$ 769,782	$ 775,555	$ 781,372	$ 787,232	$ 793,137	$ 399,543	$ -	$ 4,306,621
Discounts (Incentives)	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Sales Commissions (In-house)	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Sales Commissions (Co-broke)	$ -	$ 12,252	$ 12,359	$ 12,467	$ 12,576	$ 12,686	$ 6,399	$ 68,739
Sales Tax	$ -	$ 40,839	$ 41,197	$ 41,557	$ 41,921	$ 42,287	$ 21,329	$ 229,130
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 6,370	$ 68,657
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 3,981	$ 42,911
Contingency	$ -	$ 12,417	$ 12,525	$ 12,635	$ 12,746	$ 12,857	$ 6,485	$ 69,665
Total Unit Costs	$ 769,782	$ 910,012	$ 916,981	$ 924,002	$ 931,078	$ 538,666	$ 70,157	$ 5,060,678
Project Costs								
Construction Overhead	$ -	$ 24,504	$ 24,718	$ 24,934	$ 25,152	$ 25,372	$ 12,797	$ 137,478
Marketing & Advertising	$	$ 32,671	$ 32,957	$ 33,246	$ 33,537	$ 33,830	$ 17,063	$ 183,304
Administrative & Overhead	$ -	$ 32,671	$ 32,957	$ 33,246	$ 33,537	$ 33,830	$ 17,063	$ 183,304
Total Project Costs	$	$ 89,846	$ 90,632	$ 91,426	$ 92,225	$ 93,032	$ 46,923	$ 504,086
Holding Costs								
Real Estate Taxes	$ 2,909	$ 2,665	$ 2,148	$ 1,623	$ 1,090	$ 549	$ 138	$ 11,121
Special Taxes (Assessments)	$ 1,247	$ 1,142	$ 920	$ 695	$ 467	$ 235	$ 59	$ 4,766
HOA Fees (Subsidies)	$ 8,478	$ 7,765	$ 6,259	$ 4,729	$ 3,176	$ 1,600	$ 403	$ 32,411
Total Holding Costs	$ 12,634	$ 11,572	$ 9,327	$ 7,048	$ 4,734	$ 2,385	$ 601	$ 48,299
Total Costs	$ 782,416	$ 1,011,430	$ 1,016,940	$ 1,022,475	$ 1,028,037	$ 634,083	$ 117,681	$ 5,613,062
Cash Flow Before Profit	$ (782,416)	$ 644,148	$ 653,125	$ 662,203	$ 671,382	$ 1,080,207	$ 446,963	$ 3,675,613

NPV of Cash Flows	Total	Per Lot
Discounted at: 20.00%	$2,811,059	385,184
22.50%	$2,720,658	382,444
25.00%	$2,633,611	379,806

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TABLE NO. 35

Summary of Input Items
Retail Acre Analysis

No. of Lots =	61
Quarterly Lot Sales Rate =	5.00
Average Home Sales Price =	$262,650
Average Lot Premium =	$1,242
Price Escalation Factor =	3.5%
Direct Home Construction Costs = $	131,612
Discounts (Incentives) =	1.50%
Sales Commissions (In-house) =	1.50%
Sales Commissions (Co-broke) =	0.75%
Sales Tax =	2.50%
Warranty = $	2,000
Closing Costs = $	1,250
Contingency =	0.75%
Cost Inflation Factor =	3%
Construction Overhead =	1.50%
Marketing & Advertising =	2.00%
Administrative & Overhead =	2.00%
Holding Costs =	
Real Estate Taxes = $	350
Special Taxes (Assessments) = $	150
HOA Fees (Subsidies) = $	1,020

NPV of Cash Flows

Discounted at:	Total	Per Lot
20.00%	$4,174,925	$68,441
22.50%	$3,984,981	$65,328
25.00%	$3,805,259	$62,381

ABSORPTION SCHEDULE

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Lot Sales (Closings)	0	6	6	6	6	6	6	6	6	6	7	61
Beginning Lot Inventory	67	61	55	49	43	37	31	25	19	13	7	
Ending Lot Inventory	67	55	49	43	37	31	25	19	13	7	0	
Avg. Lot Inventory During Period	67	58	52	46	40	34	28	22	16	10	3.5	

DISCOUNTED CASH FLOW ANALYSIS

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Totals
Revenue												
Income From Lot Sales	$ -	$ 1,589,689	$ 1,603,599	$ 1,617,630	$ 1,631,785	$ 1,646,063	$ 1,650,466	$ 1,674,995	$ 1,689,651	$ 1,719,349	$ 2,022,459	$ 16,856,686
Income from Lot Premiums	$ -	$ 7,515	$ 7,582	$ 7,648	$ 7,715	$ 7,783	$ 7,851	$ 7,919	$ 7,989	$ 8,129	$ 9,567	$ 79,698
Total Revenue	$ -	$ 1,597,205	$ 1,611,181	$ 1,625,279	$ 1,639,500	$ 1,653,845	$ 1,658,316	$ 1,682,914	$ 1,697,640	$ 1,727,478	$ 2,033,026	$ 16,936,384
Unit Costs												
Direct Home Construction Costs	$ 789,672	$ 795,595	$ 801,561	$ 807,573	$ 813,630	$ 819,732	$ 825,880	$ 832,074	$ 838,315	$ 992,760	$ -	$ 8,316,792
Discounts (Incentives)	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Sales Commissions (In-house)	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Sales Commissions (Co-broke)	$ -	$ 11,923	$ 12,027	$ 12,132	$ 12,236	$ 12,345	$ 12,453	$ 12,562	$ 12,672	$ 12,895	$ 15,176	$ 126,425
Sales Tax	$ -	$ 39,742	$ 40,090	$ 40,441	$ 40,795	$ 41,152	$ 41,512	$ 41,875	$ 42,241	$ 42,984	$ 50,586	$ 421,417
Warranty	$ -	$ 12,272	$ 12,364	$ 12,457	$ 12,550	$ 12,644	$ 12,739	$ 12,931	$ 13,028	$ 13,126	$ 14,000	$ 128,111
Closing Costs	$ -	$ 7,670	$ 7,728	$ 7,786	$ 7,844	$ 7,903	$ 7,962	$ 8,082	$ 8,142	$ 8,204	$ 8,750	$ 80,070
Contingency	$ -	$ 11,979	$ 12,064	$ 12,190	$ 12,296	$ 12,404	$ 12,512	$ 12,622	$ 12,732	$ 12,956	$ 15,248	$ 127,023
Total Unit Costs	$ 789,672	$ 926,871	$ 933,962	$ 941,107	$ 948,307	$ 955,562	$ 962,873	$ 970,296	$ 977,821	$ 1,134,504	$ 164,464	$ 9,705,539
Project Costs												
Construction Overhead	$ -	$ 23,845	$ 24,054	$ 24,264	$ 24,477	$ 24,691	$ 24,907	$ 25,125	$ 25,345	$ 25,790	$ 30,352	$ 252,850
Marketing & Advertising	$ -	$ 31,794	$ 32,072	$ 32,353	$ 32,636	$ 32,921	$ 33,209	$ 33,500	$ 33,793	$ 34,387	$ 40,469	$ 337,134
Administrative & Overhead	$ -	$ 31,794	$ 32,072	$ 32,353	$ 32,636	$ 32,921	$ 33,209	$ 33,500	$ 33,793	$ 34,387	$ 40,469	$ 337,134
Total Project Costs	$ -	$ 87,433	$ 88,198	$ 88,970	$ 89,748	$ 90,533	$ 91,326	$ 92,125	$ 92,931	$ 94,564	$ 111,290	$ 927,118
Holding Costs												
Real Estate Taxes	$ 5,378	$ 5,151	$ 4,653	$ 4,147	$ 3,633	$ 3,111	$ 2,582	$ 2,044	$ 1,509	$ 950	$ 385	$ 33,493
Special Taxes (Assessments)	$ 2,305	$ 2,208	$ 1,994	$ 1,777	$ 1,557	$ 1,333	$ 1,106	$ 876	$ 647	$ 407	$ 164	$ 14,354
HOA Fees (Subsidies)	$ 15,672	$ 15,013	$ 13,561	$ 12,086	$ 10,588	$ 9,068	$ 7,523	$ 5,956	$ 4,397	$ 2,768	$ 976	$ 97,607
Total Holding Costs	$ 23,354	$ 22,372	$ 20,208	$ 18,010	$ 15,779	$ 13,512	$ 11,211	$ 8,875	$ 6,552	$ 4,126	$ 1,455	$ 145,453
Total Costs	$ 813,026	$ 1,036,675	$ 1,042,368	$ 1,048,087	$ 1,053,834	$ 1,059,608	$ 1,065,410	$ 1,071,296	$ 1,077,303	$ 1,233,194	$ 277,209	$ 10,778,110
Cash Flow Before Profit	$ (813,026)	$ 560,529	$ 568,813	$ 577,192	$ 585,666	$ 594,237	$ 603,907	$ 611,618	$ 620,336	$ 494,284	$ 1,755,817	$ 6,158,274

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FINISHED LOT VALUE CONCLUSION

The two income approach analyses preformed above indicate a tight range of finished lots values for each of the subject's four planning areas. The finished lot value conclusions for each planning area are summarized in Table 36.

TABLE NO. 36

SUMMARY OF "FINISHED LOT" CONCLUSIONS				
Planning Area/Analysis	Value Range Per Unit			
Unit 15				
Static Analysis	$	38,305	$	45,081
Yield Analysis	$	38,832	$	43,388
Unit 17				
Static Analysis	$	44,560	$	52,103
Yield Analysis	$	47,354	$	52,255
Unit 21				
Static Analysis	$	63,548	$	74,344
Yield Analysis	$	79,806	$	85,184
Unit 23				
Static Analysis	$	52,655	$	63,161
Yield Analysis	$	62,381	$	68,441

Lot value ranges concluded by the static and yield analyses for three of the four planning areas (Units 15, 17, and 23) are consistent; however, the value range by the yield analysis for Unit 21 is notably higher than the range indicated by the static analysis. After reviewing each analysis, it appears the variation is created by the fact there are only 33 lots to absorb in Unit 23. The magnitude of impact upon value from discounting is diminished as the absorption period is shortened. Based upon the static and yield analyses for each planning area, individual per lot values "as if complete" are concluded. Table 37 summarized the "as if complete" lot values.

TABLE NO. 37

"FINISHED LOT" VALUE CONCLUSIONS		
Planning Area	Finished Lot Value	
Unit 15	$	42,000
Unit 17	$	48,000
Unit 21	$	74,000
Unit 23	$	63,000

The finished lot valuation conclusions provide the basis for concluding the "as is" value of the subject's four planning areas.

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ESTIMATED COST NEW OF IMPROVEMENTS

There are two methods for deriving a cost new: reproduction cost or replacement cost. While either of these costs would be appropriate for the base in estimating cost new, it is our opinion that the most appropriate for this assignment is the replacement cost. Replacement cost is defined as:

> The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised using modern materials and current standards, design, and layout.[1]

Replacement cost new is composed of three separate groups: direct costs, indirect costs and entrepreneurial profit. These components are defined as follows:

Direct Costs:	Expenditures for the labor and materials used in the construction improvements (also called "hard costs").[2]
Indirect Costs:	Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder's or developer's all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. (also called "soft costs").[3]
Entrepreneurial Profit:	A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.[4]

It should be noted that, for this assignment, contractor's overhead and profit is considered to be sole and separate from entrepreneurial profit.

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[1] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 244.

[2] *Ibid.*, p. 83.

[3] *Ibid.*, p. 145.

[4] The Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute, Chicago, Illinois, 2002, p. 96.

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Direct/Indirect Costs

Development costs for both community infrastructure and on-site (in-tract) lot development have been provided by the developer.

Infrastructure Costs

According to Pulte Homes' infrastructure budget, total off-site costs for the 810 Festival Foothills community are estimated at approximately $15,800,000, or an average of $19,500 per lot across all 810 lots. Table 38 summarizes the off-site costs per unit based upon the four home product series.

TABLE NO. 38

FESTIVAL FOOTHILLS TOTAL OFF-SITE DEVELOPMENT COSTS				
Product Series	Lot Size	No. Of Lots	Costs/ Lot	Totals
Series 1 - Adobe	43x115	171	$ 13,863	$ 2,370,573
Series 2 - Sonoran	48x115	175	$ 15,800	$ 2,765,000
Series 3 - Peak	58x115	337	$ 22,752	$ 7,667,424
Series 4 - Ridge	68x115	127	$ 23,594	$ 2,996,438
Totals		810		$ 15,799,435
Per Lot Average				$ 19,505
Rounded				$ 19,500

Lot Development Costs (In-tract)

Pulte Homes has provided lot development costs broken down by product series. Lot development cost vary from approximately $14,200 to $22,500 per lot depending upon the size of lot. These costs are summarized in Table 39.

TABLE NO. 39

ON-SITE DEVELOPMENT COSTS				
Series	Avg. Lot Dimensions	No. Of Lots	On-site Costs	Totals
Unit 15	43' x 115'	85	$ 14,221	$ 1,208,785
Unit 17	48' x 115'	71	$ 15,875	$ 1,127,125
Unit 21	68' x 115'	33	$ 22,489	$ 742,137
Unit 23	58' x 115'	61	$ 19,182	$ 1,170,102
Totals		250		$ 4,248,149
Average				$ 16,993
Rounded				$ 17,000

Source: Pulte Homes

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Total lot development costs are $4,250,000, or an average of $17,000 per lot. Lot improvement costs include finish grading, water and sewer, dry utilities, concrete curbing and asphalt paving. Subject's average lot development cost of $17,000 is consistent with lot development costs report by other residential developers constructing large scale planned communities. Given the experience of the developer, the developer's estimation of on-site development costs is utilized in the modified cost approach analysis.

Given the differences in unit mix among the four subject parcels, on- and off-site development costs have been calculated for each planning area. Table 40 summarizes the development costs which range from $28,100 to $46,000 per lot.

TABLE NO. 40

FESTIVAL FOOTHILLS PER LOT DEVELOPMENT COSTS

Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
On-site	$ 14,221	$ 15,875	$ 22,489	$ 19,182
Off-site	$ 13,863	$ 15,800	$ 23,594	$ 22,752
Total	$ 28,084	$ 31,675	$ 46,083	$ 41,934

Entrepreneurial Profit

It is logical to assume that an investor or developer would require an entrepreneurial profit over and above the cost to acquire the property and holding costs. Entrepreneurial profit pertinent to the development of finished subdivision lots is separate from homebuilder's profit, but in a reasonably balanced marketplace, should reflect a similar prorata share of costs (land plus development costs). If the marketplace is significantly undersupplied, an argument can be made that lot development can capture a higher percentage of profits because there are typically several homebuilders competing for the right to purchase the lots.

Homebuilder profits are typically within the range of 9% to 15% of base home. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

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Referring back to the static residual analysis in the Income Capitalization Approach section, a homebuilder profit range of 8% to 16% of base home price is concluded to be reasonable for the subject units. The lot development portion of residential development is anticipated to be similar to the homebuilding portion of residential development (as a ratio of total costs), if similar factors are affecting both homebuilding and lot development efforts. These factors include potential revenue sources (i.e., price level of homes and lot premium projections) and level of supply and demand (both home and lot inventories).

For the purposes of this report, we have utilized a development profit of 10% (as a percentage of lot development costs and land value). Profit margins for single family residential subdivision have shrunk considerably in light of current market conditions. Table 41 on the following page provides "as if vacant" lot value estimates based the development cost estimations and profit assumptions.

TABLE NO. 41

"AS IF" VACANT LAND LOT VALUE ESTIMATES - UNITS 15, 17, 21 AND 23

Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
Est. Finished Lot Value	$ 42,000	$ 48,000	$ 74,000	$ 63,000
Less: Dev. Costs	$ (28,084)	$ (31,675)	$ (46,083)	$ (41,934)
Less: Profit @ 10%	$ (3,818)	$ (4,364)	$ (6,727)	$ (5,727)
Raw Lot Value Estimate	$ 10,098	$ 11,961	$ 21,190	$ 15,339
Rounded	**$ 10,000**	**$ 12,000**	**$ 21,000**	**$ 15,000**

"AS IS" VALUE CONCLUSION – UNITS 15, 17, 21 AND 23

From the "as if vacant" value range concluded above, incurred development costs and earned profit as of the date of valuation must added back. While much of the on-site development will occur after the date of valuation, significant planning and engineering expenses have been incurred. For purposes of this analysis, incurred development costs are estimated at 40% of total development costs. Likewise, a portion of the profit to be earned for the successful development of the community has been earned up to the date of valuation. Because much of the profit is created through the efforts of planning and entitling the property, earned profit is estimated at 40% of total profit. Utilizing the incurred development costs and profit estimates, "As Is" lot values based the profit expectation 10% are summarized in Table 42.

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TABLE NO. 42

"AS IS" VALUE ESTIMATES - FESTIVAL FOOTHILLS UNITS 15, 17, 21 AND 23				
Unit	15	17	21	23
No. of Lots	85	71	33	61
Lot Size	43x115	48x115	68x115	58x115
Est. Raw Lot Value	$ 10,000	$ 12,000	$ 21,000	$ 15,000
Plus: Incurred Dev. Costs	$ 11,234	$ 12,670	$ 18,433	$ 16,774
Plus: Incurred Profit @ 10%	$ 1,527	$ 1,745	$ 2,691	$ 2,291
"As Is" Lot Value Estimate	$ 22,761	$ 26,415	$ 42,124	$ 34,065
Rounded	**$ 23,000**	**$ 26,000**	**$ 42,000**	**$ 34,000**
"As Is" Value Per Planning Unit	**$ 1,955,000**	**$ 1,846,000**	**$ 1,386,000**	**$ 2,074,000**

FINAL VALUE CONCLUSIONS

The value of each of the four subject parcels were concluded using the modified cost approach, or residual analysis. Within this analysis, the value of each parcel was effectively "backed" into from the finished home product. Construction costs, development cost and projected profits were subtracted from the final product to arrive at the "as if vacant" value of a raw residential lot within each planning area. At this point any incurred development costs and earned profit were added back to derive the "as is" value of each of the four subject parcels. Based upon the modified cost approach analyses, the following "as is" wholesale market values are estimated, as of August 1, 2007:

WHOLESALE (BULK) "AS IS" MARKET VALUE

Unit 15
ONE MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
$1,955,000

Unit 17
ONE MILLION EIGHT HUNDRED FORTY-SIX THOUSAND DOLLARS
$1,846,000

Unit 21
ONE MILLION THREE HUNDRED EIGHTY-SIX THOUSAND DOLLARS
$1,386,000

Unit 23
TWO MILLION SEVENTY-FOUR THOUSAND DOLLARS
$2,074,000

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The subject properties are being appraised in connection with the Festival Ranch Community Facilities District. As such, the client (Festival Ranch Community Facilities District) requires an administrative fee of 5% of the market value of each of the subject's seven planning areas be deducted from the wholesale (bulk) value of each parcel. This is a special assumption reflecting potential costs associated with a foreclosure and resale of the property by the District. The fee covers administrative and sales costs. *The inclusion of this fee does not represent an extraordinary assumption or hypothetical condition; rather it reflects a special instruction from the client.*

ESTIMATED WHOLESALE (BULK) "AS IS" MARKET VALUE LESS 5% CFD ADMINISTRATIVE FEE

Unit 15		**Unit 21**	
Wholesale (Bulk) Value	$1,955,000	Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($98,000)	Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000	Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 17		**Unit 23**	
Wholesale (Bulk) Value	$1,846,000	Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($92,000)	Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000	Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

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ADDENDA

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LEGAL DESCRIPTIONS

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July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.

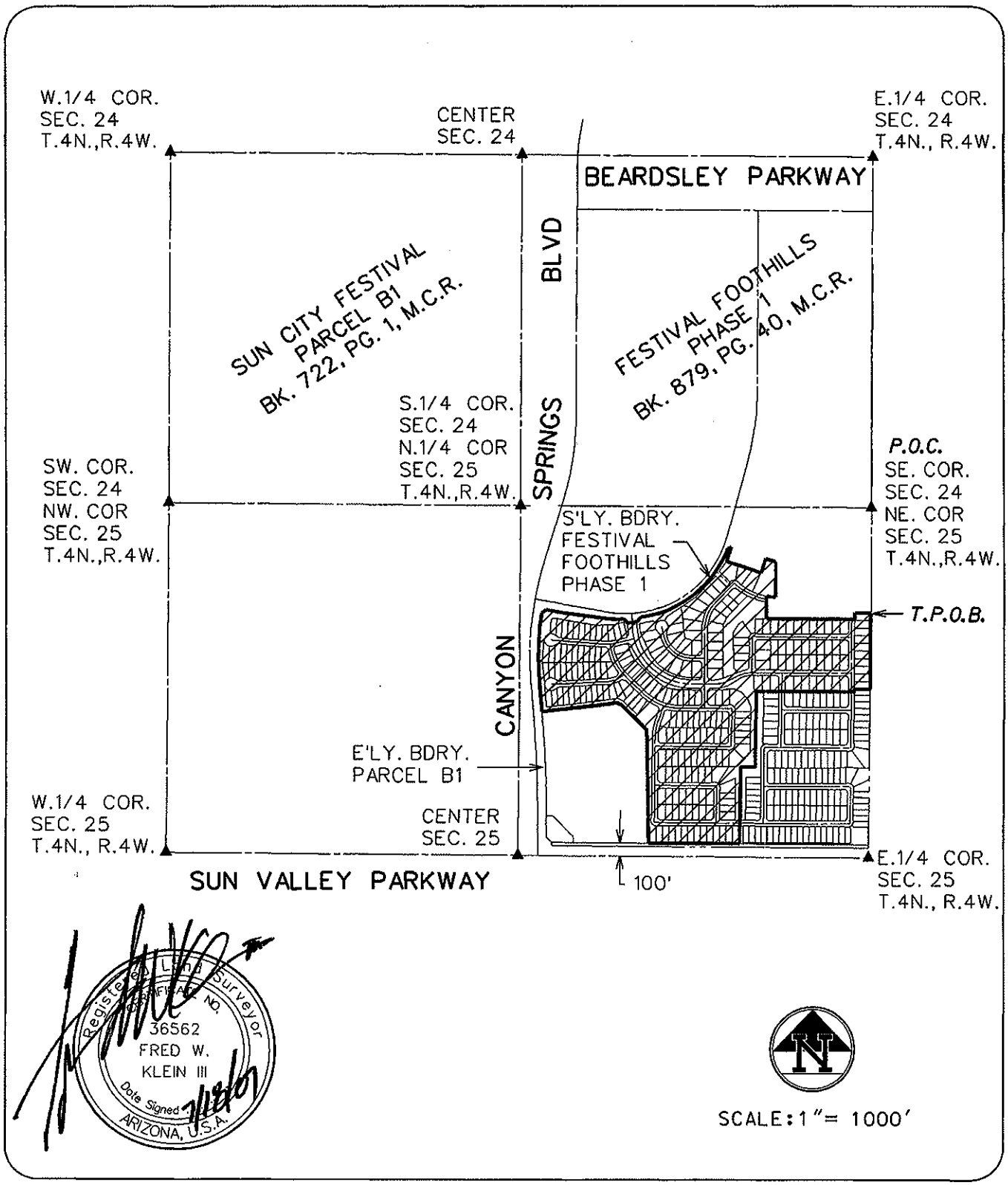

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

PLAT MAPS (UNRECORDED – PRIOR TO REVISION)

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FINAL PLAT
OF

"FESTIVAL FOOTHILLS - PHASE II"

A SUBDIVISION LOCATED IN THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

NOTES

1. THE RIGHT-OF-WAY WHICH ARE SHOWN HEREON ARE DEDICATED TO THE PUBLIC TO CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN AND USE AS A PUBLIC STREET THEREON.
2. THE PUBLIC UTILITY EASEMENTS (P.U.E.) WHICH ARE SHOWN HEREON ARE CONVEYED TO THE PUBLIC TO LOCATE, CONSTRUCT, RECONSTRUCT, OPERATE, MAINTAIN DRY UTILITY LINES IN, ON AND UNDER SUCH EASEMENTS.
3. THE LAND DESCRIBED IN THIS PLAT IS LOCATED WITHIN THE TOWN OF BUCKEYE SERVICE AREA. CERTIFICATE OF ASSURED 100 YEAR WATER SUPPLY NO. 27-401959.0000, UNDER A.R.S. 45-576, 45-579, AND THE APPLICABLE REGULATIONS, HAS BEEN SUBMITTED WITH THE PLAT.
4. ALL NEW OR RELOCATED UTILITIES ARE TO BE INSTALLED UNDERGROUND EXCEPT THOSE ELECTRIC LINES ACCEPTED BY THE ARIZONA CORPORATION COMMISSION GENERAL ORDER U-48.
5. CONSTRUCTION WITHIN PUBLIC UTILITY EASEMENTS SHALL BE LIMITED TO DRY PUBLIC UTILITIES, LANDSCAPING, WOOD, WIRE OR REMOVABLE SECTION TYPE FENCING.
6. ANY PERSON OR ENTITY USING THE ROAD RIGHT-OF-WAY, PUBLIC UTILITY EASEMENTS, OR TRACTS HEREBY CREATED SHALL REPAIR ANY PAVING OR LANDSCAPING ITEM THAT IS DAMAGED OR DESTROYED BY SUCH USE.
7. THE MAINTENANCE OF LANDSCAPE AREAS WITHIN THE PUBLIC RIGHT-OF-WAY TO THE BACK OF CURB SHALL BE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION OR ABUTTING PROPERTY OWNER IN ACCORDANCE WITH THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "FESTIVAL FOOTHILLS - PHASE II" TO BE HEREAFTER RECORDED AND ANY SUPPLEMENTAL DECLARATIONS RECORDED PURSUANT THERETO (COLLECTIVELY THE "C.C. & R.S").
8. THE WALL MAINTENANCE EASEMENT SHALL BE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION.
9. NO STRUCTURES OR VEGETATION OF ANY KIND THAT WOULD IMPEDE THE FLOW OF WATER THROUGH THE EASEMENT MAY BE CONSTRUCTED, PLANTED OR ALLOWED TO GROW WITHIN DRAINAGE EASEMENTS OR AS APPROVED BY THE TOWN OF BUCKEYE TOWN ENGINEER.
10. ALL SETBACKS SHALL CONFORM WITH THE FESTIVAL RANCH COMMUNITY MASTER PLAN (C.M.P.) APPROVED BY THE TOWN OF BUCKEYE, SEPTEMBER 2000, AND ALL AMENDMENTS THERETO.
11. ALL LOTS SHALL CONFORM WITH DEVELOPMENT OPTION 2 OF THE FESTIVAL RANCH COMMUNITY MASTER PLAN. LOTS 1-82 SHALL BE DEVELOPED UNDER THE R2-1 ZONING CATEGORY, AND LOTS 83-355 SHALL BE DEVELOPED UNDER THE R1-3.5 ZONING CATEGORY. (SEE DETAILS ON SHT 2)
12. 18" LONG, 1/2" REBAR AT ALL LOT, PARCEL AND TRACT CORNERS TO BE SET AT COMPLETION OF MASS GRADING.
13. IN EASEMENTS FOR THE EXCLUSIVE USE OF WATER, SANITARY SEWER, RECLAIMED WATER OR ANY COMBINATION THEREOF, ONLY GROUND COVER AND BUSHES ARE ALLOWED TO BE PLANTED WITHIN THE EASEMENT AREAS. NO TREES ARE ALLOWED.
14. THIS SUBDIVISION IS SUBJECT TO A MAINTENANCE IMPROVEMENT DISTRICT (M.I.D. # 2006-07) AND STREET LIGHT IMPROVEMENT DISTRICT (S.L.I.D. # 2006-07)

CERTIFICATIONS

THIS PLAT REVIEWED AND APPROVED BY THIS 13th DAY OF July, 2007, BY THE TOWN ENGINEER OF BUCKEYE, ARIZONA.

BY: [signature]
TOWN ENGINEER

THIS PLAT APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OF BUCKEYE, ARIZONA. THIS 2nd DAY OF July, 2007.

BY: [signature]
COMMUNITY DEVELOPMENT DIRECTOR

THIS PLAT APPROVED BY THE TOWN COUNCIL OF BUCKEYE, ARIZONA. THIS 19th DAY OF October 2006

BY: [signature] ATTEST: [signature]
MAYOR TOWN CLERK

CONSENT OF LIENHOLDER

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED, AS BENEFICIARY UNDER THAT CERTAIN DEED OF TRUST RECORDED MAY 5, 2004, AS INSTRUMENT NO. 04-549496 OF THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA, HEREBY CONSENTS TO AND JOINS IN THAT CERTAIN "FESTIVAL FOOTHILLS PHASE II", AND AGREE THAT SUCH PLAT AND THE EASEMENTS SHOWN THEREON SHALL BE SUPERIOR TO, AND HAVE PRIORITY OVER, THE ABOVE-DESCRIBED DEED OF TRUST.

10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY.

BY: FESTIVAL HOLDING, INC., A DELAWARE CORPORATION AS MANAGER OF 10,000 WEST, L.L.C.

BY: [signature]

NAME: Daniel D. Domogala, Jr. 5-23-07
DATE

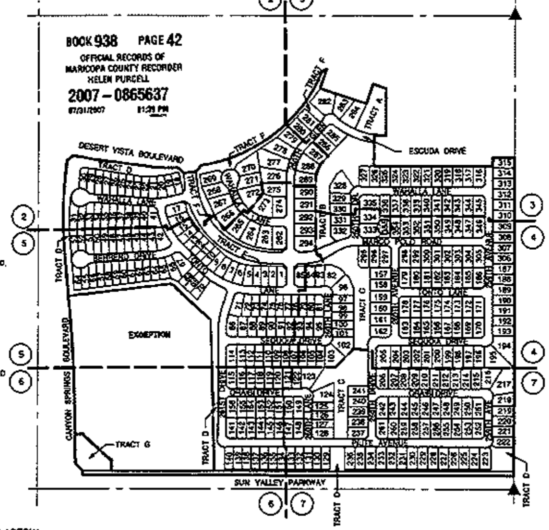
ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: [signature] 5-23-07
JOSEPH P. HIENTON DATE
ITS: AUTHORIZED AGENT

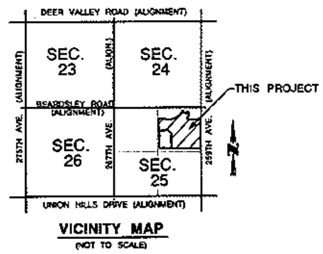
LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY

THE LOTS AND PARCELS CREATED, DEFINED, OR DEPICTED ON THIS PLAT ARE SUBJECT TO A LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY. NO PERSON MAY OCCUPY A BUILDING OR STRUCTURE ERECTED ON ANY LOT OR PARCEL CREATED, DEFINED OR DEPICTED ON THIS PLAT UNTIL THE TOWN OF BUCKEYE HAS ISSUED A CERTIFICATE OF OCCUPANCY. THE TOWN WILL NOT ISSUE A CERTIFICATE OF OCCUPANCY UNTIL STREET, UTILITY, DRAINAGE AND OTHER IMPROVEMENTS RELATING TO THIS PLAT AS REQUIRED BY THE TOWN'S SUBDIVISION ORDINANCE ARE COMPLETED TO TOWN OF BUCKEYE STANDARDS. THIS LIMITATION MAY BE RELEASED IN PHASES. A PROSPECTIVE BUYER OF A LOT OR PARCEL CREATED, DEFINED, OR DEPICTED ON THIS PLAT SHOULD REQUIRE THE SELLER TO PRODUCE A RECORDED RELEASE OF THIS LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY SIGNED BY THE TOWN OF BUCKEYE BEFORE PURCHASING AND/OR CLOSING ESCROW ON THAT LOT OR PARCEL. FAILURE TO OBTAIN SUCH A RELEASE OF THIS LIMITATION MAY RESULT IN THE BUYER BEING PROHIBITED FROM OCCUPYING A HOUSE OR OTHER STRUCTURE BUILT ON THE LOT OR PARCEL. THIS LIMITATION IS SUBJECT TO THE REASONABLE DISCRETION BY THE TOWN AS TO THE COMPLETION STATUS OF OTHER IMPROVEMENTS SUCH AS LANDSCAPING AND PUNCH LIST ITEMS THAT ARE IN PROCESS, OPERATIONAL AND SUBSTANTIALLY COMPLETE. THE HOMEBUILDER SHALL BE REQUIRED TO DISCLOSE THIS STATEMENT OF LIMITATION ON THE ISSUANCE OF CERTIFICATES OF OCCUPANCY TO A PROSPECTIVE BUYER PRIOR TO THE BUYER PURCHASING AND CLOSING ESCROW ON ANY BUILDING OR STRUCTURE ON ANY LOT OR PARCEL.



KEY MAP
(NOT TO SCALE)

(2) - SHEET NUMBER



VICINITY MAP
(NOT TO SCALE)

TRACT INFORMATION TABLE

TRACT/LOT	PRIMARY USE	ACREAGE
TRACT A	LANDSCAPE \ DRAINAGE	0.779 AC.
TRACT B	LANDSCAPE \ DRAINAGE	1.865 AC.
TRACT C	LANDSCAPE \ DRAINAGE	3.052 AC.
TRACT D	LANDSCAPE \ DRAINAGE \ CART PATH	4.256 AC.
TRACT E	LANDSCAPE \ DRAINAGE	0.338 AC.
TRACT F	LANDSCAPE \ DRAINAGE	1.150 AC.
TRACT G	ENTRANCE MONUMENT	0.646 AC.
	TOTAL:	12.107 AC.

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 11 DAY OF April, 2007, BY Scott Wright, THE President OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, FOR AND ON BEHALF THEREOF.

May 21, 2009
MY COMMISSION EXPIRES:

Susan Boswell
NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 23rd DAY OF May, 2007, BY Daniel D. Domogala, THE Vice President OF FESTIVAL HOLDING, INC. AS MANAGER OF 10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY.

9/8/08
MY COMMISSION EXPIRES:

Elisa V. Peters
NOTARY PUBLIC

FLOOD ZONE CERTIFICATION

THE MARICOPA COUNTY, ARIZONA AND INCORPORATED AREAS FLOOD INSURANCE RATE MAP (FIRM) PANEL NUMBER # 04013C1115G, DATED JULY 19, 2001, INDICATES THAT THE SITE FALLS WITHIN ZONE X (SHADED), RESPECTIVELY. ZONE X (SHADED) IS DEFINED BY F.E.M.A. AS : "AREAS OF 500-YEAR; AREAS OF 100 YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN ONE (1) FOOT OR WITH DRAINAGE AREAS LESS THAN ONE (1) SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM THE 100 YEAR FLOOD"

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 11 DAY OF April, 2007, BY Mike Balz, THE VP Attorney in Fact OF PULTE HOME CORPORATION, A MICHIGAN CORPORATION, FOR AND ON BEHALF THEREOF.

May 21, 2009
MY COMMISSION EXPIRES:

Susan Boswell
NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF ARIZONA)
)SS
COUNTY OF MARICOPA)

ON THIS 23rd DAY OF May, 2007, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED Joseph P. Hienton WHO ACKNOWLEDGED himself TO BE THE AUTHORIZED AGENT OF THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, AND BEING AUTHORIZED TO DO SO ON BEHALF OF SAID ENTITY, EXECUTED THE FOREGOING INSTRUMENT.

9/8/08
MY COMMISSION EXPIRES:

Elisa V. Peters
NOTARY PUBLIC

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

DEDICATION

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

KNOW ALL MEN BY THESE PRESENTS:

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS SUBDIVIDED UNDER THE NAME OF "FESTIVAL FOOTHILLS - PHASE II", LOCATED IN THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN PLATTED HEREON AND HEREBY PUBLISHES THIS PLAT AS AND FOR THE PLAT OF "FESTIVAL FOOTHILLS - PHASE II", AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT, STREET AND EASEMENT, CONSTITUTING SAME, AND THAT EACH LOT, TRACT AND STREET SHALL BE KNOWN BY THE NUMBER, LETTER OR NAME THAT IS GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

NOTWITHSTANDING THE DEDICATION AND CONVEYANCE TO THE TOWN OF BUCKEYE OF THE PUBLIC RIGHT-OF-WAY AND PUBLIC UTILITY EASEMENTS SHOWN ON THIS PLAT, THE COSTS OF THE IMPROVEMENTS TO BE LOCATED IN THE RIGHT-OF-WAY OR EASEMENTS SHOWN ON THIS PLAT SHALL BE ELIGIBLE FOR FINANCING BY THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT PURSUANT TO THE TERMS OF THE DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT NO. 1, DATED AS OF APRIL 21, 2005 AND RECORDED IN THE OFFICE OF THE MARICOPA COUNTY RECORDER AT 2005-0523800, ON APRIL 22, 2005.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY DEDICATES TO THE PUBLIC FOR USE AS SUCH THE STREETS AND EASEMENTS AS SHOWN HEREON AND INCLUDED IN THE ABOVE DESCRIBED PREMISES.

THAT PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HEREBY GRANTS TO THE TOWN OF BUCKEYE A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF THE PROPERTY DESIGNATED AS TRACT "A, B, C, D, E, F & G" FOR PURPOSES OF ACCESSING, MAINTAINING, REPAIRING AND REPLACING ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY. THE IRRIGATION SYSTEM INCLUDES ITS WATER DELIVERY INFRASTRUCTURE, TIMERS, ELECTRICAL SUPPLY AND ANY ASSOCIATED LIGHTING. IF TOWN ENTERS THOSE PORTIONS OF THE PROPERTY DESIGNATED AS COMMON AREAS, TOWN SHALL RESTORE, AT ITS EXPENSE, ANY PORTIONS OF THESE TRACTS TO ITS CONDITION PRIOR TO SUCH ENTRY. THIS EASEMENT IN NO WAY ABSOLVES THE PULTE HOME CORPORATION FROM ITS OBLIGATION TO MAINTAIN, REPAIR, AND REPLACE ALL OR ANY PORTION OF THE IRRIGATION SYSTEM THAT PROVIDES WATER TO THE LANDSCAPING WITHIN THE PUBLIC RIGHT-OF-WAY OR PUBLIC EASEMENTS.

WATERLINE AND SEWERLINE EASEMENTS ARE HEREBY DEDICATED TO THE TOWN OF BUCKEYE.

MAINTENANCE OF DRAINAGE STRUCTURES AND OTHER DRAINAGE FACILITIES OUTSIDE OF PUBLIC RIGHT-OF-WAY ARE THE RESPONSIBILITY OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION.

EASEMENTS ARE DEDICATED AS SHOWN ON THIS PLAT.

TRACTS "A, B, C, D, E, F & G" ARE HEREBY DECLARED AS COMMON AREAS FOR THE PURPOSES SHOWN, AND FOR THE USE AND ENJOYMENT OF THE LOT OWNERS AS MORE FULLY SET FORTH IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "FESTIVAL FOOTHILLS PHASE II" TO BE HEREAFTER RECORDED, AND WILL BE OWNED AND MAINTAINED BY THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION. THE TRACTS THAT WILL NOT BE CONVEYED TO THE TOWN OF BUCKEYE AND ALL COMMON PROPERTY SHALL BE APPROVED BY THE TOWN OF BUCKEYE AND SHALL BE CONVEYED BY WARRANTY (OR SPECIAL WARRANTY) DEED TO THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION. DWELLING UNITS SHALL NOT BE CONSTRUCTED ON SAID TRACTS.

BY THE EXECUTION OF THIS PLAT, THE TOWN HEREBY TERMINATES AND REVOKES THE ROADWAY DECLARATION PREVIOUSLY RECORDED AS INSTRUMENT NO. 90-509455, RECORDS OF MARICOPA COUNTY, ARIZONA, AND RELINQUISHES ANY RIGHT TO ESTABLISH, OPEN OR DECLARE A ROADWAY PURSUANT TO SUCH DECLARATION OVER ANY PORTION OF THE PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THIS PLAT.

IN WITNESS WHEREOF:

PULTE HOME CORPORATION, A MICHIGAN CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED OFFICER, THEREUNTO DULY AUTHORIZED THIS 11 DAY OF April, 2007.

BY: PULTE HOME CORPORATION, A MICHIGAN CORPORATION.

BY: [signature] DATE: April 11, 2007

ITS: VP Attorney in Fact

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, HAVING A BEARING OF N00°23'04"E.

RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

THE UNDERSIGNED, DULY AUTHORIZED OF THE FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT ORGANIZATION, AND 10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, AND THE BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT, HEREBY RATIFIES THE RECORDATION OF THIS PLAT FOR "FESTIVAL FOOTHILLS - PHASE II" AND ACKNOWLEDGES THE RESPONSIBILITIES SET FORTH THEREIN.

FESTIVAL FOOTHILLS COMMUNITY ASSOCIATION, AN ARIZONA NON-PROFIT CORPORATION.

BY: [signature] 4/11/07
DATE

ITS: President

10,000 WEST, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY
BY: FESTIVAL HOLDING, INC.
A DELAWARE CORPORATION
AS MANAGER OF 10,000 WEST, L.L.C.

BY: [signature] 5/23/07
DATE

ITS: Vice President

BANK OF SCOTLAND, A BANKING ORGANIZATION ESTABLISHED BY ACT OF THE SCOTTISH PARLIAMENT.

BY: [signature] 5/23/07
JOSEPH P. HIENTON DATE
ITS: AUTHORIZED AGENT

CERTIFICATION

I, FRED W. KLEIN III, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THIS PLAT, CONSISTING OF (8) SHEETS, CORRECTLY REPRESENTS A BOUNDARY SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH OF JANUARY, 2004, THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN, THAT ALL MONUMENTS SHOWN ACTUALLY EXIST OR WILL BE SET AS SHOWN, THAT THEIR POSITIONS ARE CORRECTLY SHOWN AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

FRED W. KLEIN III
REGISTERED LAND SURVEYOR #36562
COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, ARIZONA, 85014

GROSS AREA = 86.185 AC.
NET AREA = 84.816 AC.

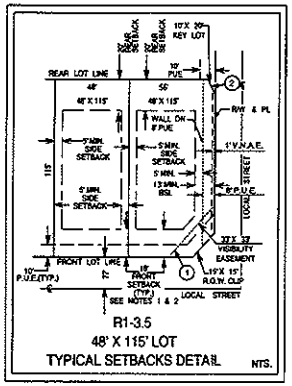
SHEET 1 OF 8

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 580035-01

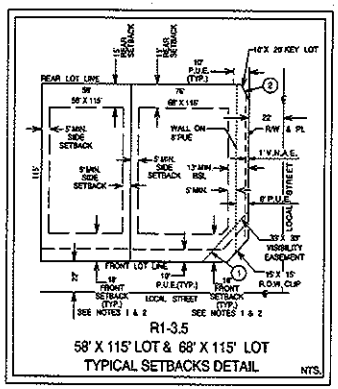
1663P07A

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007 – 0865637
07/31/2007 01:39 PM



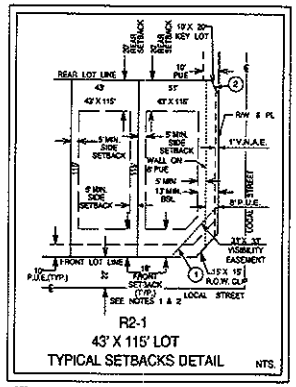
R1-3.5
48' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.



R1-3.5
58' X 115' LOT & 68' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.



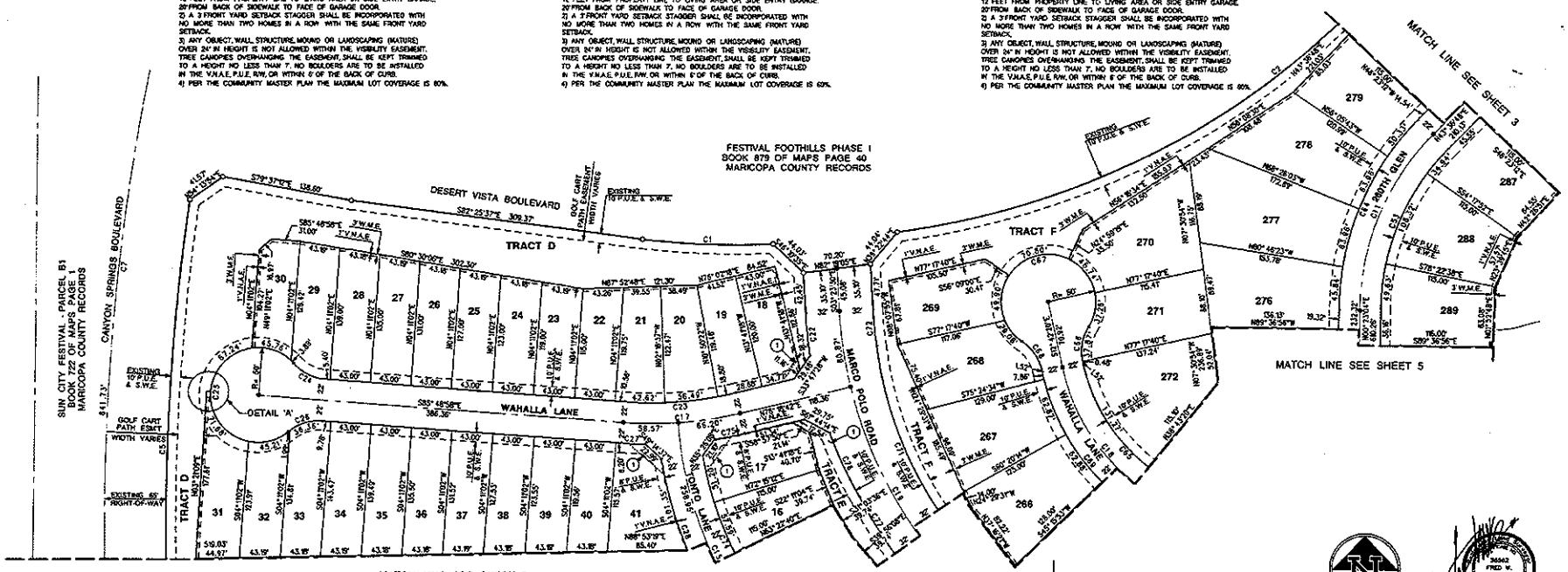
R2-1
43' X 115' LOT
TYPICAL SETBACKS DETAIL
NTS.

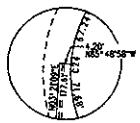
NOTE:
1) 18' FROM THE PROPERTY LINE TO FACE OF GARAGE DOOR.
12 FEET FROM PROPERTY LINE TO LIVING AREA OR SIDE ENTRY GARAGE.
20' FROM BACK OF SIDEWALK TO FACE OF GARAGE DOOR.
2) A 3' FRONT YARD SETBACK STAGGER SHALL BE INCORPORATED WITH NO MORE THAN TWO HOMES IN A ROW WITH THE SAME FRONT YARD SETBACK.
3) ANY OBJECT, WALL, STRUCTURE, MOUND OR LANDSCAPING (MATURE) OVER 24" IN HEIGHT IS NOT ALLOWED WITHIN THE VISIBILITY EASEMENT. TREE CANOPIES OVERHANGING THE EASEMENT, SHALL BE KEPT TRIMMED TO A HEIGHT NO LESS THAN 7. NO BOULDERS ARE TO BE INSTALLED IN THE V.N.A.E, P.U.E, R/W, OR WITHIN 6' OF THE BACK OF CURB.
4) PER THE COMMUNITY MASTER PLAN THE MAXIMUM LOT COVERAGE IS 60%.

LEGEND

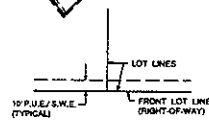
- INDICATES SECTION CORNER - FOUND BRASS CAP IN HANDHOLE (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - FOUND 1/2" IRON BAR (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - FOUND BRASS CAP (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - SET 1/2" IRON BAR (UNLESS OTHERWISE NOTED).
- INDICATES INTERSECTIONS OF MAJOR & COLLECTOR STREETS - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "A" (UNLESS OTHERWISE NOTED).
- INDICATES CORNER OF THIS SUBDIVISION - SET BRASS CAP UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" (UNLESS OTHERWISE NOTED).
- INDICATES CENTER LINE MONUMENTATION - SET BRASS CAP FLUSH UPON COMPLETION OF JOB PER M.A.G. STD. DET. 120-1, TYPE "B" (UNLESS OTHERWISE NOTED).

C1	— INDICATES CURVE NUMBER
V.N.A.E.	— INDICATES VEHICULAR NON-ACCESS EASEMENT
T.P.O.B.	— INDICATES TRUE POINT OF BEGINNING
P.U.E. & S.W.E.	— INDICATES PUBLIC UTILITY EASEMENT AND SIDEWALK EASEMENT
W.M.E.	— INDICATES WALL MAINTENANCE EASEMENT
T.O.B.	— INDICATES TOWN OF BUCKEYE
M.C.H.D.	— INDICATES MARICOPA COUNTY HIGHWAY DEPARTMENT
A.P.S.	— ARIZONA PUBLIC SERVICE
(1)	— INDICATES SIGHT VISIBILITY EASEMENT, SEE LOT SETBACK DETAIL, SHT. 2
(2)	— INDICATES KEY LOT, SEE LOT SETBACK DETAIL, SHT. 2
(3)	— INDICATES SIGHT DISTANCE LINE PER CITY OF SCOTTSDALE DESIGN STANDARDS & POLICIES MANUAL S-3.118 D





DETAIL 'A'



TYPICAL PUBLIC UTILITY EASEMENT DETAIL
(NOT TO SCALE)

SCALE: 1" = 50'

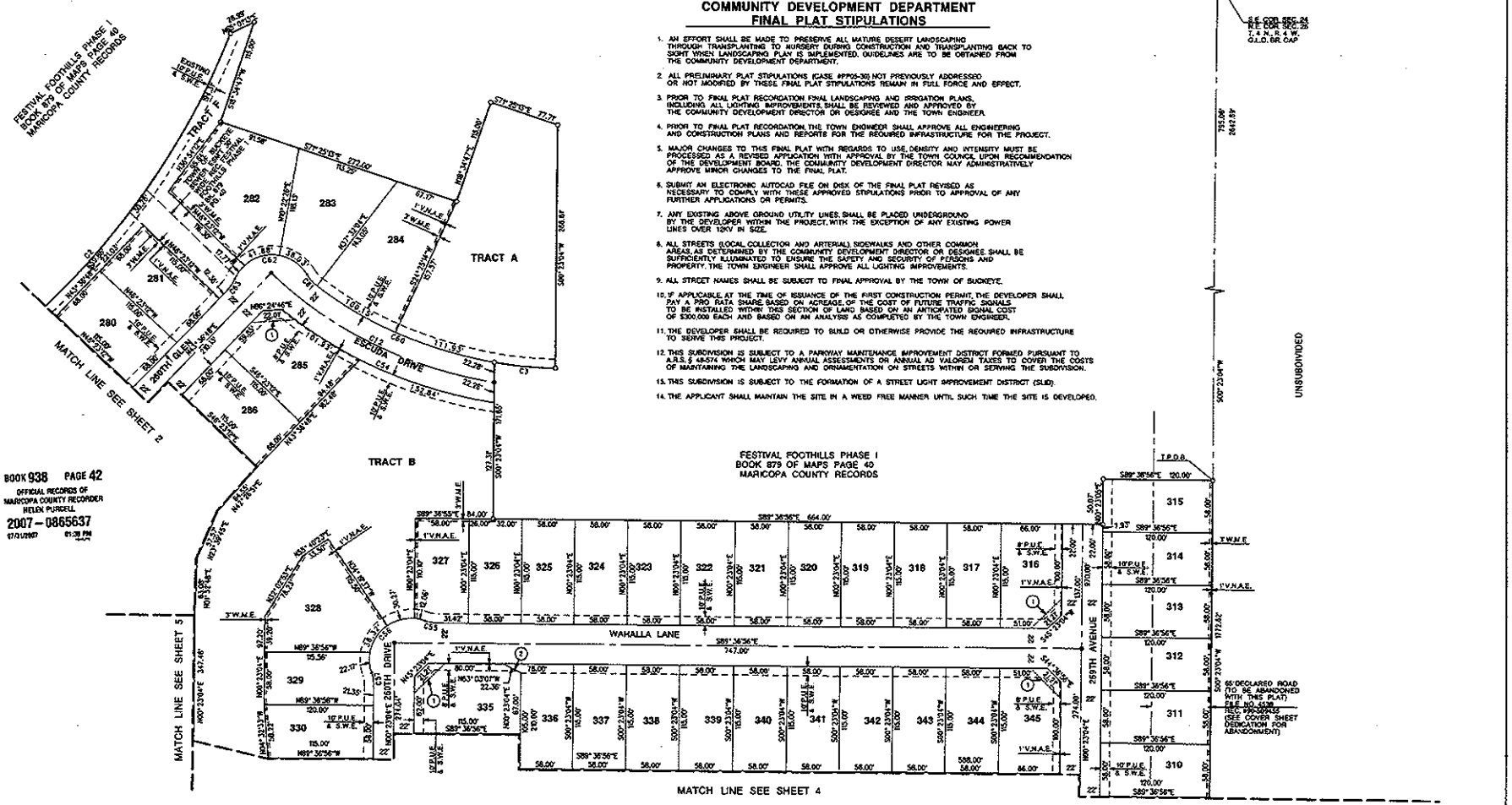
SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 2 OF 8

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

TOWN OF BUCKEYE
COMMUNITY DEVELOPMENT DEPARTMENT
FINAL PLAT STIPULATIONS

1. AN EFFORT SHALL BE MADE TO PRESERVE ALL MATURE DESERT LANDSCAPING THROUGH TRANSPLANTING TO NURSERY DURING CONSTRUCTION AND TRANSPLANTING BACK TO SIGHT WHEN LANDSCAPING PLAN IS IMPLEMENTED. GUIDELINES ARE TO BE OBTAINED FROM THE COMMUNITY DEVELOPMENT DEPARTMENT.
2. ALL PRELIMINARY PLAT STIPULATIONS (CASE #PP05-30) NOT PREVIOUSLY ADDRESSED OR NOT MODIFIED BY THESE FINAL PLAT STIPULATIONS REMAIN IN FULL FORCE AND EFFECT.
3. PRIOR TO FINAL PLAT RECORDATION FINAL LANDSCAPING AND IRRIGATION PLANS, INCLUDING ALL LIGHTING IMPROVEMENTS, SHALL BE REVIEWED AND APPROVED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE AND THE TOWN ENGINEER.
4. PRIOR TO FINAL PLAT RECORDATION, THE TOWN ENGINEER SHALL APPROVE ALL ENGINEERING AND CONSTRUCTION PLANS AND REPORTS FOR THE REQUIRED INFRASTRUCTURE FOR THE PROJECT.
5. MAJOR CHANGES TO THIS FINAL PLAT WITH REGARDS TO USE, DENSITY AND INTENSITY MUST BE PROCESSED AS A REVISED APPLICATION WITH APPROVAL BY THE TOWN COUNCIL UPON RECOMMENDATION OF THE DEVELOPMENT BOARD. THE COMMUNITY DEVELOPMENT DIRECTOR MAY ADMINISTRATIVELY APPROVE MINOR CHANGES TO THE FINAL PLAT.
6. SUBMIT AN ELECTRONIC AUTOCAD FILE ON DISK OF THE FINAL PLAT REVISED AS NECESSARY TO COMPLY WITH THESE APPROVED STIPULATIONS PRIOR TO APPROVAL OF ANY FURTHER APPLICATIONS OR PERMITS.
7. ANY EXISTING ABOVE GROUND UTILITY LINES SHALL BE PLACED UNDERGROUND BY THE DEVELOPER WITHIN THE PROJECT, WITH THE EXCEPTION OF ANY EXISTING POWER LINES OVER 12KV IN SIZE.
8. ALL STREETS (LOCAL, COLLECTOR AND ARTERIAL) SIDEWALKS AND OTHER COMMON AREAS, AS DETERMINED BY THE COMMUNITY DEVELOPMENT DIRECTOR OR DESIGNEE, SHALL BE SUFFICIENTLY ILLUMINATED TO ENSURE THE SAFETY AND SECURITY OF PERSONS AND PROPERTY. THE TOWN ENGINEER SHALL APPROVE ALL LIGHTING IMPROVEMENTS.
9. ALL STREET NAMES SHALL BE SUBJECT TO FINAL APPROVAL BY THE TOWN OF BUCKEYE.
10. IF APPLICABLE, AT THE TIME OF ISSUANCE OF THE FIRST CONSTRUCTION PERMIT, THE DEVELOPER SHALL PAY A PRO RATA SHARE, BASED ON ACREAGE, OF THE COST OF FUTURE TRAFFIC SIGNALS TO BE INSTALLED WITHIN THIS SECTION OF LAND BASED ON AN ANTICIPATED SIGNAL COST OF $300,000 EACH AND BASED ON AN ANALYSIS AS COMPLETED BY THE TOWN ENGINEER.
11. THE DEVELOPER SHALL BE REQUIRED TO BUILD OR OTHERWISE PROVIDE THE REQUIRED INFRASTRUCTURE TO SERVE THIS PROJECT.
12. THIS SUBDIVISION IS SUBJECT TO A PARKWAY MAINTENANCE IMPROVEMENT DISTRICT FORMED PURSUANT TO A.R.S. § 48-574 WHICH MAY LEVY ANNUAL ASSESSMENTS OR ANNUAL AD VALOREM TAXES TO COVER THE COSTS OF MAINTAINING THE LANDSCAPING AND ORNAMENTATION ON STREETS WITHIN OR SERVING THE SUBDIVISION.
13. THIS SUBDIVISION IS SUBJECT TO THE FORMATION OF A STREET LIGHT IMPROVEMENT DISTRICT (SLID).
14. THE APPLICANT SHALL MAINTAIN THE SITE IN A WEED FREE MANNER UNTIL SUCH TIME THE SITE IS DEVELOPED.



BOOK 938 PAGE 42
OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL
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SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 3 OF 8

COE & VAN LOO CONSULTANTS, INC.
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SURVEYS
DATES
DETAILS
EPCHANGES

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
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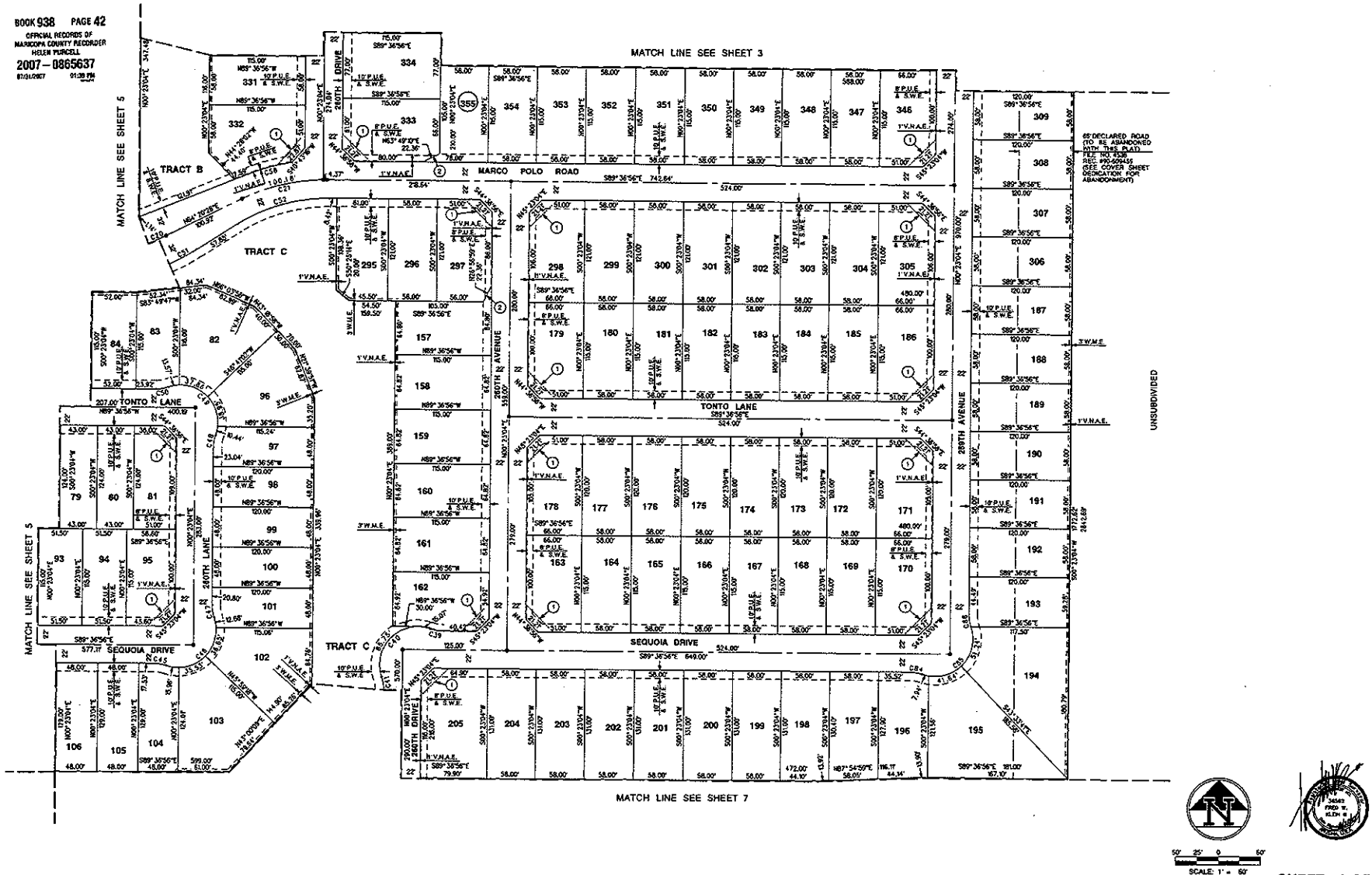

SHEET 4 OF 8

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

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BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
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MATCH LINE SEE SHEET 2

MATCH LINE SEE SHEET 3

MATCH LINE SEE SHEET 4

MATCH LINE SEE SHEET 6

BEHREND DRIVE

MARCO POLO ROAD

TONTO LANE

WAHALLA LANE

280TH GLEN

SEQUOIA DRIVE

TRACT C

TRACT D

TRACT E

TRACT F

GOLF CART PATH ESMT

EXISTING 10' P.U.E. & S.W.E.

EXISTING 50' RIGHT OF WAY

SUN CITY FESTIVAL - PARCEL B1
BOOK 723 OF MAPS PAGE 1
MARICOPA COUNTY RECORDS

CANYON SPRINGS BOULEVARD

EXCEPTION

SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 6 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

COE & VAN LOO
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SHEET 5 OF 8

FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 680035-01

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
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MATCH LINE SEE SHEET 5

EXCEPTION

SUN CITY FESTIVAL - PARCEL B1
BOOK 722 OF MAPS PAGE 1
MARICOPA COUNTY RECORDS

CANYON SPRINGS BOULEVARD

EXISTING 10' P.U.E. & S.W.E.

TRACT G

SLOPE & DRAINAGE ESMT
REC. # 87-194111 M.C.R.
REC. # 87-194115 M.C.R.
REC. # 87-194113 M.C.R.
BK. 33 OF MAPS PG. 2 M.C.R.
BK. 33 OF MAPS PG. 4 M.C.R.

25' RIGHT-OF-WAY TO BE DEDICATED

EXISTING 75' RIGHT-OF-WAY

CENTER SEC. 25
T. 4 N., R. 4 W.
CALCULATED POINT

UNSUBDIVIDED

150' NON-EXCLUSIVE EASEMENT
FOR ROADWAY AND UTILITIES
REC. 86-562071 M.C.R.
REC. 86-453958 M.C.R.
REC. 87-194052 M.C.R.
150' ROAD RIGHT OF WAY
BK. 33 OF MAPS PG. 3 M.C.R.
BK. 33 OF MAPS PG. 4 M.C.R.
ROAD DECLARED ROAD FILE NO.4424
REC. 89-247235 M.C.R.
ROAD DECLARED ROAD FILE NO. 4424-R
REC. 90-259257 M.C.R.

SUN VALLEY PARKWAY

TRACT D

261ST DRIVE

ORAIBI DRIVE

PRUTE AVENUE

MATCH LINE SEE SHEET 7

SCALE: 1" = 50'

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 08 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 6 OF 8

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
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FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 680035-01

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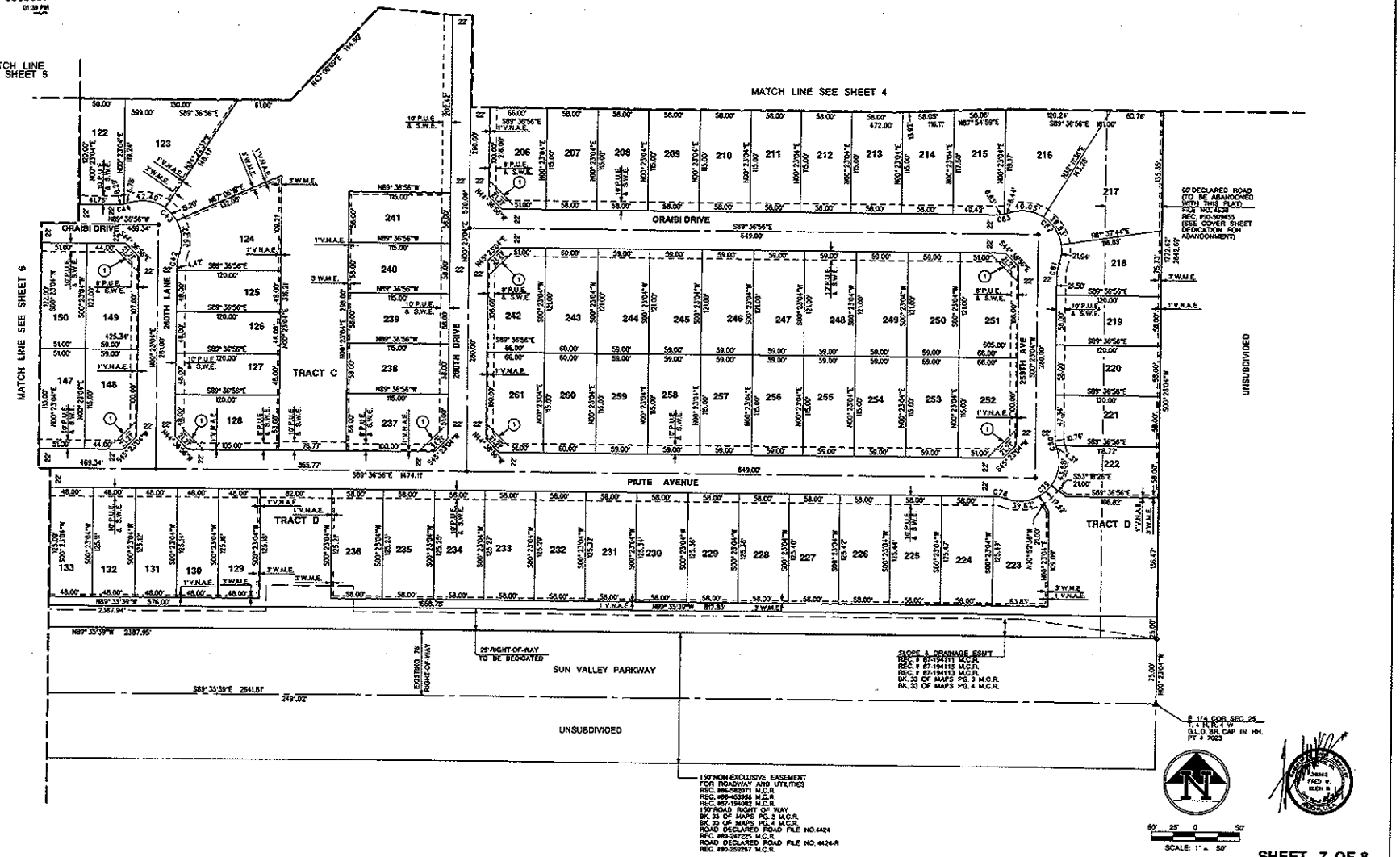

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

SEE SHEET 8 FOR LOT AREA TABLE, LEGAL DESCRIPTION, AND CURVE TABLE

SHEET 7 OF 8

COE & VAN LOO CONSULTANTS, INC.
4550 N. 12TH STREET
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FESTIVAL FOOTHILLS - PHASE II - FINAL PLAT - C.V.L. JOB# 680035-01

CURVE TABLE

NO.	RADIUS	ARC	DELTA	TANGENT	CHORD	CHORD-BEARING
1	840.00	138.11	009°25'13"	69.21	137.95	S88°15'05.5"E
2	835.00	884.45	060°41'19"	488.80	843.68	N51°48'19.5"E
3	437.58	67.32	008°48'53"	33.73	67.25	N84°38'31.5"W
4	7265.00	506.42	003°59'38"	253.32	506.32	N02°43'23.0"W
5	2370.00	529.80	012°48'12"	265.91	528.50	N01°40'54.0"E
6	7200.00	501.88	003°59'38"	251.05	501.79	N02°43'23.0"W
7	2435.00	928.90	021°48'36"	469.13	921.31	N06°11'06.0"E
8	2000.00	582.96	016°42'02"	295.56	580.90	N08°44'23.0"E
9	2000.00	981.60	028°07'15"	500.90	971.78	N14°26'59.5"E
10	2000.00	995.20	028°30'37"	508.13	984.96	N14°15'18.5"E
11	275.00	207.48	043°13'44"	108.96	202.60	N21°59'56.0"E
12	459.58	275.14	034°18'04"	141.83	271.04	S63°32'14.0"E
13	400.00	122.00	017°28'31"	61.48	121.53	N09°07'19.5"E
14	400.00	302.93	043°23'28"	159.14	295.74	N67°55'12.0"W
15	393.77	288.78	042°01'07"	151.23	282.35	N25°12'54.5"W
16	209.77	142.38	038°53'22"	74.06	139.66	N67°33'37.0"E
17	400.00	124.77	017°52'20"	62.90	124.27	N85°14'52.0"E
18	217.00	291.28	076°54'36"	172.33	269.90	S51°09'38.0"E
19	450.00	677.20	086°13'26"	421.28	615.08	S46°30'13.0"E
20	220.00	100.00	026°02'36"	50.88	99.14	N77°21'46.0"E
21	230.00	104.55	026°02'36"	53.19	103.65	N77°21'46.0"E
22	485.00	45.18	005°20'16"	22.61	45.17	S06°03'38.0"E
23	378.00	117.91	017°52'20"	59.44	117.43	S85°14'52.0"W
24	50.00	38.35	043°56'43"	20.17	37.42	N63°50'36.5"W
25	50.00	233.78	267°53'27"	---	72.00	S04°11'01.5"W
26	50.00	38.35	043°56'44"	20.17	37.42	N72°12'40.0"E
27	422.00	25.10	003°24'28"	12.55	25.10	S87°31'12.0"E
28	415.77	199.08	027°26'03"	101.49	197.18	S22°58'48.5"E
29	187.77	90.85	027°43'16"	46.33	89.96	S73°08'40.0"W
30	50.00	38.35	043°56'44"	20.17	37.42	N71°01'20.0"W
31	50.00	233.78	267°53'28"	---	72.00	S02°59'42.0"E
32	50.00	38.35	043°56'44"	20.17	37.42	N65°01'56.0"E
33	231.77	120.78	029°51'31"	61.80	119.42	N72°04'32.5"E
34	422.00	153.88	020°53'37"	77.81	153.04	S56°40'16.5"E
35	422.00	128.71	017°28'31"	64.86	128.21	S09°07'19.5"W
36	45.00	15.07	019°11'18"	7.61	15.00	S09°58'43.0"W
37	45.00	100.82	128°22'35"	93.04	81.02	S44°36'55.5"E
38	45.00	15.07	019°11'17"	7.61	15.00	N80°47'25.5"E
39	45.00	15.07	019°11'18"	7.61	15.00	N80°01'17.0"W
40	45.00	100.82	128°22'35"	93.04	81.02	S45°23'04.5"W
41	45.00	15.07	019°11'17"	7.61	15.00	S09°12'34.5"E
42	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
43	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
44	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
45	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
46	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
47	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
48	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
49	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
50	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
51	252.00	140.52	031°57'03"	72.14	138.71	N74°24'32.5"E
52	206.00	114.86	031°57'03"	58.97	113.39	N74°24'32.5"E
53	253.00	190.89	043°13'44"	100.24	186.39	N21°58'56.0"E
54	481.58	254.77	030°18'39"	130.44	251.81	S65°56'35.5"E
55	45.00	15.07	019°11'18"	7.61	15.00	N80°01'17.0"W
56	45.00	100.82	128°22'35"	93.04	81.02	S45°23'04.5"W
57	45.00	15.07	019°11'17"	7.61	15.00	S09°12'34.5"E
58	254.00	54.62	012°19'15"	27.42	54.52	S74°53'49.5"W
59	173.00	65.36	021°38'52"	33.08	64.98	S79°33'36.0"W
60	437.58	212.08	027°46'09"	108.17	210.01	N56°21'00.5"W
61	45.00	16.70	021°15'51"	8.45	16.61	N41°50'00.5"W
62	45.00	97.68	124°22'24"	85.30	79.60	S86°36'43.0"W
63	45.00	15.07	019°11'17"	7.61	15.00	S34°01'09.5"W
64	297.00	224.09	043°13'44"	117.66	218.81	S21°59'56.0"W
65	195.00	261.75	076°54'36"	154.86	242.54	N51°09'38.0"W
66	50.00	38.35	043°56'44"	20.17	37.42	N09°16'02.0"E
67	50.00	233.78	267°53'28"	---	72.00	S77°17'40.0"W
68	50.00	38.35	043°56'44"	20.17	37.42	S34°40'42.0"E
69	239.00	320.82	076°54'36"	189.80	297.27	S51°09'38.0"E
70	418.00	368.15	050°27'45"	196.97	356.36	N64°23'03.5"W
71	400.00	221.41	031°42'51"	113.62	218.59	N23°10'56.5"W
72	415.00	38.66	005°20'16"	19.34	38.65	N06°03'38.0"W
73	378.00	286.27	043°23'28"	150.39	279.47	N67°55'12.0"W
74	371.77	235.96	036°22'06"	122.12	232.04	N28°02'25.0"W
75	422.00	32.52	004°24'56"	16.27	32.51	N78°31'10.0"E
76	435.00	75.82	009°59'11"	38.00	75.72	S24°46'45.5"E
77	482.00	521.39	061°58'40"	289.49	496.34	S58°37'36.0"E
78	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
79	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
80	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
81	45.00	15.07	019°11'18"	7.61	15.00	N09°58'43.0"E
82	45.00	100.82	128°22'35"	93.04	81.02	N44°36'55.5"W
83	45.00	15.07	019°11'17"	7.61	15.00	S80°47'25.5"W
84	45.00	15.07	019°11'18"	7.61	15.00	S80°01'17.0"E
85	45.00	100.82	128°22'35"	93.04	81.02	N45°23'04.5"E
86	45.00	15.07	019°11'17"	7.61	15.00	N09°12'34.5"W
87	422.00	91.72	012°27'11"	46.04	91.54	S83°23'20.5"E
88	378.00	115.29	017°28'31"	58.10	114.84	N09°07'19.5"E

BOOK 938 PAGE 42
OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0865637
07/31/2007 01:39 PM

LEGAL DESCRIPTION

THAT PART OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE GLO BRASS CAP MARKING THE NORTHEAST CORNER OF SAID SECTION 25, FROM WHICH THE GLO BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 25 BEARS SOUTH 00°23'04" WEST, A DISTANCE OF 2,642.69 FEET;

THENCE SOUTH 00°23'04" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 25, A DISTANCE OF 795.06 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 00°23'04" WEST, ALONG SAID EAST LINE, A DISTANCE OF 1,772.62 FEET;

THENCE NORTH 89°35'39" WEST, A DISTANCE OF 2,387.95 FEET TO A POINT ON THE EASTERLY BOUNDARY OF SUN CITY FESTIVAL-PARCEL 81, RECORDED IN BOOK 722 OF MAPS, PAGE 1, MARICOPA COUNTY RECORDS;

THENCE ALONG SAID EASTERLY BOUNDARY THE FOLLOWING COURSES:

THENCE NORTH 00°24'21" EAST, A DISTANCE OF 25.00 FEET;
THENCE NORTH 45°09'36" WEST, A DISTANCE OF 57.12 FEET;

THENCE NORTH 00°43'34" WEST, A DISTANCE OF 336.87 FEET TO THE BEGINNING OF A TANGENT CURVE OF 7,265.00 FOOT RADIUS, CONCAVE WESTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°59'38", A DISTANCE OF 506.43 FEET;

THENCE NORTH 04°43'12" WEST, A DISTANCE OF 318.36 FEET TO THE BEGINNING OF A TANGENT CURVE OF 2,370.00 FOOT RADIUS, CONCAVE EASTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°48'12", A DISTANCE OF 529.80 FEET;

THENCE NORTH 54°13'54" EAST, A DISTANCE OF 41.57 FEET;

THENCE SOUTH 79°37'12" EAST, DEPARTING SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 138.60 FEET;

THENCE SOUTH 82°25'37" EAST, A DISTANCE OF 309.37 FEET TO A POINT ON A 840.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 06°25'33" EAST;

THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 09°25'13", A DISTANCE OF 138.11 FEET;

THENCE SOUTH 46°10'35" EAST, A DISTANCE OF 44.03 FEET;
THENCE NORTH 82°19'06" EAST, A DISTANCE OF 70.20 FEET;

THENCE NORTH 39°22'44" EAST, A DISTANCE OF 44.04 FEET TO A POINT ON A 835.00 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 07°51'01" WEST;

THENCE NORTHEASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 60°41'19", A DISTANCE OF 884.45 FEET;

THENCE NORTH 65°01'13" EAST, A DISTANCE OF 28.99 FEET;
THENCE SOUTH 18°34'47" WEST, A DISTANCE OF 115.00 FEET;
THENCE SOUTH 71°25'13" EAST, A DISTANCE OF 272.00 FEET;
THENCE NORTH 18°34'47" EAST, A DISTANCE OF 115.00 FEET;
THENCE SOUTH 71°25'13" EAST, A DISTANCE OF 77.71 FEET;

THENCE SOUTH 00°23'04" WEST, A DISTANCE OF 266.81 FEET TO A POINT ON A 437.58 FOOT RADIUS NON-TANGENT CURVE, WHOSE CENTER BEARS NORTH 00°57'02" EAST;

THENCE NORTHWESTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°48'53", A DISTANCE OF 67.32 FEET;

THENCE SOUTH 00°23'04" WEST, A DISTANCE OF 171.85 FEET;
THENCE SOUTH 89°36'56" EAST, A DISTANCE OF 664.00 FEET;
THENCE NORTH 00°23'05" EAST, A DISTANCE OF 50.07 FEET;

THENCE SOUTH 89°36'56" EAST, A DISTANCE OF 120.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

THAT PART OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 4 WEST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE G.L.O. BRASS CAP MARKING THE EAST QUARTER CORNER OF SAID SECTION 25, FROM WHICH THE G.L.O. BRASS CAP MARKING THE NORTHEAST CORNER OF SAID SECTION 25 BEARS NORTH 00°23'04" EAST, A DISTANCE OF 2,642.49 FEET;

THENCE NORTH 89°35'39" WEST, ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, A DISTANCE OF 1,656.12 FEET;

THENCE NORTH 01°08'43" WEST, DEPARTING SAID MID-SECTION LINE, A DISTANCE OF 100.04 FEET TO A POINT ON A LINE WHICH IS PARALLEL WITH AND 100.00 FEET NORTHERLY, AS MEASURED AT RIGHT ANGLES, FROM SAID EAST-WEST MID-SECTION LINE OF SECTION 25, AND THE TRUE POINT OF BEGINNING;

THENCE NORTH 89°35'39" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 569.16 FEET;

THENCE NORTH 00°24'21" EAST, DEPARTING SAID PARALLEL LINE, A DISTANCE OF 50.00 FEET;

THENCE NORTH 45°09'36" WEST, A DISTANCE OF 215.61 FEET;

THENCE SOUTH 89°16'26" WEST, A DISTANCE OF 50.00 FEET TO A POINT ON THE EASTERLY BOUNDARY LINE OF SUN CITY FESTIVAL-PARCEL 81, RECORDED IN BOOK 722 OF MAPS, PAGE 1, MARICOPA COUNTY RECORDS;

THENCE ALONG SAID EASTERLY BOUNDARY LINE OF SUN CITY FESTIVAL PARCEL 81 THE FOLLOWING COURSES:

THENCE NORTH 00°43'34" WEST, A DISTANCE OF 176.87 FEET TO THE BEGINNING OF A TANGENT CURVE OF 7,265.00 FOOT RADIUS, CONCAVE WESTERLY;

THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03°59'38", A DISTANCE OF 506.43 FEET;

THENCE NORTH 04°43'12" WEST, A DISTANCE OF 97.39 FEET;

THENCE NORTH 83°11'24" EAST, DEPARTING SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 566.40 FEET;

THENCE SOUTH 65°39'52" EAST, A DISTANCE OF 33.56 FEET;
THENCE SOUTH 46°13'26" EAST, A DISTANCE OF 271.44 FEET;

THENCE SOUTH 01°08'43" EAST, A DISTANCE OF 650.81 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 86.185 ACRES, MORE OR LESS, AFTER SAID EXCEPTION HAS BEEN MADE.

MISCLOSURE: ONE PART IN 1150532

NORTH ERROR = 0.006
EAST ERROR = 0.006

LOT TABLE

LOT	SQ. FOOTAGE
1	5,667
2	4,945
3	4,946
4	5,075
5	5,657
6	5,667
7	5,557
8	5,567
9	6,276
10	4,945
11	4,945
12	4,945
13	5,126
14	5,619
15	5,619
16	5,619
17	6,688
18	5,133
19	5,333
20	5,759
21	5,630
22	5,047
23	5,031
24	5,200
25	5,375
26	5,547
27	5,719
28	5,891
29	5,867
30	4,993
31	6,446
32	5,396
33	6,123
34	6,084
35	6,912
36	5,741
37	5,569
38	5,398
39	5,227
40	5,056
41	7,050
42	7,851
43	8,181
44	5,656
45	5,716
46	5,777
47	5,838
48	5,899
49	5,960
50	6,021
51	5,896
52	5,064
53	5,368
54	5,755
55	5,177
56	5,917
57	5,871
58	5,748
59	5,625
60	5,501
61	5,378
62	5,255
63	5,131
64	6,238
65	5,797
66	7,232
67	8,239
68	5,432
69	5,594
70	6,007
71	7,767

LOT	SQ. FOOTAGE
72	5,985
73	5,544
74	5,332
75	5,332
76	5,332
77	5,332
78	5,332
79	5,332
80	5,332
81	6,211
82	10,131
83	6,069
84	5,980
85	6,760
86	7,215
87	5,923
88	5,923
89	5,923
90	5,923
91	5,923
92	5,923
93	5,923
94	5,923
95	6,627
96	9,628
97	5,709
98	5,780
99	5,780
100	5,750
101	5,698
102	9,713
103	10,670
104	6,114
105	6,192
106	6,192
107	6,192
108	6,192
109	6,192
110	6,192
111	6,192
112	6,192
113	6,192
114	7,370
115	5,846
116	6,000
117	6,000
118	6,000
119	6,000
120	6,000
121	6,000
122	5,998
123	10,614
124	9,866
125	5,760
126	5,760
127	5,760
128	7,447
129	6,008
130	6,007
131	6,006
132	6,006
133	6,005
134	6,004
135	6,003
136	6,002
137	6,001
138	6,000
139	6,000
140	5,908
141	6,827
142	5,865

LOT	SQ. FOOTAGE
143	5,855
144	5,865
145	5,865
146	5,865
147	5,865
148	6,673
149	7,086
150	6,222
151	6,222
152	6,222
153	6,222
154	6,222
155	6,222
156	7,249
157	7,552
158	7,454
159	7,454
160	7,454
161	7,454
162	7,704
163	7,478
164	6,670
165	6,670
166	6,670
167	6,675
168	6,670
169	6,670
170	7,478
171	7,807
172	6,960
173	6,960
174	6,960
175	6,960
176	6,960
177	6,960
178	7,807
179	7,477
180	6,670
181	6,670
182	6,670
183	6,670
184	6,670
185	6,670
186	7,477
187	6,960
188	6,960
189	6,960
190	6,960
191	6,960
192	6,960
193	7,101
194	14,179
195	13,363
196	7,310
197	7,491
198	7,594
199	7,598
200	7,598
201	7,598
202	7,598
203	7,598
204	7,598
205	10,355
206	7,477
207	6,670
208	6,670
209	6,670
210	6,670
211	6,670
212	6,670
213	6,670

LOT	SQ. FOOTAGE
214	6,743
215	6,845
216	9,826
217	14,816
218	7,872
219	6,960
220	6,960
221	6,956
222	6,773
223	7,788
224	7,278
225	7,276
226	7,275
227	7,274
228	7,273
229	7,271
230	7,270
231	7,269
232	7,268
233	7,266
234	7,265
235	7,264
236	7,263
237	7,477
238	6,670
239	6,670
240	6,670
241	6,670
242	7,873
243	7,260
244	7,139
245	7,139
246	7,139
247	7,139
248	7,139
249	7,139
250	7,139
251	7,873
252	7,477
253	6,785
254	6,785
255	6,786
256	6,785
257	6,785
258	6,786
259	6,785
260	6,900
261	7,477
262	9,549
263	9,970
264	9,999
265	9,999
266	9,980
267	9,903
268	9,086
269	7,964
270	11,458
271	8,576
272	11,831
273	11,039
274	8,527
275	9,615
276	10,949
277	14,061
278	11,488
279	8,719
280	7,820
281	7,620
282	13,935
283	10,262
284	12,557

LOT	SQ. FOOTAGE
285	9,351
286	7,820
287	8,378
288	9,566
289	8,060
290	7,888
291	7,888
292	7,888
293	7,888
294	9,751
295	7,283
296	7,018
297	7,774
298	7,873
299	7,018
300	7,016
301	7,018
302	7,018
303	7,018
304	7,016
305	7,873
306	6,960
307	6,960
308	6,960
309	6,960
310	6,960
311	6,960
312	6,960
313	6,960
314	6,960
315	6,960
316	7,477
317	6,670
318	6,670
319	6,670
320	6,670
321	6,670
322	6,670
323	6,670
324	6,670
325	6,670
326	6,670
327	6,611
328	10,875
329	5,852
330	5,815
331	6,670
332	8,527
333	8,528
334	8,855
335	8,843
336	5,770
337	6,670
338	6,670
339	6,670
340	6,670
341	6,670
342	6,670
343	6,670
344	6,670
345	7,477
346	7,477
347	6,670
348	6,670
349	6,670
350	6,670
351	6,670
352	6,670
353	6,670
354	6,670
355	5,770
TOTAL	2,489,178

SEE SHEET 2 FOR TYPICAL LOT SETBACK DETAIL AND LEGEND

COE & VAN LOO
CONSULTANTS, INC.
4550 N. 12TH STREET
PHOENIX, AZ 85014
(602) 264-6831

APPRAISERS' QUALIFICATIONS

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FRANK R. KLEINMAN, MAI, CRE

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Bachelor of Science – Business Administration, Arizona State University, Tempe, 1957. Selected as the outstanding military student in the Class of 1957.

Continuing Education: Successfully completed the required courses of The Appraisal Institute. Attended numerous seminars and courses as part of the Appraisal Institute Professional Education/Certification program.

PROFESSIONAL AFFILIATIONS

MAI, Member, The Appraisal Institute since November 1970
State of Arizona, Certified General Real Estate Appraiser, Certificate No. 30207
CRE, Member, The American Society of Real Estate Counselors since January 1977

BUSINESS EXPERIENCE

2000 to Present, Appraiser, *Burke Hansen, LLC*
1983 to 2000, Partner, *Burke Hansen, Inc.*
1978 to 1983, Independent Fee Appraiser, *DICOR, Inc.*, retained as a consultant in charge of commercial real estate development
1967 to 1978, Manager of Appraisal Department, *Coldwell Banker & Company and Coldwell Banker Management Corporation*
1963 to 1978, Real Estate Appraiser, *Coldwell Banker & Company and Coldwell Banker Management Corporation*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Market and absorption studies and expert witness testimony.

Product Types: Master planned communities; apartments; neighborhood shopping centers; community shopping centers; historical Indian lands; office buildings; industrial buildings; and residential subdivisions.

A list of clients for whom assignments have been completed would include:

City of Peoria
Fortis Private Capital
Shimizu America Corporation
Suncor
Fry's
Nathan & Associates, Inc.
Maricopa Water District
Northern Trust Bank
Pinnacle West Capital Corp
The Mitsui Trust and Banking Co. Ltd.
Harris Trust Bank
Johnson Bank, N.A.
Snell & Wilmer

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STEPHEN E. NIEBLING

BURKE HANSEN, LLC

Real Estate Appraisal, Consultation & Advisory Services

EDUCATION

College: Master of Business Administration. Arizona State University, Tempe, Arizona, 1998.
Bachelors of Science in Economics. Santa Clara University, Santa Clara, California, 1992.

CERTIFICATION/ LICENSURE

State of Arizona, Certified General Real Estate Appraiser, Certificate (#30879)
Arizona Licensed Real Estate Sales Agent

PROFESSIONAL AFFILIATIONS

Associate Member, The Appraisal Institute

BUSINESS EXPERIENCE

2001 to Present, Senior Appraiser, *Burke Hansen, LLC*
1999 to 2001, *Real Estate Consultant, PricewaterhouseCoopers LLP*
1993 to 1999, Appraiser, *Burke Hansen, Inc.*

APPRAISAL/RESEARCH EXPERIENCE

Assignments: Majority of the assignments have been appraisals for conventional financing and/or CFD financing. Other appraisal assignments have included estate tax and litigation matters (eminent domain, lost profits, partnership disputes, CERCLA, etc.). Consulting assignments have been prepared for affordable housing, financial feasibility and market analyses.

Product Types: Master-planned communities; apartments; neighborhood and community shopping centers; professional and medical office buildings; industrial buildings; residential subdivisions, hotels and golf courses.

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APPENDIX D

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE UNDERTAKING
(OWNER)

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Owner pursuant to, and as described in, Section 2.

"Assessment Area" shall have meaning provided thereto in the Official Statement.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank Arizona, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78678-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"Dissemination Agent" shall mean any agent which has executed a dissemination agency agreement with the Owner and the successors and assigns of such agent.

"Issuer" shall mean Festival Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

"Material Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)*** Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Owner pursuant to, and as described in, Section 3.

"Objective Criteria" shall mean, as to any owner of land within the boundaries of the Assessment Area in question at the time in question, that the unpaid portions of the Special Assessments levied against such land owned by such owner equals or exceeds twenty percent (20%) of the total principal amount of the Securities then outstanding.

"Official Statement" shall mean the Official Statement, dated October 5, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Assessments" shall have the meaning provided thereto in the Official Statement.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Owner shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN JULY 1 OF EACH YEAR, COMMENCING JULY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.***

(ii) ***IF THE OWNER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information with respect to (I) single family lot closings and issuance of building permits within the boundaries of the portion of the Assessment Area owned by the Owner, (II) the full cash value for taxation purposes of the land within the Assessment Area owned by the Owner, (III) update of the land sales and land development (including particularly the status of completion of the items described under the heading "THE OTHER INFRASTRUCTURE" in the Official Statement), (IV) any conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding five percent (5%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed) and (V) changes in the description of residential product mix, development and sale of lots, project financing and encumbrances of the Owner set forth in the relevant sections of the Official Statement.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. ***IF THE FISCAL YEAR OF THE OWNER CHANGES, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of the following events (the "Material Events") with respect to the Securities:

(i) The conveyance in a single transaction to any entity by the Owner of land within the boundaries of the Assessment Area which has unpaid portions of the Special Assessments levied there against in an amount equal to or exceeding twenty percent (20%) of the principal amount of the Securities then outstanding (including identity of the entity and location of property conveyed).

(ii) Any failure by the Owner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Owner within the boundaries of the Issuer.

(b) ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF THE OCCURRENCE OF A MATERIAL EVENT WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF MATERIAL EVENT TO THE ISSUER.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Owner file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Owner may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation. The obligations of the Owner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of

all of the Securities or (ii) the failure of the Owner to satisfy the Objective Criteria. ***THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Owner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Owner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Owner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authority Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE OWNER CHANGE, THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT. THE OWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Owner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Owner chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Owner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Owner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided

may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Owner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authority Documents, and the sole remedy under this Undertaking in the event of any failure of the Owner to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Owner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Recordkeeping. The Owner shall maintain copies of each Annual Report and Notice Material Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 11. Subsequent Transfers of Owner's Land. Upon any sale by the Owner of land within the boundaries of the Assessment Area such that the acquiring owner of land within the boundaries of the Assessment Area then satisfies the Objective Criteria, the Owner shall require such acquiring owner of land within the boundaries of the Assessment Area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within the boundaries of the Assessment Area.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Owner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 13. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Owner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o Town of Buckeye, Arizona, Suite A, 100 North Apache, Buckeye, Arizona 85326, Attention: District Clerk or at any other address furnished previously in writing to the Owner by the Issuer.

Dated: [Closing Date]

PULTE HOME CORPORATION, a Michigan corporation

By.....
Printed Name:.....
Title:.....

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

$1,784,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Festival Ranch Community Facilities District (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"Authorizing Documents" shall mean, collectively, the resolutions authorizing the issuance of the Securities and the Indenture of Trust and Security Agreement from the Issuer to Wells Fargo Bank, N.A. with respect to the Securities.

"Central Post Office" shall mean an entity then recognized by the Securities and Exchange Commission as eligible to receive filings and submit such filings to the Repositories for purposes of the Rule. As of the date of this Disclosure Undertaking, the Central Post Office is:

DisclosureUSA
P.O. Box 684667
Austin, Texas 78678-4667
Fax: (512) 476-6403
http://www.disclosureUSA.org

"Dissemination Agent" shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

"Listed Events" shall mean any of the events listed in Section 3(a).

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the National Repositories existing at such time.)*** Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: munis@bloomberg.com

Standard & Poor's Securities Evaluations Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: nrmsir@interactivedata.com

The names and addresses of the then-current National Repositories should be verified each time information is delivered pursuant to this Undertaking. (A current listing of the National Repositories can be found at http://www.sec.gov/info/municipal/nrmsir.htm.)

"Notice of Material Event" shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

"Official Statement" shall mean the Official Statement, dated October 5, 2007, with respect to the Securities.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of Arizona and recognized by the Securities and Exchange Commission as a state repository for purposes of the Rule ***at the time any information is provided as required by this Undertaking. (The Issuer shall contact the Securities and Exchange Commission to determine the State Repositories existing at such time.)*** Currently, no State Repositories exist for the State of Arizona. ***The name and address of the then-current State Repository should be verified each time information is delivered pursuant to this Undertaking.***

"Tax-exempt" shall mean that interest on the Securities is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2008, PROVIDE TO EACH REPOSITORY AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO EACH REPOSITORY AND TO THE MUNICIPAL SECURITIES RULEMAKING BOARD ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 1 and 2 of the Official Statement.

(B) Information with respect to status of ownership, amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the "Special Assessments" which are the subject of TABLE 4 of the Official Statement.

(C) Current balances in the funds held pursuant to the "Indenture of Trust" described in such Official Statement.

(D) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principals as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to each Repository.***

Section 3. Reporting of Material Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Securities (including particularly, but not by way of limitation,

(A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Securities is not Tax-exempt or

(B) Any event adversely affecting the Tax-exempt status of the Securities, including but not limited to:

(I) Any non-random audit, investigation or other challenge of the Tax-exempt status of the Securities by the Internal Revenue Service or in any administrative or judicial proceeding or

(II) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the Tax-exempt status of the Securities or securities of the same type as the Securities or financing structures of the same type as financed by the Securities.)

(vii) Modifications to rights of holders (i.e. owners).

(viii) Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event).

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities (including property leased, mortgaged or pledged as such security).

(xi) Rating changes.

(b) ***IF KNOWLEDGE OF THE OCCURRENCE OF A LISTED EVENT WOULD BE MATERIAL AS INTERPRETED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (PROVIDED, HOWEVER, THAT ANY EVENT UNDER SUBSECTION (A)(VIII), (IX) OR (XI) OF THIS SECTION SHALL ALWAYS BE DEEMED TO BE MATERIAL), THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH REPOSITORY.***

Section 4. Alternate Means of Disclosure. Notwithstanding the provisions hereof requiring that the Issuer file the Annual Reports, the Notices of Material Events and certain other notices with each of the Repositories, for so long as there is a Central Post Office, the Issuer may instead comply with the provisions of this Undertaking by filing the Annual Reports and such notices with a Central Post Office.

Section 5. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO EACH REPOSITORY AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

(b) To the extent applicable by provision of law, this Undertaking is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provision of which are incorporated herein.

Section 6. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authority Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the

impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

Section 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Material Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Material Event.

Section 8. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authority Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 9. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Owner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or wilful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Official Statement.

"**Authorized Denomination**" means $1,000 of principal amount and multiple integrals thereof.

"**Bondholder**" means a Holder of a Bond.

"**Business Day**" means any day other than a Saturday; a Sunday; or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the City where the principal corporate trust office of the Trustee is located.

"**Code**" means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

"**Costs of Acquisition and Construction**" means all items of expense directly or indirectly relating to the cost of the acquisition and construction of the Project and incidental expenses, including but not limited to: (i) engineering expenses; (ii) legal expenses; (iii) printing, posting, publication and mailing expenses; (iv) fees and expenses incurred in making surveys, studies and estimates of costs; and (v) such other costs and expenses eligible for payment from the proceeds of the Bonds under the Enabling Act, including, but not limited to, the Costs of Issuance not paid from proceeds of the Issuance and Expenses Fund.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Bonds and the execution and delivery of the Indenture including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds, fees and charges for the Appraisal and charges and fees in connection with any of the foregoing and costs related to collection of Assessments.

"**Debt Service**" means, with reference to a specified period, collectively, (i) the scheduled payments of principal of and interest and premium, if any, on the Bonds for such period, (ii) fees and costs of registrars, trustees, paying agents or other agents necessary to handle the Bonds, and (iii) amounts due with regard to Rebate for such period.

"**Governmental Obligations**" means only obligations set forth in paragraphs (A) and (B) of the definition of Permitted Investments, which are not subject to redemption in advance of maturity at the option of the obligor thereon, and only the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York and are held in book entry form.

"**Holder**" when used with respect to any Bond means the Person in whose name such Bond is registered in the Bond Register.

"**Maturity**" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"**Moody's**" means Moody's Investors Service or any entity succeeding to the duties and obligations thereof.

"**Opinion of Counsel**" means a written opinion of counsel who may (except as otherwise expressly provided in the Indenture) be counsel for the District and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of nationally recognized standing in the field of municipal bond law and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

"**Outstanding**" when used with respect to Bonds means, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except, without duplication:

1. Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any paying agent for the Holders of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified under the heading "Defeasance" below.

"**Permitted Investments**" means any of the following; provided, however, any of the following which require a rating to satisfy such rating requirement shall not be a Permitted Investment if the rating is subject to any "credit watch with negative implications" by S&P or "under review for possible downgrade" by Moody's or any other notice from a Rating Agency indicating a potential downgrade or withdrawal:

A. Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America:

1. *U.S. Export-Import Bank*
   Direct obligations or fully guaranteed certificates of beneficial ownership.

2. *Farmers Home Administration*
   Certificates of beneficial ownership

3. *Federal Financing Bank*

4. *Federal Housing Administration Debentures*

5. *General Services Administration*
   Participation certificates

6. *Government National Mortgage Association ("GNMA")*
   Guaranteed mortgage-backed bonds
   Guaranteed pass-through obligations

7. *U.S. Maritime Administration*
   Guaranteed Title XI financing

8. *New Communities Debentures*
   U.S. government guaranteed debentures

9. *U.S. Public Housing Notes and Bonds*
   U.S. government guaranteed public housing notes and bonds

10. *U.S. Department of Housing and Urban Development*
    Project Notes Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies):

1. *Federal Home Loan Bank System*
   Senior debt obligations

2. *Federal Home Loan Mortgage Corporation*
   Participation Certificates and senior debt obligations

3. *Federal National Mortgage Association ("FNMA")*
   Mortgage-backed securities and senior debt obligations

4. *Student Loan Marketing Association*
   Senior debt obligations

D. Money market funds, including mutual funds of the Trustee, registered with the Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by S&P of AAAm-G; AAAm; or AAm or better and having a rating by Moody's of "VMIG-1" or better.

E. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Company.

F. Investment agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa" or better by Moody's and required to be collateralized to the then current requirements of S&P and Moody's to always have a rating of at least "A."

G. Commercial paper rated, at the time of purchase, "A-1" or better by S&P and Moody's.

H. Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

I. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P and "P-1" by Moody's.

J. Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm to the Issuer and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria.

1. *Repurchase Agreements must be between the Issuer and a dealer bank or securities firm*

   a. *Primary dealers* on the Federal Reserve reporting dealer list, or

   b. *Banks* rated "A" or above by S&P and rated "A" or above by Moody's.

2. *The written Repurchase Agreement contract must include the following*:

   a. *Securities which are acceptable for transfer are*:

      (1) Direct United States government, or
      (2) Federal agencies backed by the full faith and credit of the United States government

   b. *The term of the Repurchase Agreement may be up to 30 days*

   c. The collateral must be delivered to the Issuer, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities)

   d. *Valuation of Collateral*

      (1) *The securities must be valued weekly, marked-to market at current market price plus accrued interest*

(a) The value of collateral must equal 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm plus accrued interest. If the value slips below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If the securities used as collateral are FNMA, then the value must equal 105%.

3. *Legal opinion which must be delivered to the municipal entity*:

a. The Repurchase Agreement meets guidelines under state law for legal investment of public funds.

K. "*REFCORP STRIPS*" obligations, representing interest on obligations of the Resolution Funding Corporation, the payment of such interest, if other revenues are insufficient, is required to be paid from the United States Treasury, which interest obligations are stripped by the Federal Reserve Bank of New York.

L. Local Government Investment Pool, managed by the Treasurer of the State.

"**Rating Agency**" means S&P or Moody's.

"**Redemption Price**" when used with respect to any Bond to be redeemed means the amount to be paid on any Redemption Date for such redemption pursuant to the Indenture, excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"**S&P**" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, or any successor thereto.

"**Stated Maturity**" when used with respect to any Bond or any installment of interest on any Bond means the date specified in such Bond as the fixed date on which the principal or such installment of interest on any such Bond is due and payable.

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund, Issuance and Expense Fund and the Reserve Fund. The Trustee is required to hold all such property in trust for the benefit of all the Bondholders.

Funds

Bond Fund. The money deposited to the Bond Fund shall be held by the Trustee and applied solely as provided in the Indenture. The Bond Fund will be comprised of the Principal Account, the Interest Account and the Prepayment Account

The District shall deposit with the Trustee and the Trustee shall deposit to the Bond Fund to the credit of the applicable accounts or subaccounts:

(1) to the Principal and Interest Accounts, as applicable, all amounts collected by the Issuer from collections of the Assessments, to be applied to pay principal and interest then due on the Bonds;

(2) to the Prepayment Account all prepayments of the Assessments;

(3) to the Prepayment Account all proceeds from any foreclosure sale of any assessed property not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement; and

(4) such other funds as the District shall, from time to time, deem advisable.

The Trustee shall deposit to the Bond Fund to the credit of the applicable accounts:

(1) to the Interest Account, all accrued interest and interest capitalized;

(2) to the Prepayment Account, amounts transferred from the Acquisition and Construction Fund to the extent provided in the Indenture;

(3) to the Principal and Interest Accounts, amounts transferred from the Reserve Fund pursuant to the Indenture;

(4) to the Interest Account, any amounts transferred from the Reserve Fund as investment profits to be held in the Interest Account to be used to pay Bond interest not paid from Assessments as a result of prepayment or foreclosure of any Assessments; and

(5) to the Prepayment Account, any amounts transferred from the Reserve Fund as a result of a reduction in the Reserve Fund Requirement due to prepayment of Assessments or in the event the amount in the Reserve fund and Bond Fund is sufficient to pay all Bonds.

The Principal, Interest and Prepayment Accounts shall be applied solely to pay principal of, interest on and Redemption Price with respect to the Bonds.

Acquisition and Construction Fund. Deposits to the Acquisition and Construction Fund shall be applied as follows:

Funds in the Acquisition and Construction Fund shall be used to pay the Costs of Acquisition and Construction. Amounts on deposit in the Acquisition and Construction Fund shall be applied by the Trustee as set forth in an Issuer Request.

The Trustee shall make payments from the Acquisition and Construction Fund upon receipt of:

1. in every case, a Disbursement Request (as defined in the Indenture) certifying that the work to which the payment relates has been accomplished in a manner satisfactory to the District. The Disbursement Request may be based upon certificates satisfactory to the Assessment District Engineer and the District Engineer;

2. in the case of payments or reimbursements due related to construction contracts, a certificate signed and approved by the Assessment District Engineer and the District Engineer certifying

(a) approval of the requisition; (b) that the obligation was properly incurred; (c) that the amount requisitioned is due and unpaid; (d) that, insofar as the payment is to be made for work, material, supplies or equipment, the work has been performed and the material, supplies or equipment have been installed as part of the Projects or any portion thereof or have been delivered either at the proper site or at a proper place for fabrication and are covered by the builders' risk insurance; and (e) that all work, material, supplies and equipment for which payment is to be made are, in the signer's opinion or opinion of an inspector employed by the Municipality, in accordance with the plans and specifications or duly approved change orders.

3. in the case of payments to discharge any obligation or indebtedness of the District, properly chargeable against the Acquisition and Construction Fund, any notes or other evidences of the obligation or indebtedness to be discharged, which shall be cancelled by the Trustee and returned to the issuer thereof.

The date of completion of any portion of the Projects (the "Completion Date") shall be evidenced to the Trustee by a certificate signed by the District Engineer and the District Manager or a Responsible Officer of the Issuer stating that:

1. The Projects or any portion thereof, as applicable, have been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in the Projects or any portion thereof, as applicable, have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the applicable portion of the Projects have been constructed, acquired and installed in accordance with the plans and specifications therefor and all Costs of Acquisition and Construction for and incurred in connection therewith have been paid.

Within 10 days following the Completion Date, the Trustee shall transfer any balance in the Acquisition and Construction Fund (except moneys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds.

On July 1, 2010, any amounts remaining in the Acquisition and Construction Fund shall be transferred to the Prepayment Account of the Bond Fund.

Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund and investments thereof shall be applied solely to pay all Costs of Issuance identified in an Issuer Request. On July 1, 2008, the Trustee shall transfer any balance to the Acquisition and Construction Fund.

Reserve Fund. The money deposited to the Reserve Fund and investments thereof shall be held in trust and applied solely as follows:

A. The District shall deposit to the credit of the Reserve Fund $137,182.

B. On, or before June 29 and December 30 of each year, the Trustee shall, to the extent there are sufficient moneys in the Reserve Fund, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. The Trustee shall examine the Reserve Fund Requirement on May 1 of each year to determine if any prepaid assessments and corresponding redemption of Bonds has allowed the Reserve

Fund Requirement to be reduced. On May 1 of each year, the Trustee shall determine the value of the Reserve Fund investments, excluding any moneys which constitute investment earnings and shall thereafter deposit in the Prepayment Account, in $1,000 multiples, any moneys in the Reserve Fund in excess of the Reserve Fund Requirement. On June 1, 2031, moneys in the Reserve Fund shall be transferred to the Bond Fund.

D. After a Reserve Fund withdrawal, if the Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Reserve Fund from either the proceeds from the sale of delinquent assessments, or from all future installment payments on the assessments, but only to the extent that such portion of such installment payments is not required for the payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account.

F. If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds on the next Interest Payment Date, together with accrued interest on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Investment of and Security for Funds.

A. Money held in the Bond Fund shall be continuously invested and reinvested by the Trustee in Governmental Obligations as directed in writing by the District.

B. Money held in the Acquisition and Construction Fund, Reserve Fund and Issuance and Expenses Fund shall be continuously invested and reinvested by the Trustee in Permitted Investments as directed in writing by the District.

C. The Trustee shall sell or present for redemption any obligations so purchased as an investment hereunder whenever it shall be necessary to do so to make any required payment. Investments shall mature, or shall be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations purchased as an investment in any fund shall be deemed at all times to be a part of such fund. Other than investment profits in the Reserve Fund, the interest on obligations so purchased and any profit realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such fund.

D. All money held by the Trustee hereunder shall be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee may make any investment permitted by the Indenture through or with its own commercial banking or investment departments. The Trustee shall not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence or willful misconduct.

E. All investments in the Funds established under the Indenture shall be valued at fair market value by the Trustee.

Remedies under the Trust Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for the enforcement of any other remedy, as the Trustee deems most effectual to protect and enforce any of the rights of the Trustee or the Bondholders. The Indenture provides that, in addition to all rights and remedies of any Bondholder provided therein, in the event the District defaults in the payment of the principal of, or interest on, any of the Bonds when due, or defaults in the performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution or the Indenture, the Trustee will be entitled to a writ of mandamus compelling and requiring the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution or the Indenture. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may prove costly, time consuming, and difficult to enforce. The rights and remedies of Bondholders and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. **SEE "RISK FACTORS."**

If default occurs in the payment of any principal of or interest on any Bond when due and payable or at maturity, then upon demand of the Trustee, the District will cause to be paid to the Trustee the amount so due and payable and an amount sufficient to cover the costs and expenses of administration and collection, including reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to cause to be paid such amounts upon demand, the Trustee will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

The Trustee will be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of the Indenture, and in case of a sale of the Trust Estate and application of the proceeds as aforesaid, the Trustee will be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Bonds, for the Holders, and will be entitled to recover judgment for the same. No recovery of judgment upon the District will affect or impair the lien on the Indenture upon the trust estate or any rights, powers, or remedies of the Trustee or the Holders. Any amounts due shall be payable solely from amounts collected as installments on the Assessments, and amounts held by the Trustee pursuant to the Indenture.

Application of Money Collected

Any money collected by the Trustee pursuant to the "**Remedies under the Trust Indenture**" above, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied as follows:

First: To the payment of all unpaid amounts due the Trustee under the Indenture;

Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds, for principal, premium and interest and (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable) on overdue principal and in case such proceeds will be sufficient to pay in full the whole amount due and unpaid, then to the payment of such principal and interest without any preference or priority;

Third: To the extraordinary redemption of Bonds; and

Fourth: To the payment of the remainder, if any, to whosoever may be lawfully entitled to receive the same, or as a court may direct.

Control by Bondholders

The Holders of a majority in principal amount of any Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to enforce the Indenture, either by judicial proceedings, the sale of the Trust Estate or otherwise; and

2. to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that

    a. such direction will not be in conflict with any rule of law or the Indenture,

    b. the Trustee may take any other action deemed proper by the Trustee not inconsistent with such direction,

    c. the Trustee has not determined that the action would be unjustly prejudicial to the Holders not taking part in such direction, and

    d. if the remedy requires the consent of a certain number of the Holders, such consent has been provided.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its negligence or wilful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

Each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court may require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee, to any suit instituted by any Bondholder, or group of Bondholders of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the Stated Maturity expressed in such Bond (or, in the case of redemption, on or after the redemption date of such Bond).

Supplemental Indentures

Without the consent of the Holders of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture or the Bond Resolution; (iv) to add to the covenants of the District for the benefit of the Holders of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Bond Resolution which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder not inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Bondholders.

With the consent of the Holders of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution for the purpose of adding provisions to or changing in any other manner or eliminating any provisions of the Indenture or of modifying in another manner the rights of the Bondholders under the Indenture or the Bond Resolution. However, no supplemental indenture or amending resolution, without the consent of the Holder of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of Outstanding Bonds the consent of the Holders of which is required for any supplemental indenture, or any waiver provided for in the Indenture of compliance with certain provisions of or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Holders of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby. The Trustee may determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution and any such determination will be conclusive upon each Bondholder. The Trustee will not be liable for any such determination made in good faith.

Concerning the Trustee

The Trustee has undertaken to perform such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, failure to act, or wilful misconduct, except that (1) this paragraph will not limit the effect of the preceding paragraph; (2) the Trustee will not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent; (3) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith upon direction of the Holders of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any available remedy or exercising any trust or power conferred upon the Trustee under the Indenture; and (4) no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

    a. any resolution or other paper, document, or communication reasonably believed by it to be genuine and to have been signed or presented by the proper persons; and

    b. failure of the Trustee to receive any such paper, document, or communication, if prior receipt thereof is required by the Indenture before the Trustee is to take or refrain from taking any action;

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a District request and any District order or resolution may be sufficiently evidenced by a resolution of the District board;

3. whenever in the administration of the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking or omitting any action described in the Indenture, the Trustee (unless other evidence is specifically prescribed) may rely upon a certificate of a District officer;

4. the Trustee may consult with legal counsel and the written advice of such counsel will be full and complete authorization and protection in respect of any action taken or omitted by the Trustee in good faith and in reliance on the Indenture;

5. the Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders pursuant to the Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

7. the Trustee may execute any of the trusts or powers or perform any duties under the Indenture either directly or through agents or attorneys, and the Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed, with due care by it.

There will at all times be a trustee under the Indenture which will be a bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or State authority, and having an office in the Town of Buckeye, Arizona. If such corporation publishes reports of condition at least annually, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee ceases to be eligible in accordance with provisions of the Indenture, it will resign immediately in the manner and with the effect specified in the Indenture.

The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee will not have been delivered to the Trustee within 30 days after giving such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by act of the Holders of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District.

If at any time:

1. the Trustee ceases to be eligible under the Indenture and fails to resign after written request therefor by the District or a Bondholder, or

2. the Trustee becomes incapable of acting or adjudged insolvent or a receiver is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, the District may remove the Trustee.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor. In case all or substantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Bondholders. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Holders of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor will become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Bondholders and has accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when all Bonds previously authenticated and delivered under the Indenture have been canceled

by the Trustee or delivered to the Trustee for cancellation, excluding certain Bonds as provided in the Indenture or the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice is given to the Trustee or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Trustee is required to select the Outstanding Bonds with respect to which such deposit is made in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an opinion of counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Holders of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be

the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee (initially Wells Fargo Bank, N.A.) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District and the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such DTC Participants and not of DTC (or its nominee), the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX G

CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS

The following constitutes a summary of the "Foreclosure Process," specifically portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended, deemed applicable to the Bonds pursuant to the Bond Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses of record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the representative of the District, or in front of the usual place of meeting of the Board of the District. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the representative of the District shall, at 10 o'clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. He may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The representative of the District shall note on his records the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the representative of the District shall refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the representative of the District shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The representative of the District shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the representative of the District the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The representative of the District shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the representative of the District the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the representative of the District shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the representative of the District shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, $1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, $3.00 for the service of notice and the making of the affidavit.

The deed of the representative of the District shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The representative of the District shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.

GUST ROSENFELD
ATTORNEYS SINCE 1921 P.L.C.

■ 201 E. WASHINGTON, SUITE 800 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

October 17, 2007

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of $1,784,000 aggregate principal amount of Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*"), dated the date hereof, issued by Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") initiated under Resolution of Intention No. 11-07.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 13-07, passed and adopted by the District Board on September 18, 2007 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Trustee, Wells Fargo Bank, N.A.. The Bonds are payable solely from the funds pledged pursuant to the Indenture and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "*Code*"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and the Indenture and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By Scott W. Ruby

Scott W. Ruby
Bond Counsel

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408789

GUST ROSENFELD
ATTORNEYS SINCE 1921 P.L.C.

■ 201 E. WASHINGTON, SUITE 800 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SCOTT W. RUBY
602.257.7432
FAX: 602.340.1538
swruby@gustlaw.com

October 17, 2007

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets

Re: $1,784,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007

WE HAVE ACTED as Bond Counsel to Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*Issuer*") in connection with the issuance this date by the Issuer of bonds designated its Assessment Districts Nos. 4 and 5, Special Assessment Revenue Bonds, Series 2007, in the aggregate principal amount of $1,784,000 (hereinafter referred to as the "*Bonds*") and otherwise as counsel to the Issuer including for purposes relating to the execution and delivery of the "*Waiver Agreement*" as such term is defined in the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on September 18, 2007 (hereinafter referred to as the "*Resolution*") and an Indenture of Trust and Security Agreement, dated as of October 1, 2007 (hereinafter referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "*Trustee*"); (ii) are the subject of an Official Statement, dated October 5, 2007 (hereinafter referred to as the "*Official Statement*") and (iii) are being sold pursuant to a Purchase Contract, dated October 5, 2007 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "*Underwriter*"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the Issuer, we have examined and relied upon:

(i) An executed copy of the Waiver Agreement;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Official Statement;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) An executed copy of the Indenture;

(vi) An executed copy of a Letter of Representations, dated even date herewith (hereinafter referred to as the "*Letter*"), by and between the Issuer and The Depository Trust Company;

(vii) An executed copy of a Continuing Disclosure Undertaking, dated of even date herewith (hereinafter referred to as the "*Undertaking*"), from the Issuer;

(viii) An executed copy of a Dissemination Agency Agreement, dated as of Ocrtober 1, 2007 (hereinafter referred to as the "*Agreement*" and, collectively with the Indenture, the Purchase Contract, the Waiver Agreement, the Letter and the Undertaking, as the "*District Documents*"), by and between the Issuer and RBC Dain Rausher Inc. doing business under the name RBC Capital Markets;

(ix) Such other agreements, certificates (including particularly, but not by way of limitation, representations of Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "*Company*"), provided in the Waiver Agreement), opinions (including particularly, but not by way of limitation, an opinion of Gallagher & Kennedy, P.A., Counsel to the Company, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(x) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Company relating to the Official Statement and the District Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as

applicable, the District Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated September 21, 2007 (the "*Preliminary Official Statement*") with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Official Statement, the Resolution, the District Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under, the District Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the District Documents and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The Issuer has duly (a) adopted the Resolution, (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Resolution, the District Documents and the Bonds and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such assessments have been perfected pursuant to applicable law and as described in the Official Statement. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms.

6. Based solely upon a search of the available records of Superior Court of Maricopa County, Arizona and the U.S. District Court for the District of Arizona for the five-year period ending October 11, 2007 and October 5, 2007 respectively and upon inquiry of District officials, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Resolution, the District Documents or the Bonds or

would in any way adversely affect the validity or enforceability of the Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement) or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the Issuer which question the right of the Issuer to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Official Statement, the Resolution, the District Documents or the Bonds.

7. The information contained in the Official Statement in the tax caption on the cover thereof, under the headings "THE DISTRICT AND THE ASSESSMENT AREA", "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "LITIGATION," "TAX EXEMPTION," "QUALIFIED TAX-EXEMPT OBLIGATIONS," "CONTINUING DISCLOSURE" (except as it related to compliance with previous undertakings) and "RELATIONSHIPS AMONG PARTIES" (as it relates to Bond Counsel only), therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix D - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS," Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix G – "CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS" thereto does not contain any untrue statement of a material fact and does not omit any material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds and fairly summarizes the information which it purports to summarize. With regard to the other portions of the Official Statement, on the basis of our participation as Bond Counsel, nothing has come to our attention to lead us to believe that the Official Statement (except for the financial information and notes thereto and the schedules and other financial or statistical data included in Appendix A thereto or otherwise included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

8. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any

rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion is furnished by us as bond counsel. Aside from the District, no attorney-client relationship has existed or exists between our firm and the addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressee's benefit and, except as specifically stated herein, is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This opinion speaks only as of its date, and no republication is intended upon the sale, assignment, conveyance or transfer of the Bonds by the initial purchaser.

Respectfully submitted,

By

Scott W. Ruby
For the Firm

SWR:jlu
771664

Greenberg Traurig

October 17, 2007

RBC Dain Rauscher Inc., doing business
under the name RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007

This opinion is rendered pursuant to the Purchase Contract, dated October 5, 2007 (the "Purchase Contract"), by and between Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its $1,784,000 Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (hereinafter referred to as the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Official Statement relating to the Bonds (hereinafter referred to as the "Official Statement"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigations pertaining to, and your participation in the preparation of, the Official Statement. That assistance involved, among other things, inquiries concerning various legal and related matters, our review of certain corporate

ALBANY
AMSTERDAM
ATLANTA
BOCA RATON
BOSTON
BRUSSELS*
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MIAMI
MILAN*
NEW JERSEY
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ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SILICON VALLEY
TALLAHASSEE
TAMPA
TOKYO*
TYSONS CORNER
WASHINGTON, D.C.
WEST PALM BEACH
ZURICH
*Strategic Alliance
Tokyo-Office/Strategic Alliance

records, documents and proceedings and our participation in discussions with your representatives and other persons involved in the preparation of information for the Official Statement and representatives of the District and the Owners and Stonebridge (as such terms are defined in the Official Statement) concerning the contents of the Official Statement and related matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement, on the basis of the information which was developed in the course of our performance of the services referred to hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Official Statement, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which such statements were made, not misleading. Reference in this paragraph to the Official Statement does not include the information contained in the Official Statement under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT" and "THE OWNER" therein and Appendix C - "APPRAISAL" thereto nor the financial information or other technical or statistical data included in the Official Statement or its Appendices, as to all of which we express no opinion.

Respectfully submitted,

Greenberg Traurig, LLP

GALLAGHER & KENNEDY
P.A.
LAW OFFICES

2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225

PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

October 17, 2007

RBC Capital Markets
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: $1,784,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to Pulte Home Corporation, a corporation organized and existing pursuant to the laws of the State of Michigan and doing business in the State of Arizona (the "Owner"), particularly in connection with the transactions provided for by the documents referred to herein in and connection with the issuance and sale of the Bonds, sold pursuant to a Purchase Contract, dated October 5, 2007 (the "Purchase Contract"), by and between RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Underwriter"), and Festival Ranch Community Facilities District (the "District"). Any capitalized terms used in and not defined in this letter will have the meanings assigned to them in the Purchase Contract.

Examinations. As such counsel, we have made such examinations and inquiries as we have deemed necessary as a basis for this opinion, including examination of the forms of the following documents:

1. The following documents pertaining to the transaction:

   a. The Purchase Contract.

   b. The Official Statement issued by the District.

   c. The Continuing Disclosure Undertaking from the Owner (the "Undertaking").

d. Dissemination Agency Agreement dated of even date herewith between the Owner and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (the "Agency Agreement").

e. Waiver Agreement (the "Waiver Agreement")

f. Owner Indemnity Letter of even date with the Purchase Contract (together with the Undertaking, the Agency Agreement and the Waiver Agreement, collectively, as the "Transaction Documents").

2. The following organizational documents pertaining to Owner (collectively, the "Organizational Documents"):

a. Articles of Incorporation of the Owner, a Michigan corporation, dated January 24, 1985, as amended by that Certificate of Amendment to the Articles of Incorporation, dated February 19, 1985, the Certificate of Merger/Consolidation, dated April 10, 1985, the Certificate of Amendment to the Articles of Incorporation, dated April 29, 1987, the Certificate of Amendment to the Articles of Incorporation, dated December 7, 1987, and the Certificate of Merger/Consolidation, dated December 7, 1987.

b. Bylaws of the Owner, dated October 10, 2005

c. Certificate of Good Standing of the Owner, dated October 8, 2007, issued by the Corporation Division of the Michigan Department of Labor and Economic Growth.

d. Certificate of Good Standing of the Owner, dated October 10, 2007, issued by the Arizona Corporation Commission.

3. We have further examined:

a. An Officer's Certificate of Rich Gallagher, Vice President of Finance of the Owner, executed on October 17, 2007 (the "Officer's Certificate").

b. An Opinion of Honigman Miller Schwartz & Cohn of Detroit, Michigan of even date herewith.

We have also examined such certificates of public officials, certificates of representatives of the Owner and such other documents as we have deemed relevant and necessary as a basis for the opinions set forth below. We have relied upon certificates of public officials and of the Owner with respect to the accuracy of material or factual matters contained in such certificates, which were not independently established.

Assumptions. In rendering this opinion, we have assumed that:

1. (a) Each of the other parties to the Transaction Documents (the "Other Parties") is duly formed and validly existing; (b) the execution, delivery and performance of the applicable Transaction Documents by each of the Other Parties has been duly authorized by all corporate or limited liability company action required of such Other Party; (c) each of the Other Parties has obtained all necessary governmental consents, authorizations, approvals, permits or certificates that are required as a condition to the execution and delivery of the Transaction Documents by such Other Party and to the consummation of the transactions contemplated thereby; (d) the Transaction Documents constitutes legal, valid, binding and enforceable obligations of each of the Other Parties under federal law, the laws of the State of Arizona, and the laws of any other applicable jurisdiction; (e) except for the Transaction Documents, there are no other documents or agreements between any of the Other Parties and others that would expand or otherwise modify the obligations of the parties under the Transaction Documents; (f) each of the Other Parties has the power and authority under applicable laws and regulations to enter into and perform the transactions as described in the Transaction Documents and has complied in all material respects with all applicable laws and regulations with respect thereto; and (g) each of the Other Parties will at all times during the term of the Transaction Documents act in good faith and only in a manner that under the circumstances is commercially reasonable and in accordance with applicable law.

2. The Transaction Documents accurately and completely describes and contains the parties' mutual intent, understanding and business purposes, and there are no understandings among the Other Parties or the Owner that are inconsistent with the content of the Transaction Documents, and there are no facts or events (such as fraud or duress) that have occurred in connection with the execution, acknowledgment and delivery of the Transaction Documents that would impair its enforceability.

3. No fraud, misrepresentation, unilateral mistake or concealment has occurred in connection with the Transaction Documents or any aspect of the transactions governed by the Transaction Documents.

4. The applicable Transaction Documents, immediately after delivery, will be properly filed or recorded in the appropriate governmental offices, and all necessary continuation statements will be timely filed, and all fees, charges, and taxes due and owing as of this date have been paid.

5. The parties' representations and warranties contained in the Transaction Documents are truthful and accurate.

6. All reports and other documents prepared by third party consultants relating to the transactions contemplated by the Transaction Documents or any of the property within the District are truthful and accurate.

7. Each of the Transaction Documents required to be executed, ratified, notarized, filed, recorded or indexed to be effective (and any UCC-1 or other financing statements required to perfect same) have been or will be timely and properly executed, ratified, notarized, filed, recorded or indexed in the appropriate governmental offices and the recipient will timely file any and all necessary continuation statements.

8. No interest, fees or other charges will be collected with respect to the transactions that are not clearly specified in the Transaction Documents or that are not permitted by applicable law.

9. At the time any of the Other Parties seeks to enforce its rights under the Transaction Documents, such Other Party will not be in breach thereof, those documents will still be in force, and no applicable statute of limitations will have expired.

10. Each of the Other Parties will diligently and timely pursue its rights and remedies under the Transaction Documents.

11. All consents, approvals, licenses or authorizations by, and all notifications of and filings with, any court, governmental body or other person required to be obtained or made in connection with the Transaction Documents and the transactions contemplated thereby have been so obtained or made.

12. The Owner holds the requisite title and rights to any real or personal property involved in the transactions contemplated by the Transaction Documents or otherwise purported to be owned by the Owner.

13. We have assumed without investigation the completeness, genuineness and authenticity of any document submitted to us as an original, the conformity to the original of any document submitted to us as a copy, the authenticity of the original of such latter documents, the conformity to the executed document of any document submitted to us as the form to be executed, the genuineness of all signatures, and the legal competency and capacity of natural persons to execute and deliver all applicable documents and carry out such individual's obligations under the Transaction Documents. We have assumed without investigation that any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other document on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption.

Other Limitations. The opinions expressed in this letter are subject to the following qualifications, limitations and exceptions:

1. Our opinions are limited by the internal laws of the State of Arizona (notwithstanding Arizona choice-of-law rules). Accordingly, we express no opinion as to the possible impact upon the matters of the laws, orders or judgments of any jurisdiction other than the local laws of the State of Arizona (notwithstanding Arizona choice-of-law rules).

2. Whenever we indicate that our opinion is based on "our knowledge," or words of similar import, such opinion is based solely on the current actual knowledge of the firm's attorneys who have devoted substantive attention to matters related to the Transaction Documents. We have not made any independent investigation, verification, or review of any matters whatsoever except as specifically set forth herein, and we are relying solely on such specifically stated investigation or review.

3. We express no opinion concerning the legal validity and sufficiency of the acts of any of the Other Parties.

4. The opinions herein are based upon and limited to the laws and facts in effect on the date hereof, and we assume no obligation to update, revise or supplement the opinion should any law be changed by any legislative action, judicial decision, administrative process, or otherwise.

5. Our opinion is limited to the matters set forth herein and to the date hereof. No opinion may be inferred or implied beyond the matters expressly stated herein. Our opinion is applicable only to the addressee of this opinion and will not be applicable to any other person.

6. The enforceability of the Transaction Documents is subject to:

a. Bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, arrangement, receivership, conservatorship, moratorium and other similar state and federal laws or court decisions now or hereafter affecting the enforcement of creditors' and property rights generally.

b. The general principles of equity.

c. The qualification that certain waivers, procedures, remedies, indemnities, consents to jurisdiction and other provisions of the Transaction Documents (excluding all waivers and indemnities contained in the Indemnity Letter) may be unenforceable under or limited by the laws of the State of Arizona; provided, however that such possible unenforceability or limitations will not render the Transaction Documents (including, but not limited to, the Waiver Agreement and the Indemnity Letter) invalid as a whole or substantially prevent the practical realization of the principal benefits intended by the Transaction Documents (except for the economic consequences of procedural or other delay).

7. We express no opinion as to matters of title, priority, or perfection of liens or priority or perfection of security interests except as specifically set forth herein.

8. Our engagement did not extend to, and, except for Opinion Number 9, we render no opinion about, any federal or state securities laws, rules or regulations, zoning matters, or applicable building codes or ordinances, or the effect of such matters, if any, on the opinions expressed herein, including, without limitation, the compliance of the Transaction Documents or the offer and sale of the Bonds with any securities laws or regulations.

Based on and subject to the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, we are of the opinion that:

1. The Owner is qualified to do business as a foreign corporation under the laws of the State of Arizona.

2. The execution and delivery by the Owner of the Transaction Documents and the consummation of the transactions contemplated by the Transaction Documents, to our knowledge, (i) will not cause a material breach or default under any agreement or other instrument to which the Owner is a party or by which it or its properties are bound that are material to the business operations of the Owner, or (ii) will not violate any applicable law, rule or regulation affecting the Owner which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

3. To our knowledge, Owner has obtained all material consents, approvals, authorizations and other actions by, and filings with, all federal, state, and local governmental authorities required to: (a) execute and deliver the Transaction Documents and consummate the transactions contemplated by the Transaction Documents that are applicable to the Owner; (b) carry out its business as such business is currently being conducted related to the Transaction Documents, as described in the Official Statement, except for such consents, approvals, authorizations and other actions or filings that the Owner would expect to obtain in the ordinary course of its business provided that no opinion is hereby expressed as to the compliance of the offer and sale of the Bonds with any securities law or regulation or any consents, approvals, authorizations or other actions or filings by the Town or the District.

4. To our knowledge, the Owner is not in violation of any provision of, or in default under, the Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Owner.

5. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to

which the Owner is a party or of which any property of the Owner is subject, except as described in the Official Statement, which, if determined adversely to the Owner would individually or in the aggregate: (a) have a material adverse effect on the financial condition or results of operations of the Owner and its affiliates considered as a whole; (b) materially and adversely affect the validity or the enforceability of the Transaction Documents; (c) otherwise materially or adversely affect the ability of the Owner to comply with its obligations under the Transaction Documents; or (d) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Owner.

6. To our knowledge, the information contained in the Official Statement under the headings "THE DISTRICT AND THE ASSESSMENT AREA," "THE PUBLIC INFRASTRUCTURE," "THE OTHER INFRASTRUCTURE," "LAND DEVELOPMENT," "THE OWNER" and "RISK FACTORS" and in Appendix C – "Appraisal," in each instance to the extent it is applicable to the Owner and to the extent that Owner is involved with: (i) the Public Infrastructure and the Property (as each of "Public Infrastructure" and the "Property" are defined in the Official Statement), and (ii) the development of the Property, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our limited participation with the Official Statement, we have not undertaken to determine independently the accuracy, completeness or fairness of the statements contained therein, except as and to the extent otherwise provided in this paragraph, and, therefore, we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, on the basis of such limited participation, we have not acquired any knowledge that the Official Statement (except for the financial information and notes thereto and the schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

We are furnishing this letter of opinion to you solely for your benefit and it may be relied on by you only for the purpose contemplated by the transactions under the Transaction Documents. Our opinion is not to be reproduced or filed publicly, or used or relied on, or quoted or delivered to by any other person or entity without, in each instance, our prior written consent, nor may it be used, quoted, delivered, circulated or otherwise referred to for any other purpose.

Sincerely,

GALLAGHER & KENNEDY, P.A.

Gallagher & Kennedy, P.A.

HONIGMAN

Honigman Miller Schwartz and Cohn LLP
Attorneys and Counselors

(313) 465-7000
Fax: (313) 465-8000
www.honigman.com

October 17, 2007

RBC Dain Rauscher Inc.
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

District Board
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Re: $1,784,000 Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment District Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007.

Ladies and Gentlemen:

We are counsel to Pulte Home Corporation, a Michigan corporation (hereinafter referred to as the "Owner"). This opinion letter is being delivered to you at the request of Owner in connection with the Purchase Contract, dated October 5, 2007 (the "Purchase Contract"), by and between RBC Dain Rauscher, Inc. doing business under the name RBC Capital Markets (the "Underwriter") and Festival Ranch Community Facilities District (the "District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

We have examined (i) the Continuing Disclosure Undertaking from the Owner, (ii) the Dissemination Agency Agreement dated as of October 1, 2007, between the Owner and Underwriter, (iii) the Waiver Agreement, and (iv) the Owner Indemnity Letter of even date with the Purchase Contract (collectively, the "Owner Documents"), and have relied upon such records, documents, certificates and other information furnished to us, and have considered such matters of law and fact, as we have deemed appropriate as a basis for our opinions set forth in this opinion letter. As to matters involving the facts specified therein, we have relied solely, without independent investigation or verification, upon a certificate of certain officers of Owner, representations and warranties of Owner in the Owner Documents, and certificates of government officials.

For the purposes of this opinion letter, we have assumed that each document submitted to us is accurate and complete, that each such document that is an original is authentic, that each such document that is a copy conforms to an authentic original, and that all signatures on each such document are genuine. We have further assumed the legal capacity of all natural persons, and we have assumed that the other parties to the Owner Documents have satisfied all legal

requirements that are applicable to each of them to the extent necessary to make the Owner Documents enforceable against them. We have not verified any of these assumptions.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Owner has been duly incorporated and is validly existing under the laws of the State of Michigan.

2. Owner has the requisite corporate power and authority to perform all obligations on its part under the terms of the Owner Documents.

3. Execution, delivery and performance by Owner of the Owner Documents has been duly authorized by all necessary corporate action on the part of Owner.

4. The Owner Documents have been duly executed and delivered on behalf of Owner.

5. The Owner Documents constitute the legal, valid and binding obligation of Owner and are enforceable against Owner in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally and subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

6. The execution and delivery by Owner of the Owner Documents, and the performance of Owner's obligations thereunder, do not violate any provisions of Owner's articles of incorporation or bylaws.

The foregoing opinions are subject to the following (in addition to the qualifications and other limitations set forth above):

A. The laws covered by the opinions expressed in this opinion letter are limited solely to the "laws" of the State of Michigan (the "Opining Jurisdiction") in effect on the date of this opinion letter and we do not express any opinion concerning any other laws. For purposes of the opinion letter, "laws" means the statutes, the judicial and administrative decisions, and the rules and regulations of the governmental agencies of the applicable jurisdiction, but excluding the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities and special political subdivisions (whether created or enabled through legislative action at the Federal, state or regional level), and judicial decisions to the extent that they deal with any of the foregoing. We disclaim any opinion concerning the laws of any other jurisdiction, or any other statutes or laws of the named jurisdiction or the effect thereof.

B. We have not investigated and express no opinion concerning (i) Federal and state bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights and remedies of creditors generally, (ii) Federal Reserve Board margin regulations, (iii) pension and employee benefit laws and regulations (e.g., ERISA), (iv) Federal and state antitrust and unfair competition laws and regulations, (v) filing and notice requirements under the Hart-Scott-Rodino Act and the Exon-Florio Act, (vi) compliance with fiduciary duty requirements, (vii) fraudulent transfer and fraudulent conveyance laws, (viii) Federal and state environmental laws and regulations, (ix) Federal and state land use and subdivision laws and regulations, (x) Federal and state tax laws and regulations, (xi) Federal patent, copyright and trademark, state trademark, and other Federal and state intellectual property laws and regulations, (xii) Federal and state racketeering laws and regulations (e.g., RICO), (xiii) Federal and state health and safety laws and regulations (e.g., OSHA), (xiv) Federal and state labor laws and regulations, (xv) Federal and state laws, regulations and policies concerning (I) national and local emergency, (II) possible judicial deference to acts of sovereign states, and (III) criminal and civil forfeiture laws, (xvi) Federal and state securities laws, and (xvii) other Federal and state statutes of general application to the extent they provide for criminal prosecution (i.e., mail fraud and wire fraud statutes).

C. In reviewing the material documents and agreements of Owner, including the Owner Documents, we have assumed, to the extent any of them do not purport to be governed by the laws of the State of Michigan, that the laws of each jurisdiction governing such material documents and agreements are those of the State of Michigan.

This opinion letter is provided to you by us in our capacity as counsel to Owner and may not be relied upon by any other person, or by any person for any purpose other than the purchase and sale of the captioned Bonds pursuant to the Purchase Contract, without, in each instance, our prior written consent. This opinion letter is given as of the date hereof, and we undertake no obligation to advise you of any changes occurring after the date hereof.

Very truly yours,

Honigman Miller Schwartz and Cohn LLP

HONIGMAN MILLER SCHWARTZ AND COHN LLP

DF/NHB/TEP

DETROIT.2820949.2

FEASIBILITY REPORT

For The Issuance of

Not to Exceed
$2,000,000 Principal Amount

OF

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT

(TOWN OF BUCKEYE, ARIZONA)

ASSESSMENT DISTRICTS NOS. 4 AND 5
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2007

September 4, 2007

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY STUDY; AND GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Festival Ranch Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "Bonds") in a principal amount of not to exceed $2,000,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the area to be benefitted by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, financial advisors, appraisers, counsel, engineers, Town staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF THE DISTRICT

Formation of the District was approved by the Town of Buckeye (the "Town") on April 19, 2005 upon the request of all of the landowners within the District. The District consists of approximately 4,015 acres within the approximately 10,354 acre master-planned community called Festival Ranch (the "Project"). The Project is located along Sun Valley Parkway generally between the 259th Avenue and the 291st Avenue alignments. Single-family residential units represent approximately 3,190 acres within the Project.

In addition to residential and commercial development, several community amenities are planned for construction within the District, including three golf courses and recreation centers.

The real property comprising the Assessment District No. 4 consists of approximately 642 lots and approximately 173.85 acres. Assessment District No. 5 consists of approximately 250 lots and approximately 60.112 acres.

The total District acreage and Assessment Districts Nos. 4 and 5 acreage can be categorized as follows:

Total Project	Approximate District Acres	Approximate Assessment District No. 4 Acres	Approximate Assessment District No. 5 Acres	Approximate Total Assessment Districts No. 4 & 5 Acres
Single Family Residential Units	3,190	173.850	60.112	233.962
3 Golf Courses	600	12.230	0	12.230
Commercial	150	0	0	0
Recreation Centers	75	0	0	0
Total	4,015	186.080	60.112	246.192

The District was created to finance the construction or acquisition of public infrastructure within the District, including to finance the construction or acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. Legal descriptions of the District and of Assessment Districts Nos. 4 and 5 are included in Appendix 1. Maps of the District and Assessment Districts Nos. 4 and 5 are included in Section Three. The acquisition of the Public Infrastructure as defined in this Report is consistent with the Town of Buckeye's approved General Plan for the Project.

Pulte Home Corporation owns all the property located within Assessment Districts Nos. 4 and 5.

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure, which will be publicly bid pursuant to state statute, to be financed by the Bonds of the District, with the balance to be financed by a subsequent bond issue or by Pulte Home Corporation ("Pulte Home"), consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home with estimated cost and construction timing as noted.

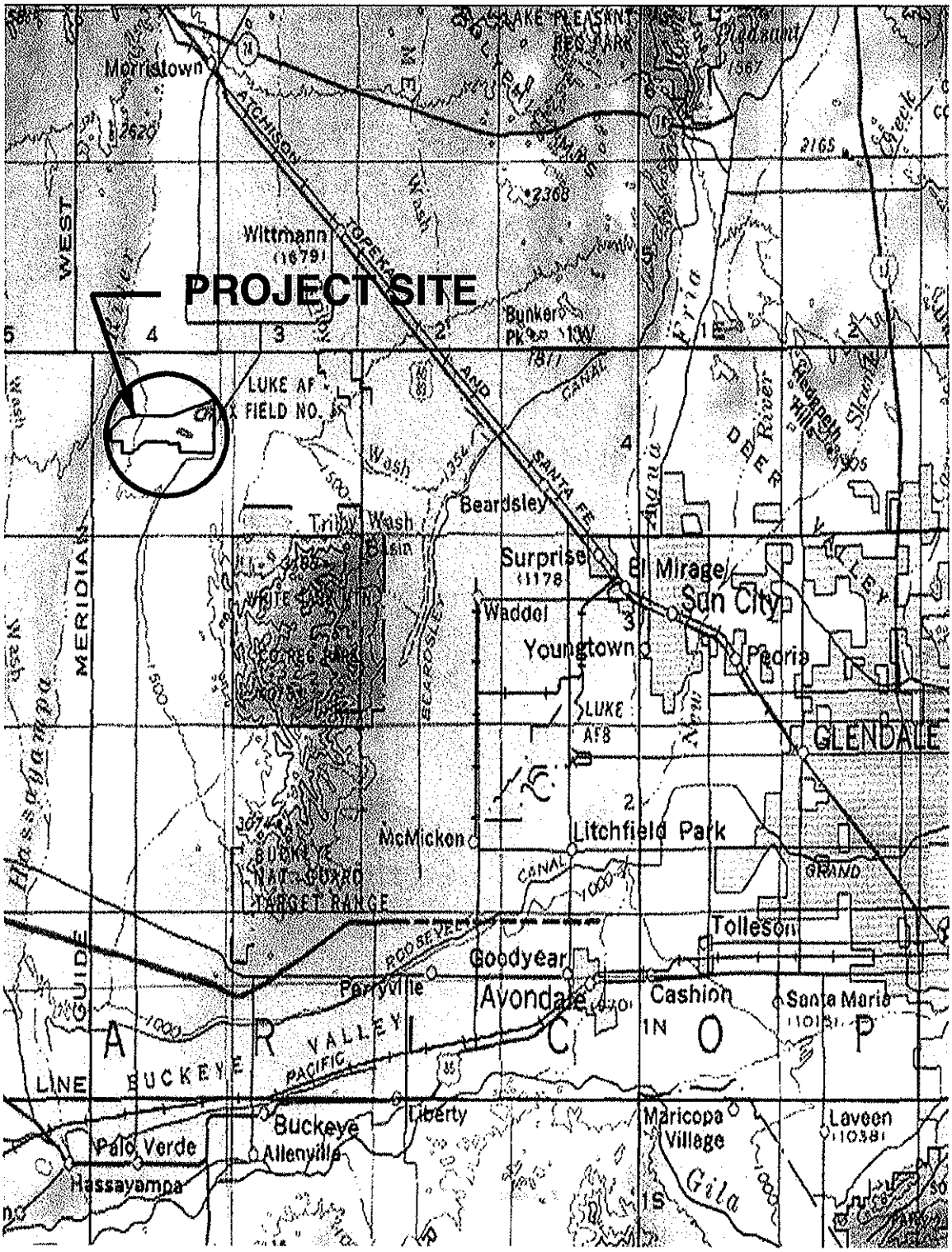
SUN CITY FESTIVAL
ASSESSMENT DISTRICTS NOS. 4 AND 5
DESCRIPTION OF PUBLIC INFRASTRUCTURE

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
Assessment District No. 4					
K1/O1	297	$1,436,085	Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	16,118	January-09
Assessment District No. 5					
Festival Foothills Phase 2 – Units 15, 17, 21, and 23	250	$1,450,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	13,810	September-09
	892	$4,578,410		43,605	

SECTION THREE

MAP OF THE DISTRICT AND MAPS OF ASSESSMENT DISTRICTS NOS. 4 AND 5

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



SCALE : NONE

LOCATION MAP

Pulte Homes

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	JOB NO. 680033	FIGURE 1

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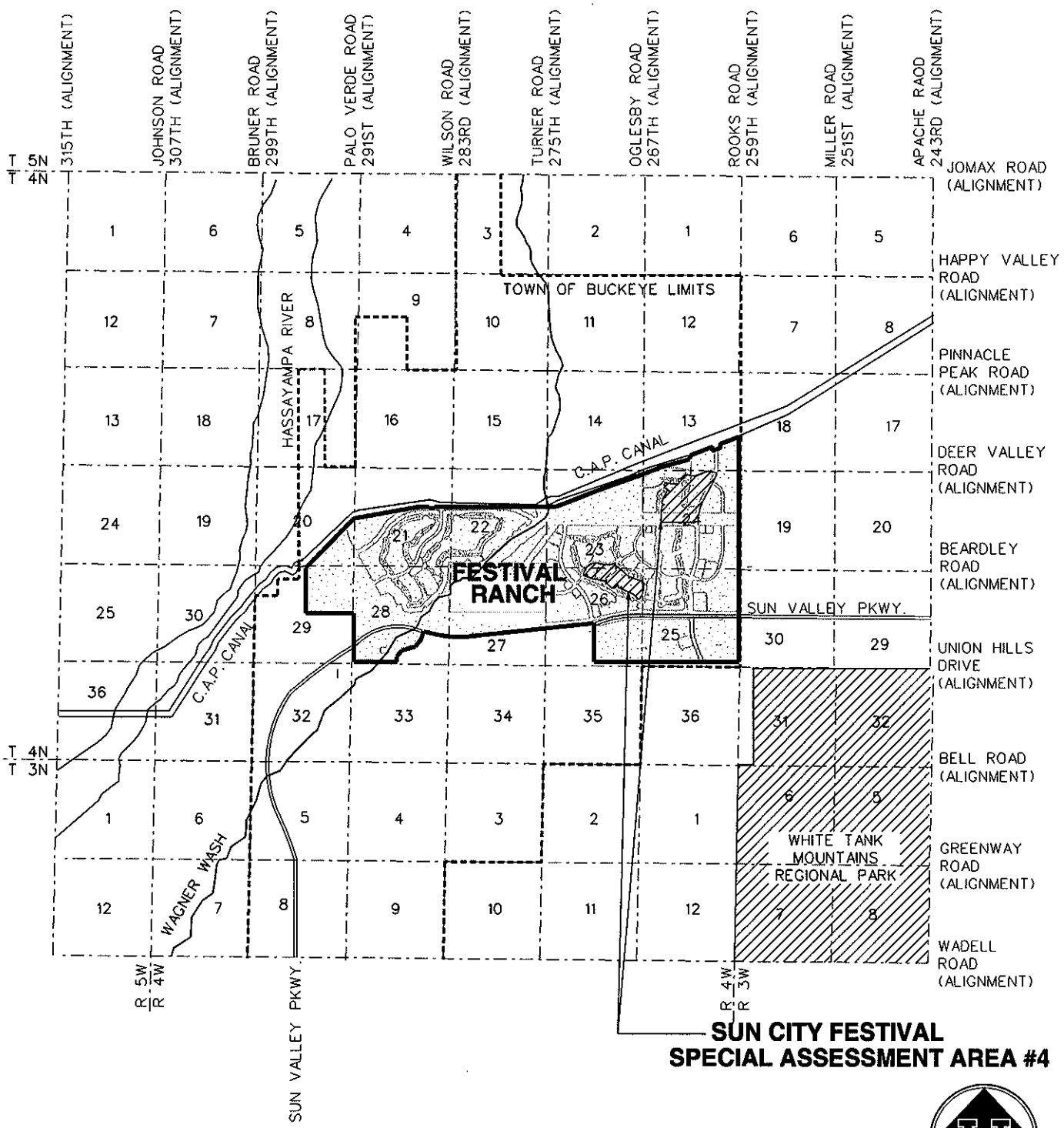
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



VICINITY MAP

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Pulte Homes

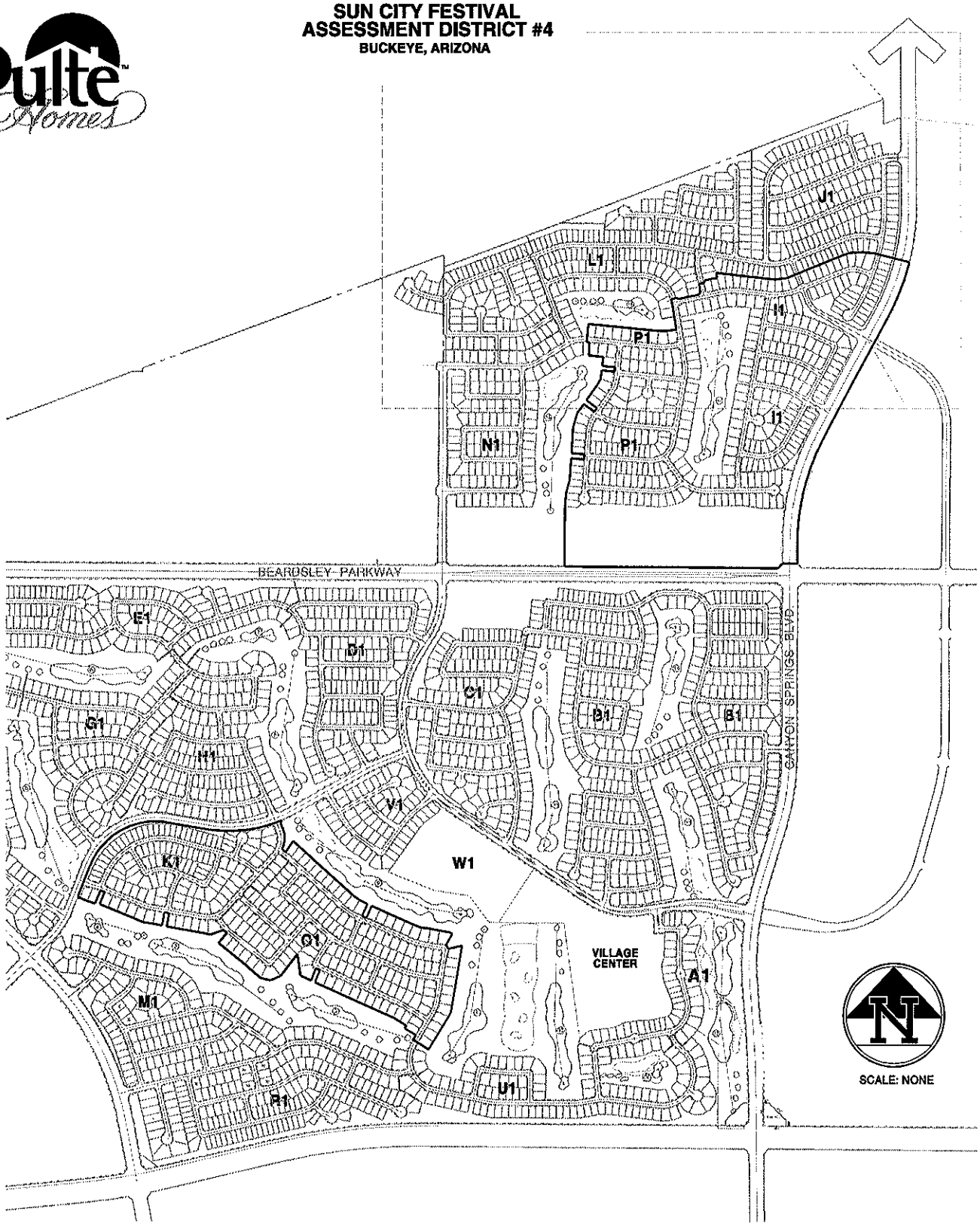
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 680033

FIGURE 2

SUN CITY FESTIVAL
ASSESSMENT DISTRICT #4
BUCKEYE, ARIZONA



SUN CITY FESTIVAL

COE & VAN LOO

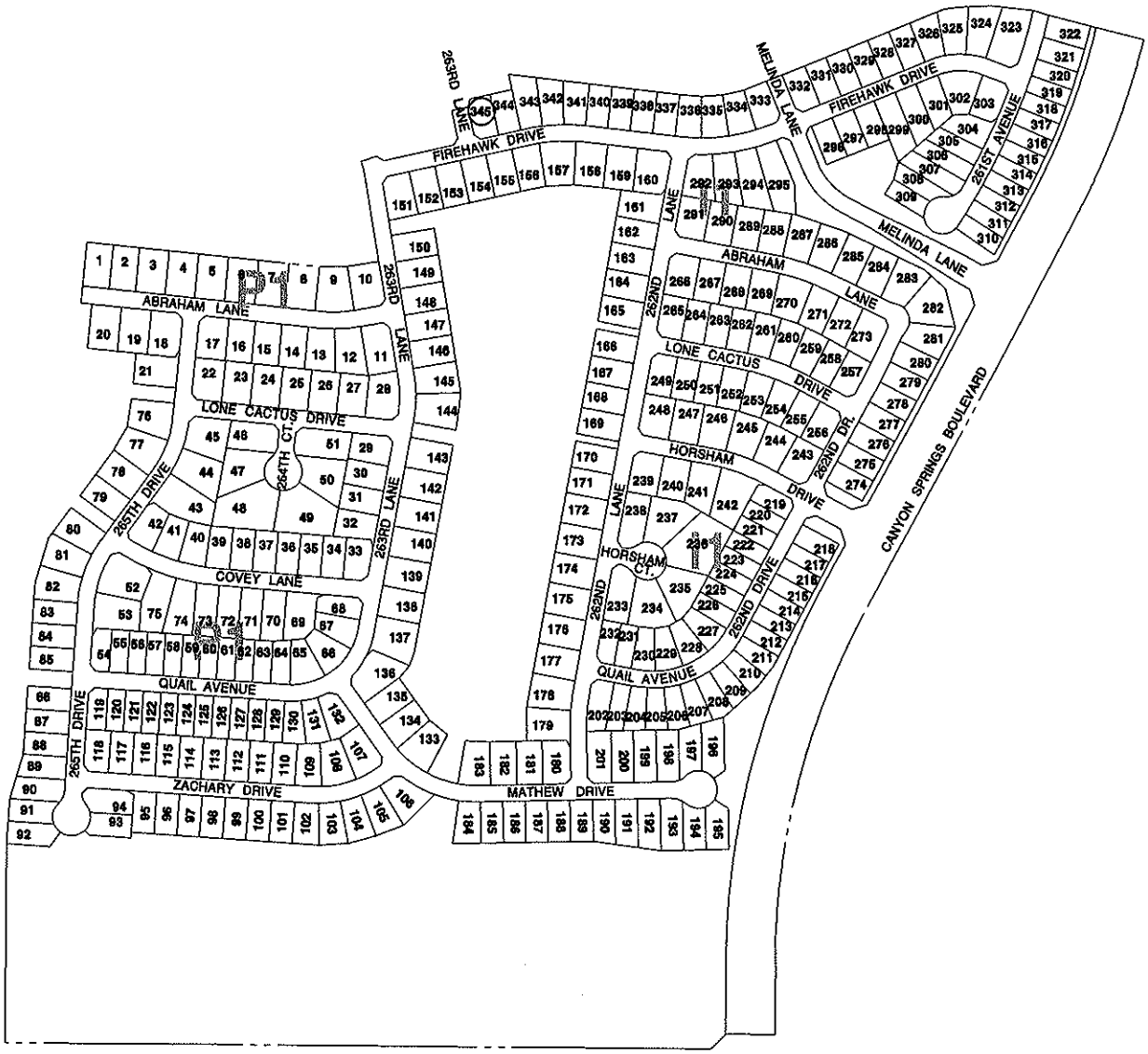
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

JOB NO.	FIGURE
680033-00	3

SUN CITY FESTIVAL

BUCKEYE, ARIZONA



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Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
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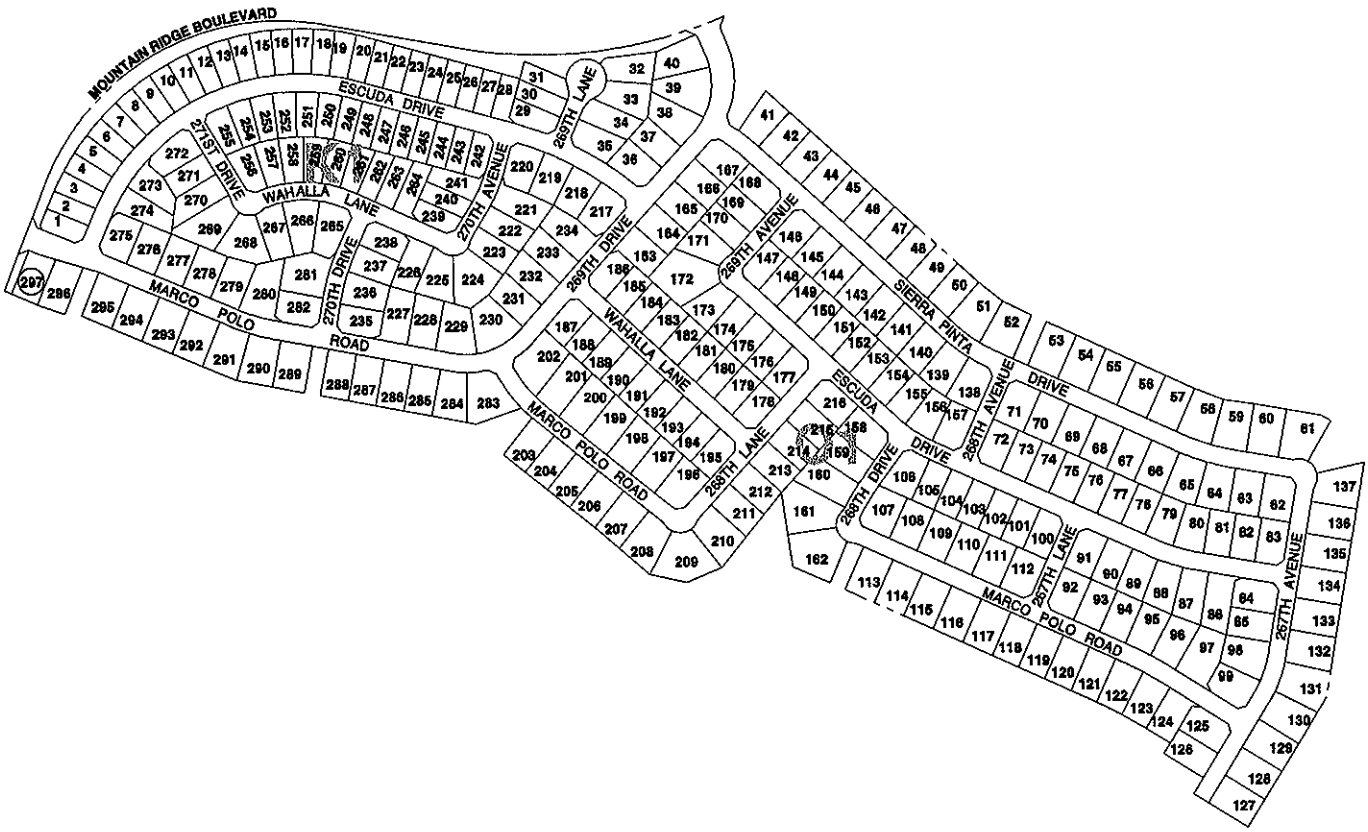
SUN CITY FESTIVAL

BUCKEYE, ARIZONA



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Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
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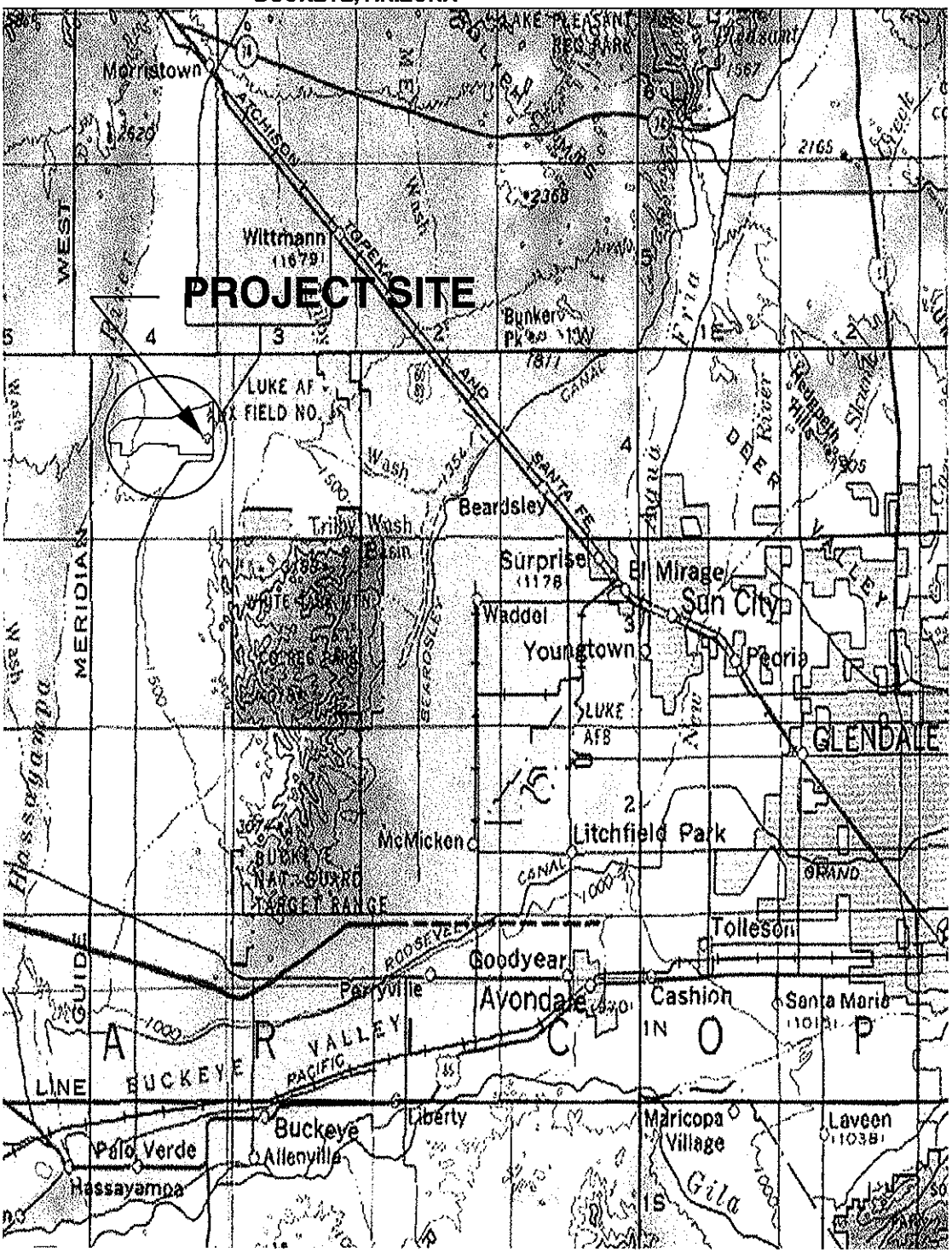
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



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LOCATION MAP

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Pulte Homes

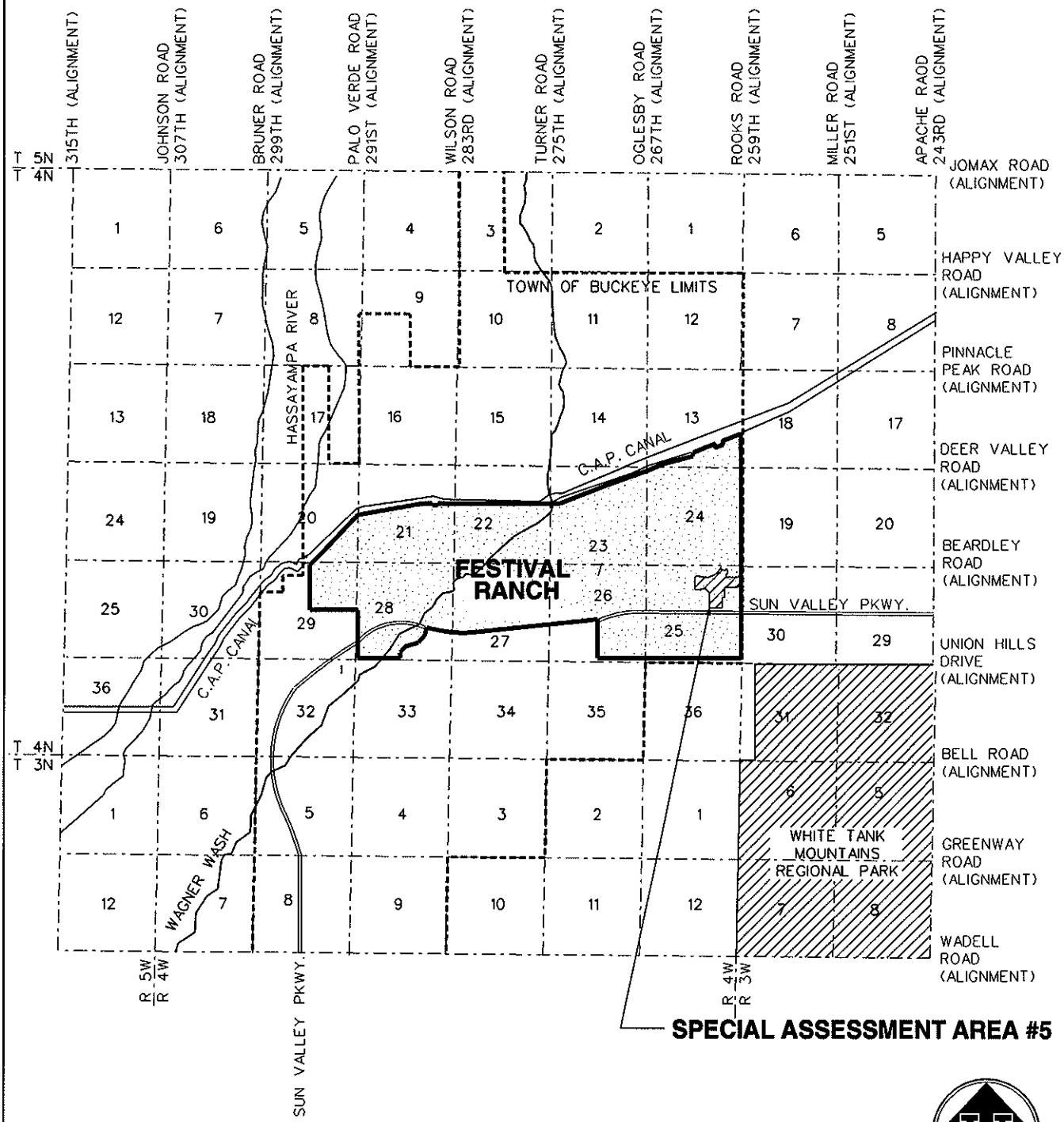
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680035	1

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



VICINITY MAP

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Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680035	2

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5
BUCKEYE, ARIZONA

FESTIVAL FOOTHILLS

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	JOB NO. 680035-00	FIGURE 3

SECTION FOUR

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

The table in Section Two outlines the cost estimate and completion dates for the construction of the Public Infrastructure. Proceeds of the Bonds, after payment of the costs of issuance, will be used to finance the acquisition of all or a portion of the Public Infrastructure projects listed in Section Two.

Listed below is an estimated draw schedule of the proceeds of the Bonds for the acquisition of the Public Infrastructure.

Public Infrastructure Project	Estimated Acquisition Price	Difference between Contract Price and Acquisition Price covered by Pulte	Completion Date	Funds Draw Date
Assessment District No. 4 – K1/O1, I1/ P1				
1. **K1/O1** - Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	$594,000	$842,085	May 2009	May 2009
2. **I1/P1** - Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	$690,000	$1,002,309	January 2009	January 2009
Assessment District No. 5 – Festival Foothills Phase 2				
3. **Festival Foothills Phase 2 Units 15, 17, 21, 23** - Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	$500,000	$950,050	September 2009	September 2009
Total	**$1,784,000 ***	**$2,794,444**		

*** Any portion of this amount not covered by the net proceeds of the Series 2007 bonds will be paid by the Developer.**

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment Districts Nos. 4 and 5. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the hereinafter described bonds and to the extent necessary to comply with federal and State law.

(i) Formation and Authorization.

In response to a petition from the owners of 100% of the property within the District, the Town Council formed the District on April 19, 2005.

(ii) Proposed Debt.

The estimated debt service schedule for the Special Assessment Revenue Bonds is attached in this section as Table One. It is anticipated that the Bonds will be sold and delivered in October 2007. The Bonds will be unrated, however given the value to lien ratio demonstrated by the appraisals, the Bonds will not have transfer restrictions.

(iii) Sources and Uses of Funds.

The estimated sources and uses of funds related to the sale of the District Assessment Bonds (exclusive of accrued interest and original issue discount or premium, if any), will be:

SOURCES:	
Principal amount of Bonds	$1,784,000
Total	$1,784,000
USES:	
Cost of Public Infrastructure	$1,482,660
Costs of Issuance	116,000
Debt Service Reserve Fund	131,820
Underwriter's Discount	53,520
Total	$1,784,000

(iv) Use of Proceeds.

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section Two of this Report.

(v) Per Lot Assessment Amount.

The per lot assessment amount is expected to be no more than $2,000 at the time of issuance of the Bonds. The Developer currently expects that at the time of sale of the home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time.

(vi) Value to Lien Ratio.

Included as Appendix 2 is a summary of the appraisals relating to the parcels to be included in the assessment bond issue, prepared by Burke Hansen, LLC on August 10, 2007. The appraisals demonstrates a value-to-lien ratio in excess of 28-to-1 in the case of Assessment District No. 4 and 14-to-1 in the case of Assessment District No. 5.

(vii) Homeowner's Obligation.

The approximate $2,000 per home assessment results in an annual assessment payment of approximately $147 per home, or $12.25 per month.

(viii) Disclosure of Assessment Payments.

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes and assessments to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, Pulte Home will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

(ix) Operation and Maintenance Estimated Revenues and Expenditures.

All infrastructure financed by the District will be dedicated to the Town. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the Town, the District and Pulte Home and are set forth in the various development agreements among the parties. The costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs, of the District will be provided for from several sources of funds: Homeowner's Association fees, the levy of a $.30 tax in the District, monthly service rates and charges for water and sewer services and developer contributions.

Pursuant to the Development Agreement, the master Homeowner's Association ("HOA") is responsible for the operational and maintenance costs of landscaping for the roadways, trails, and open space within the District. All homeowners are required to participate in the HOA. Monthly fees for the HOA are anticipated to be approximately $85 per homeowner.

Shown below are the estimated expenses for operation and maintenance of the District assuming the estimated absorption schedule for the Project.

Annual O & M Budget:

	O & M	Electrical	Admin	Total
Arterial and Collector Roads	$35,000	-	-	$35,000
Bond Funded Sewer Lines	5,000	-	-	5,000
Bond Funded Water Lines	5,000	-	-	5,000
Water Systems, ie. Pumps, tanks etc.	15,000	45,000	-	60,000
Water Wells	15,000	135,000	-	150,000
	$ 75,000	$180,000	$50,000	**$305,000**

Shown below is an estimate of the secondary assessed valuation growth for the District through build-out, and estimated revenues generated from the $.30 per $100 of secondary assessed valuation operation and maintenance tax.

Fiscal Year	Estimated Secondary Assessed Valuation *	Estimated O&M Funds Generated By $0.30 Tax
2006-2007	$2,099,913	$6,300
2007-2008	6,027,435	18,082
2008-2009	19,971,103	59,113
2009-2010	41,906,299	125,719
2010-2011	69,181,066	207,503
2011-2012	98,104,128	294,312
2012-2013	129,136,128	387,408
2013-2014	162,323,778	486,971
2014-2015	197,520,138	592,560
2015-2016	234,738,287	704,215

* Fiscal year 2007 is actual. Fiscal year 2008 is preliminary as of February 2007, as provided by the Maricopa County Assessor's Office.

TABLE ONE

$1,784,000
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)
Assessment Districts Nos. 4 and 5
Special Assessment Revenue Bonds, Series 2007

Estimated Debt Service Schedule

Date	Principal	Interest (1)	Total Net Debt Service
07/01/2008	$58,000	$73,590	$131,590
07/01/2009	36,000	94,930	130,930
07/01/2010	38,000	92,950	130,950
07/01/2011	40,000	90,860	130,860
07/01/2012	43,000	88,660	131,660
07/01/2013	45,000	86,295	131,295
07/01/2014	48,000	83,820	131,820
07/01/2015	50,000	81,180	131,180
07/01/2016	53,000	78,430	131,430
07/01/2017	56,000	75,515	131,515
07/01/2018	59,000	72,435	131,435
07/01/2019	62,000	69,190	131,190
07/01/2020	65,000	65,780	130,780
07/01/2021	69,000	62,205	131,205
07/01/2022	73,000	58,410	131,410
07/01/2023	77,000	54,395	131,395
07/01/2024	81,000	50,160	131,160
07/01/2025	86,000	45,705	131,705
07/01/2026	90,000	40,975	130,975
07/01/2027	95,000	36,025	131,025
07/01/2028	100,000	30,800	130,800
07/01/2029	106,000	25,300	131,300
07/01/2030	112,000	19,470	131,470
07/01/2031	118,000	13,310	131,310
07/01/2032	124,000	6,820	130,820
Total	$1,784,000	$1,497,210	$3,281,210

(1) Interest estimated at 5.50%.

APPENDIX 1

LEGAL DESCRIPTIONS FOR THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT ASSESSMENT DISTRICTS NOS. 4 AND NO. 5

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Legal Description for
Sun City Festival
Special Assessment Area #4
May 29, 2007

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

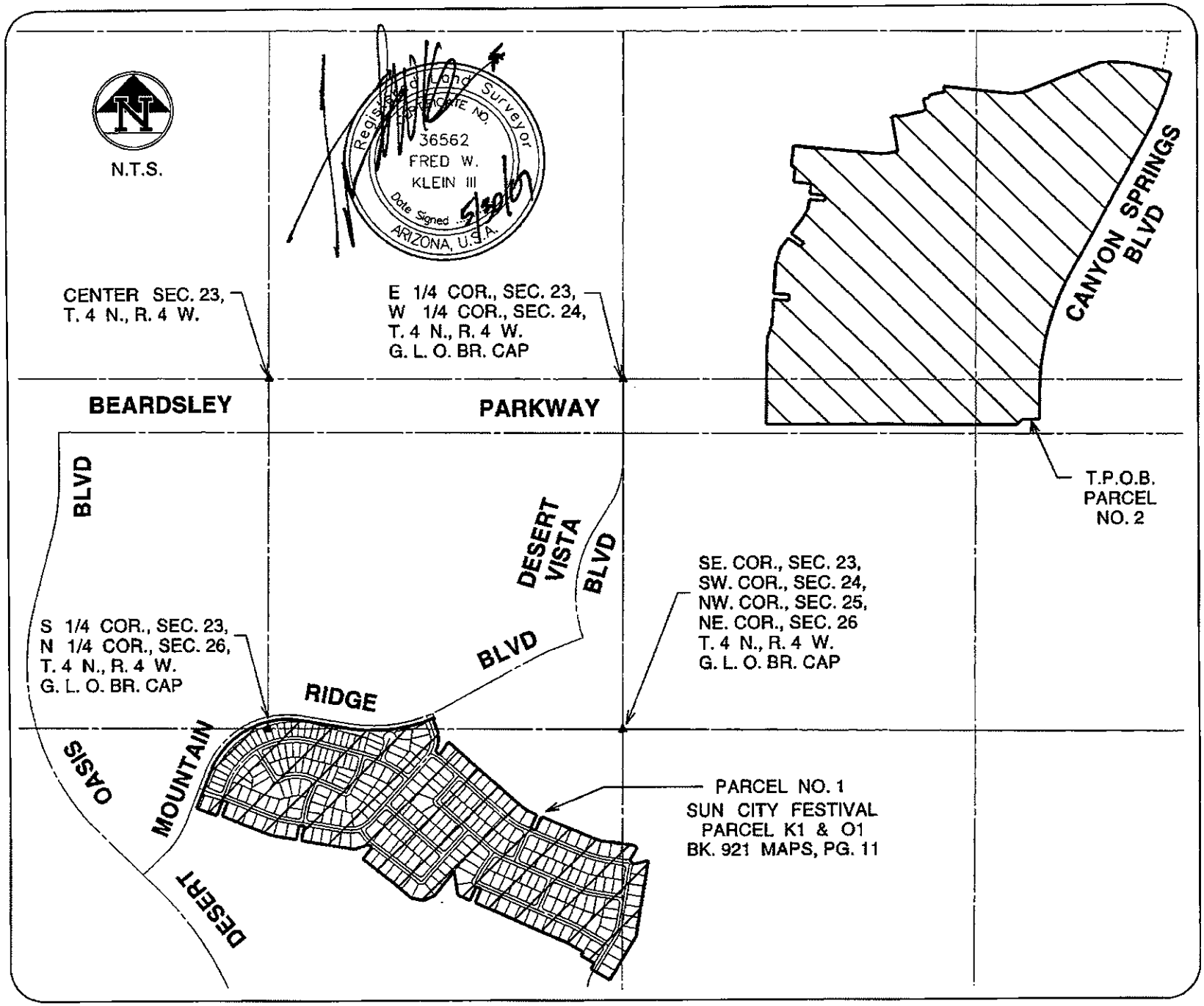
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA, U.S.A.

CVL



JOB NO
680001

SHEET
1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

EXHIBIT

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COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

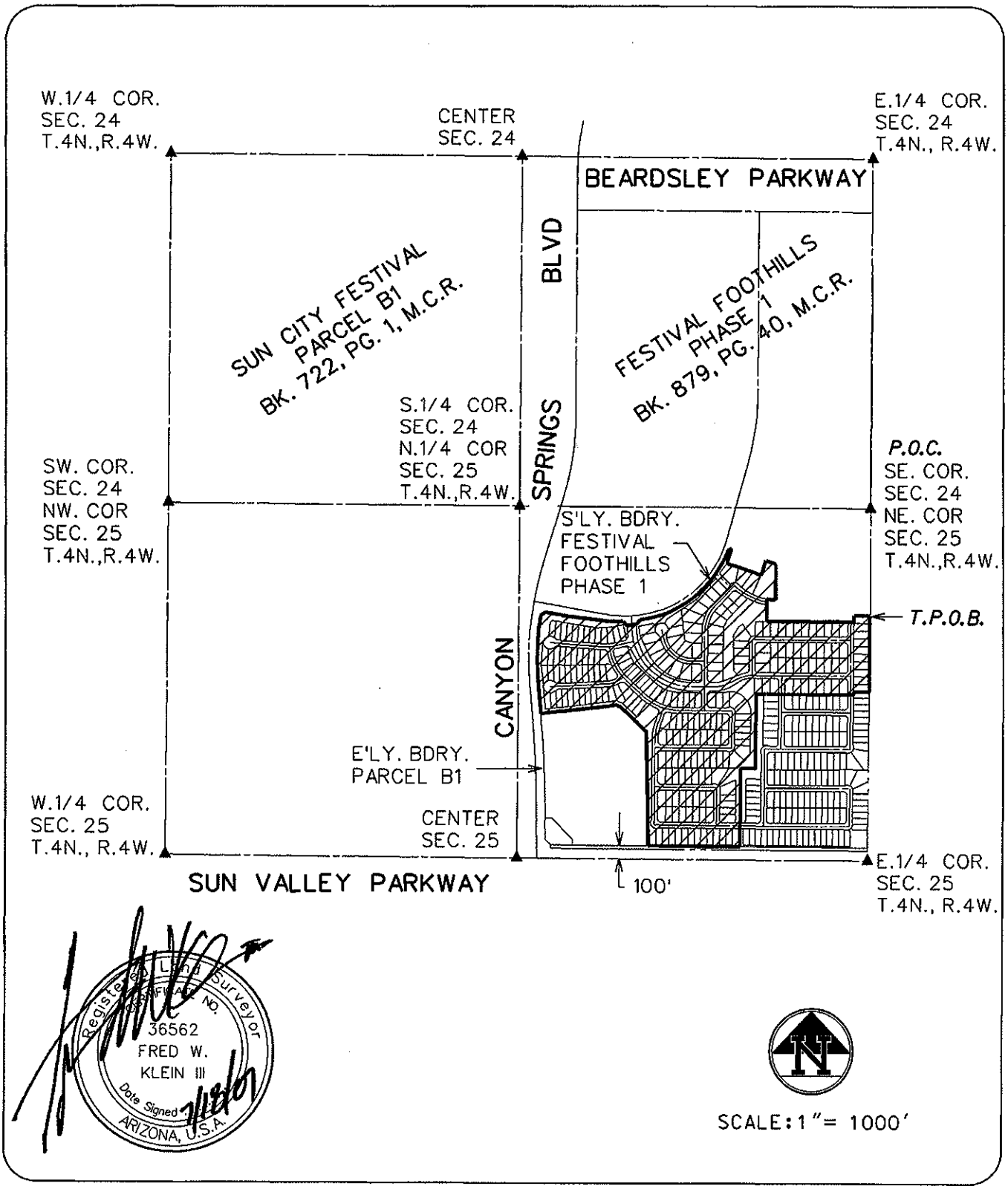
Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.



Registered Land Surveyor
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/12/07
ARIZONA, U.S.A.

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

APPENDIX 2

SUMMARY OF
BURKE HANSEN, LLC APPRAISALS

EXECUTIVE SUMMARY

Description of the Property: The four planning areas within Festival Ranch Community Facilities District Assessment Area No. 4 comprise a portion of the first development phase of Sun City Festival, an active adult master planned community in Buckeye, Arizona.

Location: North side of Sun Valley Parkway west of Canyon Springs Boulevard, Buckeye, Arizona

Property Size: 186.08± net acres (net land area is the aggregate land area of the 642 lots)
642 final platted and engineered residential lots

SUMMARY OF FESTIVAL RANCH CFD ASSESSMENT AREA NO. 4

Planning Area	No. of Lots	Net* Acres	Lots/ Net Acre
I - 1	152	36.34	4.2
K - 1	126	28.36	4.4
O - 1	171	40.31	4.2
P - 1	193	81.07	2.4
Totals/Averages	642	186.08	3.5

*Net acreage includes roadway and open space

Property Rights Appraised: Fee Simple Estate

Zoning: All four planning areas are zoned for single family residential development

Highest and Best Use: Development with residential subdivisions within an age-restricted master planned community

Date of Valuation: August 1, 2007 (Final date of property inspection)

Date of Appraisal: August 10, 2007

Wholesale (Bulk) Value Conclusions:

Planning Area I-1	$7,144,000	$47,000 per lot
Planning Area K-1	$7,182,000	$57,000 per lot
Planning Area O-1	$11,970,000	$70,000 per lot
Planning Area P-1	$10,808,000	$56,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

PARCEL I-1	
Wholesale (Bulk) Value	$7,144,000
Less: Admin. Fee (5%)	($357,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,787,000
PARCEL K-1	
Wholesale (Bulk) Value	$7,182,000
Less: Admin. Fee (5%)	($359,000)
Wholesale (Bulk) Value Less Admin. Fee	$6,823,000
PARCEL P-1	
Wholesale (Bulk) Value	$11,970,000
Less: Admin. Fee (5%)	($599,000)
Wholesale (Bulk) Value Less Admin. Fee	$11,371,000
PARCEL O-1	
Wholesale (Bulk) Value	$10,808,000
Less: Admin. Fee (5%)	($540,000)
Wholesale (Bulk) Value Less Admin. Fee	$10,268,000

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EXECUTIVE SUMMARY

Description of the Property:	Four single-family residential subdivisions within Phase II of Festival Foothills, a single family residential community within Festival Ranch in Buckeye, Arizona. Pulte Homes is also under development with Sun City Festival, an age-restricted community.
Location:	North of the northeast corner of Sun Valley Parkway and Canyon Springs Boulevard in Buckeye, Arizona
Property Size:	59.16 net acres

UNIT SUMMARY

Unit No.	Net Acres
1	19.35
3	14.70
5	12.75
13	12.36
Total	59.16

Property Rights Appraised:	Fee Simple Estate
Zoning:	All four planning areas are zoned for single-family residential development
Highest and Best Use:	Development with residential subdivisions within a master planned community
Date of Valuation:	August 1, 2007 (Final date of property inspection)
Date of Appraisal:	August 10, 2007

Wholesale (Bulk) Value Conclusions:

Unit 15	$1,955,000	$23,000 per lot
Unit 17	$1,846,000	$26,000 per lot
Unit 21	$1,386,000	$42,000 per lot
Unit 23	$2,074,000	$34,000 per lot

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Wholesale (Bulk) Value Conclusions
Less 5% CFD Administrative Fee:

Unit 15	
Wholesale (Bulk) Value	$1,955,000
Less: Admin. Fee (5%)*	($98,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,857,000
Unit 17	
Wholesale (Bulk) Value	$1,846,000
Less: Admin. Fee (5%)*	($92,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,754,000
Unit 21	
Wholesale (Bulk) Value	$1,386,000
Less: Admin. Fee (5%)*	($69,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,317,000
Unit 23	
Wholesale (Bulk) Value	$2,074,000
Less: Admin. Fee (5%)*	($104,000)
Wholesale (Bulk) Value Less Admin. Fee	$1,970,000

*Rounding has been applied to 5% Admin. Fee

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THE ARIZONA REPUBLIC

NOTICE OF PUBLIC HEARING TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):

NOTICE IS HEREBY GIVEN that the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) will meet on September 4, 2007, commencing at 6:00 p.m. in the Town Council Chambers, 100 N. Apache, Suite 'A' Buckeye, Arizona 85326, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of special assessment bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 1101 E. Ash Avenue, Buckeye, Arizona 85326.

Published: August 22, 2007

STATE OF ARIZONA
COUNTY OF MARICOPA } SS.

Marilyn Greenwood, being first duly sworn, upon oath deposes and says: That she is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

August 22, 2007

Marilyn Greenwood

Sworn to before me this
22ND day of
August A.D. 2007

MARK GILMORE
Notary Public - Arizona
Maricopa County
My Comm. Expires Aug 4, 2011

Mark Gilmore
Notary Public

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD: PLEASE NOTE THAT THERE MAYBE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 4, 2007
AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the Regular Council meeting of September 4, 2007

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 349-6007) *72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment. (TTD* 623 349-6400)

Members of the Festival Ranch Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

1. **Call to order/Roll Call.**

2. **CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR**

3. **MINUTES:**
   Minutes of meeting held on July 17, 2007 presented for Board review and approval.

4. **APPROVE OR RATIFY EXPENDITURES**

5. **BUSINESS:**

   A. Board will conduct a Public Hearing on a feasibility report submitted in connection with the proposed issuance of special assessment bonds by the District
      (1) Open public hearing
      (2) Staff overview
      (3) Receive public comment
      (4) Close public hearing

   B. Board will consider, for possible action, adoption of **Resolution No. 11-07** APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN

IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO; APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE DISTRICT.

C. Board will consider, for possible action, adoption of **Resolution 12-07** ORDERING THE ACQUISITION OF THE PUBLIC INFRASTRUCTURE PROJECT TO BE FINANCED BY ASSESSMENT BONDS TO BE PERFORMED.

6. ADJOURNMENT

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 4, 2007
MINUTES

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the Regular Council meeting of September 4, 2007

1. Call to order/Roll Call.
Mayor Bryant called the meeting to order at 7:58 p.m.

Members Present:	Chairman Bryant, Vice Chairman Beard, Boardmember Hardesty, Boardmember Garza, Boardmember May, Boardmember Doster, and Boardmember Rioux.
Members Absent:	None
Staff Present:	District Manager David Wilcox, Assistant District Manager Shane Dille, District Attorney Scott Ruby, District Clerk Linda Garrison, and District Deputy Clerk Lucinda Aja.

2. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR
None

3. MINUTES:
A motion was made by Boardmember May and seconded by Boardmember Rioux to approve the Minutes of the meeting held on July 17, 2007 as presented. Motion passed unanimously.

4. APPROVE OR RATIFY EXPENDITURES
A motion was made by Boardmember May and seconded by Vice Chairman Beard to approve and ratify the expenditures as presented. Motion passed unanimously.

5. BUSINESS:

A. A public hearing was opened at 7:59 p.m. to hear citizen input regarding the feasibility report submitted in connection with the proposed issuance of special assessment bonds by the District.. Scott Ruby was available to answer the Board's questions regarding the special assessment bonds. Their being no public comment the hearing was closed at 8:02 p.m.

B. A motion was made by Boardmember Rioux and seconded by Boardmember May to adopt **Resolution No. 11-07** APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO; APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE DISTRICT. Motion passed unanimously.

C. A motion was made by Vice Chairman Beard and seconded by Boardmember May to adopt **Resolution 12-07** ORDERING THE ACQUISITION OF THE PUBLIC INFRASTRUCTURE PROJECT TO BE FINANCED BY ASSESSMENT BONDS TO BE PERFORMED. Motion passed unanimously.

6. ADJOURNMENT

There being no further business to come before the Board a motion was made by Boardmember May and seconded by Vice Chairman Beard to adjourn the meeting at 8:04 p.m. Motion passed unanimously.

Bobby Bryant

Bobby Bryant, Chairman

ATTEST:

Linda Garrison

Linda Garrison, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Meeting of the Community Facilities Districts of Festival Ranch held by the Board on the 4th day of September, 2007. I further certify that a quorum was present.

Linda Garrison

Linda Garrison, District Clerk

JTG:jlu 751805 07/25/07

RESOLUTION NO. 11-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITTING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO; APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE DISTRICT

WHEREAS, pursuant to Section 48-715, Arizona Revised Statues ("*A.R.S.*"), as amended, the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has caused a report of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of special assessment revenue bonds of the District to be prepared (the "*Report*"), which Report includes, among other things, a description of certain public infrastructure to be acquired and constructed and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

WHEREAS, pursuant to Section 48-715, A.R.S., as amended, a public hearing on the Report was held on September 4, 2007, after provision for publication of notice thereof as provided by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) that:

Section 1. **Definitions**. In this resolution, the following terms shall have the following meanings:

"*Act*" shall mean Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Assessment District*" shall mean the real property contained within the boundaries described in *Exhibit A* attached hereto. For a more general description, reference is hereby made to the Assessment District Map attached to this resolution as *Exhibit B*, which map is on file with the Superintendent of Streets and the Clerk.

"*Assessment District Map*" shall mean the map showing the Assessment District and attached hereto as *Exhibit B*.

"*Board*" shall mean the Board of Directors of the District.

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. and any successor thereto.

"*Bonds*" shall mean the District's Special Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007.

"*Clerk*" shall mean the Clerk of the District.

"*Development Agreement*" shall mean the Development, Financing Participation and Intergovernmental Agreement No. 1 (Festival Ranch Community Facilities District) dated as of April 21, 2005, by and among the Town of Buckeye, Arizona, the District, 10,000 West, LLC and Pulte Home Corporation; recorded April 22, 2005 at docket number 2005-0523800 in the office of the Maricopa County Recorder.

"*District*" shall mean the Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

"*District Engineer*" shall mean such engineer or firm of engineers as appointed by the District Manager.

"*Estimate*" shall mean the estimate of costs and expenses of the Project described in the Report and this resolution, showing the estimated costs and expenses of acquisition and construction of the Project to be not less than $1,482,660, together with estimated Incidental Expenses ($169,250, which amount includes costs of issuance ($116,000) and a Reserve Fund ($131,820)) a total cost not to exceed $1,784,000, all as described on *Exhibit C*.

"*Incidental Expenses*" shall mean compensation paid to the Superintendent of Streets, District Engineer, costs of printing, advertising, posting, the expenses of making, administrating and collecting the assessments, appraiser's fees, any discount on the Bonds, any paying agent's fees, all legal and financial fees, all expenses and costs incurred in establishing the District, the Assessment District and incurred in connection with the drafting of the proceedings and in connection with the sale of bonds, the funding of a debt service reserve fund and all capitalized interest on the bonds.

"*Plans*" shall mean the preliminary plans (including the conceptual plans), specifications and any other contract documents showing the location, type and character of the Project, filed with the Clerk prior to the adoption of this resolution or the resolution ordering the

performance of the Project. The term "Plans" shall include all final plans, specifications and contract documents developed in connection with the design of the Project.

"*Project*" shall mean, collectively, the acquisition or construction of public infrastructure (as such term is defined in the Act) described in the Report including particularly, the acquisition and/or construction by the District of the public infrastructure described on *Exhibit D* hereto.

"*Report*" shall mean the Feasibility Report dated September 4, 2007 and on file with the Clerk, prior to the date and time hereof, discussing the matters required by A.R.S. Section 48-715, as amended, as such matters relate to the Project.

"*Reserve Fund*" shall mean the debt service reserve fund funded with the proceeds from the sale of the Bonds, authorized pursuant to the Act.

"*Streets*" or "*streets to be improved*" shall mean the Project listed on *Exhibit D* hereto and located on the streets listed therein and such other streets and public rights-of-way as are hereafter shown on the final Plans.

"*Superintendent of Streets*" shall mean such person or firm appointed as superintendent of streets by the District Manager.

"*Waiver*" shall mean the Festival Ranch Community Facilities District Waiver and Development Agreement dated September 4, 2007, by and among the District and Pulte Home Corporation.

Section 2. Approval of the Feasibility Report. Published notice of the public hearing on the Report has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Report and such publication is hereby ratified and approved. The Clerk has provided the Report and notice of public hearing on the Report to the Town of Buckeye, Arizona, not less than ten (10) days in advance of the date of the public hearing. Based on the review by the Board and the presentation of the Report at the public hearing on September 4, 2007, the Report is hereby adopted and approved in the form submitted to the Board.

Section 3. Resolution of Intent. This Board hereby identifies the public infrastructure of the Project, the areas benefited (all located within the District), the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Report, for any and all purposes of the Act. This Board hereby declares its intent to proceed with the financing of the acquisition of the Project in substantially the manner presented in the Report and pursuant to the terms of the Development Agreement. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 4. Declaration of Intention to Order the Project. The public interest and convenience require and it is the intention of the Board to order the Project to be acquired, constructed and performed as stated herein and contemplated by the Report and in

conformance with the final Plans. All items of the Project shall be performed as prescribed by the final Plans and no assessment for any lot shall exceed its proportion of the Estimate.

Section 5. **Determination of Need; Formation of Assessment District**. The Assessment District is hereby formed, consisting of the property described on *Exhibit A* attached hereto and is hereby designated "*Assessment Districts Nos. 4 and 5*". In the opinion of the Board, the Project is of more than local or ordinary public benefit, the Project principally benefits the land within the Assessment District, and the Board hereby orders that all amounts due or to become due with respect to financing the costs and expenses of the Project, together with all Incidental Expenses (the "*Assessment*"), shall be chargeable upon the respective lots, pieces and parcels of land within the Assessment District.

Section 6. **Exclusion of Certain Property**. Any public or private street or alley within the boundaries of the Assessment District is hereby omitted from the Assessment District. Any lot, the legal owner of which on this date is the United States, the state, a county, city, school district or any political subdivision or institution of the state or county, which is included within the Assessment District shall be omitted from the assessments hereafter made except as otherwise agreed between the District and such owner.

Section 7. **Prepare and Levy Assessment**. The District Engineer and the Superintendent of Streets are hereby directed to prepare and levy an assessment against the real property in the Assessment District for an amount not greater than $1,784,000; provided; however, the amount of the assessment may be reduced as actual costs are established and substituted for the estimated costs. The Superintendent of Streets is hereby directed to record in its offices the assessment and record with the Maricopa County Recorder a Notice of Assessment.

Section 8. **Approval of Assessment Diagrams**. Those certain duplicate assessment diagrams of the area to be assessed, prepared by the District Engineer and heretofore filed with the Clerk, are hereby approved and the Clerk is hereby directed to certify the fact of such approval on the face of each of such diagrams including the date hereof as the date of such approval and to deliver a copy of the diagrams to the Superintendent of Streets.

Section 9. **Demand for Cash Payment**. The Treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the assessed amount, and with respect to any assessments that bonds are issued against, bill and collect each installment payment then due and owing.

Section 10. **Collection of Assessments**. In an effort to more efficiently collect the District's annual assessments from which the Bonds are to be payable, the District hereby approves the form of Community Facilities District Assessment Collection Agreement in substantially the form presented at this meeting and authorizes the same to be executed and delivered and hereby adopts the following procedures for collecting such annual assessments:

A. For each Collection Year, the Treasurer of the District will determine which if any, of the installments of the assessments for that Collection Year should be collected on the tax rolls as Tax Roll Installments.

B. The Treasurer of the District will provide to the County Treasurer the information necessary, in the format necessary, and at the times necessary for Tax Roll Collection of the Tax Roll Installments for that Collection Year, all as provided in the Collection Agreement.

C. Each Tax Roll Installment will be due in two equal payments at the same time and in the same manner as real property taxes.

D. If sufficient funds are not received from the County Treasurer, together with amounts collected by the District Treasurer, in time to make a payment of principal or interest on the Bonds, the Trustee shall apply funds from the Cash Flow Stabilization Fund, if any, held under the Trust Indenture related to the Bonds to make up the shortfall.

E. Amounts drawn from the Cash Flow Stabilization Fund, if any, will be repaid when the delinquent Tax Roll Installments are received by the Trustee.

F. Any assessment for which the annual installments are Tax Roll Installments shall be delinquent for the purposes of A.R.S. § 48-600(E) upon notification from the County Treasurer to the District that (i) the first one-half of the annual installment was not paid by November 1 of the Collection Year and the entire annual installment was not paid in full by December 31 of the Collection Year or (ii) the second half of the annual installment was not paid by May 1 of the Collection Year.

G. Upon delinquency, the District may:

(i) proceed with the Direct Collection delinquency procedures set forth in A.R.S. Section 48-600 et seq. with respect to the Direct Assessments portion of the delinquent assessment;

(ii) submit the annual installments for that assessment for the next Collection Year to the County Treasurer for Tax Roll Collection as Tax Roll Installments; or

(iii) collect and enforce the annual installment for that assessment for the next Collection Year under the Direct Collection procedures, and if the assessment becomes delinquent for that Assessment Year, then proceed with the Direct Collection delinquency procedures with respect to the Direct Assessment portion of the delinquent assessment.

H. Notwithstanding any collection procedures or payments with respect to the Direct Assessment, any Tax Roll Installment of that assessment remains collectible by the County Treasurer pursuant to the procedures for enforcing delinquent property taxes until either:

(i) paid; or

(ii) the County Treasurer and the District agree that any delinquent Tax Roll Installment should no longer be collected and enforced under the Tax Roll Collection procedures

as a Tax Roll Installment and is transferred back to the District to be collected under the Direct Collection procedures as part of the Direct Assessment.

Section 11. **Determination and Notice of Necessity to Issue Bonds**. The Board finds that the public convenience requires that special assessment revenue bonds, designated Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Special Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, shall be issued to finance the costs and expenses of the Project and Incidental Expenses. The Board hereby determines that the Bonds shall be issued in the name of the District payable, however, solely and only out of a special fund collectible from special assessments levied and assessed upon the lots, pieces and parcels of land within the Assessment District in not to exceed twenty-five (25) annual principal installments from the assessments of $25.00 or over remaining unpaid as of the end of the cash collection period; however, if the special assessments are not collected or collection is delayed and consequently such special assessments are insufficient, then from the Reserve Fund.

The Bonds shall be issued in fully registered form as to principal and interest in the principal amounts of $5,000 or any integral multiple thereof. The Bonds shall mature on the first day of July in the years and in amounts to be set by the Board prior to their issuance; provided, however, the Bonds shall mature not later than July 1, 2032. Principal installments of each Assessment shall be due on the first day of June immediately preceding the maturity date of any Bonds, installments of interest shall be due on the first day of January and July.

The Bonds shall bear interest at rate or rates of not to exceed ten percent (10%) per annum, payable on the first day of January and July of each year, commencing January 1, 2008, or such later date as set forth in the Bond Purchase Agreement between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, relating to the Bonds. The Board reserves the right to call the Bonds for prior redemption, in whole or in part of such terms as may hereafter be established by this Board.

Section 12. **Bond Anticipation Notes**. The Board reserves the right to issue bond anticipation notes pursuant to § 48-618, Arizona Revised Statutes, as amended. The Board also reserves the right to retain any Bonds which may be issued and to sell the same for cash to pay the contractor the amounts due it in cash.

Section 13. **Establishment of Grade**. The grades and elevations for the Streets are hereby officially changed to correspond with the grades and elevations shown on the final Plans.

Section 14. **Statutory Authority**. The Project and all proceedings pertaining thereto shall be acquired, constructed and performed under the provisions of the Act.

Section 15. **Delegation of Authority**. The District Engineer and the Superintendent of Streets are hereby authorized to complete the Plans, specification and any contract documents.

Section 16. **Right to Reduce Scope of Work**. If, because of pending or threatened litigation concerning any one or more parcels subject to the Assessment, the District and the winning bidder receive a written opinion of Bond Counsel stating that the Bonds cannot be issued against such parcel or parcels or the Assessment District is unable to obtain any right-of-way necessary for the acquisition or construction of the Project, the District may then cause the acquisition or construction contract to be modified to exclude from the applicable contract some or all of the Project which will benefit the parcel or parcels in question, or which was located in the right-of-way which was not obtained. The filing of a certificate and request that no Bonds be issued against any parcel pursuant to § 48-540 and § 48-597, Arizona Revised Statutes, as amended, may be deemed to be threatened litigation.

Section 17. **Waiver and Assessment**. The homebuilders and other developers of the property within the Assessment District have heretofore executed and delivered to the District the Waiver wherein the parties thereto have (a) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (b) agreed to accept an Assessment; and (c) waived certain procedural requirements. The Waiver is hereby accepted and approved and this Board is proceeding in reliance on the Waiver. The District Manager is hereby authorized to execute the Waiver on behalf of the District and the Clerk is authorized to record the Waiver with the Maricopa County Recorder.

Section 18. **Ratification**. All acts of the Clerk, the Assessment District Engineer, the District Engineer, the Superintendent of Streets and any person acting for such officials in furtherance of this resolution are hereby ratified and confirmed.

PASSED, ADOPTED AND APPROVED on September 4, 2007.

Bobby Bryant
Chairman

ATTEST:

Linda Hansen
Clerk

Attachments: EXHIBIT A - Legal description of Assessment District
EXHIBIT B - Map of District
EXHIBIT C – Estimated Costs
EXHIBIT D - List of Projects

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on September 4, 2007, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.

Linda Garrison
Clerk

EXHIBIT A

Legal Description of Assessment District

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

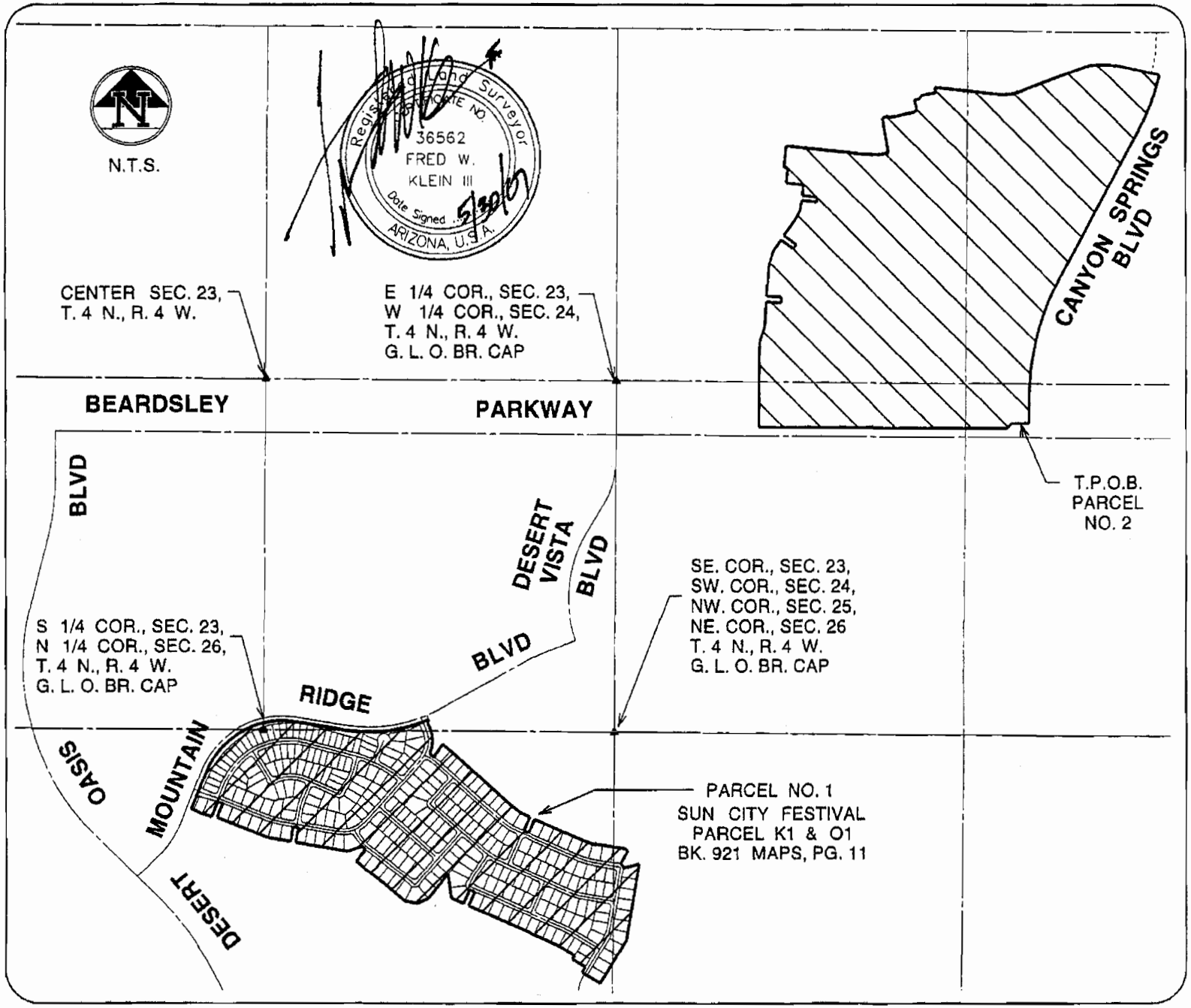
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA, U.S.A.

CVL



JOB NO 680001

SHEET 1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

EXHIBIT

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4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

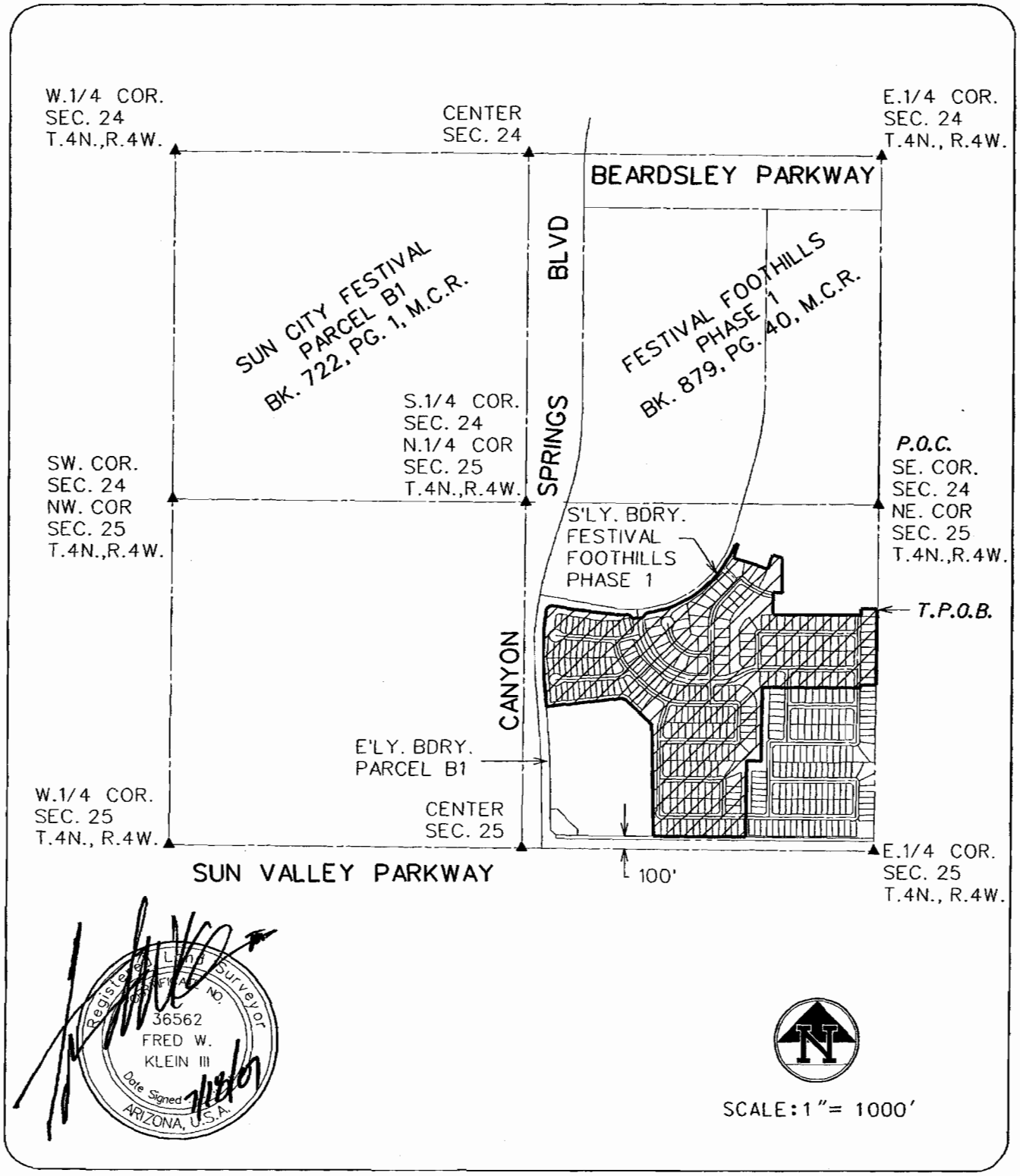
Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.



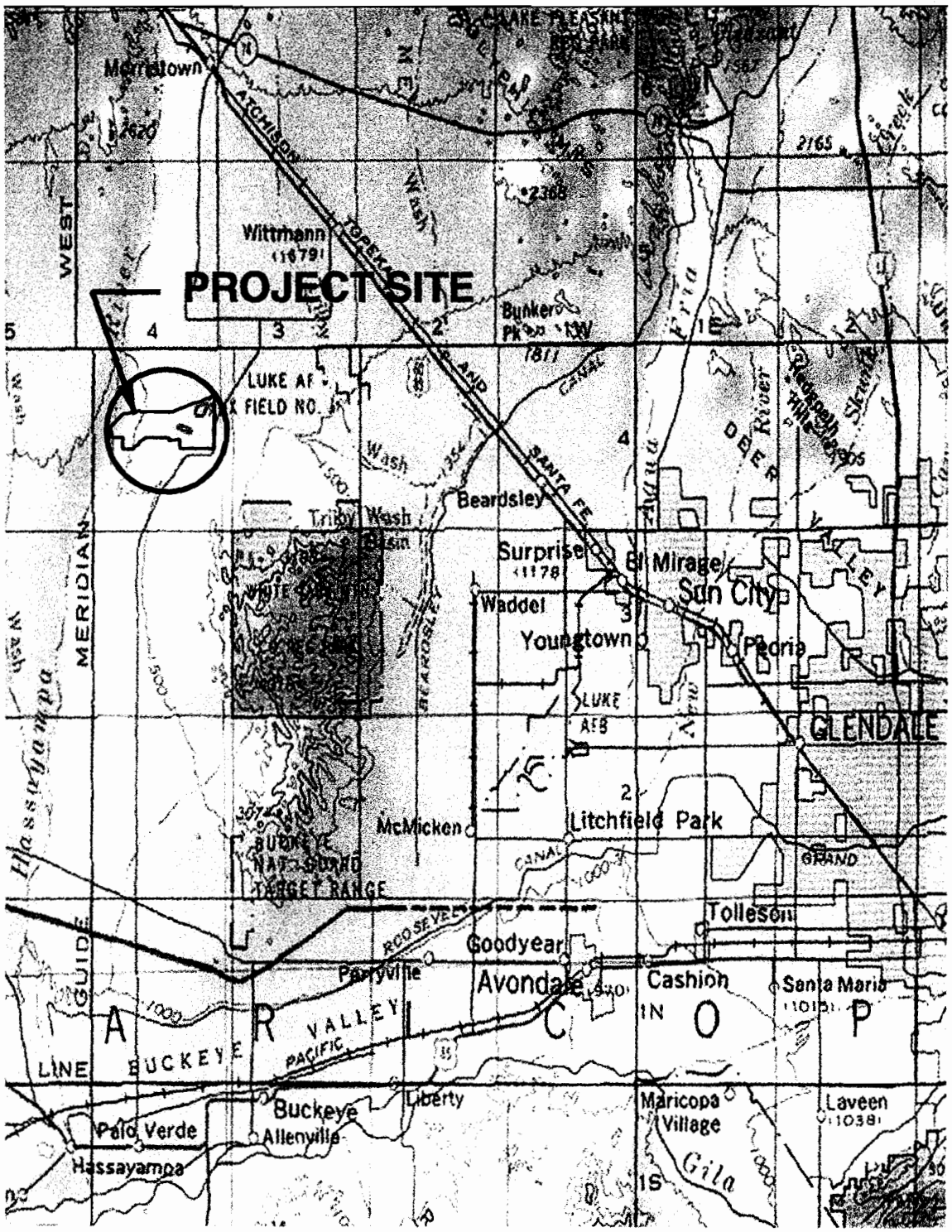
Registered Land Surveyor
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

EXHIBIT B

Map of District

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



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LOCATION MAP

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
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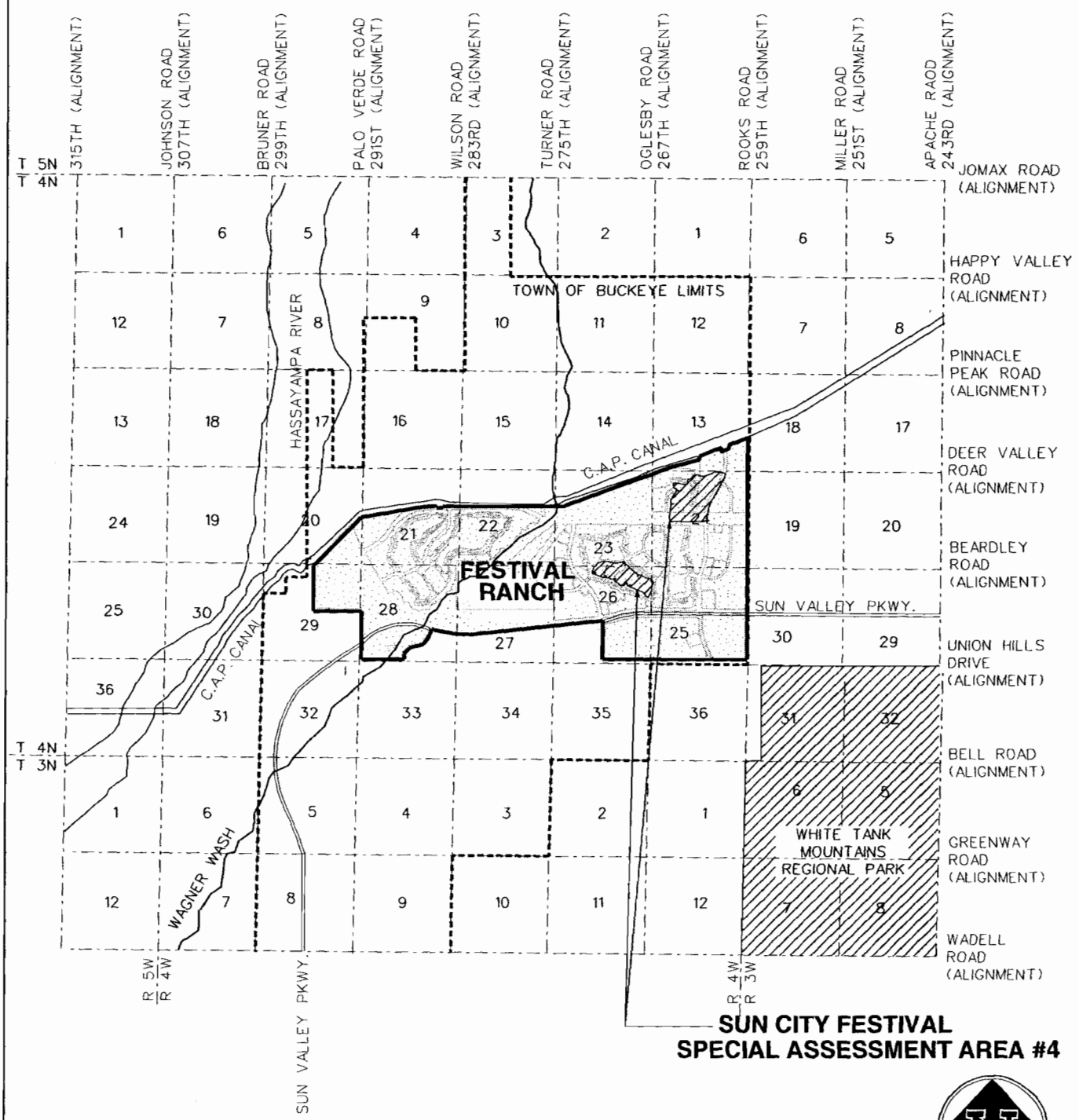
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



VICINITY MAP

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Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
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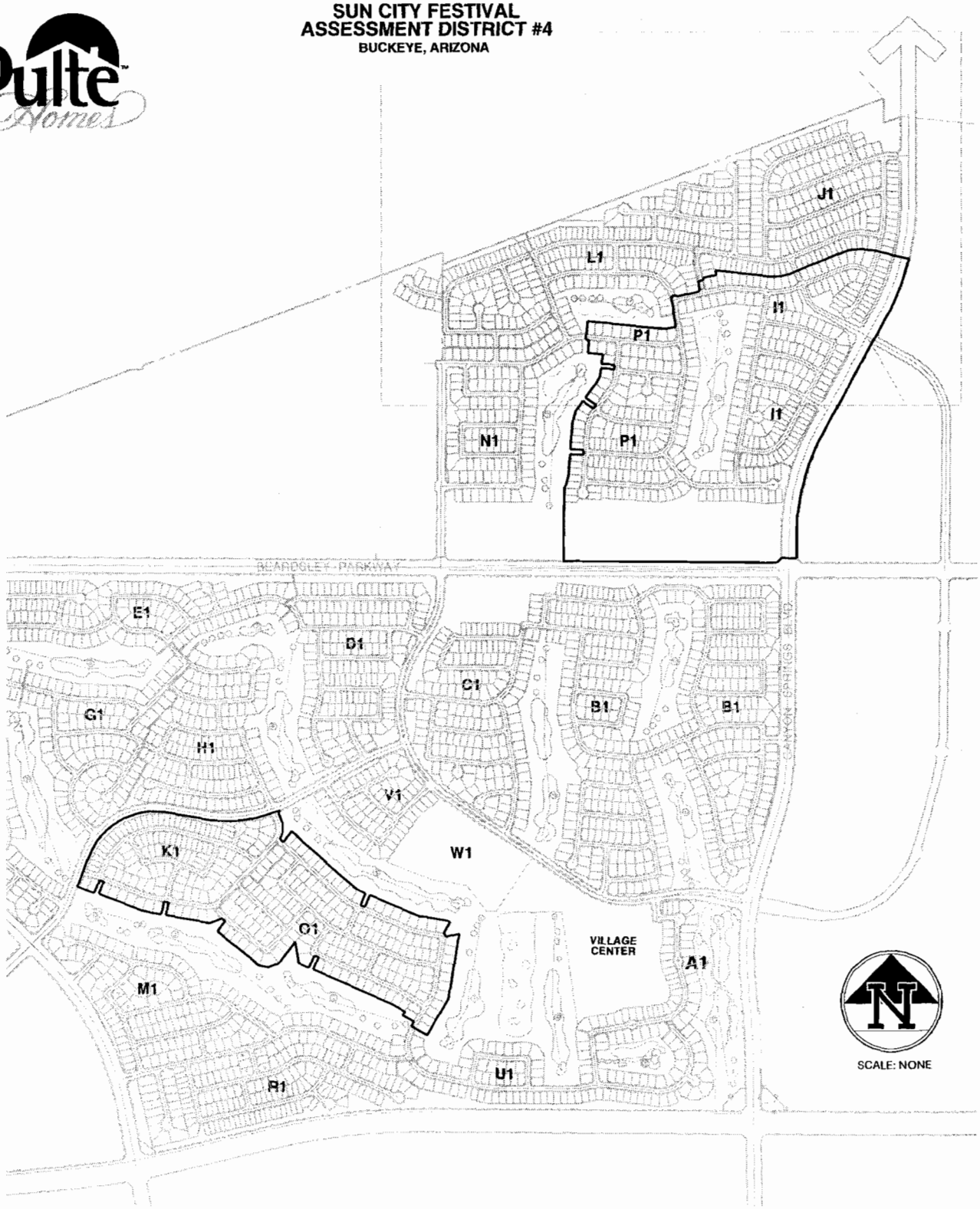
JOB NO.	FIGURE
680033	2

SUN CITY FESTIVAL
ASSESSMENT DISTRICT #4
BUCKEYE, ARIZONA



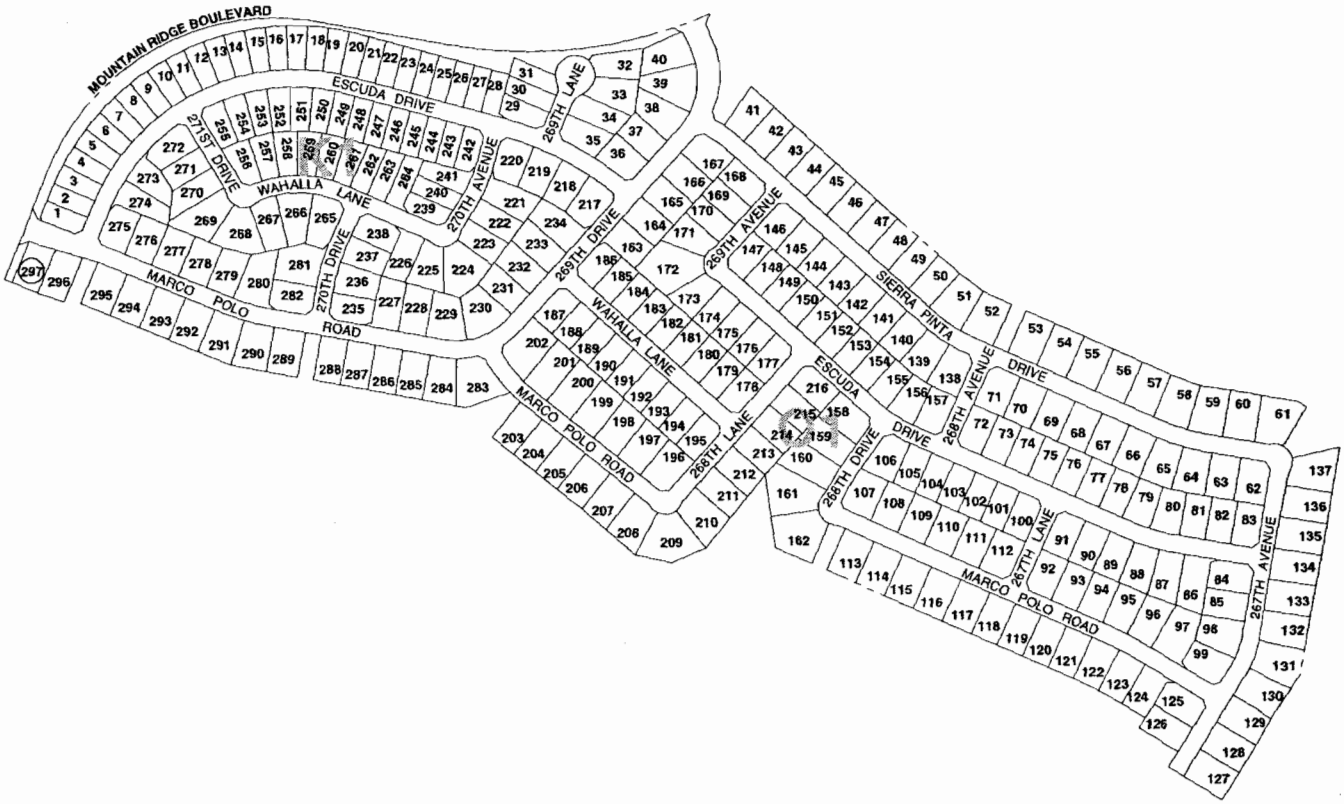
SUN CITY FESTIVAL

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	JOB NO. 680033-00	FIGURE 3

SUN CITY FESTIVAL

BUCKEYE, ARIZONA



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Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
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JOB NO. 680033

FIGURE 4

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SUN CITY FESTIVAL

BUCKEYE, ARIZONA

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Pulte Homes

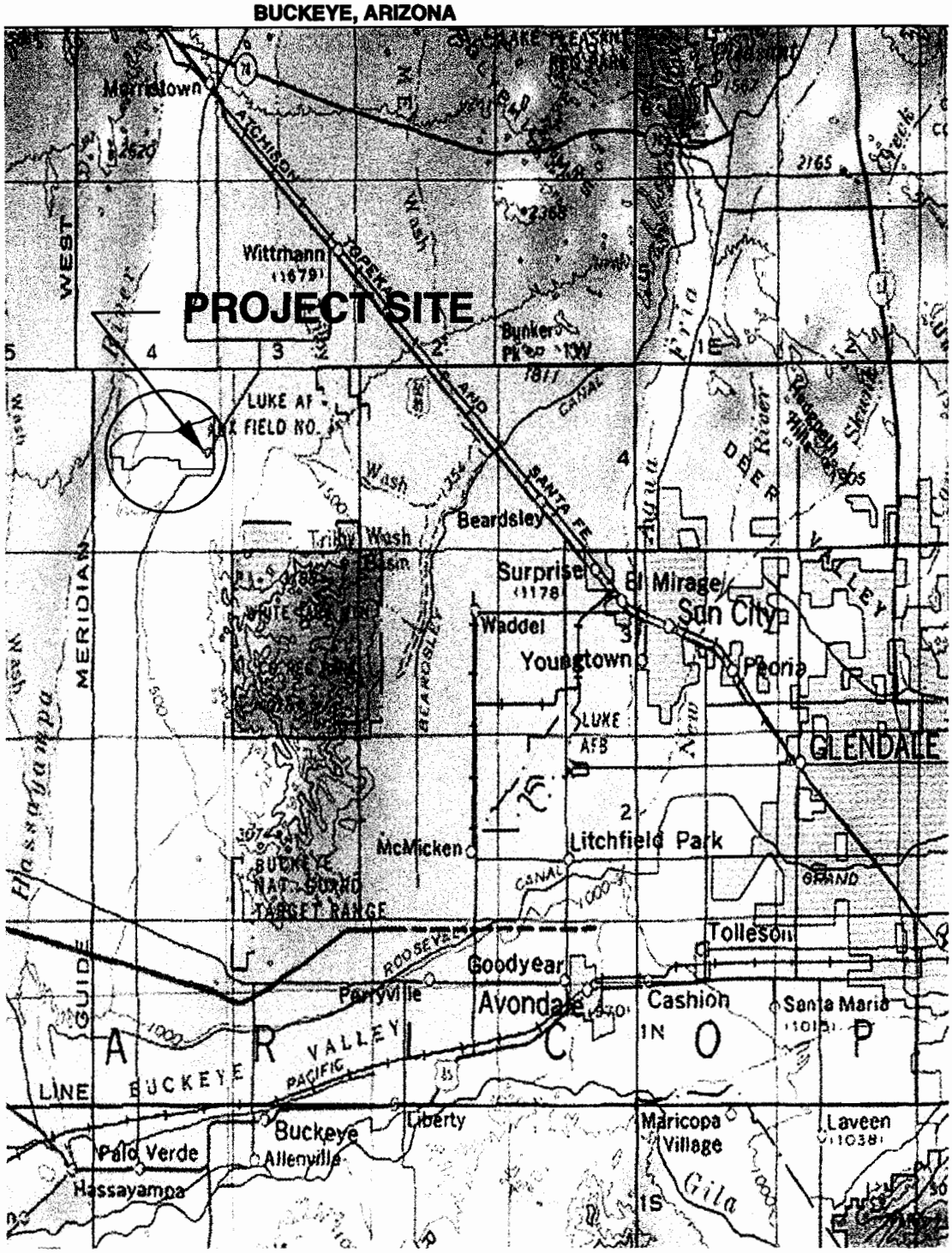
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680033	5

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



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LOCATION MAP

Pulte Homes

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	JOB NO. 680035	FIGURE 1

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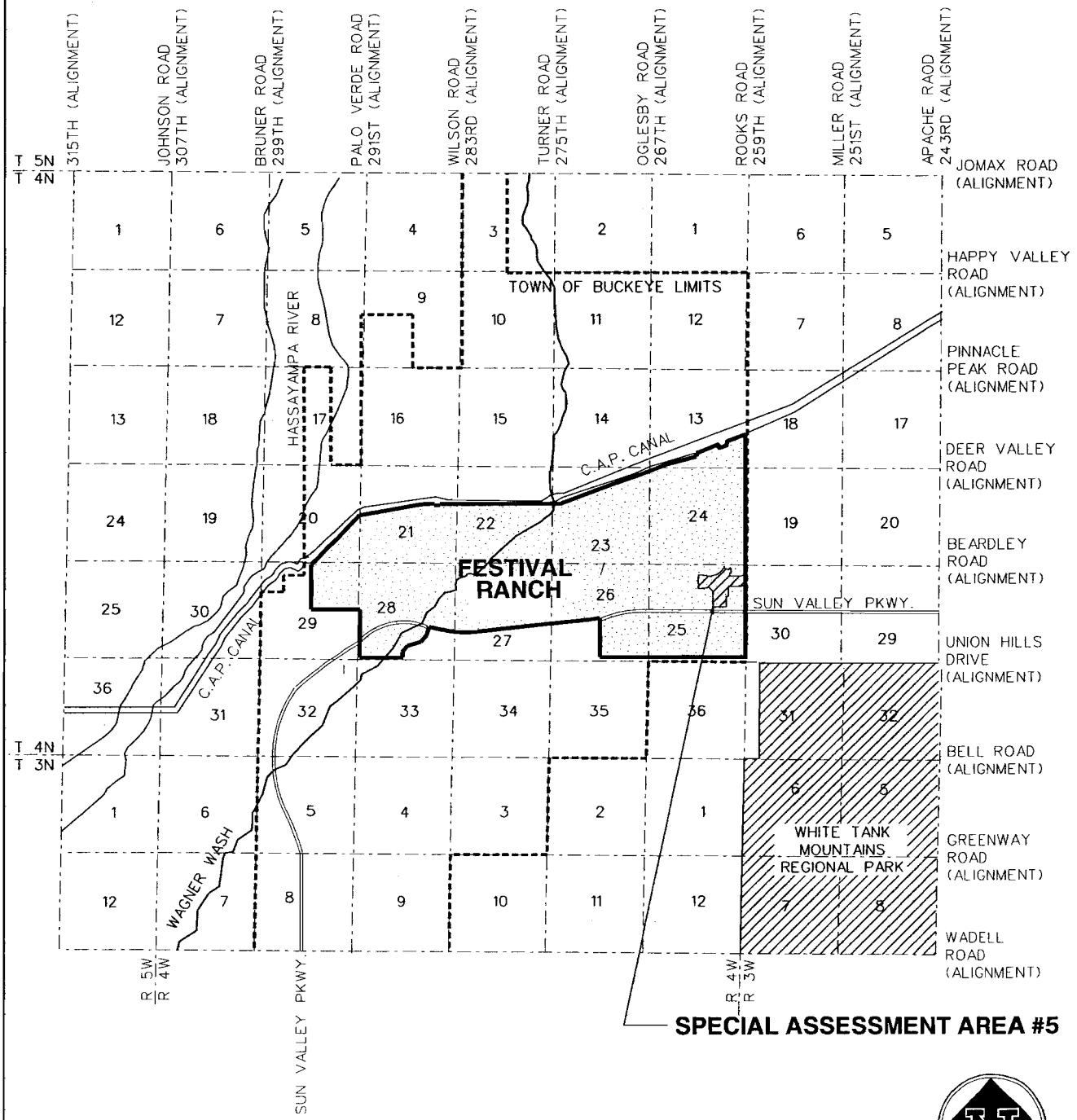
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



VICINITY MAP

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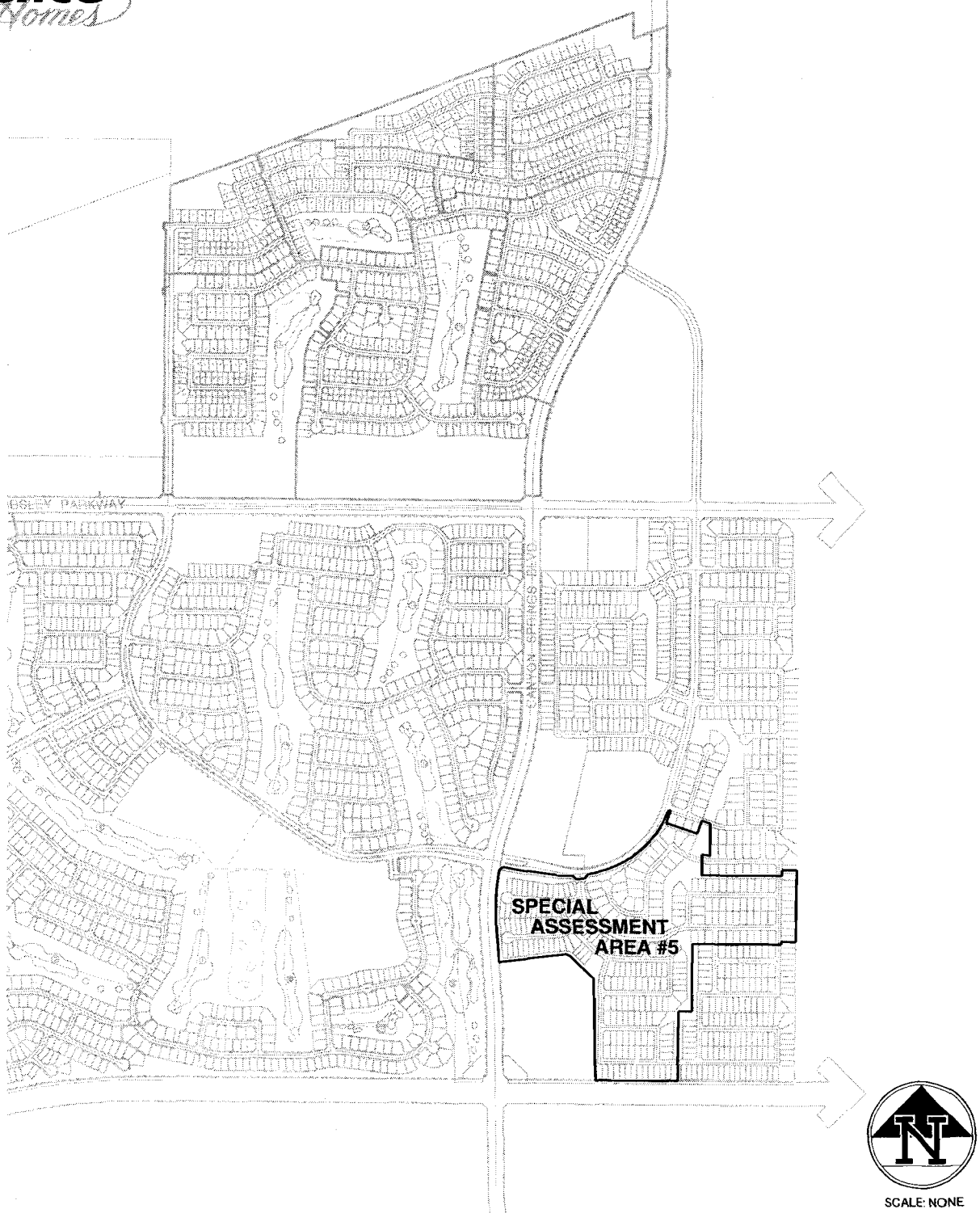
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 680035

FIGURE 2

FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5
BUCKEYE, ARIZONA



FESTIVAL FOOTHILLS

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

JOB NO.	FIGURE
680035-00	3

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EXHIBIT C

Estimated Costs

Construction and Acquisition		$1,482,660
Incidental Expenses		
Costs of Issuance	$116,000	
Underwriter's Discount	53,520	
Reserve Fund	131,820	
Total Incidentals		301,340
TOTAL COSTS		$1,784,000

EXHIBIT D

The Assessment District shall finance the construction, installation or acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition, installation or construction by the District of the following:

The Public Infrastructure, which will be publicly bid pursuant to state statute, to be financed by the Bonds of the District, with the balance to be financed by a subsequent bond issue or by Pulte Home Corporation ("Pulte Home"), consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home with estimated cost and construction timing as noted.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 2 AND 3
DESCRIPTION OF PUBLIC INFRASTRUCTURE

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
Assessment District No. 4					
K1/O1	297	$1,436,085	Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	16,118	January-09
Assessment District No. 5					
Festival Foothills Phase 2 – Units 15, 17, 21, and 23	250	$1,450,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	13,810	September-09
	892	$4,578,410		43,605	

RESOLUTION NO. 12-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) ORDERING THE PUBLIC INFRASTRUCTURE PROJECT PERFORMED AS DESCRIBED IN RESOLUTION NO. 11-07.

WHEREAS, on September 4, 2007, the Board of Directors (the "*Board*") of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) passed and adopted Resolution No. 11-07 (the "*Resolution of Intention*"), declaring its intention to acquire and/or construct the Project (as defined in the Resolution of Intention), together with all appurtenances and adjuncts necessary; determining that the District's assessment revenue bonds shall be issued to represent the costs and expenses thereof; declaring the Project to be of more than local or ordinary public benefit; declaring that the costs and expenses thereof shall be assessed upon the Assessment District; and providing that the Project shall be performed under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto; and

WHEREAS, the Waiver and Development Agreement (the "*Waiver*") has been signed by all property owners in the Assessment District and any other persons having an interest in the property within the Assessment District, waiving, among other things, all requirements for notice and time for protests against the Project and objections to the extent of the Assessment District; and

WHEREAS, the Board has thereby acquired jurisdiction to order the acquisition, construction and performance of the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) as follows:

Section 1. **Definitions**. In this resolution, terms defined in the Resolution of Intention shall have the same meanings herein as therein.

Section 2. **Ordering the Performance of the Project**. By virtue of the authority vested in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto, the Board hereby orders the acquisition, construction or performance of the Project as described in the Resolution of Intention. The District Engineer shall cause to be prepared, where necessary, final Plans and contract documents for the Project. When applicable, upon completion of the final Plans, the Superintendent of Streets shall invite sealed bids for construction of the Project. The acquisition of any portion of the Project may be performed upon the sale and delivery of the Bonds in an amount sufficient to pay the costs of acquisition.

Section 3. **Assessment and Collection**. The District Engineer and Superintendent of Streets are hereby authorized and directed to prepare and record an assessment against the real property contained within the Assessment District. The assessment shall be allocated among the parcels and lots within the Assessment District as shown on the Assessment Diagram, in the manner established by the District Engineer. The treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the amount assessed.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) on September 4, 2007.

Bobby Bryant
Chairman

ATTEST:

Lynda Hansen
Clerk

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 12-07 was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on September 4, 2007, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays. 0 did not vote or were absent.

Lynda Hansen
Clerk

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20071019726 09/13/2007 04:47
00671800182-23-1-1--
ELECTRONIC RECORDING

When recorded return to:
Mr. Scott W. Ruby
Gust Rosenfeld P.L.C.
201 E. Washington Street, Suite 800
Phoenix, Arizona 85004-2327

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
WAIVER AND DEVELOPMENT AGREEMENT
PERTAINING TO ASSESSMENT DISTRICTS NOS. 4 and 5

This Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated September 4, 2007 (the "*Agreement*") by and among Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and the undersigned owners of the land within the District (or holders of options to purchase land within the District) (collectively referred to as "*Interested Parties*").

WHEREAS, the Interested Parties intend to request the District to form assessment district numbers 4 and 5 (the "*Assessment District*") comprised of the property described and shown on *Exhibit A* attached hereto (the "*Property*") for the purpose of providing certain public infrastructure purposes (as defined in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Act*")) such public infrastructure purposes to be located on or off the Property; and

WHEREAS, the Interested Parties and all persons hereafter taking an interest in the Property shall be bound by the terms, waivers and agreements, set forth in this Agreement; and

WHEREAS, the proposed public infrastructure purposes to be provided by the Assessment District shall consist of:

A. Acquisition, installation and/or construction of the public infrastructure (as such term is defined in the Act) described on *Exhibit B* attached hereto and all incidental improvements related thereto;

B. All engineering, legal, financial and incidental costs and expenses incurred in completing the acquisition, installation and construction of the public infrastructure (as such term is defined in the Act) described in paragraph A above and the costs and expenses incurred in connection with the levy of the assessment and issuance and sale of the Assessment District bonds;

C. Capitalized interest on such Assessment District bonds, if any, for a period not to exceed the aggregate time for completion of all construction of and acquisition of the public infrastructure listed above, plus six months thereafter; and

D. A debt service reserve fund created for such Assessment District bonds.

Collectively, the construction and acquisition of such public infrastructure, described in paragraphs A through D above and the costs and expenses thereof shall hereinafter be referred to as the "*Work*".

WHEREAS, persons having only a lienholder's interest or other security interest in the Property ("*Lienholders*") as shown on the Consent and Agreement attached hereto consent to these terms and provisions of this Agreement and the recording thereof against the Property; and

NOW, THEREFORE, the Interested Parties and Lienholders hereto agree as follows:

1. **Development Agreement and Agreement Allocating Assessments**. This Agreement is a "development agreement" within the meaning of Arizona Revised Statutes Section 9-500.05 and the written agreement allocating the assessments is authorized pursuant to Arizona Revised Statutes Section 48-721, as amended.

2. **Reliance on Agreement**. This Agreement does not create a binding commitment on the part of the District to actually form the Assessment District, or, if formed, of the District or Assessment District to sell or deliver such Assessment District bonds, construct, install or acquire any or all of the Work, or if it does construct, install or acquire any of the Work, to construct, install or acquire it pursuant to any existing proposals. However, the District, and, if formed, the Assessment District, in going forward with the Work, is doing so in reliance upon this Agreement to have the Property included within the Assessment District and assessed for the costs thereof.

3. **Review and Approval of the Boundaries, Scope of Work and Assessment**.

(i) The Interested Parties have reviewed or have had the opportunity and right to review the boundaries of the Assessment District, the assessment diagram, the preliminary plans and specifications detailing the Work and the engineer's estimate of the costs of the Work (the "*Engineer's Estimate*"). The parties agree the costs of the Work shall be spread among the parcels comprising the Property within the Assessment District utilizing a methodology determined by the Assessment District engineer based on the expected benefit to the residential lots and commercial parcels to be developed on the Property (the "*Assessments*"). The Interested Parties agree that the Engineer's Estimate of the costs of Work is, and will not exceed, $4,578,410.

(ii) This Agreement shall be construed to be an express consent by the Interested Parties, Lienholders and all future owners of any portion of the Property that: (a) the District may form the Assessment District in accordance with the provisions hereof; (b) the

District and the Assessment District may incur costs and expenses necessary to complete the Work; (c) the District or the Assessment District may levy and collect an assessment on the Property sufficient to pay all costs and expenses of the Work (including Work benefitting the Property in the proposed Assessment District, which was constructed, installed or performed prior to the execution hereof) and the costs of levying the assessment and the issuance of the Assessment District bonds, but not in excess of the Engineer's Estimate.

4. **No Protest, Objection or Request for Hearings**. The Interested Parties and Lienholders hereby agree to allow the formation of the Assessment District and to allow the Assessment District to take all steps necessary to levy and confirm assessments against the Property (the "*Assessments*") and to issue such Assessment District bonds supported by the Assessments. The Interested Parties and Lienholders acknowledge and agree that pursuant to A.R.S. § 9-500.05 the provisions of A.R.S. § 32-2181 do not apply and that pursuant to this Agreement the parties waive their right to appear before the Board of Directors of the District on any hearing required at or prior to the confirmation of the Assessments and waive their right to: (a) protest and object to the extent of the Assessment District pursuant to A.R.S. § 48-579 and 580; (b) protest the award of contract pursuant to A.R.S. § 48-584 and (c) object to the Assessments pursuant to § 48-590.

5. **Approval of Proceedings**. The Interested Parties and Lienholders, with full knowledge of the provisions of Title 48, Chapter 4, Articles 2 and 6, of the Arizona Revised Statutes and their rights thereunder (or having obtained counsel to advise them of the provisions and their rights), expressly waive any and all irregularities, illegalities or deficiencies which may now or hereafter exist in the acts or proceedings resulting in the formation of the District, the Assessment District, the adoption of the resolution of intention and the resolution ordering the Work and the levying of the Assessments against the Property.

6. **Waiver**. The Interested Parties and Lienholders, with full knowledge of the provisions and their rights under the provisions of law hereafter referenced, expressly agree to waive the following:

(i) any defect in the proceedings and election establishing the District, as required by A.R.S. § 48-702 through § 48-708, inclusive, and agree that, to the extent of any defect, this Agreement shall constitute the petitions required by law to form and establish the District without conducting an election;

(ii) any and all notices and response time periods related to such notices provided by A.R.S. § 48-576 et seq., as amended, including but not limited to the following:

(a) mailing, posting and publication, as applicable, of any notice required in connection with: (A) the adoption of the resolution of intention, (B) the notice of proposed improvements, (C) the adoption of the resolution ordering the Work, (D) notice of passage of the resolution ordering the Work, (E) notice of award of contract and (F) any other steps necessary in connection with the Assessment District or the Work; and

(b) any and all notices pertaining to a hearing on the Assessments;

(iii) any and all objections and protests to the extent of the Assessment District;

(iv) any and all objections to the adoption by the District or the Assessment District of the plans and specifications, the Engineer's Estimate and the assessment diagram, all of which provide for and effectuate the completion of the Work;

(v) any and all protest rights against the Work and objections to the awarding of one or more acquisition or construction contracts for the Work;

(vi) any and all defenses they may now or subsequently have against Assessment District bonds; and

(vii) all demands for cash payment of the Assessments.

7. **Work as More Than Local and Ordinary Benefit**. The Interested Parties and Lienholders agree that the Work is of more than local or ordinary public benefit and that the Work constitutes a public infrastructure purpose and that the Property which is subject to the Assessments receives a benefit from the Work in an amount not less than the Engineer's Estimate.

8. **Public Bidding**. The public bidding requirements set forth in A.R.S. § 48-581 and 584 have been or will be complied with by the District with respect to the Work.

9. **Performance of the Work**. The District or the Assessment District may immediately upon issuance of such Assessment District bonds, acquire, bid, construct and perform all or part of the Work.

10. **Acceptance of Assessment**. The Interested Parties and Lienholders agree to accept Assessments in an amount not greater than the Engineer's Estimate against all of the land located within the boundaries of the Property; and that such Assessments shall be collected and foreclosed in accordance with Arizona Revised Statutes § 48-601 *et seq.*, as amended and in accordance with any other documents executed and delivered in connection with the delivery of the Assessment Bonds.

11. **Recording of Assessment**. The Interested Parties and Lienholders consent to the recordation of the Assessments against the Property.

12. **Assessments to go to Bond**. Except as any Interested Party otherwise notifies the Assessment District in writing prior to the recording of the Assessments of their intent to pay all or part of their Assessment in cash, Assessments will not be paid in cash. With respect to Assessments not paid in cash, the Interested Parties request that a certified list of unpaid Assessments be filed as soon as possible after the recording of the Assessments and that Assessment District bonds amortizing the payment of the Assessments over not less than fifteen (15) years be issued and sold as soon as possible.

13. **Acceptance of Partial Assessment**. The inability of the District or the Assessment District to assess all or any portion of the costs of the Work shall not reduce the obligation of the Interested Parties, so long as they own all or part of the Property to pay their proportionate share of the costs of the Work.

14. **Waiver of Collateral Document Provisions**. The Interested Parties expressly waive any and all provisions of any collateral security instruments relating to the Property which prohibit the formation of the Assessment District, completion of the Work and placing and recording of the Assessments against the Property.

15. **Dedication of Property Needed to Perform the Work**. The Interested Parties consent to the dedication, without cost, of the rights-of-way, easements and other property, as required by the District or Assessment District for construction of the Work. The Interested Parties agree to cooperate in effectuating any required dedication, including execution of any required document.

16. **Payment of Maintenance Costs**. The District or the Assessment District may levy a tax or assessment upon the Property, all as provided by law, to pay the operation and maintenance costs of the improvements.

17. **Indemnification Under Securities Act**. The Interested Parties, jointly and severally, hereby agree to indemnify and hold the District and the Town of Buckeye, Arizona (the "*Town*") and each director, council member, officer, agent, legal counsel, independent contractor or employee thereof and each person, if any, who controls the District and the Town, its officers, employees and agents, within the meaning of the Securities Act of 1933, as amended (the "*Securities Act*") (collectively the "*Indemnified Persons*") harmless for, from and against any and all losses, claims, damages or liabilities, including reasonable attorney's fees arising from any challenge to the formation, activities or administration of the District, or any losses, claims, damages or liabilities, including reasonable attorney's fees related to which any of the Indemnified Persons may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities, including attorney's fees (or actions in respect thereof) arise out of or are based upon any untrue statement or any alleged untrue statement or material fact set forth in any official statement applicable to the Assessment District's bonds or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect. This Section 17 shall survive the termination hereof.

18. **General Indemnification of District and Directors**. The Interested Parties, jointly and severally, hereby agree to indemnify the District and each director, officer, agent, legal counsel, employee, independent contractor, and the Town, its officers, employees, agents, independent contractors and council members (collectively, the "*Indemnified Parties*") and shall hold the Indemnified Parties harmless from, for and against any and all claims and reasonable costs incurred, including but not limited to reasonable attorneys' fees and other administrative or out of pocket costs actually and directly incurred by the Indemnified Parties in

connection with or as the result of acts of the District or the District Board which are (i) within the scope of the District or District Board's authority under the Securities Act, or (ii) undertaken by the District or District Board in a properly advertised public meeting. This Section 18 shall survive the termination hereof.

19. **Disclosure Document**. The Interested Parties hereto agree that any potential purchaser of any real property subject hereto, including each potential purchaser of a residential lot within the District, shall receive a concise disclosure document that discloses the existence, the estimated payment amount and the payment terms of any portion of the Assessment applicable to the real property to be purchased. Each potential purchaser shall acknowledge in writing that the purchaser received and understood the concise disclosure document and has agreed to the terms, waivers and agreements contained in this Agreement. The District agrees to maintain records of the written acknowledgments. The provisions of this Agreement shall not apply to the sale of any real property which is not subject to the Assessment.

20. **Encumbrance of the Property**. The provisions, terms and restrictions of this Agreement shall run with and bind the Property as equitable servitudes and also as covenants running with the land.

21. **Recording**. This Agreement may be recorded in the office of the County Recorder of Maricopa County, Arizona.

22. **Continuing Disclosure**. So long as any Interested Party is the owner of a portion of the Property that is liable for 20% or more of the debt service on any Assessment District bonds, such Interested Party, solely with respect to their assessed property, will, if requested by the District, provide any and all information needed to comply with the information reporting requirements contemplated by Rule 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934.

23. **Successors and Assigns**. This Agreement shall inure to the benefit of and be binding upon the Interested Parties hereto, their future grantees, respective heirs, successors and assigns. There shall be no third party beneficiaries of this Agreement, except that solely for the purposes of receiving the benefits of the provisions of sections 17 and 18 of this Agreement, the Interested Parties hereto agree that the Town is a third party beneficiary of the terms and provisions of Sections 17 and 18 of this Agreement.

24. **Authority**. The Interested Parties individually warrant, with respect to their own status only, that they have the requisite authority to bind the entity on whose behalf they are signing and, to the best of their knowledge, no other consents are required.

25. **Counterparts**. For convenience, this Agreement may be executed in one or more counterparts and each executed counterpart shall for all purposes be deemed an original and shall have the same force and effect as an original, but all of which together shall constitute in the aggregate but one and the same instrument. This Agreement will constitute the entire agreement between the parties, and supercedes all previous written or oral agreements or understandings regarding the subject matter of this Agreement. Interested Parties knowingly and voluntarily

forever releases and discharges the Town/District and all of its past and present elected officials, officers, directors, agents, employees, successors, assigns, attorneys, and representatives from all legal and equitable claims, causes of action, debts, accounts, and damages, known or unknown, asserted or unasserted, and of every nature and extent whatsoever, that the Interested Parties has against the Town/District, and arising from actions, omissions, delays or other events that occurred prior to the date of this Agreement.

26. **Failure to Sell Bonds**. In the event the District fails or is otherwise unable to sell and/or deliver Assessment District bonds in an amount sufficient to allow the District to pay the amounts need to pay the costs of the Work and upon written request of the owner of the real property within the Assessment District, the District agrees to adopt proceedings that dissolves and terminates any Assessment District or assessment lien, established by the district, encumbering the Property.

27. **Lienholders Consent**. The Interested Parties represent that the only Lienholders are 10,000 West, L.L.C., an Arizona limited liability company and the Bank of Scotland, a banking organization established by an act of the Scottish Parliament.

[SIGNATURE PAGES TO FOLLOW]

OWNER:

PULTE HOME CORPORATION, a
Michigan corporation

By _____
MIKE BRILZ
Its: VP / ATTORNEY IN FACT

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 24 day of August 2007, by MIKE BRILZ the VP/Attorney in Fact of Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

(Seal and Expiration Date)

Notary Public

OFFICIAL SEAL
SUZAN BOSWELL
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires May 21, 2009

05/21/2009

ACCEPTED:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Bobby Bryant

Its: Mayor

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 4th day of September, 2007, by Bobby Bryant the Mayor of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)
January 18, 2010

Linda Garrison
Notary Public

OFFICIAL SEAL
LINDA GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires January 18, 2010

01/18/2010

LIENHOLDER

CONSENT AND AGREEMENT

Reference is made to that certain Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated as of September 4, 2007, initially by and among the Festival Ranch Community Facilities District, and the Interested Parties (as defined therein), to which this Lienholder Consent and Agreement is attached (the "*Agreement*"). All capitalized terms used and not otherwise defined in this Lienholder Consent Agreement shall have the meanings set forth in the Agreement. The undersigned, as one of the Lienholders having an interest in real property within the Assessment District, hereby consents to the Agreement, acknowledges that the Agreement shall bind all the Property in which the undersigned has an interest within the District, and authorizes the recordation of the Agreement with respect to all such Property. In no event, however, shall anything in this Lienholder Consent and Agreement constitute a personal assumption by the undersigned of the obligations of any party under the Agreement.

DATED: August 30, 2007

LIENHOLDER:

10,000 WEST, L.L.C., an Arizona limited liabililty company

By: Festival Holding, Inc., a Delaware corporation
Its: Manager

By _____
Its Vice President

Date 8/30, 2007

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 30th day of August, 2007, by _____ the Vice President of Festival Holding, Inc. as Manager of 10,000 West, L.L.C., an Arizona limited liability company.

(Seal and Expiration Date)

Notary Public State of Arizona
Maricopa County
Christina GeRue
My Commission Expires
07/28/2011

_____
Notary Public

JTG:jlu 751725 07/25/07 07/28/2011

ACCEPTED:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Bobby Bryant
Its: MAYOR

Date Sept 4, 2007

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 4th day of September, 2007, by Bobby Bryant the Mayor of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)

OFFICIAL SEAL
LINDA GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires January 18, 2010

Linda Garrison
Notary Public

LIENHOLDER

CONSENT AND AGREEMENT

Reference is made to that certain Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement, dated as of September 4, 2007, initially by and among the Festival Ranch Community Facilities District, and the Interested Parties (as defined therein), to which this Lienholder Consent and Agreement is attached (the "*Agreement*"). All capitalized terms used and not otherwise defined in this Lienholder Consent Agreement shall have the meanings set forth in the Agreement. The undersigned, as one of the Lienholders having an interest in real property within the Assessment District, hereby consents to the Agreement, acknowledges that the Agreement shall bind all the Property in which the undersigned has an interest within the District, and authorizes the recordation of the Agreement with respect to all such Property. In no event, however, shall anything in this Lienholder Consent and Agreement constitute a personal assumption by the undersigned of the obligations of any party under the Agreement.

DATED: August 30, 2007

LIENHOLDER:

BANK OF SCOTLAND, a banking organization
Established by Act of the Scottish Parliment

By Joseph P. Hunt
Its Authorized Agent

Date 8/30, 2007

State of Arizona
) ss.
County of Maricopa

The foregoing instrument was acknowledged before me this 30th day of August, 2007, by Joseph P. Hunt the Authorized Agent of the Bank of Scotland, a banking organization established by Act of the Scottish Parliment.

(Seal and Expiration Date)

Notary Public State of Arizona
Maricopa County
Christina GeRue
My Commission Expires
07/28/2011

07/28/2011

Christina GeRue
Notary Public

ACCEPTED:

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By Bobby Bryant
Its: Mayor

Date September 4, 2007

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 4th day of September, 2007, by Bobby Bryant the Mayor of Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

(Seal and Expiration Date)
January 18, 2010

Linda Garrison
Notary Public

OFFICIAL SEAL
LINDA GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires January 18, 2010

01/18/2010

EXHIBIT A

LEGAL DESCRIPTION

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

CVL

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

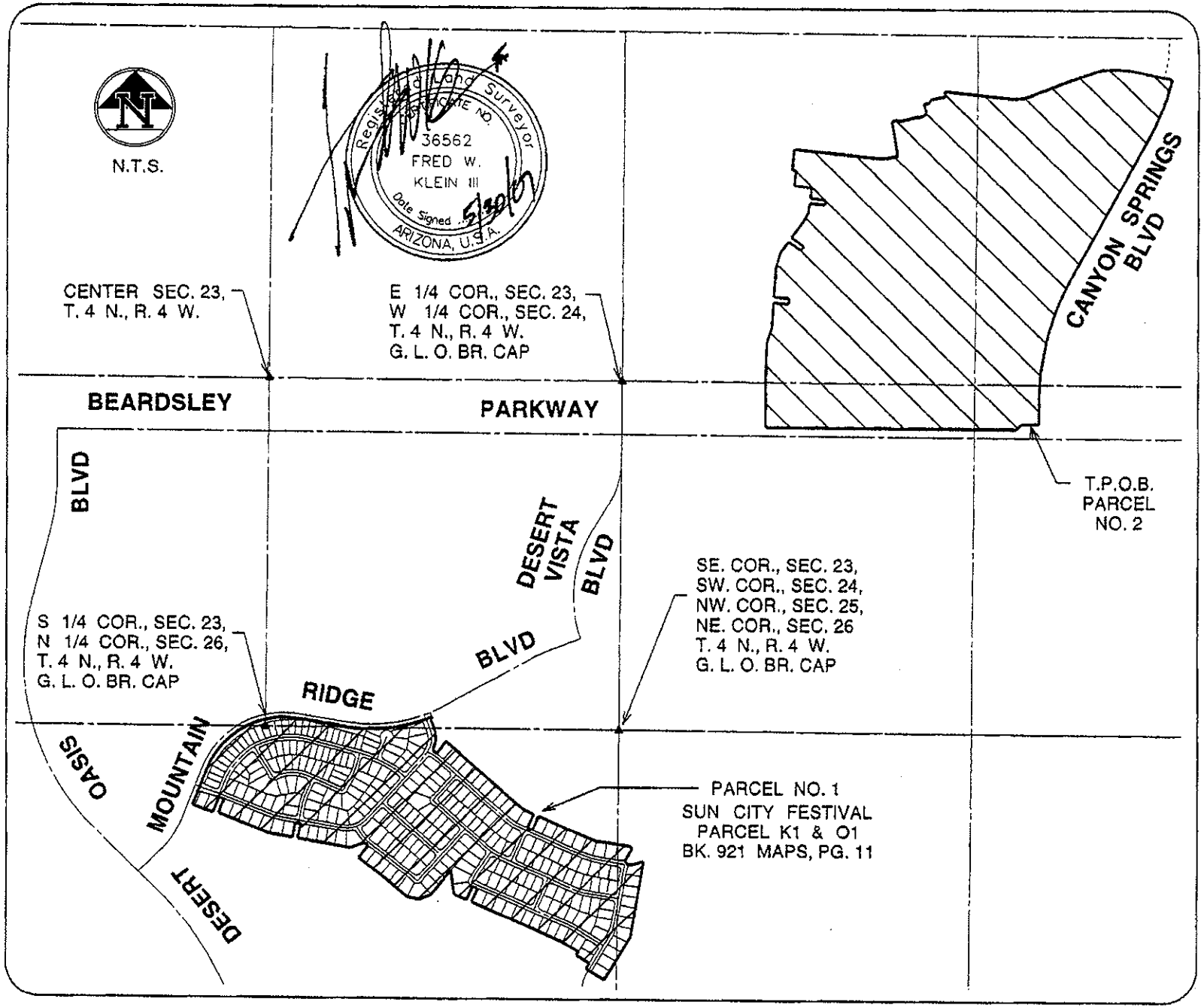
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA, U.S.A.

CVL



JOB NO
680001

SHEET
1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

EXHIBIT

N:\680001\LAND\EHSAA4.DGN

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE
4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.

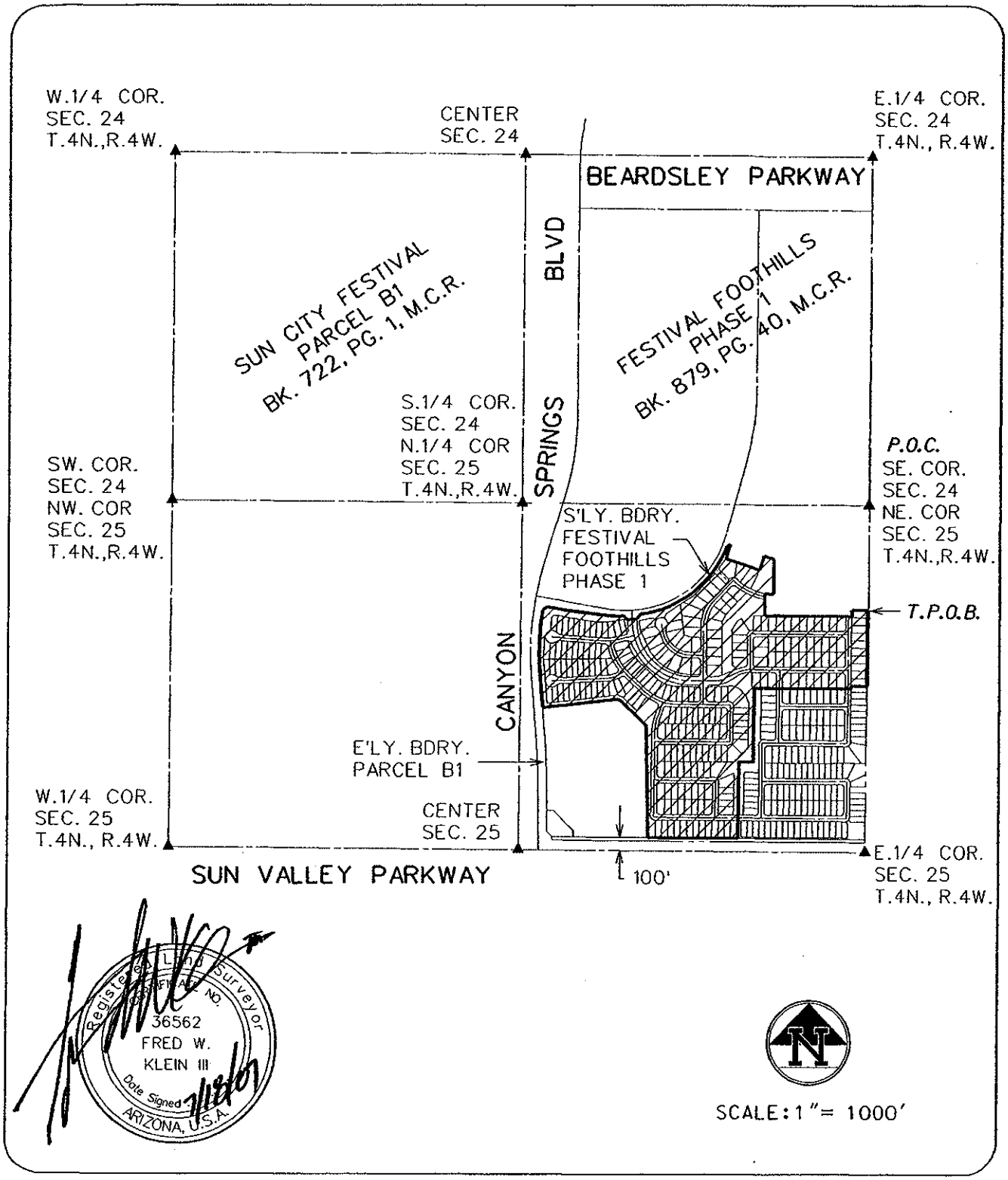


EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING•ENGINEERING•LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

EXHIBIT B

PUBLIC INFRASTRUCTURE

"Public Infrastructure" means, for purposes of this Agreement, the following:

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
Assessment District No. 4					
K1/O1	297	$1,436,085	Escuda Dr., Wahalla* Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	16,118	January-09
Assessment District No. 5					
Festival Foothills Phase 2 – Units 15, 17, 21, and 23	250	$1,450,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	13,810	September-09
	892	$4,578,410		43,605	

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES (INCLUDING CELL PHONES/PAGERS) BEFORE THE MEETING IS CALLED TO ORDER. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE TOWN OF BUCKEYE COMMUNITY DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD: PLEASE NOTE THAT THERE MAYBE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE TOWN DEVELOPMENT BOARD OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 18, 2007
AGENDA

Town Council Chambers
100 N. Apache Road
Buckeye, AZ 85326
Immediately following the Regular Council meeting of September 18, 2007

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623 349-6007) *72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment. (TTD* 623 349-6400)

Members of the Festival Ranch Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

AGENDA

Members of the Festival Ranch Community Facilities District Board will attend either in person or by telephone conference call or video presentations.

1. Call to order.

2. Note attendance.

3. MINUTES:
   Minutes of meeting held on September 4, 2007 presented for Board review and approval.

4. APPROVE OR RATIFY EXPENDITURES - None

5. BUSINESS:

   A. Board will consider, for possible action, adoption of Resolution No. 13-07 RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICTS NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $2,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND

DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR

7. ADJOURNMENT

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT TOWN OF BUCKEYE, ARIZONA
SEPTEMBER 18, 2007
MINUTES

Town Council Chambers
100 N. Apache
Buckeye, AZ 85326
Immediately following the regular Council Meeting

1. Call to order.
Vice Chairman Beard called the meeting to order at 7:45 p.m.

2. Note attendance.

Members Present: Boardmember Garza, Boardmember Doster, Boardmember Hardesty, Boardmember May and Boardmember Rioux.

Members Absent: Chairman Bryant.

Staff Present: District Manager David Wilcox, District Assistant Manager Shane Dille, District Attorney Scott Ruby, District Clerk Linda Garrison, and District Deputy Clerk Lucinda Aja.

3. MINUTES:
A motion was made by Boardmember May and seconded by Boardmember Rioux to approve the Minutes of meeting held on September 4, 2007 as presented. Motion passed unanimously.

4. APPROVE OR RATIFY EXPENDITURES - None

5. BUSINESS:

A. **Resolution No. 13-07 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT**
A motion was made by Boardmember Hardesty and seconded by Boardmember May to adopt Resolution No. 13-07 RESOLUTION OF THE BOARD OF DIRECTORS OF FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICTS NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $2,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, A DISSEMINATION AGENCY AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING THE PREPARATION AND USE OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS. MOTION PASSED UNANIMOUSLY.

6. CITIZEN COMMENTS/APPEARANCES FROM THE FLOOR –None

7. ADJOURNMENT
There being no further business to come before the Board a motion was made by Boardmember May and seconded by Boardmember Rioux to adjourn the meeting at 8:04 p.m. Motion passed unanimously.

RESOLUTION NO. 11-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITTING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING A SPECIAL ASSESSMENT DISTRICT; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO; APPROVING THE LEVYING OF AN ASSESSMENT AND ASSESSMENT DIAGRAM FOR THE DISTRICT

WHEREAS, pursuant to Section 48-715, Arizona Revised Statues ("*A.R.S.*"), as amended, the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*") has caused a report of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of special assessment revenue bonds of the District to be prepared (the "*Report*"), which Report includes, among other things, a description of certain public infrastructure to be acquired and constructed and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

WHEREAS, pursuant to Section 48-715, A.R.S., as amended, a public hearing on the Report was held on September 4, 2007, after provision for publication of notice thereof as provided by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) that:

Section 1. **Definitions**. In this resolution, the following terms shall have the following meanings:

"*Act*" shall mean Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Assessment District*" shall mean the real property contained within the boundaries described in *Exhibit A* attached hereto. For a more general description, reference is hereby made to the Assessment District Map attached to this resolution as *Exhibit B*, which map is on file with the Superintendent of Streets and the Clerk.

"*Assessment District Map*" shall mean the map showing the Assessment District and attached hereto as *Exhibit B*.

"*Board*" shall mean the Board of Directors of the District.

"*Bond Counsel*" shall mean Gust Rosenfeld P.L.C. and any successor thereto.

"*Bonds*" shall mean the District's Special Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007.

"*Clerk*" shall mean the Clerk of the District.

"*Development Agreement*" shall mean the Development, Financing Participation and Intergovernmental Agreement No. 1 (Festival Ranch Community Facilities District) dated as of April 21, 2005, by and among the Town of Buckeye, Arizona, the District, 10,000 West, LLC and Pulte Home Corporation; recorded April 22, 2005 at docket number 2005-0523800 in the office of the Maricopa County Recorder.

"*District*" shall mean the Festival Ranch Community Facilities District (Town of Buckeye, Arizona).

"*District Engineer*" shall mean such engineer or firm of engineers as appointed by the District Manager.

"*Estimate*" shall mean the estimate of costs and expenses of the Project described in the Report and this resolution, showing the estimated costs and expenses of acquisition and construction of the Project to be not less than $1,482,660, together with estimated Incidental Expenses ($169,250, which amount includes costs of issuance ($116,000) and a Reserve Fund ($131,820)) a total cost not to exceed $1,784,000, all as described on *Exhibit C*.

"*Incidental Expenses*" shall mean compensation paid to the Superintendent of Streets, District Engineer, costs of printing, advertising, posting, the expenses of making, administrating and collecting the assessments, appraiser's fees, any discount on the Bonds, any paying agent's fees, all legal and financial fees, all expenses and costs incurred in establishing the District, the Assessment District and incurred in connection with the drafting of the proceedings and in connection with the sale of bonds, the funding of a debt service reserve fund and all capitalized interest on the bonds.

"*Plans*" shall mean the preliminary plans (including the conceptual plans), specifications and any other contract documents showing the location, type and character of the Project, filed with the Clerk prior to the adoption of this resolution or the resolution ordering the

performance of the Project. The term "Plans" shall include all final plans, specifications and contract documents developed in connection with the design of the Project.

"*Project*" shall mean, collectively, the acquisition or construction of public infrastructure (as such term is defined in the Act) described in the Report including particularly, the acquisition and/or construction by the District of the public infrastructure described on *Exhibit D* hereto.

"*Report*" shall mean the Feasibility Report dated September 4, 2007 and on file with the Clerk, prior to the date and time hereof, discussing the matters required by A.R.S. Section 48-715, as amended, as such matters relate to the Project.

"*Reserve Fund*" shall mean the debt service reserve fund funded with the proceeds from the sale of the Bonds, authorized pursuant to the Act.

"*Streets*" or "*streets to be improved*" shall mean the Project listed on *Exhibit D* hereto and located on the streets listed therein and such other streets and public rights-of-way as are hereafter shown on the final Plans.

"*Superintendent of Streets*" shall mean such person or firm appointed as superintendent of streets by the District Manager.

"*Waiver*" shall mean the Festival Ranch Community Facilities District Waiver and Development Agreement dated September 4, 2007, by and among the District and Pulte Home Corporation.

Section 2. Approval of the Feasibility Report. Published notice of the public hearing on the Report has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Report and such publication is hereby ratified and approved. The Clerk has provided the Report and notice of public hearing on the Report to the Town of Buckeye, Arizona, not less than ten (10) days in advance of the date of the public hearing. Based on the review by the Board and the presentation of the Report at the public hearing on September 4, 2007, the Report is hereby adopted and approved in the form submitted to the Board.

Section 3. Resolution of Intent. This Board hereby identifies the public infrastructure of the Project, the areas benefited (all located within the District), the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Report, for any and all purposes of the Act. This Board hereby declares its intent to proceed with the financing of the acquisition of the Project in substantially the manner presented in the Report and pursuant to the terms of the Development Agreement. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 4. Declaration of Intention to Order the Project. The public interest and convenience require and it is the intention of the Board to order the Project to be acquired, constructed and performed as stated herein and contemplated by the Report and in

conformance with the final Plans. All items of the Project shall be performed as prescribed by the final Plans and no assessment for any lot shall exceed its proportion of the Estimate.

Section 5. Determination of Need; Formation of Assessment District. The Assessment District is hereby formed, consisting of the property described on *Exhibit A* attached hereto and is hereby designated "*Assessment Districts Nos. 4 and 5*". In the opinion of the Board, the Project is of more than local or ordinary public benefit, the Project principally benefits the land within the Assessment District, and the Board hereby orders that all amounts due or to become due with respect to financing the costs and expenses of the Project, together with all Incidental Expenses (the "*Assessment*"), shall be chargeable upon the respective lots, pieces and parcels of land within the Assessment District.

Section 6. Exclusion of Certain Property. Any public or private street or alley within the boundaries of the Assessment District is hereby omitted from the Assessment District. Any lot, the legal owner of which on this date is the United States, the state, a county, city, school district or any political subdivision or institution of the state or county, which is included within the Assessment District shall be omitted from the assessments hereafter made except as otherwise agreed between the District and such owner.

Section 7. Prepare and Levy Assessment. The District Engineer and the Superintendent of Streets are hereby directed to prepare and levy an assessment against the real property in the Assessment District for an amount not greater than $1,784,000; provided; however, the amount of the assessment may be reduced as actual costs are established and substituted for the estimated costs. The Superintendent of Streets is hereby directed to record in its offices the assessment and record with the Maricopa County Recorder a Notice of Assessment.

Section 8. Approval of Assessment Diagrams. Those certain duplicate assessment diagrams of the area to be assessed, prepared by the District Engineer and heretofore filed with the Clerk, are hereby approved and the Clerk is hereby directed to certify the fact of such approval on the face of each of such diagrams including the date hereof as the date of such approval and to deliver a copy of the diagrams to the Superintendent of Streets.

Section 9. Demand for Cash Payment. The Treasurer of the District is hereby directed to make demand on the owners of the real property assessed for advance cash payment of the assessed amount, and with respect to any assessments that bonds are issued against, bill and collect each installment payment then due and owing.

Section 10. Collection of Assessments. In an effort to more efficiently collect the District's annual assessments from which the Bonds are to be payable, the District hereby approves the form of Community Facilities District Assessment Collection Agreement in substantially the form presented at this meeting and authorizes the same to be executed and delivered and hereby adopts the following procedures for collecting such annual assessments:

A. For each Collection Year, the Treasurer of the District will determine which if any, of the installments of the assessments for that Collection Year should be collected on the tax rolls as Tax Roll Installments.

B. The Treasurer of the District will provide to the County Treasurer the information necessary, in the format necessary, and at the times necessary for Tax Roll Collection of the Tax Roll Installments for that Collection Year, all as provided in the Collection Agreement.

C. Each Tax Roll Installment will be due in two equal payments at the same time and in the same manner as real property taxes.

D. If sufficient funds are not received from the County Treasurer, together with amounts collected by the District Treasurer, in time to make a payment of principal or interest on the Bonds, the Trustee shall apply funds from the Cash Flow Stabilization Fund, if any, held under the Trust Indenture related to the Bonds to make up the shortfall.

E. Amounts drawn from the Cash Flow Stabilization Fund, if any, will be repaid when the delinquent Tax Roll Installments are received by the Trustee.

F. Any assessment for which the annual installments are Tax Roll Installments shall be delinquent for the purposes of A.R.S. § 48-600(E) upon notification from the County Treasurer to the District that (i) the first one-half of the annual installment was not paid by November 1 of the Collection Year and the entire annual installment was not paid in full by December 31 of the Collection Year or (ii) the second half of the annual installment was not paid by May 1 of the Collection Year.

G. Upon delinquency, the District may:

(i) proceed with the Direct Collection delinquency procedures set forth in A.R.S. Section 48-600 et seq. with respect to the Direct Assessments portion of the delinquent assessment;

(ii) submit the annual installments for that assessment for the next Collection Year to the County Treasurer for Tax Roll Collection as Tax Roll Installments; or

(iii) collect and enforce the annual installment for that assessment for the next Collection Year under the Direct Collection procedures, and if the assessment becomes delinquent for that Assessment Year, then proceed with the Direct Collection delinquency procedures with respect to the Direct Assessment portion of the delinquent assessment.

H. Notwithstanding any collection procedures or payments with respect to the Direct Assessment, any Tax Roll Installment of that assessment remains collectible by the County Treasurer pursuant to the procedures for enforcing delinquent property taxes until either:

(i) paid; or

(ii) the County Treasurer and the District agree that any delinquent Tax Roll Installment should no longer be collected and enforced under the Tax Roll Collection procedures

as a Tax Roll Installment and is transferred back to the District to be collected under the Direct Collection procedures as part of the Direct Assessment.

Section 11. **Determination and Notice of Necessity to Issue Bonds**. The Board finds that the public convenience requires that special assessment revenue bonds, designated Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Special Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, shall be issued to finance the costs and expenses of the Project and Incidental Expenses. The Board hereby determines that the Bonds shall be issued in the name of the District payable, however, solely and only out of a special fund collectible from special assessments levied and assessed upon the lots, pieces and parcels of land within the Assessment District in not to exceed twenty-five (25) annual principal installments from the assessments of $25.00 or over remaining unpaid as of the end of the cash collection period; however, if the special assessments are not collected or collection is delayed and consequently such special assessments are insufficient, then from the Reserve Fund.

The Bonds shall be issued in fully registered form as to principal and interest in the principal amounts of $5,000 or any integral multiple thereof. The Bonds shall mature on the first day of July in the years and in amounts to be set by the Board prior to their issuance; provided, however, the Bonds shall mature not later than July 1, 2032. Principal installments of each Assessment shall be due on the first day of June immediately preceding the maturity date of any Bonds, installments of interest shall be due on the first day of January and July.

The Bonds shall bear interest at rate or rates of not to exceed ten percent (10%) per annum, payable on the first day of January and July of each year, commencing January 1, 2008, or such later date as set forth in the Bond Purchase Agreement between the District and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets, relating to the Bonds. The Board reserves the right to call the Bonds for prior redemption, in whole or in part of such terms as may hereafter be established by this Board.

Section 12. **Bond Anticipation Notes**. The Board reserves the right to issue bond anticipation notes pursuant to § 48-618, Arizona Revised Statutes, as amended. The Board also reserves the right to retain any Bonds which may be issued and to sell the same for cash to pay the contractor the amounts due it in cash.

Section 13. **Establishment of Grade**. The grades and elevations for the Streets are hereby officially changed to correspond with the grades and elevations shown on the final Plans.

Section 14. **Statutory Authority**. The Project and all proceedings pertaining thereto shall be acquired, constructed and performed under the provisions of the Act.

Section 15. **Delegation of Authority**. The District Engineer and the Superintendent of Streets are hereby authorized to complete the Plans, specification and any contract documents.

Section 16. **Right to Reduce Scope of Work**. If, because of pending or threatened litigation concerning any one or more parcels subject to the Assessment, the District and the winning bidder receive a written opinion of Bond Counsel stating that the Bonds cannot be issued against such parcel or parcels or the Assessment District is unable to obtain any right-of-way necessary for the acquisition or construction of the Project, the District may then cause the acquisition or construction contract to be modified to exclude from the applicable contract some or all of the Project which will benefit the parcel or parcels in question, or which was located in the right-of-way which was not obtained. The filing of a certificate and request that no Bonds be issued against any parcel pursuant to § 48-540 and § 48-597, Arizona Revised Statutes, as amended, may be deemed to be threatened litigation.

Section 17. **Waiver and Assessment**. The homebuilders and other developers of the property within the Assessment District have heretofore executed and delivered to the District the Waiver wherein the parties thereto have (a) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (b) agreed to accept an Assessment; and (c) waived certain procedural requirements. The Waiver is hereby accepted and approved and this Board is proceeding in reliance on the Waiver. The District Manager is hereby authorized to execute the Waiver on behalf of the District and the Clerk is authorized to record the Waiver with the Maricopa County Recorder.

Section 18. **Ratification**. All acts of the Clerk, the Assessment District Engineer, the District Engineer, the Superintendent of Streets and any person acting for such officials in furtherance of this resolution are hereby ratified and confirmed.

PASSED, ADOPTED AND APPROVED on September 4, 2007.

Bobby Bryant
Chairman

ATTEST:

Linda Hansen
Clerk

Attachments: EXHIBIT A - Legal description of Assessment District
EXHIBIT B - Map of District
EXHIBIT C – Estimated Costs
EXHIBIT D - List of Projects

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on September 4, 2007, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.

Linda Harrison
Clerk

EXHIBIT A

Legal Description of Assessment District

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

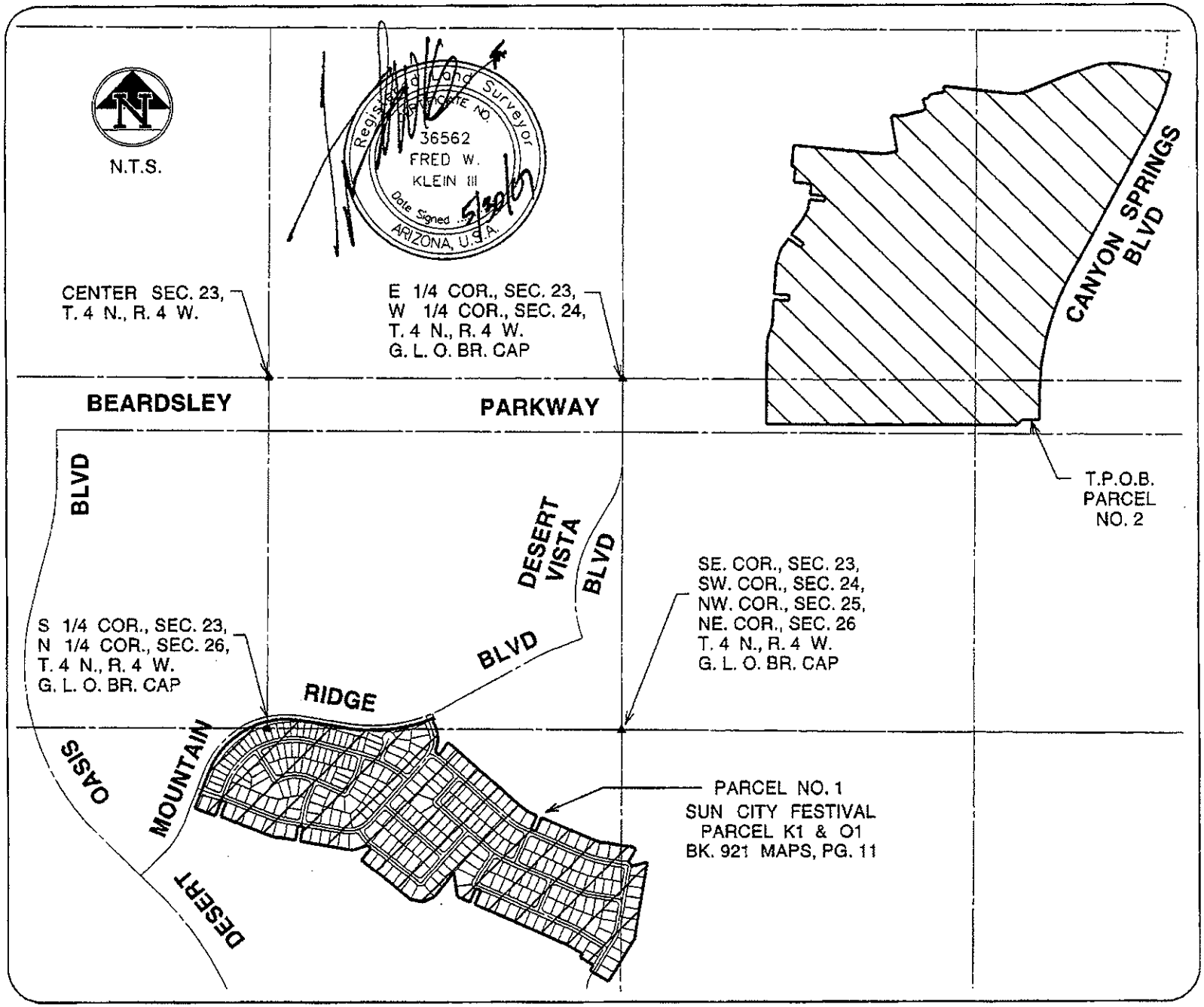
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA, U.S.A.

CVL



JOB NO 680001

SHEET 1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

EXHIBIT

N:\680001\LAND\EHSAA4.DGN

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

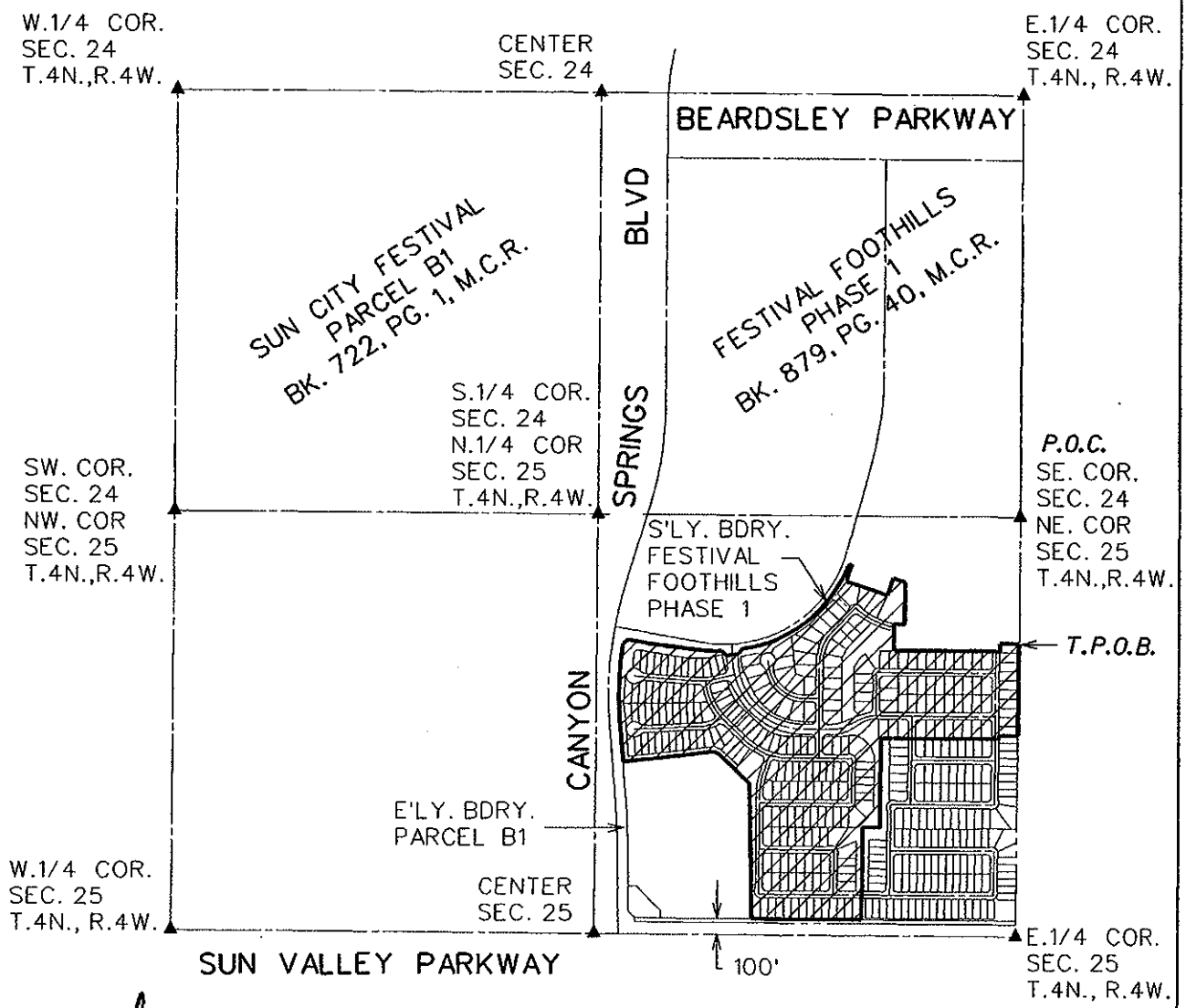
Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.



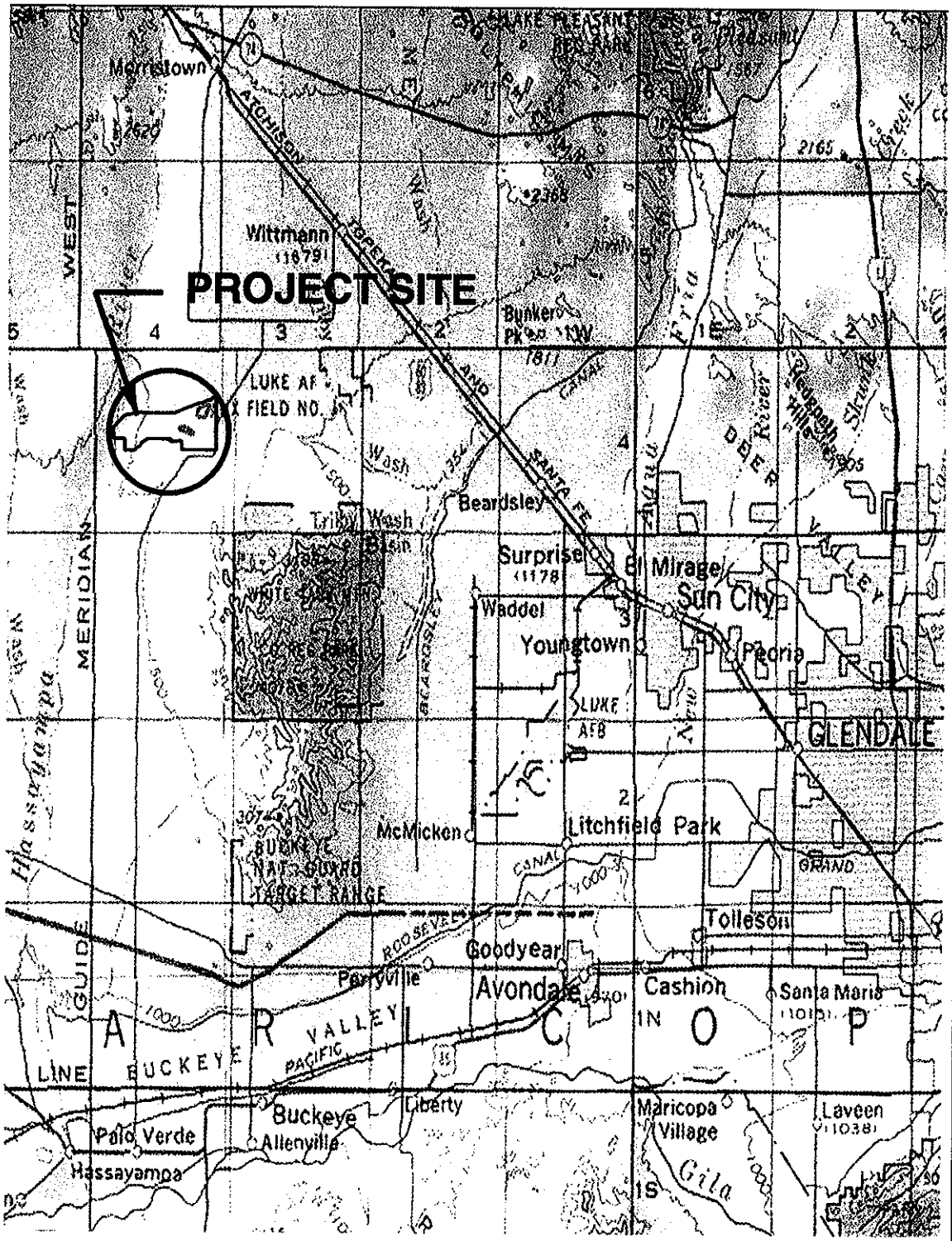
SCALE: 1" = 1000'

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

EXHIBIT B

Map of District

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



SCALE : NONE

LOCATION MAP

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 680033

FIGURE 1

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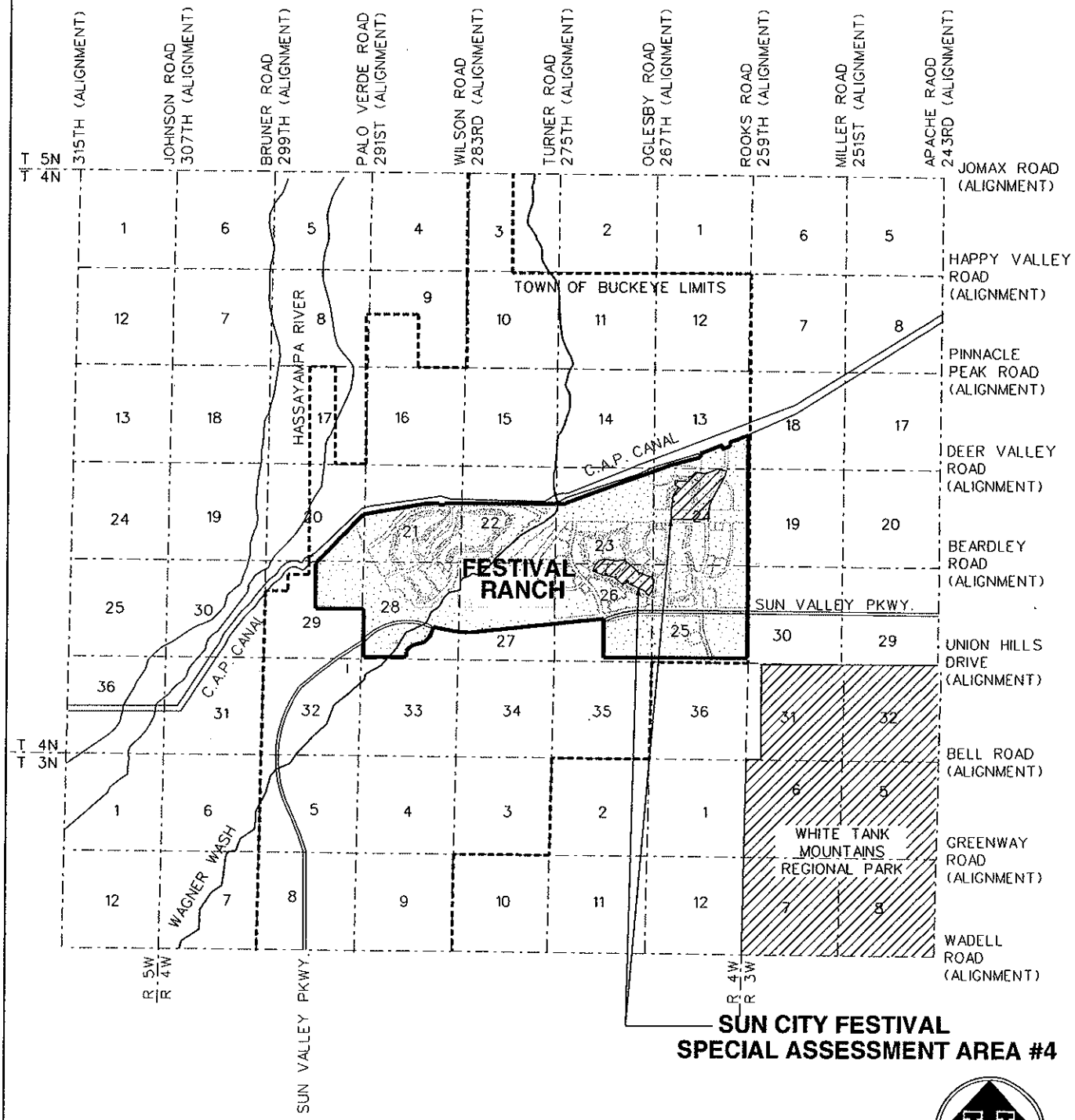
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4
BUCKEYE, ARIZONA



VICINITY MAP

SCALE : NONE

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680033	2

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SUN CITY FESTIVAL
ASSESSMENT DISTRICT #4
BUCKEYE, ARIZONA

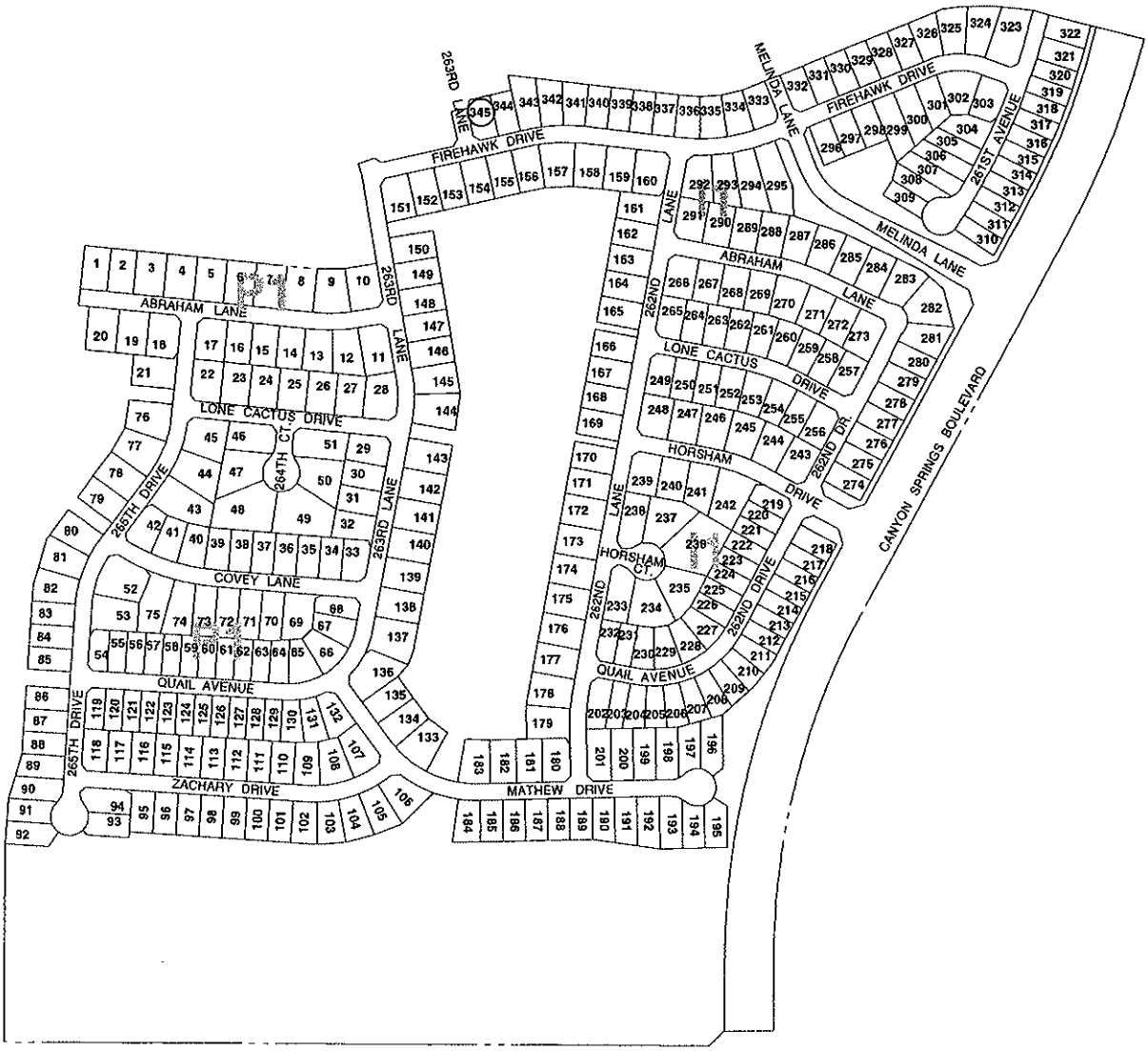
SUN CITY FESTIVAL

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	JOB NO. 680033-00	FIGURE 3

SUN CITY FESTIVAL

BUCKEYE, ARIZONA



SCALE: NONE

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680033	5

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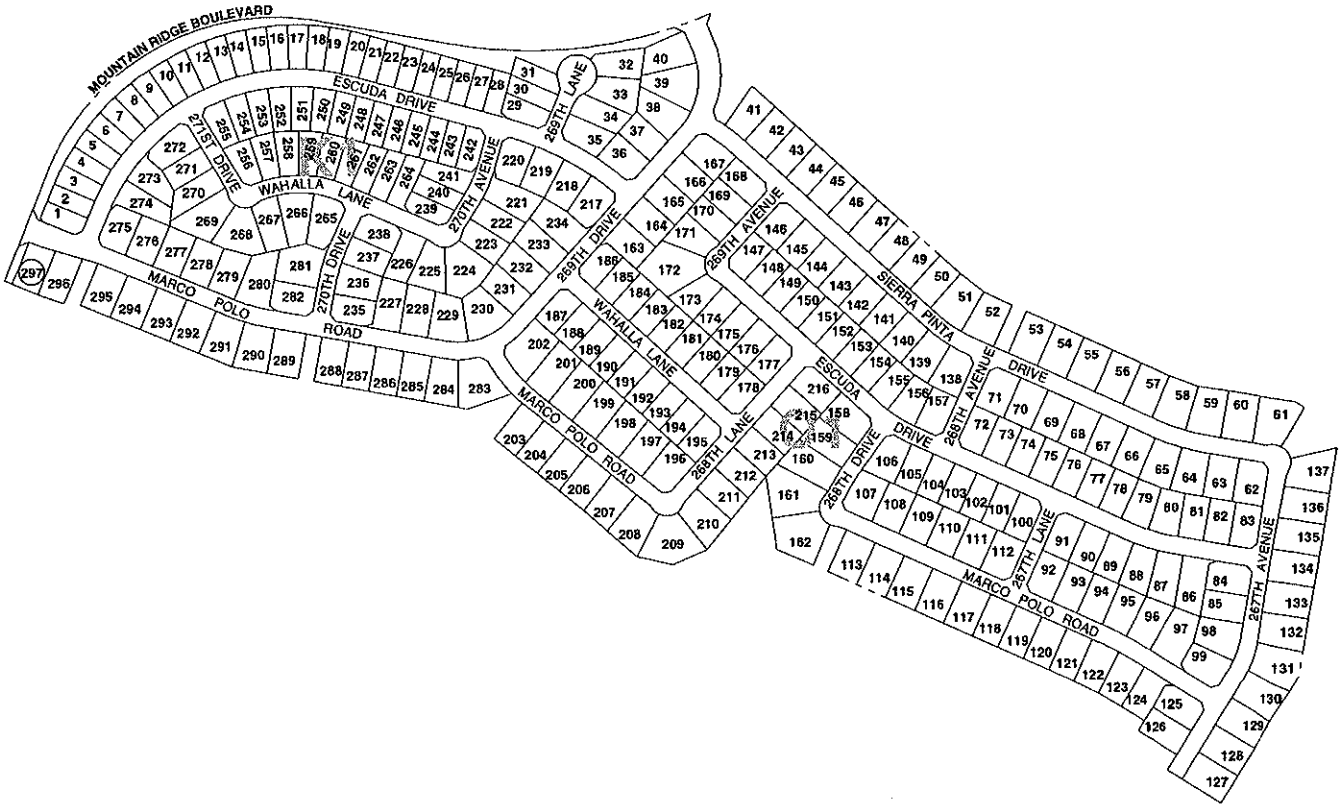
SUN CITY FESTIVAL

BUCKEYE, ARIZONA



SCALE: NONE

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680033	4

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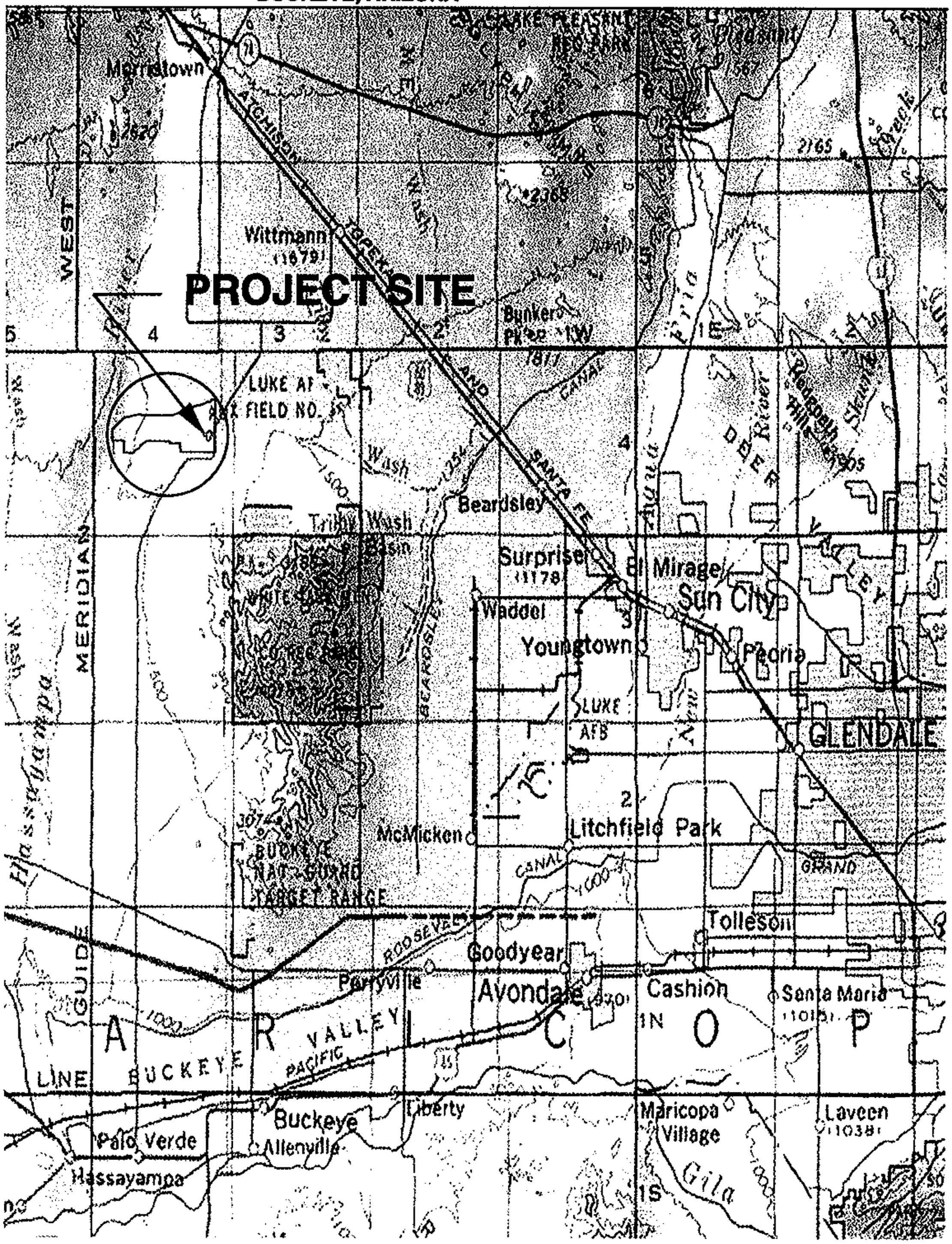
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



SCALE : NONE

LOCATION MAP

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO.	FIGURE
680035	1

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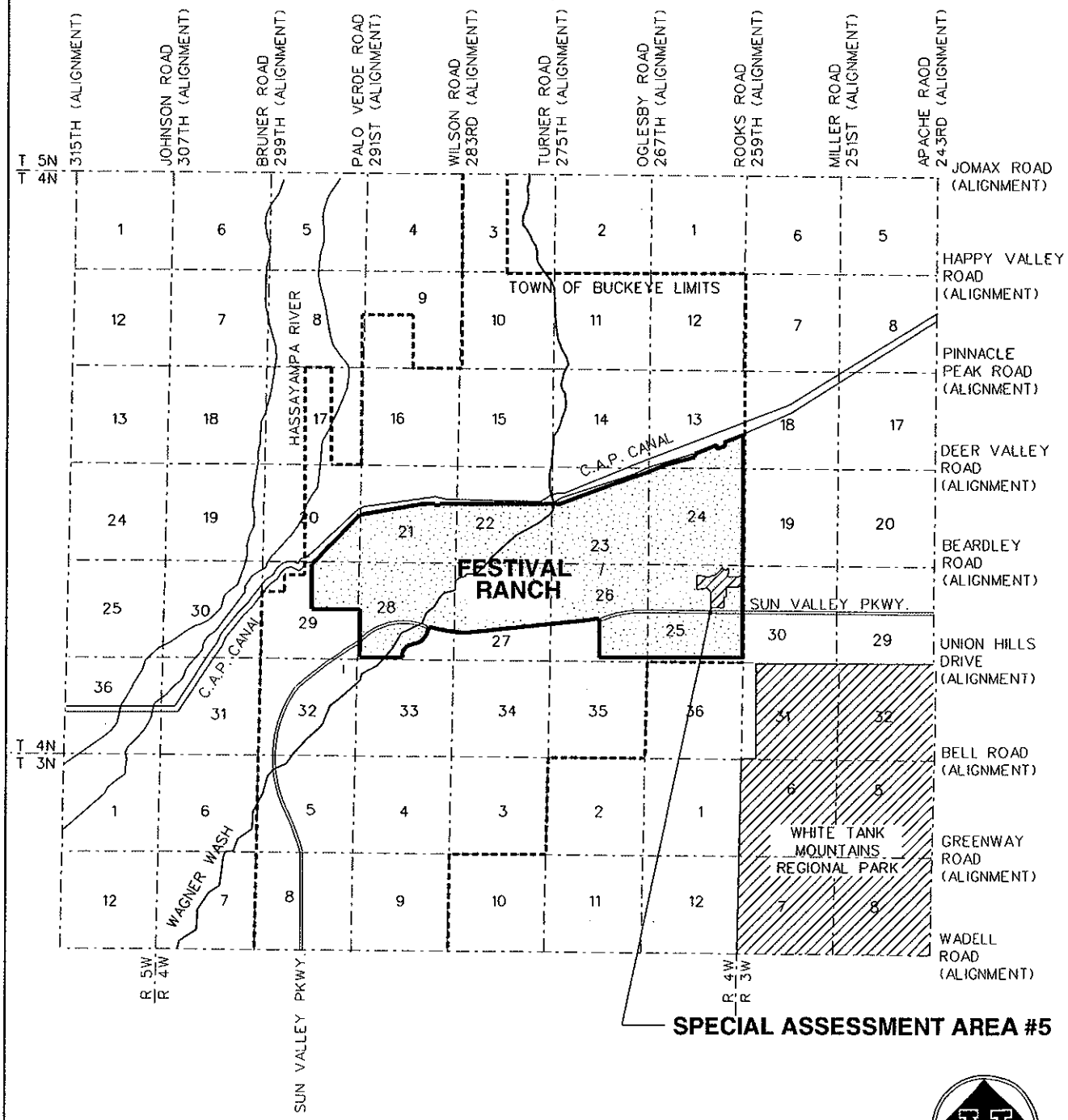
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5

BUCKEYE, ARIZONA



VICINITY MAP

SCALE : NONE

Pulte Homes

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

JOB NO. 680035

FIGURE 2

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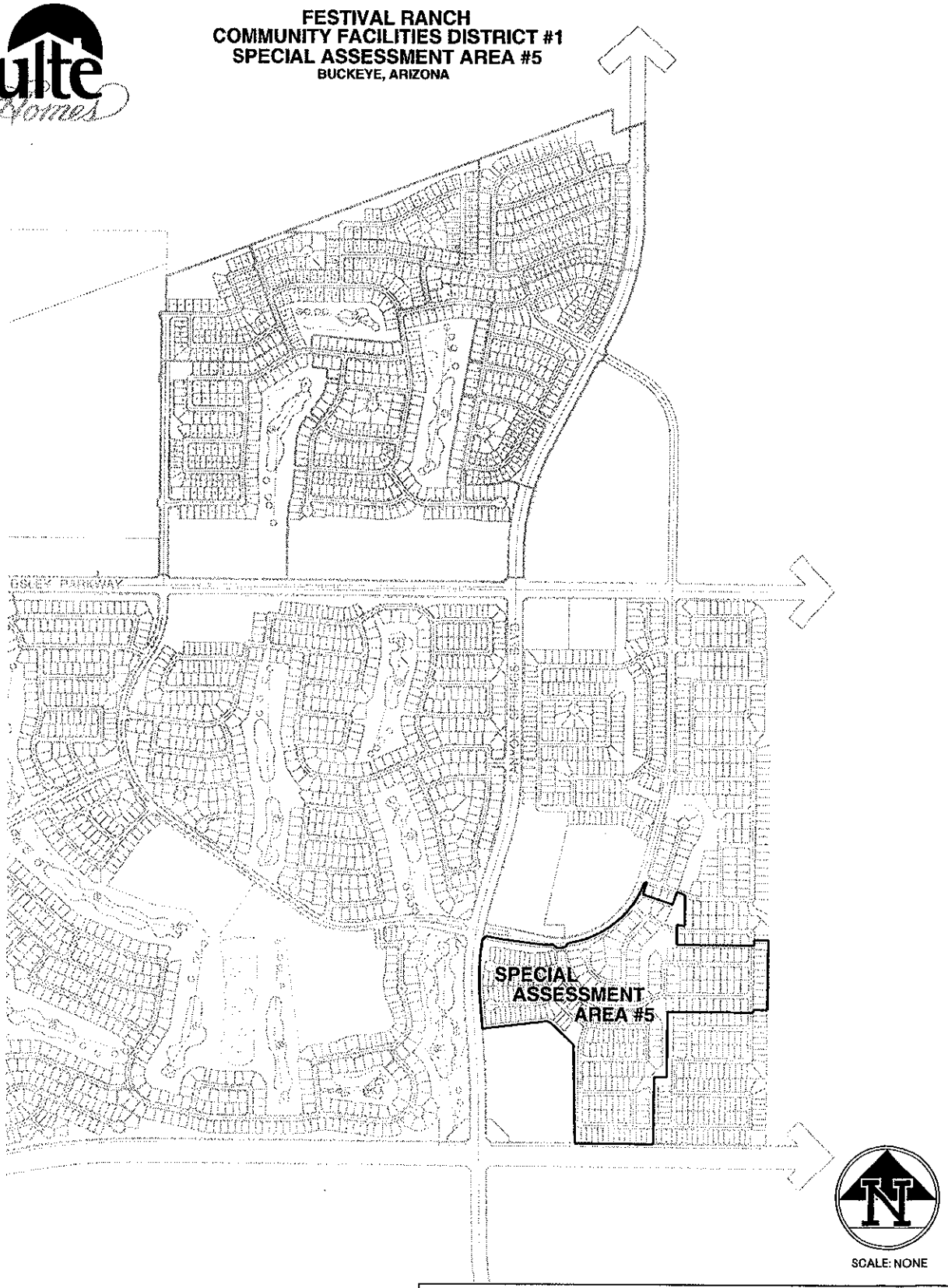
FESTIVAL RANCH
COMMUNITY FACILITIES DISTRICT #1
SPECIAL ASSESSMENT AREA #5
BUCKEYE, ARIZONA



FESTIVAL FOOTHILLS

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

JOB NO.	FIGURE
680035-00	3

EXHIBIT C

Estimated Costs

Construction and Acquisition		$1,482,660
Incidental Expenses		
Costs of Issuance	$116,000	
Underwriter's Discount	53,520	
Reserve Fund	131,820	
Total Incidentals		301,340
TOTAL COSTS		$1,784,000

EXHIBIT D

The Assessment District shall finance the construction, installation or acquisition of public infrastructure (as such term is defined in the Act) described in the Report, including particularly the acquisition, installation or construction by the District of the following:

The Public Infrastructure, which will be publicly bid pursuant to state statute, to be financed by the Bonds of the District, with the balance to be financed by a subsequent bond issue or by Pulte Home Corporation ("Pulte Home"), consists of the following. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home with estimated cost and construction timing as noted.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICTS NOS. 2 AND 3
DESCRIPTION OF PUBLIC INFRASTRUCTURE

Parcel	No. of Lots	Street Improvements	Street Names	Linear Feet	Estimated Date of Completion
Assessment District No. 4					
K1/O1	297	$1,436,085	Escuda Dr., Wahalla Ln., Marco Polo Rd., Sierra Pinta Dr., 267th Ave., 267th Ln., 268th Ave., 268th Dr., 268th Ln., 269th Ave., 269th Dr., 270th Ave., 270th Dr., 271st Dr.	13,677	May-09
I1/P1	345	$1,692,390	Melinda Ln., Firehawk Dr., Abraham Lane, Lone Cactus Dr., Horsham Dr., Mathew Dr., Zachary Dr., Quail Ave., Covey Ln., 261st Ln., 262nd Ct., 262nd Dr., 262nd Ln., 263rd Ln., 264th Dr., 265th Dr.	16,118	January-09
Assessment District No. 5					
Festival Foothills Phase 2 – Units 15, 17, 21, and 23	250	$1,450,050	Marco Polo Rd., Wahalla Ln., Escuda Dr., Behrend Dr., Tonto Ln., Sequoia Dr., Oraibi Dr., Piute Ave., 259th Ave., 260th Glen, 260th, Ln., 260th Dr., 261st Dr.	13,810	September-09
	892	$4,578,410		43,605	

WARRANT

By virtue hereof, I, David Gue of Willdan, acting in its capacity of Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), by virtue of the authority vested in me as said Superintendent of Streets, hereby authorize and empower the Treasurer of the District, his agents or assigns, to prepare and record in the office of the Superintendent of Streets a Treasurer's Return and Certificate of Unpaid Assessments without making a demand for cash payment of the assessments based upon the waiver by all the owners of assessed property within the District of their right to receive a demand for cash payment as set forth in the District's Waiver and Development Agreement. The District's Special Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*") will be issued in the form and manner prescribed by Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto, to represent the cost and expenses of the work prescribed in the assessment, and notice is hereby given that the Bonds will be paid out of a special fund, collected in not to exceed twenty-five (25) annual installments from the assessments of twenty-five dollars or more remaining unpaid at the date of the Bonds.

DATED: October 8, 2007

Willdan, as Superintendent of Streets

David P Gue

David Gue, Authorized Representative

COUNTERSIGNED BY:

Bobby Bryant

Chairman, Governing Board, Festival Ranch
Community Facilities District
(Town of Buckeye, Arizona)

JTG:jlu 760946.1 08/29/07

ASSESSMENT

IN THE MATTER OF THE FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) PERTAINING TO THE ACQUISITION AND/OR CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS AND INFRASTRUCTURE WITHIN THE DISTRICT AND FINANCED BY THE ISSUANCE OF THE DISTRICT'S SPECIAL ASSESSMENT DISTRICT'S NOS. 4 AND 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007.

Pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and amendments and supplements thereto (the "*Act*") and pursuant to the Resolution of Intention No. 11-07, adopted by the Governing Board of the District on September 4, 2007 (the "*Resolution*"), Willdan, acting in its capacity as Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*District*"), hereby assesses the costs of the public infrastructure purposes described hereafter, and apportions such costs as shown herein, upon the lots and parcels of land as described in the Resolution and this assessment and as shown on the Assessment Diagram and as described on *Exhibit A* (copies of which are attached hereto). The assessed costs shall be paid to the Treasurer of the District, its agents or assigns, to finance the acquisition and construction of public infrastructure (as such term is defined in the Act) described in the feasibility report, as amended, for this project (the "*Report*"), including, but not limited to, the acquisition of certain parcels of real property for public rights-of-way and easements, the reimbursement of the costs of constructing certain public infrastructure, the payment of costs related to the design of such improvements, the funding of a debt service reserve fund and the costs incurred in connection with the sale of the District's Special Assessment District Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007 (the "*Bonds*") described in the Resolution (collectively, the "*Projects*"), all of the above work or improvement to be done and financed in accordance with the Report on file in the offices of the Clerk and Superintendent of Streets.

The assessment of the costs of the Projects, the apportionment of said costs and the allocation of said costs to each lot, portion of lot, or parcel of land shown on the Assessment Diagram, is hereby assessed, apportioned and allocated pursuant to Sections 48-721(A) and 48-589, Arizona Revised Statutes, as amended, the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Waiver and Development Agreement (the "*Waiver Agreement*") by and among the District and all of the persons having an interest in the assessed parcels, and a supplemental agreement among the District and the owners of all of the assessed real property. The respective assessed amounts set forth below (which assessments shall bear interest at such rate necessary to pay the interest owing on the Bonds (as defined hereafter), and the costs of administering the collection of the assessments), do not exceed the benefits to be received and the assessed amounts are within the estimated costs and expenses of the Projects approved on September 4, 2007, by the Governing Body in Resolution No. 11-07, which resolution approved and authorized the levying of a total assessment in an amount not to exceed $1,784,000. Opposite the description of each lot or parcel of land is set out the names of the owners of property as known and as shown on the most recently certified assessment roll for State and local taxes (the "*Owners*").

Pursuant to Section 48-721(A), Arizona Revised Statutes, as amended, this assessment is based on estimated costs of the Projects as known on the date hereof and may be amended upward or downward by the Superintendent of Streets to reflect actual costs; however, in no event shall the aggregate amount of the assessment levied against the real property described in the Resolution exceed $1,784,000, unless approved by the owners of the assessed real property. The actual amount of any assessment is available from the Superintendent of Streets. In the Waiver Agreement, the Owners waived their rights to receive a demand for cash payment, consented to the recording of the assessment against the real property described in the Resolution and requested that all assessments go to bond. This assessment pertains to and will secure the payment of all the principal and interest of the Bonds.

THE COST OF THIS WORK ASSESSABLE AGAINST THE PARCELS TO BE BENEFITTED, INCLUDING THE ADDITION OF COSTS OF ISSUANCE AND DEBT SERVICE RESERVE FUND, IS $1,784,000, AND IS MORE PARTICULARLY BROKEN DOWN AS FOLLOWS:

SUMMARY OF COSTS

Total Project Costs	$1,482,660
Total Incidental Costs	169,520
Debt Service Reserve Fund	131,820
GRAND TOTAL	$1,784,000

The Debt Service Reserve Fund may be reduced or may be increased if the interest on the Bonds when issued is different from the estimated interest rate.

DATED: October 31st, 2007

JTG:jlu 712670.1 02/22/07

RECORDED THIS 3rd DAY OF OCTOBER, 2007, IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA).

David P Gue
Superintendent of Streets

I, David Gue, on behalf of the Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona), do hereby certify that all charges stated are correct and that the computations and calculations of this Assessment are correct.

David P Gue
Superintendent of Streets

JTG:jlu 760949.1 10/03/07

EXHIBIT A-1

Assessment Attachment

Owner: Pulte Home Corporation
Attn: Bobbi Johnson
15111 N. Pima Road
Suite 100
Scottsdale, Arizona 85260

Assessment No.: **Assessment Area #4**

Assessment Amount Per Lot/Parcel*	**Lot/Parcel Numbers**	**Amount Paid Per Lot/Parcel**	**Final Assessed Amount to go to Bond Per Lot/Parcel**
$ 2,000.00	1 - 297	$-0-	$ 2,000.00
304,000.00	I-1	$-0-	304,000.00
386,000.00	P-1	$-0-	386,000.00

Property Legal Description attached hereto as Exhibit A-1-1.

Assessment No.: **Assessment Area #5**

Assessment Amount Per Lot*	**Lot Numbers**	**Amount Paid Per Lot**	**Final Assessed Amount to go to Bond Per Lot**
$2,000.00	1 - 156	$-0-	$2,000.00
2,000.00	202 - 355	$-0-	$2,000.00

Property Legal Description attached hereto as Exhibit A-1-2.

* Pursuant to the Waiver Agreement and other agreements entered into by the Owners, it was agreed prior to recording the assessment that no cash payment of the assessment would be made, therefore, the Final Assessment Amount to go to Bond reflects this parcel's proportionate share of costs related to the issuance of the special assessment revenue bonds.

Exhibit A-1-1

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

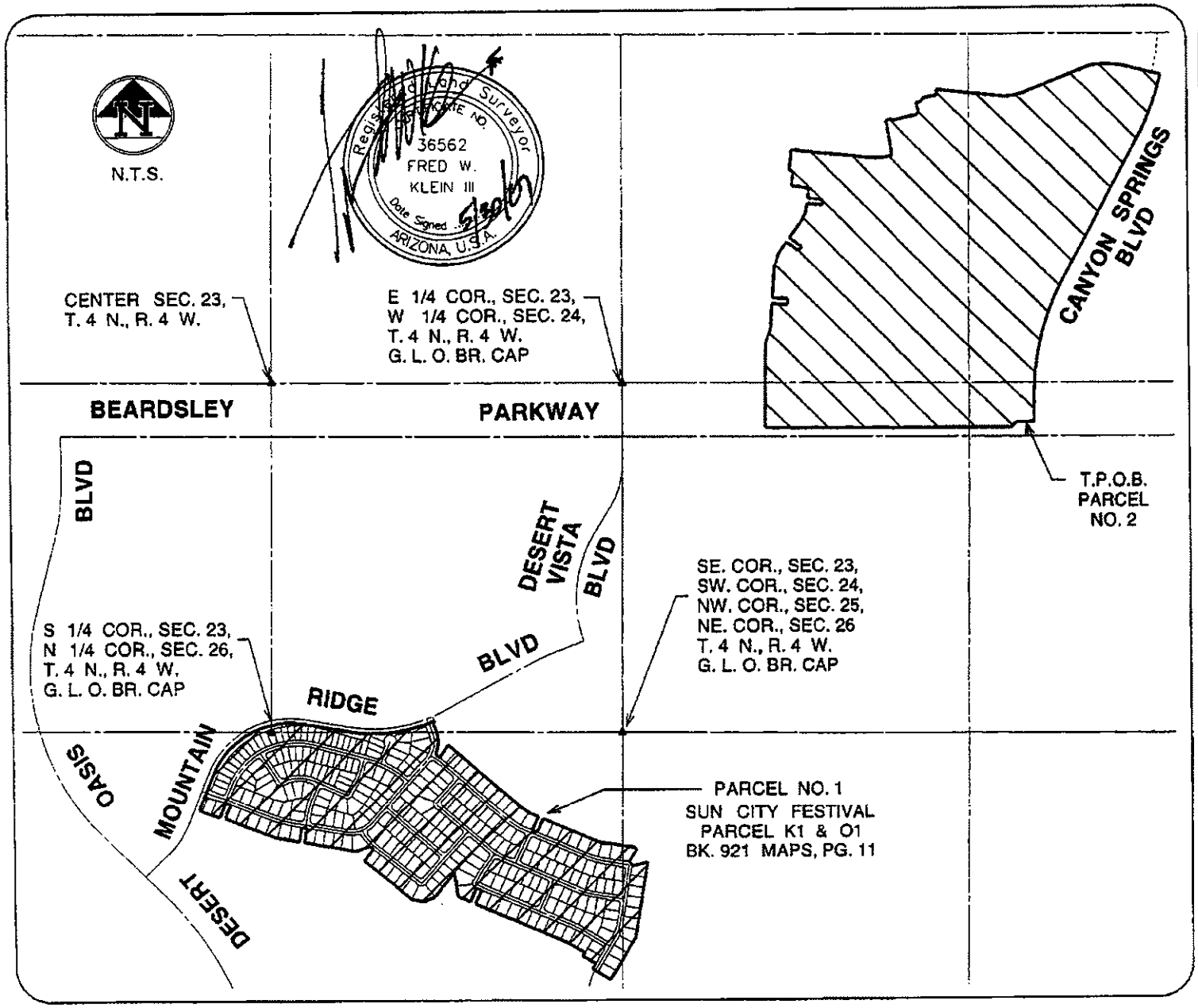
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA U.S.A.

CVL



JOB NO
680001

SHEET
1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

EXHIBIT

N:\680001\LAND\EHSA#4.DGN

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

Exhibit A-1-2

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

CVL

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

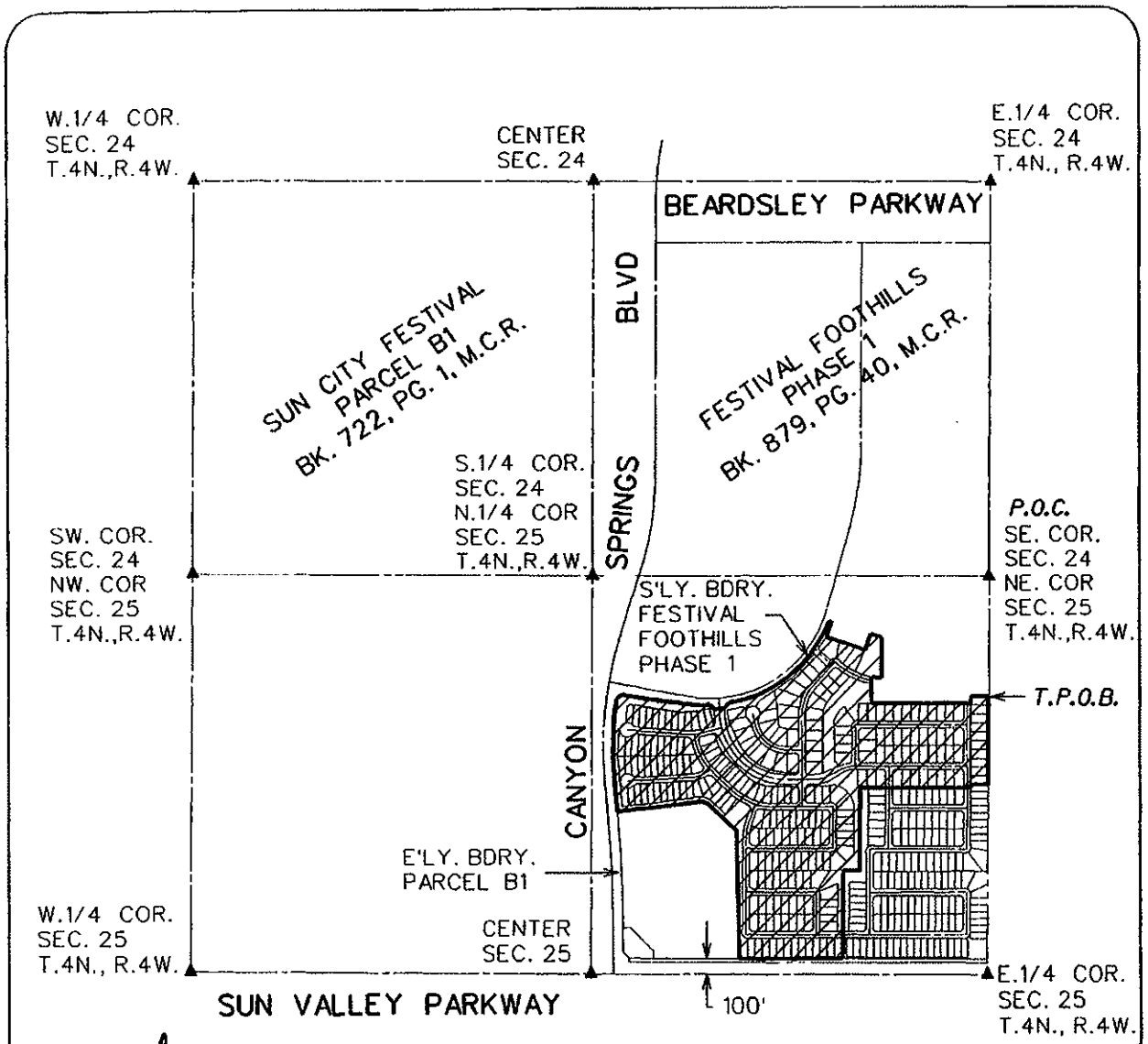
Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.

CVL



SCALE: 1" = 1000'

EXHIBIT N:\680001\LAND\EHASDIS5R.DGN	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO 680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

TREASURER'S RETURN AND CERTIFICATE OF UNPAID ASSESSMENTS

TO: Willdan, as Superintendent of Streets of
Festival Ranch Community Facilities District
(Town of Buckeye, Arizona)

Doug Allen, being duly sworn, says that he is the Finance Director of the Town of Buckeye, Arizona, and *ex officio* Treasurer of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), named in the annexed assessment, diagram, and warrant as the person empowered to collect the several assessments mentioned in such assessment; that said assessment for the total cost of certain work described therein (subject to amendment to reflect actual costs) was levied upon certain lots, portions of lots, or parcels of land, for the sum of One Million Seven Hundred Eighty-Four Dollars and 00/100 Dollars ($1,784,000.00), which amount includes costs of issuance, a debt service reserve fund. Said assessments are payable to the Treasurer and were authorized and approved in Resolution No.11-07 of the governing board of the District. The warrant on which this return is endorsed and the diagram hereto attached were recorded in the office of said Superintendent of Streets; that after said assessment, diagram and warrant were recorded, a duplicate of said diagram was filed with the District Clerk, the said assessment, diagram and warrant were delivered by the Superintendent of Streets to affiant as Treasurer; that, pursuant to the Waiver Agreement described in the assessment, the requirement to make demands for cash payment was waived by all the owners of all the assessed real property; and that the total of said assessments remains unpaid as described as follows:

A. Cash received	$0.00
B. Amount remaining unpaid of less than $25 per assessment	$0.00
C. Amount remaining unpaid of more than $25 per assessment	$1,784,000
D. Total to bond	$1,784.000

The amount of each assessment remaining unpaid and a proportionate allocation of the reserve fund and the costs of issuance is shown under the heading "Assessment Amount to Bond" on the attached assessment and all amounts paid are so marked on the attached assessment.

DATED: October 3, 2007

FESTIVAL RANCH COMMMUNITY
FACILITIES DISTRICT (TOWN OF
BUCKEYE, ARIZONA)

Treasurer

JTG:jlu 760948.1 08/29/07

SUBSCRIBED AND SWORN to before me, a Notary Public, this 3rd day of October, 2007.

Linda Garrison
Notary Public

My Commission expires:
January 18, 2010

OFFICIAL SEAL
LINDA GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires January 18, 2010

RETURN AND CERTIFICATE RECORDED ON OCTOBER 8, 2007.

WILLDAN, as Superintendent of Streets

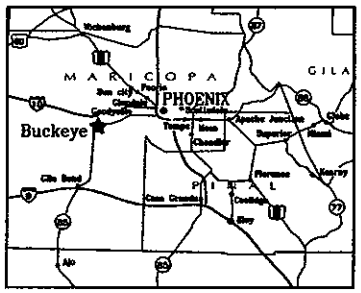
David P. Gru

JTG:jlu 760948.1 08/29/07

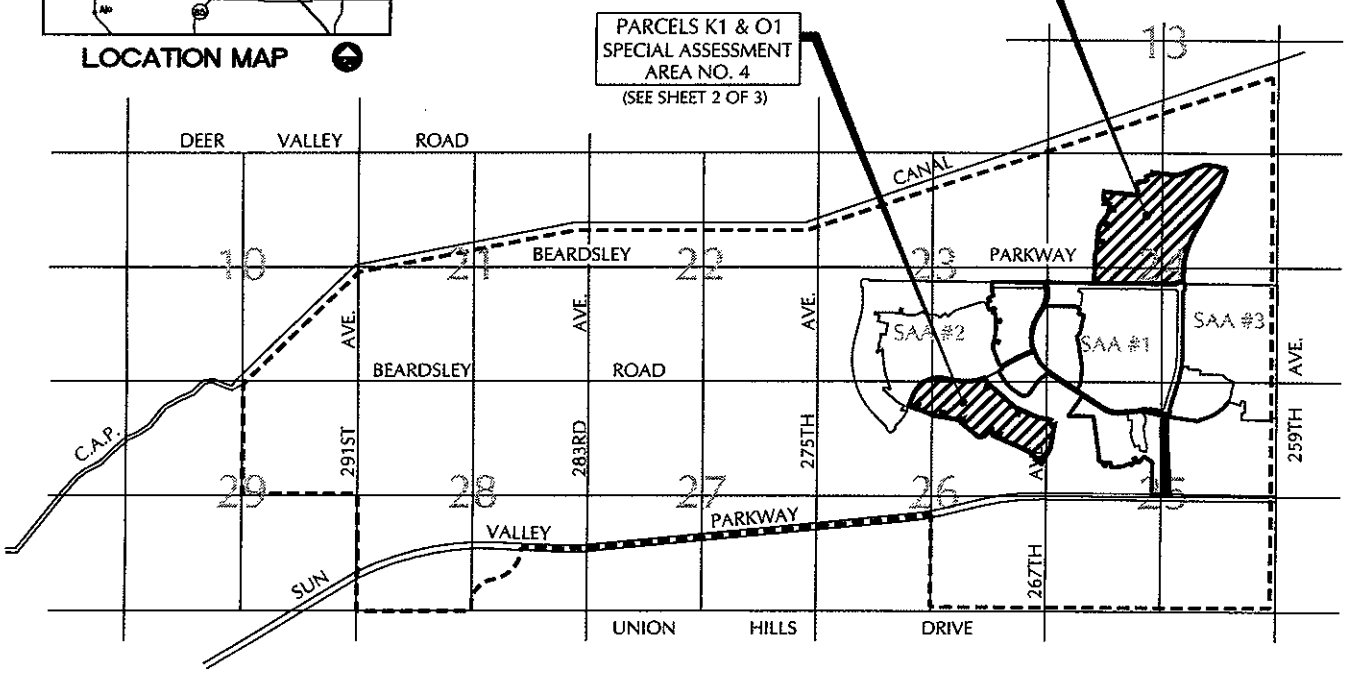
(TOWN OF BUCKEYE, ARIZONA)

FESTIVAL RANCH

Community Facilities District
SPECIAL ASSESSMENT AREA NO. 4



LOCATION MAP



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

LEGEND

- FESTIVAL RANCH SPECIAL ASSESSMENT AREA (SAA) #4
- FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
- K1 01 001 ASSESSMENT NO.
  - ORIGINAL ASSESSMENT NO.
  - LOT NO.
  - ASSESSMENT MODIFICATION NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICTED ON THIS PLAN WERE SUPPLIED BY CVL CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

David P. Gue 8/23/07
ENGINEER DATE

APPROVED BY RESOLUTION NO. 11-07 AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUN CITY FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE 4th DAY OF Sept 2007

Linda Garrison 9-4-07
DISTRICT CLERK DATE

SIGNED: THIS 4th DAY OF Sept, 2007

SUBMITTED: David P. Gue 8/22/07
SUPERINTENDENT OF STREETS DATE

SAA NO. 4 ASSESSMENT TABLE

REV. #	PARCEL	ASSESSMENT #	LOTS	DATE
1	K1/O1	K1-04-001 thru K1-04-040 and O1-04-041 thru O1-04-216 and k1-04-217 thru k1-04-297	297	AUG 2007
	I1/P1	004-01-001	1	AUG 2007

NOTE: LOT LAYOUT SHOWN ON SHEET 2 AND 3

REGISTERED PROFESSIONAL ENGINEER (CIVIL) CERTIFICATE NO. 28338 DAVID P. GUE Date Signed ARIZONA, U.S.A.

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DIPICTED IN THE FEASIBILITY REPORT DATED SEPTEMBER 4, 2007, ON FILE WITH THE DISTRICT CLERK.

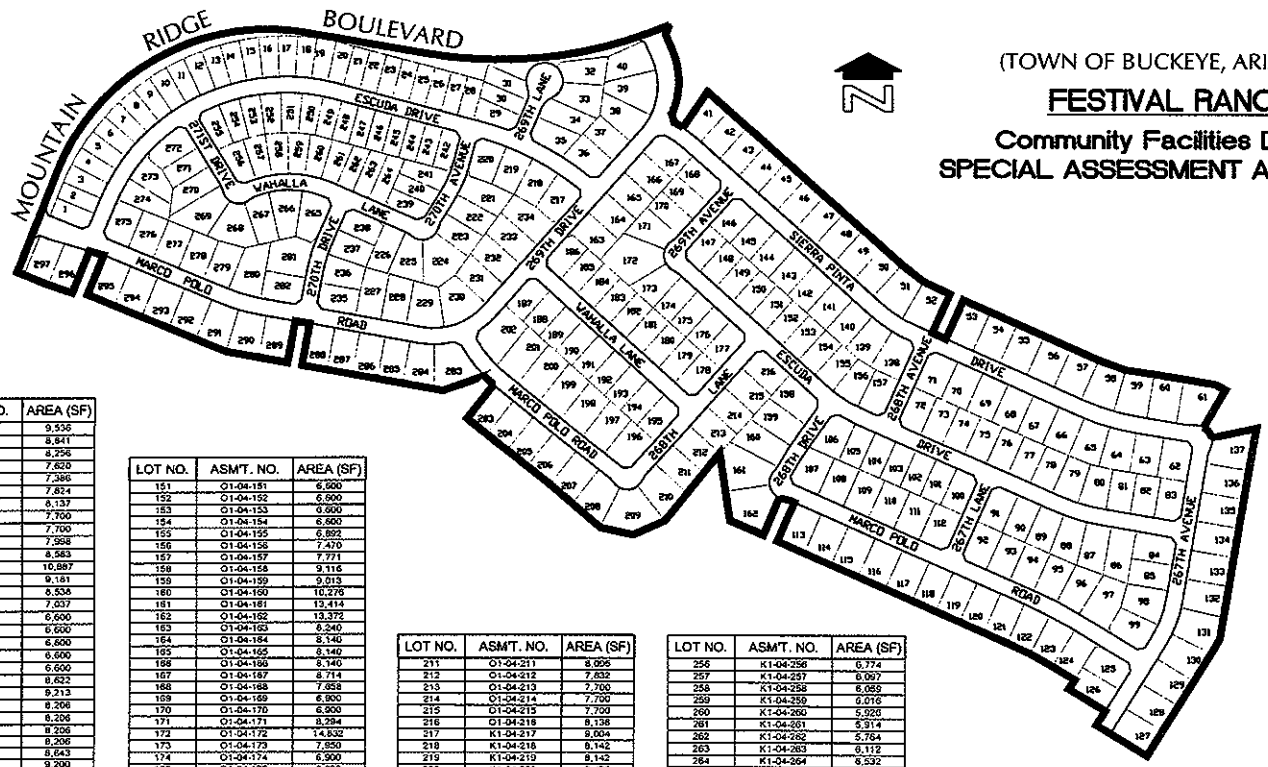
WILLDAN
Serving Public Agencies
1717 West Northern Avenue, Suite 112
Phoenix, Arizona 85021 • (602) 870-7600

PROJECT NO.: 13891-2002
DATE: 8-15-2007
SHEET NO. 1 OF 3

(TOWN OF BUCKEYE, ARIZONA)

FESTIVAL RANCH

Community Facilities District
SPECIAL ASSESSMENT AREA NO. 4



LOT NO.	ASM'T. NO.	AREA (SF)
1	K1-04-001	5,548
2	K1-04-002	5,119
3	K1-04-003	5,404
4	K1-04-04	5,398
5	K1-04-005	5,398
6	K1-04-006	5,398
7	K1-04-007	5,398
8	K1-04-008	5,398
9	K1-04-009	5,398
10	K1-04-010	5,398
11	K1-04-011	5,398
12	K1-04-012	5,398
13	K1-04-013	5,398
14	K1-04-014	5,398
15	K1-04-015	5,398
16	K1-04-016	5,398
17	K1-04-017	5,398
18	K1-04-018	5,398
19	K1-04-019	5,383
20	K1-04-020	5,244
21	K1-04-021	5,060
22	K1-04-022	5,060
23	K1-04-023	5,060
24	K1-04-024	5,060
25	K1-04-025	5,060
26	K1-04-026	5,060
27	K1-04-027	5,060
28	K1-04-028	5,160
29	K1-04-029	6,301
30	K1-04-030	5,825
31	K1-04-031	5,703
32	K1-04-032	8,258
33	K1-04-033	8,697
34	K1-04-034	8,281
35	K1-04-035	8,035
36	K1-04-036	8,499
37	K1-04-037	7,706
38	K1-04-038	9,598
39	K1-04-039	11,132
40	K1-04-040	9,518
41	O1-04-041	9,134
42	O1-04-042	8,050
43	O1-04-043	8,050
44	O1-04-044	8,050
45	O1-04-045	8,050
46	O1-04-046	8,050
47	O1-04-047	8,050
48	O1-04-048	8,050
49	O1-04-049	8,050
50	O1-04-050	8,050
51	O1-04-051	10,088
52	O1-04-052	9,587
53	O1-04-053	9,200
54	O1-04-054	9,200
55	O1-04-055	9,200
56	O1-04-056	9,200
57	O1-04-057	9,200
58	O1-04-058	9,821
59	O1-04-059	9,882
60	O1-04-060	9,600
61	O1-04-061	11,132
62	O1-04-062	8,654
63	O1-04-063	8,217
64	O1-04-064	8,698
65	O1-04-065	8,708
66	O1-04-066	8,325
67	O1-04-067	8,217
68	O1-04-068	8,217
69	O1-04-069	8,217
70	O1-04-070	8,217
71	O1-04-071	9,068
72	O1-04-072	7,455
73	O1-04-073	7,117
74	O1-04-074	7,117
75	O1-04-075	7,117
76	O1-04-076	7,117
77	O1-04-077	7,117
78	O1-04-078	7,117
79	O1-04-079	7,555
80	O1-04-080	7,742
81	O1-04-081	7,117
82	O1-04-082	7,117
83	O1-04-083	7,554
84	O1-04-084	8,038
85	O1-04-085	7,706

LOT NO.	ASM'T. NO.	AREA (SF)
86	O1-04-086	9,536
87	O1-04-087	8,841
88	O1-04-088	8,256
89	O1-04-089	7,620
90	O1-04-090	7,386
91	O1-04-091	7,824
92	O1-04-092	8,137
93	O1-04-093	7,700
94	O1-04-094	7,700
95	O1-04-095	7,998
96	O1-04-096	8,583
97	O1-04-097	10,887
98	O1-04-098	9,181
99	O1-04-099	8,538
100	O1-04-100	7,037
101	O1-04-101	6,600
102	O1-04-102	6,600
103	O1-04-103	6,600
104	O1-04-104	6,600
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108	O1-04-108	8,206
109	O1-04-109	8,206
110	O1-04-110	8,206
111	O1-04-111	8,206
112	O1-04-112	8,643
113	O1-04-113	9,200
114	O1-04-114	9,200
115	O1-04-115	9,200
116	O1-04-116	9,200
117	O1-04-117	9,200
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122	O1-04-122	8,317
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126	O1-04-126	8,050
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129	O1-04-129	9,200
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131	O1-04-131	10,829
132	O1-04-132	9,419
133	O1-04-133	9,200
134	O1-04-134	9,200
135	O1-04-135	9,200
136	O1-04-136	9,200
137	O1-04-137	10,710
138	O1-04-138	8,673
139	O1-04-139	8,487
140	O1-04-140	7,814
141	O1-04-141	7,700
142	O1-04-142	7,700
143	O1-04-143	7,700
144	O1-04-144	7,700
145	O1-04-145	7,700
146	O1-04-146	8,137
147	O1-04-147	7,038
148	O1-04-148	6,600
149	O1-04-149	6,600
150	O1-04-150	6,600

LOT NO.	ASM'T. NO.	AREA (SF)
151	O1-04-151	6,600
152	O1-04-152	6,600
153	O1-04-153	6,600
154	O1-04-154	6,600
155	O1-04-155	6,892
156	O1-04-156	7,470
157	O1-04-157	7,771
158	O1-04-158	9,116
159	O1-04-159	9,013
160	O1-04-160	10,276
161	O1-04-161	13,414
162	O1-04-162	13,372
163	O1-04-163	8,240
164	O1-04-164	8,140
165	O1-04-165	8,140
166	O1-04-166	8,140
167	O1-04-167	8,714
168	O1-04-168	7,658
169	O1-04-169	6,600
170	O1-04-170	6,600
171	O1-04-171	8,294
172	O1-04-172	14,832
173	O1-04-173	7,850
174	O1-04-174	6,900
175	O1-04-175	6,900
176	O1-04-176	6,900
177	O1-04-177	7,383
178	O1-04-178	7,037
179	O1-04-179	6,600
180	O1-04-180	6,600
181	O1-04-181	6,600
182	O1-04-182	6,600
183	O1-04-183	6,600
184	O1-04-184	6,600
185	O1-04-185	6,600
186	O1-04-186	6,938
187	O1-04-187	7,037
188	O1-04-188	6,600
189	O1-04-189	6,600
190	O1-04-190	6,600
191	O1-04-191	6,600
192	O1-04-192	6,600
193	O1-04-193	6,600
194	O1-04-194	6,600
195	O1-04-195	7,038
196	O1-04-196	9,325
197	O1-04-197	8,960
198	O1-04-198	9,302
199	O1-04-199	9,636
200	O1-04-200	9,970
201	O1-04-201	10,285
202	O1-04-202	11,660
203	O1-04-203	8,050
204	O1-04-204	8,050
205	O1-04-205	8,050
206	O1-04-206	9,200
207	O1-04-207	9,316
208	O1-04-208	10,321
209	O1-04-209	13,720
210	O1-04-210	10,267

LOT NO.	ASM'T. NO.	AREA (SF)
211	O1-04-211	8,066
212	O1-04-212	7,832
213	O1-04-213	7,700
214	O1-04-214	7,700
215	O1-04-215	7,700
216	O1-04-216	8,136
217	K1-04-217	9,004
218	K1-04-218	8,142
219	K1-04-219	8,142
220	K1-04-220	8,475
221	K1-04-221	9,309
222	K1-04-222	7,730
223	K1-04-223	7,430
224	K1-04-224	11,719
225	K1-04-225	8,792
226	K1-04-226	7,895
227	K1-04-227	8,996
228	K1-04-228	8,571
229	K1-04-229	9,944
230	K1-04-230	10,756
231	K1-04-231	8,157
232	K1-04-232	8,631
233	K1-04-233	9,105
234	K1-04-234	9,582
235	K1-04-235	7,356
236	K1-04-236	8,020
237	K1-04-237	7,446
238	K1-04-238	7,267
239	K1-04-239	8,637
240	K1-04-240	5,588
241	K1-04-241	6,541
242	K1-04-242	5,517
243	K1-04-243	5,246
244	K1-04-244	5,246
245	K1-04-245	5,246
246	K1-04-246	5,246
247	K1-04-247	5,246
248	K1-04-248	5,246
249	K1-04-249	5,464
250	K1-04-250	5,721
251	K1-04-251	5,755
252	K1-04-252	5,782
253	K1-04-253	5,802
254	K1-04-254	5,846
255	K1-04-255	6,341

LOT NO.	ASM'T. NO.	AREA (SF)
256	K1-04-256	6,774
257	K1-04-257	6,097
258	K1-04-258	6,059
259	K1-04-259	6,016
260	K1-04-260	5,926
261	K1-04-261	5,914
262	K1-04-262	5,764
263	K1-04-263	6,112
264	K1-04-264	8,532
265	K1-04-265	9,094
266	K1-04-266	9,153
267	K1-04-267	8,412
268	K1-04-268	10,837
269	K1-04-269	11,197
270	K1-04-270	8,342
271	K1-04-271	6,900
272	K1-04-272	8,608
273	K1-04-273	7,749
274	K1-04-274	7,903
275	K1-04-275	8,363
276	K1-04-276	8,140
277	K1-04-277	8,140
278	K1-04-278	8,140
279	K1-04-279	8,490
280	K1-04-280	10,803
281	K1-04-281	10,898
282	K1-04-282	8,037
283	K1-04-283	11,026
284	K1-04-284	8,647
285	K1-04-285	8,050
286	K1-04-286	8,050
287	K1-04-287	8,050
288	K1-04-288	8,050
289	K1-04-289	9,200
290	K1-04-290	9,750
291	K1-04-291	9,736
292	K1-04-292	9,200
293	K1-04-293	9,200
294	K1-04-294	9,200
295	K1-04-295	9,200
296	K1-04-296	8,469
297	K1-04-297	8,146

ASSESSMENT NO.

K1-04-001 thru K1-04-040
AND
O1-04-041 thru O1-04-216
AND
K1-04-217 thru K1-04-297

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DIPICTED IN THE FEASIBILITY REPORT DATED SEPTEMBER 4, 2007, ON FILE WITH THE DISTRICT CLERK.

WILLDAN
Serving Public Agencies
1717 West Northern Avenue, Suite 112
Phoenix, Arizona 85021 * (602) 870-7600

PROJECT NO.: 13891-2002
DATE: 8-15-2007
SHEET NO. 2 OF 3

LEGAL DESCRIPTION

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the C.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the C.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°25'56" West, a distance of 2,639.05 feet;

Thence South 00°23'51" West along the East Line of the Southeast Quarter of said Section 24, a distance of 946.06 feet;

Thence North 89°36'08" West, departing said East Line, a distance of 2,476.46 feet to the point of intersection of the centerline of Hazelnut Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°25'27" East, along said centerline for Canyon Springs Boulevard, a distance of 105.90 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly Boundary Line, the following courses:

Thence North 86°50'28" West, a distance of 65.00 feet;
Thence South 45°20'22" West, a distance of 56.57 feet;
Thence North 45°36'35" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 01°18'54" East, a distance of 120.00 feet;
Thence North 16°[illegible]'06" East, a distance of 12[illegible].21 feet;
Thence North 42°[illegible]'47" East, a distance of 180.00 feet;
Thence South 00°[illegible]'56" East, a distance of 17.[illegible] feet;
Thence North 0[illegible]'06" East, a distance of 4[illegible] feet;
Thence North 8[illegible]'56" West, a distance of 115.07 feet;
Thence North 03°[illegible]'04" East, a distance of 223.76 feet;
Thence North 0[illegible]'41" East, a distance of 124.69 feet;
Thence North 5[illegible]'20" East, a distance of 96.70 feet;
Thence South 3[illegible]'21" East, a distance of 1[illegible].00 feet;
Thence North 36°14'56" East, a distance of 40.00 feet;
Thence North 5[illegible]'21" West, a distance of 117.00 feet;
Thence North 36°14'56" East, a distance of 159.00 feet;
Thence South 30°07'49" East, a distance of 72.30 feet;
Thence North 68°54'17" East, a distance of 74.46 feet;
Thence South 3[illegible]'10" East, a distance of 115.00 feet;
Thence North 9[illegible]'52" East, a distance of 38.60 feet;
Thence North 84°11'05" West, a distance of 113.00 feet;
Thence North 5[illegible]'05" East, a distance of 84.00 feet;
Thence North 8[illegible]'05" West, a distance of 130.00 feet;
Thence North 6[illegible]'05" East, a distance of 1[illegible].00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence South 0[illegible]'55" East, a distance of 104.00 feet;
Thence South 5[illegible]'05" East, a distance of 62.13 feet;
Thence North 5[illegible]'09" East, a distance of 71.61 feet;
Thence North 0[illegible]'07" East, a distance of 85.00 feet;

Thence North 49°38'51" West, a distance of 227.55 feet to the beginning of a tangent curve of 275.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 69°37'27", a distance of 46.70 feet;

Thence North 70°59'42" East, a distance of 44.00 feet;
Thence South [illegible]°46'53" East, a distance of 22.40 feet;
Thence South 77°26'32" East, a distance of 190.46 feet;
Thence North 32°[illegible]'[illegible]" East, a distance of 21.41 feet;
Thence North 12°31'22" West, a distance of 75.00 feet;
Thence North 77°25'35" East, a distance of 44.00 feet;
Thence South 14°02'26" East, a distance of 77.36 feet;
Thence North 77°25'37" East, a distance of 153.95 feet;
Thence North 12°31'22" West, a distance of 41.16 feet;
Thence South 83°21'07" East, a distance of 458.42 feet;
Thence South 85°38'22" East, a distance of 97.36 feet;
Thence North 85°46'52" East, a distance of 56.84 feet;
Thence North 70°56'20" East, a distance of 36.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 40.01 feet;
Thence North 69°38'21" East, a distance of 415.00 feet;
Thence North 66°32'29" East, a distance of 45.46 feet;
Thence North 63°32'22" East, a distance of 43.34 feet;
Thence North 87°[illegible]'26" East, a distance of 82.82 feet;
Thence South 84°17'[illegible]" East, a distance of 112.69 feet;
Thence South 72°11'28" East, a distance of 44.00 feet;

Thence South 35°57'57" East, a distance of 240.00 feet to a point on a 2,065.00 foot radius tangent curve, whose center bears North 35°57'57" West;

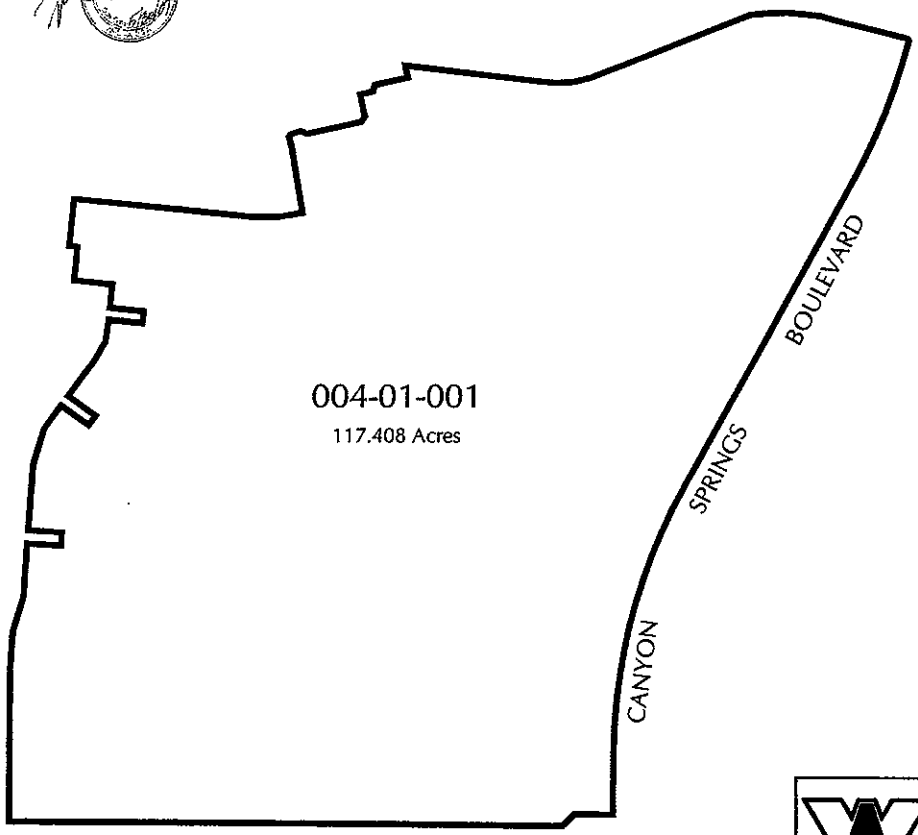
Thence Southwesterly, along said curve, through a central angle of 1°28'14", a distance of 53[illegible] feet;

Thence South 22°30'27" West, a distance of 2,168.55 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949[illegible] feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.



(TOWN OF BUCKEYE, ARIZONA)

FESTIVAL RANCH

Community Facilities District
SPECIAL ASSESSMENT AREA NO. 4

ASSESSMENT NO.

004-01-001

EXHIBIT C

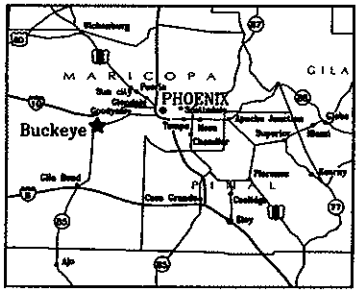
WILLDAN
Serving Public Agencies
1717 West Northern Avenue, Suite 112
Phoenix, Arizona 85021 * (602) 870-7600

PROJECT NO.:	13891-2002
DATE:	8-15-2007
SHEET NO.	3 OF 3

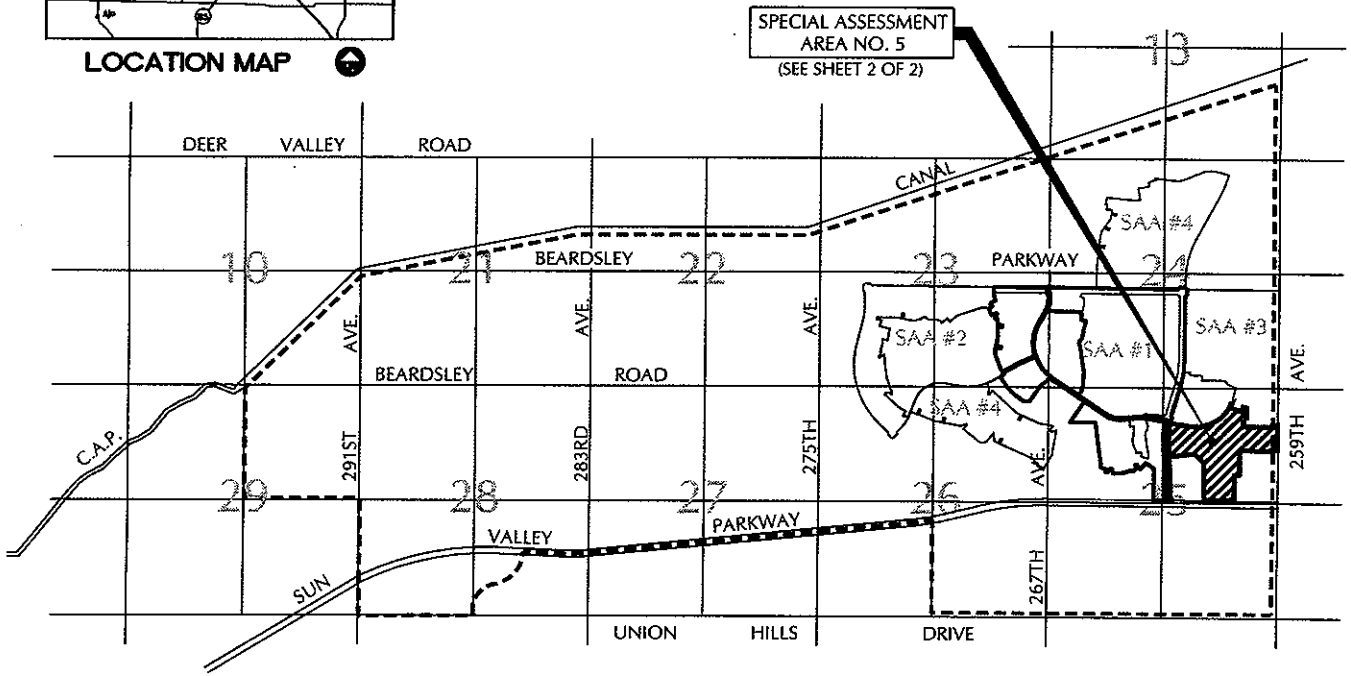
(TOWN OF BUCKEYE, ARIZONA)

FESTIVAL RANCH

Community Facilities District
SPECIAL ASSESSMENT AREA NO. 5



LOCATION MAP



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

LEGEND

- FESTIVAL RANCH SPECIAL ASSESSMENT AREA (SAA) #5
- FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

ORIGINAL ASSESSMENT NO. (005)-(02)-(001) ASSESSMENT NO.
LOT NO.
ASSESSMENT MODIFICATION NO.

DISTRICT ENGINEER CERTIFICATION

I HEREBY CERTIFY THAT THE PARCEL BOUNDARIES SHOWN ARE DEPICTED ON THIS PLAN WERE SUPPLIED BY CVL CONSULTING AND ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ENGINEER — DATE 8/23/07

APPROVED BY RESOLUTION NO. 11-07 AT A MEETING OF THE BOARD OF DIRECTORS OF THE SUN CITY FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT OF THE TOWN OF BUCKEYE, ARIZONA ON THE 4TH DAY OF SEPT 2007

DISTRICT CLERK — DATE 9-4-07

SIGNED: THIS 4TH DAY OF SEPT, 2007

SUBMITTED: SUPERINTENDENT OF STREETS — DATE 8/23/07

SAA NO. 5 ASSESSMENT TABLE

REV. #	PARCEL	ASSESSMENT #	LOTS	DATE
1	SAA NO. 5	005-02-001 thru 005-02-156 and 005-02-262 thru 005-02-355	250	AUG 2007

NOTE: LOT LAYOUT SHOWN ON SHEET 2.

REGISTERED PROFESSIONAL ENGINEER (CIVIL) CERTIFICATE NO. 28338 DAVID P. GUE Date Signed ARIZONA, U.S.A.

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DIPICTED IN THE FEASIBILITY REPORT DATED SEPTEMBER 4, 2007, ON FILE WITH THE DISTRICT CLERK.

WILLDAN Serving Public Agencies
1717 West Northern Avenue, Suite 112
Phoenix, Arizona 85021 * (602) 870-7600

PROJECT NO.: 13891-2003
DATE: 8-15-2007
SHEET NO. 1 OF 2

LOT NO.	ASM'T. NO.	AREA (SF)
1	005-02-001	5,667
2	005-02-002	4,945
3	005-02-003	4,945
4	005-02-004	5,075
5	005-02-005	5,657
6	005-02-006	5,657
7	005-02-007	5,657
8	005-02-008	5,657
9	005-02-009	5,278
10	005-02-020	4,945
11	005-02-021	4,945
12	005-02-022	4,945
13	005-02-023	5,126
14	005-02-024	5,619
15	005-02-025	5,619
16	005-02-026	5,619
17	005-02-027	6,688
18	005-02-028	5,133
19	005-02-029	5,333
20	005-02-020	5,750
21	005-02-021	5,630
22	005-02-022	5,047
23	005-02-023	5,031
24	005-02-024	5,203
25	005-02-025	5,375
26	005-02-026	5,547
27	005-02-027	5,719
28	005-02-028	5,891
29	005-02-029	5,867
30	005-02-030	4,993
31	005-02-031	6,406
32	005-02-032	5,356
33	005-02-033	6,123
34	005-02-034	6,084
35	005-02-035	5,912
36	005-02-036	5,741
37	005-02-037	5,569
38	005-02-038	5,398
39	005-02-039	5,227
40	005-02-040	5,055
41	005-02-041	7,050
42	005-02-042	7,851
43	005-02-043	6,161
44	005-02-044	5,655
45	005-02-045	5,716
46	005-02-046	5,777
47	005-02-047	5,838
48	005-02-048	5,899
49	005-02-049	5,960
50	005-02-020	6,021
51	005-02-021	5,898
52	005-02-022	5,664
53	005-02-023	5,388
54	005-02-024	5,755
55	005-02-025	5,177
56	005-02-026	5,917
57	005-02-027	5,871
58	005-02-028	5,748
59	005-02-029	5,625
60	005-02-060	5,501
61	005-02-061	5,378
62	005-02-062	5,255
63	005-02-063	5,131
64	005-02-064	5,238
65	005-02-065	5,797
66	005-02-066	7,292
67	005-02-067	8,239
68	005-02-068	5,432
69	005-02-069	5,594
70	005-02-070	6,007
71	005-02-071	7,767
72	005-02-072	5,986
73	005-02-073	5,544
74	005-02-074	5,332
75	005-02-075	5,332
76	005-02-076	5,332
77	005-02-077	5,332
78	005-02-078	5,332
79	005-02-079	5,332
80	005-02-080	5,332
81	005-02-081	6,211
82	005-02-082	10,131
83	005-02-083	6,060
84	005-02-084	5,986
85	005-02-085	6,780
86	005-02-086	7,216
87	005-02-087	5,923
88	005-02-088	5,923
89	005-02-089	5,923
90	005-02-090	5,923

LOT NO.	ASM'T. NO.	AREA (SF)
91	005-02-091	5,923
92	005-02-092	5,923
93	005-02-093	5,923
94	005-02-094	5,923
95	005-02-095	8,627
96	005-02-096	9,628
97	005-02-097	5,799
98	005-02-098	5,760
99	005-02-099	5,760
100	005-02-100	5,760
101	005-02-101	5,658
102	005-02-102	9,713
103	005-02-103	10,670
104	005-02-104	8,114
105	005-02-105	6,192
106	005-02-106	6,192
107	005-02-107	6,192
108	005-02-108	6,192
109	005-02-109	6,192
110	005-02-110	6,192
111	005-02-111	6,192
112	005-02-112	6,192
113	005-02-113	6,192
114	005-02-114	7,370
115	005-02-115	6,848
116	005-02-116	6,000
117	005-02-117	6,000
118	005-02-118	6,000
119	005-02-119	6,000
120	005-02-120	6,000
121	005-02-121	6,000
122	005-02-122	6,998
123	005-02-123	10,614
124	005-02-124	9,866
125	005-02-125	5,760
126	005-02-126	5,760
127	005-02-127	5,760
128	005-02-128	7,447
129	005-02-129	6,008
130	005-02-130	6,007
131	005-02-131	6,006
132	005-02-132	6,006
133	005-02-133	6,005
134	005-02-134	6,004
135	005-02-135	6,003
136	005-02-136	6,002
137	005-02-137	6,001
138	005-02-138	6,000
139	005-02-139	6,000
140	005-02-140	5,908
141	005-02-141	6,827
142	005-02-142	5,865
143	005-02-143	5,865
144	005-02-144	5,865
145	005-02-145	5,865
146	005-02-146	5,865
147	005-02-147	5,865
148	005-02-148	6,873
149	005-02-149	7,066
150	005-02-150	6,222
151	005-02-151	6,222
152	005-02-152	6,222
153	005-02-153	6,222
154	005-02-154	6,222
155	005-02-155	6,222
156	005-02-156	7,249
262	005-02-262	9,548
263	005-02-263	9,970
264	005-02-264	9,99
265	005-02-265	9,999
266	005-02-266	9,993
267	005-02-267	9,903
268	005-02-268	9,086
269	005-02-269	7,964
270	005-02-270	11,458
271	005-02-271	8,576
272	005-02-272	11,831
273	005-02-273	11,039
274	005-02-274	8,927
275	005-02-275	9,615
276	005-02-276	10,949
277	005-02-277	14,061
278	005-02-278	11,488
279	005-02-279	8,719
280	005-02-280	7,820
281	005-02-281	7,820
282	005-02-282	13,935
283	005-02-283	10,262
284	005-02-284	12,557
285	005-02-285	9,361
286	005-02-286	7,820

LOT NO.	ASM'T. NO.	AREA (SF)
287	005-02-287	8,376
288	005-02-288	9,565
289	005-02-289	8,660
290	005-02-290	7,828
291	005-02-291	7,886
292	005-02-292	7,888
293	005-02-293	7,888
294	005-02-294	9,751
295	005-02-295	7,293
296	005-02-296	7,016
297	005-02-297	7,774
298	005-02-298	7,873
299	005-02-299	7,016
300	005-02-300	7,016
301	005-02-301	7,016
302	005-02-302	7,016
303	005-02-303	7,016
304	005-02-304	7,016
305	005-02-305	7,873
306	005-02-306	6,960
307	005-02-307	6,960
308	005-02-308	6,960
309	005-02-309	6,960
310	005-02-310	6,960
311	005-02-311	6,960
312	005-02-312	6,960
313	005-02-313	6,960
314	005-02-314	6,960
315	005-02-315	6,960
316	005-02-316	7,477

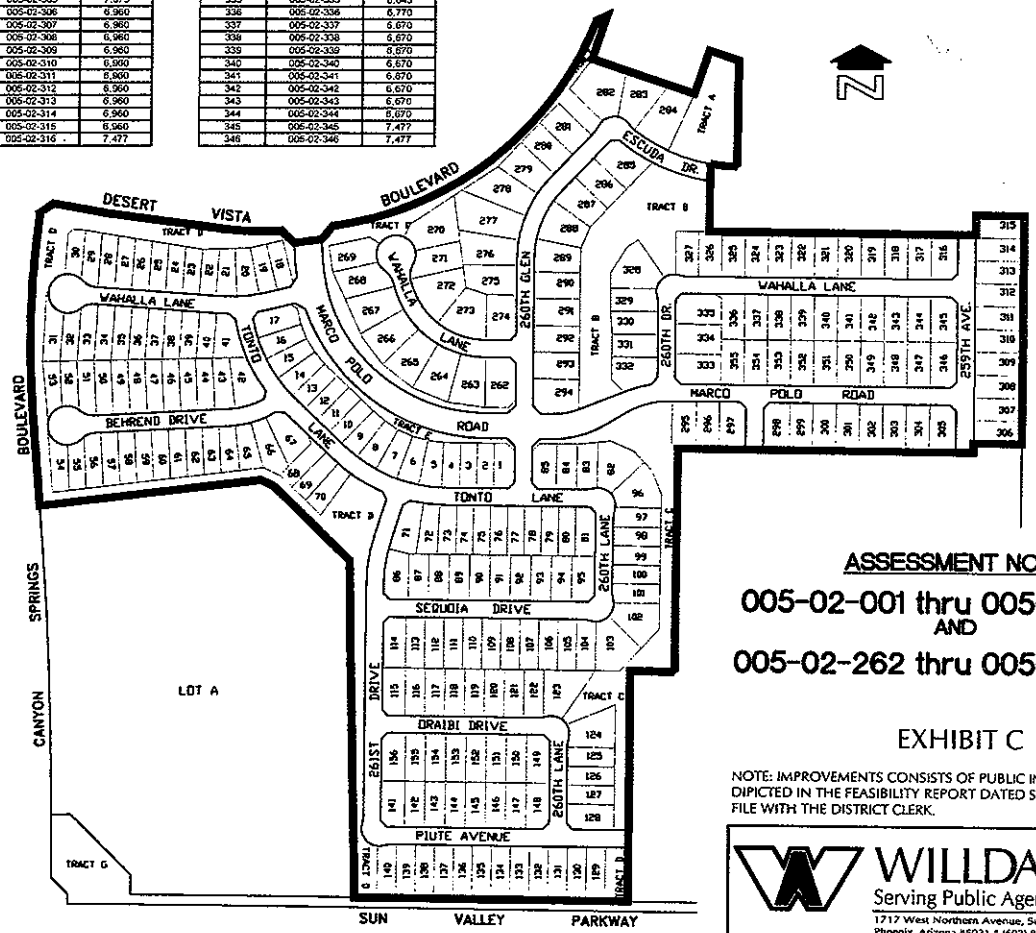
LOT NO.	ASM'T. NO.	AREA (SF)
317	005-02-317	6,670
318	005-02-318	6,670
319	005-02-319	6,670
320	005-02-320	6,670
321	005-02-321	6,670
322	005-02-322	6,670
323	005-02-323	6,670
324	005-02-324	6,670
325	005-02-325	9,670
326	005-02-326	6,670
327	005-02-327	6,611
328	005-02-328	10,875
329	005-02-329	6,852
330	005-02-330	6,815
331	005-02-331	6,670
332	005-02-332	8,527
333	005-02-333	8,528
334	005-02-334	8,855
335	005-02-335	8,643
336	005-02-336	6,770
337	005-02-337	6,670
338	005-02-338	6,670
339	005-02-339	6,670
340	005-02-340	6,670
341	005-02-341	6,670
342	005-02-342	6,670
343	005-02-343	6,670
344	005-02-344	6,670
345	005-02-345	7,477
346	005-02-346	7,477

LOT NO.	ASM'T. NO.	AREA (SF)
347	005-02-347	6,670
348	005-02-348	6,670
349	005-02-349	6,670
350	005-02-350	6,670
351	005-02-351	6,670
352	005-02-352	6,670
353	005-02-353	6,670
354	005-02-354	6,670
355	005-02-355	6,770

(TOWN OF BUCKEYE, ARIZONA)

FESTIVAL RANCH

Community Facilities District
SPECIAL ASSESSMENT AREA NO. 5



ASSESSMENT NO.

005-02-001 thru 005-02-156
AND
005-02-262 thru 005-02-355

EXHIBIT C

NOTE: IMPROVEMENTS CONSISTS OF PUBLIC INFRASTRUCTURE AS DIPICTED IN THE FEASIBILITY REPORT DATED SEPTEMBER 4, 2007, ON FILE WITH THE DISTRICT CLERK.

WILLDAN
Serving Public Agencies
1717 West Northern Avenue, Suite 112
Phoenix, Arizona 85021 * (602) 870-7600

PROJECT NO.: 13891-2003
DATE: 8-15-2007
SHEET NO. 2 OF 2

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-1101346 10/09/2007 09:53
00671800182A-10-1-1--
ELECTRONIC RECORDING

When recorded return to:

Scott W. Ruby
Gust Rosenfeld P.L.C.
201 E. Washington Street, Suite 800
Phoenix, Arizona 85004-2327

NOTICE OF RECORDING OF ASSESSMENT
FOR THE
FESTIVAL RANCH COMMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
IN THE
OFFICE OF SUPERINTENDENT OF STREETS

TO WHOM IT MAY CONCERN:

Please take notice that on October 3, 2007, the Superintendent of Streets of the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) recorded, in its office, the assessment pertaining to the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) Assessment Districts Nos. 4 and 5 Special Assessment Revenue Bonds, Series 2007, which assessment encumbers and liens the real property described on *Exhibit A* hereto. Pursuant to Arizona Revised Statues Section 48-721B, as amended, the assessment constitutes a first lien on the property assessed (described on *Exhibit A* hereto) subject only to general taxes and prior special assessments.

Information pertaining to the amount of the assessment, method of payment or prepayment and reallocation of the assessment may be addressed to the Superintendent of Streets, Willdan, 5700 N. Dreamy Draw Drive, Suite 130, Phoenix, Arizona, Attention: David Gue or to Gust Rosenfeld P.L.C., 201 E. Washington Street, Phoenix, Arizona 85004-2327, Attention: Scott W. Ruby.

DATED: October 3, 2007

WILLDAN, as Superintendent of Streets

David P. Gue

Attachment:
Exhibit A: Legal Description of Assessed Property

Record in the Office of the Maricopa County Recorder

JTG:jlu 771016 10/03/07

Exhibit A

May 29, 2007

LEGAL DESCRIPTION FOR
SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

Parcel No. 1

Lots 1 through 297, inclusive, of Sun City Festival Parcels K1 & O1, recorded in Book 921 of Maps, Page 11, Records of Maricopa County, Arizona.

Parcel No. 2

That part of Section 24, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the G.L.O. Brass Cap marking the East Quarter Corner of said Section 24, from which the G.L.O. Brass Cap marking the Southeast Corner of said Section 24 bears South 00°23'56" West, a distance of 2,639.68 feet;

Thence South 00°23'56" West, along the East Line of the Southeast Quarter of said Section 24, a distance of 405.00 feet;

Thence North 89°36'38" West, departing said East line, a distance of 2,226.46 feet to the point of intersection for the monument lines of Beardsley Parkway and Canyon Springs Boulevard as shown on the Final Plat of "Sun City Festival - Parcel B1", recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence North 00°23'22" East, along said monument line for Canyon Springs Boulevard, a distance of 105.00 feet to a point on the Northerly boundary line of said "Sun City Festival - Parcel B1" and the True Point of Beginning;

Thence along said Northerly boundary lines the following courses:

Thence North 89°36'38" West, a distance of 65.00 feet;
Thence South 45°23'22" West, a distance of 56.57 feet;
Thence North 89°36'38" West, a distance of 1,872.64 feet;

Thence North 00°23'22" East, departing said Northerly boundary line, a distance of 522.06 feet;

Thence North 03°49'04" East, a distance of 120.00 feet;
Thence North 16°57'06" East, a distance of 123.22 feet;
Thence North 03°49'04" East, a distance of 180.00 feet;

Thence South 86°10'56" East, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 44.30 feet;
Thence North 86°10'56" West, a distance of 115.00 feet;
Thence North 03°49'04" East, a distance of 223.70 feet;
Thence North 16°18'31" East, a distance of 124.63 feet;
Thence North 36°14'39" East, a distance of 98.70 feet;
Thence South 53°45'21" East, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 40.00 feet;
Thence North 53°45'21" West, a distance of 115.00 feet;
Thence North 36°14'39" East, a distance of 150.00 feet;
Thence North 30°07'49" East, a distance of 72.32 feet;
Thence North 08°54'24" East, a distance of 74.46 feet;
Thence South 84°11'05" East, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 40.00 feet;
Thence North 84°11'05" West, a distance of 115.00 feet;
Thence North 05°48'55" East, a distance of 80.00 feet;
Thence North 84°11'05" West, a distance of 130.00 feet;
Thence North 05°48'55" East, a distance of 115.00 feet;
Thence North 84°11'05" West, a distance of 28.32 feet;
Thence North 05°48'55" East, a distance of 159.00 feet;
Thence South 84°11'05" East, a distance of 620.13 feet;
Thence North 89°45'09" East, a distance of 73.61 feet;
Thence North 80°31'09" East, a distance of 85.00 feet;

Thence North 09°28'51" West, a distance of 220.55 feet to the beginning of a tangent curve of 278.00 foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 09°37'27", a distance of 46.70 feet;

Thence North 70°53'42" East, a distance of 44.00 feet;
Thence South 60°48'53" East, a distance of 22.40 feet;
Thence North 77°28'32" East, a distance of 190.40 feet;
Thence North 32°28'32" East, a distance of 21.21 feet;
Thence North 12°31'28" West, a distance of 75.00 feet;
Thence North 77°28'32" East, a distance of 44.00 feet;
Thence North 14°02'26" East, a distance of 22.36 feet;
Thence North 77°28'32" East, a distance of 115.00 feet;
Thence North 12°31'28" West, a distance of 40.76 feet;
Thence South 83°23'07" East, a distance of 459.42 feet;
Thence South 85°38'22" East, a distance of 57.78 feet;

Thence North 85°48'32" East, a distance of 56.91 feet;
Thence North 76°56'20" East, a distance of 56.91 feet;
Thence North 68°00'25" East, a distance of 64.90 feet;
Thence North 69°28'55" East, a distance of 44.01 feet;
Thence North 68°00'25" East, a distance of 419.00 feet;
Thence North 68°33'29" East, a distance of 45.41 feet;
Thence North 83°32'37" East, a distance of 43.38 feet;
Thence North 87°46'29" East, a distance of 83.82 feet;
Thence South 84°17'33" East, a distance of 112.69 feet;
Thence South 73°11'28" East, a distance of 44.05 feet;

Thence South 75°57'37" East, a distance of 260.00 feet to a point on a 2,065.00 foot radius non-tangent curve, whose center bears North 75°57'37" West;

Thence Southwesterly, along said curve, through a central angle of 14°28'14", a distance of 521.53 feet;

Thence South 28°30'37" West, a distance of 1,168.85 feet to the beginning of a tangent curve of 1,935.00 foot radius, concave Southeasterly;

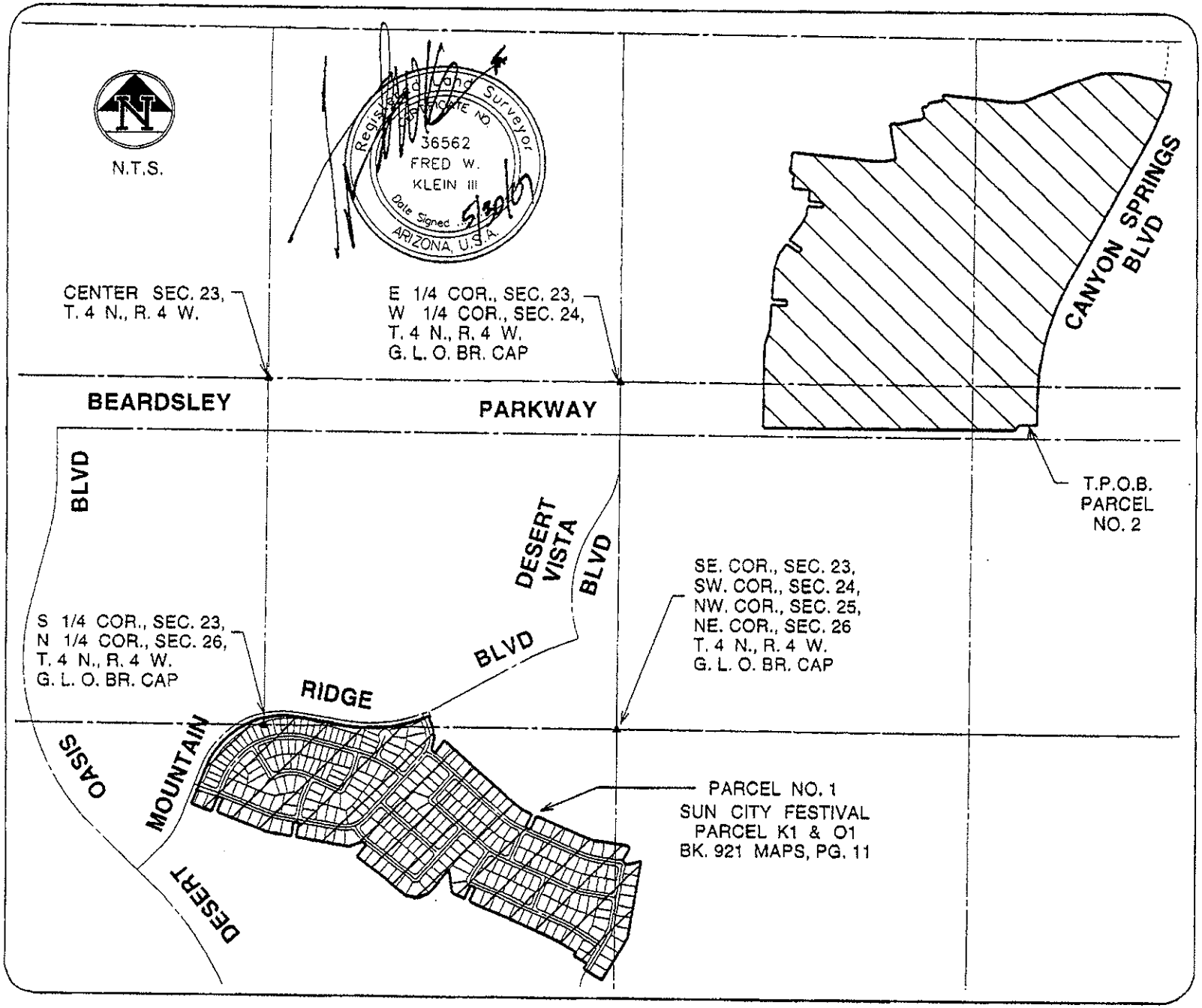
Thence Southwesterly, along said curve, through a central angle of 28°07'15", a distance of 949.69 feet;

Thence South 00°23'22" West, a distance of 195.00 feet to a point on said Northerly boundary line of "Sun City Festival - Parcel B1";

Thence North 89°36'38" West, along said Northerly boundary line, a distance of 65.00 feet to the True Point of Beginning.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 5/30/07
ARIZONA, U.S.A.

CVL



JOB NO 680001

SHEET 1 OF 1

SUN CITY FESTIVAL
SPECIAL ASSESSMENT AREA #4

COE & VAN LOO
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

EXHIBIT

N:\680001\LAND\EHSAA4.DGN

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831

July 18, 2007

LEGAL DESCRIPTION FOR
FESTIVAL FOOTHILLS
SPECIAL ASSESSMENT AREA No. 5

That part of the Northeast Quarter of Section 25, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the GLO Brass Cap marking the Northeast Corner of said Section 25, from which the GLO Brass Cap marking the East Quarter Corner of said Section 25 bears South 00°23'04" West, a distance of 2,642.69 feet;

Thence South 00°23'04" West, along the East line of the Northeast Quarter of said Section 25, a distance of 795.06 feet to the True Point of Beginning;

Thence continuing South 00°23'04" West, along said East line, a distance of 580.00 feet;

Thence North 89°36'56" West, departing said East line, a distance of 120.00 feet;

Thence South 00°23'04" West, a distance of 24.07 feet;
Thence North 89°36'56" West, a distance of 737.50 feet;
Thence South 00°23'04" West, a distance of 563.00 feet;
Thence North 89°36'56" West, a distance of 111.27 feet;

Thence South 00°23'04" West, a distance of 580.20 feet to a point on a line which is parallel with and 100.00 feet Northerly, as measured at right angles, from the East West mid-section line of said Section 25;

Thence North 89°35'39" West, along said parallel line, a distance of 690.01 feet;

Thence North 01°08'43" West, departing said parallel line, a distance of 850.81 feet;

Thence North 46°13'28" West, a distance of 271.44 feet;
Thence North 65°39'52" West, a distance of 33.56 feet;

Thence South 83°11'24" West, a distance of 566.40 feet to a point on the Easterly right of way of Canyon Springs Boulevard as shown on a Final Plat for Sun City Festival - Parcel B1, recorded in Book 722 of Maps, Page 1, Maricopa County Records;

Thence along said Easterly right of way the following courses:

Thence North 04°43'12" West, a distance of 220.97 feet to the beginning of a tangent curve of 2,370.00 foot radius, concave Easterly;

CVL

Thence Northerly, along said curve, through a central angle of 12°48'12", a distance of 529.60 feet;

Thence North 54°13'54" East, departing said Easterly right of way, a distance of 41.57 feet to a point on the Southerly Plat Boundary line as shown on a Final Plat for Festival Foothills Phase 1 recorded in Book 879 of Maps, Page 40, Maricopa County Records;

Thence along said Southerly Plat Boundary the following courses:

Thence South 79°37'12" East, a distance of 138.60 feet;

Thence South 82°25'37" East, a distance of 309.37 feet to a point on a 840.00 foot radius non-tangent curve, whose center bears North 06°26'33" East;

Thence Easterly, along said curve, through a central angle of 09°25'13", a distance of 138.11 feet;

Thence South 46°10'35" East, a distance of 44.03 feet;
Thence North 82°19'05" East, a distance of 70.20 feet;

Thence North 39°22'44" East, a distance of 44.04 feet to a point on a 835.00 foot radius non-tangent curve, whose center bears North 07°51'01" West;

Thence Northeasterly, along said curve, through a central angle of 60°41'19", a distance of 884.45 feet;

Thence North 65°01'13" East, a distance of 28.99 feet;
Thence South 18°34'47" West, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 272.00 feet;
Thence North 18°34'47" East, a distance of 115.00 feet;
Thence South 71°25'13" East, a distance of 77.71 feet;

Thence South 00°23'04" West, a distance of 266.81 feet to a point on a 437.58 foot radius non-tangent curve, whose center bears North 00°57'02" East;

Thence Northwesterly, along said curve, through a central angle of 08°48'53", a distance of 67.32 feet;

Thence South 00°23'04" West, a distance of 171.85 feet;
Thence South 89°36'56" East, a distance of 664.00 feet;

Legal Description For
Festival Foothills
Special Assessment Area No. 5
July 18, 2007

Thence North 00°23'05" East, a distance of 50.07 feet;

Thence South 89°36'56" East, a distance of 120.00 feet to the True Point of Beginning.

Containing 60.112 Acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
36562
FRED W.
KLEIN III
Date Signed 7/18/07
ARIZONA, U.S.A.

CVL

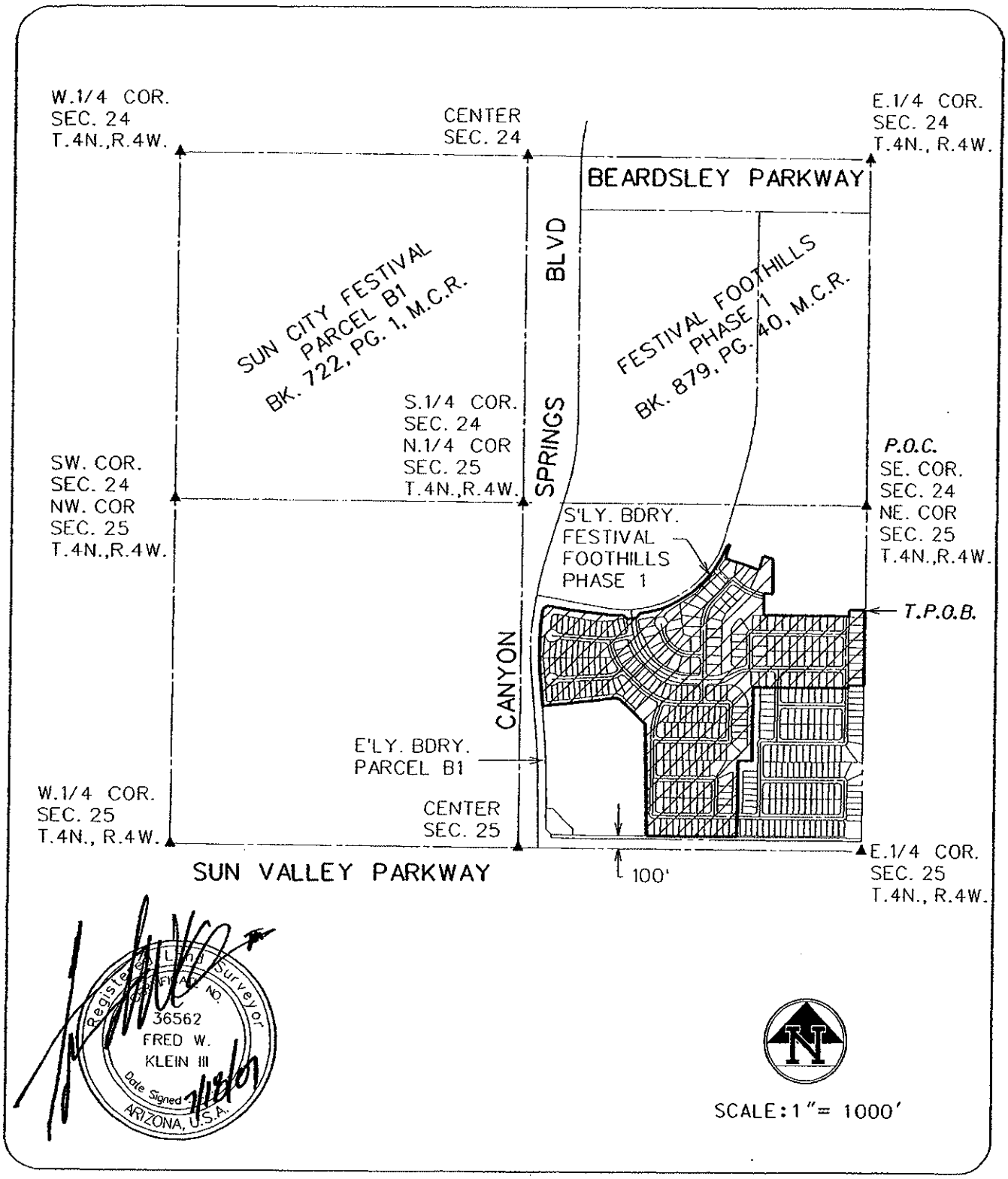


EXHIBIT	FESTIVAL FOOTHILLS SPECIAL ASSESSMENT AREA NO.5	JOB NO
N:\680001\LAND\EHASDIS5R.DGN		680001
4550 NORTH 12TH STREET PHOENIX, ARIZONA 85014 TELEPHONE (602) 264-6831	COE & VAN LOO PLANNING•ENGINEERING•LANDSCAPE ARCHITECTURE	SHEET 1 OF 1

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20070397283 04/04/2007 11:16
00671800148AA-5-1-1--
ELECTRONIC RECORDING

When recorded return to:

Keith C. Hoskins, Esq.
Gust Rosenfeld P.L.C.
201 E. Washington Street, Suite 800
Phoenix, Arizona 85004-2327

COMMUNITY FACILITIES DISTRICT ASSESSMENT COLLECTION AGREEMENT

This Community Facilities District Assessment Collection Agreement is by and between the Treasurer of Maricopa County (the "Treasurer") and the Festival Ranch Community Facilities District (Town of Buckeye, Arizona) (the "District").

RECITALS

The District is a community facilities district formed pursuant to A.R.S. Title 48, Chapter 4, Article 6 by the Town of Buckeye, Arizona. The Treasurer is the Treasurer of the county within which the District is located.

Pursuant to A.R.S. § 48-721, the District and the Treasurer may enter into an agreement for the collection by the Treasurer of special assessments levied within the District. Now therefore, the District and the Treasurer agree as follows:

1. **Definitions**. The following terms indicated by initial capitals will have the following meanings when used herein:

"Annual Assessment Amount" means for any Assessment Parcel the total amount, including principal, interest and fees, to the even penny, to be collected during the Assessment Year on the Assessment with respect to such Assessment Parcel as determined by the District.

"Assessment" means with respect to any one or more Assessment Parcels, the amount levied by the District as a special assessment against such parcels to secure the payment of Bonds.

"Assessment Parcels" means those lots, parcels and pieces of land identified by an Assessor's Parcel Number and by a District Assessment Number which are subject to unpaid Assessments within the District.

"Assessment Year" means the 12-month period beginning July 1 of one calendar year and ending June 30 of the following calendar year.

"Assessor's Parcel Number" means that number assigned by the Maricopa County Assessor to identify any particular parcel of property for property tax purposes on the tax roll.

"Bonds" means any one or more series of community facilities district assessment bonds issued by the District to fund improvements for the District and secured by Assessments.

"District Assessment Number" means that assessment number given to an Assessment Parcel by the District for the purpose of levying the Assessment.

2. **List of Assessment Parcels**. On or before August 1 of each Assessment Year, the District will deliver to the Treasurer a list of the Assessment Parcels for which the District desires the Treasurer to collect the Annual Assessment Amounts for that Assessment Year, identifying each Assessment Parcel by its Assessor's Parcel Number, its District Assessment Number and its legal description, and specifying the Annual Assessment Amount due in that Assessment Year for each Assessment Parcel. Unless otherwise acceptable to the parties, the information shall be in a digital form as a comma-delimited text file where each record/line in the file consists of the following items, separated by a comma:

- District Assessment Number (up to 25 characters);
- Assessor's Parcel Number (no dashes); and
- Annual Assessment Amount (including decimal point, but no commas).

3. **Collection with Tax Bills**. The Treasurer shall include in the regular tax bills for the collection of general property taxes during the Assessment Year, the amount provided by the District for each Assessment Parcel, one-half of the amount due October 1 of the Assessment Year and delinquent as of November 1 of the Assessment Year and one-half of the amount due March 1 of the Assessment Year and delinquent as of May 1 of the Assessment Year.

The Treasurer will take all action to bill for and collect such amounts in the same manner as, and together with, all general property taxes in the County.

4. **Payments of Amount Collected**. The Treasurer shall pay to the District by electronic transfer, in immediately available funds, in the same manner as other general property tax revenues, monthly on the 15th day of each calendar month, all amounts due to the District as a result of the levy of the Assessments during the prior calendar month.

5. **Monthly Reports**. On or before the 15th day of each January and July during the term of this Agreement, the Treasurer shall deliver to the District in a format acceptable to the parties, a list of the Assessments collected, identifying them by Assessor's Parcel Number and District Assessment Number. Periodically, and at the request of the District, the Treasurer may provide a more detailed report.

6. **District Receipt of Payments**. If a tax bill has been issued by the Treasurer, the District shall not collect the amount reflected as due on that bill, but shall direct the

taxpayer to pay that portion of the Assessment through payment of the tax bill. The District may accept the balance of the Assessment, subject to paragraph 7 below.

7. **Collection by District**. The District may exercise any of its rights and powers with respect to collection of the balance of any delinquent Assessments and if such enforcement results in the collection of amounts due, after applying any amounts first to the costs of collection, penalties and interest, the District shall apply the amount collected against the balance of the assessment and not the portion which the Treasurer has included on a tax bill.

8. **Collection by Treasurer**. The Treasurer will follow its procedures for collecting any delinquent amounts of the Assessments in the same manner as general property taxes and will include any amounts so collected in the monthly transfers to the District and identify the Assessment Parcels to which they apply. The Treasurer will notify the District in advance of any sale of delinquent taxes which include an Assessment and immediately upon any sale of delinquent taxes which include an Assessment. The Treasurer shall not include in any sale of delinquent taxes any Annual Assessment Amount which has been paid, whether to the Treasurer or the District.

9. **Treasurer's Fee**. The Treasurer may charge the District a fee for expenses directly related to programming for, billing and collecting the Annual Assessment Amount by the Treasurer. The fee shall be billed separately to the District prior to the inclusion of the Assessment Amount on the tax bills and shall not exceed $6.00 per parcel for each year the Assessment Amount is included on a parcel's tax bill. The District shall remit this fee to the Treasurer prior to the inclusion of the Assessment Amount on the tax bills. Any compensation received by the Treasurer from the fee shall be governed by A.R.S. § 11-496, as amended, and shall not be applied against or reduce the Annual Assessment Amount due.

10. **Term**. The term of this Agreement shall be for the term of any Bonds issued and outstanding, unless extended or terminated early as provided herein. This Agreement may be terminated by either party effective with respect to the Assessment Year commencing no sooner than 60 days after written notice of intent to terminate is delivered to the other party. Termination of this Agreement does not terminate the obligation to continue to report on collections of delinquent amounts and for the Treasurer to transmit to the District any amounts collected for so long as any Annual Assessment Amounts included in bills by the Treasurer prior to termination remain unpaid.

11. **Examination of Records**. The District or its duly authorized agents may examine the records relating to the Assessment at the office of the Treasurer where such records are kept at reasonable times as agreed upon with the Treasurer.

12. **Invalid Provisions**. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

13. **Conflict of Interest**. Each party gives notice to the other party that A.R.S. Section 38-511 provides that either party may within three (3) years after its execution cancel this Agreement without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of such party, is at any time while this Agreement or any extension of this Agreement is in effect, an employee or agent of the other party in any capacity or a consultant to the other party with respect to the subject matter of this Agreement.

14. **Effective Date**. This Agreement shall be effective upon recordation with the Maricopa County Recorder.

MARICOPA COUNTY TREASURER

By: _____

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA)

By: Bobby Bryant

ATTEST Linda Hansen

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 27th day of March, 2007, by David Schweikert, the Treasurer of Maricopa County, Arizona.

(Seal and Expiration Date)

Charlotte L. Stevens
Notary Public

State of Arizona

County of Maricopa

OFFICIAL SEAL
CHARLOTTE L. STEVENS
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Aug. 28, 2010

The foregoing instrument was acknowledged before me this 3rd day of April, 2007, by Bobby Bryant, as Chairman of the District Board of Festival Ranch Community Facilities District (Town of Buckeye, Arizona), an Arizona community facilities district.

(Seal and Expiration Date)

OFFICIAL SEAL
LINDA GARRISON
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Comm. Expires January 18, 2010

Linda Garrison
Notary Public